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MIGRATION, REMITTANCES AND WELL-BEING IN KOSOVO

Arjola Arapi-Gjini

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MIGRATION, REMITTANCES AND WELL-BEING IN KOSOVO

by Arjola Arapi-Gjini

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I remain hopeful that this doctoral thesis is but the first milestone in the trajectory of a gratifying and long career in academia. However, as it is almost always the case, the completion of a doctoral research project is not the culmination of a solitary endeavor but quite the contrary. Several individuals embarked with me on my PhD journey, and to these people I would like to express my deepest gratitude and appreciation.

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As my scientific advisor, Prof. Dr. Herzfeld implicitly taught me the value of intellectual freedom. Under his guidance, I was encouraged to approach the research from different angles, and to not fear treading into new territories. His guidance consisted of discussing critical issues and providing detailed comments and accurate remarks whilst never imposing his own interpretation on several important socio-economic issues discussed in this book.

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Halle (Saale), February 2021

SUMMARY

Miilions of people worldwide choose migration as a livelihood strategy, with the households and communities staying behind relying heavily on remittance inflows. The question of whether migration is beneficial to the households and individuals staying behind is an important one, because the effects may occur in different spheres and over time and they may not always be straightforward. This calls for a detailed examination of how migration affects the well-being of households and individuals staying behind in migrant-sending communities.

Accordingly, this thesis evaluates the effects of participation in international migration and remittances on the well-being of households and individuals in migrant-sending communities in Kosovo. Adopting a pluralistic conceptualization of well-being and utilizing a mix of quantitative and qualitative methods of investigation, it advances the current global migration debate on the effects of migration on the development processes in low- and middle-income economies.

First, the dynamic effects of migration and remittances on households' poverty and income distribution are estimated. Based on a nationally representative dataset and using state-of-the-art matching techniques, we measure impacts based on counterfactual scenarios, and, for the first time, take a step forward by applying a dose-response function approach to assess poverty effects due to variations in the time-length of receiving remittances. Our findings show that remittances alleviate both absolute and relative poverty levels and lead to marginal increases in inequality for the case of Kosovo. We further demonstrate that – although poverty reduction effects are stronger in the short-run – remittances have a positive poverty reduction effect over time.

The effects of migration and remittances on households' expenditure behavior are further assessed. The empirical results indicate that participation in migration reduces households' budget share for household food consumption with no immediate impact on households' budgetary allocations for business investments, health, and education expenditures. Our interpretation of such findings is that participation in migration does not cause substantive changes on the spending

behavior of households with migrant family members, while remittances are predominantly used to cover basic consumption needs.

Second, participation in migration and remitting patterns are linked to broader and sometimes contradicting outcomes of well-being. Utilizing a case study research approach, we provide an in-depth analysis of these complex interlinkages between migration, remittances, and the well-being of migrant-sending communities. While we illustrate how remittances often protect families from poverty, there are negative outcomes as well. Social comparisons to migrants influence the migration aspirations and the subjective well-being of individuals in the village communities. Together with the delineation of a minimum remittance income, it turns into a barrier for participation in the local labor markets. In particular, women's disengagement from work leads to increased vulnerability and economic dependency with negative implications for their empowerment and well-being.

Our research contributes to the most recent migration research in three main aspects. First, the study applies novel econometric techniques to estimate dynamic welfare effects of migration. Given the scarcity of panel data in our field of study, the approach opens a new methodological venue for future impact assessments in the absence of longitudinal data. Second, the analysis of the broader well-being outcomes of migration shows how the current migration and development agenda should be redefined to recognize improvements in well-being as a dynamic process that includes not only material welfare, but also aspects such as happiness, independence, empowerment and more. Third, our empirical findings contribute to closing an empirical gap in research by highlighting migration and remittance effects in the highly remittance-dependent, but under-researched European and Central Asian transition economies.

ZUSAMMENFASSUNG

Weltweit werden Millionen Menschen zu Wirtschaftsmigranten, indem sie Migration zur Grundlage ihrer Beschäftigungsstrategie machen. Sie versorgen oftmals die im Entsendeland zurückbleibenden Familienmitglieder durch Rücküberweisungen. Viele Haushalte und Kommunen sind in hohem Maße auf diese Geldsendungen angewiesen, in wieweit diese Migrationsstrategie für die verbliebenen Haushalte und Kommunen allerdings tatsächlich vorteilhaft ist, ist eine wichtige und in der Wissenschaft noch nicht gänzlich gelöste Frage. Ein Grund dafür ist, dass die Effekte in unterschiedlichen Bereichen und zu unterschiedlichen Zeitpunkten auftreten können und auch nicht immer einfach zu messen sind. Diese Komplexität macht es erforderlich, die Wohlfahrtseffekte von Migration und Rücküberweisungen in ihrer Vielschichtigkeit zu betrachten.

Die vorliegende Arbeit nimmt sich der Herausforderung an, die Auswirkungen der Teilnahme an internationaler Migration und Rücküberweisungen auf die Wohlfahrt und Lebenszufriedenheit der im Entsendeland verbliebenen Haushalte und Individuen zu analysieren. Betrachtet wird hierzu empirisch der Fall des Kosovo. Eine pluralistische Konzeptualisierung des Wohlfahrtsbegriffs und der Einsatz sowohl quantitativer als auch qualitativer methodischer Ansätze, soll die globale Migrationsdebatte zur Frage nach dem Zusammenhang von Entwicklung und Migration in mittleren und einkommensschwachen Ländern vorantreiben.

Zunächst werden die dynamischen Effekte von Migration und Rücküberweisungen auf die Armutsinzidenz und die Einkommensverteilung geschätzt. Grundlage für die Berechnungen ist ein auf nationaler Ebene repräsentativer Datensatz. Zur Anwendung kommen dem Stand der Wissenschaft entsprechende ökonometrische Matching-Techniken zur Schätzung von Kausaleffekten. Diese Effekte werden mithilfe von kontrafaktischen Szenarien gemessen. Zudem kommt in dieser Arbeit erstmals eine ‚dose-response' zur Messung von Armutswirkungen basierend auf variierender Dauer seit Beginn des Erhalts von Rücküberweisungen zur Anwendung. Die Analysen zeigen, dass Rücküberweisungen sowohl das absolute als auch das relative Armutsniveau verringern und zu einem leichten Anstieg der Ungleichheit im Fall von Kosovo führen. Weiterhin wird gezeigt, dass – obwohl die

Effekte der Armutsreduktion kurzfristig stärker sind – Rücküberweisungen auch längerfristig einen positiven Effekt bei der Armutsreduktion aufweisen.

Im Weiteren werden die Auswirkungen von Migration und Rücküberweisungen auf die Verwendung des Haushaltsbudgets betrachtet. Der Anteil der Ausgaben für Lebensmittel reduziert sich zwar leicht, allerdings ohne unmittelbaren Einfluss auf die Anteile der Ausgaben für Geschäftsinvestitionen, Gesundheit und Bildung. Migration und Rücküberweisungen haben also offenbar keine substanzielle Wirkung auf die Ausgabenstruktur, da Rücküberweisungen vorwiegend verwendet werden, um die Grundversorgung zu sichern.

Die über das Einkommen hinaus gehenden und manchmal widersprüchlichen Folgen von Migration und Rücküberweisungen für die Wohlfahrt und Lebenszufriedenheit der Empfängerhaushalte, werden auf Basis einer Fallstudie untersucht. Diese erlaubt eine tiefergehende Analyse der komplexen Verbindungen zwischen Migration, Rücküberweisungen und der Wohlfahrt auf individueller, Haushalts- und kommunaler Ebene. Während einerseits bestätigt wird, dass Rücküberweisungen Familien oftmals vor Armut bewahren, kommen in der Fallstudie verstärkt auch negative Auswirkungen zur Sprache. So wecken soziale Vergleiche mit den Migranten unrealistische Migrationserwartungen und im Zusammenspiel mit der Absicherung durch Rücküberweisungen werden negative Anreize für die Teilhabe am lokalen Arbeitsmarkt gesetzt. Gerade für Frauen hat die starke Abhängigkeit von Rücküberweisungen zu einer zunehmenden Loslösung aus dem Arbeitsprozess geführt und damit zu höherer Vulnerabilität, geringen Möglichkeiten, sich zu verwirklichen, und erheblichen negativen Folgen für ihre Lebenszufriedenheit.

Zusammenfassend kann gesagt werden, dass diese Arbeit in drei wichtigen Aspekten zur aktuellen Migrationsforschung beiträgt. Erstens, die Studie wendet neueste ökonometrische Techniken an, um die dynamischen Wohlfahrtseffekte von Migration zu bewerten. Da Paneldaten in der Regel nicht zur Verfügung stehen, eröffnet die hier verwendete Herangehensweise vielfältige Anwendungsmöglichkeiten für zukünftige Analysen in Ermangelung von Längsschnittdaten. Zweitens weisen die Ergebnisse auf eine Reihe bisher wenig beachteter, unerwünschter Migrationseffekte hin, die eine Anpassung der gängigen Migrations- und Entwicklungsagenda erfordern, die auch Aspekte der individuellen Lebenszufriedenheit einschließt. Drittens tragen die empirischen Ergebnisse dazu bei, eine empirische Lücke in der Forschung zu schließen, indem Migration und

Rücküberweisungen in den hochgradig rücküberweisungsabhängigen, aber wenig erforschten europäischen und zentralasiatischen Transformationsökonomien beleuchtet werden.

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LIST OF ABBREVIATIONS

DRF	Dose-Response Function
EU	European Union
EUR	Euro
FDIs	Foreign Direct Investments
GDP	Gross Domestic Product
NELM	New Economics of Labor Migration
GPS	Generalized Propensity Scores
IAMO	Leibniz Institute for Agriculture Development in Transition Economies
IMF	International Monetary Fund
KAS	Kosovo Agency of Statistics
KRHS	Kosovo Remittance Household Survey
ML	Maximum Likelihood
OLS	Ordinary Least Squares
PSM	Propensity Score Matching
SFRY	Socialist Federal Republic of Yugoslavia
SoEs	Socially Owned Enterprises
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USD	United States Dollar
WWII	World War II

1 INTRODUCTION

While millions of people worldwide engage in international migration, more than half of those planning to leave their homes originate in developing countries. Economists and researchers alike have argued that loss in human capital may be replaced by migrants' remittances and that new skills and knowledge can be transferred back into the impoverished communities left behind. The importance of migration was recognized, among others, by the United Nations (UN) 2030 Agenda for Sustainable Development, which views migration as a 'multi-dimensional reality of major relevance for development' and calls for further research on the impacts of migration (UN, 2015).

In response to this call, our study investigates the critical interrelation between international migration and welfare. It takes the empirical example of Kosovo, a country with extraordinary high migration rates and migrant-sending communities struck by poverty, extreme unemployment rates and high dependence on remittances. Kosovo has the lowest GDP per capita in the continent of Europe, around 3,957 USD (World Bank, 2017), and its economy is extremely dependent on remittances. The country ranks fourth among the top ten remittance-dependent European and Central Asian transition economies (World Bank, 2018).

Indeed, for many Kosovars, migration-cum-remittances represents a long-term livelihood strategy.[1] The UNDP estimates that 40% of Kosovars have family members abroad and around 25% of households with international migrants receive remittances on a regular basis (UNDP, 2016). Remittances have the potential to improve the livelihoods of those staying behind by directly affecting households' general economic welfare (i.e., by securing incomes and reducing poverty, smoothing consumption and enabling human capital investments) (Adams & Cuecuecha, 2010; Amuedo-Dorantes & Pozo, 2010; Möllers & Meyer, 2014).

Yet, the receipt of remittances may also disincentivize household members from working. Withholding labor force participation may breed remittance dependency and disempowerment, with more negative consequences for marginalized groups, such as women and young adults (Amuedo-Dorantes, 2014; Lenoël & Anda, 2019; Lokshin & Glinskaya, 2009). Stated generally, improvements in economic welfare for migrant-sending communities may not necessarily translate to

1 The strategy of supporting a household's livelihood through remittances is termed 'migration-cum-remittances livelihood strategy'. Migration-cum-remittance means that a household sends away one or more of its household members to migrate with the specific aim of receiving back part of the income earned abroad by them (Meyer, 2012).

improvements in other areas of life, such as, for example, the improved individual (subjective) well-being of household members (Borraz et al., 2010; Ivlevs et al., 2018). Hence, any rigorous assessment of the well-being outcomes of migration should consider both economic and non-economic welfare aspects together. One important caveat, however, is that some of these non-economic welfare aspects (i.e., dependency, empowerment, etc.) are not easily quantifiable through conventional impact assessment methods and data, suggesting that complex well-being outcomes may be adequately captured via a combination of different analytical approaches.

Consequently, this monograph approaches the scientific debate on the interactions between migration, remittances and well-being by identifying a set of key research questions and proposing a combination of quantitative and qualitative research approaches for their investigation. The questions raised here are not merely academic; they are important to the global migration debate in that they aim to gauge a fuller picture of the gains and losses associated with migration from the perspective of those that migrants leave behind.

In the first part of our investigation, we use a set of econometric methods to measure the effects of migration and remittances on economic welfare indicators of poverty and income inequality. An important contribution of this quantitative analysis is the extension of poverty analysis to capture the effects of the time length of receiving remittances on the conditional probability of falling below a certain poverty threshold. For this we utilize a 'dose-response' function with Generalized Propensity Scores (GPS) following the methodology developed by Imbens (2000) and Hirano and Imbens (2004). This approach allows for a better understanding of the dynamic effects of remittances in a cross-sectional research design and has been applied for the first time in migration research. Furthermore, a migration-impact analysis on the spending behavior of Kosovar households is carried out to evaluate the potential for improvement in the livelihoods of those staying behind (i.e., by making consumption easier and enabling development-relevant investments, such as in education, health, or job creation).

Findings from the quantitative analysis are complemented with first-hand qualitative exploration on the less direct, non-economic welfare effects of migration. Drawing on ethnographic fieldwork conducted in the region of Opoja, Kosovo, in 2016 and utilizing a case-study research approach, the qualitative second

part of our investigation offers rich insights on the multifaceted relations between migration and well-being. The qualitative analytical approach enables a deeper and more reliable assessment of the outcomes of migration, which is needed to formulate targeted actions and design adequate policies for the advancement, progress and empowerment of Kosovo's society.

Our research contributes to the most recent migration research in three main aspects. First, the study applies novel econometric techniques to estimate the dynamic welfare effects of migration. Given the scarcity of panel data in our field of study, the approach opens a new methodological venue for future impact assessments in the absence of longitudinal data. Second, the analysis of the broader well-being outcomes of migration shows how the current migration and development agenda should be redefined in order to recognize improvements in well-being as a dynamic process that includes not only material welfare, but also aspects such as individual well-being, independence, empowerment and more. Third, our research provides very recent and new insights to the debate on the linkages between migration, remittances and welfare in developing economies (for some essential contributions see Adams & Cuecuecha, 2010; Amuedo-Dorantes & Pozo, 2014; Leones & Feldman, 1998; Oberai & Singh, 1983; Stark et al., 1986; Taylor et al., 2005). Our empirical findings contribute to closing an empirical gap in the research by highlighting migration and remittance effects in the highly remittance-dependent, but under-researched European and Central Asian transition economies.

1.1 MIGRATION, REMITTANCES AND LIVELIHOODS IN KOSOVO

Kosovo has a long history of labor migration. Since the end of World War II, it has experienced a series of successive migration waves: (a) the post-war internal migration predominantly within the former Yugoslav Federation; (b) the late 1960s labor migration when Kosovars, similar to other Yugoslav citizens, were granted the right to work in Western Europe; (c) the early 1990s migration, which was a result of the political and economic disintegration of the Yugoslav Federation, and

(d) the exodus following the aftermath of the 1998-1999 Kosovo conflict (UNDP, 2010). The most recent migration wave to EU countries happened in the winter of 2014/2015. Approximately 100,000 people were estimated to have left Kosovo illegally (Möllers et al., 2017). The reasons for the migration of Kosovars during these migration waves were economic but also political in nature.

For most Kosovars, migration represented a path out of poverty and hardships. Despite its inclusion as an autonomous province in the Yugoslav Federation, the gap in terms of economic development between Kosovo and the more developed regions widened throughout the years. While its economy was predominantly resource-based and specialized in the extraction of raw materials and the light processing industry, it largely relied on imports of industrial products from the more developed regions in Yugoslavia.

Compared to other Yugoslav Republics, Kosovo had the lowest living standards (in terms of per capita income), the highest fertility rates, the youngest population, the highest dependency ratio, the highest proportion of rural population and the lowest degree of industrialization.

The general economic decline in Yugoslavia by the end of the 1970s pushed the least developed regions such as Kosovo further into the periphery. It also redirected labor migration from within Yugoslavia towards wealthier and labor-scarce Western European countries (mainly towards Germany, Austria, Switzerland and France).

Migrant remittances were a key source of foreign capital for the Yugoslav economy at the time. Migrant-sending households benefitted from remittances, which allowed them to meet immediate basic needs for consumption (food and clothing) and improve their living conditions (Dragović-Soso et al., 2008; Memedović, 1994).

This improvement was so significant that, upon first visiting the Opoja region in Southwestern Kosovo in the 1980s, the American anthropologist Janet Reineck noted that, "Intense levels of labor migration produced by a history of poverty […] and scarcity has introduced pockets of wealth in every kin group" (Reineck, 1991, p. 89). Households with migrant family members, she keenly observed, enjoyed better homes and living conditions, were better dressed and many drove luxury cars. In the absence of migration, poverty would have been higher and living standards lower (Ibidem).

Box 1: Historical Underpinnings.

- The 1946 Yugoslav constitution recognizes Kosovo as an autonomous province within the Yugoslav Federation. Within the federation, Kosovo is peripheral in terms of its socio-economic development.
- Between 1947-1951, Yugoslavia launches 'etatism' (also known as state capitalism) – a system based on central planning, privatization of key economic sectors (industry, mining, transport, banking) and heavy industrialization. Low inflation and general economic growth follow suit.
- From 1952 to 1974, the country experiments with new economic policies: 'Self-Management' and later on 'Self-Management with Social Planning' hinging on workers' management of social enterprises, a centralization of the factors of production and state-led privatization. The end result is speedy industrialization and an outflow of capital from agriculture to industry, but also an increase in inflation and external debt.
- Towards the end of the 1980s, Kosovo's socio-economic situation worsens when Serbia's president Milošević diverts finances from the least developed regions towards the heavy industries based in Serbia. This leads to an exacerbation of political tensions within the Yugoslav federation.
- Ante Marković's structural reforms of 1989 (part of the 'shock therapy' reform package) fail to deliver economic growth. The escalation of tensions leads to declarations of independence for Slovenia and Croatia (June 25th, 1991). The events mark the beginning of the Yugoslav wars leading to the breakup of the Yugoslav Federation.
- Kosovo's attempt to declare independence from the Federal Republic of Yugoslavia (comprising of Montenegro and Serbia together with Vojvodina) culminate in the eruption of the Kosovo War (February 1998-June 11th, 1999).
- On June 10th, 1999, Kosovo is placed under the protectorate of the United Nations, following the United Nations Security Council Resolution 1244.
- On February 17th, 2008, Kosovo's general assembly declares its unilateral independence from Serbia.

Source: Own compilation

Reineck's observations resonated with the general welfare development perspective, which viewed remittance inflows as a potential source of capital formation in developing countries. If a part of remittances was invested in productive activities (i.e., activities that generate employment and create growth-income linkages), this would have helped produce rapid economic growth.

However, the economic realities of 1980s Yugoslavia (i.e., restrictions in investment outlets, a centralization of production factors, a lack of investment infrastructure and a lack of trust in property protection) actively disincentivized productive investments. Most Kosovar households used remittances to purchase land, build new houses, buy consumer goods and finance traditional weddings, while investments in new businesses and/or other productive activities were insignificant (Agani et al., 1974; Reineck, 1991). The International Monetary Fund (IMF) argued at the time that only a drastic change in Yugoslav economic policies would have channeled remittances towards productive investments and job creation (Anand, 1980).

Unfortunately, the neoliberal economic reforms introduced by the Yugoslav prime minister Ante Marković in 1989 proved hugely unpopular among the Yugoslav population. The removal of subsidies for Socially Owned Enterprises (SOEs) – the main employers of the Yugoslav workforce – but also rapid privatization and marketization and the purchasing of national debt, among other measures, caused general dissatisfaction and were demonized by Serbia's president Milošević as a Croat-Slovene conspiracy that would demolish Yugoslav socialism. The exacerbation of political tensions under the pressures of massive inflation and huge foreign indebtedness caused the eventual breakup of the Yugoslav federation.

The quick disintegration of the Yugoslav economy and the political subordination of Kosovo under Milošević led to an overall ruinous economic standing of Kosovo. By the end of the 1980s and beginning of 1990s, Kosovo's GDP fell drastically (to less than 400 USD per capita) and unemployment rates jumped up (as high as 70% in rural areas), with massive loss of employment opportunities both in the public and private sector (World Bank, 1999). Poor economic prospects, coupled with Serbia's systematic political prosecutions of the Albanian intelligentsia in Kosovo, led to yet another striking outpouring of hundreds of thousands of people towards western European countries (Blaku, 1996).

It was the Kosovo War of 1999 Milošević's use of military force to reassert control over the region that had the most devastating effect, however. This was accompanied by atrocities such as the destruction of over 500 villages and the killing of an estimated 10,000 civilians, and some 200,000 refugees fleeing the area.[2] In the villages, most houses, livestock, agriculture machinery and other farm assets were burnt down and destroyed, causing immense damage to the agricultural infrastructure. The revival of farm businesses alone necessitated investments of over 800 million USD (World Bank, 1999). In the absence of state structures, migrants poured in hundreds of millions of US dollars towards the rebuilding and reconstruction of houses and covering immediate consumption needs. Families without migrants and remittance support were most vulnerable to poverty and hardships.[3]

Twenty years after the war, Kosovo's economic and social context remains extremely fragile and highly susceptible to turmoil. Following a contentious privatization process, most of the former SOEs have suffered major losses and operate at a fraction of their pre-transition capacities (Knudsen, 2013). The economy is currently dominated by the non-tradable sectors (retail trade, construction and other low-end services account for over 54% of the GDP), which also attract most FDIs, whereas the contribution of industry and manufacturing is considerably small by regional standards (less than 17% of the GDP) (OECD et al., 2019).

High youth unemployment rates and limited economic opportunities, but also a general lack of hope and perspectives for a better future, continue to drive labor migration. The last migration wave of 2014/2015 demonstrated once again how deeply rooted the migration-cum-remittances livelihood strategy is in Kosovo. Remittance inflows continue to provide a secure source of income for many Kosovar households, boosting private consumption and prompting significant macro-economic adjustments (i.e., exchange rate fluctuations, trade balances and economic growth). Due to their sheer size and importance, remittances have captured the attention of policymakers and researchers and encouraged debate on

2 https://www.britannica.com/place/Serbia/The-Kosovo-conflict#ref987041

3 Both the Food and Agriculture Organization (FAO) and the World Bank estimated the true (less conservative) cost of Kosovo's 1999 war to their rural infrastructure to be over 1.5 billion USD. In the aftermath of the events, most families prioritized the coverage of basic needs for food and shelter. Remittance income and family support mechanisms, but also foreign aid, helped reduce the immediate consequences of the war (World Bank, 1999).

their pros and cons for Kosovo.[4] On the one hand, there is the recognition that participation in migration and remittances has the potential to improve livelihoods by smoothing consumption, reducing poverty and improving access to education and health for the children and the elderly (Alishani & Nushi, 2012; Moellers & Meyer, 2014; World Bank, 2011). On the other hand, there is growing concern that Kosovar migration is promoting a culture of dependency that actively discourages participation in the labor markets, as remittance transfers are used for conspicuous consumption and rarely directed at productive investments (path dependence) (OECD et al., 2019; UNDP, 2016).[5]

While it is a foregone understanding that Kosovar households will continue to actively participate in migration, an open question remains of how migration-cum-remittances affects the lives of the households and individuals staying behind in migrant-sending communities. The question of, 'Has migration made the households and individuals staying behind better off?' poses a critical challenge on how to best assess the impacts of migration and remittances by considering the more direct welfare effects (i.e., changes in income, poverty, and consumption patterns) and the less direct welfare effects (i.e., remittance dependency, disengagement from work, etc.), which are closely intertwined together. Given this background, we propose a set of objectives and research questions in the following section.

4 According to our own estimations, the remittance-to-GDP ratio for Kosovo is 12% and has remained stable since 2017. The only exception is the year 2020, when, as a result of the Covid-19 pandemic, Kosovo's GDP is predicted to shrink while remittance inflows are predicted to increase (almost half a billion USD was remitted by Kosovar migrants in the first half of 2020 alone). These changes will be reflected in a higher remittance-to-GDP ratio for the year 2020.

5 Originally coined by Veblen (1899), conspicuous consumption as a concept was meant to describe individuals' preferences for purchase of luxury items versus production. In the context of remittance-use studies today, the term is used to express the dichotomy between purchase of luxury household items, cars and wedding expenditures (purchases that carry signals to migrant-sending communities) and productive investment of remittances (Taylor, 1999).

1.2 OBJECTIVES AND RESEARCH QUESTIONS

In remittance-dependent economies, scripts for migrating and remitting develop and often shape the lives of whole communities. Within this system, migrants and migrant-sending communities are interlinked in multi-layered relations established through family ties, hierarchies and remittances.

For a deeper understanding of these interlinkages and ultimately the impact of migration-cum-remittances, micro-level investigation is needed. Previous studies have focused on the potential of migration and remittances to improve (or worsen) the general economic welfare of households with migrant family members. Analyses have assessed the relationship between migration and poverty alleviation (Adams, 2006; Möllers & Meyer, 2014), the stabilization of consumption needs (Clement, 2011), but also the accumulation of human capital (i.e., when remittances are used to increase educational, health and other productive attainments) (Adams & Cuecuecha, 2010; Amuedo-Dorantes et al., 2010).

A growing body of literature, however, is drawing attention to the non-economic and, at times, less observable effects of migration. Studies have highlighted a nuanced relationship between migrants and those staying behind. For instance, the out-migration of a family member is credited with gains (or losses) in the perceived levels of happiness of other household members (Graham & Jordan, 2011; Ivlevs et al., 2018). Furthermore, migration and the receipt of remittances is frequently linked to reduced work participation and a 'culture of dependency' on the part of migrant family members (Amuedo-Dorantes, 2014; Miluka et al., 2010). Within these households, women might be disproportionally pushed to withdraw from labor markets, with migration inadvertently hindering issues such as gender equality, independence and empowerment.

While research on the welfare outcomes of migration is growing, studies that consider both the economic and the non-economic welfare impacts of migration remain scant. This gap represents a weak point in the migration literature. Moreover, two limiting factors are data availability and the need to use a combination of analytical approaches to capture different kinds of effects. Looking at the case of Kosovo, this monograph aims to fill this research gap through a comprehensive

analysis of the well-being outcomes of migration on households and individuals staying behind.

The main objectives of this work are:

1. To assess the impacts of migration on the economic welfare of Kosovar households with a focus on (a) income inequality and poverty alleviation and (b) patterns of expenditure behavior.
2. To broaden the view of non-economic (and less direct welfare) migration impacts by evaluating how migration and remittances affect individuals' (subjective) well-being, as well as their sense of independence and empowerment.

To achieve our first objective, we investigate the following research question: what are the effects of migration and remittances on the economic welfare of Kosovar households with migrant family members? This question is broken down further into two sub-questions: (a) what is the impact of migration and remittances on household poverty and income inequality? and (b) what is the impact of migration and remittances on household expenditure behavior? The first (a) sub-question is concerned with the dynamic effects of migration and remittances on household poverty and income distribution in Kosovo. We hypothesize that traditional participation in migration is beneficial in terms of reducing household poverty (both absolute and relative poverty), but that it has an un-equalizing effect on income distribution. Poverty reduction effects are further expected to be more pronounced in the short-term, while in the long-run migration and remittance transfers may play a minor role in reducing poverty compared to other livelihood strategies.

The second (b) sub-question investigates the influence of migration and remittances on household spending behavior with a particular focus on the use of remittances for consumption vis-à-vis productive investments. Our hypothesis is that in light of Kosovo's present economic realities, migration and the receipt of remittance transfers continue to boost household consumption (food, durables) with no significant measurable effect on categories of particular relevance, such as education and health, but also productive investments and savings. Whereas a number of previous studies have asserted that Kosovar households with migrant family members might be prioritizing consumption compared to other types of investments (KAS, 2013; OECD et al., 2019; UNDP, 2016), a rigorous, migration impact analysis on expenditures has been missing and will be presented for the first

time in this monograph. Utilizing a rich cross-sectional dataset from Kosovo, we approach both sub-questions from a quantitative perspective relying on matching techniques with counterfactual scenarios.

Notwithstanding the importance of economic considerations, once a certain income threshold has been attained, other aspects of life, such as happiness, independence and empowerment, gain relevance for individual well-being. Our second research question is: what are the effects of migration on the well-being of household members in migrant-sending communities? This question is more general and looks at the broader effects of migration and remittances on well-being and answers our second objective. The aim is to obtain a systematic understanding of the multifaceted and varied interlinkages between migration, remitting patterns and outcomes of individual well-being. The hypothesis of interest is that the established system of migration and remittances affect the wellbeing of migrant-sending communities in many more ways than previously thought, which can be revealed through an exploratory qualitative approach and based on primary data collected during ethnographic fieldwork in Kosovo.

1.3 OVERVIEW OF THE MONOGRAPH

This monograph is comprised of six chapters. To start off, this introduction is followed by a concise review of the key literature in Chapter 2. The chapter investigates the effects of migration and remittances on both economic and non-economic welfare dimensions of well-being while assessing important findings and identifying potential research gaps. This is followed by the presentation of a conceptual framework for the analysis of the interlinkages between migration, remittances and the well-being of households and individuals in migrant-sending communities.

Chapter 3 introduces the quantitative and the qualitative analytical approaches pertaining to our study and the types of data resources used to accommodate each approach. Further, it discusses key methodological issues emerging in migration impact studies, followed by a detailed presentation of the econometric methods applied. This chapter also introduces the case study research approach and the methodology utilized for the qualitative data analysis.

Chapter 4 estimates the effects of migration on the income distribution, poverty and expenditure behavior of Kosovar households with migrant family members. The empirical estimations are based on a cross-sectional household-level data set from the Kosovo Remittance Household Survey (KRHS) 2011. First, a detailed descriptive comparison between households with migrants and those without migrant family members is made. Matching techniques are used to construct counterfactual incomes in absence of migration and conduct poverty and inequality estimations. Subsequently, a novel empirical method is utilized in order to assess the dynamic effects of remittances across the time-length of receiving remittances. The chapter concludes with an impact analysis of the role of migration on migrant households' expenditure patterns.

The broader effects of migration and remittance transfers (i.e., effects that extend beyond material welfare) are investigated in Chapter 5. Participation in migration and remitting patterns are closely linked to outcomes of individual well-being. Migration not only influences the material welfare of remittance recipient families, but triggers social comparisons, which affect the migration aspirations, feelings and perceptions of well-being of individuals in the village communities. Following a case-study approach with data collected in the ethnographic region of Opoja, Kosovo, in 2016, this chapter provides a comprehensive analysis of the complex interlinkages between migration, remittances and the well-being of migrant-sending communities.

Chapter 6 assesses key findings of this study, drawing conclusions from the quantitative and the qualitative research approaches. Since the knowledge about the effects of migration on the well-being of households' and individuals in countries of origin can be of help for the design of economic and social policies, the chapter concludes with some final remarks and suggestions on how migration can be leveraged for development, drawing attention to the fact that migration effects are complex, highly contextual and extend beyond traditional economic welfarism.

2 TOWARDS A BROADER CONCEPTUALIZATION OF WELL-BEING

The general aim of this book is to gain a better understanding of the micro-level welfare impacts of migration. For this a broader understanding of well-being is necessary. Traditionally, well-being has been analyzed from an economic perspective (economic welfare). Consequently, improvements in well-being have been identified with higher incomes, reduced poverty levels and inequality and a betterment of material living standards.

This economic perspective dominates scholarly work that investigates the interlinkages between migration, remittances and the welfare of households and individuals staying behind in migrant-sending communities. One branch of the literature looks at migration impacts on households' poverty and inequality (Barham & Boucher, 1998; Feldman & Leones, 1998; Kimhi, 2010; Oberai & Singh, 1983; Shen et al., 2010; Stark et al., 1986; Taylor, 1992; Taylor et al., 2005; Taylor et al., 2003). Another prominent branch focuses on changes that happen to households' expenditure behavior (how much is consumed vs. how much is invested) under the auspices of migration (Adams & Cuecuecha, 2010; Amuedo-Dorantes et al., 2010; Chami et al., 2003; Clement, 2011; Démurger & Wang, 2016; Randazzo & Piracha, 2019; Taylor & Mora, 2006).

While both strands of the literature demonstrate that a strong association of well-being with economic welfare characterizes the locus of the migration impact research, this is gradually changing. The gradual move towards a more comprehensive approach to the analysis of well-being has been mirrored in the more recent migration literature. The effects of migration on the subjective well-being of individuals left behind in the countries of origin is one important new aspect that is increasingly being discussed (Borraz et al., 2010; Cárdenas et al., 2009; Graham & Jordan, 2011; Ivlevs et al., 2018; Mazzucato et al., 2015). Furthermore, inquiries into the effects of migration on the work engagement of migrant family members and its related consequences in terms of improved perceptions of well-being and women's empowerment testify to the ongoing extension of migration well-being analysis beyond economic welfare (Amuedo-Dorantes & Pozo, 2006; Binzel & Assaad, 2011; Lenoël & Anda, 2019; Lokshin & Glinskaya, 2009; Mendola & Carletto, 2012; Reineck, 1991; Vullnetari, 2012).

Next, we present a brief literature review of the economic and non-monetary welfare effects of migration and remittances from the perspective of individuals

and migrant households in the countries of origin followed by the presentation of the conceptual framework of the analysis for this thesis.

2.1 A BRIEF LITERATURE REVIEW OF MIGRATION WELL-BEING RESEARCH

In this section we briefly review research on migration and well-being. More precisely, we first look at the literature on economic welfare effects, followed by a review of the research looking at the less direct, non-economic aspects of well-being.

2.1.1 Economic welfare effects

The economic welfare effects of migration and remittance are usually observed in poverty and inequality outcomes. However, expenditure patterns might also be affected and these patterns may also have different effects on welfare.

