The Impact of Migration on the Labor Force, Case of Albania

Migena Kazani[1]

Abstract: *Migration is a normal human activity that affects the population of a country. The rate of emigration in Albania after 1990, in relation to the total population, has been the highest in Europe, while the flow of returned migrants has been limited.*

This study deals with the impact of migration on the labor force. For this, secondary data have been collected from official data institutions related to migration and labor forces (INSTAT, EUROSTAT, WORLD BANK, OECD, etc.).

In this paper it is shown that the unemployment rate by age group is generally decreasing. Meanwhile, an increase in the rate of migration is observed in recent years. As a result of the study, it was found that the majority of Albanians intend to migrate to countries such as Germany, Italy, Great Britain, the United States of America, the Nordic countries, Switzerland, France, Spain, Belgium, etc. In previous years, Albanians have been inclined to migrate to neighboring countries such as Italy and Greece, and the main reason for migration has been the financial situation they were in, so mainly economic factors. In recent years, there has been a trend of younger age groups to migrate, and mainly individuals that are qualified in the fields of medicine, IT, economy, etc. At this moment, this has a positive impact on the workforce as the unemployment rate in Albania is decreasing, but on the other hand, it is expected that in the near future there will be shortages in the labor market for these two important areas, if the flow of migration will continue at the same rate.

1. INTRODUCTION

Migration is a normal, human activity, which significantly affects the population and economy of a country. Every year, millions of people leave their homes and migrate to other countries to find a better job and to ensure a better and safer future for their families.

Higher wages and better opportunities are some of the reasons for many individuals to migrate, but many others are forced to migrate due to famine, natural disasters, persecution or simply the lack of decent work in their home country.

Like other countries, Albania is also affected by this phenomenon. Since the beginning of the transition, a high intensity of migration was observed, which has brought an imbalance in the population and especially in the labor force, even though the remittances of immigrants have made a substantial contribution to the GDP structure and have provided support great for the survival and progress of many Albanian families.

Labor migration has a significant impact on the national economy of a country. Labor force is the most important resource of any country. The economy of a country cannot grow and develop without labor force (Arbidane & Markevica, 2016).

[1]   University of Tirana, Faculty of Economy, Rruga Arben Broci 1, Tirana 1001, Albania

After the 1990s, the rate of migration in relation to the Albanian population has been the highest in Europe, while the flow of returned migrants has been limited. Migration was mainly to neighboring countries such as Italy and Greece, as the two easiest places to reach through the land and sea borders. Later, migration spread to other countries such as Canada, USA, Germany, France, England and many other countries.

Based on the 2011 census, INSTAT (Institute of Official Statistics in Albania) calculated a net emigration of 481,000 Albanians for the decade 2001–2011, and from the 2023 census, the net migration outside Albania for the decade 2012-2022 is 457,038 (table 1).

Table 1. Net Migration in Albania (2012-2022)

	Emigrants	Immigrants	Net Migration
2012	52.307	32.534	-19.773
2013	49.425	28.624	-20.801
2014	46.525	24.74	-21.785
2015	41.443	20.843	-20.6
2016	32.533	23.06	-9.473
2017	39.905	25.003	-14.902
2018	38.703	23.673	-15.03
2019	43.835	20.753	-23.082
2020	23.854	7.17	-16.684
2021	42.048	9.195	-32.853
2022	46.460	13.963	-32.497
Total	457.038	229.558	-227.48

Source: INSTAT (2023a)

A joint study conducted by INSTAT & IOM (2020) estimated that net migration outside Albania was 364,034 people in the period 2011–2019.

According to an article published in 2004, (Barjaba, 2004) the main driving factors that influence migratory decisions and experiences are unemployment and poverty. Table 2 shows the labor force participation rate and unemployment rate by age groups, for years 2018-2023. From the table, it is shown that young people are an important part of the labor force, and also it is shown that the unemployment rate for this category is too high.

