Meyer, Wiebke

Research Report

Motives for remitting from Germany to Kosovo

Studies on the Agricultural and Food Sector in Central and Eastern Europe, No. 69

Provided in Cooperation with:
Leibniz Institute of Agricultural Development in Transition Economies (IAMO), Halle (Saale)

Suggested Citation: Meyer, Wiebke (2012) : Motives for remitting from Germany to Kosovo, Studies on the Agricultural and Food Sector in Central and Eastern Europe, No. 69, ISBN 978-3-938584-70-5, Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO), Halle (Saale), https://nbn-resolving.de/urn:nbn:de:gbv:3:2-18784

This Version is available at:
https://hdl.handle.net/10419/72581

Studies on the Agricultural and Food Sector
in Central and Eastern Europe

Wiebke Meyer

Motives for remitting from Germany to Kosovo

IAMO
LEIBNIZ-INSTITUT FÜR AGRARENTWICKLUNG
IN MITTEL- UND OSTEUROPA

Motives for remitting from Germany to Kosovo

Studies on the Agricultural and Food Sector
in Central and Eastern Europe

Edited by
Leibniz Institute of Agricultural Development
in Central and Eastern Europe
IAMO

Volume 69

Motives for remitting from Germany to Kosovo

by
Wiebke Meyer

IAMO
2012

Bibliografische Information Der Deutschen Bibliothek
Die Deutsche Bibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über http://dnb.ddb.de abrufbar.

Bibliographic information published by Die Deutsche Bibliothek
Die Deutsche Bibliothek lists the publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the internet at: http://dnb.ddb.de.

This thesis was accepted as a doctoral dissertation in fulfillment of the requirements for the degree "doctor agriculturarum" by the Faculty of Natural Sciences III at Martin Luther University Halle-Wittenberg on 25.01.2012.

Date of oral examination:	09.07.2012
Supervisor and Reviewer:	Prof. Dr. G. Buchenrieder
Co-Reviewer:	PD Dr. M. Petrick
Co-Reviewer:	Prof. Dr. M. Kirk

Diese Veröffentlichung kann kostenfrei im Internet unter <*www.iamo.de/dok/sr_vo69pdf*> heruntergeladen werden.

This publication can be downloaded free from the website <*www.iamo.de/dok/sr_vol69pdf*>.

Leibniz-Institut für Agrarentwicklung in Mittel- und Osteuropa (IAMO)
Theodor-Lieser-Straße 2
06120 Halle (Saale)
Tel.: 49 (345) 2928-0
Fax: 49 (345) 2928-199
e-mail: iamo@iamo.de
http://www.iamo.de
ISSN 1436-221X
ISBN 978-3-938584-70-5

THANK YOU!

The completion of this thesis would not have been possible without the support of many people.

First of all, I would like to thank Judith Möllers, Gertrud Buchenrieder, Martin Petrick, and Jana Fritzsch. Judith's door was literally always open for my questions, troubles, and unresolved issues. No matter whether they were of methodological or organisational nature or concerns about writing or publishing. I am very grateful for her advice and the discussions with her. Gertrud constantly supported my work. She accepted me as doctorate student at the Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO) and encouraged me to pursue this challenging dissertation topic. She gave me fundamental inspiration for this research. Thank you very much! Martin and Jana additionally counselled me in methodological troubles I encountered during my work. I warmly appreciate their readiness to help me.

Furthermore, I would like to thank my IAMO colleagues for supporting me and giving me comfort in the tough times of my work. Especially Lili Jia, Arlette Ostermeyer, Florian Schierhorn, Klodjan Rama, and Konstantin Hahlbrock backed me. And I enjoyed the time when we laughed together even more. I thank Diana Traikova for the fruitful discussions about PLS and Lothar Lehmann, Jürgen Heep, and Tim Illner for encouraging my computer not to give up in the final stage of writing.

Moreover, I thank Sherif Xhema, the motivated enumerators, the patient respondents, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) office in Tirana – especially Ismail Beka –, the University of Prishtina, and the IAMO administration, especially Gabriele Mewes, Sabine Tretin, and Heike Lehmann. Without them a successful data collection would not have been possible.

My family constantly stood behind me in going further in academia. I am deeply indebted to them. Ines, Nicole, Isabel, Caro, Alex, and André and many other friends cheered me up and distracted me from my worries and thoughts about my thesis. Without their constant encouragement the way to achieve this goal would have been much longer and much more painful.

Finally, I gratefully acknowledge the financial support of IAMO, particularly for the field research in Germany and Kosovo. Without this support, this dissertation could not have gone the innovative avenues described below.

SUMMARY

During the past two decades, the migration-cum-remittance livelihood strategy has gained tremendous worldwide importance. An increasing flow of people migrate from poorer to wealthier regions, driven by wage differentials that allow them to support those left at the origin through remittances. This holds especially true for Kosovo, which has a long history of labour migration. Currently, more than 20 % of Kosovo's population live outside the country and it is estimated to be the European country most dependent on remittances. Furthermore, Kosovo's population is among the poorest in Europe. In particular, rural areas are affected by poverty. Consequently, the on-going, stable flow of remittances is of high importance for the young country; on the one hand it contributes to the stability of the overall economy by equilibrating Kosovo's balance of payments, and on the other hand, it helps individual low-income households by helping substantially sustain their everyday life. Against this background, the question arises what actually motivates Kosovo-Albanian migrants to remit to their families in Kosovo. As empirical evidence on remitting to Eastern Europe, especially Kosovo, is rare, this research aims to generate deeper insights into the motives of remitting.

The Sustainable Livelihood Framework (SLF) is a useful theoretical umbrella concept for explaining the migration-cum-remittance livelihood strategy; it acknowledges that economic, social, and cultural features of households are layered and overlapping, and that they determine the livelihood strategies available for a household. In line with the SLF, the migration-cum-remittance livelihood strategy is one of several livelihood strategies available to a household in order to maximise the household's income and to minimise its income related risks. However, the theoretical perspective on the motives for remitting is far from clear in the literature. Rather, it is an amalgam of overlapping approaches and sets of difficult-to-test hypotheses which are usually only applicable to the setting they were developed in.

The analyses of the motives for remitting in this research are based on an empirical quantitative dataset collected in 2009/2010. This dataset contains information on 225 Kosovo-Albanian migrants living in Germany and their corresponding rural origin households in Kosovo. This study design is innovative and exceptional for two reasons. First, because usually only one side of the remitting dyad is included in the analysis, i.e. the remitting migrant in the host country or the receiving household at the origin. Second, a new methodology is introduced in the analysis of motives for remitting. It is argued that the common, socio-economic perspective does not suffice to explain the motives for remitting. For this reason, the analysis starts with a common approach for the identification of determinants of remittances using Ordinary Least Squares (OLS). The results are then compared with

an analysis based on the Theory of Planned Behaviour (TPB) applied in a Structural Equation Model (SEM). The TPB, borrowed from social psychology, is employed for the first time in this field of research. It is chosen with the purpose of widening the perspective on the motives of remitting through the representation of the inherent cognitive processes that underpin the decision-making process about remitting. The application of the TPB is based on three core constructs: the attitude towards remitting, the perceived norms surrounding remitting, and the perceived control over remitting. It is assumed that these three constructs shape the intention to remit. Additionally, socio-economic determinants, which have shown significance in the common approach, are included.

The results of the OLS analysis generally comply with earlier empirical findings. The variables with significant impact on remittances can be split into three groups: (1) the closeness of the relation between the migrant and the origin household; (2) the financial capacity to remit of the migrant; and (3) the need for support by the origin household. It can be confirmed that the closer the relation between the migrant and the relatives at the origin, the better the financial endowment of the migrant; further, the more severe the need for financial support by the origin household is, the higher are the remittances.

The results of the TPB approach indicate that the socio-economic determinants contribute to the explanation of the intention to remit only to a small extent. The main impact on the intention to remit stems from the attitude of the migrant towards remitting and the perceived norms on remitting. Consequently, if the migrant has a favourable opinion about remitting and feels that s/he is expected to remit, the intention to remit is stronger.

ZUSAMMENFASSUNG

In den letzten beiden Jahrzehnten hat die *migration-cum-remittance livelihood strategy* weltweit stark an Bedeutung gewonnen. Immer mehr Menschen migrieren aus ärmeren in reichere Regionen der Welt, um ihre zu Hause gebliebenen Familienangehörigen finanziell mit Rücküberweisungen (*remittances*) zu unterstützen. Dies trifft insbesondere für Kosovo mit seiner langen Migrationstradition zu. Derzeit leben mehr als 20 % der kosovarischen Bevölkerung außerhalb des Landes. Schätzungen zufolge ist Kosovo innerhalb Europas das Land mit der stärksten Abhängigkeit von Rücküberweisungen. Es gehört gleichzeitig zu den ärmsten Ländern Europas, wobei besonders die ländliche Bevölkerung unter der Armut leidet. Der anhaltende Zufluss privater finanzieller Mittel aus dem Ausland hat zwei maßgebliche Wirkungen: Zum einen tragen die Transfers zum Ausgleich der kosovarischen Zahlungsbilanz –und damit zur Stabilität der Wirtschaft – bei, und zum anderen haben Rücküberweisungen eine direkte Wirkung auf die Wohlfahrt der einzelnen Empfängerhaushalte. Vor diesem Hintergrund liegt die Frage nach den Motiven der kosovoalbanischen Migranten für die Geldtransfers nahe. Da für Osteuropa, und insbesondere Kosovo, nur wenige empirische Forschungsergebnisse vorliegen, zielt diese Arbeit auf die Generierung von neuen Forschungsergebnissen zu den Motiven der Rücküberweisungen für diese Region ab.

Das *Sustainable Livelihood Framework* (SLF) ist ein nützliches Gesamtkonzept, um die *migration-cum-remittance livelihood strategy* einzuordnen. Die ökonomischen, sozialen und kulturellen Rahmenbedingungen von Entscheidungsträgern werden im SLF in einen Zusammenhang gebracht. Sie bestimmen, welche *livelihood strategies* für einen Haushalt verfügbar und vorteilhaft sind. Die *migration-cum-remittance livelihood strategy* ist hierbei eine von mehreren möglichen Haushaltsstrategien, die insbesondere zwei Zielen dienen: (1) der Maximierung des verfügbaren Einkommens und (2) der Minimierung des Risikos, einen Einkommenseinbruch zu erleiden. Die theoretischen Ansätze zur Erklärung der Motive von Rücküberweisungen sind in der Literatur allerdings weder allumfassend noch einheitlich. Es handelt sich eher um eine Vielzahl sich überschneidender, kontextspezifischer Ansätze mit teilweise nur schwer testbaren Hypothesen.

Die Analysen zu den Motiven der Rücküberweisungen basieren auf einem empirischen quantitativen Datensatz mit 225 Fällen aus den Jahren 2009/2010. Es wurden sowohl die Geld transferierenden Migranten in Deutschland als auch die dazugehörigen ländlichen Empfängerhaushalte in Kosovo befragt. Dieses Forschungsdesign ist im Hinblick auf seine Zweiseitigkeit außergewöhnlich und innovativ, denn normalerweise wird nur eine Seite, entweder die des Transfersenders oder

die der Transferempfänger, direkt befragt. Auch analytisch wird in dieser Arbeit neben dem herkömmlichen Ansatz ein neuer methodischer Weg zur Analyse der Motive eingeschlagen. Es wird in Frage gestellt, ob die geläufige sozio-ökonomische Perspektive ausreicht, um einen detaillierten Einblick in die Motive der Rücküberweisungen zu geben. Ausgehend von einem herkömmlichen Ansatz für die Identifikation der Determinanten der Transfers mit Hilfe von *Ordinary Least Squares* (OLS) wird anschließend die Perspektive auf die Beweggründe für die Transfers mit Hilfe der Theorie des geplanten Verhaltens erweitert. Diese Perspektiverweiterung hat zum Ziel, die inneren, kognitiven Prozesse des Migranten während der Entscheidungsfindung über Rücküberweisungen abzubilden.

Die Ergebnisse der konventionellen Analyse entsprechen weitgehend den Ergebnissen früherer Studien. Die Variablen mit signifikantem Einfluss auf die Transfersummen können dabei in drei Gruppen unterteilt werden: (1) die Enge der Beziehung zwischen Migrant und Empfängerhaushalt, (2) die Ausstattung des Migranten mit finanziellen Mitteln, die Rücküberweisungen ermöglichen, und (3) den Bedarf des Empfängerhaushaltes an finanzieller Unterstützung von Seiten des Migranten. Es kann gezeigt werden, dass die Rücküberweisungen umso höher sind, je enger die Beziehung zwischen Sender und Empfänger, je besser die finanzielle Ausstattung des Migranten und je bedürftiger der Empfängerhaushalt ist.

Die Umsetzung der Theorie des geplanten Verhaltens in einem Strukturgleichungsmodell basiert auf drei Kernkonstrukten: die Einstellung gegenüber Rücküberweisungen, die wahrgenommenen Normen, die Rücküberweisungen umgeben, und die wahrgenommene Kontrolle über die Durchführbarkeit der Transfers. Die Theorie geht davon aus, dass diese drei Konstrukte maßgeblich die Handlungsintention bestimmen. Zusätzlich werden die sozio-ökonomischen Determinanten, die im herkömmlichen Ansatz einen signifikanten Einfluss auf die Summe der Transfers gezeigt haben, in die Analyse aufgenommen. Die Ergebnisse dieses innovativen Ansatzes deuten darauf hin, dass die sozio-ökonomischen Determinanten einen vergleichsweise geringen Erklärungsbeitrag zur Intention, Rücküberweisungen zu tätigen, leisten. Der größte Erklärungsbeitrag zur Intention geht von der Einstellung des Migranten gegenüber Rücküberweisungen und den von ihm empfundenen Normen um dieses Verhalten aus. Wenn der Migrant also positiv über Rücküberweisungen denkt und einen Erwartungsdruck ihm gegenüber empfindet, Geld zu schicken, dann ist seine Intention stärker, dieses Verhalten umzusetzen.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

2SLS	Two Stage Least Squares
AufenthG	German Residence Act (Aufenthaltsgesetz)
CBSEM	Covariance-based Structural Equation Model(ling)
CEEC	Central and Eastern European country
D	Germany
DESTATIS	Statistisches Bundesamt Deutschland
DFID	Department for International Development
EU	European Union
GDP	Gross Domestic Product
GESIS	Leibniz Institute for the Social Sciences
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAMO	Leibniz Institute for Agricultural Development in Central and Eastern Europe
KRS	Kosovo Remittances Study
KS	Kosovo
LISREL	Linear Structural Relations
LSMS	Livelihood Standard Measurement Survey
ODA	Official Development Aid
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
PC	Per capita
PLS	Partial Least Squares
SEM	Structural Equation Model(ling)
SGB	German Code of Social Law (Sozialgesetzbuch)
SLF	Sustainable Livelihoods Framework
SOEP	German Socio-Economic Panel
SOK	Statistical Office of Kosovo

TACT	target, action, context and time frame for precise definition of a behaviour within the TPB (AJZEN 2006)
TPB	Theory of Planned Behaviour
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States Agency for International Development
USD	United States dollar
VBSEM	Variance-based Structural Equation Model(ling)

ha	hectare
km	kilometre

As data in many tables have been rounded, minor discrepancies may appear between totals and their parts.

Chapter One

GENERAL INTRODUCTION

In Kosovo there is a saying which goes, "A family needs three sons: one for migration, who works abroad and sends money home, one who fights for the mother country, and one at home, who cares for the family." This saying vividly illustrates how deep the migration-cum-remittance livelihood strategy is ingrained in the Kosovar society. Furthermore, Kosovo's outpouring of people over the past 50 years has been striking. Thus, although motivation and socio-economic features change over time, there is still truth in this saying.