The literature on the interrelation of migration and remittances and income inequality provides mixed results. In an early study on the impact of migration on rural development in India, Oberai and Singh (1983) find that remittances have an equalizing effect as they reduce the income gap between the top and bottom income groups not only for migrant sending, but for all rural households. However, most of the evidence points to the contrary effect. Adams (1989) estimates that remittance income has a negative impact on rural income distribution in Egypt in gross and per capita terms. Remittance income benefits the upper-income rural households, which are best positioned to access foreign labor markets. Feldman and Leones (1998) evaluate the specific effects of farm and non-farm income (including remittances) on income inequality and employment opportunities in resource-poor rural areas. Their findings suggest that the effects on income inequality depend on the type of non-farm income and availability of non-farm employment. Remittances as a specific form of non-farm income, the authors argue, increase income inequality significantly.

A study on Mexico by Taylor et al. (2005) shows that international remittances contribute to a slight increase in income inequality, whereas the effects of internal remittances are the opposite. However, in regions with the highest shares of migrants, international remittances have an income equalizing effect. Kimhi (2010) estimates the income distribution impact of internal and international remittances in the Dominican Republic, where internal remittances have a stronger adverse marginal effect on rural landless households, while international remittances have a more prominent un-equalizing impact on urban families.

Finally, there is evidence that remittances' effects on inequality differ depending on their sources and operationalization of household welfare. Shen et al. (2010) maintain that while migration decreases wealth inequality, it increases income inequality. The short-run and long-run effects on income distribution may be of opposite signs depending on the initial distribution of wealth.

Conflicting results in income inequality estimates of migration and remittances might furthermore be explained by ambiguities in the research questions and statistical methods used (Barham & Boucher, 1998): If remittances are treated as an exogenous transfer, the influence of remittances on income in recipient communities should be assessed. If, however, remittances are viewed as substitutes for home earnings, then the question is how the observed income distribution compares to a counterfactual scenario without migration and remittances.

When the effect of remittances on household poverty is analyzed, most studies underline that migration and remittances have the potential to increase household income and reduce poverty (Acosta et al., 2008; Adams, 2006; Adams & Page, 2005; Amare & Hohfeld, 2016; Möllers & Meyer, 2014; Taylor et al., 2005; Yang & Martinez, 2006). In their comparative analysis of household surveys from 71 developing countries, Adams and Page (2005) find an overall positive, poverty decreasing effect of remittances in the context of emerging, remittance-recipient economies. For the case of Ghana, Adams (2006) finds that both domestic and international remittances reduce the level, depth and severity of poverty, whereby the impacts across the three poverty measures differ considerably. In rural Mexico remittances have a poverty reducing effect only in regions where the share of migrant households is highest (Taylor et al., 2005). At the beginning of migration, when only a few migrant families have access to foreign labor markets, remittances flow back to the middle and upper-middle income households, which can afford to send

their family members abroad. Yet, poor households gain access to migration over time and may benefit from migration as well. In their study on poverty transition in rural Vietnam, Amare and Hohfeld (2016) find that remittances have a positive effect on asset growth but the effects are heterogeneous, depending on the initial welfare and ethnicity of recipient households. Yang and Martinez (2006) find that receipt of international remittances helps to reduce the conditional probability of a household falling into poverty in the Philippines. So far only very few studies look at the European and Central Asian transition economies, which differ from the traditional development context analyzed by the studies mentioned so far (Gang et al., 2018; Möllers & Meyer, 2014).

Some of the mixed findings reported above might be the result of methodological issues. Migration studies have to account, among others, for endogeneity, selection bias, reverse causality and omitted variables bias (McKenzie & Sasin, 2007). For this reason, the study by Yang and Martinez (2006), which closely resembles a natural experiment and uses the exchange rate shocks before and after the 1997 Asian financial crises, is considered one of the most resounding investigations on the linkages between migrant remittances and household poverty (Adams, 2011). Most migration studies, however, rely on Ordinary Least Squares (OLS) regression analysis, even though there are some arguments against doing so. These include, but are not limited to, the nature of the data (most migration data is cross-sectional), the existence of hidden and overt bias, and the serious constraints to finding appropriate instruments. Few migration studies have ventured into the application of matching techniques to derive treatment effects (examples are de Brauw et al., 2018; Ham et al., 2011; Jimenez-Soto & Brown, 2012; Möllers & Meyer, 2014). Such techniques were successfully validated against other estimation methods (see Citina & Love, 2017) and should be better suited to analyzing impacts of remittances when they are seen as a substitute for home earnings. Finally, given the mostly cross-sectional data, insights on the longer term and dynamic aspects have been widely neglected so far.

We now turn our attention to the other strand of the literature evaluating the relationship between migration, remittances and households' expenditure behaviors. The current literature presents different assessments with regards to remittance spending. According to Adams and Cuecuecha (2010) there are at least three dominant views on households' use of remittances. The first view considers

remittances as fungible. Since remittances are incorporated into household budgets, they are spent at the margin just like any other type of income source (e.g. Adams et al., 2008; Randazzo & Piracha, 2019). The second view, on the other hand, maintains that remittances cause behavioral changes at the household level. Empirical evidence links migrant households' behavioral changes, such as increased preferences for conspicuous purchases and partial disengagement from local labor markets, to the transfer of remittance income (Amuedo-Dorantes, 2014; Chami et al., 2003; Clement, 2011; Démurger & Wang, 2016; Miluka et al., 2010). The third view argues that remittances are conducive to positive economic development, since this transitory income enables migrant families to spend more on human and capital investments (Adams & Cuecuecha, 2010; Amuedo-Dorantes & Pozo, 2010; Calero et al., 2009; Taylor & Mora, 2006). Additional human and capital investment at the microeconomic level may help induce long-term economic growth and development in migrant-sending communities. Table 2.1 depicts an overview of key studies on the impact of migration and remittances on households' expenditure patterns in the context of different countries.

Using a nationally-representative household survey from Ghana, the 2005/2006 Ghana Living Standards Survey, Adams et al. (2008) find that international remittances are treated just like any other type of income source. Hence, remittance recipient families in Ghana do not spend more at the margin on items such as food, housing and education compared to non-recipient households with similar socio-demographic characteristics. Controlling for endogeneity and selection bias via an instrumental variable approach extenuates the observed differences between the remittance recipient and non-recipient households.

The conclusion that remittances may be fungible is further supported by a study by Randazzo and Piracha (2019) in the context of Senegal. The empirical analysis shows that (international) remittance recipient households spend less on food and more on items such as durables, education and investment vis-à-vis non-recipient households. At the margin, there are, however, no significant differences in the expenditure behavior between the two types of the households. Similarly and perhaps closer to our study context, Castaldo and Reilly (2007) find that in Albania, households with migrants have lower (average) budget shares on food but higher budget shares on consumer durables compared to households without migrants. Yet, further analysis of the marginal spending behavior reveals

that international remittances do not exert a significant impact on migrant households' expenditure patterns including business investments.

An investigation by Chami et al. (2003) instead, reveals that international remittances are compensatory in nature and have a negative impact on economic growth. Using panel data from 113 countries over the 1970-1998 period, the authors find a negative effect of the growth rate of remittances on the GDP growth rate. Furthermore, the empirical findings suggest that since remittances substitute labor income, dependency on remittance income lowers migrant households' work efforts and motivates their disengagement from the labor markets. Based on a household survey on Tajikistan, Clement (2011) depicts a similar pessimistic view on the use of remittances. He shows that receipt of remittances induces households' consumption expenditures while reducing productive investments including health, education and agricultural investments. He concludes that remittance transfers should be viewed as a temporary familial arrangement aimed at smoothing households' basic consumption needs. The same conclusion is reached by Démurger and Wang (2016) on patterns of remittance use in rural China. Using a nationally-representative rural household survey, the study finds that remittances from internal migration increase consumption-type expenditures. In particular, remittance recipient households have higher budget shares allocated to housing and durables expenditures and significantly lower budget shares devoted to productive investments. Evidence of a strong negative impact of remittances on education expenditures is interpreted as symptomatic of the low perceived returns to education by the families left behind in rural China. Similarly, a study by Cattaneo (2012) highlights a negative effect of migration on education expenditures in Albania, which is interpreted as an indication that education may be a low priority expenditure category compared to other expenditure categories.

Exploiting data from a large household survey from Guatemala, Adams and Cuecuecha (2010) confirm that households with international migrants spend less at the margin on food consumption, but more on housing investments. More importantly, the empirical results show that migrant households spend considerably more at the margin (approximately 196%) on education compared to similar households without migrants. The substantial investment in education is viewed as an important human capital investment in the context of a developing country. Similar findings on education are validated by a number of studies showing

consistent results with regards to the positive effects of remittances on children's school attendance (Alcaraz et al., 2012; Amuedo-Dorantes et al., 2010; Amuedo-Dorantes & Pozo, 2010; Calero et al., 2009).

Furthermore, research confirms that access to remittances leads to improved school attendance rates for vulnerable groups, such as girls and younger siblings in rural households, attesting to positive outcomes of migration in different contexts (Amuedo-Dorantes & Pozo, 2010; Calero et al., 2009). For instance, Yang (2008) corroborates the findings above using a detailed panel household survey in the Philippines. Making use of a quasi-natural experiment setting, the study measures the effects of the exchange rate shocks following the 1997 Asian financial crisis on migrant remittance transfers and the related impacts of such transfers on migrant households' expenditures. It finds that migrant households' use remittances to invest in human capital and entrepreneurship observed via improved child schooling rates and higher education expenditures. Migrant households work longer hours in self-employment and are more likely to invest in capital-intensive enterprises. At the same time, an increase in remittance income leads to a higher ownership of vehicles used particularly for microenterprises in the transportation business.

The literature review shows that there are diverse views with regards to the impact of migration and remittances on households' expenditure behavior. The prevalence of a wide range of empirical findings hinges on a few possible explanations. One explanation has to do with differences in empirical modelling and data issues (Taylor & Mora, 2006). Two prevalent approaches are used to model migration impacts on household expenditures, and researchers usually use one or the other. While the first approach directly asks how remittances are used, the second approach relies on the inclusion of remittances as an explanatory variable in household demand models. Each method comes with its own set of assumptions, which may lead to significant differences in empirical findings across various studies.

Other explanations put forward are a general lack of consensus on what constitutes productive investments and differences in countries' investment opportunities. For some authors productive investments are investments that help generate employment (i.e., business investments or investments in technical equipment and machinery used by households for the purpose of job creation), whereas for others education-related expenditures constitute productive investments as well (Adams & Cuecuecha, 2010; Taylor, 1999; Taylor & Mora, 2006). Differences in countries' income levels and investment opportunities also determine whether households allocate a higher proportion of the budget to productive investment opportunities or to consumption (Randazzo & Piracha, 2019).

2.1.2 Non-economic welfare effects

A recently emerging body of literature deals with the consequences of migration on the subjective-well-being of families and individuals left behind in countries of origin. The research investigates the direct effects of migration and remittances on the subjective well-being of household members staying behind (Borraz et al., 2010; Cárdenas et al., 2009; Graham & Jordan, 2011; Ivlevs et al., 2018; Mazzucato et al., 2015). These studies highlight a nuanced relationship between migrants and the individuals left behind in migrant-sending households.

A study by Ivlevs et al. (2018) uses panel data from Gallup World Poll (GWP) on 114 countries to investigate the impact of migration on the life satisfaction and

Table 2.1: Overview of Migration, Remittances and Expenditure Estimations

Impact of migration and remittances on households' expenditures	Authors
No significant impact on households' spending behavior	Castaldo and Reilly (2007)
	Adams et al. (2008)
	Randazzo and Piracha (2019)
Positive impact on households' consumption (+) Negative impact on productive investments including human capital (-)	Chami et al. (2003)
	Clement (2011)
	Démurger and Wang (2016)
Negative impact on households' consumption (-) Positive impact on productive investments including human capital (+)	Taylor and Mora (2006)
	Yang (2008)
	Adams and Cuecuecha (2010)

Source: Own compilation

Country/Region	Type of data
Albania/Eastern Europe	2002 Albania Living Standards Measurement Survey (cross-sectional)
Ghana/sub-Saharan Africa	2005/2006 Ghana Living Standards Survey (cross-sectional)
Senegal/sub-Saharan Africa	2009/2010 Migration and Remittance Household Survey (cross-sectional)
113 remittance-recipient countries	World Bank World Development Data on remittance transfers between 1970-1998 (panel)
Tajikistan/Central Asia	2003 Tajikistan Living Standards Measurement Survey (cross-sectional)
China	Rural-Urban Migration in China (RUMiC) survey (cross-sectional)
Mexico	2003 Mexico National Rural Household Survey (cross-sectional)
Philippines/Southeast Asia	July 1997-October 1998 Panel Household Survey (panel)
Guatemala/Central America	2000 Guatemala ENCOVI National Household Survey (cross-sectional)

other life evaluation constructs (such as hedonic well-being, experiences of stress and depression) of household members left behind. The results depict a multifaceted interrelation, where, on the one side, migration and remittance receipts are associated with better life satisfaction ratings for migrant household members. The increase in average life satisfaction is a combination of remittance and a signaling effect. The remittance effect has to do with an immediate improvement in material living standards that leads to enhancements in subjective well-being, whereas the signaling effect raises hopes of future migration and increases life satisfaction evaluations for migrant household members. However, on the other side, the study shows that the positive effects of migration are offset by the negative effects of migration through experiences of stress and depression, which the authors associate with an increased pain of separation taking place within migrant families. An important contribution of the study is the analysis of the income effect on the observed relationship between life satisfaction evaluations and participation in migration. The contribution of migration on life satisfaction is significantly stronger in the context of low-middle-income countries compared to high- income countries. The rationale is that for poor countries with weak social welfare systems, the positive effect of remittances outweighs the negative effects of migration, such as pain of separation from the migrant family member, whereas the same is not relevant for richer countries. Hence, migration and remittances seem to be playing a stronger role in improving life satisfaction in poorer contexts.

The above findings, however, are in contrast with an investigation by Borraz et al. (2010) for a low-income country such as Ecuador. Using propensity score matching techniques with cross-sectional data, the study compares perceptions of subjective well-being between matched migrant and non-migrant households. Life satisfaction comparisons are conducted between similar remittance-recipient and non-recipient households in order to delineate the effects of remittances on the subjective well-being of household members left behind. The study finds that participation in international migration and the receipt of remittances have a negative effect on the life satisfaction of migrant families. Remittance transfers, on the other hand, do not compensate for the absence of the migrant family member, raising concerns that participation in migration may not increase the life satisfaction of the families left behind.

In a similar vein, a study by Cárdenas et al. (2009) delineates migration and remittance effects on life satisfaction in Latin America. Using data from Latinobarómetro, the empirical findings highlight a positive effect of remittances on the life satisfaction of individuals in migrant households primarily due to improved financial security. In cases where migration is not accompanied by remittance transfers, households in the country of origin experience lower levels of life satisfaction, which the authors link to less explored factors such as increased nutritional vulnerability and frequent episodes of hunger following the departure of a family member (typically husbands) for migration.

Part of the migration and life satisfaction literature deals with the effects of family separation, which is often addressed by looking at the well-being of children left behind (Asis, 2006; Graham & Jordan, 2011; Parreñas, 2008). For instance, a study by Graham and Jordan (2011) looks at the effects of family separation (migration of father or mother) on the (emotional) well-being of children left behind. Comparing results from four Southeast Asian countries (Indonesia, the Philippines, Thailand, and Vietnam), the authors find that migration exerts different effects on selected indicators of well-being (emotional symptoms, conduct disorders) explainable by the household, but also community-level differences. Studies by Asis (2006) and Parreñas (2008) in the context of the Philippines emphasize that the effects of migration on emotional well-being maybe partially explained by existing gender norms in the country of origin.

Another important branch of the literature looks at the effects of migration and remittance on the work participation of individuals in migrant sending communities. Participation in work-related activities is an important mediator of subjective well-being. Primarily quantitative in nature, these studies are concerned with the estimation of the effects of remittance receipt in (dis)incentivizing household members left behind from work (Carlo et al., 2008; Kilic et al., 2009; McCarthy et al., 2006; Mendola & Carletto, 2009; Miluka et al., 2010; Namsuk, 2007; Yang, 2008).

In their analysis of the effects of migration on the labor force participation of household members left behind in Mexico, Cox-Edwards and Oreggia-Rodríguez (2009) match and compare remittance recipient households with similar non-recipient households. The empirical results demonstrate that migration and remittances have no impact on the labor supply of migrant household members, which the authors interpret as evidence of the neutral view on migration participation.

That is, remittance income replaces the loss of family labor to migration, but does not impact decisions on the labor supply of those left behind.

An investigation by Yang (2008), on the other hand, finds that migration positively affects the work engagement of those left behind in migrant households in the Philippines. Exploiting a quasi-experimental setting following the 1997 Asian financial crises, the study shows that an increase in remittance transfers has a positive (albeit insignificant) effect on the total hours worked by all household members with similar results extending to paid employment outside of the household. A strong significant effect of migration and remittances is however found on hours worked in self-employment activities, whereas the hours worked in unpaid household work are further reduced. The results imply that in the context of the Philippines, remittances seem to be facilitating the move of labor from unpaid family work towards self-employment activities.

Using cross-sectional data from Albania, Miluka et al. (2010) look at the impact of migration on labor force participation in agriculture. The empirical findings demonstrate that migrant household members (both men and women) dedicate significantly fewer hours of work to agricultural production in total and per capita terms. Men work disproportionally less in farming compared to women, which according to the authors is explained by the fact that male household members take more advantage of the improved income to move outside of the agriculture sector. An alternative explanation maintains that remittances in the context of Albania may be used to substitute farm work for leisure with potential negative spillover effects on households' well-being in the long run.

Finally, gender effects are a debated topic within the migration and development literature. Studies looking at the gender effects of migration typically investigate the interlinkages between male outmigration and the work of women left behind in the countries of origin. Since work is viewed as a classical catalyst of women's empowerment, questions of how the emigration of the men affects women's work engagement in countries of origin have been the main foci of research (Amuedo-Dorantes & Pozo, 2006; Binzel & Assaad, 2011; Lenoël & Anda, 2019; Lokshin & Glinskaya, 2009; Mendola & Carletto, 2012; Reineck, 1991; Vullnetari, 2012). In the context of these studies, migration and remittances affect women's work engagement (a) through work reallocation (inside and/or outside of the household in order to compensate for the loss of labor of the migrant family

member) (Binzel & Assaad, 2011; Vullnetari, 2012) and (b) by disincentivizing women's participation in paid employment (Amuedo-Dorantes & Pozo, 2006; Lokshin & Glinskaya, 2009).

By limiting female labor force participation, migration and remittances may play a negative effect on women's perceived social status and their overall well-being. In a classical investigation on the effects of male migration on women's work in Nepal, Lokshin and Glinskaya (2009) find that migration has a complex effect on women's work engagement at home and outside of it. An increase in remittances substantially reduces women's participation in paid employment, although the effects are stronger for women residing in non-agricultural, landless households in urban areas. In contrast, migration may increase or decrease women's work engagement in rural areas depending on household characteristics such as land ownership and substitutability of farm work between men and women. Interestingly, local employment conditions (i.e., the availability of locally paid jobs) has no significant impact on the labor force participation of women within migrant households, implying that migration may act as a strong deterrent for engagement in paid employment.

From a rural ethnography perspective, a study by Vullnetari (2012) investigates the effects of migration on women's work in rural Albania. Predominantly engaged in semi-subsistence family farm work, most women shoulder a number of reproductive and productive responsibilities within the migrant village households. They typically work in the fields substituting male labor, at the same time taking care of children, grandchildren and elderly parents at home. The study shows that although migration enhances women's workloads at home, it does not lead to enhanced emancipatory benefits. Traditional norms that prevent women's access to household income, including remittance income, increase female dependency and limit their autonomous economic actions.

The conclusion that migration and remittance transfers may inadvertently hinder issues of equality, autonomy and social status with ultimately negative consequences on women's well-being was shown in a recent study by Lenoël and Anda (2019). Using a mixed-methods approach with data from Morocco, the authors demonstrate that receipt of remittances increases the likelihood of women's withdrawal from work participation. The negative effects of migration and remittances depend on factors such as women's marital status, presence of children in

the family and relationship to the migrant. The empirical findings show a stronger, negative effect of migration on the work patterns of migrant spouses, whereas unmarried (adult) daughters or sisters living in migrant households were more likely to perform waged employment. Based on a system of patriarchal family values, women's access to income and remittances is inhibited by how well they fulfill expected traditional roles. Even though educated women within migrant households had a higher likelihood of participating in waged employment, such effects were very small.

Being confined to the indoors and with no meaningful work engagement, women may find their freedoms and autonomous decision-making restricted more under the migration scenario. The ethnography on migration and family life in 1980s rural Kosovo by Reineck (1991) demonstrates that male outmigration and remittances affect women's well-being by reducing their perceived economic contribution within the households and limiting their engagements outside of it. In villages with the most intense levels of migration, women's social standing was more precarious. While remittances enabled rural families to switch from home-based production of certain commodities (sewing, knitting, dyeing of clothes, etc.) to purchasing them in stores, this in return lowered women's contributions to the household and increased their dependency on the migrant husbands.

Studies looking at the gendered effects of migration demonstrate that migration and remittance transfers impact women's work engagements inside and outside of the household. The negative effects of migration on women's work seem to be more pronounced in the context of patriarchal family settings, thus increasing awareness on the importance of the existing socio-economic situation in the country of origin.

2.2 THE CONCEPTUAL FRAMEWORK OF THE ANALYSIS

The literature review shows that the well-being consequences of migration for households and household members staying behind are diverse, contextual and include both economic and non-economic welfare considerations. Drawing on

previous research, we present a simple conceptual framework that serves as the logical background for our empirical strategy (see Figure 2.1).

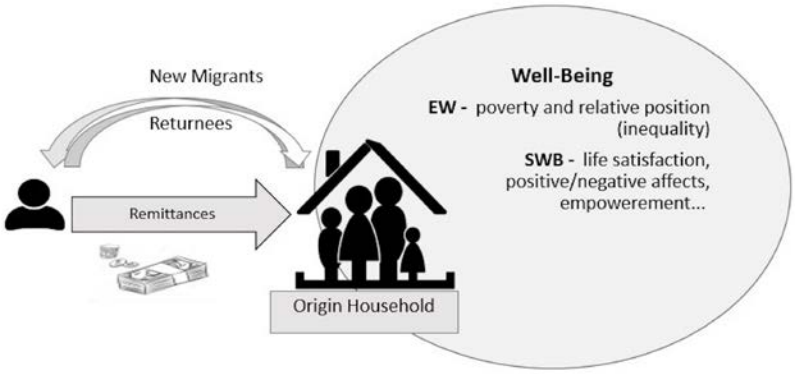

Figure 2.1: Migration, remittances and well-being in migrant sending communities

Source: Own illustration

Our starting premise is the definition of human well-being as a particular state "where human needs are met, where one can act meaningfully to pursue one's goals and where one enjoys satisfactory quality of life" (Wright, 2012). The empirical approach follows the key distinction made in the literature between the more objective (economic) well-being (capturing improvements in income, health) and subjective well-being, based on subjective experiences and evaluations (King & Collyer, 2016).

Existing local economic conditions of limited employment opportunities, but also a culture of dependency on migration, may be the motivating factors of a household's decision to partake in migration and choose migration-cum-remittances as part of their livelihood strategy. Even though individuals migrate, they keep close ties with the households in the countries of origin. In the scenario of migration decisions taken at the household level – as predicted by the New Economics of Labor Migration (NELM) research paradigm (Stark & Bloom, 1985; Stark & Taylor, 1989) – household members may adjust their activities (of both production and consumption) in response to the departure of the migrant.

Migrants, on the other hand, share part of their earnings with the households in the country of origin through remittance transfers. In this context, remittance transfers may (partially) substitute for the loss of family labor due to migration. Migration and remittance inflows affect household economic welfare by modifying household income and, eventually, adjusting their patterns of expenditures. Migration and remittance effects are not separate from each other[6], and the economic welfare impacts of migration are operationalized via effects on key economic indicators of inequality and poverty. Our primary interest is to assess how participation in migration and receipt of remittances may alter the total (population) income distribution. Moreover, we want to evaluate how modifications to household income (due to the receipt of remittance transfers) may induce changes in poverty levels, captured via comparisons of the household incomes against a set of chosen poverty line(s). Migration and remittances may also reshape household expenditures, with potential impacts on categories of interest for economic welfare (i.e., via the boosting of productive investments that help generate self-employment opportunities for those staying behind in migrant-sending communities).

In addition to economic welfare, migration influences the welfare of those staying behind via its effects on individual (subjective) well-being. Subjective well-being encompasses people's evaluations of their own lives, and it is an essential welfare dimension gauging the overall quality of life in societies (Diener, 1984; Diener & Biswas-Diener, 2005; Diener et al., 1985). Various aspects such as life satisfaction, emotional well-being (positive/negative effects), but also empowerment, are important components of subjective well-being (Diener & Biswas-Diener, 2005).[7]

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6 Mainstream migration-impact economics argues against the separation of migration and remittance effects on income and expenditure analysis. Difficulties in disentangling migration and remittance effects derive primarily because of the endogeneity of remittance transfers, reflecting both migrants' earnings as well as their remittance behaviour (Taylor & Mora, 2006).

7 Life satisfaction is a cognitive-judgemental component of subjective well-being. Emotional well-being refers to individuals' pleasant moods and feelings such as joy, happiness, but also negative emotions such as worry, sadness, anger and depression (Ibidem). Empowerment can be both an internal process, one in which self-efficacy comes from within the individual, but also an external process when the external environment that surrounds the individual promotes or hinder self-efficacy (Diener & Biswas-Diener, 2005).

Migration and remittance transfers affect subjective well-being (and its components) through interactions with individuals' work participation.[8] Work is an important mediator of subjective well-being, both in making people feel good about their lives but also in empowering them.[9] Migration and receipt of remittance income may disincentivize household members from work participation if remittance income compensates for the withdrawal of family labor, or if household members decide not to work in order to continue to receive remittance transfers (remittance dependency). Refraining from work participation affects the well-being of individuals in migrant-sending communities both in the short and long-run. In the short-run, disengagement from work makes individuals susceptible to issues such as anxiety and sadness, but also a lack of hope about the future. Such negative effects will persist in the long-run if those staying behind in migrant-sending communities remain unengaged in activities that match their skills and/or challenge those skills further.

Yet, adjustment in work (due to migration) may asymmetrically affect the well-being of marginalized household members, such as women and young adults. From a gender perspective, migration may lead to (economic) disempowerment if remittance transfers reduce female work engagement inside and outside of the household.[10]

Work participation, however, is not the only mediator of subjective well-being. The effects of social comparisons to reference groups are well-researched within the subjective well-being literature (Diener & Fujita, 1997; Perez-Asenjo, 2011) but

8 By work participation or work engagement (these two are used interchangeably in this monograph), we mean both employment (i.e., work for pay including self-employment) and own-use productive work (i.e., work performed for individual use by the household or family) as per the standard definition provided by the International Labor Organization (ILO).

9 Mediators are factors (variables) that help explain the impact of one particular variable (i.e., participation in migration) on the variable of interest (i.e., subjective well-being).

10 In the context of the analysis presented in this monograph, the dimension of empowerment captures abilities to: (a) exert agency over one's life, (b) participate in decision-making, (c) control over income and other assets (economic independence), and (d) freedom of movement. This is also referred to as economic empowerment. In the literature, we find that this is the most commonly used conceptualization of empowerment (Deshmukh-Ranadive, 2005; Malhotra & Schuler, 2005; Narayan, 2005). Other aspects of female empowerment include social and cultural (i.e., abilities to make child bearing decisions, control over sexual relations, freedom from violence, etc.); legal (i.e., knowledge of legal rights and support to exercise such rights, etc.); and political (i.e., knowledge of political systems and means to access it) (Malhotra & Schuler, 2005). These other dimensions are outside of the focus of the analysis presented in this monograph.

they remain largely unexplored in the migration literature. Since migrants constitute a reference group with whom individuals in migrant-sending communities compare themselves to, we expect such comparisons to instigate different states of well-being.[11] Some individuals may experience higher satisfaction if comparisons to migrants make them hopeful about their future (i.e., in raising migration aspirations), while others may feel less satisfied, and experience negative emotions if similar comparisons induce envious feelings and uncertainties about their own life prospects in migrant-sending communities. Moreover, social comparison to migrants may discourage participation in the local labor markets of those left behind. Low motivation for work participation may also stem from comparisons of local occupations with low economic returns to better employment opportunities, higher wages and accessible social assistance that migrants may enjoy abroad.

11 The role of migrants as an important reference group in migrant-sending communities was validated (via a bottom-up approach) in our qualitative research.

3 DATA AND METHODS

This research is based on two types of data and analytical approaches, one quantitative and one qualitative in nature. The quantitative dataset comes from the cross-sectional Kosovo Remittance Household Survey (KRHS) 2011, whereas the qualitative data was collected during a fieldwork stay in the region of Opoja, Kosovo, in August 2016.

In the following subsections of this chapter, a brief description of the KRHS 2011 dataset is provided (section 3.1), followed by a detailed presentation of the econometric methods applied (section 3.2). Section 3.3 introduces the case study research approach and the qualitative data, including the methodology utilized for the qualitative data analysis.

3.1 THE KOSOVO REMITTANCE HOUSEHOLD SURVEY

Collected by the UNDP Kosovo in coordination with the Kosovo Agency of Statistics (KAS) in the summer of 2011, the cross-sectional KRHS 2011 data represents a uniquely rich dataset on migration and remittances. 8,000 randomly selected households were interviewed, covering a nationally representative sample following a careful stratification process based on ethnicity (Albanian, Serbian and other minorities present in Kosovo) and settlement (urban and rural areas). Within each stratum, the selection of the households followed a random walk procedure. This randomization ensures the validity of inferences drawn from empirical estimations. The respondents of the questionnaire were typically household heads. In their absence, an adult over the age of eighteen years old acting in capacity of the household head filled in the questionnaire.

The specific aim of the survey was to gain deeper insights into the contribution and role of remittances for Kosovar livelihoods. This rich dataset comprises four sections, containing information on household demographics (section A), expenditure patterns, income generating activities, labor market participation (section B), as well as detailed information on family members residing abroad, remittance transfer channels, amounts remitted (in cash and in-kind) and the year in which a household had begun receiving remittances (section C). In addition, the

KRHS 2011 includes 656 structured interviews conducted with visiting migrants who send remittances to Kosovo (section D). Our empirical analysis is based on the main sample of 8,000 households.

The KRHS 2011 data is a highly valuable base for the investigation of the relationship between migration and welfare and is of central concern for this thesis. Data on household size and composition, the employment status of household heads and family members, household income and remittance inflows were used to construct the profiles of migrant and non-migrant households. All households, which at the time of the survey had at least one family member residing outside of Kosovo for a period longer than six months, were considered migrant households.[12] We used two questions from the KRHS 2011 survey to identify migrant households. Question 26 in the questionnaire, "Do you have any family members that live outside of Kosovo", was used as a primary identification question on the basis of a yes and no answer. In addition, we used question 27 in the questionnaire, "if yes, could you give us some information of these family members", to categorize migrant households as those households which had provided detailed information on migrant family members, even if initially in question 26 they had (wrongly) indicated no as an answer. This meant a re-categorization as migrant households for a small number of households (N=16). Based on the KRHS 2011, 34% of households were identified as migrant households.

Moreover, 23% of survey households were remittance recipient households. Remittance recipient households were those that received in-cash and in-kind contributions from international migrants (excluding migrants' visiting expenses) in the year preceding the survey.[13] There were no remittance-recipient households without migrants. Hence, all remittance-recipient households were migrant households, whereas not all migrant households received remittances. 66% of migrant households were categorized as remittance-recipient households. The share of remittance recipient households varied considerably between regions in

12 The household size was calculated excluding migrant family members.

13 The UNDP Kosovo Remittance Survey 2012 reports international remittances as the sum of total yearly in-cash and in-kind remittance received by households in the country of origin plus the total annual expenses incurred by migrants while visiting families back home. For this research, we take a different approach: We identify remittance recipients as those households that have received in-cash and in-kind contributions from international migrants in the year preceding the survey, excluding migrants' visiting expenses. We arrive at 23% of recipient households, which is a slightly narrower than the UNDP estimation for the same year.

Kosovo. Municipalities with high shares of remittance recipient households were those of Junik (92%), Shtimë/Štimlje (66%), and Gjakovë/Đakovica (63%), whilst municipalities with very low shares were Mamusha/Mamuša (4%), Shterpc/Štrpce (3%) and Partesh/Parteš (2%). This wide dispersion of remittance recipient households across different regions is taken into consideration when accounting for the selection of migration households in Kosovo (Section 4.2).

Nonresponse is a frequently occurring concern with large-scale surveys. The KRHS 2011 does, however, not suffer significantly from this issue. In the context of migration impact estimations, information is complete for all variables with the exception of missing values for remittance income. From a total number of 1,794 remittance recipient households, there is information on remittance income for 1,551 households. An appropriate diagnostic test was conducted to assess whether information was missing at random or whether an underlying pattern could be found (see Table A 12). The results of the tests indicate that the data is not missing at random. When data is not missing at random, strategies such as imputation of missing values or list-wise deletion are problematic and may lead to biased estimates (Guo & Fraser, 2010). The chosen strategy in this case was to keep the sample intact and use information from all observations including the 243 remittance recipient households. The choice of estimation methodology, propensity score matching based on counterfactuals, on the other hand, allows for a rigorous comparison between migrant and non-migrant households as well as for the estimation of migration impacts on selected welfare indicators. In addition, the approach provides sound reassurance that estimated effects approximate true population parameters to the greatest extend possible (for more details see subsection 3.2.2).

3.2 ECONOMETRIC APPROACH

This section starts off with a justification of the choice of methods (subsection 3.2.1), followed by an elaboration of propensity score matching (PSM) and its application to derive a counterfactual situation (subsection 3.2.2). It then introduces the estimation of a dose-response function with generalized propensity scores (GPS), as a particularly useful extension of propensity matching (subsection 3.2.3).

3.2.1 Choice of methods

The establishment of causality between two variables typically necessitates an established temporal order between the cause and the outcome with the cause preceding the outcome, and an existing correlation between the variables. In addition, no spurious relationship with other confounding variables should influence the outcome. In this respect, randomized experiments are considered a gold standard in impact evaluations and offer a robust approach to the assessment of treatment effects (Guo & Fraser, 2015). However, randomized experiments in social sciences are not the norm: experiments with human participants are not only extremely challenging to implement, but compliance with fundamental assumptions such as that of bias removal through randomization have been criticized (e.g. Heckman & Smith, 1995).