Table 2. Labor force participation and Unemployment rate by age group

	Labour Force participation rate						Unemployment rate					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
15+	59,4	60,4	59,5	59,8	62,4	64,1	12,3	11,5	11,7	11,5	10,9	10,7
15-64	68,3	69,6	69,1	69,3	73,2	75,7	12,8	12,0	12,2	12,0	11,3	11,2
15-24	35,8	36,7	35,8	36,3	38,6	39,3	28,3	27,2	26,5	27,1	24,9	25,6
25-54	83,0	83,9	83,0	82,1	85,1	87,8	11,2	10,6	11,4	10,3	10,1	10,3
55-64	63,7	65,2	64,6	66,3	73,2	75,5	8,6	7,4	6,7	9,6	7,9	7,1
65+	14,5	15,6	15,1	17,2	15,5	16,6	1,0	1,0	0,9	2,4	4,4	1,5
20-64	74,8	75,9	75,3	75,1	79,1	81,7	12,4	11,6	12,0	11,7	11,1	11,0
25-29	78,3	82,0	81,1	80,6	84,1	86,3	18,4	16,7	16,6	16,0	17,5	19,6

Source: INSTAT (2023b)

Other driving factors on migration provided by existing literature include poor living conditions, lack of individual security and political security (De Soto et al., 2002). Conversely, hope for a better future and prospects in host countries are key pull factors influencing international migratory

experiences. The perspectives sought range from education, and employment, to the overall quality of life for the individual migrant and his or her family (King & Vullnetari, 2003; Barjaba, 2004).

Migration of young people, reproductively active age groups and brain drain is a concern. In recent years, there has been a significant increase in young people migrating to developed countries, especially those who are well-educated and qualified, mainly in the fields of medicine, IT, economics and engineering.

The purpose of this study is to highlight the current trend of migration of Albanians, where they migrate and how migration affects the labor force, to look at the relationship between migration, the unemployment rate and the migration of young individuals, an important part of the country's labor force.

2. LITERATURE REVIEW

Migration is a complex phenomenon that involves various factors such as economic opportunities, political instability, environmental changes, and human rights violations (Jana, 2019). Migration can affect the socio-economic integration of immigrants, potentially disrupting the socio-demographic balance experienced by native residents (Schmitt et al., 2023). The causes of migration are very complex and different social sciences explain them in their ways (Boyle et al., 1998; Massey, 1993). Economic studies only describe how migration has affected a specific division of the labor market, while literature reviews provide a general picture of the state of knowledge. What is needed now is an analysis of how specific labor markets affect migration, as well as an explanation of how migration affects these labor markets (Manoj Dias-Abey, 2021).

2.1. Migration in Albania

In Albania, before 1990, migration was strictly regulated. The transition period brought extraordinary waves of emigration and dynamic migratory movements which were influenced by economic, political and social factors (Vullnetari, 2014). During the 2000s, emigration was mostly towards Italy, and Greece, but also across the Atlantic, which was mainly related to family reunifications of families already settled in these countries before. During the years 2011-2020, again the factors related to the family but also the economic ones remained the main ones, although at a weaker level; but other factors came into play, such as children's education and the lack of prosperity in Albania. Thus, once again Italy and Greece are at the top of the list, but Germany, and the countries of the West and the USA are already target countries for Albanians. (Gëdeshi & King, 2018). Similar results have been achieved by a project developed at the Faculty of Economics, University of Tirana (during 2023-2024 academic year), for the perception of students on migration. They have mentioned as favorite destinations the Nordic countries, Spain, Switzerland, Belgium, Germany, USA, United Kingdom, Italy, Greece, etc. This shift in the migration territory has positive effects in socio-economic terms, but also negative effects in terms of the loss of human capital (Gëdeshi & King, 2018).

Since 2013-2014, the Albanian labor market has strengthened through increased labor force participation and employment rates, reducing unemployment. The increase in the number of migrants has impacted the country's unemployment rate, which is at high levels even though since the post-socialist transition period, it fell from 15.9% in 2013 to 11.3% in 2021. The number of over one million Albanian-born migrants living in the world means a large number of people have left the Albanian labor market. This, in addition to serving the aspirations of the migrants themselves,

has in turn reduced unemployment in the country. According to INSTAT publications and data from the "Labor Force Survey", it can be seen that during the years 2018-2022, the unemployment rate has decreased for all persons aged 15-29. The unemployment rate for the 15-29 age group during 2022 was 24.9%. Compared to the previous year, the unemployment rate for this age group decreased by 2.2 percentage points. During the third quarter of 2023, the labor force participation rate for young people aged 15-29 is 57.5%. This indicator has increased by 2.6 percentage points, compared to the third quarter of 2022, and has increased by 0.8 percentage points compared to the second quarter of 2023 (INSTAT, 2023a). Unemployment is significantly higher among young people who have completed higher education (32.5%), compared to those who have completed secondary education (24%) and primary education (21.5%) (INSTAT, 2022).