Today, more than 20 % of the Kosovar population lives outside the country.[1] The main reasons for leaving were the poor living conditions and lacking employment opportunities, particularly in rural areas.[2] Doubtlessly, remittances are the main economic link between migrant and family members remaining at the origin. Money earned in the host country is sent (in part) back to the area of provenance. Almost 90 % of Kosovar migrants remit (MUSTAFA et al., 2007). In 2009, remittances contributed about 11 % to the gross domestic product (GDP) of Kosovo (UNDP, 2010). CARLING (2008) estimates that Kosovo is the European country that depends the most on remittances. Hence, the contribution of remittances to Kosovo's economy is crucial on both the macro- and on the microeconomic levels: on the macro level, remittances provide foreign currency to counteract Kosovo's huge trade deficit,[3] and on the micro level they are crucial for the

---

1 The size of the Kosovar diaspora is widely discussed. UNDP (2010) rates it to be 400,000, while HAXHIKADRIJA (2009) estimates 800,000 persons. Compared to the overall Kosovar population, a share ranging between 20-40 % of the population lives outside the country (ESI, 2006; MUSTAFA et al., 2007; VATHI and BLACK, 2007; HAXHIKADRIJA, 2009).

2 Measured in per capita income (gross domestic product per capita), Kosovo is the second poorest country in Europe (CIA, 2011b).

3 Within Kosovo's balance of payments, remittances were, at 506 million Euros, a major component in the transfer balance in 2009. Kosovo's trade balance amounted to -1,673 million Euros in 2009, which is about 45 % of Kosovo's GDP. Thus, remittances reduce the

sheer survival of a large number of poor households (WORLD BANK, 2010a). Still, the main recipients are the non-poor; they receive two times of what the poor receive. Consequently, remittances lead to a more unequal income distribution (VATHI and BLACK, 2007; WORLD BANK, 2007; MÖLLERS and MEYER, 2011). As migrants predominantly leave rural areas, the financial return flow to rural areas is considerable. Clearly, remittances have implications for the sending and receiving households.

Based on a 2009/2010 survey of Albanian[4] labour migrants from Kosovo in Germany and their rural origin households, this research offers answers to the following research question: what are the main factors that trigger the flow of remittances from migrants living in Germany to their relatives in Kosovo? More specifically: what are the motives for remitting and for the amount of money sent home? Understanding the remitting behaviour is important to better comprehend migration motives and strategies. LUCAS and STARK (1985: 902) underline the importance of remittances as a "private mechanism of income redistribution between persons and across sectors."

Obviously, knowledge about the motives of remitting can be of help for the design of economic and social policies. CARLING (2008) identifies four areas of policy relevance that make it important to understand the determinants of remittances: (1) the strong contribution of remittances to the overall economy calls for a monitoring of the migration and remitting situation; (2) such monitoring and understanding of drivers is also important for common migration management, e.g. in the European Union (EU); (3) remittances have implications with regard to regulatory and law-enforcement issues, e.g. facilitating transfers through financial service providers and reducing transfer costs through the harmonisation of international banking standards; and (4) the relation between migrant and host society and the integration of the migrant into the same has, *inter alia*, effects on remittance flows, and thus on the social situation of origin households. However, for several reasons no policy recommendations will be deducted from the research findings presented. Among these reasons are: (1) the limited generalisability of the findings due to the relatively small and not representative sample analysed in this work and the exclusive examination of the remittance corridor of Germany – Kosovo (it is unknown whether the examination of other remittance corridors to Kosovo, for example Switzerland – Kosovo, might suggest different policy measures); (2) policy makers are only able, to a limited extent, to influence the personal attitudes of migrants and perceived norms, which are found to be the major

overall deficit in the current account. And, consequently, they decrease the amounts of foreign exchange that have to be bought by the Central Bank of Kosovo on the financial market (WORLD BANK, 2010a; IMF, 2011).

[4] Albanians represent the largest ethnic group in Kosovo (92 %), while 8 % of the population are Serb, Bosniak, Gorani, Roma, Turk, Ashkali, or Egyptian (CIA, 2011a).

determinants for remitting; and (3) as remittances flow predominantly through established, well-functioning informal channels, the formalisation of transferring money could be a policy goal for Kosovo, which, however, cannot be assisted with the help of the knowledge gained in this research.

Empirical evidence for the motives of remitting to Kosovo is rare (UNDP, 2010).[5] Therefore, with this research work, we intend to provide up-to-date, country-specific results on the motives of remitting. In so doing, the focus of this research is on farm households in rural Kosovo, because they are particularly dependent on remittances: in Kosovo's rural areas, poverty is even more severe than in urban areas. Thus, remittances are vital in supporting everyday consumption.

Moreover, an innovative empirical approach is followed in this work which, to our knowledge, has only been realised in a similar way by OSILI (2007) for the case of remitting from the USA to Nigeria.[6] Our two-step empirical approach starts from migrants that are interviewed in Germany and includes, in a second step of the survey, their origin farm households in rural Kosovo. Thus far, due to high cost and organisational difficulties, the overriding majority of studies concentrate on one side of the remitting coin: either the remitter or the recipients. However, CARLING (2008: 597) strongly emphasises the necessity to consider "the dyad of potential sender and receivers" in order to analyse the motives for remitting.

In addition to the innovative study design, the methodological approach of this research is pioneering in two ways. First, it widens the viewpoint of the standard socio-economic approach to one which uses a theoretical framework borrowed from social psychology. Applying the Theory of Planned Behaviour for the first time in the analysis of remitting allows us to analyse remitting from the behavioural perspective without ignoring the socio-economic one (AJZEN, 1985; AJZEN, 1991). And second, to the best of the authors' knowledge, the statistical tool Structural Equation Modelling has not yet been used in analysing remitting.

---

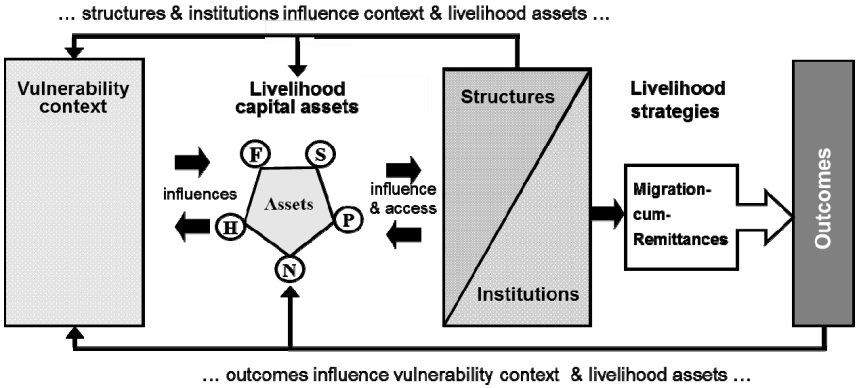
[5] Empirical studies on the motives for remitting for migrants from Latin America, sub-Saharan Africa, and East Asia are abundant. For Eastern Europe, however, they are more scarce (DUVAL and WOLFF, 2010).

[6] OSILI (2007) uses matched data on Nigerian migrants living in Chicago, Illinois, USA, and on the corresponding origin households in Nigeria.

Conceptual framework: The Sustainable Livelihood Framework

The Sustainable Livelihood Framework (SLF) integrates the migration-cum-remittance livelihood strategy into a broader context of household decision making for income maximisation and risk minimisation (Figure 1). The SLF incorporates economic, social, and cultural dimensions in household decision making. It is especially suitable for reproducing the livelihoods of farm households. In the following, first the term livelihood will be defined, followed by a brief introduction into the SLF.

Figure 1: Sustainable Livelihood Framework for the analysis of migration-cum-remittances livelihood strategy



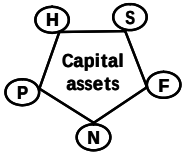
Source: Adapted from BUCHENRIEDER (2003: 629) and MÖLLERS (2006: 78).

The most widely accepted definition of livelihood stems from CHAMBERS and CONWAY (1992: 7-8): "a livelihood comprises the capabilities, assets and activities required for a means of living."[7] Capabilities in this definition refer to the set of alternate beings and doings that a household can attain with its economic, social and individual characteristics (DRÈZE and SENM, 1990). The livelihood platform (see Figure 2), also known as the "asset pentagon", consists of five assets (i.e., natural, physical, human, financial and social). These assets can be used for livelihood activities. Thus, access to these assets (mediated by institutions and social relations), as well as their efficient use, determine the living gained by the individual or household (BARRETT, 1999). Asset endowment also influences access to the socio-economic structures of society at large and their formal and informal

[7] Although the definition of "livelihood" has been extensively discussed, no completely uniform definition exists (see for instance CHAMBERS and CONWAY, 1992; CARNEY, 1998; ELLIS, 2000).

institutions. Additionally, the asset pentagon is embedded in other impacting factors such as the "vulnerability context", "structures and institutions", and "intention and behaviour" (see Figure 1 for the SLF adapted to the migration-cum-remittances strategy).

Figure 2: Capital asset pentagon of the Sustainable Livelihood Framework



Symbols:
- S Social capital, i.e., social networks
- F Financial capital
- N Natural resources, i.e., land and water
- P Physical capital, including technical innovations
- H Human capital, i.e., labour, skills and education

Source: CHAMBERS AND CONWAY (1992).

Note: The capital asset pentagon can be interpreted as a so-called web diagram. The larger the area that the pentagon occupies, the stronger and more resilient is the livelihood it represents (CARNEY, 1998).

The "vulnerability context" refers to abrupt changes in natural resources, population trends, technology, politics, and economics, as well as shocks with regard to climate, conflict, and culture (CARNEY, 1998). Structures and institutions are of central importance, as they operate at all levels and effectively determine access, terms of exchange between different types of capital assets, and returns to any given liveliqhood strategy (SHANKLAND, 2000; KEELEY, 2001). Structures can be described as the "hardware" (private and public organisations) that sets and implements policy and legislation, delivers services, and performs all manner of other functions that affect livelihoods (DFID, 1999). Institutions constitute the "software" by determining the way in which structures and individuals operate and interact. The possible transformation of structures' and institutions' processes occupies a central position in the SLF.

In the SLF, three main rural livelihood strategies are distinguished: agricultural intensification, locally-based rural non-farm income diversification[8] and migration (SCOONES, 1998), which result in the livelihood outcome. The livelihood outcome can be either positive or negative and loops back at the vulnerability context and the asset pentagon. For instance, positive livelihood outcomes improve the vulnerability context and lead to an increase in asset endowment. This impacts the future decision making of the household.

Migration is mostly led by differences in wage levels across region and sectors (TODARO, 1969) and may be temporary, e.g. weekly or seasonally, by a few or all household members, internal or international. In the case one (or more) household

[8] BUCHENRIEDER et al. (2004: 9) highlight that diversity in household income plays "a key role in total households' strategies to ensure survival under difficult […] economic conditions."

member(s) is (are) sent away with the specific aim of transferring (part of) the income earned elsewhere back to the household, i.e. supporting the household's livelihood through remittances, this is termed the migration-cum-remittances livelihood strategy.

In the next section, the migration-cum-remittance livelihood strategy for Kosovo is reviewed. As half of Kosovo's population lives in rural areas, where poverty is widespread, farming is small-scaled and menial, input and output sectors for farming are underdeveloped, and non-farm employment is scarce, this livelihood strategy is of particular importance for Kosovo's rural households. Not surprisingly, the migration-cum-remittance livelihood strategy has been playing a crucial role in securing income of rural households in Kosovo for many decades.

Rural Kosovo and its dependence on the migration-cum-remittance livelihood strategy

Migration-cum-remittances is a continuous, long-term, and truly omnipresent livelihood strategy in Kosovo,[9] and (West) Germany has been a popular destination for Kosovar migrants. This is why today the largest portion of the Kosovar diaspora lives in Germany (UNDP, 2011). Since the recruitment agreement ("*Anwerbeabkommen*") between West Germany and Yugoslavia in 1968, Kosovars have migrated to work as so-called guest workers ("*Gastarbeiter"*) in Germany.[10] The recruitment agreement was in response to the strong growth of the German economy, accompanied by increases in demand for labour in the 1960s.[11] This agreement mainly attracted individual migrants from rural areas trying to escape the economic difficulties there. Moreover, since the beginning of the 1990s, an unusual outpouring of thousands of people has taken place all over the Balkan Peninsula due to adverse political, economic and social conditions (KING and VULLNETARI, 2003; ZIMMERMANN, 2005; ESI, 2006). In fact, between 1990 and 2000, over 10 million persons from a total population of some 80 million in the Balkan Peninsula have relocated (PARSONS et al., 2005). Although in the last decade the visa regime has become more restrictive and migrants face major difficulties in entering the EU, Serbia (including Kosovo)[12] is among the top 10 emigration

[9] Either as a part of Yugoslavia, Serbia or independently.

[10] The term "Gastarbeiter" implies that the immigrant workers would return to their home country once their contract is terminated, which in reality was not the rule. In 1973 the recruitment agreement was cancelled with the so-called "Anwerbestopp" (recruitment ban).

[11] Recent findings from KNORTZ (2008) show that the recruitment agreement not only satisfied West Germany's urgent need for industry workers, but that the initiative to send labourers was taken by the labour-sending countries in order to reduce unemployment and buffer trade deficits.

[12] As Kosovo declared independence from Serbia only in 2008, the availability of "national" statistics is still limited.

countries worldwide in terms of numbers of migrants relative to overall national population (WORLD BANK, 2008; DUVAL and WOLFF, 2010).

In 2009, 84,403 Kosovar citizens officially lived in Germany (FEDERAL OFFICE FOR MIGRATION AND REFUGEES, 2010). However, this figure is likely to underestimate the actual number of Kosovars in Germany for three reasons: first, Kosovars, who have naturalised to German citizenship, are not counted in this statistic, but they likely have close relations with their origin. Second, some Kosovars hold citizenship from other Balkan countries such as the former state of Serbia and Montenegro or Serbia because they have not yet officially registered with the Kosovar administration. And third, irregular migrants are not counted. HAXHIKADRIJA (2009) estimates that overall, 300,000 Kosovo-Albanians live in Germany. About half of the diaspora has naturalised by now in their respective destination country and almost another third holds an unlimited residence title (UNDP, 2010).[13] Consequently, these migrants have transferred the centre of their lives to the destination country. Still, Kosovar migrants maintain a strong link to their homeland even after living abroad for several years or decades, which is favourable for remitting (SHERRELL and HYDMAN, 2006). MUSTAFA et al. (2007) state that 88 % of Kosovar migrants remit, either in cash or in kind. Usually, cash remittances[14] exceed in kind remittances. In 2009, remittances amount to 505.6 million Euros in Kosovo (CENTRAL BANK OF THE REPUBLIC OF KOSOVO, 2010; WORLD BANK, 2010b). These figures vividly illustrate that considerable foreign capital inflow takes place through remittances.

The migration-cum-remittance livelihood strategy is especially important for farm households in rural areas,[15] where two-thirds of Kosovo's poor population lives.[16] A typical poor farm household is female headed, larger than 10 persons, of low educational attainment, and has no other income than social assistance. A typical non-poor household receives remittances and is engaged in public-waged employment (WORLD BANK AND STATISTICAL OFFICE OF KOSOVO, 2011). More than one-third of rural households have family members living abroad (MUSTAFA et al., 2007; WORLD BANK, 2008).[17] Several studies have confirmed that the migration-

[13] Only a minority of 5 % lives unregistered in their destination countries, and 22 % hold a limited residence title.

[14] We will refer to the migrant and his family living in Germany from here on as "migrant" and the "migrant's family". The relatives of the migrant living in Kosovo are addressed as the "origin household".

[15] As virtually all rural households undertake farming, rural households can be equated to farm households.