In the context of migration studies, researchers typically rely on survey data. As such, they have to account for a number of methodological issues which include endogeneity, selection bias, reverse causality and omitted variables bias (McKenzie & Sasin, 2007). Endogeneity is evident in the case when the existence of specific household characteristics (at times unobservable), which influence the decision to participate in migration (our independent variable whose impact we are trying to measure), simultaneously affect the outcome variable of interest. Endogeneity will almost certainly violate the OLS assumption of unconfoundedness, leading to biased estimates. Selection bias refers to the fact that migrant and non-migrant households differ inherently across some socio-economic characteristics, making the imputations of the outcomes of one group to the other extremely problematic. Reverse causality happens when the outcome variable influences the independent variable, rather than the other way around. Omitted variable bias, also known as hidden bias, occurs when key variables that impact the outcome variable cannot be accounted for in the estimations because they are unobservable.

Establishing causality in the presence of the above-mentioned methodological issues may be challenging. Even more so when migration impact estimations have to rely exclusively on cross-sectional data analysis. Most migration impact studies with cross-sectional data utilize Ordinary Least Squares (OLS) regression analysis whereby household participation in migration or receipt of remittances (frequently captured by a binary variable) is instrumentalized with a proxy variable

exogenous to the specific outcome variable of interest. An ideal instrument for international migration should typically satisfy two conditions: a) be a good predictor of the probability that a household partakes in international migration, and b) be uncorrelated with the error term and unaffected by the outcome variable. These two conditions are rarely satisfied and most researchers face serious constrains to find appropriate instruments (Adams Jr, 2011; McKenzie & Sasin, 2007).

When randomized experiments are neither feasible nor desirable and data at hand does not allow for the construction of good instruments, Propensity Score Matching (PSM) and the counterfactual framework provide a valuable methodological tool for the investigation of causality. Compared to other methods of estimation such as the OLS regression analysis with instrumental variables, the PSM approach has certain features that make it particularly useful for impact evaluations (Ravallion, 2008). First, PSM does not require a parametric model that links participation in treatment to observed outcomes. Thus, it allows the estimation of mean (average) differences between treated and control groups without specific assumptions about the functional form and/or the distribution of error terms (known as the Normality Assumption in OLS regression). Second, it differs from OLS regression with regards to the sample used. In PSM, the focus is on the matched sample of treated and control groups. It is believed that impact estimation based on matched samples rather than on entire samples may lead to more robust results. Third, in regression analysis, the choice of control variables must satisfy the critical assumption of exogeneity, which states that explanatory variables must be uncorrelated with the error terms (the so-called Zero Conditional Mean Assumption). In PSM, the researcher is typically looking for variables that are exogenous to participation in treatment. Even models with poor predictors of the outcome variable can still reduce bias in estimating causal effects (Ravallion, 2008).

In terms of differences between regression and matching estimates, it is argued that the two methods should not yield significantly different results. Controlling for the same covariates, Angrist and Pischke (2009) prove that the regression estimand differs from the matching estimand only in the weights used to combine the covariate specific effects δ_x into an estimate of the effect of treatment on the treated, whereas the regression produces a variance-weighted average of these

effects. In this respect, regression analysis maybe seen "as a sort of matching estimator" (see Angrist & Pischke, 2009).

Similar to other estimation approaches, PSM has its limitations. The method relies on key assumptions to ensure the validity of the estimates (for more details see subsection 3.2.2). Any potential violation of these assumptions will question the unbiasedness and/or consistency of the estimated results. In addition, the sensitivity of the results to the unobserved factors (hidden bias) should be adequately assessed. Similarly, the ongoing debate in the evaluation literature with regards to observations being dropped out of matched samples bears consequences for the PSM method as well. While the loss of control observations might not be extremely challenging, loss of treated units for a lack of comparable fits might lead to the creation of a non-randomly matched sample (see Ravallion, 2008). The above-mentioned issues necessitate adequate sensitization from the part of researchers working with matching techniques.

Nowadays, the PSM method has been adequately validated against other econometric approaches.[14] Other studies have confirmed that PSM provides objectively accurate estimates (Heckman et al., 1998; Heckman et al., 1997), affording reassurance on the accuracy of the PSM method, which, as Ravallion (2008) puts it, tries to "create the observational analog to an experiment".

Based on these premises, an increasing number of migration studies have ventured into the application of matching techniques to derive treatment effects (de Brauw et al., 2017; Kimhi, 2010; Moellers & Meyer, 2014), and the method has been successfully applied in many different settings (see Cintina & Love, 2017).

3.2.2 Propensity Score Matching

The PSM method is based on the counterfactual framework of causality. It maintains that participants in treatment (migrant households) and control groups (non-migrant households) have potential outcomes in conditions, one which is observed and the other which is not observed. Our outcome of interest is the per

14 A follow-up study by Dehejia and Wahba (1999) on the well-known Lalonde's 1986 analysis of the National Supported Work (NSW) randomized trial is the most prominent comparative work on the PSM. The study showed that impact estimation results based on propensity score matching came closest to the true NSW experimental results.

capita income, which was equivalized according to the method suggested by the OECD (for more details on OECD equivalence scales see 3.2.4.2). The counterfactual framework for a participant i with potential outcomes in both treatment and control conditions (denoted as Y_{0i} and Y_{1i}) is expressed as:

$$Y_i = D_i Y_{1i} + (1 - D_i) Y_{0i} \quad (1)$$

D is a dichotomous variable that indicates the probability of participation in treatment, that is participation in migration, and $(1 - D_i)$ denotes the probability of not participating in the treatment. Using this framework, one may estimate the Average Treatment Effect (ATE), the Average Treatment Effect for the Treated (ATT), and the Average Treatment Effect for the Untreated (ATU), which are expressed as:

$$\text{ATE} = \text{E}\,(Y_1 | D = 1) - E(Y_0 | D = 0) \quad (2)$$

$$\text{ATT} = \text{E}\,[(Y_1 - Y_0)\ |\text{X}, D = 1] \quad (3)$$

$$\text{ATU} = \text{E}\,[(Y_1 - Y_0)\ |\text{X}, D = 0] \quad (4)$$

Y_1 and Y_0 denote outcomes in treatment and control conditions respectively, and $\text{D} = 1$ participation in treatment (participation in migration), whereas $\text{D} = 0$ participation in the control group (non-participation in migration). $\text{E}(.)$ denotes the expected or average value. The average treatment on the treated (ATT) reveals the effects of participation in migration on households' equivalized per capita income and represents our parameter of interest. The average treatment on the untreated (ATU) estimates the potential impact of migration upon those households currently not participating in it. The average effect (ATE) gives an average estimation of participation in migration comparing mean outcomes (equivalized per capita income) of treated and control groups.

Propensity score matching builds upon this causal inference framework to compare outcomes under the conditions of treatment and non-treatment in a sample of matched units. Rosenbaum and Rubin first developed this matching technique in 1983. Treated and control units in a sample are matched on the basis of their propensity scores, which denote the conditional probability of

participating in the treatment given a vector of observed covariates (Rosenbaum & Rubin, 1983).

Calculation of the propensity scores is the first step in any propensity score analysis. Propensity scores are probability scores, which take values between one and zero. Rosenbaum and Rubin (1983) demonstrated that propensity scores are balancing scores, albeit the coarsest balancing scores. They proved that assignment into treatment was strongly ignorable for any balancing score, thus concluding that the difference in outcomes between treated and control units compared on one single dimension, that is on the propensity score, would provide an unbiased estimation of the Average Treatment Effect (ATE). Propensity score matching relies on two assumptions: The Ignorable Treatment Assignment Assumption and the Stable Unit-Treatment Value Assumption.

The Ignorable Treatment Assignment Assumption, also known as the Common Independence Assumption (CIA) maintains that conditional on a set of covariates X, the outcomes of treatment and non-treatment conditions are independent of the treatment status D.

The Stable Unit-Treatment Value Assumption (SUTVA) acknowledges that there is a unique value of the outcome corresponding to a certain unit i and treatment t, such as the response of unit i to treatment t does not depend on the treatment given to unit j (Rosenbaum & Rubin, 1983).

The two assumptions are necessary conditions for obtaining unbiased standard estimators of the average treatment effects. They also imply that there is a region of common support between treated and control units, where the probability of receiving (or not receiving) treatment lies between the values of 0 and 1, that is $[0 < P \mid (D = 1 \mid X) < 1]$. This is also known as the overlap condition. In the case of a violation of the ignorable treatment assignment assumption being suspected, then a sensitivity analysis aiming at measuring the extent of the biases is warranted.

Estimation of propensity scores relies on binary choice models such as logit or probit models. To be able to claim random selection in participation, all those observed variables influencing participation must be accounted for in the model. Arguably, models which include variables that predict participation in treatment do better than models which include only demographic characteristics (Heckman et al., 1997). While there are no standard guidelines on how to specify a good

model, there are strategies that may improve the predictive power of the model (see, e.g., Heinrich et al., 2010). As part of the matching estimation process, only those variables that simultaneously influence the selection into treatment (migration) and the outcome variable (the equivalized per capita income) are allowed to enter the model, and which in turn are independent of treatment status and therefore not influenced by participation in migration (Guo & Fraser, 2010).

Another important step in the PSM method is the choice of the matching algorithm, which is incorporated into the computation of propensity scores. This procedure is at times viewed as a choice between bias and efficiency (variance). Matching algorithms define how the matching is done in practice, with or without replacement, the number of control units used as a match for a treated unit, with and without a caliper, etc. It is commonly accepted that the most important criterion to evaluate the quality of matching is the percentage reduction of bias after the matching (Guo & Fraser, 2015). By definition, the percentage bias is the percentage difference of the sample means in the treated and control subsamples divided by the square root of the average of the sample variance in the treated and control groups.

There are few studies that have assessed the performance of various matching algorithms in propensity analysis (Augurzky & Kluve, 2007; Austin, 2009, 2014). For instance, using a Monte Carlo simulation, Austin (2014) evaluates that matching with replacement does not result in less biased estimates compared with other performing methods based on caliper matching without replacement. He advises researchers to use matching without replacement and within a specified caliper whenever possible in order to improve the quality of matching. Augurzky and Kluve (2007), however, warn that the choice of matching algorithm and the distance measure depend on the strength of selection into treatment and the strength of heterogeneity of treatment effects, and that decision should be made in accordance with these two data characteristics.

In the analysis of KRHS 2011 data, matching without replacement and within a specified caliper calculated at 0.25*SD (Standard Deviation) of the propensity scores was used. Two additional matching algorithms were tested for the estimation of propensity scores and average treatment effects: matching with replacement at the nearest neighbor (1) and the nearest three neighbors (3). However, matching without replacement within a specified caliper performed better in

terms of the reduction in percentage bias compared to the other two. Furthermore, due to the relatively large sample of control units, there was a high probability of finding good matches without replacement.

3.2.3 Dose-Response Estimations with Generalized Propensity Scores

Dose-response estimation with Generalized Propensity Scores (GPS) is a state-of-the-art matching procedure which allows adjustment for covariate imbalances when the treatment variable is continuous and normally distributed (Imbens, 2000; Keisuke & Imbens, 2004). The propensity score with continuous treatment is an extension of the previously discussed matching with a binary treatment variable (Rosenbaum & Rubin, 1983). Applying this extension for the first time in migration research, we estimate the probability that a remittance-recipient household falls below the poverty threshold, which is associated with each value of the continuous dose, i.e., the length of time (years) that the household receives remittances.

Imbens (2000) defines propensity scores with multi-valued treatments (the generalized propensity score) as the conditional probability of receiving a particular level of treatment, for a set of pre-treatment variables.[15] Given a random sample of units of size N and an existent vector of covariates $\boldsymbol{X}$, it postulates that for each level of treatment received $\boldsymbol{T}$ (where T takes on integer values between 0 and K), there exists a set of potential outcomes $Y(t)$. As such, if $r(t,x)$ is defined as the conditional density of treatment given the covariates:

$$r(t,x) = f_{T|X}(\mathrm{t}|\mathrm{x}) \tag{5}$$

15 GPS relies on the assumption of weak unconfoundedness, which requires only pairwise independence of assignment into treatment with each of the potential outcomes. Based on this assumption, Imbens (2000) derive the proof of weak unconfounded assignment into treatment. It maintains that, given the GPS, the assignment of each unit into treatment is weakly unconfounded for a set of pretreatment variables X. Given a weakly confounded assignment into treatment for a set of pretreatment variables X, the use of the GPS removes any biases that arise from differences in observed covariates.

it follows that GPS is estimated as:

$$R = r(T,X) \tag{6}$$

The GPS method relies on the assumption of weak unconfoundedness, which requires only pairwise independence of assignment into treatment with each of the potential outcomes (compared to the binary treatment case, which requires that assignment into treatment T is independent of the entire set of potential outcomes). Based on this assumption, Keisuke and Imbens (2004) derive the proof of weak unconfounded assignment into treatment (also known as Theorem 1). It maintains that, given the GPS, assignment of each unit into treatment is weakly unconfounded for a set of pretreatment variables $\boldsymbol{X}$ (i.e., $Y(t) \perp T|X$, for all $t \in T$). Therefore, given a weakly confounded assignment into treatment for a set of pretreatment variables X, the use of the GPS removes any biases that arise from differences in observed covariates (Theorem 2).

The method fits well with the analysis because the principal interest lies in the response – the probability that a remittance-recipient household falls below the poverty threshold – associated with each value of the continuous dose, i.e. the length of time (years) that the household receives remittances. The estimation of the GPS is typically done in three steps (Bia & Mattei, 2008; Keisuke & Imbens, 2004; Kluve et al., 2012). In the first step, the GPS are generated. To generate such scores for a given set of fixed covariates, the conditional distribution of the length of the treatment variable is estimated. We use a normal distribution for the treatment for the given covariates, such that:

$$T_i| X_i \sim N(\beta_0 + \beta_1' X_i, \sigma^2) \tag{7}$$

The GPS are calculated as:

$$\hat{R}_i = \frac{1}{\sqrt{2\pi\hat{\sigma}^2}} \exp\left(-\frac{1}{2\hat{\sigma}^2}(T_i - \hat{\beta}_0 - \hat{\beta}_1 X_i)^2\right) \tag{8}$$

The treatment variable, the length of time a household receives remittances, varies from a minimum of 1 year to 43 years.[16] We first choose a logarithmic transformation of this variable to make it approximately normally distributed. Next, we run the maximum likelihood regression with the treatment variable as our dependent variable and a number of selected covariates (Eq. 7).[17] The estimated coefficients ($\hat{\beta}_0$, $\hat{\beta}_1$) are used to evaluate the GPS for all sample observations (Eq. 8). In line with Keisuke and Imbens (2004), we test the successful attainment of covariate balancing with GPS.

As a second step, we estimate the conditional expectation of the outcome variable, that is the conditional probability of falling below the poverty threshold. Such an expectation is expressed as a linear function of two variables, the treatment T and the GPS:

$$\beta\,(t, r) = E\,(Y|T = t, R = r) \qquad (9)$$

For each household, the observed T_i and estimated $\hat{R}_i$ is used. In order to allow for a flexible functional form, we use the following approximation:

$$E[Y_i|\ T_i, R_i] = \alpha_0 + \alpha_1 T_i + \alpha_2 T_i^2 + \alpha_3 R_i + \alpha_4 R_i^2 + \alpha_5 T_i R_i \qquad (10)$$

16 The variable that measures the length of time a household has been receiving remittances is constructed using question 30 in the KRHS 2011, which asks, "When did you start receiving money from abroad?" and records for an answer the year the household began receiving remittances.

17 The baseline model for the estimation of the GPS at a given treatment level and observed covariates uses a maximum likelihood estimator. The use of an Ordinary Least Squares regression, OLS, is deemed problematic because the model assumes constant variances of the error terms, when in practice, the variances of the error terms differ from one treatment level to the other. In presence of heteroskedasticity, the estimated standard errors of the OLS coefficients are wrong and the confidence intervals are no longer valid.

The third and last step of the analysis is the estimation of the dose-response function, expressed as:

$$\mu(t) = E\,[\beta\,\{t, r\,(t, X)\}] \tag{11}$$

The average dose-response function is generated via the estimation of average potential outcomes for each level of treatment *t*. The average potential outcome at treatment level *t* is estimated as:

$$E[Y(t)] = \frac{1}{N}\sum_{i=1}^{N} \hat{\alpha}_0 + \hat{\alpha}_1 t + \hat{\alpha}_2 t^2 + \hat{\alpha}_3 \hat{r}(t, X_i) + \hat{\alpha}_4 \hat{r}^2(t, X_i) + \hat{\alpha}_5 t \hat{r}(t, X_i) \tag{12}$$

This last step captures the main difference between the propensity score matching with a binary treatment variable and the propensity score matching with a continuous, multi-valued treatment variable. As Imbens (2000) highlights, the regression of the observed outcome Y on treatment T and the propensity score r (T, X) (Eq.11) does not have a causal interpretation. However, the averaging of the conditional expectation over the marginal distribution of r (t, X) (Eq.12), corresponds to the DRF for treatment level t, which gives the causal interpretation.

The estimation of 'dose-response effects' was computed in Stata using the doseresponse module developed by Bia and Mattei (2008). This module allows for the implementation of the technical procedure for covariate balance check as proposed by Hirano & Imbens (2004).

3.2.4 Inequality and poverty measures

In order to carry out inequality and poverty measurements, we rely on equivalized per capita incomes. The standards of living linked to a certain household's income depend to some degree on the size and demographical composition of the household. Any inequality and poverty measurement analysis will therefore consider assumptions about economies of scale and equivalence scales. Economies of scale usually occur in larger households from sharing common commodities and from purchasing bigger quantities of food and/or non-food items at cheaper prices. Equivalence scales are estimated through different methods. In our analysis we

apply the so-called modified OECD equivalence scale: we assign the coefficient 1 to the household head, 0.5 to other adults in the household, and 0.3 to children under the age of 16. This also means that the constructed counterfactual income of migrant households is based on equivalized per capita incomes.

3.2.4.1 Inequality measures

Inequality is a key indicator of economic welfare. Our primary interest is to show how the total (population) income distribution may be altered by the receipt of remittances. Income inequality is commonly measured by the well-known Gini index. The effect of a specific source of income upon inequality is estimated by decomposing the Gini coefficient by the source of income in line with the methodology developed by Lerman and Yitzhaki (1985). Initially, the Gini coefficient for the total (population) income is written as a function of the covariance between income and its cumulative distribution:

$$G_0 = \frac{2\,Cov[y_0, f(y_0)]}{\mu_0} \tag{13}$$

G_0 indicates the Gini coefficient for total income, y_0 denotes the total household income, $f(y_0)$ is its cumulative distributon and μ_0 is the mean (average) income. If y_1, ..., y_k, denote K components of household income, then total household income y_0 can be written as the sum of its income components so that $y_0 = \sum_{k=1}^{K} y_k$.

By rewriting the Gini coefficient for the overall income as a function of the covariance between the income component k (remittance income) and the cumulative distribution of income, and making use of covariance properties, the total income inequality Gini coefficient, G_0, can be decomposed into three parts (Eq. 14):

$$G_0 = \frac{2\,Cov[y_0, f(y_0)]}{\mu_0} = \frac{2\sum_{k=1}^{K} Cov[y_k, f(y_0)]}{\mu_0} = \sum_{k=1}^{K} R_k\, G_k S_k \tag{14}$$

S_k here denotes the share of component k (in our analysis the share of remittances) in total income, G_k is the Gini coefficient of income distribution from source k, and R_k is the Gini correlation between income derived from source k with the total

income distribution. Compared to other Gini estimation methods, Gini decomposition allows for the estimation of the impact of the change in an income source such as remittances on overall income inequality (Aslihan & Taylor, 2012; Stark et al., 1986; Taylor et al., 2005; Taylor, 1992). This is done by taking the partial derivative of the Gini coefficient with respect to a percentage change e in remittance income while keeping other income sources constant. It can be expressed in the form of the (Eq.15). The percentage change in inequality resulting from changes in income from remittance is thus equal to the initial share of remittances in inequality minus the share of remittances on total income:

$$\frac{\partial G}{\partial e} = S_k(R_k G_k - G) \tag{15}$$

We perform inequality measurements using the observed equivalized per capita income with remittances, the equivalized per capita income without remittances and the equivalized per capita counterfactual income. Inequality measurements are performed in STATA using the descogini module.

3.2.4.2 Poverty measures

Poverty measures are statistical functions that allow for the comparison of the income and the chosen poverty line(s) by computing aggregate numbers for the population as a whole, or a subgroup (Coudouel et al., 2002). The choice of poverty lines is a critical issue, especially if policy conclusions are drawn. We distinguish between absolute and relative poverty lines. Absolute poverty lines are based on estimates of the cost of minimal basic food needs for a typical family, to which a provision for non-food items is added (Ibidem). Relative poverty lines are defined in relation to the overall distribution of income in the country. Subjective or self-reported poverty indicators can also be used. Ravallion (2008) discusses alternative approaches to setting and implementing poverty lines.

The decision as to which poverty line to use often depends on the aim of the analysis. Absolute poverty (whereby the poverty line has constant real value) can be a more relevant concept in poor countries such as Kosovo, but relative poverty is also useful when the intent is to identify and target the poor in the society

(Ravallion et al., 2008). In our approach we show results for several poverty lines. As a measure of absolute and extreme poverty we use the absolute poverty and extreme poverty lines for Kosovo, which were updated for inflation and set at 1.72€ and 1.20€ per day and adult equivalent for the year 2011 (KAS, 2013). We also use a relative poverty line set at 60 percent of the median equivalized per capita income (including remittances) of the entire sample and the rural and urban subsamples.

Poverty was estimated across three poverty measures: 1) the headcount index, which estimates the share of the population whose income is below the poverty line; (2) the poverty deficit index (poverty gap), which shows how far off households are from the poverty line; and (3) the poverty severity index (squared poverty gap), which, apart from the distance from the poverty line, indicates the inequality among the poor as well.[18] We perform poverty measurements using the observed equivalized per capita income with remittances, the equivalized per capita income without remittances and, methodologically more appropriate than the latter, the equivalized per capita counterfactual income. Poverty measurements were performed in STATA using the povdeco module.

3.3 CASE STUDY RESEARCH

The case study research approach aims to gain a deeper understanding of the complex social phenomenon of migration. By focusing on a specific case (country, village, neighborhood) and by taking an explanatory approach, it is particularly relevant in answering the why and how questions (Yin, 2014). As such, it offers a rigorous approach to gain valuable insights that are otherwise difficult to gauge via quantitative methods (such as those described above). Placed in the context of this thesis, the method allows for focusing on the detailed investigation of the linkages between migration and households' welfare via the case of a highly remittance-dependent region in Kosovo. Hence, the focus of investigation shifts from empirical estimations on the impacts of migration and remittances on poverty, inequality and expenditure behavior (Chapter 4) to a deeper understanding

18 For a brief description of these poverty measures refer to Coudouel et al. (2002) or Möllers and Meyer (2014).

and explanation on the multifaceted effects of migration and remittances on the broader well-being outcomes of individuals staying behind in migrant-sending communities (Chapter 5).

The data for the qualitative research was collected during fieldwork conducted in the region of Opoja in August of 2016. Two follow-up visits to the same region were conducted in August 2017 and 2018. Opoja was chosen for fieldwork for two main reasons: The first reason relates to the Opoja people's traditional participation in labor migration and their high dependency on remittance inflows. The long-term intersection of traditions and labor migration make Opoja an exceptional ethnographic setting to understand and reflect upon changes instigated by migration upon the well-being of migrant-sending communities. The second reason is the extensive fieldwork conducted by the American anthropologist Janet Reineck on Opoja villages from May 1987 to December 1988. Reineck's book on *Gender, Migration and Ideology Among the Kosova Albanians* (1991) represents the first modern ethnography on rural life in Opoja and serves as an excellent basis to understand the link between migration, family relations and welfare. It allows us to draw the long line from the 1980s until now, thus being a very fruitful inspiration for our qualitative research.

Fieldwork in Opoja resulted in 28 open-ended in-depth interviews with men and women across different age groups and social standings. These also included two group interviews with: a) young Opoja men with a specific focus on their migration intentions and b) women in a traditional patriarchal household setting with a focus on their life prospects, assessment of village life, education, and more. In addition, 75 individual structured interviews were conducted predominantly in the villages of Opoja. The principal investigator was supported by another experienced researcher in the inception and implementation of the fieldwork in Opoja. The cooperation proved highly beneficial for the data collection process and later for the analysis of the qualitative data and the interpretation of the results.

Two types of questionnaires were used for the data collection: one for the open-ended interviews and one structured questionnaire. While the open-ended interviews were meant to allow the interviewees to speak freely, the list of topics used to guide the discussions were aimed at describing changes in the village life (over the last decades); changes in perceived inequality; the role of migration (and remittances) in modernizing the village community and their influence on the

traditional households (with a specific focus on the patriarchal family structure); as well as viable alternatives to migration for the rural population. Questions aimed at gauging the family decision-making process on migration and remittances focused on the following issues: who decided about migration; what the frequency of sending/receiving remittances was; who decided on how remittances would be spent; and lastly how the remittances were used to finance on-farm and off-farm activities.

The questions included in the structured questionnaire focused on the following themes:

- The socio-demographic situation of the respondents: age, sex and marital status of the respondents, education level attained and data on the composition of the household such as the household size, dependency ratio, etc.
- Information on migrant family members and receipt of remittances (in cash and in-kind) in the last 12 months and respondents' intentions to stay or leave Kosovo in the next two years.
- The respondents' perceptions with regards to life satisfaction and assessments of general attitudes towards migration, agriculture, self-employment, wage employment, urban lifestyle, village life and traditions.
- Data on household income sources, including (subjective) comparisons of household income standings over the past twenty years, five years and at the present.
- Questions on patterns of remitting, which were aimed at gauging respondents' evaluation on the purposes and meaning behind the sending and use of remittances.

Some descriptive statistics from the structured questionnaires are presented in Annex A.3. The questionnaires were translated from English into Albanian. From the open-ended and semi-structured interviews, twenty-four were conducted in Albanian and four in German. All questionnaires used for the qualitative fieldwork in Opoja are included in Annex A.4.

In addition to the qualitative interviews, we relied on the following sources of evidence:

- Participant observation: direct participation in the life of the host village family provided a rare opportunity to talk to and conduct interviews with certain groups of interest, including the households' daughters-in-law and the young girls in the family, but also with frequent family visitors. Furthermore, attending informal visits with members of the host family to other families in the village created unique opportunities to receive access to other households. The most interesting informal meetings were the pre-wedding and wedding ceremony attendances. During these times we could talk, inquire, and observe the vital role of migration (and that of the migrants) in financing and keeping alive the traditional Opoja wedding. Being two researchers in the field meant that while one took an active role in a certain event or activity, the other researcher could observe, take notes, follow the events, and raise questions as needed.
- Direct observations: extensive field notes were written down by the two researchers and photographs were taken on the different fieldwork site.
- Use of informants: next to the host family members, one little girl of only 11 years old from the village became an important informant in the village. Curious and sharp-minded, she would open many doors in the village for us, which would have otherwise been difficult to access.
- Archival records: finally, we screened various archival records including old village maps and photos shared with us by the families we visited during our fieldwork. Additionally, the municipal office of Dragash granted us general access to regional statistics on migration, employment, and socio-demographic data, including different types of physical and typographical maps, which proved beneficial for the purpose of fieldwork and in the process of data analysis.

The material collected from the sources mentioned above was analyzed in conjunction with the material collected from the qualitative interviews. In the next section, we discuss the method of analysis of the qualitative data collected through the fieldwork in Opoja.

3.3.1 Thematic text analysis

There are three basic methods of text analysis used with qualitative data: a) evaluative text analysis, b) type-building text analysis and c) thematic text analysis (Kuckartz, 2014). All three methods comply with strict scientific standards for qualitative research and are based on quality standards that follow systematic, rule-governed processes. They are category-based methods and the main difference between them rests on how the categories are constructed. First off, evaluative text analysis analyzes data with a view of constructing evaluative categories, which are typically represented via an ordinal scale. This type of analysis is suited towards quantitative-oriented research. Type-building text analysis, on the other hand, focuses on the construction of certain typologies, which contain clusters of similar attributes and characteristics (Kuckartz, 2014). Finally, thematic text analysis is based upon the identification and description of themes, which are implicit and/or explicit ideas within the qualitative material (Guest et al., 2012). Once certain themes are identified, with the next step is the construction of categories, which are the tools that enable the researcher to analyze and interpret the text. Thematic text analysis is widely popular, as it allows the categories to be constructed both inductively (bottom-up approach where categories are created using the data) and deductively (where categories are created following an existing theory or depending on the research question) (Flick, 2009). It is a method that necessitates a great deal of reliability due to an intensive process of interpretation of the data.

Overall, thematic text analysis is considered the most useful method in capturing the complexities of text materials and it is the most used method of analysis in qualitative research. For this reason, this method was also applied here, and the analysis of the qualitative data was done following the guidelines for thematic text analysis closely. In our qualitative analysis we rely on key notions as defined by Kuckartz (2014), and summarized in Box 2.

Box 2: Key concepts in thematic text analysis

Categories: higher-level concepts (also known as themes) under which lower-level concepts may be grouped, forming sub-categories

Concepts: conceptual identifiers, which are attached to specific occurrences, phenomena and incidences in the data (based on the researcher's interpretation of the data). These identifiers enable the researcher to group data.

Coding: the process of delineating concepts based on the interpretation of the data and in accordance with the main categories developed.

Coding-sets: temporary combinations of codes that allow the researcher to construct tree structures in hierarchical order (for instance hierarchical code-sub codes structures).

In-vivo codes: terms used by the participants that maybe applied as codes by the researcher.

Properties: characteristics that define and describe concepts.

Dimensions: variations within the properties of the concepts (giving specificity and range).

Source: Compiled from Kuckartz (2014).

3.3.2 Stages in qualitative data analysis

We implemented the thematic text analysis through the following subsequent phases. In **Phase 1**, the analysis started with the transcription of the recorded material. The process was done in accordance with the guidelines for the production

of transcripts by O'Connell and Kowal (1995). It draws the attention of researchers to view the preparation of transcripts as a theoretically neutral process guided by the following principles: a) description of only those features of conversational behavior that will be analyzed; b) maintenance of a clear division between subjective perceptions of the researcher and objective information from raw data; c) descriptions, comments, explanations and interpretations should be clearly distinguished, and d) transcription is open to errors and may occasionally be unreliable.

Once the qualitative material was transcribed, we continued with translation of the interviews from Albanian and German into English. During translation, close attention was paid to preserve the originality of the text and to reduce the translation biases to a minimum. A number of interesting and relevant block quotes were kept in the original dialect of the Albanian language spoken in Opoja, and the names of interviewees were made anonymous as needed.

The data was systemized using the qualitative data software MAXQDA version 12. Systematization meant that interviews, field notes, maps, photos and other material collected as part of the fieldwork were ordered and made ready for the analysis. Initial work with the text entailed highlighting what were considered important passages in the text and the writing of memos. Memos were central at this stage as they contained comments, ideas and interpretations of interesting sentences or passages from the text.

In **Phase 2** open coding took place. Open coding allows for an inductive comparison and categorization of the data. During this phase, the analysis is opened, meaning that the researcher can analyze the data and develop preliminary concepts and dimensions. In line with Kuckartz (2014), we developed a set of initial, comparative concepts, which could be transformed into a set of thematic categories. Apart from open coding, another way to arrive at these thematic categories is to make use of the existing list of topics and sub-topics, which were part of the central research question(s). As such, a number of themes that were already part of the open-ended and semi-structured questionnaires were utilized, including migration, migration intentions, overall life evaluations, etc. In the end, the team of two researchers arrived at a set of thematic categories both inductively and deductively. After the thematic categories were developed, the first coding process followed.

Phase 3 comprised the first coding process, implying that the entire data (transcribed material) had to be coded using the previously identified thematic categories. Coding was done in a team of two researchers via consensual coding. Consensual coding is the process during which the members of the research team code the interviews independently. In the context of our analysis, two researchers worked through the text by assigning passages to different categories. If a written passage was rich and involved several topics, then this passage was assigned to more categories. During this stage, in-vivo codes were also used.

A number of rules for coding were useful during the first coding process, including: a) units of coding (text segments) were kept as full sentences (thus easy to understand when taken out of a specific paragraph), b) long units (with several paragraphs) were coded together, and c) questions aimed at understanding statements were a part of coding. At the end of this phase, the two researchers discussed the codes based on the individual interpretations of the text.

After the first coding process was over, **Phase 4** encompassed the allocation of all text passages that belonged to the same thematic category. The process necessitated a meticulous reading of the text, as well as the categorization of coded segments within developed categories. In **Phase 5**, once the allocation of text was complete, sub-categories (sub-codes within each of the codes in the code system) were created for the thematic categories of interest. The list of sub-categories was ordered and systematized as needed under each thematic category.

In **Phase 6**, the entire material was coded for a second time, making use of the newly created sub-categories. The aim of the second (final) coding process was to come up with a conclusive list of thematic categories (and sub-categories). It also meant that the two researchers had to discuss and agree with the coded system.

Phase 7 is the last step in which the final analysis of the material takes place and the presentation of the results is prepared. Hence, the aim was to study the thematic categories and related sub-categories. For the purpose of our investigation and in line with Kuckartz (2014), we relied on the following types of the analysis:

- *Category-based analysis* is a descriptive type of analysis, which focuses on the discussion of each thematic category and sub-category. Generally, it describes what interviewees had to say about all or specific thematic categories of interest.

- *The relationship between sub-categories* is analyzed either within the same thematic category or between the sub-categories themselves.
- *The relationship between thematic categories* allows for a large-scale, more comprehensive type of analysis. For instance, it enables us to investigate the relationship between the thematic categories of migration, work and well-being, social norms and remittance-use and so on.
- *Graphical representation and visualizations*, including diagrams, pie charts, hierarchical code-sub-code maps that can be used to show the relationship between different sub-categories and/or to compare groups and individuals among each other.

Category-based analysis was used to describe the dimensions of well-being (economic welfare and subjective well-being) and to depict their relation (as sub-categories) to well-being (as the key thematic category).

Furthermore, we utilized the relationship between sub-categories to analyze the frequency distribution of several sub-categories within the thematic category of remittance-use (where sub-categories capture the specific purpose of the use of remittances – i.e., a) housing and land; b) conspicuous consumption (cars and weddings); c) basic expenses (food and clothes); d) education, and e) health).