3.   METHODOLOGY

The methodology in this study is divided into two parts. The first part is based on a thorough literature review of migration in general and migration as a phenomenon that affects the labor force. A special case in this study is the case of Albania, which has had increasing migration flows, both for employment reasons and for other reasons as they have transformed in recent years, to increase the standard of living in another country. In a study project developed during 2023 and completed in May 2024, at the Faculty of Economics, University of Tirana, regarding the tendency of young people to migrate, a questionnaire was designed for students, to precisely measure their perception of migration. The questionnaire was distributed to several public and private universities and the results of the questionnaire show that students of different study cycles tend to migrate abroad, and the main reasons for migration are mainly related to difficulties and inequalities in employment, education not of the right quality, in the destination countries they think that employment is easier and with better salaries, providing themselves and their families with better living conditions and standards. Also, concerning education, there are fields of study that are not applied in Albania, while in other countries they are, which pushes students to decide to migrate for education and qualification in these countries.

The second part of the methodology refers to the analysis of data obtained from the World Bank on Albanian migration, active labor force, unemployment, etc.

Regression models and correlation analysis between variables have been built. The variables considered are of interest for the study. Among them, we mention net migration, unemployment rate, active labor force and especially young age. Also, data from the OECD on Albanian migration to OECD countries have been used and the trend of their migration towards these countries has been analyzed.

4.   ANALYSIS AND FUTURE RESEARCH DIRECTIONS

Based on INSTAT data on net migration (table 1), an increase in net migration is observed over the years. The exception is the year 2020, which corresponds to the COVID-19 pandemic, a period in which people were forced to limit their movements.

In the above-mentioned project, a project developed at the Faculty of Economics, University of Tirana, a questionnaire was distributed to analyze the expectations of Albanian students for the future, whether they want to migrate or not, where they want to migrate, why they want to migrate, etc. Most of the students surveyed expressed that they wanted to migrate outside the territories of Albania. These students were mainly students in the fields of IT, economics, and engineering. A

similar questionnaire was distributed in another work to students of the University of Medicine. The results are similar. Most of them again expressed that they want to migrate. The reasons are numerous, starting from education, inequality in the labor market, the inability to specialize in the desired field, the standard of living, etc. Developed countries are seen as preferred destinations for young Albanians. They believe that in these countries they will be able to find their space and opportunities to develop professionally, feel more secure in their lives, and also, they can find the job they want with a much better salary than in Albania.