[16] Half of the population lives in rural areas (WORLD BANK AND STATISTICAL OFFICE OF KOSOVO, 2011).

[17] The population group most affected by poverty are aged under 24 years, or approximately half of the population (WORLD BANK AND STATISTICAL OFFICE OF KOSOVO, 2011); among this population, unemployment is strikingly high at 73 % (STATISTICAL OFFICE OF KOSOVO, 2010).

cum-remittance livelihood strategy has become the dominant strategy for escaping local economic hardship (VATHI and BLACK, 2007; MÜLLER and MUNROE, 2008). Approximately 17 % of rural households receive remittances [18] and the remittances in these households contribute more than 30 % to overall household income (UNDP, 2010; MÖLLERS and MEYER, 2011).

Remittances are predominantly spent on everyday consumption (46 %), while housing (12 %), education and health care (11 %), business investment (11 %), debt repayment (10 %), and savings (9 %) play only a secondary role. Thus, although remittances contribute significantly to the recipient income, their direct effect on the local economy through investments seems to be marginal (VATHI and BLACK, 2007). Moreover, VATHI and BLACK (2007) find that migration reinforces the patriarchal family structure in Kosovo: in times of economic instability, the traditional family structure, characterised by strong social cohesion, offers financial security ensured by remittances. This holds especially true for rural areas (VATHI and BLACK, 2007). REINECK (1993) criticises the notion that Kosovar remittance recipients do not make a strong effort to become financially independent from the transfers. They remain rather passive and maintain the status quo. Hence, they are prone to moral hazard: once they know their financial situation is safe, the recipients may lower their efforts to take up local employment.

As in the past, the migration-cum-remittances livelihood strategy will also be an important strategy for Kosovar households in the future (WORLD BANK, 2010a). The UNDP (2011) finds that 16 % of all interviewed households consider migration a concrete livelihood strategy in future. Again, the most preferred destination is Germany. Migration plans are even stronger among remittance recipients. Through contact to current migrants, migration is facilitated for these households. This phenomenon is called the cumulative causation of migration movements (HAUG, 2000; PRIES, 2001)[19].

[18] Rural households are not only more likely to receive remittances, but also in higher amounts.

[19] "Cumulative causation refers to the tendency for international migration to perpetuate itself over time, regardless of the conditions that originally caused it," (MASSEY et al., 1994: 733).

Organisation of the work

This research is organised as follows: in chapter 2 a concise overview of theoretical approaches to migration and remitting is given and the relevant empirical findings on the sending behaviour of migrants to Kosovo are portrayed. This is followed by the presentation of the methodology commonly used to analyse the motives for remitting (chapter 3). In this chapter the call for a new approach to this research area is also raised, and the Theory of Planned Behaviour is proposed as an answer. Chapter 4 introduces the survey design. The empirical models and analysis results are discussed in chapters 5 and 6. First, a detailed description of the migrant (household) as well as the origin household is given (chapter 5). The socio-economic situation of both sides, characteristics of sent and received remittances, the circumstances of migration, and the perception of migration as a livelihood strategy are illustrated in this chapter. Subsequently, the empirical models are presented with the hypothesised impact of influencing factors, followed by a discussion of the results. Section 6.1 is devoted to the common Ordinary Least Squares approach and section 6.2 to the application of the Theory of Planned Behaviour.

Finally, chapter 7 summarises the most important findings of this research, and draws conclusions from the two approaches with the intention of identifying the motives of remitting from Germany to Kosovo. Furthermore, conclusions from both approaches are deduced. The chapter terminates with implications for further research in this area.

Chapter Two

MIGRATION AND REMITTANCES – THEORY AND EMPIRICAL FINDINGS

Neither for the motivation to migrate nor for the one to remit, one single, all-embracing theory exists. It rather exists for each one an amalgam of different approaches. Furthermore, economists see the phenomena surrounding migration and remittances with different eyes than geographers or sociologists (TREIBEL, 2008).[1] Still, there is one fundamental work by LUCAS and STARK (1985) which is most often cited in connection with the motivation of remitting and which laid the essential basis for the enhancement of existing theoretical approaches to migration: the New Economics of Labour Migration (NELM) (STARK, 1991; CARLING, 2008). DE HAAS (2010: 242) calls NELM "the most crucial innovation" in migration theory and that it allows a far more detailed view on migration and its circumjacent phenomena. Furthermore, he stresses the parallels of NELM with the SLF (IOM, 2011).

This theoretical approach is the only one that explicitly mentions remittances as a central argument for migration. As remittances and the motivation to remit are at the core of this work, in the following the NELM will be depicted, followed by an overview of theoretical motives for remitting. This chapter concludes with a summary of general and Kosovo-specific empirical evidence of motives for remitting.

---

[1] HAUG (2000) divides the theoretical approaches to migration into two groups: the classical and the new ones. The classical approaches (e.g. Neo-classical Theory of Migration or NELM) explain migration on the macro- as well as on the micro-level from an economic point of view. In contrast, the new approaches (e.g. Cumulative Causation or Network Theory) criticise this one-dimensional perspective. They admit the existence of transnational, social networks among the migrants and look at migration from a historical perspective, i.e. migration takes place along chains through social capital. Although, NELM is attributed to the classical approaches, it is possible to integrate aspects from the new approaches such as Cumulative Causation into it. Detailed overviews on theoretical approaches to migration are given also in MASSEY et al. (1993) and in PRIES (2001).

New Economics of Labour Migration

The NELM theory emerged in the mid-1980s as a response to the critiques on the rigid assumptions made by previous theoretical approaches like the Neo-classical Theory of Migration. Two notions of the Neo-classical Theory of Migration were predominantly challenged by the NELM: the inherent determinism and the fact that potential migrants were assumed to decide individually and rationally based on an individual cost-benefit-calculation. In NELM migration decisions are viewed as taking place in the households or families, just as in the SLF. Migration becomes an intertemporal household livelihood strategy whereby migrants and origin household members act collectively not only to maximise their income, but also to reduce risks by means of income diversification and loosen financial constraints through remittances (STARK and LEVHARI, 1982; STARK and BLOOM, 1985; KATZ and STARK, 1986; FUNKHOUSER, 2009). In that, NELM widens the perspective and recognises that migration is not only driven by labour market imperfections but by a variety of market failures, including missing or incomplete capital and insurance markets (STARK and BLOOM, 1985; STARK and TAYLOR, 1991). Moreover, in NELM the existence of selectivity among the migrants is acknowledged. In line with the SLF, endowment and preferences of migrants may result in different responses to opportunities. For instance, labour force is no longer considered homogenous: the intention to migrate depends on the expected wage at a given skill level of the potential migrant. Experiences of present migrants about migration opportunities provide priceless details reducing uncertainty of potential migrants. Additionally, assistance of present migrants when migrating reduces direct and indirect cost for migration, such as travel cost, cost for finding employment, cost for initial accommodation, and psychological cost for the resettlement. The support of earlier migrants may persuade more potential migrants to move is the so-called cumulative causation for migration.

Another aspect stressed by STARK and BLOOM (1985: 173) is the influence of the economic position of households at the community level on migration behaviour. The comparison of own income with the income of others may create a feeling of relative deprivation, which is increased with higher income inequality. Households perceiving strong relative deprivation are expected to have a stronger migration incentive than households perceiving weak relative deprivation. The local economic development level itself influences the potential to migrate, too. At low levels of development there is little migration, but as income and wealth rise, so does migration. After a certain threshold level, migration starts to decrease and the domestic economy begins to offer people opportunities at home (STARK and TAYLOR, 1991; FAINI and VENTURINI, 1993; VOGLER and ROTTE, 2000). At the micro level, this implies that the poorest households in rural areas lack the resources to migrate, and those who migrate are rather better-off in terms of land ownership, assets, productivity and social networks (LIPTON, 1980; SKELDON, 2002). The

NELM has also abandoned the pessimistic view on migration and development. It argues that migration may set in motion a development dynamic, reducing production and investment constraints faced by households in imperfect market environments and creating income growth linkages (TAYLOR, 1999).

Theories on the motivation to remit

Remittances are considered the major economic link between migrants and their families in the country of origin (TAYLOR, 1999). They are defined "as all transfers from the immigration country to the immigrant's home country" comprising transfers supporting relatives at the origin as well as savings and investments of the migrant to the origin for future consumption (DUSTMANN and MESTRES, 2010: 63). Remittances serve two main purposes: (1) the transfers support the family and kinship in the origin country; and (2) transfers are used for savings or for investments of the migrant for future consumption at home. In this research remittances include transfers in cash and in kind sent with the intention to support the relatives at the origin.

Still, the motivation of remittances is multifaceted and highly context-specific. As already mentioned, no comprehensive theoretical approach to the motivation of remittances exists. There is rather an amalgam of overlapping and interwoven approaches and sets of difficult-to-test hypotheses which are only applicable to the setting they were developed in. This may be partly due to the fact that the amount of remittances increased fourfold on a global level during the last two decades.[2] Hence, remittances research lately gained even wider attention. Among the most influential theoretical papers is LUCAS and STARK's article of 1985.[3] They oppose two categories of motivation for remitting: *pure altruism* versus *pure self-interest*. Remitting for reasons of altruism is a way to show that the migrant cares about the relatives at the origin. The 19th century French philosopher AUGUSTE COMTE (1851-1854) initially defined altruism as living for the other one. In his sense the cost of the altruistic action surpasses its benefit for the actor. Today, however, it is acknowledged that on the long run the benefits of altruistic actions exceed the cost (KELLEY, 1994). Thus by remitting, the increase in utility of the relatives at the origin leads to an increase of utility of the migrant. Altruistic behaviour can be based on deliberate, moral, idealistic or normative grounds. Generally, it is of voluntary nature. PUTNAM (2001) considers social connectedness as a predictor for altruistic behaviour.

---

[2] From 1991 to 2009 remittances increased globally from under 100 billion USD to over 400 billion USD (WORLD DEVELOPMENT INDICATORS AND GLOBAL DEVELOPMENT FINANCE, 2011).

[3] Literature on remitting motives is strongly dominated by the approach of LUCAS and STARK (1985). According to CARLING (2008), their work is cited more than three times more often than any other journal article on remitting.

In LUCAS and STARK'S (1985) idea the self-interest in remitting is fed from three sources: first, the aspiration to inherit from family members at the origin; second, potential gains from co-financed investments at the origin, and third, the intention to return to the origin.

Both types of motivation, altruism and self-interest, result in mutual benefit. In "real life", however, it is basically impossible to discern cogently which motive dominates. Analysing the motive behind remitting is rather grasping an idea what is behind remitting (LUCAS and STARK, 1985). When looking at remitting reality, using only one type of motivation would not suffice to explain remitting behaviour.

LUCAS and STARK (1985) called the intermediate type of altruism and self-interest *tempered altruism* or *enlightened self-interest*. Tempered altruism offers a new set of hypotheses rather than being a mix of the pure types. The migrant and the family make an arrangement about migration and remitting, which is supposed to be voluntary and self-enforcing. Self-enforcing arrangements are characterised by lower transaction costs and reduction of default risk for both contracting parties. The contracting parties would not step back from the arrangement as this would have negative consequences. The self-enforcing characteristic is a consequence of the mutually altruistic behaviour among the partners and requires credible commitment from both parties (TELSER, 1980). The content of the arrangement is largely a matter of bargaining power.

Following LUCAS AND STARK (1985), several theoretical approaches to the motives of remitting have been developed, mostly as an answer to circumstances of empirical findings. RAPOPORT and DOCQUIER (2006) divide the motives for remitting into two groups: first, the remitting decision is made individually by the migrant and, second, the remitting decision is part of a familial arrangement in the migration-cum-remittances livelihood strategy. The group of motives of individual decision making consists of the motives (1) altruism; (2) exchange; (3) inheritance; and (4) strategy. The group of familial arrangement consists of the (1) investment and the (2) insurance motive.

Altruism is usually the starting point of the analysis of motivation of remitting (FUNKHOUSER, 1995). In this case, remittances are typically sent on a regular basis, have very low costs of enforcement for the origin household and should not be strongly influenced by factors like unemployment of the migrant. Low income households have a higher probability to receive remittances if motivated by altruism and should receive relatively higher amounts. Remittances lessen gradually as altruism decreases over time and distance. Remittances from several migrants are perfect substitutes. Consequently, the amount of remittances per migrant declines when the number of migrants in the household rises. In the presence of mixed motives, altruism may hide the existence of other motives and may make them even irrelevant or undetectable.

The *exchange motive* implies that remittances buy goods and services at the origin (COX et al., 1998). For instance, the migrant may buy cattle or other property at the origin and the origin household cares for it as long as the migrant is absent. Thus, the migrant saves transaction costs through the non-market, interpersonal agreement. This type of motivation goes along with temporary migration. It has characteristics of an intra-familial arrangement. Therefore, bargaining power of both sides, determined by external factors, play a role.

If remittances are enforced by the threat of being deprived of the rights to inherit, remittances are sent out of the *inheritance motive* (HODDINOTT, 1994). The migrant wants to stay present in the mind of the origin household in order not to be forgotten at the time of portioning of the wealth of the elder generation. Thus, the remittances will remain high with the first few migrants from the same household because of high competition for the bequest among the migrants. But they will decrease with larger numbers of migrants. The higher the wealth of the origin household, the higher will be the courting for the bequest through remittances. With increasing income of the migrant also the remittances will rise.

Large wage differentials in the host country between skilled and unskilled labour migrants might give the incentive to skilled workers to prevent unskilled workers from migration. In this so called *strategic motive*, remittances are a premium to 0 as soon as all workers have migrated. However, RAPOPORT and DOCQUIER (2006) find that this motive is hard to assess, partly overlapping with altruism, and they question the practical relevancy of the motive. Additionally, it has not yet been tested empirically.

The first of the two motives incurring familial decision making is the *investment motive*: the typical arrangement is that a family bears the cost of education of own young family members and their migration. This is considered as an investment in expectation of higher returns from migration (POIRINE, 1997; ILAHI and JAFAREY, 1999). However, the decision making is difficult for the households: Which amount should be invested and where should the money come from? The process entails several social and intergenerational considerations. Remittances are expected to increase with rising investment costs. Commonly, the relation between remittances and the origin household pre-transfer income is inverse U-shaped. Thus, with increasing pre-transfer household income, the remittances per remaining household member initially increase and decrease with high pre-transfer income. The investment motive is densely interwoven with the altruism motive and not directly testable.

In the presence of volatile farm incomes as well as imperfect capital and insurance markets the migration-cum-remittances livelihood strategy in an intra-familial arrangement may be a risk mitigating *insurance* strategy (LAMBERT, 1994; AGGARWAL and HOROWITZ, 2002; GUBERT, 2002). In its characteristics it is similar to the investment motive: initial sunk costs for migration are paid by the origin

household, while later repayment is done depending on the financial capacities, risk preferences and the distribution of bargaining power. Both sides – migrant and origin household – may be prone to moral hazard (LUCAS and STARK, 1985). The arrangement is done between the individual migrant and the origin household. Therefore, with a growing number of migrants no change in remittances is expected. The self-enforcing characteristic through altruism of the migrant of the agreement plays a crucial role. The origin household needs to carefully select the migrant with regard to earning potential and loyalty to the household. Possible sanctions for opportunistic behaviour of the migrant are a loss of prestige in and social exclusion from the origin community, denial of return to origin, refusal of family solidarity, and deprivation of rights to inherit (RAPOPORT and DOCQUIER, 2006). The lower the pre-transfer income level of the origin household is, the higher are the remittances in an initial remitting phase, which is similar to the altruistic motive. In the course of time, however, high income households receive more remittances, which is opposite to altruism. This is due to two facts: (1) migration is more remunerative for wealthier households and (2) wealthier origin households have a stronger bargaining power. Also this motive is difficult to test directly and densely interwoven with other motives, e.g. with the inheritance motive.