Likewise, the relationship between thematic categories was used for the more complex analysis of the interlinkages between migration, use of remittances and well-being in the context of the detailed case study approach. Last, but not least, tools such as graphical representations of hierarchical code-sub-code maps were used to estimate and depict the frequency distribution of sub-codes falling under one specific thematic category.

4 QUANTITATIVE EFFECTS OF MIGRATION AND REMITTANCES ON HOUSEHOLDS' ECONOMIC WELFARE

This chapter investigates the effects of migration and remittances on the household income distribution and poverty. As such, it addresses research question 1 (see section 1.2). The empirical estimations are based on the household-level data set from the Kosovo Remittance Household Survey (KRHS) 2011 (section 3.1). Propensity Score Matching and the counterfactual framework of causality are used to characterize selection into migration and to evaluate the difference in income levels between similar migrant and non-migrant households. Constructed counterfactual incomes (that is incomes in absence of migration) are used to estimate the effects of migration on poverty alleviation and income distribution (see subsections 3.2.4.1 and 3.2.4.2). In addition, the chapter introduces the results from the application of the 'Dose Response Function' (DRF) with Generalized Propensity Scores (GPS). The DRF approach is used to assess poverty effects due to variations in the time-length of receiving remittances (see section 4.5). The chapter concludes with an impact analysis of the role of migration on migrant households' expenditure patterns (section 4.6).[19]

4.1 SELECTED DESCRIPTIVES

Before we come to the core analyses in the following sections, we present some descriptives on the differences between migrant and non-migrant households. As indicated in the depiction of KRHS 2011 (section 3.1), migrant households are those households that, at the time of the survey, had at least one family member residing outside of Kosovo. The data shows that, for many Kosovars, migration is an important livelihood strategy. On average, 34% of the households had at least one migrant family member in 2011. The average number of migrants in migrant households was 1.7. We estimate that, overall, 23% of households in Kosovo received remittances in the year preceding the questionnaire[20], but 66% of migrant households received in cash and in-kind remittances. The average amount of remittances received (in cash and in-kind) is estimated to be 1,951€ per annum or

19 Part of the empirical analysis presented in this chapter has been published in a recent article in Eastern European Economics by Arapi-Gjini et al. (2020).

20 We identify remittance recipients as those households that have received in-cash and in-kind contributions from international migrants in the year preceding the survey, excluding migrants' visiting expenses.

approximately 163€ per month. The average amount of only in-cash remittances is somewhat lower and estimated to be around 134€ per month.

Table 4.1 and Table 4.2 present further relevant indicators for migrant and non-migrant households. With regards to individual characteristics of the household heads, we observe that they are slightly older (50 years) in migrant households than in non-migrant households (47 years). On average eleven years of school were completed, whereby the differences are marginal, albeit statistically significant. Migrant households have a lower proportion of male heads compared to the non-migrant households (84% compared to 89%). This is explained by the fact that the highest proportion of Kosovo migrants in 2011, around 75%, were male (Duval & Wolff, 2015), leaving, in some cases, women as heads of households in their absence. On the other hand, migrant families have a lower proportion of employed household heads compared to the non-migrant families (68% vis-à-vis 74%). However, those who are in employment enjoy higher wages compared to non-migrant household heads (approximately 3.00€ compared to 2.80€ per hour worked).

If we turn towards the household characteristics, we find that households with migrants are slightly bigger (4.7 versus 4.6 members); however, there is no significant difference in terms of the dependency ratio between the two types of households.[21] When it comes to education, we observe differences in educational attainments. For instance, 49% of family members in non-migrant households have completed a vocational or grammar school education. The same holds true for only 43% of migrant households. Yet, migrant households have a higher proportion of family members who completed university degrees vis-à-vis non-migrant households (51% versus 47%). In other words, it seems that migrant-sending families are on average more educated than those without migrants. Because the existing literature does not support the view that remittances in Kosovo are directed towards education (Alishani & Nushi, 2012; World Bank, 2011), such observed differences in university degrees might hint towards the highly educated opting for migration.

Interesting differences from our empirical investigation on the linkages between remittances, poverty and inequality are those observed across household

21 The dependency ratio measures the ratio of dependent household members (those not of working age) by the number of those who are of working age.

income and income shares from different sources such as waged employment, self-employment, farm employment, remittance income, and other income (Table 4.2).[22]

We note a significant income gap between the two groups, with migrant households, for instance, enjoying higher yearly incomes compared to non-migrant households (additional 2,045€ per annum). Once the yearly household income with remittances was equivalized, we observe that migrant households still have an additional 725€ per annum.

Concerning differences in income shares, we estimate that remittances make up 14% of migrant households' income. Non-migrant households do not directly benefit from this type of income. Other income shares, including salaries from waged employment in particular, are relatively higher for non-migrant households (62% versus 78%). Income shares generated from self-employment are the same for the two groups, whereas farm employment generates 2% of household income for migrant households compared to a 3% share for non-migrant households.

Interesting differences are observed in terms of the shares of households living below the selected poverty lines. For instance, according to the absolute poverty line of 1.72€ per day, 2% of migrant households and 4% of non-migrant households would be characterized as poor. Using an extreme poverty threshold such as the poverty line of 1.20€ per day, 1% of migrant households and 2% of non-migrant households in Kosovo are living under extreme poverty. The differences in shares of poor migrant and non-migrant households becomes even more profound if higher poverty thresholds are used. However, the poverty effects must be assessed along the counterfactual scenario presented in the following section.

22 'Other income' includes domestic remittances, pensions, rental income, social assistance and humanitarian aid, students' scholarships and incomes unspecified by the respondents of the survey.

4.2 PSM COUNTERFACTUAL SCENARIO: ESTIMATED IMPACTS ON INCOME

The next step in our analysis is to estimate the effects of participating in migration via propensity score matching. A household's selection into migration is typically estimated via a probit or logit regression model, whereas the choice of the variables that enter the model is validated by existing theories. Following theories such as the New Economics of Labor Migration (NELM) (Stark & Bloom, 1985), the Theory of Relative Deprivation and Migration (Stark & Taylor, 1989), but also studies that link the decision to migrate to factors such as expected earnings and remittances (Chort & Senne, 2015) and the distribution of risk attitudes within households (Dustmann et al., 2017), the decision to migrate may be modelled as a combination of certain individual traits (those of the future migrant) and a set of household economic and socio-demographic characteristics.

Nevertheless, the PSM method requires that only those variables enter the models that are not influenced by participation in treatment. This precondition together with the inability to observe specific behavioral characteristics of household members (such as risk attitude) in our dataset, informed our current choice of variables. Following these strategies, we use a logit model that estimates the selection of migration as a function of the following covariates: age; gender and education of household head; work status (whether head is still working or a pensioner); ethnicity; share of female household members; and locational variables such as average shares of remittances at the municipality level and three dummy variables for regions.

Table A1 and Table A2 in the Appendix display the variables that entered into the model, regression coefficients for each variable, associated standard errors and p-values. We use the results of the regression to predict the propensity scores, which measure the probability of participation in migration. To check that the overlap condition is met, we plot the densities of the propensity scores for treated and control groups and construct a histogram of the propensity scores for the two groups (see Figure A1 and Figure A2 in the Appendix). A visual inspection of the histogram shows that propensity scores for treated and control overlap and densities for the two groups are more similar after matching (Figure A3 and Figure A4).

Table 4.1: Demographic charactristics of households with and without migrants, 2011

	All households	Migrant households	Non-migrant households	T test for Equality of Means
		Mean	Mean	t / p- value
Household head characteristics				
Age	48.02	49.81	47.10	-8.62 / 0.0000
Years of education	11.34	11.19	11.42	2.85 / 0.0043
Male	0.87	0.84	0.89	5.37 / 0.0000
Employed	0.72	0.68	0.74	5.07 / 0.0000
Married	0.87	0.87	0.87	0.12 / 0.9014
Hours worked per week	46.82	47.19	46.65	-1.44 / 0.1511
Average hourly wage (€)	2.90	2.99	2.83	-1.96 / 0.0500
HH size	4.67	4.73	4.64	-2.13 / 0.0335
Dependency ratio	0.50	0.50	0.50	0.12 / 0.9030
Number of migrants	0.56	1.69	0.00	-72.82 / 0.0000
HH receiving remittances	0.22	0.66	0.00	-67.16 / 0.0000
- Primary School (up to 4 years) or lower	0.01	0.01	0.00	-2.50 / 0.0123
- Secondary General School (~ 8 years)	0.04	0.05	0.04	-1.55 / 0.1215
- Vocational or Grammar School (~12 years)	0.47	0.43	0.49	4.82 / 0.0000
- University degree	0.48	0.51	0.47	-3.75 / 0.0002
Total number of HH	8,000	2,719	5,281	

Source: Own calculation based on KRHS 2011 data

Table 4.2: Income situation of households with and without migrants, 2011

	All households	Migrant households	Non-migrant households	T test for Equality of Means
		Mean	Mean	t / p- value
Household income (€)	6610.29	7224.95	6294.28	-6.48 / 0.0000
Household income incl. remittances (€)	6984.98	8339.23	6294.28	-13.25 / 0.0000
PC income, equivalized (€)	2625.45	2808.13	2531.53	-5.18 / 0.0000
PC income incl. remittances, equivalized (€)	2776.67	3256.09	2531.53	-12.57 /0.0000
Share of waged employment	0.73	0.62	0.78	18.84 / 0.0000
Share of self-employment	0.06	0.06	0.06	0.73 / 0.4639
Shar of farm employment	0.03	0.02	0.03	6.65 / 0.0000
Share of remittance income	0.04	0.14	0.00	-38.99 / 0.0000
Share of other income	0.14	0.18	0.12	-8.80 / 0.0000
Proportion living in privately owned house	0.90	0.93	0.89	-6.54/0.0000
Share of households below 1.72€ poverty line	0.03	0.02	0.04	6.47/0.0000
Share of households below 1.20€ poverty line	0.01	0.01	0.02	4.96/0.0000
Share of households below the relative poverty line	0.20	0.13	0.24	11.53/0.0000
Total number of HH	8,000	2,719	5,281	

Source: Own calculations based on KRHS 2011 data

The quality of matching is confirmed by comparing the standardized percentages bias before and after the matching by visual inspection and via STATA's pstest command (see Table A3 and Table A4 in the Appendix). Once the quality of matching is assured, we proceed with the assessment of three treatment effects, the Average Treatment Effect (ATE), the Average Treatment Effect for the Treated (ATT) and the Average Treatment Effect for the Untreated (ATU). Table 4.3 presents the estimated results for the entire sample of 8,000 households.

Table 4.3: Estimated treatment effects on migrant households

Variable		Treated	Controls	Difference	Std. Err.	t
PC income incl. remittances, equivalized (€)	Unmatched	3,256.09	2,531.53	724.56	51.39	14.10
	ATT	3,256.97	2,413.18	843.79	59.73	14.13
	ATU	2,468.08	3,253.59	785.51		
	ATE			815.03		

Source: Own calculations based on KRHS 2011 data.

Our parameter of interest is the value of the ATT estimator, which shows that the net impact of migration on migrant households is equal to a yearly 844€ per capita in equivalized income. The interpretation of this result is that, on average, a migrant household's per capita equivalized yearly incomes are 844€ higher than a non-migrant household's. The average causal effect for the entire sample is close to 815€. The estimated value of the ATU estimator implies that potential participation in migration would increase the yearly per capita equivalized incomes of non-migrant households by 785€.

We have calculated effects for the rural and urban subsamples separately as well (Table 4.4 & Table 4.5). As can be seen, the effects of migration on per capita equivalized yearly incomes of migrant households, measured by the ATT estimate, are higher for rural households than for the urban households (990€ per year for migrant households in rural areas versus 727€ per year for migrant households in urban areas).

Table 4.4: Estimated treatment effects on rural migrant households

Variable		Treated	Controls	Difference	Std. Err.	t
PC income incl. remittances, equivalized (€)	Unmatched	3,291.43	2,452.86	838.57	70.77	11.85
	ATT	3,293.12	2,303.43	989.69	82.01	12.07
	ATU	2,356.55	3,293.57	937.02		
	ATE			963.51		

Source: Own calculations based on KRHS 2011 data.

The same holds true for the estimated effects of migration on yearly income levels of non-migrant households, which are higher for rural households than urban households (937€ per year for non-migrant households in rural areas versus 699€ per year for non-migrant households in urban areas). Moreover, positive (average) effects of migration on yearly per capita equivalized income (ATE estimates) show that participation in migration increases households' overall income, but the effects are higher for rural households than for the urban households.

Table 4.5: Estimated treatment effects on urban migrant households

Variable		Treated	Controls	Difference	Std. Err.	t
PC income incl. remittances, equivalized (€)	Unmatched	3,221.30	2,612.77	608.53	74.52	8.17
	ATT	3,219.68	2,492.37	727.31	85.76	8.48
	ATU	2,542.79	3,241.37	698.58		
	ATE			713.35		

Source: Own calculations based on KRHS 2011 data

The explanation as to why effects are higher in rural areas could lie in a combination of lower wages and higher unemployment rates in rural Kosovo at the time of the survey (KAS, 2013). This means that having the opportunity to migrate (and therefore send back remittances) would make a bigger difference regarding income improvements to a household residing in a village than to a household living in an urban environment in Kosovo.

For a robustness check of our results, we use Rosenbaum's sensitivity analysis. It tests the null hypothesis of the no treatment effect, which assumes that both treated and control units would exhibit the same behavior regardless of participation in treatment. Table A5 contains the results of the sensitivity analysis of Rosenbaum bounds.

Our study would become sensitive to hidden bias at a value of $\Gamma = 1.85$. The significance levels associated with this value of the parameter indicate that this is the point where we would fail to reject the null hypothesis of the no treatment effect. This value is not indicative of whether the analysis is free of bias or not. It however states that we need a value of $\Gamma = 1.85$ for hidden bias rather than exposure to treatment to explain differences in the outcomes between treated and control groups.

It should be highlighted that the degree of sensitivity estimated in our analysis is close to values identified in other studies in social sciences. Sensitivity analysis in the context of social sciences is not comparable to sensitivity analysis in other fields of study. In social research, a critical value of Γ close to or equal to 2 is a large enough value to ensure that estimated impacts are robust and unbiased (Clement, 2011).

4.3 ESTIMATED IMPACTS ON INCOME INEQUALITY

Remittances constitute a non-negligible share of total household income (as shown in Table 4.1, the share of remittance income per total income equals 0.04%, whereas share of remittance income per the recipients' household income equals 14%). Therefore, we expect some effect of remittance income upon income inequality.

Table 4.6 displays Gini coefficients for three categories of income: the equivalized per capita income, equivalized per capita income without remittances and the counterfactual income. Also, following Stark et al. (1986), it presents the estimated impact of a one percentage increase in a single income source on total income inequality. Gini coefficients and decomposed Gini coefficients for different

categories of income (waged income, farm income, remittances, self-employment and other income) were calculated respectively.

The sample Gini coefficient based on the equalized per capita income is 0.36. If we exclude remittances, the Gini coefficient does not change. However, when counterfactual incomes are used in the estimation, the Gini coefficient goes down by 0.01 percentage points (from 0.36 to 0.35). This means that if migration was not possible and some groups in the population would not be able to benefit from remittance income, then the overall income inequality in the study population would decrease by 1%.

The decomposed Gini coefficients for different sources of income and their estimated elasticities in brackets show that among the different categories of income, remittances and self-employment are the only two income categories with positive elasticities (approximately 0.03 percentage points on the basis of remittances and 0.01 percentage points on the basis of self-employment). Thus, if remittances increase by one percent (all other sources of income remaining unchanged), this results in an increase in overall income inequality by 3%. When self-employment income increases by 1%, then this will lead to an increase in income inequality in the population of approximately 1%.

Table 4.6: Income distribution and remittances (2011)

	All Households
Gini coefficient	
By equivalized per capita incomes	0.36
Remittances excluded	0.36
Using counterfactual incomes	0.35
Decomposed Gini coefficients (elasticity in brackets)	
On the basis of waged incomes	0.4584 (-0.0167)
On the basis of farm employment	0.9638 (-0.0105)
On the basis of remittances	0.9131 (0.0268)
On the basis of other incomes	0.8577 (-0.0076)
On the basis of self-employment	0.9463 (0.0080)

Source: Own calculations based on KRHS 2011 data

The inference from the reported changes in Gini coefficients is that both remittances and self-employment income bring about an increase in inequality. A small increase in these two income sources leads to an increase in total inequality, albeit to a marginal extent. An increase in inequality needs not be inconsistent with considerations of poverty alleviation and social welfare gains. Applying the social welfare function proposed by Stark and Yitzhaki (1982), we estimate improvements in social welfare as a result of participation in migration by using the following formula: $SWF = \mu * (1 - G)$, where μ is the average (mean) income and G is the Gini coefficient estimated for the entire sample. Even though the Gini coefficient in the presence of migration rises by 1% (from 0.35 to 0.36), total social welfare rises by almost 9%.

4.4 ESTIMATED IMPACTS ON POVERTY

In order to estimate poverty impacts, we first present results for three standard poverty measures – the headcount index, the poverty deficit and the poverty severity – estimated across three poverty lines. We use two absolute poverty lines estimated by the World Bank for the year 2011 for Kosovo, the first absolute poverty line is set at 1.72€ per adult equivalent per day and the second, designed to capture extreme poverty, is set at 1.20€ per adult equivalent per day (KAS, 2013). We also use a relative poverty line, which is calculated at 60% of the sample median of per capita equivalized income. Poverty estimations use three types of income, the yearly equivalized income with remittances, the yearly equivalized income without remittances and the counterfactual equivalized income.

Poverty estimations are given in Table 4.7. According to the absolute poverty line of 1.72€, only 3% of our sample population is considered poor. The poverty deficit, which shows the distance of the poor from the poverty line, is 1%, whereas poverty severity, which indicates inequality within the stratum of poor households, is close to 0%. There is a slight increase (from 3% to 4%) in the headcount index if income is calculated without the remittance income. In the case of the counterfactual scenario

of no migration, the proportion of the poor in the case study region would also increase from 3% to 4%. According to the second poverty line of 1.20€, only 1% of our households are considered to be living in extreme poverty.

The headcount index increases to 2% if income without remittances or counterfactual incomes are used as measures of resources.[23] Using the relative poverty line of 1,337€, we estimate a poverty rate of 20%, which increases to 23% when remittances are not accounted for and up to 24% when the counterfactual income is used as a welfare indicator.

Table 4.7: Poverty in Kosovo, 2011

	Yearly income (€)	Head-count index	Poverty deficit	Poverty severity	Headcount index	
					Without remittances	Counterfactual incomes
Absolute poverty line 1.72€ line, 2011 prices*	628	0.03	0.01	0.00	0.04	0.04
1.20€ line, 2011 prices*	438	0.01	0.00	0.00	0.02	0.02
Relative poverty line 60% of sample median**	1,337	0.20	0.06	0.03	0.23	0.24

Source: Own calculation based on KRHS 2011 data

*Absolute poverty line used by the World Bank for Kosovo by a cost-of-basic needs approach for 2011.

**This poverty line corresponds to 60% of the median equivalized per-capita income within the sample.

The key inference from the poverty estimations is that participation in migration and access to remittances may be beneficial in reducing both absolute and relative poverty levels in the population.

23 Our income-based poverty measurements differ from Kosovo Agency of Statistics (KAS) consumption-based poverty measurements for 2011 using the same poverty lines of 1.72€ and 1.20€ per adult equivalent per day. This is explained by the use of the modified OECD equivalence scales. When we measure poverty rates using per capita income (instead of the OECD equivalized per capita income) our poverty estimations approximate the official poverty estimations in Kosovo.

4.5 DOSE-RESPONSE ESTIMATION EFFECTS OF REMITTANCES WITH GPS

We present the effects of the variations in the duration of receiving remittances on the conditional probability of a household falling below a poverty threshold (this poverty threshold corresponds to the relative poverty line of 1,339 € per annum as estimated in the previous subsection). Our outcome variable is a binary variable, taking the value of zero for non-poor households and one for all those households whose income falls below the pre-determined threshold. Our treatment variable, the length of time a household receives remittances, varies from a minimum of 1 year to 43 years.[24] This continuous treatment variable allows us to estimate the dose-response function that relates each dose, i.e., years of receiving remittances, to the probability of being poor. Such estimations are possible once we have adjusted for covariate imbalances via the use of GPS.

Following closely Hirano & Imbens (2004), we start by choosing the quantiles of the treatment variable to divide the subsample of recipient households (N = 1,743) into groups and create K treatment intervals. We use the sample distribution of the treatment variable to divide the treatment variable into three-treatment intervals.[25] In treatment interval 1, we have recipient households (N = 624) that have been receiving remittances from 1 year to a maximum of 5 years. In the second treatment interval, we have recipient households (N = 730) that have been exposed to remittance income for a period of over five years up to 11 years. Moreover, in the last category, we have recipient households (N = 389) that have been receiving remittances for a period extending over 11 years and up to 43 years.

24 The variable, which measures the length of time a household has been receiving remittances, does not follow a normal distribution. The assumption of normality of treatment is not crucial and it is possible to assume other distributions and estimate the GPS with methods such as maximum likelihood regression (Kluve et al., 2012).

25 While there is no specific rule on the choice of the cut-off points and the number of intervals, it is advisable to divide the sample into a few groups of approximately equal size using the sample distribution of the treatment variable. In addition, any other user-specified rule that makes sense may be utilized (Guo & Fraser, 2015).

Table 4.8: Distribution of Treatment Intervals

Years of receiving remittances	Number of Households	Percentage (%)
Treatment interval 1 (from 1 year to 5 years)	624	35.80
Treatment interval 2 (from 6 years to 11 years)	730	41.88
Treatment interval 3 (from 12 years to 43 years)	389	22.32
Total	1,743	100

Source: Own calculations based on KRHS 2011 data

Next, we estimate the probability that a household receives remittances for a certain period of time (treatment) given a set of fixed covariates via a maximum likelihood regression. A crucial assumption here is that the probability of becoming a remittance recipient household is determined by the observed covariates. The core intuition is to focus on those variables that are most plausibly exogenous to receipt of remittances. This means that variables such as employment and household income, which might be a function of remittances, should be excluded from the model. Research done in the context of Kosovo show that a few characteristics of households have an impact on remittance receipt. Among these, gender, age, marital status, and years of education of the household head, together with the size of the household and number of migrants have an effect on the probability of a household becoming a remittance recipient (Duval & Wolff, 2015).

Thus, we model the conditional distribution of the treatment variable as a function of the following covariates: ethnicity, age and gender of the household head, his or her education and marital status, employment status, family size, dependency ratio and five regional dummies for the main six administrative regions in Kosovo. Our dependent variable is entered in a logarithmic form so that its distribution approaches a normal distribution. The estimated coefficients are presented in Table A6 in the Appendix.

We use these coefficients to estimate the GPS scores for each household in our subsample. Following an estimation procedure similar to propensity score matching, we need to check that the generalized scores improve the balancing properties for each of the entered covariates among the three treatment intervals. That is, we check whether the mean values for each covariate in one treatment interval

group are the same as the mean values of the covariates in the other two treatment interval groups. The results show evidence against the balancing property before matching, but the balance greatly improves with the generalized propensity scores (Table A7 in the Appendix).

Next, we regress the outcome variable, that is, whether a household falls below or above a certain poverty threshold, on the generalized propensity scores, the years a recipient household has been receiving remittances, their squared terms and an interaction term of these two independent variables. The estimated coefficients are presented in Table A8 in the Appendix. Following Hirano and Imbens (2004), we do not interpret the estimated coefficients of this regression, except for the fact that a coefficient for the generalized propensity scores of a value equal to zero, would be an indication of potential bias in the covariates.

The last step is to obtain the dose response function. This is obtained by averaging the potential outcome for each level of treatment. Figure 4.1 reports the estimated dose-response function and its estimated derivative, the treatment-effect function. For each result, we also present the 95% confidence bands based on 1,000 bootstrap replications. The two functions are estimated at 5-year increments for the time length of receiving remittances. The dose-response function shows that the relationship between the conditional probability of a household being poor and the time length of being exposed to remittances is positive over time. There is a sharp decline in the probability of being poor within the first five years of receiving remittances. From this time period onwards, poverty reduction effects remain positive, although the effects are smaller.

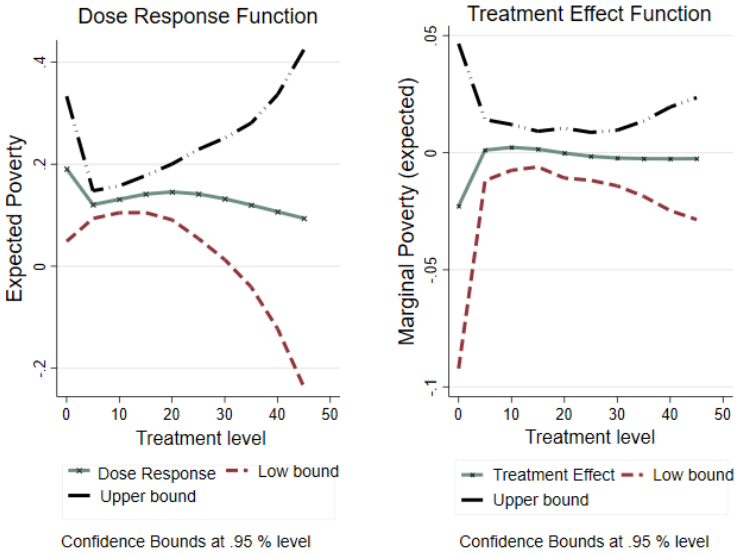

Figure 4.1 Dose-response function and the estimated treatment-effect function at 95% confidence band

Source: Own calculations based on KRHS 2011 data

The estimated derivative of this function, the treatment-effect function, is even more informative as it shows the responses to poverty with each additional year of receiving remittances. The GPS estimates of this function imply that, in the period between zero and five years of receiving remittances, the marginal propensity of being poor goes down with each additional year of receiving remittances. After this point, the marginal propensity of poverty continues to decrease with each additional year of receiving remittances, but the decrease is gradual over time. Our dose-response function flattens out for treatment levels extending over 30 years of receiving remittances. It means that more extended periods of time of receiving remittances (longer than 30 years) do not add an additional poverty reduction effect. Last but not least, it should be noted that confidence intervals appear wider at particular treatment levels due to a smaller number of observations for those levels (thus higher standard errors). Wider confidence intervals understandably

reflect greater uncertainty in the data (and in the predictions) for those treatment levels.

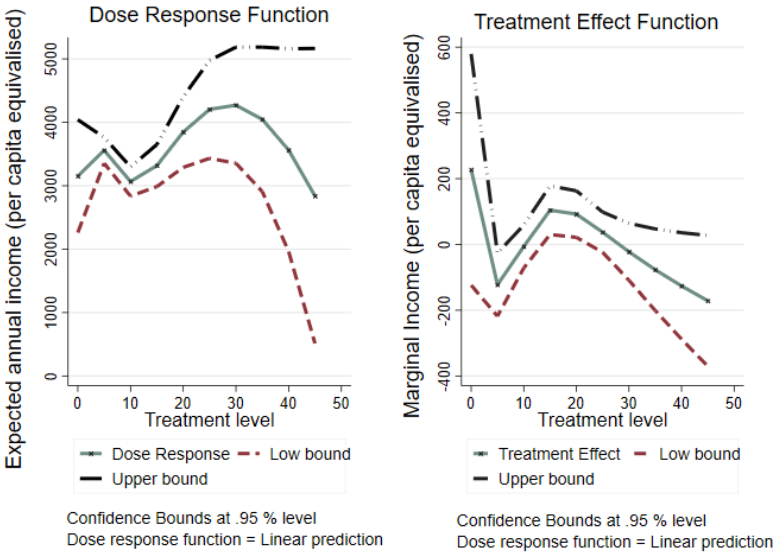

Figure 4.2: Dose-response function and the estimated treatment-effect function at 95% confidence bands

Source: Own calculations based on KRHS 2011 data

In order to validate our results, we estimate the dose-response function for a second outcome variable that is the remittance recipient's household yearly income (per capita equivalized) (Figure 4.2). The procedure differs from the previous dose-response estimation only in the last stage. The potential outcome that is averaged over the treatment level now is the household yearly income instead of the conditional probability of poverty. We expect a remittance dose-response on households' yearly income to mirror the opposite of the response on poverty. If poverty decreases over the time-length a household receives remittances, the recipient's household yearly income should be increasing. The obtained dose-response function on income indeed shows the expected behavior. As we see

from the graph, there is a sharp increase in recipients' household yearly income in the first five years of receiving remittances, followed by a decrease and then overall increase for households receiving remittances for more than ten years. The derivative of the dose-response confirms that the marginal propensity to 'earn' out of remittances income increases sharply in the first five years. The overall response of income to the time-length of receiving remittances is positive.

4.6 ESTIMATED IMPACTS ON EXPENDITURE PATTERNS

This section elaborates on the impact of migration on households' expenditure patterns in Kosovo. More precisely, it displays results from the application of the PSM on household budget expenditure shares using KRHS 2011 data. The survey collected information on monthly expenditures for twelve categories: expenditures on food, non-food items, semi-durable goods, durables, housing, health, education, transportation, entertainment, business investments, savings and debt repayment. We have aggregated each type of expenditure category to obtain annual values, whereby shares of each category are calculated as a percent of total household expenditures.

Table 4.9 shows the description of each expenditure category and the average budget shares for an average Kosovar household. We observe that food expenditures account for almost 40% of the mean household budget, implying that the average household spends the highest share of its annual budget on food items alone. This expenditure category is followed by housing expenditures (13%), which are mainly devoted to rent payment and utilities. Altogether, expenditures on food, non-food, semi-durable, durables and housing constitute approximately 76% of total household expenditures, while expenditures on health and education make up 10% of the annual budget. The share of investments in businesses and productive assets is very low (1%), whereas savings and debt repayment together account for 4% of total household spending.

Table 4.9: Description of expenditure categories, 2011

Category	Description	Average Budget Shares (%)
Food	Food items	0.40
Non-food	Alcohol, cigarettes, everyday household goods	0.10
Semi-durable goods	Clothes, shoes, furniture	0.10
Durables	Home appliances, machinery, etc.	0.03
Housing	Rent and assessed rent, phone, water, electricity	0.13
Health	Medicines and medical services	0.06
Education	School fees, books, school supplies	0.04
Transportation	Transportation costs (car fuel)	0.05
Entertainment	Going out to the cinema, restaurant, travel	0.04
Business Investments	Investments in businesses and productive assets	0.01
Savings	Savings as a proportion of total household budget	0.02
Debt repayment	Debt repayment	0.02

Source: Own calculation based on KRHS 2011 data

Table 4.10 shows average budget expenditure shares for migrant and non-migrant households and estimated t-test statistics for the equality of mean budget shares for the two types of households. Overall, the descriptive statistics reveal no major difference in expenditure patterns between migrant and non-migrant families in Kosovo. However, households with a migrant family member spend a smaller share of their budget on food compared to non-migrant families (38% versus 40%). In addition, migrant households spend a little less (approximately 1%) on non-food and semi-durable goods, and just slightly more (1%) on durable goods, housing, health, education and transportation. Yet, the differences in

mean budget shares for these expenditure categories are only marginal although statistically significant at 5%. For the other expenditure categories including entertainment, business investments, savings and debt repayment, there seems to be no significant difference between the types of households. On categories of special interest such as business investments and savings, the result seems to suggest that migrant households are not directing remittances for productive investments. These statistics do not provide causal evidence on the impact of migration and remittances on household expenditure behavior. The next step is to estimate the predicted effects of migration on the expenditure behavior of households in migrant-sending communities.

Currently, two types of econometric approaches are used in modeling the effects of migration on expenditure patterns. The first asks how remittances are used while mistakenly ignoring that remittance income is fungible and substantially reshapes households' expenditure behavior. The second approach typically relies on the inclusion of remittances as an explanatory variable in household demand models, however, in doing so, it suffers from two weaknesses. First, it separates remittance effects from migration effects on expenditures while migration exerts influences that encompass and go beyond those of remittances. Second, in the absence of panel data, the receipt of remittances needs to be instrumentalized in order to deal with problems of endogeneity, selection bias, and reverse causality, to mention just a few (see McKenzie & Sasin, 2007). In response, Taylor and Mora (2006) suggest that an adequate methodology of estimation is to compare expenditure patterns in migrant households with otherwise similar non-migrant households while ensuring that endogeneity and other methodological concerns are taken care of. The method is based upon the comparison of (average) budget shares between matched migrant and non-migrant households and is well suited to deal with the methodological concerns raised above (see 3.2.1). Its application is validated in the context of other studies on migration, remittance and expenditure patterns analysis (Clement, 2011; Démurger & Wang, 2016; Randazzo & Piracha, 2019). Our PSM analysis is based on the comparison of expenditure patterns between migrant and non-migrant households. The rationale is that participation in (international) migration affects household expenditure patterns in more complex ways, which encompass and go beyond remittance effects. In addition to boosting income, migration changes household information, consumption

technologies and preferences with significant effects on marginal utilities of consumption and investment (Taylor & Mora, 2006). We use the same propensity scores generated in section 4.2; specific to the expenditure estimations presented in this section is the choice of the outcome variables. We compare budget allocations across the designated expenditure categories for matched migrant and non-migrant households and estimate ATT effects accordingly (Table 4.11).[26]

The analysis of the effects of migration on household expenditure patterns reveals the following results. In the context of Kosovo, migrant households allocate a smaller share of their budget towards food expenditures compared to otherwise similar non-migrant households. More precisely, participation in migration reduces the share of the household budget devoted to food consumption by two percentage points and the effect is significant at the 5% significance level. This finding is consistent with Engel's law predicting that household budget food share falls with increasing income. Since participation in migration significantly increases migrant households' income vis-à-vis non-migrant households, this in turn reduces the respective budget share for food expenditures. The result is in line with the findings by Taylor and Mora (2006), Yang (2008) and Adams and Cuecuecha (2010).

Our empirical estimations display no significant impact of migration on migrant households' budget expenditures on non-food and the consumption of semi-durables. In other words, migrant and non-migrant households seem to allocate the same budget shares towards these two expenditure categories. Yet, we find a positive effect of migration on the budget share for durables, although the effect is small. On average, migration increases migrant household budget shares for durables, such as machinery and home appliances, by only 0.5 percentage points.

