

# Remittances and development: A local perspective on the impact of remittances in developing of sending communities

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**Abstract**— This study analyzes the impact of migration in economic and social development of sending areas through financial and social remittances. A series of recent studies have demonstrated the growth potential of migration in developing the sending communities with remittances and savings accumulated abroad facilitating investment in education, small family enterprises etc. Since 1990 Albania has experienced massive international migration due to political, economic and social changes occurred in Albanian society. Albanian migration represents a variety of migratory experiences and a combination of different forms of migration (internal, external, temporary, permanent, etc) and destinations. Migration and remittances have both contributed to economic, social and cultural development of Albanian society. The paper aims to highlight the impact of financial and social remittances in the development of Korça region in terms of increasing income, improving people livelihoods, investment in family business, education, change of cultural values and practices, contributing to cultural diversity. Data for this study is provided through in-depth interviews with people who have experienced emigration to Greece and also with residents who have relatives in emigration. The study showed that financial and social remittances have contributed to facilitating the livelihoods of migrants' families, children's education, investment in house, business, rural to urban migration.

**Keywords/ Index Terms**— cultural diversity, development, financial/social remittances, migration

## INTRODUCTION

After the 90s, the increasing flows of internal migrants, residents moving from village to urban areas and those who left Albania (mainly in Greece and Italy, which constitute the main destinations of Albanian emigrants), have visibly transformed the social and cultural life of Albanian society. Social development is primarily related to the act of moving of population from one society to another. Migration acts as a source of development and hope for the future of many individuals and their families.

The financial and social remittances that come from migrants, serve as a means of consumption and the provision of financial and social means for the families of these migrants living in Albania. Remittances constitute one of the most important aspects of Albanian migration after the 1990s, not only for household economies, but for the country as a whole. The Bank of Albania reports on the total annual amounts show that, between 1992 and 2003, Albanians sent from \$ 200 million to \$ 800 million per year, spending \$ 1 billion in 2004. Vullnetari J, & King R, 2010:2).

Remittances help increase income for the migrant's family and at the same time affects their livelihoods.

Studies on Albanian migration show that financial and social remittances serve as important channels of social and cultural

environment. Given these indicators, the aim is to provide a local perspective on the role that migration has in developing and improving the living conditions of Korca residents, seen from the perspective of "sending" community. The Region of Korca is characterized by internal migratory movements as well as by the phenomenon of emigration of the inhabitants in Greece.

## RESEARCH METHODOLOGY

Data for this study is provided through in-depth interviews conducted with residents who have had migration experience in Greece since 1990. At the same time residents who have relatives in migration have been interviewed. 30 in-depth interviews were conducted. Determining the number of interviews was conducted in accordance with the principle of sufficiency, the principle that characterizes qualitative studies, which implies the inclusion in the survey of interviewees, as far as the 'filling' of data is reached. This paper is part of a wider study on aspects of integration of migrants to new social and cultural environments, as well as the impact of migratory phenomena in creating subcultural diversity in a society. Selection of the interviewees was done through the 'snowball' method and reasonable sampling. Care was taken that the interviewees present a variety of migratory experiences and a diversity of their representation in terms of gender, age.

## KORCA REGION: A DYNAMIC MIGRATION MODEL

Korça is the most important southeast regional pole, located along one of the most important trade routes connecting Albania to the Balkans and the countries of

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transformation in the Albanian society, especially for the rural

Europe through Macedonia and Greece. Established in the 13th century, Korça has been an important historical and commercial center. Region of Korça which has a tradition of migration in its two classical forms, has been affected by the phenomenon of displacement of the population from rural areas to Korça city and emigration in Greece. The city of Korça can be considered as a "migratory corridor" between the villages of the southeastern area and the main cities of neighboring Greece.