LUCAS and STARK (1985) opened the umbrella between altruism and self-interest as the migrant's motivation of remitting. Consequently, the main focus in analysing the determinants of remitting so far was on the degree of altruism in the motivation of remitting. Additionally, factors like the relation between migrant and remittance receiving household, socio-economic characteristics of both sides, norms and role models and the cultural context play a crucial role in determining remittances. Motives for remitting may also change over time of migration which makes their identification even more difficult. Many variables used to identify a specific motive for remitting can easily be accounted to another motive.[4] It is generally difficult to disentangle the different motives from each other and very rarely remitting is provoked by only one motive. It is rather a mix of motives leading to the action to remit. Differences can be especially expected across countries. For each country, specific reasons for migration and motives for remitting exist. They lead to specific determinants for the decision to remit and specific determinants for the amount which is remitted (HAGEN-ZANKER and SIEGEL, 2007).

[4] For example, the migrant's income has a significant, positive impact on the amount remitted in all motives except for the insurance motive (RAPOPORT and DOCQUIER, 2006).

Roots for motives for remitting – General empirical evidence

As no integrative theoretical approach to analysing the motives of remitting exists, empirical results with regard to factors influencing the motivation of sending remittances indicate no unambiguous evidence either. Furthermore, results are not always comparable, as study designs and research questions addressed vary largely across the studies. Nonetheless, there are some patterns that seem to apply typically for migrants and remittances.

CARLING (2008) finds nine roots of motives from over 40 empirical studies and integrates them into a comprehensive remittance system (Figure 3).[5] The sources, numbered with roman numerals, will be explained briefly in the following. Additional empirical findings, which matter in the context of remitting from Germany to Kosovo, will be added.

i. Potential remittance senders:
   Individual and household characteristics

If differences in amounts remitted occur, intuitively, the first subject to look at is the potential sender and his/her individual characteristics. Foremost and straight forward, income determines the financial capacity of the migrant to remit. However, it is found to either positively influence remittances or not at all. If remitting is of high priority due to urgent need of the recipients or a matter of honour or pride, remittances are independent from the migrant's income. In case migrants are role models for those left behind, not remitting could result in losing their face (KERBOUT, 1990). Consequently, the propensity to remit is not purely dominated by the income of the migrant, but rather by personal characteristics.

Remittances tend to increase with the age of the migrant. Furthermore, they are likely to be higher if the migrant is married and does not live with the wife in the host country (CARLING, 2008). The impact of the migrant's level of education is not clear. If the migration-cum-remittances livelihood strategy is chosen out of the investment motive, i.e. the family incurs the cost for education and migration and receives remittances in return, the impact of educational attainment on remittances should be positive. However, in the host country, migrants usually engage in low-paid, blue collar jobs, often illicitly and unskilled (KULE et al., 1999; CARLETTO et al., 2004; GERMENJI and SWINNEN, 2005; CASTALDO and REILLY, 2007; MEYER et al., 2008). This phenomenon of so-called brain waste is frequently found among migrants. ÖZDEN (2006) emphasises that migrants from Eastern Europe to the USA,

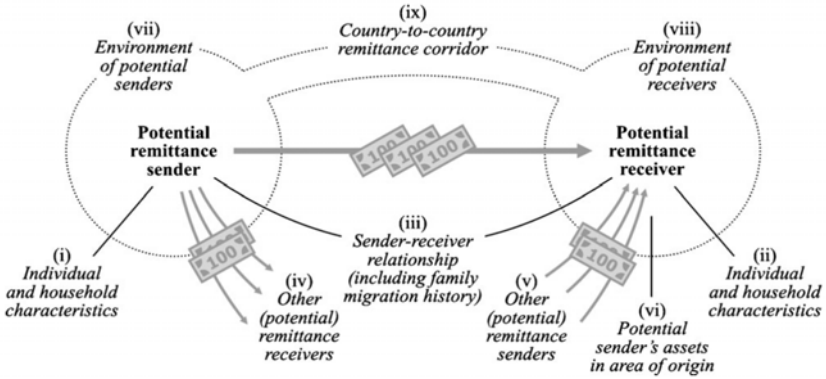
[5] As the impact of migrant and origin household characteristics on the incidence of remitting and the amounts sent/received are largely the same, empirical findings on both will be elaborated in the following.

who formally attended higher education, perform particularly badly compared to other migrants from developing countries on the labour market because of the deficient quality of education systems.[6]

The effect of the legal status of migrants in the host country is similarly unclear: While KONICA and FILER (2009) find that undocumented Albanian migrants remit less, AMUEDO-DORANTES and POZO (2006) find higher remittances for undocumented Mexican migrants in the USA for reasons of profit maximisation during the insecure period of their stay.

The importance of contextual factors, like nationality and ethnicity of the potential sender, is strongly emphasised by CARLING (2008): as shown for the legal status, contextual factors may have a major influence on the determinants of remittances.

Figure 3: Roots for motives of remittances



Source: CARLING (2008: 587).

ii. Potential remittance receivers:
Individual and household characteristics

Special attention is also devoted to the income level of the recipients. The lower the income and the higher the remittances, the stronger altruism is assumed to be the major motive for remitting. Methodological differences exist: Some approaches include remittances in the origin household income, some exclude them; sometimes present income is analysed, sometimes previous, sometimes per capita income is used or per adult equivalents.[7] Moreover, empirical evidence is mixed: ITZIGSOHN (1995)

[6] ÖZDEN (2006) attributes this deficient quality of the education system in Eastern European countries mainly to limited expenditure on tertiary education and restricted use of English as instruction language.

[7] As remittances impact per definition on the financial endowment of a household in various

finds that results are strongly country dependent. He gets positive, negative, or insignificant impacts of household income on remittances in the Caribbean basin. GJERMENJI and SWINNEN (2005) show for Albania that, on the one hand, the incidence of emigration and the fact of receiving remittances are associated with an initially lower local per capita income. Furthermore, the perceived deprivation matters (VAN DALEN et al. 2005). If assuming the migration-cum-remittance livelihood strategy to be an insurance arrangement, then income shocks should play a role in amounts remitted. However, data on income shocks is rarely available. Still, LUCAS and STARK (1985) and PLEITEZ-CHAVEZ (2004) could confirm that remittances increase in case of income shock for Botswana and El Salvador. Moreover, household assets are assumed to influence the amounts received in line with the inheritance motive. Though, assets are difficult to measure independently from previously received remittances. The current stock of assets is prone to be the result of previous remittances. Nonetheless, LUCAS and STARK (1985) found evidence for this hypothesis as sons of households with better asset endowment remitted more.

Moreover, household demographics matter in remitting: the age of the origin household head indicates whether households with a particular age structure receive more or less remittances. Evidence shows that it has either a positive or no significant impact on the incidence of receiving remittances (ITZIGSOHN, 1995; SCHRIEDER and KNERR, 2000; AGGARWAL and HOROWITZ, 2002; PLEITEZ-CHAVEZ, 2004). Consequently, remittances may supplement old age pension. However, AGGARWAL and HOROWITZ (2002) find that the age of the origin household head has a negative impact the amounts received in Guyana. The level of education of the recipient household head is frequently included in empirical analysis of remitting and shows either positive or no impact on remittances, but its interpretation is rarely done. HODDINOTT (1994) and ITZIGSOHN (1995) find a positive impact for Jamaica and Haiti. In addition, GERMENJI et al. (2001) find a positive effect on amounts received for Albania. The household size and/or dependency ratio of the origin household show how many needy people are left at the origin. Generally, remittances increase with household size and also if the households consists relatively of more dependent members (BANERJEE, 1984; LUCAS and STARK, 1985; AGGARWAL and HOROWITZ, 2002; OSILI, 2007).

---

ways (for instance, they may finance the education of household members in recipient households, and thus, enable the access of the household to new earning opportunities), it is not an easy task to compare the income of households who do or do not receive remittances or receive higher or lower amounts. And the use of the "right" measure for household income is under debate depending on the precise research question, the study design, and data availability.

iii. Sender-receiver relationship

Guest workers are the typical example for revealing the importance of the relationship between the sender and the recipients of remittances. CARLING (2008) illustrates it with the example of a Turkish guest worker migrating to Germany: a man who leaves wife and children at the origin, when going abroad, doubtlessly will remit considerable amounts. As soon as wife and children follow the migrant to Germany, remittances will decrease. Remittances will further decline when the migrant's parents decease or the contact to siblings decreases. Consequently, familial relations impact strongly on remitting behaviour (JOHNSON and WHITELAW, 1974; FUNKHOUSER, 1995). According to DUVAL and WOLFF (2010) and RAPOPORT and DOCQUIER (2006) also the degree of kinship matters: sons remit more often and higher amounts than daughters to the head of household. While it is true that the inclination to send remittances may decline with the level of integration in the receiving country, migrants remain often strongly attached to their home towns and villages. Migrants, who visit their origin rather regularly, maintain a closer relation to their roots and are more likely to remit (CARLING, 2008). Migrants who feel a strong desire or pressure for return migration remit significantly more (MERKLE and ZIMMERMANN, 1992; GUBERT, 2002; HOLST and SCHROOTEN, 2006a; HOLST and SCHROOTEN, 2006b). Moreover, it is assumed that with the time spent abroad, the migrant's connection to the origin becomes weaker resulting in lower remittances (RAPOPORT and DOCQUIER, 2006). Several empirical findings controvert against this assumption for the incidence of receiving remittances as well as for the amount. LUCAS and STARK (1985) admit that these controversial findings are counterintuitive. However, they ascribe continuous remitting to the perception of the origin household whether the migrant is identified as a household member (LUCAS and STARK, 1985: 913). Furthermore, CARLING (2008) recalls that pecuniary transfers from the actual sender to the recipients would take place even without migrating because expectation of financial support exists through kinship.

iv. Other (potential) remittance receivers

According to NELM, migrants remit to one particular household at the origin. However, probably it is not as easy as that. For instance, if a married couple migrates the family of the wife as well as of the husband are generally potential recipients. Furthermore, a larger wealth gap between the country of origin and the host country may lead to expectations of the origin household for remittances (CARLING, 2008).

v. Other (potential) remittance senders

Other potential senders are other migrants related to the origin household. There are two ways how potential senders may influence the remitting behaviour among

each other: first, with increasing number of potential senders the remittances per migrant decrease because they share the duty to support the relatives at the origin, which was confirmed by KONICA and FILER (2009) for Albania. Second, the potential senders compete with each other, i.e. the remittances per migrant increase with increasing number of migrants, in line with the inheritance motive. This has been confirmed by findings from Kenya (HODDINOTT, 1994) and Botswana (LUCAS and STARK, 1985).

vi. Sender's assets in area of origin

CARLING (2008) summarises three reasons why a positive relation between asset ownership at the origin and remittances could exist: first, previous remittances led to the ownership of assets at the origin. Previous and present remittances are driven by unobserved factors, for instance in the promise to inherit. Second, remittances finance the maintenance of the assets at the origin. Third, the close attachment of the migrant to the origin, which is difficult to observe, is manifested in the asset ownership. Typically, migrants own real estate at the origin.

vii. Environment of potential sender

The social environment of the migrant may be influential for remitting. If the migrant lives in the surrounding of remitting fellow countrymen remittances may be the result of social pressure or of facilitated transfer. In contrast, socially isolated migrants would neither feel pressure to remit nor have the possibilities.

viii. Environment of potential receivers

Two characteristics of the environment of the receiver households may influence on receiving remitting: the remoteness of the homestead and the level of development of the area they live in. If the receivers live in a geographically remote area or even in a mountainous region which is difficult to access it would be technically difficult to transfer remittances. Generally, rural households receive more remittances than urban because the general wage level is lower in rural areas and in developing countries access to non-farm employment, which is higher remunerative than farm employment, is typically restricted.

ix. Country-to-country remittance corridor

The remittance corridor is likely to have an additional impact on remitting. It is a combination of two countries, usually the origin country of the migrant and the host country, between which the remittances flow. The characteristics of this corridor determine the facility and transaction cost of sending remittances. If the combination of countries is a typical migration corridor, i.e. a great number of migrants from the same home country live in one host country, for instance carrying

cash to the origin is easy and of low cost. This could be shown by DE HAAS (2007) for Morocco, where many remittances are handed over personally, either through the migrant when visiting home or through remittance carriers. Other common ways of transfer are via bank transfer and via agencies specialised on transferring money[8] across border. However, the transfer facility of the latter two strongly depends on how well the banking or agency networks are developed.

Empirical evidence on the motives of remitting to Kosovo

As motives for remitting are strongly country dependent, the following section will deal with the empirical evidence on the specific motives for remitting to Kosovo. In general, evidence on these motives is scarce. In principle, only HAVOLLI (2009) undertakes a detailed analysis. The two waves of the Kosovo Remittance Study (KRS), which were conducted in 2010 and 2011, only describe the characteristics of remitters and recipients (UNDP, 2010; UNDP, 2011).[9] Furthermore, the study of VATHI and BLACK (2007) touches the topic. In the following we will relate the empirical findings from Kosovo to the nine categories of CARLING (2008) for roots of motives for remitting as described in the previous section.[10]

HAVOLLI (2009) confirms the positive impact of migrant income on remittances. Thus, the better the migrants financial capability, the higher are the absolute remittances. Furthermore, the UNDP (2010) finds that 80 % of the migrants are permanently waged employed. Thus, they dispose over predictable incomes which gives remitting possible stability because they do not need to buffer acute income shocks. The migrant's age has a positive impact on remitting and age squared a negative one: as migrants usually move at a young age, the young migrants typically have relatives at the origin and maintain a strong link to them, whereas elder migrants probably remit less because the number of their relatives in Kosovo has decreased over time as well as their emotional connection to Kosovo. The marital status and the level of education of the migrant do not influence remitting. However, gender differences exist: males remit more. This finding can be interpreted as an argument for the inheritance motive as only males inherit in the traditional family setting of Kosovo dominated by males.[11] But another Kosovo-specific aspect

[8] Recently, these agencies started to offer the transfer of cash even through mobile phones.

[9] Within the KRS 2009 and 2010 detailed and representative data sets on migration from and remittances to Kosovo was collected. So far, only short, descriptive reports were published. MÖLLERS and MEYER (2011) published a first analysis on how the rural income distribution is affected by mixed income structures and especially remittances.

[10] No country-specific results for other potential receivers and other potential remitters could be found, thus, these groups are left out.

[11] REINECK (1993) finds that international migration, in contrast to internal migration, perpetuates the traditional, male dominated family structures in Kosovo.

plays a role: at marriage the bride passes into the groom's family. Traditionally, only the family of the groom is supported by the migrant.

Looking at the receiving household, female headed households are more likely to receive remittances and receiving households are a little bigger than non-recipients. Furthermore, heads of recipient households have a lower level of education than non-recipients, which contradicts to findings from other countries (UNDP, 2011). Interestingly, the number of dependent household members does not play a role in HAVOLLI'S (2009) findings. In tendency receiving households earn lower overall local income. Among remittance recipients 57 % of household heads are unemployed, while among non-recipients 50 % are unemployed. Although this difference is not statistically tested, it may be a hint at moral hazard: if the migration-cum-remittance livelihood strategy is chosen aiming at risk minimisation, the recipients may reduce their effort of accessing local income sources as soon as they feel insured against shocks (RAPOPORT and DOCQUIER, 2006). Still, the direction of causality is unclear, as the absence of employment possibilities might have provoked the migration decision.