Findings of very small or even insignificant predicted effects on categories such as semi-durables and durables may have to do with the fact that, within Kosovar migrant families, most household items (TV, washing machines, ovens), but also cars, tractors and other vehicles, are bought directly by the migrants abroad. Hence, migrant families own the most modern household items and vehicles, but

26 To ensure the robustness of our PSM empirical results, the Rosenbaum's sensitivity analysis was conducted for the twelve outcome expenditure categories. Results are presented in Table A11 in the Appendix).

they are typically not purchased on the local market (Kosovo) and therefore are not included in the household budget. Furthermore, it is habitual for migrants to send home semi-durables, such as clothes and shoes for the children of the household and other household members, in addition to furniture (i.e., couches, bedroom closets). These items would typically be classified as in-kind remittances and already included in the total amount of remittances households receive. However, our suspicion is that the real value of in-kind remittances is underestimated in remittance surveys, like the KRHS 2011. One reason for this is that respondents are often not knowledgeable of the true value of the items they receive. Our fieldwork shows that this is indeed the case in Kosovo, where migrants rarely discuss or reveal the values of the items they purchase abroad for their families.

Our estimations further show that participation in migration has no significant impact on migrant households' expenditures on housing. The result is not particularly informative if we consider that expenditures under this category refer to rent expenditures and electricity costs. Migrant and non-migrant households spend similar proportions of their budgets on rental expenditures and household utilities. Yet, KRHS 2011 descriptive statistics reveal that over 90% of Kosovar households live in privately owned houses, and it's not possible to capture the impact of migration on housing investments with the empirical estimations presented here. Our qualitative analysis, on the other hand, shows that migrants allocate large sums of money towards investments on land purchases and building houses, which are not observable with the quantitative data available but complemented with the qualitative insights.

Moreover, we find no significant effects of migration on important expenditure categories such as health and education. These categories are considered important for positive human capital development in the context of low and middle-income countries, and participation in migration is seen as a vehicle to enhancing such investments. Our results on the less frequent use of remittances for education and health are similar to those of other studies in the context of Albania and Kosovo (Alishani & Nushi, 2012; Cattaneo, 2012). What might be some plausible explanations behind these findings? The first explanation probably lies in the simple fact that both education and some basic health care services are free and accessible to all citizens in Kosovo. Because there are no school tuition fees, education expenditures are confined to costs of books and other school supplies,

clothes for the children, transportation costs to and from school, and general living expenses of those attending university in a different city. Again, our qualitative data shows that migrants frequently cover costs of clothes and shoes for the children left behind. In other instances, migrants directly pay for the living expenses for adult children attending university in other cities in Kosovo. Hence, it may be the case that migrants do contribute to the education of those left behind, but these expenditures do not enter migrants' household budgets simply because they are directly paid by migrants for the young beneficiaries.

Second, education is considered a common good, which is highly desired by all Kosovar households, those with and without migrants, the rich and the poor alike. Findings of no significant difference in the budgetary expenditures for education between migrant and non-migrant households might also stem from the fact that all households place equal importance on the education of their children. In a counterfactual scenario of no migration, migrant households would still be allocating the same budget share for their children's schooling while reducing expenditures across other categories. Instead of looking at education expenditures, we might be able to gauge more viable effects of migration on education if we focused on indicators such as school attendance, school completion rates and/or university completion rates for children from migrant families. Research using similar indicators has shown consistent positive results of migration on the education of those left behind (Alcaraz et al., 2012; Amuedo-Dorantes et al., 2010; Amuedo-Dorantes & Pozo, 2010; Calero et al., 2009).

With regards to the insignificant effects of migration on household health expenditure, we suggest two possible explanations. The first explanation relates to the fact that that since all Kosovar households have access to basic free healthcare, health expenditures are not sufficiently prioritized like other expenditure categories. The second explanation may relate to who is in charge of decision-making regarding remittances within migrant households. Research shows that female household heads tend to spend higher proportion of remittances on health expenditures compared to male household heads (Guzmán et al., 2008).

Migration, however, seems to play a significant impact on the household budget shares for transportation. On average, migration increases the share of budget allocation for transportation by 0.5 percentage points. This may be related to a higher proportion of cars used for international travel by migrant households,

but we do not have empirical data to substantiate this assertion. Increased budget shares for transportation are somehow unrelated to migrant households' investments in business enterprises.

Based on the empirical analysis, we find that participation in migration does not increase households' investments in business enterprises, including self-employment initiatives. This finding is in line with a similar investigation in the context of Albania by Castaldo and Reilly (2007), with whom Kosovo shares a similar historical, economic and social background. The result is not surprising in view of different facets to the problem. First and foremost, given the relatively small (average) amounts of remittance monetary inflows transferred, it seems logical that Kosovar households choose to prioritize other types of investments compared to business investments. Other, less prominent factors include lack of a proper investment infrastructure in the country, lack of access to bank credit, and lack of a culture that supports and encourages entrepreneurship. Furthermore, we find no effect of migration on budget shares for savings and debt repayments, suggesting that migrant households are not saving out of remittance income. The result supports a general picture of remittance transfers being used primarily for consumption while little is saved and/or used for productive investments.

Table 4.10: Average Budget Shares (%) for households with and without migrants, 2011

	Migrant households Mean	Non-migrant households Mean	T test for Equality of Means t / p-value
Food	0.3843	0.3955	4.28 / 0.0000
Non-food	0.0986	0.1015	2.59 / 0.0095
Semi-durable goods	0.0946	0.0987	3.24 / 0.0012
Durables	0.0304	0.0272	-3.10 / 0.0020
Housing	0.1370	0.1331	- 3.03 / 0.0024
Health	0.0598	0.0555	-3.67 / 0.0002
Education	0.0415	0.0389	-2.27 / 0.0230
Transportation	0.0570	0.0535	-3.50 / 0.0005
Entertainment	0.0451	0.0461	0.94 / 0.3467
Business investments/productive assets	0.0142	0.0126	-1.59 / 0.1118
Savings	0.0159	0.0157	-0.24 / 0.8114
Debt repayment	0.0217	0.0217	0.96/ 0.4801

Note: Test statistic and p-values are reported from two-sample t tests with Satterthwaite's degrees of freedom correction.

Source: Own calculations based on KRHS 2011 data

Table 4.11: Average treatment effects on the treated for expenditure categories, 2011

	Budget Shares		Difference	T-statistic
	Treated group (Migrant households)	Control group (Non-migrant households)	(ATT)	
Food	0.3844	0.4069	- 0.0225	-4.98***
Non-food	0.0984	0.0974	0.0010	0.55
Semi-durable goods	0.0946	0.0965	- 0.0019	-0.85
Durable	0.0304	0.0252	0.0051	2.80***
Housing	0.1369	0.1335	0.0034	1.51
Health	0.0596	0.0574	0.0022	1.10
Education	0.0415	0.0396	0.0018	0.92
Transportation	0.057	0.0516	0.0053	3.10***
Entertainment	0.0451	0.048	-0.0029	-1.63
Business investments/ productive assets	0.0142	0.0111	0.0031	1.73*
Savings	0.0159	0.0133	0.0026	1.52
Debt repayment	0.0217	0.0192	0.0025	1.28

Note: Matching algorithm is NN without replacement and a specified caliper

Note: N = 8,000

* Significant at 10%; ** Significant at 5%; ***Significant at 1%

Source: Own calculations based on KRHS 2011 data

5 THE WELL-BEING OF MIGRANT-SENDING COMMUNITIES: A QUALITATIVE PERSPECTIVE

We were driving our small Mercedes Benz, type A170, on the winding uphill road that takes you from Prizren to Dragash, when we started to notice the impressive number of SUVs with foreign plates passing us by in full speed. Nothing prepares you for the spectacle of the brand-new cars roaming the secluded, mountainous roads of Opoja. For the entire duration of the fieldwork, our modest car would be parked next to our village host's luxury Mercedes ML350. Our host, himself a visiting migrant from Germany, drove us with his new car to several interview sites, happily pointing out that most village people would be happy to see and receive such a car in their driveways.

After a few days stay and becoming acquainted with the village of Opoja, we realized that luxury cars and the new villas were the starkest and obvious reminder of the potential power of migration. "Migracioni ia ka zbardh faqen Opojës!" ("Migration has made Opoja proud!") encapsulates the essence of Opoja migration, which shows that individual wealth accumulated by some has turned into a broader, communal pride. Migration epitomizes the promise of better lives for those that migrants leave behind. Along the way, however, we realized that migration affects people's lives in ways more nuanced than previously thought. Talking to migrant family members and individuals from diverse social and economic backgrounds made it clear for us that there was more to the effects of migration than met the eye. What we uncovered behind the facade of new villas and shiny cars were unfolding processes of active disengagement from the local environment, dissatisfaction and disempowerment closely interweaved with the region's long and traditional participation in international migration.

This chapter takes the reader on an explorative journey into the intricate linkages between migration, remittances and the well-being of migrant-sending communities in Opoja. The choice of Opoja for fieldwork was not random. Reineck's fascinating ethnography of 1980s rural life and migration in Opoja (1991) ignited our curiosity to visit this remote land, where a long history of labor migration remarkably intersects with a distinctively traditional way of life. The analysis presented here follows a qualitative research approach, which, in combination with the quantitative analytical approach taken in the previous chapter (Chapter 4), aims to provide a deeper and more reliable understanding of the well-being outcomes of migration.

Since remitting patterns influence outcomes of well-being, we start our enquiry by looking deeper at how Opoja village households make use of different types of remittance transfers. In the second part, we consider the broader welfare effects of migration: while we illustrate the crucial role of remittances in shielding families from poverty, we reveal some negative outcomes as well. Social comparisons to migrants emerged as a prominent mediator that significantly influenced the migration aspirations and the subjective well-being of individuals in the village communities. Together with the delineation of a minimum remittance income, social comparisons had turned into a barrier to participation in the local labor markets. Women's disengagement from work, we found, had increased their economic dependency on male breadwinners with negative consequences for their empowerment and well-being

5.1 OPOJA: THE QUINTESSENTIAL LAND OF MIGRATION

On our first day in Opoja, as we were setting out for our fieldwork, a 10-year-old boy, whom we met randomly on the street, asked us a startling question: "Të kujt jeni?" The closest translation (though not fully captivating the meaning) would be: "Which family do you belong to?" This question prompted in us the realization that we were treading in a highly traditional environment, an environment in which the individual is but a part of the (extended) family, with these extended families standing at the heart of social and economic relations. Opoja is a mountainous territory situated in south-western Kosovo's at an altitude of 1,620 meters above sea level (Hazer, 2014). It is surrounded by the Sharri mountain range to the south and southeast, which extends from Albania eastwards towards northern Macedonia. The region consists of 19 villages, which are inhabited predominantly by Albanians (Figure 5.1).

The Opojans were traditionally pastoral communities organized in self-governing villages, with each village controlling their own grazing grounds and flocks of herds in accordance with established communal norms and traditions. Farming was less favored due to limited agriculture lands and harsh climatic conditions.

Due to population growth pressures, from the mid-1800s until the beginning of 1900s, the Opojans began participating in trade, being in a strategic location of (Ottoman) military routes, linking the cities of Tetovo, northern Macedonia, and Prizren in Kosovo (Qafleshi, 2011). However, the construction of the eastern Kosovo to Saloniki (Greece) railway in 1870 drove trade away from Prizren to Pristina (Malcolm, 1999). The diversion of trade necessitated participation in labor migration, with many working as migrant shepherds and merchants in other parts of the Ottoman empire.

A century later, Reineck (1991) called Opoja 'the quintessential land of migration', a region where generation after generation young men left their families and travelled abroad to become a 'gyrbetçar', a labor migrant. 'To be an Opojan is to be a migrant, or to be the son, brother, father or the wife, sister or daughter of a migrant' she wrote back at the time (1991, p. 124).

Figure 5.1: Map of Kosovo with the region of Opoja in red

Source: Own compilation

By the time Kosovo became an autonomous province under the Yugoslav Federation, many Opojans had found work in the factories and construction sites spread across the metropolitan cities of Belgrade, Zagreb and Ljubljana. The phrase, "Beograd, për të tjerët i bardhë, për mua i zi'" ("Belgrade, to everyone white" as in, "'the white city'– but to me a grief") captures the leitmotif of the Opoja migration, widely viewed as a necessary sacrifice the migrants had to make to ensure the well-being of households and communities left behind. Migration was still a solitary endeavor, since Opoja men left their immediate family (wives and children) behind, under the care and protection of the extended household.

From 1960s onwards, Opojans began migrating to western Europe, turning labor migration into an extremely lucrative enterprise. Noticing an emergent phenomenon in this time – a disinterest in local employment – Reineck noted: "How can anyone, seeing the standards (of living) of the migrant be satisfied with the earnings of a farmer?" (Reineck, 1991, p. 125). For most Opojans, however, migration was not the end goal but rather a means for improving material welfare – i.e., build a house, buy a car, finance weddings, etc. – and advancing their household socio-economic standing in the village communities. Many envisioned migration as a temporary experience. However, ever-increasing needs meant that many prolonged their stay abroad for years, and at times for decades.

The economic decline at the beginning of 1990s and the closing down of many Socially Owned Enterprises (following the disintegration of the Yugoslav Federation) had detrimental impact on the well-being of the region. Moreover, the Kosovo War of 1999 caused unprecedented damage and led to the destruction of most village houses and farm businesses. In the face of such disruptions, Opojans turned again to migration in bigger waves. Fleeing war and political prosecution, many left together with their families. This marked the beginning of a shift in patterns of migration, from individual towards family migration.

Opoja is not only the 'quintessential land of migration,' but also a place where the role of customs and traditions in people's lives is very strong. Compared to other parts of Kosovo, Opojans have always led a traditional way of life characterized by individual submission to the will of the collective, and obedience to social hierarchies within households (Reineck, 1991). Such observations remain valid and important to this day. A traditional Opoja household is composed of the head of the household, i zoti i shpis, his wife, zoja e shpis, his married and

unmarried sons, the daughter(s)-in-law and their children. In addition, unmarried daughters will also stay in the family house until they are married and join their husbands' households. Family land and other property is typically divided among the males of the family. Although by law women can inherit property, the tradition does not allow it, a phrase we frequently heard in conversations with the villagers. The head of the household is the principal decision-maker and men and women maintain separate work domains. Generally speaking, women do not partake in the decision-making sphere. Moreover, they have limited access to both tangible and intangible household assets, with land, houses and other property being under the ownership of the men in the family.

It is against this backdrop of a highly traditional environment (and high migration rates for this region) that we've attempted to understand the following: the broader implications of migration-cum-remittances on the lives of those staying behind; remittance patterns and interlinkages with household economic welfare; social comparisons with migrants and its effects on well-being; work engagement and its influences on well-being, with a particular focus on the (dis)empowerment of marginalized groups, such as women. These are the key issues we'll explore in the following sections.

5.2 PATTERNS OF REMITTANCE USE WITHIN RECIPIENT HOUSEHOLDS

One day during our fieldwork, we met with Afrim. In his daily job, Afrim is a primary school teacher in Opoja. In the afternoons, together with his family consisting of his wife, elderly parents and brother, he engages in honey farming, using his own modest savings to invest in the business. Afrim explained in a few words that the motivation to start this business was a lack of financial support from other sources, including migration. For our purpose, this investment story is quite telling, because it is an outlier in an environment in which almost every household has at least one migrant family member abroad and access to some form of remittance support.

Relevant for our discussion is Reineck's excellent ethnographic work in Opoja. Reineck's study detailed a clear distinction between consumerism, that was the use of remittances to finance consumption, and productive enterprise, that is the use of remittances to engage in new businesses. Drawing from key insights on rural households' use of remittances, she noted that migrants used remittances to purchase land, build new houses, buy consumer goods and finance traditional weddings. Investments into new businesses and/or other productive activities were quite insignificant (or non-existent).

From our qualitative interviews, we have constructed a graph (Figure 5.2) that shows the use of remittances in Opoja nowadays.[27] This graph reveals that the use of remittances has not changed much from what Reineck observed three decades ago. Today we still observe that investments and development-relevant items such as education and health are comparatively unimportant. Remittances used to construct houses and purchase land are most significant with conspicuous consumption, with households' basic needs coming in second and third place, respectively.

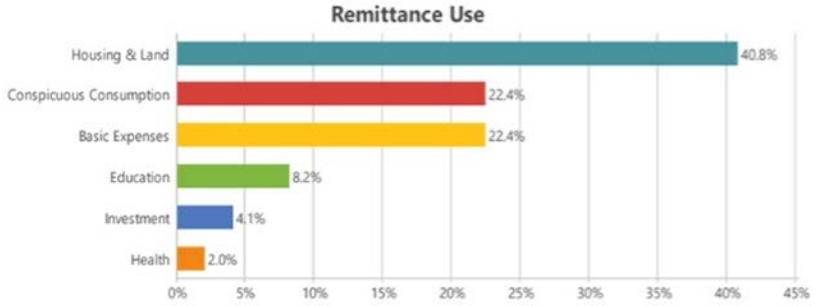

Figure 5.2: Frequency distribution of remittance use in Opoja, 2016

Source: Own compilation based on the 2016 Opoja qualitative interviews

27 The graph depicts the frequency distribution of six sub-categories falling under the thematic category of remittance use (also known as the hierarchical code-sub-code map in thematic text analysis). The frequency distribution captures how many times encoded passages, referring to the use of remittances for housing and land, conspicuous consumption (luxury household items, cars, and wedding expenditures), basic expenses (food and clothes), education, investments and health occur across all qualitative interviews.

For the entire duration of our fieldwork, we were fortunate to stay in the house of Adem, a multigenerational migrant household. Adem, the eldest of four brothers, left Kosovo in the early 1990s following the political disintegration of Yugoslavia and has been living in Germany ever since. Before him, his father had worked as a Gastarbeiter (guest worker) in Germany but, unfortunately for the family, passed away at an early age. The father was the one who had purchased several plots of land and started rebuilding the old family house, which was burned to the ground during the Kosovo War of 1999. With him passing away, Adem was the one who built a new house in a new plot of land. Since Adem was living with his nuclear family in Germany, the new village house became the residence of his two brothers, Ramë and Hekuran, along with their families. Bashkim, the youngest of them, lives with his family in the capital city of Pristina, in an apartment, bought by Adem too. At the time of our visit, the family had not legally split, meaning that all household assets (houses and land) were held in common. In absence of Adem, Ramë was the (acting) head of the household. [As a side note, but quite important for who decides on what, it was Adem who gave the OK for our stay in the household.] Ramë was the one who accompanied us around and facilitated our work by introducing us to other villagers and made it clear (on a few occasions) that we were guests (and under protection) of his family. Walking around Opoja villages, one could not help but notice the newly built three-story villas, with spacious parking spaces, which could easily fit three to four cars, most of them under the ownership of migrant families. The houses are big from the outside, spacious inside, and feature several rooms equipped with modern furniture and industrial-fitted kitchens that could easily support large family gatherings. The construction style and techniques reflect the material innovation that migrants have introduced from the West (mostly Germany, Switzerland and Austria).

In our long discussions with Ramë, and other family members, we asked what they used remittances for and the answer was simple: for basic needs of food and clothing. This necessitated a moment of reflection in us. As researchers, up to that point, we had been very general about the term remittances. What Ramë and his family members understood as remittance transfers referred only to monetary inflows sent by Adem to cover basic household needs (basic expenses in Figure 5.2), the only sums of money over which the family (more precisely Ramë as the head of family) exerted decision-making power.

What we uncovered from a decision-making point of view is that there were two types of remittance transfers: (a) those controlled by migrants like Adem, which were spent on houses, land, conspicuous items, but also health, education and other investments and (b) the ones sent to cover basic household needs and controlled by village households. As our analysis revealed, remittances sent to cover the households' basic needs represented more frequent but smaller amounts of money. Ramë explained this point in detail: remittances for family necessities (b) were sufficient for covering basic family needs but never enough to save in order to finance productive investments, as he explained:

> *The remittances may cover only some basic needs, only the family needs, you know what such needs are: to eat, to drink, and to buy clothes. It [remittance income] is not enough to invest in agriculture, in business or to achieve something. Just for family needs, to cover consumption, so that we have enough to eat.*

Ramë was adamant that his migrant brother never interfered with the money sent to cover the household's basic needs. When Adem decided on extra work (build a section of the house, renovations on the exteriors or interiors), he channeled the money to Ramë and commissioned him to take care of the housing project. In this respect, Ramë was acting on the migrant's behalf and had no authority over the use of such money, as he pointed out:

> *It is not me who decides about housing investments. If he [Adem] sends 10,000 Euro and says build a house, I will build a house. If he gives me 200 Euro for family expenses, then I will spend it on the family.*

The family's new house, in which we also stayed, resembled more a vacation villa rather than a farm house. The old house, which we had the opportunity to visit with Ramë, used to be a proper farmhouse, with a cowshed and a storage space for animal feed and other tools needed for work on the farmland. The women of the family, Mira and Afërdita (wives of Ramë and Hekuran, respectively), revealed that the structure of the new house was created from the vision of the migrant

brother in-law: no cowshed nor a designated space for tools and other things needed for farm work was envisioned. Afrim, the honey farmer, had an interesting remark about the new houses. Some people, he noted, with reference to migrant households, did not want to keep animals around their newly-built houses: "They say, o pula, o lula' ('you can have either chickens or flowers')."

Photo 1: A newly constructed village house (Opoja). Most new houses resemble vacation villas.

Together with houses, conspicuous purchases were also driven by migrants in a bid to improve their social status in the village communities, including purchases of expensive household items, cars and extravagant wedding expenditures. These purchases are bought in Germany, Switzerland and Austria. What remittance-use literature maintains and what we observed in the field is that conspicuous consumption drives households to emulate the same patterns of expenditure ('pecuniary emulations' – weddings being a primary example). Further, it diverts resources away from investments in productive activities (Amuedo-Dorantes, 2014).

Migrants themselves had started to realize this point; all the money spent on conspicuous consumption items had been a huge drain on their resources with no or little impact on the well-being of their families and communities. Poignantly, a migrant living in Germany for over two decades, openly admitted the futility of conspicuous purchases over so many years, stating:

> *The money that I sent here, almost all of it was misused. Because I was proud that my brothers had cars, for cruising around. The money I sent, if one had invested this money into business, it could have created 30 or 40 jobs until today. But this was my mistake as well. I was young. And I thought I was helping.*

The emulation effects of conspicuous consumption were particularly evident in the case of wedding expenditures. We participated in several weddings during our field trips. All of the weddings were arranged in August to coincide with the migrants' arrival, as they are the main monetary contributors. The rituals were extremely costly, involving multiple events and festivities with hundreds of guests. The more a family spent on a wedding, the higher its perceived social status in the community. However, although weddings play an important role in gaining social status, Opojans were divided into two camps when it came to traditional weddings: those who were critical and openly admitted that wedding expenditures were unreasonable and exaggerated, and others who justified such expenditures based on tradition.[28] A prime example of the above observation is a story that we witnessed first-hand. Bashkim, the youngest brother of Adem, came to the village to attend a wedding ceremony (of his nephew) together with his wife and their two teenage daughters from Prishtina.

The two girls were well-educated, very self-confident, and clearly aware of the difference between their urban lifestyle and that of their cousins in the village.

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28 In the past, wedding narratives were always a mix between justifying and renouncing conspicuous expenditures. In most migrant families wedding expenses were covered by remittances. The more the groom's family spent on gifts for the bride, the higher its status was perceived to be. Wedding expenditures were highly motivated by the desire to show off the improved status of migrant families. This was in part facilitated by a tradition of displaying items purchased for the bride (e.g., clothes, shoes, and bride's jewellery) before the community. In what Reineck named 'a status competition', families without migrants had to struggle financially in order to match the investments made by migrant families. Hence, she argued, remittance sent home by migrants inflated wedding expenses over time (Reineck, 1991).

The eldest of them, Diellza, described how weddings in Opoja were still more traditional than elsewhere in Kosovo and extremely costly. For instance, a traditional wedding dress for the bride would cost a minimum of 500€, whereas the wedding itself could go well beyond 10,000€ for a party of 200 to 300 guests.

When we asked her what she thought about this tradition and the costs involved, she was clear headed and unwavering in her thinking. For a teenage girl, she understood the value of money and the goals one could accomplish if given access to that money.

Instead of a big wedding, she would have preferred to use the money to learn a new language and travel abroad. At the end, however, she admitted the family and social constraints: "It is a shame [for the family] if you don't have it [a big, traditional wedding]. It is just too important to the parents," she sighed. Her father's view on the other hand fell in line with what one group (as we explained above) thought about weddings in general. Being a migrant himself for a short period of time, he related an old story from his father, who never (even once) visited cafeterias and restaurants in his thirty years of stay in Germany. "I do not want to die", he would tell Bashkim, "before I settle this debt for you." By debt, the father meant marrying off his children honorably, as tradition demanded it. In order to keep up his standing in front of the bigger family and the community, Bashkim had the same plans for his daughters.

We started this section with a small story of Afrim, the honey farmer who had no remittance support and built up a business in which he employs his entire family. This type of productive investment is important for provision of employment opportunities and, from our fieldwork in the region, there is little evidence remittance investments are taking place. Migrants exert decision-making power on superior investments such as housing, land and conspicuous purchases, while productive investments remain a low priority for this group. On the field, the main question always remained: Why is it that migrants engage in conspicuous purchases rather than investing in productive activities?

The results suggest the following reasons, whereby the following list is not based on what's the most and least important, as they are all interdependent and interrelated. The first reason has to do with the economic background realities of Kosovo. Lack of capital investments and access to credit (making it extremely difficult to expand on physical capital and modernize the production technology),

and lack of an investment infrastructure, including weak state structures, push migrants to invest in what are considered secure investments (housing and land). Second, unlike before, migrants together with their nuclear families, live abroad. Investing back at home requires, like the honey farmer, continuous physical presence in the community. With their lives and their families abroad, migrants have simply given up on the idea of business-related investments which in any case are perceived as high risk. On the contrary, status-related investments (conspicuous investments) provide more immediate results and contribute to image building. Even though migrants do not need to generate their livelihoods in Opoja, maintaining and/or showing an improved status in the local community remains of outmost importance. Investments in houses and luxury cars are designated to do just this: project the image of a successful migrant. As a result, the newly built houses are designed to accommodate the aesthetic preferences of the migrants who come back to the village on holidays rather than the daily needs of a community that needs to generate its own livelihoods.

While the use of remittances for development-relevant categories such as education and health may seem small (compared to the other categories), in reality, many families with migrant members invest in education. Since education is free of charge in Kosovo, there are no school tuition fees, education expenditures are confined to costs of books and other school supplies, clothing, transportation costs to and from school, and general living expenses of those attending universities. A very important point not captured by the KRHS 2011 results is the fact that migrants fully cover the costs of these education expenditures – these expenditures are directly paid to the beneficiaries (for a detailed discussion see section 4.6). More precisely, migrants seem to prioritize the education of children over investments in agriculture or business ventures.

During our discussions with Mira and Afërdita, the two sisters-in-law in our host family, we learned about the continuous contribution of Adem (the migrant brother-in-law) towards their children's educational expenses. For many years, he had financed the schooling and the university fees of his nieces and nephews equally. Children's education had always been the number one priority. Investment in education took precedence over agriculture-related business investments, as Mira explained:

What to ask from him [the migrant brother-in-law] first, it is hard for him too. He has done a lot for my children, a lot. The school, the faculty for my daughter, for my son, so we do not get to invest remittances in agriculture.

Overall, it seemed that migrants did not send sums of money designated specifically for households' health expenditures. Yet, health expenses were important in that migrants were willing to cover them. Health expenses seem to be part of remittances sent to cover basic household needs, as explained before, and will only be increased if there is an immediate need. For instance, village households would typically ask the migrant family member for remittance money only if there were sudden illnesses in the family. As one interviewee stated: "If you suffer from a serious illness for instance, we ask for the money and he [the migrant] sends it. With the illness, you never know, so he sends the money" (Villager Interview, 08/2016).

There were, however, a few instances of familial arrangements involving chronic illnesses where migrants remit frequent sums of money for the purchases of medicine and medical treatments in Kosovo. In some cases, migrants also regularly dispatched medicine back to the village families.

5.3 MIGRANTS' CONTRIBUTIONS TO MATERIAL WELFARE

This section highlights two key points. Migrants and remittance transfers have prevented villagers from falling into poverty. They have contributed tremendously with investments in housing and improvements in village infrastructure. Yet, changing patterns of migration mean that more and more young migrants are now supporting their closest family members compared to an old generation of migrants, who sustained entire households and village communities.

We met with Selman inside his shop in the center of the village, one of the various businesses that the retired businessman had opened since his return to Opoja after many years of migration in the West. Selman belonged to the old generation of migrants; those who had left Opoja in the early 1970s and who did not

have a chance to bring their families abroad. Separated from his family for over four decades, Selman dedicated his entire time and energy to work. He labored hard and saved every penny he could. The money he put aside was invested into the family house, the farm business (Selman was one of the few migrants that had invested in a farm business), the education of his children, grandchildren and their subsequent marriages. And not only that: Life in Opoja, he explained, had always been communal. Apart from his own wife and children, there were his parents and his own brothers and sisters who needed his support throughout those decades. The remittances he sent back home helped sustain a big family of 35 members. There was a strong sense of pride in what he had accomplished for himself and the extended family. Sadly, these investments were lost as a result of the 1999 Kosovo War. The house and the farm business were burned down, not once but two times. Selman was clearly upset when talking about this period of his life. Like many others in his village, he had to rebuild everything (the house and farm) and start all over again. He could do this only thanks to the money he continued to earn as a labor migrant abroad.

"My family lives very well now," he accentuated several times during our interview. The big family (his three sons along with their wives and children) lived in a very big and modern three-storey house comprised of 15 rooms, with separate bathrooms on each floor. The household had not yet been split, but he had built three more identical houses on his property, one for each of his sons to live in for when the household eventually splits. His sons and three of his grandsons work full time in the family businesses. The young generation, he stressed, referring to his college-age grandsons, knew and/or remembered very little of the destruction that the war brought upon the households and communities. The newly constructed houses, the rehabilitated village center, the mosque with its new minaret, the football field and the elementary school; in other words, the village as we saw it: "almost all of it was (re)built with our money [migrants` remittances]," pointed out Selman (see selected photos that are included in Appendix A4). During his time (when he left as a migrant), the village used to look very different, quite old and run-down, and the households were much poorer. There had certainly been an upward shift in living standards and overall quality of life, not just for him but for most households, he concluded.

Selman's story is similar to the countless testimonies we heard about migrants' major contributions to the improved material welfare in Opoja today. During our fieldwork, we observed that the construction and refurbishment of new houses via remittances has helped to build a pleasant environment while fueling the expansion of the villages beyond what used to be the traditional neighborhoods before the 1999 war. Locals' narratives were frequently permeated by expressions of pride and satisfaction with the new houses and neighborhoods that migrants have helped build. "This is the only old house, the rest of the houses are new," was what Ramë conveyed to us while introducing the newest neighborhood built around the mosque in one Opoja village. "I tell you," he continued, "overall, migration has been positive, because it has led to an evolution. I am not saying revolution, but evolution in the progress of the household economies, the village economy, in raising living standards and improvements in infrastructure for all."

Indeed, Ramë was speaking from his personal experience. His brother Adem, our host whom we introduced in the previous section, has helped his extended family (brothers, sisters, nieces and nephews) for decades now. Differently from Selman, Adem belongs to a newer generation of migrants, that is, those who left Opoja in the early 1990s and took their nuclear families with them. As the household was also in this case still considered one unit, the family in Opoja received monthly remittances to cover basic consumption needs. In addition, Adem had invested heavily in several houses and flats (in Pristina), including the village house where we stayed. Adem's migration had enabled the entire household to reach a number of economic goals, which included the purchase of additional land for housing, increased home ownership, improvements in housing quality and adequate coverage of food-related and other consumption needs. Like Selman's case, he was getting ready to split his household at the time. This meant that all accumulated assets (land and houses/flats) would be equally distributed between Adem and his three brothers, ensuring that everyone received an equal share in the end.

It was very interesting to note how, within village communities, people like Selman, Adem and migrants in general were often viewed as saviors (with a particular reference to the Kosovo War) and protectors, with most of our interviewees contending that without migration the livelihoods of the entire village population would have been in peril and faced with lower living standards. Even if a family did

not have a migrant family member, it still benefited from participation in international migration for two main reasons. First, life in close-knit communities implied that every household, including the poor ones received some kind of assistance from the extended familial circle. This was already noted in Selman's interview, when he pointed out how communal life meant that families helped one another and "it worked out that everybody had something".

Second, non-migrant households seemed to benefit from 'trickle down' effects of remittance transfers from abroad. Afrim, the honey farmer, explained that the outmigration of people from his village had helped the business very much. Even though he did not have an immediate migrant family member, the household benefited since it could sell more of their agriculture products (honey, eggs, etc.). When migrants came back home, "they would spend all the money there". While it was difficult to estimate the real magnitude of the 'trickle down' effect of remittances, such effects were more pronounced during the summer months when migrants were back in Opoja and brought hard currency with them. The money would typically boost certain niches of the service sector, such as hairdressers and beauty salons, jewelers and small retail shops, primary agriculture production (due to migrants' preferences for local food), coffee shops, restaurants and wedding salons. In fact, a number of shops were open only during the summer to cater to the needs of the visiting migrants.

Furthermore, there seemed to be a common understanding among our interviewees that village households benefited from migration despite a slight increase in perceived inter-household inequality (confirming our previous empirical estimations that participation in migration remains highly beneficial for improving social welfare regardless of only a marginal increase in inequality, see Chapter 4). While agreeing that migrant households enjoyed higher incomes in comparison to other village households, most interviewees indicated that inequality was not an issue for their communities. The relatively wide redistribution of remittances seemed to hinder strong inequality effects. Afrim relayed:

> *We don't have so many rich [people]. Or many poor, there aren't. People at the middle strata mainly. Those who have a little bit more are the migrants. But everyone has a house, even the poor ones.*

Likewise, the above quotation drew our attention to the fact that while a household may be considered poor in terms of income, it may not be poor in terms of assets, thus even the poor own houses in Opoja.

Home and land ownership, which constitute an important dimension of asset-based poverty, was something not captured in our income-based poverty measurements (in Chapter 4). Understandably, owning a house or a plot of land in the mountain does not offer immediate protection from poverty (when you have no money to buy food or heat the house). It does, however, offer a guarantee against hardships in the future. For instance, when we went back to Opoja to visit our host family a year later (in August of 2017) we learned that the household had already split and the brothers had divided the houses/apartments and the land plots among them. Hekuran, one of Adem's brothers, had retained the family home and was still living in the village with his wife, son and daughter. Ramë, we were told, had moved together with his family in the capital city of Pristina. He had sold his part of land for a very good price and with the money was able to purchase a new flat. Apparently, the split of the household's assets had facilitated the move to the capital, where both Ramë and his sons had found employment.