Greece remains the most preferred destination for Albanian emigrants in the southern and southeastern parts of the country (IOM 2007, King, R & Skeldon, R 2010, Vullnetari 2012). Hatziprokopiu (2004) states that Greece has been transformed from a sending country to a host country for immigrants. The number of Albanian emigrants who passed through Greece between 1990 and 1994 was estimated at 250,000. The geographical position of Korça has helped the movement of the population, influencing the development of business in the region. This is because Korça serves as an economic and communication link with Thessaloniki (Greece) and with Tirana (Nikaj I, 2011: 126). Korça region is known for its high migration rate. A considerable number of these movements come from remote areas, especially from remote mountain villages, which have lost more than 30% of the population in the last 15 years, towards urban areas within Korça region (Regional Council Korça, 2005). Others have fled to larger centers like Tirana and some left abroad, mostly in neighboring Greece.

To highlight the extent of Greek emigration of Albanians, we are referring to some statistical indicators of the number of Albanians who have emigrated to Greece. The first official data for Albanian emigrants in Greece, is based on the Regulatory Program of 1998 and 2001. The Greek Census 2001, counted 443,550 Albanian immigrants in Greece. In 2003, Albanian immigrants in Greece numbered about 434,810 people (IOM, 2007: 14). In 2005, 600,000 Albanian immigrants were counted in Greece, accounting for 54.9% of total immigrants in this country. In 2010, their number reached 750,000 (source: Albanian Government 2005, 36).

Due to the lack of data accuracy, it is worth mentioning that it is very difficult to analyze the international migration, meaning the total emigration of Albanians. Such difficulty has also accompanied the analysis of the phenomenon of emigration of people from Korça region to Greece. However, it is thought that there are few families in the city of Korça who do not even have a family member who has had migration experience in Greece after the 90s.

Region of Korça is characterized by a dynamic migration model. Migration trajectories are a combination of internal migration, international and return migration. The most common pattern in Albanian migration context is the emigration abroad, followed by a shift of the individual or family from rural to urban areas within the country. Korça region represents a social and cultural environment characterized by the phenomenon of massive displacement of population from rural areas to the city, as well as of migra-

tion to Greece.

### FINANCIAL AND SOCIAL REMITTANCES: ECONOMIC AND SOCIAL IMPACTS

There are a number of studies that point out the role and importance of financial remittances in economic and social development of the countries of origin. King et al, (2013) defines remittances as an important self-help mechanism for individuals and families whose sacrifice of being away from their family, social group or their country is rewarded. Remittances have an impact not only on the economic and material development of society but at the same time bring significant social and cultural consequences. Remittances contribute to increasing the household income of migrants and improve their livelihoods. Remittances constitute one of the main pillars of the Albanian economy by providing a continuous inflow of foreign currencies into the country, as well as consolidating the basis for savings and investments. Remittances have been among the most important economic sources, reaching a peak of about 952 million euros in 2007<sup>1</sup>.

Studies on Albanian migration show that the used remittance model of Albanian migrants in Greece relates to their use, mainly to meet daily needs (food, clothing, etc.); to improve the quality of life (electronic equipment, home improvement, etc.); for expanding and building new homes, covering medical expenses, savings for certain family needs, etc. Immigrants through new financial resources also acquire a new social status. De Haas (2006) argues that the migration phenomenon contributes to the creation of a new social stratification. He refers to the construction of a new house - the typical investment priority of migrants - as an expression of the newly acquired social status (De Haas, 2006: 8).

Besides financial remittances, researchers use the concept of social remittances to refer to the social and cultural impacts of migration to the country of origin, as a result of ongoing contacts between migrants and the country of origin. Social remittances are a form of cultural diffusion that brings significant impacts on the social and cultural values of sending communities (Levitt 1998, De Haas 2007, King et al, 2013).

According to Levitt (1998), social remittances include ideas, behaviors, identities, social capital, originating from the receiving country in the sending country (1998: 927), which affect the change of social and cultural life in the country of origin; norm, practice, identity, social capital, etc. The transmission of social remittances is done through visits by migrants to their relatives in the country of origin, the return of migrants to their country of origin, contacts, phone calls, letters, or when the relatives go to the specific country, to meet them in immigration. Studies show that migrants serve as a bridge between the communities of the countries of origin and those of the host

<sup>1</sup> Source: Bank of Albania Statistical Report, accessed from: Open Data Albania, Remittances in the 2002-2014 Period and Their Dynamics in the Last Year

society.