Close kinship between remitter and recipient has shown significant impact: largely the recipients are siblings or parents/children of the migrant (HAVOLLI, 2009; UNDP, 2010). Clearly, altruism plays the dominant role in motivating for remitting in this case. Analogously to the findings for the age of the migrants mentioned above, the duration of migration positively influences remittances, but squared number of years abroad negatively. Hence, in an initial phase of migration, the migrant maintains strong links to the origin and earns higher income with increasing experience, which enables remitting. In a second phase, the migrant accustoms to the living conditions of the host country and link to the origin and intention to remit decreases (HAVOLLI, 2009). Moreover, Kosovar migrants are without much doubt expected by the origin household to remit, which adds a normative aspect to the motives of remitting. DAHINDEN (2005) detects that returned migrants, who have not sent remittances when working abroad, "have only limited rights to reciprocal solidarity once they are back in Kosovo, making them more vulnerable to poor economic conditions and lack of resources" (in VATHI and BLACK, 2007: 21).

Holding business or real estate property at the origin provides an incentive for the migrant to send more remittances. Surely, holding property reflects the strong attachment to the origin, but may also require further transfers to maintain the business or building.

As pointed out already earlier, households in rural areas receive on average more remittances. HAVOLLI (2009) ascribes this to the restricted accessibility of nonfarm employment in rural areas and the resulting low levels of income which leads to sending away family members for income supplementation through remittances.

Germany – Kosovo is a typical remittance corridor: Germany exceeds all other migration destinations by far. The wealth gap between the two European countries

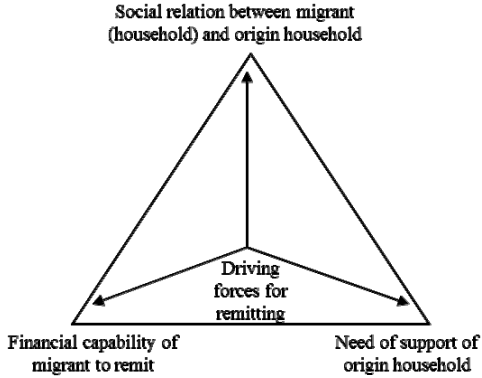
could hardly be bigger: Germany ranks among the European countries with the highest GDP per capita, while Kosovo's is among the lowest in Europe.[12] Consequently, following CARLING'S (2008) line of argumentation, high expectations of financial support from the migrant to the origin household are likely to result.

General as well as Kosovo specific empirical evidence focuses on the first three roots of remittance motives: the sender, the receivers, and the relation between them. Furthermore, the migrant's assets at the origin can be interpreted as a proxy for the connection between sender and receivers. Moreover, if exclusively remitting within a particular setting is considered, like remitting from Germany to Kosovo's rural areas, no differences across settings or corridors or in wealth gaps are observable. Therefore, we will undertake a simplification of CARLING'S (2008) nine roots of motives for remitting here. The observed characteristics are grouped into

three categories: (1) the severity of need for support of the origin household; (2) the relation between the migrant and the origin household; and (3) the financial capability of the migrant to remit (Figure 4). The first category compasses (ii) individual and household characteristics of the potential remittance receivers and (viii) their environment as well as (v) the existence of other potential senders. The second category contains (iii) the relationship between sender and receiver, (vi) assets of the sender at the origin, and the facility to remit i.e. (ix) the remittance corridor. And the third category covers (i) individual and household characteristics of the potential remittance sender and (vii) his/her environment as well as (iv) the existence of other potential recipients. These three groups will be called driving forces of remitting in the following (Figure 4). The variables used in the analysis in section 3.1 will be grouped according to these driving forces. The term "driving forces" is more appropriate for these three groups, rather than "remitting motives", because they include characteristics of the migrant or the origin household which can be assigned to different motives for remitting. The more severe the need of the origin household, the closer the relation between the two parties, and the better the financial endowment of the migrant, the more likely and/or higher are remittances. For instance, the income level of the origin household could stand for the neediness of the origin household, the closeness of relation to relatives at the origin proxies the attachment of the migrant, and the income level of the migrant shows the financial endowment of the migrant.

[12] Germany, in a world-wide comparison, ranks 35th with 35,700 USD GDP per capita (PPP), Kosovo 135th with 6,600 USD GDP per capita (PPP). Only Moldova has a lower GDP per capita in Europe (2,500 USD GDP per capita (PPP), rank 176) (CIA 2011b).

Figure 4: Driving forces of remitting from Germany to Kosovo



Source: Own illustration.

Chapter Three

TWO APPROACHES TO ANALYSING MOTIVES OF REMITTING

A common way to approach the question of motives of remittances is Ordinary Least Squares (OLS) regression analysis (compare e.g. LUCAS and STARK, 1985; COX, 1987; FUNKHOUSER, 1995; GERMENJI et al., 2001; MCKENZIE and SASIN, 2007; DUSTMANN and MESTRES, 2010). In using OLS, socio-economic characteristics of the remittance sender and/or recipients are analysed. However, we have reasons to believe that these socio-economic characteristics are not sufficient to explain the motives for remitting in an all-embracing way. Therefore, a new approach is proposed using a theoretical framework from social-psychology: the Theory of Planned Behaviour (TPB). In doing so, not only the socio-economic determinants are examined in a regression analysis, but, additionally, it is attempted to reproduce the migrant's inherent cognitive decision making process about remitting.

In this chapter, first, the OLS approach is presented with a commonly encountered problem: endogeneity of explanatory variables. Second, it is justified in detail why the new approach applying the TPB is necessary. Afterwards, the TPB will be introduced. By its nature, the TPB is predetermined to be empirically modelled in the framework of a Structural Equation Model (SEM), which is elaborated in the last section of this chapter.

A common approach to remitting analysis: Ordinary Least Squares

OLS is a method in multivariate regression analysis. It analyses the impact β from a set of independent, explanatory variables X on a dependent variable y applying the least squares method (ε represents the residuals).

$$y= X*\beta+\varepsilon$$

Estimated coefficients β of the independent variables give ceteris paribus information about the direction and extent of the influence of the independent variable on the dependent one. OLS produces efficient and unbiased estimators if, among others,[1] the explanatory variables are exogenous, i.e. the error ε has an expected value of zero for any value of the independent variables, and thus, contains no additional information (WOOLDRIDGE, 2009). Theoretically, endogeneity is a loop of causality or reverse causality between one or more explanatory variable(s) and the dependent variable. Consequently, it is not clear which factor influences on which factor. It may stem from sample selection errors or omitted variables. Endogeneity causes the estimators to be inconsistent, and thus, to be biased. In case of omitted variable(s), the error term contains information which influences the explanatory variable, thus the correlation between the two is not equal to zero.

When analysing the motives for amounts remitted with the help of OLS two explanatory variables, which are typically used, are prone to be endogenous: the migrant's income and his/her savings. For instance, the migrant's wish to remit may increase his effort to work and earn more. This effort would be included in the error term of the regression equation and be related with the income variable. The covariance between the two would be different from zero. However, it is not easy to test reliably for endogeneity. A remedy for endogeneity problems is the application of instrument variables in the Two Stage Least Squares (2SLS) procedure. With the help of these variables, values for the suspected endogenous variable are estimated. The main challenge is to find adequate instrument variables. They must not only fulfil theoretical reasoning, but must also not be correlated with the error term, and must be a linear projection of the other independent variables included in the analysis (WOOLDRIDGE, 2002: chapter 5). So far no unfailing test has been developed to prove the adequacy of an instrumental variable. The main caveat is that weak instruments may themselves produce biased estimators

[1] The Gauss-Markov-Theorem for cross-sectional regressions states, that OLS produces best, linear, unbiased estimators (BLUEs) under the following conditions: (1) the model is linear in its parameters; (2) observations are sampled randomly; (3) none of the explanatory variables is constant and there is no exact linear relationship between the explanatory variables (no perfect collinearity); (4) zero conditional mean of the error term (exogeneity of explanatory variables); and (5) constant variance of the error term (homoskedasticity) (WOOLDRIDGE, 2009).

(HALL, 1978; BOUND et al., 1995; KENNEDY, 2008; LEE et al., 2011). However, simple OLS can lead to satisfactory results if "one has grounds to believe this bias is small" (MCKENZIE and SASIN, 2007: 7).

After serious investigation for satisfactory instruments for income and savings, we decided against the application of this procedure in the analysis of this research with the intention to prevent from a more serious bias through instrumenting than through simple OLS. In doing so, we follow the subsequent reasoning: theoretically, if one assumes that the covariance between the potentially endogenous regressor and the error term is positive – as we do for income and savings –, the coefficients estimated in OLS are biased upward (WOOLDRIDGE, 2009: 89ff). Although the identification measures for our chosen instrument variables[2] in the 2SLS approach at first sight lead to satisfactory results, the coefficients exceeded the ones in the OLS model. Consequently, the chosen instrument variables are not suitable to explain migrant income and savings trustfully. In our application, the biggest issue was to identify instrument variables which are truly exogenous. This is mainly due to the fact that the driving forces of remittances and migrant income are difficult to disentangle. LUCAS and STARK (1985: 903) and HODDINOTT (1994: 464) explicitly include migrant income in their theoretical approaches to explain remittances. Thus, we proceed in the following with the application of OLS, but show the results for 2SLS in Annex Table 1. The design and the results of the OLS model will be presented in section 6.1.

A general difficulty is the detection of causalities in the dynamic remitting behaviour. Remittances and their determinants are changeable over time. Whether the remittances shape the circumstances of transferring money and goods or vice versa cannot be easily disentangled. Moreover, the dynamics of remitting over time cannot be pictured in this research as cross-sectional data is used. Therefore, slowly changing characteristics and remittances looking back at a manageable period are analysed in the common OLS approach.

Call for a new approach for analysing the motives for remitting

When analysing the motives for remitting, generally, the model designs are chosen according to the theoretical motive in the centre of the analysis and the available data (section 2.2). These models contain principally measureable socio-economic characteristics of the remitter or the recipient or both. Consequently, the socio-economic approaches in empirical literature are difficult to compare, empirical

[2] Instrument variables for income class of migrant and savings of migrant in Germany were average per capita disposable income on local level in Germany; the point in time when the migrant came to Germany; the work status of migrant (either pensioner or unemployed); the fact whether the migrant is member of club, association or party in Germany or in Kosovo; the fact whether the wife of the migrant lives in Kosovo.

evidence is not unambiguous, and it is expected that the motives for remitting are country and culture specific. Furthermore, the scientific community has to ask itself: does the socio-economic perspective provide sufficient insights to fully understand remitting behaviour? The decisions about whether or not and about how much to remit are imbedded in implicit, cognitive decision-making processes. It is very unlikely that these processes can be represented satisfactorily only with socio-economic variables.

As the overwhelming majority of remittances are made within families, they are non-anonymous transfers. ALBA and SUGUI (2009: 19) call them the "manifestation of underlying and possibly multidimensional relationships" between the migrant and the origin household. Therefore, they are likely to underlie other than socio-economic factors. Classical, economic models make rather rigid assumptions about the actors which are supposed to be homines oeconomici with homogenous preferences, perfect information, zero transaction costs, and absence of risk (analogue to FISCHER et al., 1997 in DE JONG, 2000). The behavioural perspective offers a less rigid approach in the assumptions. A more general, behavioural approach seems thus promising.

DE JONG (2000: 307) refers to research about migration decisions as "dynamic research focus because [it] capture[s] the process of evaluating future outcomes of alternative decisions." Likewise FUNKHOUSER (1995) concludes that behavioural aspects play a key role in remitting and that these behavioural factors are the driving forces behind the differences in remitting behaviour across countries. CARLING (2008: 586) recognises that socio-economic determinants do not suffice to explain remitting and emphasises that remitting takes place in a normative setting: "[m]oral values play an important role in migrants' transnational activities, including remittance sending. In some settings, migrants experience substantial pressure to remit and relatives at home feel entitled to support. Variation in these factors limits possibilities for generalisation about remittance motives." Consequently, there is a loud call for a new approach to analysing the determinants of remitting by including influencing factors derived from a psychological point of view.

As a first attempt to answer to this call for new approaches, this research looks from the behavioural perspective on the motives of remitting.[3] One well established and suitable framework is the TPB of AJZEN (1985; 1991). The TPB was originally developed in the field of social psychology, but has been applied and tested successfully in various scientific disciplines in the meantime. Nevertheless, so

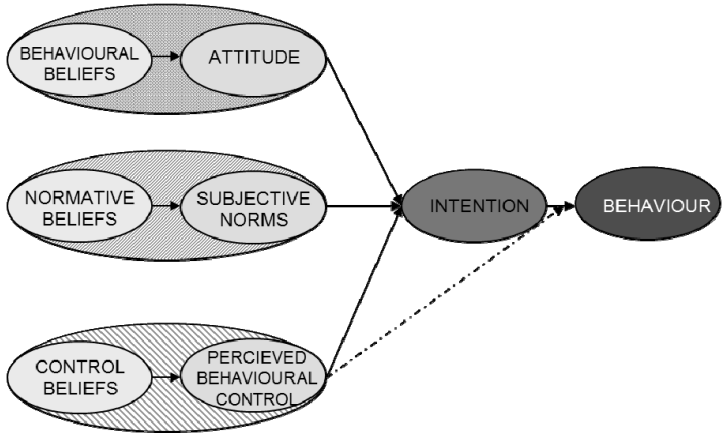
[3] As the (neo-)classical economic theories face difficulties in explaining the contemporary phenomena happening at the stock market, economists recently start to make use of behavioural economics incorporating psychological aspects even in traditional economic fields of research (BALDWIN-EDWARDS, 2006). Moreover, the TPB has been applied successfully in analysing the choice livelihood strategies within the SLF (BUCHENRIEDER, 2003; MÖLLERS, 2006).

far it has not yet received attention in the area of remittance research. Still, the new approach does not completely oppose the traditional one. When applying the TPB, the usually used, socio-economic motives are indirectly included in the model. They appear for instance in the construct of perceived behavioural control: if the migrant perceives that s/he disposes only over little income s/he feels that his/her control over performing the behaviour of remitting is limited. Hence, the TPB does not at all contradict the common socio-economic approaches, but adds another dimension to the analysis. The additional dimension includes aspects such as norms which are difficult to be captured by the common approach, but play a crucial role in the decision-making process as outlined earlier (p. 22). As the TPB has been tested in a wide range of research fields and provides a clear instruction how to construct a questionnaire for its application and thus the model, comparability to models developed in future research will be facilitated.

The Theory of Planned Behaviour

The TPB is an enhancement of the Theory of Reasoned Action (FISHBEIN, 1967; AJZEN and MADDEN, 1986; FISHBEIN and AJZEN, 2010). It states that the performance of a person's behaviour is preceded by the intention to perform this action. The intention in turn is predetermined by the attitude of that person towards the outcome of the behaviour, the subjective norms surrounding the behaviour and its outcome, as well as the perceived behavioural control of the person over the action. Direct measures and so called belief composites shape the attitude, subjective norms and the perceived behavioural control (Figure 5).

Figure 5: Theory of Planned Behaviour



Source: Adapted from AJZEN (1991).

Note: The arrows between the elements of the Theory of Planned Behaviour reflect the direction of the relation between the elements.

The intention indicates "how people are willing to try [and] how much effort they are planning to exert, in order to perform the behaviour" (AJZEN, 1991: 181). The attitude is expressed by the positive or negative evaluation of the action and its outcome. Subjective norms are the perceived social pressure concerning the action. The perceived own capability to perform the action is conveyed in the perceived behavioural control. Belief composites are accessible and salient beliefs about the behaviour, the norms and the control over the behaviour. The three belief composites consist of two components each. First, behavioural beliefs (AB) consist of the belief of the likelihood of a certain outcome of the action (b) and the evaluation of this outcome (e). Second, normative beliefs consist of the beliefs of the decision maker about normative expectations of others on the behaviour (n) and outcome, and the motivation to comply with the opinion of these peers (m). Third, control beliefs comprise the existence of factors that inhibit or facilitate the performance of the behaviour (c) and the perceived power of these factors inhibiting or facilitating the behaviour (p) (AJZEN, 1991; WAUTERS et al., 2010).[4]

Behavioural beliefs:	$A_B \propto \sum_{i=1}^{n} b_i e_i$
Normative beliefs:	$SN_B \propto \sum_{j=1}^{p} n_j m_j$
Control beliefs:	$PBC_B \propto \sum_{k=1}^{q} c_k p_k$

Source: AJZEN (1991).