Photo 2: The rehabilitated village centre was financed with donations from migrants (Opoja).

However, the current migration and remittance system are undergoing significant changes with impacts on the villagers' material welfare. The increase in family migration and the ongoing split of the traditional household maybe an important game changer in this respect. Revisiting our host family once again in the summer of 2018, we learned that Adem's youngest nephew, Ilirjan, had already left for Austria. In comparison to the older generation of migrants similar to Selman, who did not have the opportunity to bring their families along, and/or to his uncle Adem, who worked relentlessly and sustained a very big household, Ilirjan's migration is different. We can easily imagine that his sole responsibility in the future will be to support (via remittance transfers) his small village family consisting only of his mother, father and sister.

5.4 SOCIAL COMPARISONS TO MIGRANTS

In the section above, we described the overall positive effects of migration on the material well-being of village communities. Yet, migrants were not only the saviors and protectors that shielded village families from poverty and destitution. The locals frequently used them as a comparison group; migrants' exuberant display of wealth caused mixed feelings of envy and in other cases of ambition among different groups of villagers.

For example, single young men who had never left Opoja felt envy most strongly towards the migrants.[29]

We visited a number of coffee shops and talked to young men there; women never visit these places except for in the bigger cities. The young men all possessed smart phones with which they kept in touch with their family members and friends abroad. The most common narrative, and a naive view we should add, among this group was that migrants made a lot of money and enjoyed comfortable lives abroad. In one of our sessions, for instance, we joined a table in which

29 The envy effect is an important canvas in the literature of subjective well-being. It posits that, on average, individuals are less happy if people in their reference group are doing better (Clark & Senik, 2010). There may be reasons for the dominance of envy effect among this group. First, social comparisons play a bigger role in happiness when people are young (Perez-Asenjo, 2011). Second, younger generations rely more often on material wealth to attain social status. Hence, they are more susceptible to envy-related welfare losses compared to other age groups.

two close friends were seated. One was a migrant running an entrepreneurial business in Austria, and the other, of the same age as his friend, was unemployed living in the village. We asked the men to talk about their present and future life prospects. What struck us was that the young man living in Opoja took upon himself to discuss not only his own life circumstances, but also those of his migrant friend. Expressing a deep dissatisfaction with his current unemployment situation, he noted that he would leave for Austria or Germany at the first opportunity presented to him. True, he did not go to university and did not speak any German, but he was fully convinced that he would find a job there. Turning to the migrant friend he noted, "Look at him. He has his own business, a house, a car, and he just bought a second car [pointing at a BMW parked outside] a brand-new car!" In comparison to the image of the high-earning, successful migrant, the young man viewed his own life prospects as gloomy and very uncertain. Finalizing his speech, he pointed once again to his friend and asked a poignant question: "Why isn't he talking, isn't he living in Austria? Isn't he? If I could, I would immediately leave for Austria." Sipping his coffee, the migrant from Austria smiled throughout the conversation but did not say a word.

Photo 3: A focus group with Opoja men in a central village café

We noted how most young men populating the village coffee shops shared a similar sentiment about the migrants. Even though they do not live and work there, migrants were typically identified as the highest earning individuals in the village communities. Although compelling, the Narratives of 'migrants have it easy abroad' are quite naïve since the young men typically did not discuss, nor were they aware of, all the hardships of 'making it on your own' in the West. In other words, it is the migrants themselves who have not shared their living experiences with their compatriots, who in turn, by looking only at the displayed wealth, have created an ideal image of the migrant and migration.

A more mature group (age-wise and some with prior migration experience) of locals expressed worry at what was happening with the new generation at home. In interview after interview, villagers described to us an explicit frustration with their children of the 'younger generation' – a heightened sense of envy and disappointment during the summer months especially, when most migrants are back home. An older generation migrant with quite a broad view, which we hadn't encountered among most migrants, was explicit in his criticism against other migrants for not talking and revealing the real difficulties that come with migration. Work abroad, he noted, is hard and the day starts very early, but the younger generation are conflicted because they are never told these simple truths. Misleadingly, they believe that the streets are paved with gold abroad.

Another interviewee noted that this situation among the young generation had become so absurd that even young men from very wealthy village families had only one goal in mind: the desire to migrate. Pointing at their very good living conditions and the wealth that they enjoyed, he continued, there would be no need to migrate, especially for this group. And yet, the youth, according to him and to what we observed, expressed only one desire: to migrate.

The whole picture (young generations' strong desire to migrate) is quite complex. First, in line with our main argument of social comparisons, migrants, we would argue, are partially responsible for this situation. In a bid to maintain, improve and promote their social status in the community (by purchasing expensive cars, building unnecessarily big villas) and by not engaging in truthful descriptions of the hardships of their daily lives and activities while abroad, they present a distorted but nevertheless flashy and glossy picture of the reality, a picture which is displayed every day in front of the young generation. Second, dealing

with a strong traditional setting, we should not discount the role that parents and family play in the formation of hopes and expectations of migration. Another socio-demographic group (middle-aged couples with children), which we engaged with often, presented the prospect of migration as an ambitious objective. This category used comparisons to migrants to form expectations about the future of their children. Migrants' apparent life trajectories signaled future opportunities, and many contemplated their children's migration with nuances of optimism.[30] It should be noted, however, that none of the interviewees falling in this group had prior lived experiences as migrants. In this sense, their expectations of migration seem to be no more realistic than those of their children and other young men whom we discussed above.[31] While such a sentiment came from people with no experiences of migration, the older generation of migrants, some of whom have come back to retire in the villages, expressed more critical or even strong opinions against the migration for their own children. Discussions with this group bring us to the third and final point. There is a strong drive, unbeknownst to the old generation of migrants, among the children and the younger generations within their households to migrate.

Selman (whom we introduced before) and Nexhmedin were two retired returnees with a very long migrant experience. The two men had worked abroad for over forty years, came back and invested their life savings in a number of business ventures in Opoja. Their sole aim was to ensure good living conditions for their children and grandchildren so that the idea of migration would never cross their minds. Both men managed their big households in the same way they managed their businesses: Power and money were concentrated in their hands. As heads of the households, the two patriarchs were the sole decision-makers. While they knew the ins and outs of the businesses, what they did not know, or maybe did

30 In the subjective well-being literature, this is known known as the ambition effect. It predicts an improvement in welfare if individuals feel optimism from comparisons with the reference group (Clark & Senik, 2010). Comparably, our field observations and data analysis show that a number of older married men in Opoja entertain hopes of migration for their children. Having children allows this demographic group to shift their experiences from envy towards having ambitions for migration.

31 Notice that in these discussions the interviewees always talk about their sons —– that is young men's — ambitions and goals of migration. We came across no instances of parents supporting the single migration of their daughters. Young women's migration was viewed possible only through marriage. Families of young women aspired to marry them off to a migrant.

not want to acknowledge, were the hidden wishes to have most of their children and grandchildren aspire to migrate.

Jeton was Nexhmedin's third son. Sharp-minded and talkative, he told us about his (secret) plans of leaving. When asked point blank if his father knew about this, he replied with a categorical no. His father may have had the wish for him to return and invest as he (the father) had, but according to Jeton, the father did not make the right decision. In his own words, there was no hope that things would change and improve in Opoja in the future. He explained how work in the family business was hard, but not financially rewarding. It seemed that neither Jeton nor his brothers were knowledgeable about the business and household finances, since their father managed all of that with an iron hand. Our understanding is that he made a monthly salary that was quite small in his view for the long hours put in. Jeton viewed migration to Germany or Switzerland as an option to gain economic independence for his own nuclear family. He was willing to give up his share of land and hand it to his brothers, just like his father did when he left for migration. The brothers could do work on the land or do whatever they wanted to. As soon as he would get an employment contract in Germany (apparently there was a mechanism in place to facilitate migration to Germany), he would leave together with his nuclear family (wife and son).

Fisnik, Selman's nephew, on the other hand, worked together with his father and uncles on his grandfather's (Selman's) businesses. While knowledgeable of the privileged position of the household in the village, Fisnik was adamant in leaving for Switzerland. It was difficult for him to precisely pinpoint the motives behind his desire to leave. He talked about his wish to have his own money and provide for his own family once he was married. At the time, he worked for the family but admitted that he never got a monthly wage. Nor did he know how much he would be getting for doing the same type of job elsewhere. His grandfather recently bought him a new motorcycle, but Fisnik had no idea how much it cost.

Fisnik was aware of his grandfather's aspiration for him to stay in Opoja but would not be dissuaded. In fact, reaffirming our theory of social comparisons, his grandfather represented the ideal figure of the migrant. Fisnik wished to emulate his grandfather's life path – go abroad, experience the city life, become financially independent, help everyone back at home, come back and earn the respect of the family and that of the entire community. Was he prepared (in terms of language

and other qualifications needed) to succeed abroad? Was Fisnik aware of the many difficulties that came with migration? In this aspect, Fisnik and Jeton fell in the same category as the other young men with whom we met with frequently in the cafeteria. Lack of a foreign language or other skills and qualifications were dismissed as something irrelevant. Fisnik was convinced he would learn German very fast, while Jeton saw himself building a business. Jeton's business acumen, weighing opportunities and costs, was quite impressive. Even though both had immediate relationships to (former) migrant family members who did not support their aspirations of migration, none of them seemed informed enough to the difficulties and sacrifices that came with it.

In several candid discussions, the patriarchs openly told us, but not their own kin, about the difficulties and sacrifices made during the long decades during migration. Some of the things mentioned, such as solitude, living hardships, long working days and a lack of integration, mental health problems and even drug abuse, were things that the younger generation could not even comprehend. When the patriarchs, as very young men, left Opoja in the early 1970s, they were somehow prepared for hardships coming from the poorest province of Yugoslavia. Furthermore, the outbreak of the Kosovo War of 1999 made migration a necessary livelihood strategy– the only option for supporting families and communities. In the older migrants' views, having not been faced with real hardships, today's young generation, seemed to display an unrealistic expectation and lack of knowledge on migration.

5.5 WORK PARTICIPATION AND ITS DISCONTENTS

This subsection takes a closer look at the intersection between migration and the motivation to participate in the local labor markets and the (negative) consequences on the well-being of migrant-sending village communities in Opoja. We discuss the effects of labor force participation for men and women separately since Opoja men and women have traditionally occupied different spaces within the household and outside of it.

5.5.1 The effects of migration on young men's work participation

Findings consistently show that unemployed individuals are susceptible to mental health issues, such as depression, anxiety, sadness, with many experiencing lower levels of self-appreciation (Argyle, 2001; Clark et al., 2001; Cole et al., 2009; Galambos et al., 2006; Goldsmith et al., 1997; Seligman, 2010). Such negative effects will persist in the long-run if individuals remain unengaged in activities that match their skills and/or challenge those skills further (Seligman, 2010). On the contrary, participation in work-related schemes is shown to considerably improve subjective well-being, even for the long-term unemployed (Ivanov et al., 2019).

A negative relationship between participation in migration and the local employment of young Opojans was first noted by Reineck (1991), who tells stories of young men refusing to become farmers or work in other occupations with low economic returns compared to migration.

Our fieldwork in Opoja reveals the same low motivation for local labor force participation among young people. More specifically, when discussing current work engagements and future job prospects with young men, they always compared their employment opportunities to those of migrants abroad.

Many lamented the local job market conditions which, according to them, entail long working hours (10-12 hours), low monthly wages (250-300 Euros), and lack of access to social assistance schemes similar to those in the West. In our focus group discussions with this target group, a number of participants expressed the wish to leave Kosovo or said they would leave at the first opportunity given to them. One young man explained:

> *You go to Germany, you work in Germany for three months enough to get what you would get here working for one year, no, even more, even better. 'Çka të duhesh me një rrogë ty?' What can you do here with one wage? Work on your land, do whatever you want, it is not enough.*

Young Opoja men were also willing to withdraw their labor from the job market because of other insecurities. As one discussant put it, you work here for a month and you get 300 Euros: "the next month you have nothing. In the West, if you are laid off, you still get something [social assistance]" (Villager interview, 08/2016).

Such stories were so common that the promise of higher wages was a strong motivator to withhold labor in the local market and entertain a dream of soon moving abroad. A middle-aged Opoja villager related to us in detail the big difference between Kosovo and Germany in terms of wages in the construction sector. It was of little surprise to him that all young men wanted to leave Opoja and work in Germany or Austria.

Apart from construction, another sector in which this phenomenon was observed was the service sector. On some occasions we stopped for lunch in the center of Dragash, where the only hotel in the region is located and its restaurant section is visited by many. Fortunately, we were able to speak to the food and service manager of the hotel on a couple of instances. On one of these occasions we sat with him for almost an hour, during which we interviewed him about the services and labor in his field. He struggled for seasonal workers and expressed frustration at the situation. While understanding the difficult economic circumstances of Opoja, and Kosovo in general, he pinpointed the root cause behind the young men's decisions to withdraw their labor. Receiving remittances from migrant family members, he argued, allowed many Opojans the possibility to disengage from the local labor markets. In the particular sector of hospitality there are many (seasonal) openings but very few applicants. There were opportunities, he reiterated again and again, not only in his sector but in other sectors as well.

In many other cases, farmers and small-business owners talked to us about serious labor shortages (for cowshed workers, shopkeepers, supermarket employees). The seemingly paradox of high youth unemployment rates and shortage of labor in say, agriculture, was explained by a farmer as follows: "Why do we work? To support our living standards, we need to pay rent and all costs associated with housing (electricity, water, upkeeping, etc.) but also food and clothing. When the young have no need to pay rent, and everything else is paid for by remittances, there is no urgent need to look for a job." Regarding the question of why young Opojans are not willing to work for local daily wages, one farmer pointed to the

young men populating the central café in the village. Then, he bluntly replied: "Do you know why? Because every person who sits here [in the café] in the evening, has someone [abroad] who supports them" (Villager interview, 08/ 2016).

Another facet of this story is that remittances enable households to withdraw labor from sectors already deemed unattractive to work in. This is usually referred to farm work and work in the private sector. Engagement in farm work was seen as dirty, low paying and of low status. Uneducated and educated alike saw farming as a disparaging activity. In the case of educated men, this was even more so. The same negative sentiment was also observed for work in the private sector. The expression 'to university or in migration', ('në fakultet ose në gyrbet') delineated the only two desirable livelihood opportunities available to young men. Even today, those with the immediate intent to of migrate typically refrain from university education, while those who attend university most likely end up working in the public sector. Access to remittances enabled both groups to withhold employment in the private sector.

What are the discontents associated with such withdrawal from work? From our observations in the field and the numerous interviews and discussions, we noted that in their wait for migration to materialize or a new job position to open in the public sphere, many young people felt frustrated, angry and pessimistic about their future life prospects. In one episode, while sitting at the usual village cafeteria and talking to some young men, one could feel the tense atmosphere and the frustration as they described their daily routine as 'waiting for something to happen'. Here is how the discussion continued:

> *Young man 1*: "Look at this young man. He graduated with a university degree and he has to work for 250 Euro/month."
> *Researcher*: "Is he not willing to work for 250 Euro/month?"
> *Young man 1*: "Would you work for that amount? Would you? Highly educated and working for 250 Euros? What can you do with 250 Euros? You could only pay for your macchiato and that is it."
> *Young man 2*: "She [the researcher] does not know these things. These may seem like simple things but (these things) are important to us. Let me explain. These frustrations are very important as you go about your daily life, in every second of your daily life."

Standard and often repeated expressions such as, 'ktu nuk jetohet' (life here is meaningless) or 'që nesër do merrsha rrugën për gyrbet') 'if I could, I would migrate tomorrow' are but a few examples of the negative feelings and pessimism derived primarily from willingly disengaging from the labor market. Those at a higher risk of being trapped in a vicious circle of dissatisfaction were the university graduates, since they were not willing to work in substandard professions with lower wages. Most people in this group felt anxious and restless as time goes by due to the realization that they may not find a job that will match their skills and qualifications.[32]

Arguably, self-employment could be a sustainable solution for young men to engage in work in the region, but most Opojans view this as a matter of state intervention. A prevalent opinion was that the state should initiate schemes aimed at kick-starting self-employment activities. When state intervention is absent as it largely is in the case of Kosovo, migrant remittances could potentially provide a viable financial source for job creation. However, as our analysis revealed, the biggest bulk of remittances is absorbed by conspicuous consumption and very few migrant families show inclination towards entrepreneurship. Lack of entrepreneurship represents a missed opportunity to enhance Opojans' well-being, particularly in view of evidence that self-employed people are on average more satisfied with their lives compared to those employed in the public sector (Clark, 2010; Hessels et al., 2018).[33]

As our analysis of remittance patterns showed above, there were few young entrepreneurs who had managed to launch their businesses in the region precisely because they lacked support from

migration and remittance income. Adversity and challenging life conditions force people to face realities and engage in their daily lives by means of opening a business or engaging in other entrepreneurial activities. The hopes and life

32 Among the Kosovar asylum seekers arriving in Germany in 2015, single young men exhibited similar heightened feelings of frustration and anxiety primarily as a result of their prolonged unemployment history. Most young people with high education considered their prospects of entering employment back in Kosovo as very poor (see Möllers et al., 2017)

33 Despite a wide consensus on the positive effects of self-employment on well-being, research also shows that entrepreneurs may be overoptimistic individuals whose life-satisfaction rates will lower in a few years' time from the start of their business venture (Odermatt et al., 2017). Researchers also differentiate between different types of self-employment (for instance opportunity vs. necessity self-employment) and their related consequences on subjective well-being (Binder & Coad, 2013).

prospects of such individuals stood in stark contrast to the ones who are disengaged from work participation. Even though these individuals had very well faced hardships and other obstacles, the hope for finding solutions to such problems made, in their words, life worth fighting for. Afrim, the beekeeper, whom we've mentioned previously, revealed in joyous overtones:

> *It is the need for survival that pushes you. (…) It means, if you have no other option, you have to deal with what you have, to fight with what you have.*

By 'no other options' he clearly meant no remittance support and no other tangible assets to finance his business activity except for hard work and simple and clear life objectives. His answer to the young men? There is no point in becoming lawyers and economists when there is little demand for these professions in Kosovo. Young men do not necessarily have to get a job on a farm, he noted, but they could very well engage in self-employment opportunities, just like he did.

5.5.2 Migration, women's work and empowerment

The importance of work as a mediator of women's empowerment, came out prominently in our interviews with Opoja women. Women in migrant households in particular were more vocal about the saliency of work since male outmigration affects their freedom of choice and action to a greater extent compared to other village women. Within the Opoja patriarchal household, men and women traditionally maintained separate work domains. Women in this region had rarely or not at all engaged in (paid) work outside of the household. Their work domain had always been confined within the household. Thus, how has migration and remittances influenced their work?

The migration of a male family member did not have an observable effect on women's work reallocation, as they would not take over men's roles and duties outside the home. Other males in the family would typically share the responsibilities previously held by the migrant. This is in dire contrast to the situation of rural women within migrant households in Albania for instance, who habitually

took over part of the migrant husband's workload and other family obligations, gaining some degree of independence in decision-making and control over family resources (Vullnetari, 2012). While work reallocation and shifting of family responsibilities from men to women did not happen, migration and remittances still shaped women's work within the household. Opoja women's traditional roles evolved around the performance of daily chores that included cooking, cleaning, and looking after the children and the elderly. Women were also in charge of valued home-based production activities such as sewing, knitting, dyeing of clothes, beddings, carpets, as well as animal husbandry. However, as early as the 1980s, Reineck observed, women's productive work responsibilities within migrant households started to diminish. As receipt of remittances improved households' incomes, it also enabled rural families to gradually switch from the production of clothing items, household textiles and other soft furnishings to purchasing them in stores (Reineck, 1991). Furthermore, women had traditionally played a very strong role in livestock production (milk, cheese, butter, yoghurt, etc.), which constituted the staple food for the village households. These staples were bartered between village families, and this was an important source of income.

The disjunction from farm work and livestock production for most migrant families came after the 1999 Kosovo War, which caused the rural population massive losses in houses, farm businesses and household assets, including livestock. Farm investments including purchases of new livestock, were side-lined as migrant households used remittances to rebuild their family houses, to purchase more land and construct new ones, and to cover food and basic household needs.

In our host family, a multigenerational migrant family, we had long discussions with the women of the family about their past life experiences, current and future perspectives. Mira and Afërdita, two sisters-in-law would wake up early in the morning, do some chores around the house (the children were adults) and would have a lot of time on their hands with nothing meaningful to do or attend. Anytime we brought up the past, their eyes lit up and they would go on at great lengths and explain their valuable contribution and meaningful engagement with the economic activity of the household. In the past, the house was a proper farmhouse with a cowshed and all proper tools and equipment needed to tend the animals. Mira, the younger and the livelier among the two, would enthusiastically speak about the daily routine she shared with her sister-in-law. They would start

the day with a cup of coffee and then put on proper farm clothing. They would first tie the animals (the cows) and then fetch them water and forage (she liked to stress the fact that forage was prepared by their own hands). They ended the day tired but satisfied. Daily work with the animals, in their own words, gave the women a sense of meaningful engagement and enhanced their economic contribution to the household. The family had four cows, and the women estimated that each cow produced at least ten to twelve liters of milk per day, a larger part of which could be sold in the market. The cows would also give a calf per year which was another source of income.

Let us note that this was before the 1999 Kosovo War. Their old farmhouse was burned down and looted, and the livestock lost as a result. They lamented the fact that the new house, built on newly purchased land, was not fitted as a farmhouse. The family did not purchase livestock anymore. The migrant brother-in-law did not offer to buy cows, and from their part, the women felt they could not ask him to do so, since he already invested in the construction of a new house and was helping with the household's daily expenses and children's education.

With the separation from livestock production, most migrant rural households completed a shift from a (subsistence) production unit to a consumption unit. Theoretically, the move away from subsistence production holds a great potential for female economic empowerment, assuming that women have access to paid employment opportunities outside of the household and live in an environment that generally supports and strengthens their freedom and agency. But this is not the case for most village women in Opoja. With no ownership and control over their households' assets, no access to paid employment and other income-generating activities outside of the household and no communal support system, women's bargaining powers impinge on the contribution of work completed within the household. In this sense, participation in household production activities gave them a voice, and without this type of work nowadays, women '(…) are left like this' to reiterate a phrase used by Mira. 'Left like this' referred to a situation of diminished worth and increased dependency on remittance transfers, as was the case for our host family. It had left both Mira and Afërdita feeling sad, frustrated, and pessimistic about their present and future. This is how Mira expressed this:

All day here, I only clean the house, up and down all day, nothing. Nothing will change [for the better] here. Nothing. As long as I live. Waiting for someone to bring you something, but no opportunity to work yourself, to be free, to be free to work yourself, you have no opportunity to work here. Without work, we are left like this ('qe ashtu kemi arrit').

Afërdita, the older of the two and one of the very few educated women in the village, used to work as a primary school teacher. After losing her teaching job, she continued to be involved with the household's livestock production. Loss of this engagement in addition to her teaching job impacted her even more strongly. Echoing the words of her sister-in-law, she expressed a deep and powerful desire to engage in work, in any kind of work, just to have a sense of freedom and dignity. She saw work not simply as a source of income but also as a vehicle to attain independence, agency, and self-worth, to counteract dependency and be an agent of change in her own life.

While women like Mira and Afërdita were eager to work, their chances of finding employment outside of the household were non-existent. Like most Opoja women, they were unrealistically bound to search for work in their close environment, given that they could not and/or did not venture far from home on their own. Social barriers to traveling alone or driving a car made it extremely difficult for them to pick up employment outside the village. But a big obstacle in our view remained receipt of remittance income, which disincentivizes their participation in paid work (similar to the situation of the young men discussed before).

A classic example was a case we encountered in the wealthy, multigenerational household of Selman (the returned migrant). Despite the visible material welfare, the women of the household (daughters-in-law) experienced a sense of lost agency and control, frequently accompanied by feelings of aimlessness and emptiness as they went about their daily lives. We noted a marked dissonance between women's narratives and the discourses of men, the household decision-makers. The two quotations below highlight the key points in our discussion.

In the first quotation, Selman, the household head, discussed his own daughter's employment opportunities in her marital household. As the head of the household, his focus (perspective) was the economic prosperity of the entire

household. His perspective was clear: why should one participate in the job market if there is no need for additional income? He expressed no specific apprehension on issues concerning women (feelings of aimlessness, dependency, loss of agency, and more). In a patronizing tone, he asserted that a woman's main role was inside the household, that of a housewife.

The second quotation brings in the voices of the women in the household. The outlook was unambiguously future oriented, as if there was nothing to do at this point for their own lives. It was only through the discussion of the life aspirations for their daughters that we were able to recognize the true nature of dissatisfaction and unhappiness of these women. The aspirations laid out for their daughters accurately delineated what these women lack for themselves: (a) agency over one's life ('taking charge of their own lives'), (b) participation in decision-making ('having their own rights'), (c) independence in administering income and other assets ('not begging from their husbands, having their own money, their own things'), and (d) freedom of movement ('asking no one permission to go somewhere'). In a repetitive pattern, these elements are crucial components of empowerment validated by women themselves.

1. *"Her husband works, they have two sons, they are still young, and a mother and a father-in-law. The father-in-law used to work in Germany. He is a pensioner now. He gets a nice pension [from Germany]. And yes, the husband **works** too. She is a **housewife**. That's clear. There are enough chores to do in a large household" (words in bold are our own emphasis).*

2. *"We want to educate them [the daughters]. We don't want them to be like us. We want them to **find employment**, to be capable and **take charge** of their own lives, not to 'hold their hands out' and **beg** from their husbands. To have their **own rights**, their **own money**, their **own things**. So that they need to **ask** no longer, from no one, **permission** to go somewhere" (words in bold are our own emphasis).*

As revealed in a number of interviews, most Opoja women strongly insisted on their girls' education as the only means to find employment. Through employment

the hope is that the young girls will have a future different from that of their mothers. All parties embraced education – for both boys and girls – as a good investment.[34] The problem, however, is that there is no guarantee it will ensure future access to paid employment. Data suggests that even though more girls attend university today, the majority of them still remain outside of the labor market for a few reasons, namely the following: a) there are limited employment opportunities and social expectations with regards to women's roles in the society and, b) in the case of wealthier families such as migrant families, women's unemployment becomes a matter of incentives bearing strong similarities as the situation of the young men discussed previously.[35]

A final and important point in our analysis is the revelation that women in non-migrant households were more inclined to participate in the labor force. Lack of a guaranteed (remittance) income and other assets (which migrant households enjoy) motivated their decision to work. There were several instances of such cases. Afrim, the schoolteacher turned honey farmer, involved his whole family members in the enterprise. His family, he reasoned, had never been a traditional family, in that his wife had always worked outside of the home. When she lost her job, she joined him in the family business. Similarly, the absence of remittance support had pushed three brothers in an extended (non-migrant) household to start a farm business. Their three wives worked in the farm enterprise. Besnik, one of the brothers and farmer explained:

> *I tell you very seriously now, even our wives [work in the farm business]; they attend to the cows because they see the profit and the*

34 As revealed by our fieldwork, there are also cases of village families sending their daughters to university not because they believe education has an inherent value in empowering them, but for pragmatic reasons only. Education apparently enhances a girl's value on the Opoja marriage market. Once married to a suitable husband, many of these girls stay at home and never work in their profession or in other jobs outside of the household. Completion of university merely sends a signal about the socio-economic standing of the future bride.

35 Kosovo women surpass men in terms of educational attainments, in that they represent over 58.2% of the high school graduates and over 53.5% of university graduates (KAS, 2018). Despite of this fact, they are highly underrepresented in the labor market. The 2016 Kosovo Labor Force Survey estimates that only one in five women in Kosovo are in active employment compared to about three-fifths of the working male population. The majority of female respondents (almost 38.5%) stated that family responsibilities (i.e., child rearing and taking care of the elderly) were the main reason for their inactivity in the labor market.

value. They can buy whatever they wish to, with work. You can't do it differently. So, they see the value.

This quote highlights two major points: The first point has been the cornerstone of our discussion until now: there is value in work and it is only through work that one embarks on a path to empowerment. The expression 'women can buy whatever they wish to' exemplifies empowerment, which leads to improved well-being and 'they see the value' and enjoy the fruits of their labor. The second important point is that non-migrant households were more inclined to challenge social norms, which see a woman's place at home performing gender-conformed duties. We observed how the interviewee talked about women in a non-patronizing way. He referred to them as equal partners in the same business enterprise. This was in contrast to typical views coming from migrant households, that a woman is a housewife first and foremost, while within non-migrant households it was more often accepted that men and women work side-by-side.

Photo 4: Opoja woman preparing the traditional dish 'flija'.

6 CONCLUSIONS

With its focus on the economic impacts of the money that migrants send home to their families, the global migration debate has, until lately, overlooked the experiences of millions of individuals staying behind in migrant-sending communities. The question of whether migration has had a positive impact on the lives of those staying behind was the central question at the heart of the investigation presented in this monograph.

In order to assess whether participation in migration leads to improvements in the lives of those that migrants leave behind, one needs to recognize the important distinction between improvements in material welfare and improvements in well-being. Being better off or worse off undoubtedly necessitates advances in economic (material) welfare. Beyond economic welfare however, issues such as satisfaction with one's own life, independence, autonomy and empowerment to pursue goals and ambitions have a lot to do with individuals' overall well-being.

This monograph focuses on these issues and provides insights into the effects of migration and remittance inflows on the well-being of households and individuals in migrant-sending communities in Kosovo. Since for most Kosovars participation in migration is still viewed as the only sustainable option to escape poverty and improve livelihoods, a better understanding of the economic and non-economic welfare effects of migration remains of outmost importance for the design of adequate policies that will maximize migration's development potential. This chapter will summarize the key findings of our study and debate possible implications for policy makers. The chapter is structured as follows. First, we revisit the results of Chapter 4, which quantified the effects of migration and remittance on the economic welfare indicators of poverty, income distribution and household expenditure patterns. Next, drawing on insights from the qualitative case-study research analysis presented in Chapter 5, we discuss the broader well-being outcomes of the Kosovar migration. We conclude with a general discussion of findings from both analytical approaches and some final remarks of interest for both researchers and policy makers.

6.1 ECONOMIC WELFARE EFFECTS OF MIGRATION

For the first time in migration research, we utilized a 'dose-response' estimation function (DRF) to capture the impact of the time length of receiving remittances on the conditional probability of a household falling below a certain poverty threshold. The method was applied to the KRHS 2011 dataset from Kosovo. The country ranks fourth among the top ten remittance-dependent European and Central Asian transition economies. Kosovo, like many other countries in the region, is strongly affected by migration and remittances, but widely under-researched in the discourse on development and welfare effects of remittances. The analysis of Kosovo contributes to empirical results on the linkages between migration, remittances, and households' welfare in three directions. First, our empirical results confirm that migration helped lessen poverty. In a counterfactual scenario, which reflects a situation in which migration is not possible, a higher percentage of households in Kosovo fell below a given poverty threshold. Hence, migration was beneficial for those engaging in it by significantly raising migrant households' yearly income vis-à-vis the non-migrant households. Although migration had an un-equalizing effect on income, such an effect was marginal.

Second, the empirical investigation offered evidence that the relationship between poverty and the time length a household received remittances is such that remittances have a positive, poverty reducing effect over time. The effect is stronger in the first five years a household is exposed to remittances, hence suggesting that the decreasing poverty effect of remittances maybe stronger in the short-run. In the very long-run, the effects of remittances flatten out, suggesting that receipt of remittances impacts household poverty to a lesser degree.

Third, the estimations on households' patterns of expenditure reveal that migration and receipt of remittances do not cause significant changes on migrant households' spending behavior. With regards to the budget allocation patterns, migrant households spend a smaller share of their budget on food expenditures but a slightly higher share on durables and transportation compared to non-migrant households. However, we found no significant effect on important categories such as business investments, education and health expenditures. These

findings are aligned with previous studies showing that remittances do not cause substantive changes to migrant households' spending behavior (e.g. Adams & Cuecuecha (2010); Randazzo & Piracha (2019)) and with previous World Bank approximations on the less frequent use for remittances for education and health expenditures in Kosovo (World Bank, 2011). The qualitative analysis complements these results with deeper insights, which are difficult to capture via the impact assessment conducted in Chapter 4.

6.2 BROADER WELL-BEING EFFECTS OF MIGRATION

Since remitting patterns influence outcomes of well-being, we started our enquiry by looking at how households with migrant family members make use of different types of remittance transfers. The corroboration of the qualitative interviews allows us to explore important questions, such as how and who decides how remittance income will be spent and what is the role (if any) of the local context in shaping remittance behavior.

The results from the analysis on patterns of remittances seem to suggest that a considerable amount of remittance transfers is used to purchase land and construct houses, followed by conspicuous consumption purchases and coverage of households' basic needs for food and clothing. A smaller proportion of remittance transfers are used to cover other expenditure categories, such as education, business investments and health. The observed remittance behavior is a direct corollary of the decision-making process that takes place within migrant-sending households, with regards to two types of remittance transfers: a) remittances sent by migrants for investments on houses, land, cars (and other conspicuous items) and, b) remittances sent to cover households' basic consumption needs. Our analysis conveyed that remittances sent for investments on houses and land typically involve large and less frequent sums of money, with households in migrant-sending communities exerting decision-making power over their use. Remittances sent to cover households' basic expenses on the other hand, represent smaller and regular amounts of money; migrants typically do not interfere with how this

type of remittance income is spent, and those staying behind are free to use it in accordance with the needs of the household.

An important implication of this finding is that since migrants commission investments on housing and land (including conspicuous purchases), any targeted attempt from the part of policy makers to promote productive investments instead (i.e., investments on job creation) should focus primarily on migrants, with the aim of identifying those factors that disincentivize them from investments on productive activities. For instance, the absence of feasible investment outlets and a lack of a developed financial and banking infrastructure, but also embeddedness of economic action in local traditions (i.e., traditions such as hosting large wedding celebration) and considerations of social status (particularly in the context of closed-knit rural communities), all seem to play a role in disincentivizing migrants from investments in productive enterprises.

Nonetheless, it seems that migrants do play an important role on the stimulation of other types of development-relevant investments such as education. Even though our expenditure analysis did not detect significant effects of participation in migration on education, our qualitative insights show that migrants are involved in financing the education of the children left behind. Since educational-related expenses (school fees when applicable, books, transportation costs and more) are paid by the migrants directly to the beneficiaries, these monetary inflows do not enter households' budgets and are difficult to detect via standard household questionnaires.