On the one hand, this is a good thing for them and the host country. In many countries (like Germany) the labor market has labor shortages in some fields, such as medicine, engineering, IT, etc. If Albanians migrate to these countries, part of the labor force in these countries is filled. But, on the other hand, the damage caused to Albania is great. The current migration trend creates major demographic imbalances. Since young people migrate more, the birth rate is significantly reduced and as a result, after a few years there will be no more young people in Albania or there will be very few, and the population will be mainly elderly (Figure 1). Also, in terms of labor, after a few years, Albania is expected to have shortages in medicine, engineering, economics, IT, and more. There are also many other professions, manual labor, which also have obvious shortages.
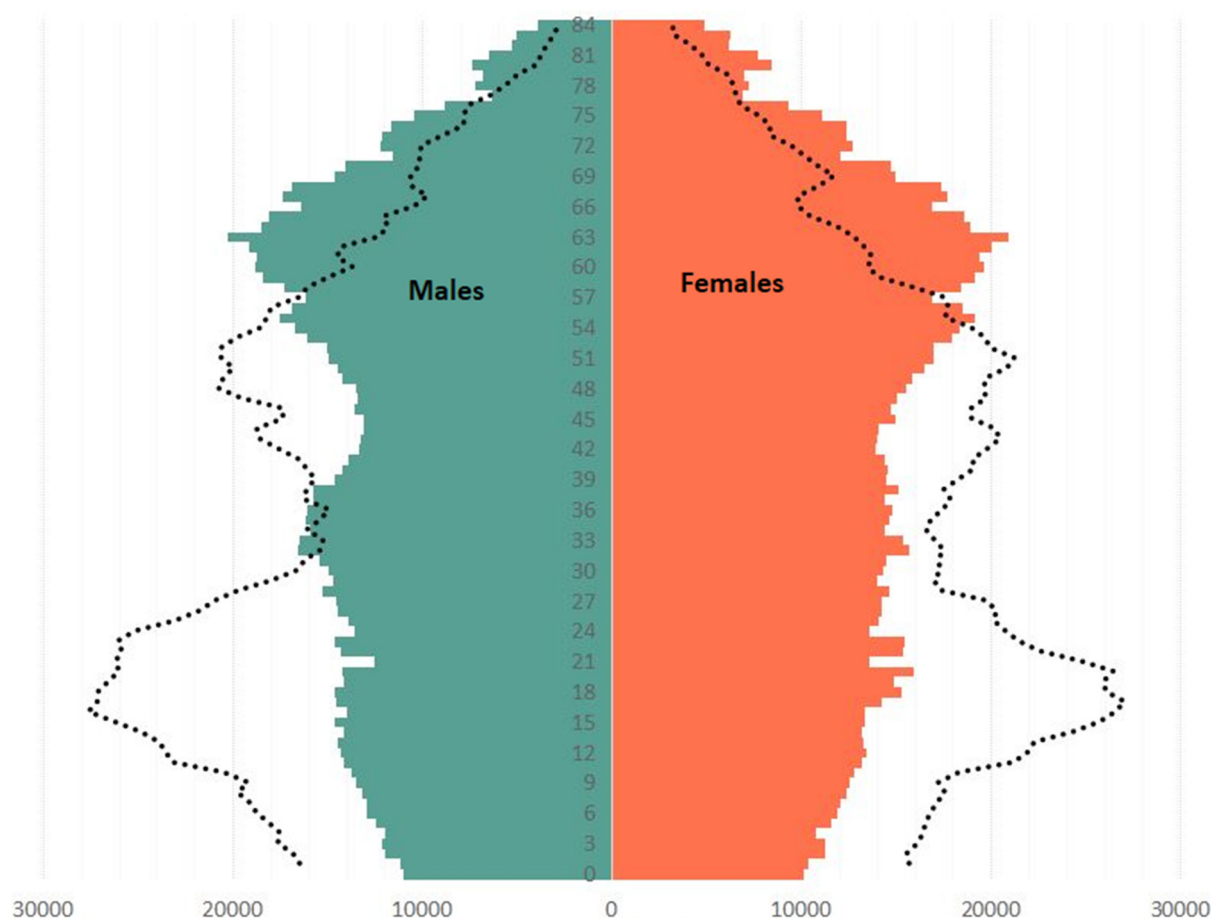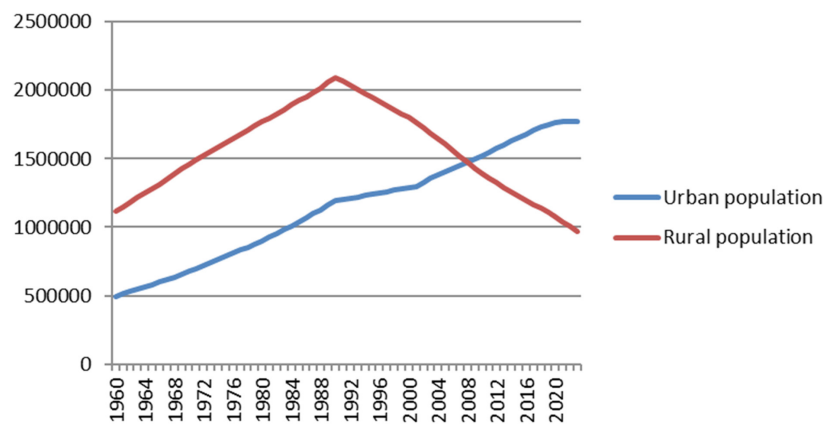

Figure 1. Population pyramid according to the 2023-2011 Census
Source: INSTAT (2023a)

Referring to the data on the official website of the World Bank, starting from 1960 until 2023 (Graph 1), it is noted that after the 1990s, the population in rural areas has been decreasing, this is because part of the population of these areas has moved to urban areas and part has emigrated abroad.