The belief composites are assumed to not have a direct impact on the intention to remit because they influence the perception of whether a specific behaviour and the respective outcome are good or bad, how strong norms surrounding the behaviour and the outcome are, and how easy or difficult it is to perform the behaviour.

Generally, the more favourable the three main elements are for the behaviour the stronger is the intention and the more likely is the performance of the behaviour. Quite intuitively, a positive attitude including positive beliefs on the behaviour and its outcome increase the likelihood of performance. If the potential actor believes that others think the behaviour is something good and that s/he should perform the action, s/he is more prone to become active. In case the individual in question perceives the feasibility of the action as difficult, s/he might refuse to even give a try to the action.

Carrying these intuitions forward to remitting behaviour, we hypothesise that if the migrant thinks that remitting in general is a good thing and if the migrant expects that remitting has positive outcome for him/her and the relatives at the origin, this will increase the intention of remitting. In case the migrant feels the

[4] The indices *i*, *j* and *k* indicate the number of possible factors of the belief composites.

expectation of her/his peers to remit and it is important for him to comply with these expectations, this also has a positive effect on the intention. Furthermore, as soon as the migrant believes to be capable to remit and anticipates no major obstacle or even facilitating aspects, s/he will most likely have a more positive intention to remit.

Although the TPB stems from social psychology, when looking closely at it the economic paradigm of utility maximisation can be nonetheless found: it is inherent to the latent constructs. Two examples: (1) when evaluating the expectations about the outcome of remitting, which shape the attitude of the migrant towards remitting, the expectations with the highest utility is valued the most positive. (2) Furthermore, the migrant evaluates the motivation to comply with a norm according to his utility: if the negative consequences from breaking the norm exceed its benefits his motivation to comply will be higher than vice versa. Consequently, the TPB by no means contradicts the common way of analysing the determinants of remitting, but it offers new insights to the subject.

Partial Least Squares for the application of the Theory of Planned Behaviour

The TPB approach measures to which extent the intention to perform a behaviour depends on the attitude, the subjective norms and the perceived behavioural control. As these are hard to measure directly and are composed out of several aspects each commonly applied multivariate regression analysis is not appropriate for estimating causal relations within the TPB. The strength of SEMs is that they can analyse unobservable, so called latent, variables. Consequently, SEM is the appropriate method for analysing the relationships within the TPB.

An SEM consists of (1) a measurement model and (2) a structural model. (1) In the measurement model the latent variables are measured with the help of directly measureable indicators. Latent constructs are represented graphically by ovals and indicators by rectangles. The direction of the relationship is shown by arrows. For the relationship between the indicators and their latent construct there are two possible directions: the direction from the indicator to the construct represents the formative way to operationalise, the direction from the construct to its indicators represents the reflective way. Reflective indicators mirror the value of the latent construct. If the value of the construct changes, all indicators change. The indicators in this case are interchangeable and should be highly correlated. The strength of relationship between the latent variable and the reflective indicator is called factor loading. Formative indicators, in contrast, cause the value of the latent construct. Each indicator individually contributes to the value of the latent variable. Formative indicators are not highly correlated in general. Its impact on the latent construct is called weight. (2) In the structural model the relationship among the latent constructs is estimated based on least squares estimation. The strength of the relationship

between a latent construct and an indicator or between two latent constructs is expressed in the path coefficients (BLIEMEL et al., 2005).

For estimating the SEM two methods are available: covariance based SEM (CBSEM) and variance based SEM (VBSEM). For CBSEM the application in LISREL dominates the empirical studies, while VBSEM is applied in Partial Least Squares (PLS).[5] Both methods were developed at roughly the same time. LISREL was developed by JÖRESKOG (1970) rooted in psychometrics. PLS goes back to WOLD (1966) working in econometrics. There are four distinct differences between the two methods which will be elaborated shortly in the following: (1) the definition of the latent variables, (2) the distributional assumptions on the data, (3) type of optimisation of the results, and (4) the way the data is analysed (SCHOLDERER and BALDERJAHN, 2005). Latent variables in LISREL can be understood as factors in the factor analysis and in PLS as principle components from the principle components analysis. Values for the latent variables in PLS are explicitly estimated, while in LISREL they are not. LISREL implies a multivariate normal distribution for latent variables and indicators. "Violation of this assumption may distort the standard errors of the path coefficient and parameters of the measurement model" (RINGLE et al., 2009: 3). However, in socio-economic data, this requirement is hard to fulfil. Conversely, PLS makes no assumption about distribution of data. The downside of disregarding the distribution of data is that inference testing of estimation results cannot be made. Yet, with the help of resampling techniques like bootstrapping or blindfolding standard errors for model estimates can be calculated. These soft distributional assumptions open space for criticism. SEM with PLS is called soft modelling and its reliability sometimes is doubted. But as LOHMÖLLER (1989: 54 in CHIN, 2010) notes: "it is not the concepts nor the models nor the estimations techniques which are "soft", only the distributional assumptions." LISREL aims at a global optimisation of the estimation results, while PLS seeks local optimisation. This means that LISREL targets at adjusting the implied covariance matrix as close as possible to the observed one. Parameters are estimated with the help of maximum likelihood. This procedure requires far larger sample sizes to achieve reliable results than PLS. In PLS the parameters are estimated with the target to maximise the explained variance of the dependent variable and the measured construct. This is done for each structural equation separately and following the principle of the least squares. As this leads to a reconstruction of the observed data, PLS delivers better predictions than CBSEM (REINARTZ et al., 2009). BENTLER and CHOU (1987) recommend that for reliable point estimates in LISREL the sample size should be at least five-fold the number of parameters to be estimated, whereas for reliable standard errors the sample size should be at least ten-fold the

[5] LISREL is an abbreviation for Linear Structural Relations. It is on the one hand a method to analyse SEMs, and on the other, it is a software package to run the analysis. The software package using PLS is called smartPLS.

number of parameters. In case of small sample size and violation of distributional assumptions inadequate solutions such as negative variances may result (CHIN, 1998). As a rule of thumb a sample analysed in PLS should contain at least ten times the number of indicators of the largest latent variable. However, HENSELER et al. (2009) note that this rule of thumb has to be treated with caution and that the minimum sample size leads only to an acceptable level of statistical power if the effect size[6] is strong and the results show high reliability. Furthermore, in CBSEM only reflective indicators can be operationalised, i.e. the latent construct influences causally the indicators. The case of inversed causality, that means formative indicators, this approach is not able to explain the covariances of all indicators (CHIN, 1998).

For our case of analysing the motives for remitting, we decided to apply PLS for the following reasons: first, the sample size of the analysed data is just above 200 cases. This is around the critical size for application of covariance based SEM estimations and it is questionable whether robust result can be achieved with the other approach. The critical sample size for the degree of complexity of our model is around 90.[7] Generally, PLS leads to reliable results already with smaller samples (CHIN, 1998; GOODHUE et al., 2006). Second, the data is not multivariate normal distributed. The figures for skewness and kurtosis in Annex Table 2 close to zero would indicate a normal distribution of the data. However, it comes out, that none of the variables follows a normal distribution. We attribute this to the fact that only 36 cases (17 %) reported that that they rather do not intend to remit money or goods within the next three months.[8] Consequently, it can be expected that the data is skewed towards the opinion of those who do intend to remit. As already mentioned, multivariate normal distribution is among the strongest assumptions of covariance based SEM implemented in software packages like LISREL. When applying PLS, this assumption can be relaxed (BLIEMEL et al., 2005). Third, it is assumed that the indicators causally determine the latent variable and not vice versa, except for the construct of the intention to remit. This means that the latent variables are operationalised formatively. From a theoretical point of view, reflective indicators must be exchangeable with regard to content, which is not the case for the belief composites and the direct measures of attitude, norms and perceived

[6] Effect size and reliability will be explained in detail in the section on the validation of the SEM.

[7] We estimate the results with the path-weighting scheme for which CHIN (1998: 311) states that the sample size should be ten times either the number of latent variables or ten times the number of indicators of the largest latent construct, whichever is larger. As already mentioned, this rule of thumb is to be treated cautiously. However, with 200 cases the sample size for our model lies well above the required 90 cases. With increasing sample size and increasing number of indicators per construct the accuracy of estimation of PLS improves. PLS results are thus consistent at large (NITZL, 2010).

[8] MUSTAFA et al. (2007) estimate that 88 % of the migrants remit to their original household. Consequently, approximately 12 % do not remit, which is close to our findings.

behavioural control in this case. Only the indicators for the intention are semantically that close that they can be exchanged. But formative indicators cannot be estimated with LISREL. For these reasons, the data was analysed using smartPLS (RINGLE et al., 2005).

Chapter Four

STUDY DESIGN FOR ANALYSING THE MOTIVES OF REMITTING

The motives behind remitting are a complex field of research with multiple dimensions. Theoretical approaches are multifaceted and empirical findings are heterogeneous across countries. For a deep understanding of the underlying phenomena it is necessary to collect detailed information on the remittance senders as well as the recipients. In this work a set of empirical data is analysed quantitatively by statistically testing for differences in means across groups, and by applying OLS and by analysing an SEM using PLS. The latter is specifically designed to reflect a social psychology perspective, and thus, focuses on behavioural economics.

Study design

This research is based on an empirical approach aiming at inductive knowledge generation. In depth knowledge about the determinants of remitting to Central and Eastern European countries, and especially from Germany to Kosovo, is patchy. In order to achieve a deeper understanding of the driving forces of remitting of Kosovar migrants in Germany, a new perspective is added to the common approach in this research. Thus, this work aims at enlarging the empirical methods available for remittance analysis and at generating empirical findings specific for Kosovo.

A specific feature of the study design of this research is the inclusion of both sides of remitting in the analysis: the sending migrant and the receiving origin household. First, Kosovo-Albanian[1] migrants were interviewed in Germany. In a second step the corresponding origin households in Kosovo were traced and interviewed at the place of origin of the reference migrant.[2] This means that the two-sidedness of remitting was accounted for in the study design. This approach recognises that the determinants of remitting can be part of the migrants' or the origin households' side (CARLING, 2008). Although its advantage is obvious, usually only one side of the dyad is interviewed: either the migrant or the household. There are two major reasons why interviewing both sides is rarely done in remittances studies: (1) the demanding and costly search for migrants in the host country where they are a minority and (2) difficult traceability of the matching origin households.

If both sides are interviewed the usual procedure is that migrants are interviewed at their origin concurrently with the household.[3] When visiting the family in the country of origin, migrants are often under pressure to show to the ones left behind that their life as a migrant is a story of success and that they have become "rich" abroad. It is hard for the migrants to admit that it is not as easy as expected to live and work as a migrant in a foreign country. Consequently, leaving out one side of the remitting dyad in the interview phase leads to a problematic lack of information in the analysis of remitting determinants, whereas interviewing the migrant in the presence of the relatives may lead to biased information. Hence, our study design

[1] The reference migrant denotes the Kosovo-Albanian migrant interviewed in Germany. As Albanians represent the largest ethnic group in Kosovo the sample includes only Albanian migrants.

[2] Initially, migrants from Albania were also interviewed. However, only few were open to our interviews. And it was even more difficult to locate their relatives in Albania. Hence, they were excluded from the analysis in the end.

[3] However, this can only be done in times of holiday seasons, when many migrants visit their families. Otherwise it is almost impossible to achieve a satisfying sample size. For instance, the Kosovo Remittance Study 2010 by the UNDP (2010) includes only 84 matching migrant datasets of an overall sample of 4,000 households.

interviewing both sides of remitting, but separately from each other, leads very likely to a more complete and true picture of the circumstances of remitting.

Primary data collection

The collection of primary data encompasses structured, quantitative interviews of the migrant (households) and the corresponding origin households. Supplementary data from secondary sources like national statistical offices and other institutions back up the research findings.

The primary data are derived from two survey rounds leading to a final set of 225 matching interviews that were conducted in Germany and Kosovo between September 2009 and April 2010.[4] As described above, the survey accounts for the two-sidedness of remitting. Each observation represents information on a migrant who lived in an Albanian farm household in Kosovo before migrating to Germany for work reasons, and information about the corresponding origin household. Hence, the focus is on the subgroup of labour migrants.[5]

The migrant questionnaire contains information on the socio-demography of the migrant and (where applicable) his family in Germany,[6] the living and working conditions of the migrant in Germany, the motivation behind the migration decision, the amount of remittances sent in cash and in kind, the social capital of the migrant, and the income, capital endowment, and expenditures of the migrant household in Germany. The origin household questionnaire contains information on the socio-demography of the origin household, the migration history of the household members, farming and farm assets, non-farm employment strategies, and the living standard.[7] Additionally, the migrant questionnaire contains a comprehensive module for the application of the TPB.

---

[4] At the same time of the data collection for this research, UNDP and USAID collected primary in data for the Kosovo Remittances Study 2010 (UNDP, 2010). Still, this data was only made available in May 2011, it includes to a limited extend information on the migrants, and offers only restricted insights in the details of income composition of the recipient households.

[5] It is estimated that the largest group of migrants from Kosovo are labour migrants. They amount to 43 % of all migrants. Another big group left Kosovo for political reasons (24 %) or as refugees (18 %) (UNDP, 2010).

[6] There is only one female migrant among the interviewed migrants. In the following we will therefore refer to the migrant with "he".

[7] Since the time of migration of the interviewed migrant 6 % of the origin households have abandoned farming however.

Assurance of data quality

In order to assure high quality of data expertise of topical questionnaire design was used for the development of the two structured questionnaires. The migrant questionnaire was developed based on the German Socio-Economic Panel,[8] the module on migration in the Livelihood Standard Measurement Survey (LSMS)-questionnaire (LUCAS, 2000a; 2000b), and a questionnaire successfully implemented by KULE et al. (1999) in Albania. For the second questionnaire, which was applied to the origin households, we adjusted an own existing and repeatedly tested household questionnaire focussing on farm-households and their non-farm labour supply to our purposes using again the module on migration in the LSMS-questionnaire.

AJZEN (2006) gives clear advice on how to construct a TPB questionnaire included as a module in the migrant questionnaire. He strongly recommends conducting pre-interviews with the target group in order to identify the proper salient beliefs of the target group. For this study, 13 pre-interviews were done with Kosovo-Albanian migrants in Germany on which the implemented questionnaire is based.[9] All items in the questionnaire module on TPB were to be rated on a seven-point Likert scale by the respondents.

Each questionnaire was tested before its implementation with respondents from the respective focus group and final adjustments were made.

The quality of the interview strongly depends on the choice of the interviewer. Students in related academic fields show generally a higher motivation and enthusiasm when conducting interviews than commercial interviewers or members of agricultural administration (MÖLLERS, 2006). Consequently, students were recruited for both steps of the survey. As the questionnaire contained complex questions and the German language skills of the migrants were expected to be limited, the migrant questionnaire was translated into Albanian and Albanian students were trained for the interviews in Germany within an internship stay at the Leibniz Institute for Agricultural Development in Central and Eastern Europe (IAMO). For the interviews with the origin households, local students from the University of Prishtina were recruited. They were chosen according to their region of provenance. Thus, they knew the area where they conducted the interviews and disposed of contacts to the local population which was helpful for tracking the

[8] The German socio-economic panel (SOEP) is a longitudinal panel dataset of the German population. It is surveyed annually in approximately 12,000 households including about 20,000 adults. Immigrants have been included in the sample in the waves of 1994, 1998, 2000, 2002, 2006. More information is available on http://www.diw.de/en/soep.