Overall, our qualitative analysis indicates that migration and remittances have led to considerable improvements in households' material welfare, which is seen predominantly through reductions in poverty levels, access to better food, clothing, improved housing conditions but also via contributions to the education of the children staying behind in Kosovo. However, what are the broader effects of migration beyond improvements in material welfare?

Our analysis reveals a very important role of social comparisons to migrants on the well-being of individuals living in migrant-sending communities. Migrants are not only the saviors and protectors that shield families and entire communities from poverty and destitution. their exuberant display of wealth causes mixed feelings of envy and in other cases of ambition among different demographic groups of people. Social comparisons to migrants significantly influence the migration

aspirations of young Kosovars, who compare their life prospects to those of the migrants abroad and view migration as the only livelihood opportunity available to them. Young men are easily impressed with the shiny new cars that migrants bring with them and the money they spend in Kosovo. Many feel a heightened sense of envy and disappointment, especially during the summer months when most migrants are back home.

For another group of people, middle-aged couples with children and no migration experience, the prospect of migration is an ambitious objective. This group uses comparisons to migrants to form expectations about the future of their children. Migrants' apparent life trajectories signal future opportunities and many view their children's migration prospects with nuances of optimism. Similar to young men, this group seems oblivious to the difficulties associated with migration. This is partly the responsibility of migrants themselves, who, in the bid to maintain their social status in the communities, do not speak openly about the struggles they face abroad. In doing so, they unwittingly mislead those staying behind in their hopes of potential migration.

Social comparisons to migrants play an important role in the relatively low motivation for local labor force participation among young people. Many compare their current work engagements and future job prospects to those of migrants abroad and feel demotivated to work in Kosovo. But this is only one facet of the story. As uncovered from our analysis, it is the receipt of regular remittance transfers that enables young people to withdraw labor from the local market (particularly in the sector of agriculture and in the low-skilled niches of the private sector). With most households owning a house, and basic food needs covered by remittances, there is little urgency to accept low-paid and unattractive job offers. While disengaging from work may seem like a choice facilitated by receipt of remittances, refraining from employment and other work-related activities negatively impacts the well-being of young men and their families, in the short- and long-run. Many experience negative feelings of discontent and pessimism: the highly educated feel even more anxious and restless as time goes by, due to the realization that their dreams of migration may never come true, while they struggle to find local jobs that meet their expectations. In comparison, self-dependent people who have managed to build their lives without remittance support, are overall happier and more optimistic about their future.

Last but not least, migration hinders empowerment, as an important facet of women's well-being. As this investigation reveals, there is a causal relationship which follows this route: migration and remittances influence women's work, which in turn affects their empowerment with ultimate consequences for their well-being. Over the years, access to remittance income has disproportionally affected women's productive work within the households while also increasing barriers to participation in paid employment. By increasing incomes, remittances have enabled households' transition from a production unit (i.e., one at the heart of which stood traditional women's productive activities like sewing, knitting and livestock production) into a consumption unit, whereby most products are purchased outside. Moreover, remittance transfers have lowered incentives for women's participation in paid work. This is particularly true in the context of a highly traditional setting where women do not choose out of free will whether to work or not, but rather the decision to 'allow women to work usually lies with other people higher up in the households' hierarchy.

Understandably, a common thread to all of the women's stories within migrant households relates to dissatisfaction, anxieties, worries and pessimism about their daughters and their own future. Many express a deep and powerful desire to engage in meaningful work, which they do not simply see as a source of income but also as a vehicle to attain independence, agency and self-worth, and be agents of change in their own life. In contrast to them, women in non-migrant households are more likely to do productive work and may even experience higher degrees of empowerment and well-being.

6.3 CONCLUSION AND FINAL REMARKS

The combination of two analytical approaches applied in this monograph helped us gauge the broader micro-level effects of migration and remittances on the well-being of those staying behind. The overall positive effects of migration on households' economic welfare identified in the PSM analysis were complemented further with insights from the qualitative case-study analysis. Results from both analytical approaches give us confidence in that participation in migration

increases incomes, reduces poverty levels and introduces some modifications in expenditure behavior.

By revealing the positive effects of remittance transfers on asset-based poverty, these results reconfirm our previous migration-impact estimations using income-based poverty measurements. Asset-based poverty is an important indicator of economic welfare (Amare & Hohfeld, 2016). With Kosovar migrants allocating a considerable proportion of remittances on land purchase, house construction and/or renovations, cars and other household appliances, households with migrant family members are generally richer in terms of material assets compared to other households. Thus, participation in migration seems beneficial in alleviating both income-based and asset-based poverty levels. The finding is important since it draws researchers' attention to the fact that while a household with migrants maybe considered poor in terms of income, it may be still wealthy in terms of assets (houses, land, and more). A comprehensive understanding of the poverty alleviation effects of migration necessitates the use of both types of poverty-based indicators.

A key insight of our study that deserves attention from researchers and policy makers alike is the distinction drawn between the two types of remittance transfers. Researchers conducting remittance surveys and field experiments in countries of origin should be aware of the possibility that remittances may mean different things to migrants and family members staying behind. When asked about the amount of remittances received from abroad, most households refer to and indicate only remittances sent to cover households' basic needs. In other words, this type of remittance transfer is the sole type of income that they have control over, i.e., decision-making authority on how to spend it.

The other type of remittance transfer (i.e., money sent for houses, land, and other conspicuous items) is controlled by the migrants. Unfortunately, most standard household remittance surveys capture the first but not the second type of transfer, which, in terms of monetary inflows, represents the largest and most significant proportion of remittances. Ideally, future researchers should utilize a redefined concept of remittance income, one that captures adequate information about the different types of transfers taking place between migrants and households in countries of origin.

Crucial to a better understanding of the well-being outcomes of migration remains the investigation of the less direct, non-economic welfare impacts. Beyond positive poverty reducing effects, there are other equally important issues that must not be overlooked. They arise, for example, from social comparisons and lowered work participation incentives, and may cause negative consequences for young men and women, in particular, who are asymmetrically affected by migration. Migration hinders on several vital aspects of well-being such as equal participation in decision-making, freedom to work and live independently, empowerment and more, all crucial elements of a good life.

We started this monograph in response to the call by the UN Development Agenda to better understand the effects of migration on countries of origin. Our study shows a complex picture of the implications of migration on the well-being of those that migrants leave behind. Based on its insights, we propone that the migration and development agenda consider improvements in well-being as a dynamic process; one that includes not only material welfare, but also other aspects of well-being, such as, individual happiness, independence, and empowerment. Change has already started, with the International Organization for Migration (IOM)'s World Migration Report shifting, for the first time, migration's development focus from pure economic considerations to also including the happiness and well-being of migrants and the families they leave behind (IOM, 2013). Results from this monograph provide significant scientific-based evidence as to why such a reconceptualization of the development outcomes of migration is needed in the future.

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APPENDIX

A1 PROPENSITY SCORE MATCHING DIAGNOSTIC TESTS

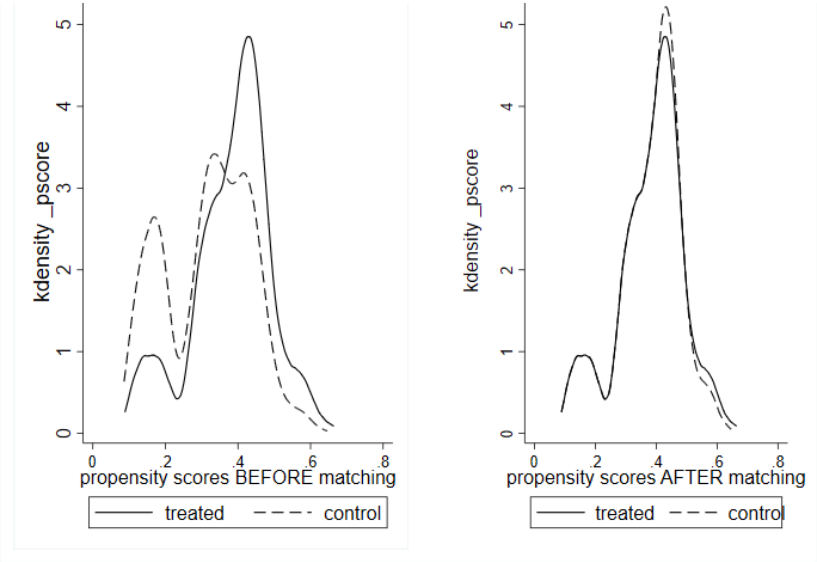


Figure A1: Densities of propensity scores before and after matching

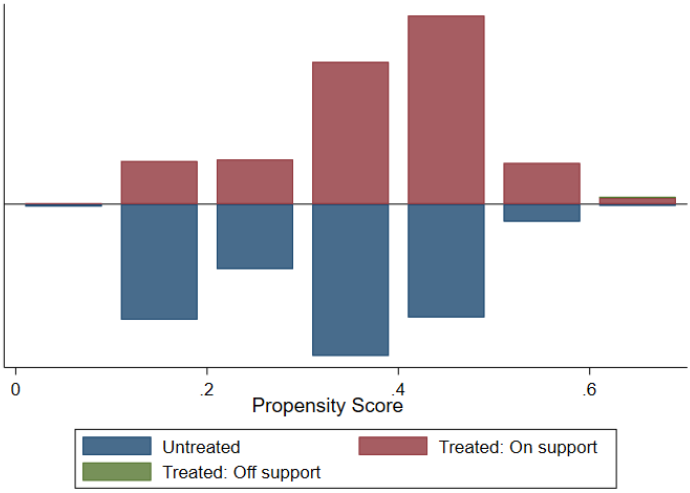


Figure A2: Visual inspection of overlap condition

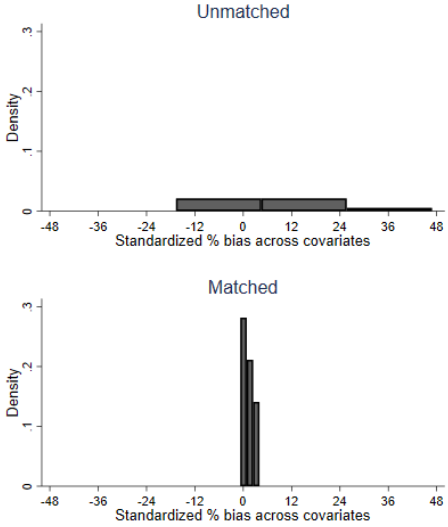


Figure A3: Standardized percentage bias before and after matching

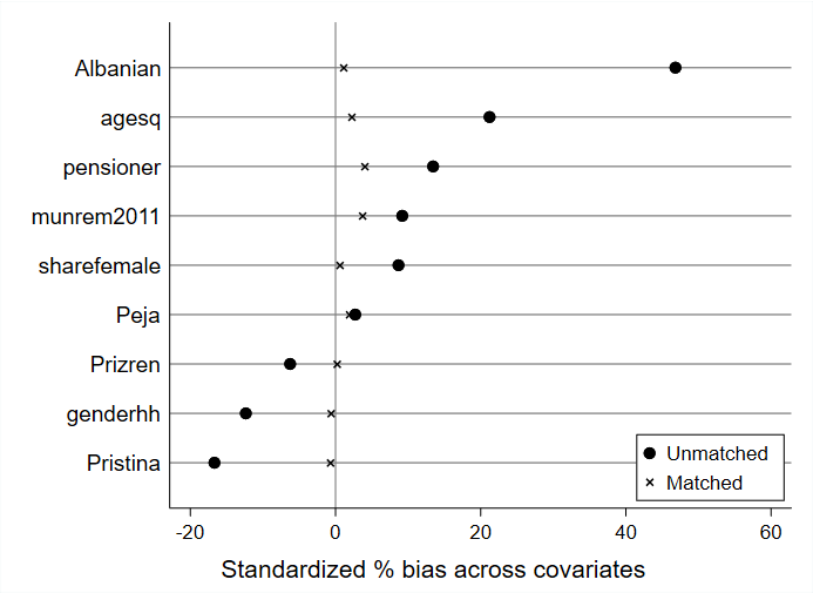


Figure A4: Standardized percentage bias before and after matching

Table A1: Descriptive statistics of variables in the PSM logit model

	Independent variables	Mean / percentage share (for dummies)	Std. Dev.
agehhh	Age of household head	48.02	13.09
agesq	Squared age of household head	2,477.226	1,334.11
genderhh	Gender of household head (binary variable 1= male)	87 %	--
pensioner	Household head is a pensioner (binary variable 1= pensioner)	7 %	--
sharefemale	Share of female household members	47.62	0.17
munrem2011	Average shares of remittances for migrant households at municipality level in 2011	22.50	14.54
Albanian	Ethnicity is Albanian	75%	--
Prishtina	Region is Prishtina	23.09%	--
Prizren	Region is Prizren	18.43%	--
Peja	Region is Peja	14.24%	--

Source: Own calculations based on KRHS 2011 data

Note: N=8,0000.

Table A2: PSM logit results -psmatch2

Independent variables	Coefficient	Std. Err.	z	P>|z|	95% Confidence Interval	
agehhh	-0.0237659	0.0115889	-2.05	0.040	-0.0464796	-0.0010521
agesq	0.0003533	0.0001148	3.08	0.002	0.0001284	0.0005783
genderhh	-0.1555918	0.073865	-2.11	0.035	-0.3003646	-0.0108191
pensioner	0.2029941	0.106728	1.90	0.057	-0.006189	0.4121772
sharefemale	0.0031865	0.0014918	2.14	0.033	0.0002628	0.0061103
munrem2011	0.0000933	0.0001548	0.60	0.547	-0.0002102	0.0003967
Albanian	1.172042	0.0665295	17.62	0.000	1.041647	1.302438
Pristina	-0.5572014	0.0676529	-8.24	0.000	-0.6897987	-0.4246041
Prizren	-0.4232054	0.0703969	-6.01	0.000	-0.5611808	-0.28523
Peja	-0.250511	0.0733357	-3.42	0.001	-0.3942463	-0.1067757
_cons	-1.155036	0.3059492	-3.78	0.000	-1.754686	-0.5553866

Source: Own calculations based on KRHS 2011 data

Note:N=8,0000

LR chi2(9) = 545.23

Prob > chi2 = 0.0000

Pseudo R2 = 0.0532

psmatch2 treatment assignment:

7, 988 on support, thereof 2,711 treated, 5,277 untreated

Table A3: Testing the balance of covariates and absolute bias reduction

Independent Variables		Mean				t-test	
		Treated	Control	%bias	% reduction in bias	t	p>t
Agehhh	Unmatched	49.801	47.106	20.4		8.76	0.000
	Matched	49.801	49.641	1.2	94.1	0.44	0.657
Agesq	Unmatched	2666.5	2379.9	21.2		9.14	0.000
	Matched	2662.2	2632.2	2.2	89.5	0.80	0.425
genderhh	Unmatched	0.84309	0.88535	-12.4		-5.35	0.000
	Matched	0.84434	0.84655	-0.6	94.8	-0.23	0.822
pensioner	Unmatched	0.08877	0.0542	13.4		5.91	0.000
	Matched	0.08779	0.07746	4.0	70.1	1.38	0.167
sharefemale	Unmatched	48.6	47.116	8.7		3.67	0.000
	Matched	48.541	48.442	0.6	93.3	0.22	0.828
mun-rem2011	Unmatched	308.89	292.76	9.2		3.79	0.000
	Matched	309.04	302.54	3.7	59.7	1.49	0.135
Albanian	Unmatched	0.87477	0.686	46.8		18.87	0.000
	Matched	0.87459	0.87016	1.1	97.7	0.49	0.625
Prishtina	Unmatched	0.18527	0.25412	-16.7		-6.94	0.000
	Matched	0.18554	0.18849	-0.7	95.7	-0.28	0.781
Prizren	Unmatched	0.16832	0.19234	-6.2		-2.62	0.009
	Matched	0.16857	0.16783	0.2	96.9	0.07	0.942
Peja	Unmatched	0.1488	0.13928	2.7		1.15	0.249
	Matched	0.14902	0.14238	1.9	30.3	0.69	0.488

Source: Own calculations based on KRHS 2011 data

Table A4: R2 of raw and matched model

Sample	Pseudo R2	LR chi2	p>chi2	Mean bias	Median bias
Raw	0.053	539.58	0.000	15.3	12.4
Matched	0.001	5.01	0.833	1.7	1.1

Source: Own calculations based on KRHS 2011 data

Table A5: Rosenbaum bounds test for sensitivity

Gamma	sig+	sig-	t-hat+	t-hat-	CI+	CI-
1	0	0	616.035	616.035	533.697	698.81
1.05	0	0	569.921	662.54	488.134	745.774
1.1	0	0	526.092	706.667	444.843	791.828
1.15	0	0	484.524	749.725	403.294	836.1
1.2	0	0	445.128	791.594	364.02	878.667
1.25	0	0	407.067	832.116	326.224	919.816
1.3	0	0	371.035	871.272	290.404	959.965
1.35	5.60E-16	0	336.538	908.696	256.138	998.901
1.4	2.50E-13	0	303.226	945.341	222.857	1036.6
1.45	5.00E-11	0	271.574	981.143	190.794	1073.25
1.5	4.80E-09	0	240.87	1016.05	160	1109.14
1.55	2.40E-07	0	211.201	1050	130.021	1143.96
1.6	6.80E-06	0	182.529	1082.95	100.922	1178.56
1.65	0.000112	0	154.783	1115.24	73.2592	1212
1.7	0.001136	0	127.917	1146.47	46.1538	1244.8
1.75	0.007491	0	101.584	1177.72	20	1277.14
1.8	0.03353	0	76.6421	1207.84	-5.41358	1308.57
1.85	0.106278	0	52.0953	1237.83	-30.0866	1339.23
1.9	0.248982	0	28.2052	1266.67	-54.5413	1369.24
1.95	0.450771	0	5.15147	1295.43	-78.0337	1399.33
2	0.661376	0	-17.381	1323.33	-100.879	1428.33

Source: Own calculations based on KRHS 2011 data

Note: gamma - log odds of differential assignment due to unobserved factors

sig+ - upper bound significance level

sig- - lower bound significance level

t-hat+ - upper bound Hodges-Lehmann point estimate

t-hat- - lower bound Hodges-Lehmann point estimate

CI+ - upper bound confidence interval ($\alpha = .95$)

CI- - lower bound confidence interval ($\alpha = .95$)

Table A6: ML regression results to predict GPS

Independent variables	Coef.	Std. Err.	z	P>z	95% Confidence Interval	
Equation 1						
Albanian	-.0453364	.1002198	-0.45	0.651	-.2417635	.1510908
Serb	-.1916803	.1461872	-1.31	0.190	-.4782019	.0948413
agehhh	.0035614	.0019564	1.82	0.069	-.000273	.0073958
genderhh	.0397205	.0673568	0.59	0.555	-.0922963	.1717374
educyhh	.0019942	.0074442	0.27	0.789	-.0125961	.0165845
married	-.1489521	.0694108	-2.15	0.032	-.2849947	-.0129095
familysize	.0417675	.0127636	3.27	0.001	.0167514	.0667837
depratio	.0015649	.0003608	4.34	0.000	.0008577	.0022721
employed	.0262988	.050476	0.52	0.602	-.0726323	.12523
Pristina	-.4592786	.0614574	-7.47	0.000	-.5797329	-.3388243
Mitrovica	-.0274523	.0713135	-0.38	0.700	-.1672243	.1123197
Gjilan	-.1285686	.0744799	-1.73	0.084	-.2745466	.0174094
Peja	.0050211	.0654949	0.08	0.939	-.1233465	.1333887
Ferizaj	-.0687008	.0779261	-0.88	0.378	-.2214332	.0840315
_cons	1.613.093	.1856092	8.69	0.000	1.249.305	197.688
Equation 2						
_cons	.7955671	.0146625	54.26	0.000	.7668291	.8243051

Source: Own calculations based on KRHS 2011 data.

Note: The log transformation of the treatment variable is used

N=1,472

Wald chi2(14) = 117.70

Prob > chi2 = 0.0000

Table A7: Covariate balance given the GPS

Independent Variables	Adjusted for GPS					
	Treatment Interval 1 [1,5]		Treatment Interval 2 [6,11]		Treatment Interval 3 [12,43]	
	Mean Difference	t-value	Mean Difference	t-value	Mean Difference	t-value
Albanian	0.01818	1.4297	-0.02918	-2.345	0.02961	1.8666
Serb	-0.01328	-1.5155	0.01475	1.6591	-0.00656	-0.55117
agehhh	0.14072	0.25929	0.24717	0.47271	-0.5092	-0.7733
genderhh	-0.00463	-0.28828	0.00969	0.62475	-0.00805	-0.40787
educyhh	0.10094	0.71419	-0.23312	-1.7397	0.18866	1.1275
married	-0.00405	-0.27168	0.02368	1.6847	-0.025	-1.4249
familysize	-0.0334	-0.49626	0.14342	2.2594	-0.0737	-0.96266
depratio	1.9362	0.74143	1.5041	0.59029	-4.0282	-1.4827
employed	0.00627	0.28998	-0.01969	-0.94767	0.03751	1.4324
Pristina	0.01006	1.0445	0.00309	0.26421	0.01458	0.90116
Mitrovica	-0.00452	-0.28374	0.03037	2.0392	-0.04347	-2.3407
Gjilan	-0.02064	-1.4621	0.02484	1.7907	-0.03013	-1.6734
Peja	-0.00182	-0.10957	0.0159	1.0342	-0.01281	-0.68342
Ferizaj	-0.00791	-0.58288	-0.00276	-0.21366	0.00453	0.27029

Source: Own calculation based on KRHS 2011 data

Note: Mean difference prior and after matching on GPS

T-statistics for equality of means

Table A8: Estimated ML coefficients given treatment variable and GPS

Outcome Variable: Conditional probability of being poor	Maximum Likelihood Coefficients	Standard Errors
treatment	-0.0097	0.0719111
treatment_sq	-0.00023	0.0021443
pscore	-1.68394	2.147859
pscore_sq	0.919849	2.115732
treatment*pscore	0.046308	0.0898692
_cons	-1.37608	0.4870377

Source: Own calculations based on KRHS 2011 data

Table A9: Estimated OLS coefficients given treatment variable and GPS

Outcome Variable: Per capita equivalised income (in Euro)	OLS Coefficients	Standard Errors
treatment	171.3542	64.69464
treatment_sq	-3.88314	1.879593
pscore	947.8977	1991.541
pscore_sq	355.745	1931.072
treatment*pscore	-330.244	81.56272
_cons	3110.198	468.2635

Source: Own calculation based on KRHS 2011 data.

Table A10: Matching and regression estimates of the effects of migration on household budget shares

Outcome Variables	Average Budget Shares %	Matching Estimates (t-test)	Regression Estimates (t-test)
Food	0.40	- 0.0225 (-4.98)	-0.0193 (-4.83)
Non-food	0.10	0.0010 (0.55)	-0.0005 (-0.31)
Semi-durable goods	0.10	- 0.0019 (-0.85)	-0.0017 (-0.84)
Durable	0.03	0.0051 (2.80)	0.0056 (3.40)
Housing	0.13	0.0034 (1.51)	0.0032 (1.62)
Health	0.06	0.0022 (1.10)	0.0018 (1.02)
Education	0.04	0.0018 (0.92)	0.0019 (1.09)
Transportation	0.05	0.0053 (3.10)	0.0036 (2.37)
Entertainment	0.04	-0.0029 (-1.63)	-0.0004 (-0.26)
Business Investments	0.01	0.0031 (1.73)	0 .0025 (1.53)
Savings	0.02	0.0026 (1.52)	0.0026 (1.68)
Debt repayment	0.02	0.0025 (1.28)	0.0007 (0.39)

Source: Own calculations based on KRHS 2011 data

Table A11:Rosenbaum bounds for expenditure categories

	Gamma	sig+	sig-	t-hat+	t-hat-	CI+	CI-
	1	2,30E-06	2,30E-06	-0,02044	-0,02044	-0,029221	-0,011722
Food	1,05	6,60E-09	0,000241	-0,025321	- 0,015513	-0,034127	-0,006818
	1,1	8,40E-12	0,007166	-0,03001	-0,010895	-0,038873	-0,002184
	1	0,20865	0,20865	0,00142	0,00142	0,001948	0,004878
Non-food	1,05	0,611686	0,028298	-0,000414	0,003371	-0,003889	0,006847
	1,1	0,907871	0,00158	-0,002305	0,00521	-0,005731	0,008693
	1	0,001459	0,001459	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
Durables	1,05	0,015201	0,000075	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
	1,1	0,081912	2,50E-06	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
	1	0,171529	0,171529	-0,001683	-0,001683	-0,006042	0,001778
Semi-durables	1,05	0,020739	0,556413	-0,004167	-4,50E-07	-0,00848	0,004241
	1,1	0,001036	0,881249	-0,006419	0,002165	-0,010774	0,006562
	1	0,178746	0,178746	-2,70E-07	-2,70E-07	-2,70E-07	0,003582
Health	1,05	0,560065	0,023186	-2,70E-07	0,001958	-0,002201	0,005655
	1,1	0,879533	0,001285	-0,000263	0,004009	-0,004272	0,00781
	1	0,053611	0,053611	0,003246	0,003246	0,000695	0,007236
Housing	1,05	0,303065	0,003395	0,001034	0,005497	-0,00292	0,009496
	1,1	0,70137	0,000087	-0,001085	0,007611	-0,005046	0,011667
	1	0,44716	0,44716	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
Education	1,05	0,792583	0,139809	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
	1,1	0,957284	0,023518	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
	1	0,44716	0,44716	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
Investments	1,05	0,792583	0,139809	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
	1,1	0,957284	0,023518	-4,50E-07	-4,50E-07	-4,50E-07	-4,50E-07
	1	0,001558	0,001558	0,002717	0,002717	-3,30E-07	0,006825
Transport	1,05	0,028851	0,00003	0,000378	0,004895	-3,30E-07	0,008611
	1,1	0,186701	2,50E-07	-3,30E-07	0,007064	-3,30E-07	0,010328
	1	0,039542	0,039542	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
Savings	1,05	0,099807	0,012859	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
	1,1	0,202698	0,003637	-3,10E-07	-3,10E-07	-3,10E-07	-3,10E-07
	1	0,151011	0,151011	-3,00E-07	-3,00E-07	-3,00E-07	-3,00E-07
Debt	1,05	0,315693	0,056477	-3,00E-07	-3,00E-07	-3,00E-07	-3,00E-07
	1,1	0,518578	0,017294	-3,00E-07	-3,00E-07	-3,00E-07	-3,00E-07
	1	0,003656	0,003656	-3,50E-07	-3,50E-07	-0,003788	-3,50E-07
Entertainment	1,05	0,000102	0,049282	-0,00186	-3,50E-07	-0,006268	-3,50E-07
	1,1	1,30E-06	0,251333	-0,004167	-3,50E-07	-0,008497	-3,50E-07

A2 RANDOMNESS OF MISSING DATA

The empirical estimations presented in Chapter 4 are based on the main sample of KRHS 2011 consisting of 8,000 households. One of the variables of interest, reported remittance income, has missing values. Out of a total number of 1,794 remittance recipient households, there is information on remittance income for 1,551 households. We are interested in examining whether the probability of a household not reporting remittance income is influenced by several observable covariates.

Below we present results from the diagnostic test conducted to address the issue. The test is in the form of a maximum likelihood estimation in which the dependent variable is a dummy variable taking the value of 1 for those households with missing remittance income and 0 otherwise. The results of the probit regression with reported statistics are shown in Table A12.

Table A12: ML regression results to predict remittance missing data

Independent variables	Coefficient	Std. Err.	z	P>|z|	95% Confidence interval	
agehhh	-0.0029333	0.0030956	-0.95	0.343	-0.0090007	0.003134
genderhh	0.4064159	0.1295079	3.14	0.002	0.152585	0.6602468
rural	0.0288415	0.0810496	0.36	0.722	-0.1300128	0.1876959
educyhh	-0.020598	0.0128484	-1.6	0.109	-0.0457804	0.0045843
married	-0.1427716	0.1206083	-1.18	0.237	-0.3791596	0.0936165
Albanian	-0.3712579	0.1976469	-1.88	0.060	-0.7586387	0.0161229
Serb	0.7396399	0.3908374	1.89	0.058	-0.0263872	1.505667
Slavic	-0.7790641	0.3959159	-1.97	0.049	-1.555045	-0.0030832
Pristina	0.2104982	0.2039261	1.03	0.302	-0.1891896	0.610186
Mitrovica	1.013383	0.1948567	5.2	0.000	0.6314706	1.395295
Prizren	1.140741	0.1928937	5.91	0.000	0.762676	1.518806
Gjakove	0.5821807	0.2022665	2.88	0.004	0.1857456	0.9786158
Gjilan	0.854913	0.2004779	4.26	0.000	0.4619836	1.247843
Peja	0.5593825	0.1970447	2.84	0.005	0.1731819	0.9455831
familysize	-0.0431855	0.0209928	-2.06	0.040	-0.0843306	-0.0020405
sharefemale	0.004412	0.0024941	1.77	0.077	-0.0004763	0.0093003
Equivalized income without remittances	-0.000015	0.0000182	-0.82	0.412	-0.0000507	0.0000208

Source: Own calculations based on KRHS 2011 data

As we can see from the probit regression estimates, a number of variables seem to play a significant role in explaining the missingness of values for remittance income. For instance, if the household head is a male, this increases the probability of not reporting values of remittance income (or reporting a missing remittance income value). Furthermore, the nationality of the respondent, such as being Albanian, increases the probability of non-response (significant at the 10% level), whereas being Serb or belonging to one of the Slavic minorities in Kosovo reduces the probability of non-response (significant at the 10% and 5%, accordingly).

Furthermore, we observe that the regional dummies for the survey regions across Kosovo are important explanatory variables in the estimated response probability of missing remittance income. Hence, the estimated probability of not reporting remittance income is significantly higher in the case of respondents residing in the regions of Mitrovica, Prizren, Gjakove and Gjilan and Peja, but not in the main region of the capital city of Pristina. It is interesting to note that the probability of non-response is lower in families with more household members. The bigger the size of the household, the smaller the estimated probability of non-response with regards to sums of remittance transfers received. Finally, we find that the amount of yearly equivalized income (without remittances) does not play an important role in the probability of missing data. The magnitude of the coefficient is very small and the coefficient is statistically insignificant. Based on the above results, we conclude that the missingness of remittance income data is not completely independent of observable factors. Since missingness in the data is partly attributed to some observable covariates, the data is not Missing at Random (MAR). When data is not missing at random, the imputation of missing values or list-wise deletion is generally not suggested and may lead to biased estimates (Guo & Fraser, 2010).

Another test used for diagnosing missing values is Little's Test (Li, 2013). It tests the null hypothesis that the data is Missing Completely at Random (MCAR) and the test statistic follows a chi-square distribution. Little's test typically evaluates whether the missingness in one variable is explained from patterns of missingness across other variables in the dataset. In the context of big datasets, such as KRHS 2011, the test becomes general and less informative since missingness in the variable of interest will be tested over all variables with missing values. For such

a reason, the Little's test is not applied as a diagnostic test to explain patterns of missingness in remittance income values.

A3 ADDITIONAL DESCRIPTIVE STATISTICS

A3.1 Descriptive statistics of migrant and non-migrant rural and urban households, KRHS 2011

Here we present descriptive results for migrant and non-migrant households in rural and urban Kosovo. We use two-sample t-test and chi-square test statistics to test for significant differences between group means and population proportions. Let us highlight some key differences between migrant and non-migrant households across rural and urban areas. We start with the rural households. On average, we observe that household heads from migrant households in rural Kosovo are older, have completed less years of education, and fewer of them are engaged in active employment compared to the heads of families without migrants. Yet, migrant household heads work 1 hour longer per week (47 versus 46 hours) and are paid more per each hour worked (3 Euros per hour versus 2.8 Euros per hour). If we turn towards urban households, we find the same tendency holds true for differences in age and the participation in labor force (70% versus 74%). However, migrant household heads in urban areas are more educated, and they earn more for each hour worked compared to heads from non-migrant families.

Households with migrants are also bigger (4.9 versus 4.8 members in rural areas but not significantly bigger for urban areas) and those residing in rural areas have a higher dependency ratio (52% versus 48%). Such dependency ratio is however smaller in urban migrant households (48% versus 52%), pointing to demographic differences between rural and urban households. For the rural subsample, the average number of migrants per migrant household is 1.77. This equates to 1.62 migrants for the migrant household in urban areas. Indeed, rural areas in Kosovo send out a proportionately higher number of migrants compared to urban areas (UNDP, 2012).

We estimate that 23% of households in rural areas and 22% of the households residing in urban Kosovo receive remittance transfers. Expressed as shares of remittance recipients per migrant households, we find that 70% of migrant households in rural areas and 63% of migrant households in urban areas receive in cash and in-kind remittances.

We also observe some differences with regards to educational attainments within these households. For instance, around 50% of the migrant households in rural Kosovo have family members who have graduated from university. The same holds true for only 43% of the non-migrant rural households. For the urban subsample, we find higher educational attainments among families with migrants as well (52% versus 51%). In other words, it seems that families that send out migrants are on average more educated than those without migrants.

Table A14 reveals differences with regards to household income and income shares from different sources such as waged employment, self-employment, farm employment, remittance income, and other income. We note a significant income gap between the two groups, with migrant households in rural areas for instance enjoying higher yearly incomes compared to non-migrant households. The difference in yearly income without remittances is less for households residing in urban areas. Income differences become more profound if we add the remittance income, which flows towards migrant households but does not directly benefit non-migrant families. Once the yearly household income with remittances is equivalised in accordance with the OECD equivalence scale, we observe that migrant households in rural areas enjoy an additional (approximately) 839 Euro per year. For the migrant households in urban areas, this means an added 609 Euros per year compared to non-migrant households.

Concerning differences in income shares, we see that, on average, migrant households generate a smaller percentage of income from waged employment compared to non-migrant households (60% versus 78% in rural areas and 64% versus 79% in urban areas). Income shares generated from self-employment and farm employment are also smaller for migrant households in rural and urban areas vis-à-vis households without migrants. We also estimate that remittances constitute 15% of households' income share in rural areas and almost 13% for urban households. Shares of other income are also different for the two groups, with migrant households in rural and urban areas relying more on this type of income. In

their paper on the effects on remittances on rural households' expenditures, Taylor and Mora (2006) for example find that migrant households have smaller shares on food and housing expenses. Our descriptive analysis shows that households with migrants also spent less on food and have proportionally smaller shares of total expenditure per yearly household income. The results from the descriptive statistics reveal significant socio-economic and demographic differences between migrant and non-migrant families in rural and urban Kosovo. They also provide some intuition into the estimated welfare impacts of migration and variations between rural and urban areas.