The impact of social remittances on societal and cultural development of societies depends on a number of factors, such as the time of residence, the place of migration, the intensity of the interactions of migrants with the host society, the social and economic context in which migrants are settled. Studies show that financial and social remittances have many consequences in the economic, social and cultural spheres. Concretely: Financial remittances facilitate the process of internal migration. The combination of material and social remittances has mainly contributed to generating more migration, or at least has fueled an imagination or a tendency for migration, mainly to the younger generation. Financial and social remittances have contributed to the growth of the number of nuclear families, through the separation from the family of origin and relocation to a new residential unit. Social remittances affect gender roles, challenging gender inequalities through changing values, attitudes, social norms, etc. (De Haas 2006, 2007, Vullnetari J & King R 2010).

We refer to the concept of social remittances as an important source for subcultural diversity, both in context of Albanian society in general and in the local environment of Korça in particular.

Referring to the characteristics of Albanian emigration, particularly to Greece, it is noted that there are a number of factors that have contributed to the decline of remittances by migrants, especially during the last decade. The reunification of the migrant family after the legalization of the migrant's stay, the collection of financial capital for his future investment in Albania, the economic crisis that included the Greek state since 2007, etc., are among the main factors of the reduction of financial remittances in Albania. Studies also show that, while remittances have declined, social remittances have increased as a result of intensification of emigrant contacts with the country of origin through the reduction of the cost of telephone communications, the use of the Internet, through frequent visits and long-term residency of the migrants in their country of origin during periods of unemployment, etc.

In context of Albanian emigration to Greece, it is characteristic of the migrants' involvement, both in the migrant project (until 2008-2009), and their return to the homeland.

The beginnings of the Greek economic crisis forced a good deal of Albanian emigrants in Greece to return to their homelands or settle in urban centers by investing their capital and their accumulated experience while staying in migration and bringing models, attitudes, practices or mindsets, dictated by the host society and culture.

## A BRIEF REVIEW OF THE STUDY

The analysis of the impact of migration on the development of the communities of origin includes two phases: the impact through remittances (financial and social) during the time of stay in Greece and the economic, social and cultural impacts

after returning and settling in the city through the use of capital, social and cultural, generated during the experience of immigration.

Referring to interviewees it is noted that remittances have greatly facilitated and improved the livelihood of family members or relatives of migrants. The interviewees stated that they were constantly sending money or gifts to their family during their stay in Greece. It is noted that, at the beginning of their migratory experience, there is very little or no money delivery. Such a situation is explained as a result of the impact of the two factors: first, in this first phase of their migration project, migrants are still not well integrated into the economic life of the host country. Consequently, they have not accumulated income to send them to the family. Secondly, even in the case of small savings, there were no delivery channels due to the inability of immigrants to visit their families (manual shipments) and lack of confidence in bank transfers. Their ever-increasing integration into the country's economic and social life is associated with the increase in the frequency and quantity of remittances.

A. B, 41, returned to the city of Korca after a 10-year migration experience in Thessaloniki. He describes in this way the assistance he has given to his family during his stay in Greece:

*"... I emigrated early in Greece and left my two parents. I had great obligations to them and I always helped them, sending them money or anything they needed, mostly medicines. They are retired and can not afford to live alone with their pensions. Even when I had periods of unemployment, I tried to send money, no matter how small the amount was. Only at the beginning, until I was stabilized there, (in Thessaloniki-D.T) and after creating my family (marriage, elder son), I mostly sent gifts and much less money."*

Looking from the sending society's point of view, remittance income is mainly used for daily expenses, home exchange or home-based savings for family needs, mainly for health emergencies, investments, etc., thus confirming the findings of other studies regarding the destination of financial remittances by Albanian migrants. Migrant remittances have motivated and enabled relocation of residents from the village to Korça city, leading to significant demographic, economic, social and cultural consequences. From the perspective of internal migrants, there is a significant correlation between the migration of people abroad and the movement of their family members from rural to urban centers. In most cases, internal migration is motivated and financially supported by the emigration of a member of the family.

The most common model of migration in Albanian context is that of emigration abroad, followed by a relocation of the individual or family from the village to an urban environment in the country of origin. Most of the migratory history of respondents is characterized by this migration model, where the collected income from emigration has been used to relocate the family, from village to town, and purchase of dwelling in the new urban environment.