[9] For analysing the intention to remit the TPB-module was only implemented among the migrants because they are the decision makers about remitting.

households. The students were trained for the interviews and they were accompanied during their first interviews for final instructions.

During the migrant interviews, the IAMO researchers were constantly present in order to assure good data quality. After the interviews with the matching origin households in Kosovo, some households were randomly picked and the filled in questionnaires were cross-checked.

The data were entered into a data base that was designed following the structure of the paper interviews to minimise errors of data input. Finally, the data in the data base was cross-checked and inconsistencies were cleaned.

Sample selection in Germany and in Kosovo

Prior to the data collection expert knowledge from the Leibniz Institute for the Social Sciences (GESIS)[10] was requested in order to make the sample as representative as possible. The initial idea of using a snowball sampling procedure was confirmed. Furthermore, we were advised for reasons of feasibility to focus within three German federal states on the five cities, where most of the Kosovo-Albanian migrants live.

Snowball sampling means that the initial respondent recruits one or more further respondents among his acquaintances. It is especially suitable for subpopulations which are difficult, i.e. costly, to reach for data collection. In doing so, the social network of the initial respondent is used to access further respondents. Hence, it enables besides to analyse social networks. The GESIS gained the experience that a ratio of one registered respondent and four acquaintances is a suitable way to use snowball sampling.

The potential of generalisation of the data collected by snowball sampling to the whole population depends on several factors, for instance on the choice of the initial sample and the nature of the social network of the initial respondents. Consequently, this sampling method is likely to lead to a sample of limited representativeness. Generally, five problem areas may occur during the sampling: (1) Finding potential initial respondents and accessing their networks: low "social visibility" of potential respondents may lead to serious problems in locating and getting in touch with that person for an interview. (2) Verification of selection criteria in potential respondents: some potential respondents may simply be attracted by the attention awarded in an interview and might want to be interviewed although not in the focus group of the data collection. (3) Convincing the respondent to collaborate: the respondent needs to be trustworthy for the interviewer that he has well understood the aim of the study, is capable to explain the study subject

[10] Dr. Sabine HÄDER kindly shared her expertise during the planning phase of this research. She is an expert in survey design and methodology working at the GESIS.

correctly to his acquaintances, and thus, able to win somebody to an interview. (4) Control of chain of respondents and number of cases in one chain: the selection of respondents should be based on theoretical considerations and should comply with the study subject. (5) Checking the chains for data quality: especially applicable for exploratory interviews in order to assure that the pieces of information are noted consistently (GABLER, 1992).

In particular the first three problems were encountered in the interview phase of this research. As the Kosovo-Albanian diaspora contains only about 300,000 migrants in Germany, it is not an easy task to locate them in major cities like Munich or Cologne with over one million inhabitants. Although residential information on the migrants was available for all cities from the corresponding population register, this way of contacting migrants turned out not to be fruitful. The migrants, who were contacted in this way, suspected that the interviewers were connected to the tax office or to the immigration office and that information could be passed on to these institutions. However, many Kosovars are enthusiastic about football and are members of a football team. Football teams with only Kosovar members can often be found. Besides, Kosovars like to socialise with fellow countrymen in religious, i.e. Muslim, community centres or in bars which are run by Kosovars. Consequently, when searching for potential respondents these football teams, religious community centres, and Kosovar bars were the primary starting points for snowball sampling. Consequently, Kosovars living isolated from other countrymen are underrepresented the migrant sample.

Another problem encountered in snowball sampling was that the quantitative questionnaire contained questions on personal information and that one interview took over one hour. Thus, the migrants needed to be convinced to be interviewed and the interviewed migrants did not always guide to another respondent. Thus, cooperative migrants, those who are open to give private information, are over-represented in the sample. As finding suitable respondents was a hard task the control of chain respondents was neglected. But as the sampling method was a means to an end and not intended to serve a network analysis at a later stage, this does not pose a major problem.

Most of the 300,000 Kosovar migrants in Germany live in regions of high economic activity, i.e. Baden-Württemberg, Bavaria, and North Rhine-Westphalia, where employment can be found most easily. Table 1 shows figures for the five cities in these federal states with the largest Kosovar diaspora (DESTATIS, 2009).[11] The distribution of respondents across the states does not follow exactly the

[11] Looking at these figures gives an idea about how challenging it is to locate Kosovo-Albanian migrant in Germany cities: in Munich, a city with 1,326,800 inhabitants in 2008, where the largest Kosovo Albanian diaspora lives (1,131 migrants in 2008), Kosovo Albanians amounted to 0.00085 % of the total population (BAYERISCHES LANDESAMT FÜR STATISTIK UND DATENVERARBEITUNG, 2011).

distribution of Kosovar citizens across German cities. Migrants living in the city of Stuttgart are overrepresented. This is due to the fact that the migrant networks were particularly well accessible here compared to all other cities.

Table 1: Interviewed Kosovar citizens in Germany

	Registered Kosovar citizens		Interviewed Kosovar citizens	
Federal state/City	**Frequency**	**Share**	**Frequency**	**Share**
Baden-Württemberg	**7,960**	**31.1%**	**95**	**42.2%**
Stuttgart	523	2.0%	90	40.0%
Mannheim	147	0.6%	5	2.2%
Karlsruhe	168	0.7%	0	0.0%
Freiburg	157	0.6%	0	0.0%
Heidelberg	82	0.3%	0	0.0%
Bavaria	**4,828**	**18.9%**	**55**	**24.4%**
Munich	1,131	4.4%	39	17.3%
Nuremberg	371	1.5%	5	2.2%
Augsburg	92	0.4%	11	4.9%
Würzburg	28	0.1%	0	0.0%
Regensburg	67	0.3%	0	0.0%
North Rhine-Westphalia	**12,784**	**50.0%**	**75**	**33.3%**
Cologne	849	3.3%	34	15.1%
Dortmund	389	1.5%	5	2.2%
Essen	237	0.9%	12	5.3%
Düsseldorf	96	0.4%	16	7.1%
Duisburg	371	1.5%	8	3.6%
Sample total	**25,572**	**100.0%**	**225**	**100.0%**

Source: AUSLÄNDERZENTRALREGISTER 2008 (DESTATIS VI A-4, 2009) and own calculation.

Note: N=225. Some respondents refused to state their exact place of residence. The place of interview was assumed to be their place of residence in this case.

Adjacent to the migrant interviews followed the second step of the data collection: the interviews of the corresponding households in Kosovo. The migrants were asked to state the address of their relatives in Kosovo and for the most part the relatives could be located. The interviewed households stretch across all seven regions of Kosovo (Table 2).

Table 2: Interviewed origin households in Kosovo

	Registered households		Interviewed households	
Region	**Frequency**	**Share**	**Frequency**	**Share**
Prishtina	86,183	29.2%	42	18.7%
Mitrovica	32,617	11.1%	39	17.3%
Gjilan	32,604	11.0%	25	11.1%
Ferizaj	30,934	10.5%	25	11.1%
Prizren	52,135	17.7%	27	12.0%
Gjakova	30,712	10.4%	45	20.0%
Peja	29,885	10.1%	22	9.8%
Sample total	295,070	100.0%	225	100.0%

Source: STATISTICAL OFFICE OF KOSOVO (2011) and own calculation.

Note: N=225.

Kosovo is subdivided into seven regions. Most of the population (29 %) lives in the capital Prishtina. Comparing the distribution of registered households with the interviewed households across the study area, Gjakova and Mitrovica are overrepresented, while Prishtina and Prizren are underrepresented in the analysed sample. During the interviews, we learnt from respondents that area specific migration patterns exist. Migrants from the Gjakova and Mitrovica left predominantly for Germany, whereas migrants from Prishtina mainly went to Great Britain. Prizren has an even longer tradition of migration: it is well known all over the Balkans for its bakery trade. Bakers from there dispersed over the whole peninsula. Consequently, the data set reflects the results of cumulative causation for migration through the distribution of households across the country.

In summary, the data collected include both sides of remitting, i.e. the sender and the recipients of remittances, and they are detailed and comprehensive. Several measures have been taken in order to ensure satisfactory quality of the data. However, they are not representative for the whole Kosovar population in Germany for the following reasons: first, interviews were only conducted in cities with the largest Kosovar diaspora. These cities are particularly economically active, not to say rich regions in Germany. Thus, also the sample of interviewed migrants is likely to be biased towards higher incomes. Furthermore, snowball sampling was used, which tends to exclude socially isolated migrants. Likely these migrants cannot afford to socialise with others or/and have an undocumented residential status. Still, migrants of different income levels and social levels are included in the sample. Thus, the results of the analysis give an idea about which motive drive migrants to send remittances, but they should be generalised cautiously.

Chapter Five

CHARACTERISTICS OF MIGRANT AND ORIGIN HOUSEHOLDS

This section provides an overview of the demographic and socio-economic characteristics of the migrant households in Germany and their corresponding origin household. The characteristics are chosen, on the one hand, corresponding to socio-economic determinants, which have shown significance in previous empirical analysis of remitting, and, on the other hand, to give a general picture of the characteristics of the migrant and the origin households.

Both samples are subdivided into groups enabling the statistical comparison of group means, medians or frequencies.[1] Differences are tested with the help of the Kruskal-Wallis test, a non-parametric test indicating if the mean, frequencies, or the median respectively, are equally based on calculated ranks (KRUSKAL and WALLIS, 1952).

This splitting of the sample aims at isolating specific characteristics of groups within the migrants and the origin households respectively which receive significantly more or less remittances and in order to get a first insights of what determines remittances socio-economically.

[1] Frequencies are stated for nominally scaled characteristics. For interval scaled characteristics the mode is presented. The mean is used for characteristics with relatively small standard deviations. If the mean would be biased by outliers the median is used instead.

Characteristics of the migrants in Germany with regard to remittances

Typical features of migrants and their core households in Germany are described along the amounts of remittances they send as well as along historical waves of migration. Remittances in this section include all amounts remitted in cash or in kind from the migrant to the origin in the 12 months before the data collection, i.e. before September 2009 to April 2010. They may be sent to the later interviewed origin household, but also other recipients such as extended family members.[2]

Three groups of remittances senders are presented according to the absolute amount remitted (split at terciles): low remittance levels (<3,000 Euros), medium (3,001-5,000 Euros), and high absolute remittance levels (>5,000 Euros) are shown.[3] The sample is further split into three historical waves of migration which reflect the circumstances surrounding the migration decision:

Wave 1 (n=29) describes the so-called *Gastarbeiter* (guest workers) who came mostly individually and legally within the recruitment agreement from rural areas to Germany before 1980. They were attracted by the extraordinary work opportunities at that time and largely worked as unskilled workers in the German industry. Most of the former guest workers retired in the meanwhile and many have returned to the origin by now.

Wave 2 (n=172) includes those who came illegally mostly between 1980 and 1999 to Germany during the most severe economic adversity of the transition process and Kosovo conflicts. They received a regular status by now, are the largest group and live typically with their wife and children in Germany. They are often still indecisive whether or not to stay in Germany.

Wave 3 (n=19) depicts the youngest group of migrants who came after the year 2000 in search of lucrative work. The migrants in the last wave are typically unmarried and come without their family. Their move to Germany is characterised by difficulties due to the stricter visa regime. They are driven by their dreaming of prosperity and working hard to be able to remit to the origin households.

---

[2] Disentangling exactly, which amount or which good was sent to which recipient is prone to mistakes, thus, we included all recipients in the analysis. However, the interviewed origin household is expected to be the main recipient. This is also reflected by the data.

[3] The median of total annual remittances in the sample is 4,000 Euros (mean 4,750 Euros). Although the sample is split into groups according to terciles, the size of the groups is not equal. This is because of several migrants sending amounts of remittances exactly at the tercile.
Even though five migrants stated to have not remitted, there is no origin household which has not received remittances from the reference migrant. Consequently, there are minor inconsistencies in the data.

Starting with the socio-economic traits of the migrant households, we will proceed with characteristics related to their remitting behaviour. Afterwards the migrant's socio-economic condition at the time of deciding about migrating will be described and the present relation between the migrant and his relatives at the origin.

5.1.1 Migrants' socio-economic characteristics

The migrants are on average 43 years old, married, and have attended 11 years of education (Table 3). About 60 % of migrants completed a professional training, i.e. either vocational training or academic studies. Only 10 % of the interviewed migrants have received their highest degree of education in Germany. The average duration of a migrant's stay in Germany is 19 years. Thus migration-cum-remittances is rather a long-term livelihood strategy than only short lived.

Table 3: Demography of migrant households by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Mean (St. dev.)	Mean			X^2	p	
Age of migrant	43 (10.7)	46	41	42	7.4	0.02	**
Squared age of migrant	1,982 (1,012)	2,226	1,812	1,828	7.4	0.02	**
Years of education	10.7 (2.3)	11	11	11	2.2	0.33	
Years since migration	19 (8.6)	19	18	18	1.24	0.50	
Household size	3.7 (1.7)	3.9	3.4	3.6	1.4	0.51	
Dependency ratio	0.8 (0.8)	1.0	0.7	0.8	2.13	0.35	
	Frequency	Frequency			X^2	p	
Marital status: married	198 (88%)	81 (91%)	52 (80%)	65 (92%)	1.9	0.39	
With professional training	137 (61%)	57 (64%)	32 (49%)	48 (68%)	5.4	0.07	*
With highest education in Germany	22 (10%)	10 (11%)	5 (8%)	7 (10%)	0.6	0.76	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data. G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros). G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros). G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros). Within the groups the shares sum up to 100 % within the column. Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

A typical migrant household consists of four persons. The average dependency ratio[4] is 0.8, thus, the number of persons in working age exceeds the number of dependents (children and elderly persons) in the households. Two thirds of the migrants work in waged employment, 16 % are self-employed, 6 % unemployed, and 9 % are pensioners (Table 4). One third of the migrants have a second (side-line) employment.

Comparing the above mentioned socio-economic characteristics across amounts remitted, significant differences are detected for the age of the migrant, attendance of professional training, and the employment status (Table 3 and Table 4).

Younger migrants send more remittances, but squared age decreases over remittances groups. Thus, HAVOLLI'S (2009) findings can be confirmed. Migrants sending higher remittances are relatively younger, while remittances decrease among elder migrants. In line with that, pensioners (but also unemployed migrants) are found predominantly in the lower remittances third; while working migrants are more frequently found in the higher third (Table 4).

Across remittances, the middle group contains least migrants with professional training. However, the interpretation is not straight forward. A common problem for migrants is the difficult accreditation of professional training certificates completed outside the EU in Germany. This strongly limits the migrant's employment opportunities. Migration of skilled workers whose qualification is not accredited in the host country may lead to the so-called brain waste phenomenon, i.e. the migrants work as unskilled workers below their actual qualification and with a lower earning potential. Thus, their knowledge is not adequately remunerated, and accordingly, wasted. MÜLLER (2008) finds that the accreditation of foreign qualifications in Germany is difficult, time consuming and expensive. Sometimes a formal procedure does not even exist. Resignation in this procedure is common among the migrants. Consequently, although holding a job qualification many work as unskilled workers and are restricted to lower wage levels. Actually, only 20 % of the 117 working migrants with professional training work in the profession in which they obtained a professional training. A sector particularly appealing for unskilled workers is the construction sector: About one fifth of the migrants work here (Annex Table 3).[5] Interestingly, in the third wave of migration significantly more migrants attended professional training on the one hand,[6] and on the other

[4] The dependency ratio shows how many household members in active age, i.e. aged between 16 and 64 years, who can potentially work and contribute to the income, are available to support dependents, i.e. the young and the old in the household, aged under 16 and above 64 years.

[5] About one third of the respondents did not specify in detail in which profession they work. The second and third largest group of migrants works in catering (8 %) and in transport (6 %).