Table A13: Demographic characteristics of households with and without migrants, 2011

	Rural households	Migrant households	Nonmigrant households	T test
		Mean	Mean	t / p- value
Household head indicators				
Age	48.58	50.37	47.67	-6.02 / 0.0000
Years of education	11.08	10.75	11.25	4.63 / 0.0000
Male	0.89	0.87	0.90	3.07 / 0.0021
Employed	0.71	0.66	0.74	4.66 / 0.0000
Married	0.88	0.88	0.88	-0.14 / 0.8869
Hours worked per week	46.41	47.35	46.00	-2.48 / 0.0132
Average hourly wage (€)	2.88	2.99	2.83	-1.45 / 0.1467
Household characteristics				
HH size	4.82	4.93	4.76	-2.71 / 0.0068
Dependency ratio	0.49	0.52	0.48	-1.63 / 0.1039
Number of migrants	0.59	1.77	0.00	-50.60 / 0.0000
HH receiving remittances	0.23	0.70	0.00	-49.35 / 0.0000
Highest level of education				
- Primary School (up to 4 years) or lower	0.00	0.01	0.00	-2.79 / 0.0054
- Secondary General School (~ 8 years)	0.04	0.05	0.03	-1.64 / 0.0000
- Vocational or Grammar School (~12 years)	0.50	0.44	0.53	5.49 / 0.0000
- University degree	0.45	0.50	0.43	- 4.36 / 0.0000
Total number of HH	4033	1350	2683	

Source: Own calculations based on KRHS 2011 data

Note: Test statistic and p-values are reported from two-sample t tests with Satterthwaite's degrees of freedom correction.

	Urban households	Migrant households	Nonmigrant households	T test
		Mean	Mean	t / p-value
	47.45	49.26	46.50	-6.24 / 0.0000
	11.60	11.63	11.58	-0.40 / 0.6882
	0.85	0.82	0.87	4.38 / 0.0000
	0.73	0.70	0.74	2.55 / 0.0107
	0.86	0.86	0.87	0.27 / 0.7866
	47.23	47.04	47.31	0.51 / 0.6060
	2.88	2.98	2.84	-1.32 / 0.1872
	4.52	4.53	4.52	-0.31 / 0.7523
	0.50	0.48	0.52	1.89 / 0.0584
	0.56	1.62	0.00	-53.87 / 0.0000
	0.22	0.63	0.00	-45.65 / 0.0000
	0.01	0.01	0.01	-0.70 / 0.4803
	0.05	0.05	0.04	-0.56 / 0.5763
	0.44	0.43	0.45	1.24 / 0.2132
	0.51	0.52	0.51	-0.88 / 0.3774
	3967	1369	2598	

Table A14: Income situations of households with and without migrants, 2011

	Rural households	Migrant households	Non-migrant households	T test
		Mean	Mean	t / p- value
Household income (€)	6639.33	7476.29	6219.14	- 6.23 / 0.0000
Household income incl. remittances (€)	7075.16	8778.94	6219.14	- 11.42 /0.0000
PC income, equivalised (€)	2570.16	2803.79	2452.86	- 4.84 / 0.0000
PC income incl. remittances, equivalised (€)	2733.29	3291.43	2452.86	- 10.47 / 0.0000
Average income shares				
- Waged employment (%)	0.72	0.60	0.78	14.99 / 0.0000
- Self-employment	0.06	0.06	0.06	0.74 / 0.4560
- Farm employment	0.04	0.02	0.04	4.62 / 0.0000
- Remittance income	0.05	0.15	0.00	- 27.81 / 0.0000
- Other income	0.14	0.19	0.12	- 8.12 / 0.0000
Food expenditure per total household expenditure (%)	0.38	0.37	0.39	3.43 / 0.0006
Total expenditure per total household income (%)	0.80	0.75	0.83	2.53 / 0.0113
Wealth/assets Indicators				
Living in privately owned house (%)	0.91	0.94	0.90	- 4.42 / 0.0000
Households with a saving account (%)	0.28	0.27	0.29	1.53 / 0.1264
Total number of HH	4033	1350	2683	

Source: Own calculations based on KRHS 2011 data

Note: Test statistic and p-values are reported from two-sample t tests with Satterthwaite's degrees of freedom correction.

	Urban households	Migrant households	Non-migrant households	T test
		Mean	Mean	t / p-value
	6580.78	6977.49	6371.89	-2.97 / 0.0030
	6901.42	7906.28	6371.89	-7.24 / 0.0000
	2681.63	2812.40	2612.77	-2.55 / 0.0109
	2822.78	3221.30	2612.77	-7.34 / 0.0000
	0.74	0.64	0.79	11.71 /0.0000
	0.06	0.06	0.06	0.31 / 0.7550
	0.02	0.01	0.02	4.92 / 0.0000
	0.04	0.13	0.00	-27.41 / 0.0000
	0.14	0.17	0.13	-4.33 / 0.0000
	0.41	0.40	0.42	2.90 / 0.0038
	0.82	0.73	0.86	4.36 / 0.0000
	0.90	0.93	0.88	-4.85 / 0.0000
	0.30	0.25	0.33	4.80 / 0.0000
	3967	1369	2598	

A3.2 Descriptive statistics across income tertiles, KRHS 2011

Furthermore, with some descriptive statistics, we are able to provide socio-economic differences across income tertiles for KRHS 2011. The first income tertile represents the income class with the lowest per capita (equivalised) income and the third tertile is the income class with the highest per capita income (Table A15 and Table A16).

There are some significant differences between the three income tertiles with regards to household heads' demographics. The household heads of the third income tertile, for instance, are on average older, they have completed more years of schooling, and 76% of them are currently employed. Only 61% of the household heads in the first income tertile are in waged employment compared, for example, to the second tertile group, in which almost 79% of the household heads are employed. Another interesting economic difference is the hourly wage and the finding that household heads belonging to the third income tertile receive almost three times more per hour worked compared to household heads belonging to the first income tertile, and two times more compared to household heads in the second tertile group. Given that those belonging to the third income tertile group are also more educated, differences in hourly wages could reflect the different job categories in which they're engaged. Differences with regards to self-reported levels of life satisfaction are also essential. Levels of life satisfaction increase as we move from the most deprived households to the wealthiest households and such differences are significant.[36]

The three groups also differ regarding households' demographic characteristics such as size and dependency ratio, the latter measured as the ratio of dependent household members (those not of working age) divided by the number of those who are of working age, thus economically active. We observe, for instance,

36 Overall levels of life satisfaction are calculated as a weighted average of self-reported satisfaction across the following domains: nourishment/food, housing, clothes, health, education, leisure and productive assets. This information is captured from responses to question 5 in KRHS 2011. The original 4-point evaluation scale was linearly transformed to a 7-point Likert scale with 1 equating total unsatisfaction and 7 implying the highest level of satisfaction. This transformation was done in order to make results easily comparable to other life satisfaction surveys, which typically the use of a 7- or 10-point Likert scale.

that while wealthier households are on average bigger, they are also defined by a lower dependency ratio (43% in the richest households versus 45% for the second income tertile and almost 61% for the poorest households). On average, richer households have more migrants, and a higher proportion of them receive in cash and in-kind remittances (almost 31% of the richest households receive remittances versus 25% of those in the second income tertile, and only 12% of the poorest households receive remittance income).

Looking at the highest educational attainments within the households, we see that the poor households have higher proportions of family members who have completed primary, secondary, and vocational schooling. They have the lowest proportion of family members who completed university education (university education attainment is twice as high in the richest households as compared to the poorest households). Of those family members who have completed some form of education, only 34% of them have a university degree in the poorest households. Almost half of the family members in the households belonging to the second income tertile and more than half (almost 60%) of those in the richest households have completed university education.

As shown in Table A16, differences become significantly more profound when we look at income indicators. The richest households on average enjoy yearly incomes almost three times higher than the households positioned in the lowest tertile (11,897 Euros per annum versus 2,957 Euros per annum) and this difference substantially increases if we add the remittance income. In terms of equivalised income with remittances, we see that households belonging to the third income tertile gain on average 4,490 Euro per annum, which is twice as much as the annual income of the households belonging to the second income tertile, and almost three times as much compared to the households belonging to the first income tertile.

Households in the second income tertile generate most income from waged employment, but households in the third income tertile have the highest share of income generated from self-employment (almost 7% for the highest income tertile compared to 6% for the second income tertile and only 5% for the first income tertile). The richest households also have the highest share of remittance income, which, at almost 7%, is three times as much as the share of remittance income in the budgets of the poorest households. The proportion of other income

is highest in the poorest households (almost 2%), which might be because these households rely more on social welfare transfers including social assistance, pensions, and humanitarian aid. Higher proportions of households with remittances as the primary source of income are found among the richest households too. Poor households spend more on food (43% of total household expenditures are food expenditures) compared to those placed in the middle-income distribution (39%) and those at the top of the income distribution (37%) and shares of expenditures per total household income also decrease proportionally as we move from the poorest to the richest households.

These results reveal the existence of significant differences between poor, middle-income and high-income households. They also strengthen the intuition that migration and remittances could be potentially endogenous to household income when for instance a variable like education could influence both selections into migration but also household income. The risk of reverse causality is also high given that the richest households in our sample have the highest proportion of migrant family members and the highest share of families with remittances as a primary source of income. Therefore, establishing a one-way causality would be methodologically challenging. Last, but not least, self-selection into migration remains a potential danger in as far as the data show that migrant households in our sample are on average more educated and wealthier compared to non-migrant households.

Table A15: Socio-economic characteristics according to income classes, 2011

All households		Income class (tertile)
		1
HH Head Individual Characteristics		
Age	48.02	46.68
Years of education	11.34	10.69
Male	0.87	0.87
Employed	0.72	0.61
Married	0.87	0.86
Hours worked per week	46.82	47.21
Average hourly wage (€)	2.88	1.43
Life satisfaction (1=unsatisfied… 7=very satisfied)	4.90	4.25
Household Characteristics		
HH size	4.67	4.40
Dependency ratio	50.00	0.61
Number of migrants	0.57	0.41
HH receiving remittances	0.22	0.12
Highest level of education in HH		
- Primary School (up to 4 years) or lower	0.01	0.01
- Secondary General School (~ 8 years)	0.04	0.08
- Vocational or Grammar School (~12 years)	0.47	0.57
- University degree	0.48	0.34
Total number of HH	8,000	2,763

Source: Own calculations based on KRHS 2011 data.

Note: F -test statistic refers to one-way ANOVA test for the equality of means of several populations.

Note: ANOVA analysis was followed with the Bonferroni method to account for differences in group sizes.

2	3	Test statistics F / p-value
47.76	49.82	38.68 / 0.0000
11.59	11.78	89.21 / 0.0000
0.89	0.86	9.4290 / 0.009
0.79	0.76	217.75 / 0.000
0.88	0.87	5.76 / 0.056
46.83	46.48	1.40 / 0.2476
2.37	4.65	1263.98 / 0.0000
4.98	5.32	404.18 / 0.0000
4.61	5.04	90.55 / 0.0000
0.45	0.43	71.05 / 0.0000
0.58	0.75	67.20 / 0.0000
0.25	0.31	282.95 / 0.000
0.01	0.01	12.75 / 0.0000
0.03	0.02	72.87 / 0.0000
0.47	0.36	120.89 / 0.0000
0.50	0.62	222.16 / 0.0000
2,762	2,467	

Table A16: Socio-economic characteristics according to income classes, 2011

All households	
Household income (€)	6610.29
Household income incl. remittances (€)	6984.98
PC income, equivalised (€)	2625.45
PC income incl. remittances, equivalised (€)	2776.67
Average Income Shares	
- Waged employment	0.73
- Self-employment	0.06
- Farm employment	0.03
- Remittance income	0.04
- Other income	0.14
Proportion of HH with remittances as main income source	0.05
Share of food expenditure per total household expenditure	0.40
Share of total expenditure per household income	0.81
Wealth/Assets Indicators	
Proportion living in a privately owned house	0.90
Proportion of households with a savings account	0.29
Total number of HH	8,000

Source: Own calculations based on KRHS 2011 data.

Note: F -test statistic refers to one-way ANOVA test for the equality of means of several populations.

Note: ANOVA analysis was followed with the Bonferroni method to account for differences in group size.

Income class (tertile)			Test statistics F / p-value
1	2	3	
2957.06	5539.86	11897.32	3398.24 / 0.0000
3013.66	5808.74	12762.66	3786.61 / 0.0000
1297.78	2406.83	4820.47	2649.03 / 0.0000
1324.44	2287.41	4489.80	2962.61 / 0.0000
0.69	0.77	0.74	33.19 / 0.0000
0.05	0.06	0.07	8.97 / 0.0000
0.04	0.02	0.02	14.27 / 0.0000
0.02	0.05	0.07	92.15 / 0.0000
0.21	0.10	0.11	127.56 / 0.0000
0.05	0.04	0.06	16.71 / 0.000
0.43	0.39	0.37	88.09 / 0.0000
1.12	0.74	0.54	211.53 / 0.0000
0.90	0.90	0.90	0.14 / 0.930
0.14	0.25	0.45	4222.16 / 0.0000
2,763	2,762	2,467	

A3.3 Descriptive statistics, Opoja 2016

Here we present some key statistics from the structured interviews we conducted in Opoja in August of 2016 (see also section 3.3). Almost 56% of the respondents are males and 57% of them are married. Our average Opoja interviewee is 33 years old and has completed 13 years of education (Table A17). The data show a relatively young and above average educated population. The rural families are relatively large (with over 8 members), whereas the dependency ratio is 0.33. The average annual income stands at 9,129.52 Euros; however, the distribution of income is rightly skewed due to some extreme values of income in the data. The per capita equivalized income (as per the OECD scale) is estimated at 2,335 Euros per year. Almost 27% of the households have at least one migrant family member residing abroad, and 22 % of the households have received international (in-cash and in-kind) remittances in the past year. The typical Opoja household does not rely exclusively on remittance income for its livelihood.

Approximately 39% of the households gain income either from wages or self-employment, followed by 22 % of the households which generate income from farming respectively. In addition, 12% of the interviewed households depend on remittance income. This share is different from the share of households reporting to have received some form of remittances (22% receive both in-cash and in-kind), since this captures only in-cash regular remittance transfers. Other sources of income, such as pensions and social transfers (predominantly consisting of welfare assistance), make a less substantial contribution to sustaining rural livelihoods.[37] We also note that almost 20% of the families report to pool their income.

Opoja descriptive statistics are close to KRHS 2011 descriptive statistics, although the Opoja sample is not representative for Kosovo (see section 4.1).

37 The Opoja structured questionnaire asked respondents to select from more than one source of income (if relevant for the household). Therefore, the percentage shares from various sources of income are not cumulative. Shares are indicative of the proportion of households in the sample that rely on this specific income source in addition to other income sources.

Table A17: Descriptive Statistics, Opoja 2016

	Obs.	Mean	Std. Dev.	Min	Max
Age of respondent	74	33.69	14.58	14	65
Years of education	74	12.97	3.09	3	19
Household size	74	8.47	4.99	3	18
Dependency ratio	72	0.33	0.47	0	3
Life satisfaction (1-7 point Likert scale)	74	5.85	1.33	2	7
Household annual income (in Euros)	63	9129.52	7489.98	0	24000
PC income equivalised (in Euros)	62	2335.16	1663.32	0	8571.43
Share of households with migrants	74	0.27	0.05	0	1
Share of households that receive remittances	74	0.22	0.05	0	1
Share of households with farm income	74	0.22	0.05	0	1
Share of households with waged income	74	0.39	0.06	0	1
Share of households with self-employment income	74	0.39	0.06	0	1
Share of households with pension income	74	0.01	0.01	0	1
Share of households with social transfers	74	0.01	0.01	0	1
Share of households with remittance income	74	0.12	0.04	0	1
Share of households with other income	74	0.03	0.02	0	1
Share of households with income pooling	74	0.20	0.05	0	1

Source: Own calculations based on 2016 Opoja data

A4 PHOTOS

Photo 1: Welcome to Dragash Diaspora!

Photo 2: The centre of Dragash is revitalized when migrants come home.

Photo 3: Construction everywhere! New houses under construction in one Opoja village.

Photo 4: New (twin) houses of two migrant brothers in one Opoja village.

Photo 5: A newly constructed village house (Opoja). Most new houses resemble vocation villas

Photo 6: A mosaic decorating the inner walls of a village villa (Opoja). Most villas are under the ownership of migrant households.

Photo 7: The rehabilitated village centre was financed with donations from migrants (Opoja).

Photo 8: The mosque with the minaret is another project financed by migrants (Opoja).

Photo 9: The only old house in the village.

Photo 10: The former house of a migrant household used to have a cowshed and a specially designated area for the animal feed.

Photo 11: One of the few village (non-migrant) houses with an adjacent cowshed.

Photo 12: 'O Pula o Iula' (chickens or flowers – or both). Most migrant families prefer to not keep chickens since they eat the decorative flowers.

Photo 13: High walls surround most village households in Opoja.

Photo 14: Once inside those high walls, guests are met with the traditional Opoja hospitality (home-made honey and fresh water).

Photo 15: The village central caffe (and retail shop). Men filling in the questionnaires at the central café.

Photo 16: Men filling in the questionnaires at the central café.

Photo 17: Participant observation – the researcher helping with the preparation of the traditional dish *byrek*.

Photo 18: Baking *byrek* in wood-fired oven.

Photo 19: Bride-to-be in a traditional wedding outfit during her *kanagjejgji*. The tradition requires that the night before she leaves to join her husband's family, the young bride stands outside of her parental home. Women from the *mahalla* (the neighborhood) come to see her 'transition' from a village girl into a young bride.

Photo 20: A long line of wedding attendance coming to get the bride.

Photo 21: Wedding celebrations have begun (magyups playing *curle*).

Photo 22: Village men dancing to the tune of *tupan*.

Photo 23: Women's wedding attendance, getting ready to accompany the bride.

**Photo 24: A modern livestock farm under the ownership of a returned migrant is a rare occurrence (Opoja)., **

Photo 25: Little seed money is needed for honeybee farming (Opoja).

A5 STATA COMMANDS

```
*************************************************************************
*       Propensity Score Matching Analysis
*       Kosovo Remittance Study (KRS 2011)
*       Subgroups of analysis (migrant vs. non-migrant)
*************************************************************************

global control agehh educyhh workhours_week hourly_wage familysize deprati
nomigr primary_edu secondary_edu high_school university_edu income_year
incomeplusrem_year OECDpcEQUrem OECDpcEQUnorem empshare selfshare
farmshare othershare remshare foodshare expshare

su $control
su $control if migranthh==1
su $control if migranthh==0


*** Perform Logistic Regression Analysis ***

logit migranthh agesq genderhh pensioner sharefemale munrem Albanian Pris-
tina Prizren Peja

*** Calculate Propensity Scores          ***

predict double ps
sum ps

 *** Perform Matching using NN matching algorithm within caliper (0.25*SD of
propensity model = 0.25* 0.34= 0.085) ***

psmatch2 migranthh, out(OECDpcEQUrem) pscore(ps) caliper (.08) noreplace
neighbor (1) descending
sort _id
```

```
*** Check the reduction in bias after matching ***

pstest agehhh agesq genderhh pensioner sharefemale munrem Albanian Pristina
Prizren Peja, both
tab _weight if migranthh==1
tab _weight if migranthh==0
hist _pdif

psgraph, bin (10)

*** Compare Propensity Scores before and after matching and save graph ***

// compare _pscores before matching & save graph to disk
twoway (kdensity _pscore if _treated==1) (kdensity _pscore if _treated==0, ///
lpattern(dash)), legend(label( 1 "treated") label( 2 "control" ) ) ///
xtitle("propensity scores BEFORE matching") saving(before, replace)

// compare _pscores *after* matching & save graph to disk
gen match=_n1
replace match=_id if match==.
duplicates tag match, gen(dup)
twoway (kdensity _pscore if _treated==1) (kdensity _pscore if _treated==0 ///
& dup>0, lpattern(dash)), legend( label( 1 "treated") label( 2 "control" )) ///
xtitle("propensity scores AFTER matching") saving(after, replace)

*** Addittional Visual Inspection tests of standardized differences***

pstest agesq genderhh pensioner sharefemale munrem Albanian Pristina Prizren
Peja, both hist
pstest agehh agesq genderhh pensioner sharefemale munrem Albanian Pristina
Prizren Peja, both graph
```

*** Calculate ATE with psmatch2 command***

psmatch2 migranthh, out(OECDpcEQUrem) pscore(ps) ate caliper (.03) noreplace neighbor (1) descending

*** Bootstrap the results***

bootstrap r(ate), reps (1000) seed (1234): psmatch2 migranthh agesq genderhh pensioner sharefemale munrem Albanian Pristina Prizren Peja , out(OECDpcEQUrem) logit ate noreplace neighbor (1) caliper (.03)descending

*** Calculate ATET by matching on the estimated propensity scores ***

teffects psmatch (OECDpcEQUrem) (migranthh agesq genderhh pensioner sharefemale munrem Albanian Pristina Prizren Peja, logit), atet nn (1)

*** Calculate the counterfactual income***

generate cfinc1 = OECDpcEQUrem if migranthh==0
replace cfinc1 = _OECDpcEQUrem if migranthh==1
label var cfinc1 "counterfactual income"

*** Estimate Poverty Effects ***

povdeco OECDpcEQUrem, pl (438) by(rural)
povdeco OECDpcEQUrem, pl (628) by(rural)
povdeco OECDpcEQUrem, pl (1337)
povdeco OECDpcEQUrem, pl(1296)
povdeco OECDpcEQUrem, pl(1371)
povdeco OECDpcEQUnorem, pl (438) by(rural)
povdeco OECDpcEQUnorem, pl (628) by(rural)
povdeco OECDpcEQUnorem, pl (1337)
povdeco OECDpcEQUnorem, pl (1296)
povdeco OECDpcEQUnorem, pl (1371)

```
povdeco cfinc1, pl (438) by(rural)
povdeco cfinc1, pl (628) by(rural)

povdeco cfinc1, pl (1337)
povdeco cfinc1, pl (1296)
povdeco cfinc1, pl (1371)

*** Estimate Inequality Effects (Gini Decompositon by Income Source) ***

descogini OECDpcEQUrem farmequ employequ othequ remequ selfequ
descogini OECDpcEQUnorem farmequ employequ othequ remequ selfequ
descogini cfinc1 farmequ employequ othequ remequ selfequ

*** Rosenbaum Sensitivity Analysis ***

gen delta = OECDpcEQUrem - _OECDpcEQUrem if _treated==1 & _support==1
rbounds delta, gamma (1(.05) 2)

**************************************************************************
*       Effects of exposure to remittances on poverty levels
*       Dosage response measurement (Imbens, 2000; Hirano & Imbens, 2004 (Imbens, 2000)
**************************************************************************

su OECDpcEQUrem, de

ge poverty=0
replace poverty=1 if OECDpcEQUrem<=1337
replace poverty=. if missing(OECDpcEQUrem)
```

```
qui generate cut=5 if recipient_year<=5
qui replace cut=11 if recipient_year>5 & recipient_year <=11
qui replace cut=43 if recipient_year>11

tab cut

gpscore Albanian Serb agehh genderhh educyhh married familysize de-
pratio Pristina Mitrovica Gjilan Peja Ferizaj, t(recipient_year) gpscore(p-
score) predict(hat_treat) sigma(sd) cutpoints(cut) index(string) nq_gps(5)
t_transf(lnskew0) detail

doseresponse_model recipient_year pscore, outcome(poverty)

egen float zrecipient_year=std(recipient_year), mean(0) std(1)

matrix define tp = (0\5\10\15\20\25\30\35\40\45)

doseresponse Albanian Serb agehh genderhh educyhh married family-
size depratio employed Pristina Mitrovica Gjilan Peja Ferizaj, outcome(in-
comeplusrem_year) t(recipient_year) gpscore(pscore) predict(hat_treat)
sigma(sd) cutpoints(cut) index(p50) nq_gps(5) t_transf(lnskew0) dose_
response(dose_response) tpoints(tp) delta(1) bootstrap(yes) boot_
reps(100) filename("output") analysis(yes) graph("graph_output") detail
*************************************************************************
```

A6 QUESTIONNAIRES

QNR1 – tree hh

Thank you for taking part in this research project.
All information will be treated carefully & solely used for the purpose of this research.
We are happy to anonymize information and ask the respondents to indicate if any information given should be treated with special care.

Date & time __ . 8. 2016 _____ am/pm **ID** _____

1. **We would like to understand the migration (and employment) history of your extended family. Could you please draw a family tree along which we can discuss (A3)?** We would like you to fill in a small questionnaire (QNR2) with all available family members. For absent members we would like to gather the information from those who are here.

2. **Please, draw remittance flows (arrows from sender to recipient -> sub-recipients)**, if possible indicate rough amounts and frequency and also remittance flows from/to non-HH members

3. **Could you please indicate on an income ladder the current position of your household? Where would you have located it 20 and 5 years ago?**

Please imagine a ten-step ladder where on the bottom, the first step, stand the poorest 10% of people in our community/village, and on the highest step, the tenth, stand the richest 10%.

a. On which step of the ten is your household today? Now Step _____

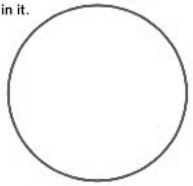
b. Now, imagine a ten-step ladder 20 and 5 years ago. On which step was your household at that time?

20 years ago Step _____
5 years ago Step _____

4. **Could you describe the different income source of the household and how much they contribute to the overall household income?** If possible give an estimate of your net income per month (available income) and the share of different income sources, including remittances in it.

Estimate monthly net income _____ Euro

- Source 1
- Source 2
- Source 3
- Source 4
- Source 5



5. **We would now like to ask you a number of questions on the farm land and agricultural activities of your household (this should be done together with the general farm discussion!)**

Does your household own any agricultural land or is otherwise involved in farming? ☐ **yes** ☐ **no**
If no, can you explain when and why farm activities stopped in your household and how they changed over time.

If yes,
- Do you consider your farm as a commercial farm ☐ **yes** ☐ **no**
- How much of your farm produce is sold to the market? _____%
- How many plots of land does your household own in total? _____

Please describe the type of plot of land (whether crop land, tree crop land, forest, pasture, etc), size and approximate distance from your house

Plot type	Size (ha)	Crops in last season (or unused)	Distance from house (m)

Does your household own any livestock (including poultry, beehives, etc.)? ☐ **yes** ☐ **no**
Please describe the number and type of livestock that you have.

Please indicate the type and number of farming assets that your household owns

Type of farm asset	Number	Did you use remittances to finance the purchase?
tractor		☐ yes ☐ no
truck		☐ yes ☐ no
pump set		☐ yes ☐ no
pesticide sprayer		☐ yes ☐ no
milking machine		☐ yes ☐ no
milk pasteurization machine		☐ yes ☐ no
milk separator		☐ yes ☐ no
other machinery (Specify)		☐ yes ☐ no

6. **Please describe in detail how your family uses its labour force for different income generating activities (farm and non-farm), but also for work in the house and the garden, for attending children and for leisure. Please use the family tree as a reference.**

QNR2 – tree family persons

Thank you for taking part in this research project.
All information will be treated carefully & solely used for the purpose of this research.
We are happy to anonymize information and ask the respondents to indicate if any information given should be treated with special care.
If not indicated otherwise, questions can be answered by any knowledgeable household member.

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Date & time __ . 8. 2016 _____ am/pm **ID _____ (from tree)**

If not answered by the person him/herself, please indicate ID of respondent: _____

Name: _____ ☐ Albanian ☐ Other: _____

Age: _____ [or Year of birth: _____]

Sex: _____

For persons 6 years and older:

How many years have you been in school/university? _____

Are you still going to school/university? ☐ yes ☐ no

What is your highest school leaving certificate? _____

For persons 16 years and older: Only to be answered by person herself/himself

Below are five statements that you may agree or disagree with. Using the 1 - 7 scale below, indicate your agreement with each sentence. Please be open and honest in your responding.

In most ways my life is close to my ideal. ..... ____
The conditions of my life are excellent..... ____
I am satisfied with my life. ..... ____
So far I have gotten the important things I want in life. ..... ____
If I could live my life over, I would change almost nothing. ... ____
If dissatisfied with a situation, I would rather attempt to change things than to try to escape from the situation ..... ____

7 - Strongly agree **6** - Agree **5** - Slightly agree **4** - Neither agree nor disagree **3** - Slightly disagree **2** - Disagree **1** - Strongly disagree

For persons with at least one migration episode (internal or international), including as accompanying person:

Please indicate your ***migration*** episodes Destination (location/country):

(1) From (month/year) _____ to _____ _____ ☐ I went as accompanying person
(2) From (month/year) _____ to _____ _____ ☐ I went as accompanying person
(3) From (month/year) _____ to _____ _____ ☐ I went as accompanying person
(4) From (month/year) _____ to _____ _____ ☐ I went as accompanying person
(5) ☐ I am a current migrant (visiting the village)

During these migration episode(s), how often did you usually visit the family back in the village?
Visits per year: _____ What was the average length of stay in weeks (sum of yearly visits): _____

During these migration episode(s), did you remit to the family back in in the village? ☐ yes ☐ no
If not, why not? _____

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From here on: only for persons 16 years or older:

Please indicate your main periods of ***occupation***, **include occupation periods abroad**	Field of occupation:	Type code*	Monthly net income
(1) From (month/year) _____ to _____	_____	_____	_____ (€)
(2) From (month/year) _____ to _____	_____	_____	_____ (€)
(3) From (month/year) _____ to _____	_____	_____	_____ (€)
(4) From (month/year) _____ to _____	_____	_____	_____ (€)
(5) From (month/year) _____ to _____	_____	_____	_____ (€)

During these occupation periods, did you feel that the work matched with your skills and educational level? ☐ yes ☐ no

During these occupation periods, was your income pooled with the household income or stayed with you? ☐ yes ☐ no

Comments/Notes:

_____

*** 1= formally employed 2= informally employed 3 = self-employed 4 = unpaid work 5= other.** _____

If a person is not available to answer herself, please indicate what you believe is the attitude of this family member.

Using the 1 - 7 scale below, please indicate what best describes your ***attitude*** towards (preference for) agricultural work, self-employment, and wage employment as well as migration and urban/rural lifestyles.

Attitude toward ***agriculture*** ..... ____ Attitude toward ***migration*** ..... ____

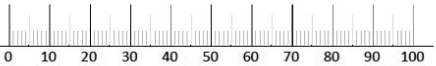
Attitude toward ***non-farm self-employment*** ..... ____ Attitude toward ***urban lifestyle*** ..... ____

Attitude toward ***non-farm waged employment*** .. ____ Attitude toward keeping up **village traditions & culture .** ____

7 - Strongly positive **6** - Positive **5** - Slightly positive **4** - Neither positive nor negative **3** - Slightly negative **2** - Negative **1** - Strongly negative

Could you specify how probable it is that in the next two years you stay in the area (or, for current migrants, return to the area).Please indicate the probability on this scale. The scale starts with zero and ends with 100%

For non-migrants: **Probability to stay**
For current migrants: Probability to return



Using the 1 - 7 scale below, please indicate your agreement to the two sentences:

Whether I stay (return) or not is closely related to being dissatisfied with the economic situation in Kosovo. _____

Whether I stay (return) or not is closely related to being dissatisfied with the political situation in Kosovo. _____

7 - Strongly agree **6** - Agree **5** - Slightly agree **4** - Neither agree nor disagree **3** - Slightly disagree **2** - Disagree **1** - Strongly disagree

Where do you see yourself in five years from now? **Multiple answers are possible.**

☐ Working on the farm ☐ Migrate to urban area ☐ Working in local waged employment

☐ Working in local (own) business ☐ Migrate abroad ☐ Housework/retired/other: _____

If migration is anticipated: I plan to go.... ☐ with my family ☐ on my own

Using the 1 - 7 scale below, please indicate what best describes the idea behind sending and receiving remittances in your specific family context. Different ideas may overlap, so please rate their overall importance.

a. When remittances are sent/received, the recipient provides in return certain services such as taking care of elderly parents, of migrant's children or of the migrant's land and property.	/_____/
b. If there are no dependent persons (for example own elderly parents or young children) to be taken care of, it is understood that the migrant will stop remitting.	/_____/
c. When remittances are sent/received, the migrant pays back as he is indebted to the recipient(s) – e.g. because they cared during childhood or provided for or financed his/her migration/education	/_____/
d. When remittances are received, they are spent according to the migrant's wish.	/_____/
e. When remittances are sent/received, the migrant is contributing to the pooled income of the family just as any other family member.	/_____/
f. Remittances are usually sent/received as a regular sum of money that the recipients can use for their household expenditures.	/_____/
g. Remittances are received/sent occasionally (not on a regular basis), are to be understood as a gift to the recipient.	/_____/
h. When remittances are sent/received, the migrant is fulfilling an obligation towards the family, by financing for instance care for elderly parents or siblings who stayed back.	/_____/
i. When remittances are sent, it is done out of selfless devotion to the family and reflects the sacrifice that the migrants endure when they go abroad in order to provide money to the recipients.	/_____/
j. When remittances are sent, the migrant tries to avoid negative percussions such as for example losing the prospect of inheritance or negative judgement in moral terms.	/_____/
k. When remittances are sent/received, the migrant reacts to the immediate need and/or request of help of the recipient.	/_____/
l. When remittances are sent/received, the migrant wants to invest in houses, land or a business.	/_____/
m. When remittances are sent/received, the migrant wants them to be used for the education of the recipients (and the children of the family).	/_____/
n. When remittances are sent/received, the migrant wants them to be used for helping the recipient or family member to migrate as well.	/_____/
o. When remittances are sent/received, the migrant wants them to be used for helping the poor (in form of charitable donations).	/_____/
p. When remittances are sent/received, the migrant fulfills his family duty.	/_____/
q. When remittances are sent, the migrant does not exert any influence on how it is spent.	/_____/
r. When remittances are received, the recipient views the migrant positively in moral terms.	/_____/
s. Although we would always prefer to stay here, we make sure that if we have to migrate our culture and traditions are kept high by both the migrants and those who stay back.	/_____/
t. When remittances are sent/received, this is a way to reduce the workload in agriculture.	/_____/
u. When remittances are sent/received, this is a way to be able to invest in agriculture	/_____/

7	6	5	4		3	2
Strongly agree	Agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Disagree	Strongly disagree

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