Graph 1. Population in urban and rural areas in Albania by year
Source: World Bank (2016)

Continuing with this trend of population movement, in many villages there are no more residents, or there are very few and they are mainly elderly, since the rest of the family members have moved to other places mainly for employment purposes.

Migration as a phenomenon in Albania can be seen in two aspects. On the one hand, the increase in the number of individuals who migrate brings population imbalances from a demographic point of view, since those who emigrate are mainly young, of reproductive age, but on the other hand it brings a decrease in unemployment in the country, since many individuals who have not been able to find a suitable job in Albania, have had the opportunity to find it outside the territory.

To see if there is any relationship between net migration and the unemployment rate in the country, a regression model was constructed:

Net migration = a × Unemployment + b

According to the model analysis (tables 3 and 4), using a series of 33 data taken from the World Bank database (the data belong to the period from 1991 to 2023), a correlation coefficient of -0.56 results and the p-value for the significance of the regression model is 0.000703, less than 0.05. This means that the model is significant and there is a linear relationship between net migration and unemployment in the country. Since net migration is negative, since more individuals emigrate than immigrate to Albania, the correlation coefficient also results to be negative. Looking at the model coefficients, we can say that the increase in net migration brings a decrease in the unemployment level in Albania.

Table 3. Regression analysis of Net migration and Unemployment rate

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	12126.65775	13890.01	0.873049	0.389349
X Variable(Unemployment rate)	-3160.281008	839.9251	-3.76258	0.000703

Source: Own research

Table 4. Correlation between Net migration and Unemployment rate

	Net migration	**Unemployment rate**
Net migration	1	
Unemployment rate	-0.55992	1

Source: Own research

A significant relationship is also observed between net migration and the labor force rate of the 15-24 age group (table 5). Calculating a correlation coefficient for data from the period from 1991 to 2023, its value is -0.88872, very close to the number -1, which means that the relationship between these two variables is strong and in the negative direction. Therefore, the increase in net migration brings a decrease in the labor force at the younger age.

Table 5. Correlation between Net migration and Labor force participation rate for ages 15-24

	Net migration	Labor force participation rate for ages 15-24, total (%)
Net migration	1	
Labor force participation rate for ages 15-24, total (%)	-0.88872	1

Source: Own research

This result further reinforces the analyses carried out in other works by other authors, that the number of young people who are emigrating is increasing.

But where do these young people go? What are the preferred destinations of young people to emigrate?

Referring to data obtained from the OECD's International Migration Database, an increase in the number of Albanians emigrating to countries such as (excluding 2020, which corresponds to the period of the COVID-19 pandemic and mobility was limited) is noted: Austria, Belgium, Canada, USA, France, Germany, Italy, Switzerland, the Nordic countries, Luxembourg, Holland, etc.

5. CONCLUSION

Reviewing the literature, we see that the migration flow of Albanians increases year after year. This result is divided into two views, positive and negative. Positive because the departure of the unemployed has reduced the unemployment rate, and negative because many young and educated people have recently left, which will bring gaps in some professions but also a demographic imbalance in the population.

Preferred destinations for Albanians are countries like: Nordic countries, Spain, Switzerland, Belgium, Germany, USA, United Kingdom, Italy, Greece, etc.

There is a relationship between migration and unemployment rate, migration and labor force, unemployment rate and labor force. The increase of migration, decreases the unemployment rate and the labor force participation rate.

It should be noted that the results are not the same in other countries or using other time series. The literature suggests that unemployment in different countries or even for the same country but in different periods, may or may not be an important factor in migration.

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