*"All the money we gathered in emigration was spent to set up our lives in the city. After we got back from emigration, we left our parents in the village and went to town for a*

*better lifestyle for the kids. We bought a house and a small shop in the city from we get income for living "(D. M 35, displaced from Zëmlak village, in Korça city, after an emigration experience in Thessaloniki, Greece).*

The second phase of the analysis of the economic impacts of migration to Korça city is related to the phenomenon of the return of residents who emigrated to Greece in the city, or their relocation from village to town after migratory experience. Beside remittances to their relatives during their stay in Greece, after returning to the city, almost all interviewees have invested their financial capital in the establishment of small household economic units. Such investment practices characterize not only the residents who, although emigrating, have always projected their future at home, after collecting a considerable amount of money to invest, but also those residents who did not expect return in Albania due to the good integration in Greek society. Based on interviews with residents who have had migration experience in Greece, we have listed the entities where they invested their financial capital:

- E. S, (22 years of migration) - runs a hairdressing business, in the central part of the city, in a rented location.
- D. M (13 years in Greece) - owns and manages with her husband, a private business in the 18th section of Korça city.
- A. Ç (13 years of stay in Greece) - owns a business which operates in two parts of the city: in a suburban section of the city, owned by him and in the city center, in a rented location.
- A. B (10 years in Greece) - owns and manages a coffee bar, close to the city's "Youth" park, in a rented location.
- K. M (21 years in Greece) - manage together with his wife, a family business that cultivates and imports pharmaceuticals, using the agricultural lands of the husband's family in the village

The economic investment of return migrants involves not only households, but also the purchase of houses and apartments or reconstruction of them, as well as increasing family consumption.

Apart from the impacts of financial remittances in sending communities, social remittances also have a strong impact on the economic, social and cultural life of the families. Through visits, contacts, frequent arrivals, migrants have conveyed experiences, ideas, patterns of their way of living in emigration, both to their relatives and friends. The interviewees clearly outline the role of social remittances. K. H, 31, who is a carpenter in the business that runs his father told:

*"My brother is a master in a mobile activity in Greece. He has taught me this profession. Not only did he push us to open this business and help us with money, but whenever he comes, he teaches me the techniques and the 'tricks' of the job. Now we finally introduced a new door painting technique, and even a piece of accessories, as we call it in our craft, "sends us from there."*

Emigration and involvement of Albanian emigrants in the labor market of host societies has provided them with a general

culture of work management, work ethics, knowledge of new sectors of the economy, knowledge of the latest techniques and technology. In Greece, most of Albanian emigrants are employed in the construction industry and another part in agriculture, hotels and services. The return migrants have maintained the knowledge and professional skills gained during the emigration stay, especially those involved in private family enterprises.

## CONCLUSION

It is worth pointing out that migration experience in Greece has had many impacts to the social and cultural environment of Korça in several key aspects:

The financial and social remittances of migrants have served as a source of living and survival for their families during their stay in the country of destination and after returning home through the investment of financial capital in the establishment of households.

The creation of a social group characterized by cultural features and values gained by coexistence with the host society and culture; both interlink with rural or urban subculture, by creating a social and cultural diversified environment. The study showed that cultural impacts of migration relate to aspects such as: language influences, patterns of communication and behavior, family relationships, and so on.

From the perspective of migrants, the degree of impact of their migratory experience on the development and improvement of their relatives' lifestyle depends on the degree of their economic and social integration to the host society.

The duration of migration plays a key role in this context. The study showed that, the migrants who have had a longer stay in Greece have significantly affected the social and cultural change of sending society.

The patterns and dynamics of migration are also important and relate mainly to the migration project, integration strategies, exclusionary or inclusive mechanisms, conditioned by the host society.

The extent of the impact of social remittances in economic, social and cultural life of Korça city, is a direct function of frequent contacts between emigrants and their relatives (a phenomenon that is also facilitated due to the geographic proximity of Korça and Greece), the degree of change between the sending society (Albanian social and cultural environment) and the host society (Greek social and cultural environment).

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