[6] However, only two migrants in the third wave attended professional training in construction.

hand, migrants in this wave predominantly work in construction. Thus, especially the third and youngest wave of migrants suffers from brain waste.

Table 4: Employment status of migrants by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Mean (St. dev.)	Mean			X^2	p	
Employment status							
• Waged employed	152 (68%)	52 (58%)	52 (80%)	48 (68%)	7.9	0.02	**
• Self-employed	36 (16%)	12 (13%)	6 (9%)	18 (25%)	7.2	0.03	**
• Waged and self-employed	3 (1%)	1 (1%)	1 (2%)	1 (1%)	0.1	0.90	
• Unemployed	13 (6%)	11 (12%)	2 (3%)	0 (0%)	12.3	0.00	***
• Pension	21 (9%)	13 (15%)	4 (6%)	4 (6%)	4.8	0.09	*
Work in second employment	76 (34%)	20 (22%)	28 (43%)	28 (39%)	0.8	0.67	
Employment contract							
• unlimited	112 (77%)	40 (83%)	38 (76%)	34 (71%)	0.5	0.79	
• limited	34 (23%)	8 (17%)	12 (24%)	14 (29%)	2.7	0.26	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

The modal value of the monthly income classes for the migrant household in Germany is reflected in income class 6 with incomes between 2,501 and 3,000 Euros (Table 5)[7]. Real estate ownership in Kosovo is common among the migrants in

[7] The majority of the respondents refused to state their exact income and classify their monthly income within given margins. For this reason it is not possible to calculate per capita income or a relative measure of total remittances in household income.

contrast to real estate ownership in Germany. Almost 90 % of migrants hold such an asset at the origin. Conversely, only 14 % possess real estate in Germany. Savings held in Germany are common (87 %), too. Smaller shares of migrants are indebted (20 %) or own a business (16 %).

Looking at remittance groups, migrants with a higher wealth level in several dimensions, i.e. monthly income, real estate ownership, savings, and business ownership, remit significantly more. This finding is consistent with the findings for the employment status over remittance groups, as social transfers and pensions are usually lower than regular earnings. Consequently, all variables indicate that the financial possibilities of the migrant household matter in terms of absolute remittances amounts. Additionally, the ownership of assets at the origin on the one hand reflects the migrant's lasting, tight connection to the origin, on the other hand, the ownership may necessitate remittances for their maintenance (CARLING, 2008).

The majority of the migrants (71 %) hold an unlimited residence permit in Germany (Table 6). Migrants with German citizenship tend to remit less to the origin than migrants without citizenship. Still, the differences are not significant across remittance terciles. The typical migrant is satisfied with his life in Germany and also feels connected to his new country. Still, half of the migrants have not yet decided whether or not to stay in Germany on the long run. No significant differences across remittance terciles exist. This suggests that the decision about whether to remit at all and about the value remitted is independent from the future perspectives and intentions about where the migrant's life will be centred.

Table 5: Wealth level o f migrant households by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Frequency	Frequency			X^2	p	
Wealth level							
• Monthly household income class in Euros[x]	6 (2,501-3,000)	6 (2,501-3,000)	4 (1,500-2,000)	7 (3,000-4,000)	8.4	0.02	**
• Real estate in D	31 (14%)	13 (15%)	8 (12%)	10 (14%)	0.2	0.92	
• Real estate in KS	201 (89%)	73 (82%)	62 (95%)	66 (93%)	8.4	0.02	**
• Savings	193 (86%)	68 (76%)	58 (89%)	67 (94%)	10.1	0.01	***
• Debts	45 (20%)	21 (24%)	10 (15%)	14 (20%)	1.6	0.45	
• Own business	36 (16%)	12 (13%)	6 (9%)	18 (25%)	7.2	0.03	**

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.
[x] For the income class the mode is shown.
Income classes: 1<=500 Euros, 2=501-1,000 Euros, 3=1,001-1,500 Euros, 4=1,501-2,000 Euros, 5=2,001-2,500 Euros, 6=2,501-3,000 Euros, 7=3,001-4,000 Euros, 8=4,001-5,000 Euros, 9>=5,001 Euros.
Within the groups the shares (shown in brackets) sum up to 100 % within the column.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).

In summary, when looking at socio-economic characteristics of the migrant the employment status, the accumulated wealth level, and the time spent in Germany play a dominant role in the absolute amount remitted. Unemployed migrants and pensioners, migrants with lower overall wealth level remit less. Neither the household composition, nor residential status show significant differences across the remittance groups. Migration-cum-remittances is rather a long-term livelihood strategy than only short lived.

Table 6: Migrant residential status by remittances terciles

	All	Remittances terciles			Test-statistic	
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)		
	Frequency	Frequency			X^2	p
Intention to stay in D						
• Yes	72 (32%)	28 (32%)	20 (31%)	24 (34%)	0.2	0.92
• No	43 (19%)	21 (24%)	11 (17%)	11 (16%)	1.9	0.38
• Don't know	107 (48%)	39 (44%)	33 (51%)	35 (49%)	0.9	0.64
Residential status						
• Limited permit	32 (14%)	10 (11%)	10 (16%)	12 (17%)	1.1	0.57
• Unlimited permit	159 (71%)	61 (69%)	45 (70%)	53 (75%)	0.8	0.67
• German citizenship	32 (14%)	17 (19%)	9 (14%)	6 (8%)	3.7	0.16
Satisfaction with life in D in general[x]	3.9 (0.6)	3.8	3.9	3.9	0.5	0.79
Connectedness to D[xx]	3.7 (0.9)	3.7	3.8	3.7	0.5	0.77

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
[x] Measured by a 5-step Likert-scale from (1) not at all satisfied to (5) very satisfied.
[xx] Measured by a 5-step Likert-scale from (1) not at all connected to (5) strongly connected.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

5.1.2 Remitting of migrant

The vast majority of the migrants send remittances to their relatives in Kosovo. Only five migrants (2 %) state not having sent remittances in the preceding year. Cash transfers are more common than in kind transfers. Reasons for this may be the easier transferability of cash and the versatile usability. The median of total annual remittances is 4,000 Euros (mean 4,750 Euros).[8] If we look only at cash remittances, the median is 3,000 Euros (mean 3,950 Euros). In kind remittances represent thus the value of 1,000 Euros.[9] Thus, total annual median remittances represent almost the income of two months of the average migrant household. Theory assumes that with increasing length of stay, remittances decrease. Indeed, migrants in the last wave of migration remit more than earlier ones (Tables 7). This holds especially true for in kind remittances. In kind remittances are sent more often and higher in value by migrants who came more recently to Germany.

Cash remittances are not only sent in larger total amounts than in kind remittances, but also more often. While goods are brought to Kosovo only once per year in the median (mean 1.5 times), typically taken along with the migrant during the summer holiday, money is transferred three times over the year (mean 4 times) (Table 7). Furthermore, migrants who remit higher amounts and values transfer significantly more often. Accordingly, migrants send rather small amounts and more often than sending one big amount at one time.

[8] MOALLA-FETINI et al. (2005) estimate an average, total amount per migrant remitted to Kosovo of 3,700 Euros, including unregistered transfers. MÖLLERS and MEYER (2011) approximate that a Kosovar household receives on average 2,560 Euros as remittances per year.

[9] On average, the value of in kind remittances amounts to 19 % of total remittances sent.

Table 7: Remittances by migration waves

	All	Migration waves			Test-statistic		
		W 1 (n=29)	W 2 (n=172)	W 3 (n=19)			
	Frequency	Frequency			X^2	p	
Remitters (either goods or money)	220 (98%)	28 (97%)	168 (98%)	19 (100%)	0.6	0.74	
Remitters of money	219 (97%)	28 (97%)	167 (97%)	19 (100%)	0.6	0.74	
Remitters of goods	178 (79%)	18 (62%)	140 (81%)	16 (84%)	5.9	0.05	*
	Median	Median			X^2	p	
Total remittances in Euros	4,000	3,500	4,000	4,600	5.4	0.07	*
Cash amounts remitted in Euros	3,000	3,000	3,000	4,000	3.5	0.17	
Value of goods remitted in Euros	1,000	200	200	700	11.9	0.00	***

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
W 1: migrants who came to Germany before 1980.
W 2: migrants who came to Germany between 1981 and 1999.
W 3: migrants who came to Germany after 1999.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

The ways of transferring money to Kosovo show particular traits which are also found by the UNDP (2010): carrying transfers in cash to the origin either by the migrant himself or by relatives and friends are generally preferred by the migrants over all other ways (Table 8). Especially for larger total amounts the personal way of transferring is popular. Reasons for the preference of personal transfer are the ease of reaching the recipients and the low cost for remitting. During some interviews, that were conducted at airports, we saw that migrants searched at the check-in desks of airlines going to Kosovo for a fellow-countryman from the same region within Kosovo for handing over goods or money to be transferred to the relatives. The carrier would either hand it over to a relative of the migrant when reaching the airport in Prishtina or bring it to their home. This mode of transfer is fairly common and works out well due to the high level of trust among the migrants. It can also be seen a result of the lack of ways of transfers during the economic and political adversities of the 1990s. Just recently the net of transfer agencies developed strongly. As the personal transfer is free of charge *per se*, the cost for remitting for 70 % of the senders lies below 2 % of the remitted amount.

Table 8: Remittance characteristics by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Median	Median			X^2	p	
Frequency of remitting (times in previous 12 months)							
• Money	3	2	3	4	31.1	0.00	***
• Goods	1	1	1	2	19.1	0.00	***
	Frequency	Frequency			X^2	p	
Ways to tranfer remittances							
• Cash transfer by migrant	170 (76%)	57 (64%)	51 (78%)	62 (87%)	12.0	0.00	***
• Cash transfer via family and	161 (72%)	52 (58%)	49 (75%)	60 (85%)	14.0	0.00	***
• Bank transfer	20 (9%)	8 (9%)	4 (6%)	8 (11%)	1.1	0.58	
• Cheque	2 (1%)	1 (1%)	0 (0%)	1 (1%)	0.85	0.65	
• Service agency[x]	56 (25%)	19 (21%)	19 (29%)	18 (25%)	1.26	0.53	
Cost for remittances transfer							
• Free of charge	133 (59%)	50 (67%)	42 (68%)	41 (62%)	1.8	0.55	
• Up to 2% of remittances	35 (16%)	11 (15%)	14 (23%)	10 (15%)	2.6	0.28	
• Up to 5% of remittances	27 (12%)	9 (12%)	6 (10%)	12 (18%)	2.4	0.31	
• More than 5% of remittances	8 (4%)	5 (7%)	0 (0%)	3 (5%)	3.6	0.17	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
As multiple answers were possible for ways of transfer, thus the shares do not sum up to 100 %.
[x] Service agencies transfer cash worldwide, e.g. Western Union.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

The migrants respond to the need for support through remittances of their relatives in Kosovo (Table 9). This can be deducted from two facts: first, in higher remittance groups the dependency of the origin household on remittances, assumed by the migrant, increases significantly, meaning that those who remit more see their relatives in bigger need for these remittances. Furthermore, there is a positive change in the evaluation of the origin household's income level between the point

in time before the migrant came to Germany and today. The migrants believe that their remittances have markedly contributed to increase the income level at the origin. Yet, this increase does not show significant patterns over remittance sending groups. The rated increase in income is rather the result of long-term remitting and might differ from the depicted remittances during the past 12 months. The second reason, why migrants remit in proportion to the neediness of the relatives at the origin, is that the number of estimated beneficiaries of the remittances significantly increases over remittances terciles. The respondents sized up that in the overall mean nine persons benefit (directly and indirectly) from the remittances sent to Kosovo. In the lower remittance group are on average eight beneficiaries, in the middle group there are nine, and in the upper there are eleven beneficiaries. Thus, it can be concluded that the more people need to be supported, the higher is the value of remittances sent. But, in reverse, it is also possible that the more remittances are sent the more people can benefit from them. Thus, the direction of causality is not clear in this case.

The financial crisis of 2008/2009 was expected to have a considerable impact on global remittances. RATHA et al. (2009) expected a decline by 7-10 % in 2009 implying tremendous consequences for the financial endowment of recipients. Still, the interviewed migrants anticipated that it would only have a slight negative effect on remittances. Interestingly, the anticipated consequences are significantly stronger for the migrants in the lower remittances tercile. As the migrants in the lower income groups are also in the lower remittance terciles, especially low income migrant households feel vulnerable with regard to their potential to remit (Table 9).

In a nutshell, 98 % of migrants remit to the origin. Typically, remittances add up to the migrant household income of two months and are predominantly carried over in cash to Kosovo. The amount remitted corresponds to the neediness of the origin household. Furthermore, migrants who came after 1999 remit more.

Table 9: Migrant judgement of situation of origin household by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
Migrants' evaluation of…	Mean (St. dev.)	Mean			X^2	p	
...neediness of household for remittances[x]	3.1 (1.3)	2.7	3.0	3.6	17.4	0.00	***
...number of beneficiaries in origin household	9 (5.5)	8	9	11	20.3	0.00	***
...origin income before	3.0 (0.6)	3.1	3.0	2.8	3.0	0.23	
...origin income today[xx]	3.4 (0.6)	3.3	3.4	3.5	0.55	0.76	
...influence of the financial crisis on personal remittances[xxx]	2.4 (0.6)	2.3	2.4	2.5	5.0	0.08	*

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
[x] Measured by a 5-step Likert-scale from (1) not dependent at all to (5) strongly dependent.
[xx] Measured by a 5-step Likert-scales from (1) way below average to (5) way above average.
[xxx] Measured by a 5-step Likert-scale from (1) tremendously lower remittances to (5) tremendously higher remittances.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

5.1.3 Circumstances of migration

The typical migrant was 24 years old, unmarried, without children, and living together with his family in Kosovo when deciding to migrate (Table 10). About one quarter of the migrants were employed in the nonfarm sector before leaving the origin. Thus, three quarters were either working on the family farm or were unemployed before migration. The median cost for the transfer to Germany was 350 Euros (mean 640 Euros).

The younger the migrant was, when coming to Germany, the higher are the remittances today. Most likely, the younger migrants find it easier to adapt to new living and working conditions in Germany. They integrate faster into a social network resulting in better earning opportunities, and thus, a better endowment for remitting.

This finding indicates that social capital is decisive for the outcome of the migration-cum-remittances livelihood strategy: it lowers transaction costs by facilitated movement from the origin to the host country and starting conditions in the host country. Furthermore, social capital is helpful for the job search in the host country. A facilitated start in the host country, i.e. connections to other fellow-countrymen and through them to potential employers, accelerates financial independence of the migrants enabling to remit. Indeed, almost 90 % of the migrants knew somebody, predominantly distant relatives, in Germany before migrating. And almost all of them received assistance when arriving in Germany: the largest group (40 %) from relatives and friends who were living in Germany. Albeit, a considerable share (35 %) was initially supported by the German social system. While this is certainly a helpful financial support it does not offer the benefits of informal contacts to potential employers and the like.

Unexpectedly, none of these proxies for social capital endowment of the migrant differs significantly in their means across the remittance terciles (Annex Table 4). Hence, social capital does not seem to matter in the context of remitting from Germany to Kosovo. However, one may argue that the time lag between the time of migration and the time of the survey (on average 19 years) is too big and the social capital endowment (and the related remitting behaviour) has probably changed in the meantime.

Table 10: Circumstances of migration – Socio-economic characteristics by remittances terciles

	All	Remittances terciles			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Mean (St. dev.)	Mean			X^2	p	
Age of migrant	24 (6)	26	23	24	5.9	0.05	*
	Frequency	Frequency					
Migrant was married	69 (31%)	34 (49%)	13 (19%)	22 (32%)	6.1	0.06	*
Migrant had children	56 (25%)	29 (52%)	11 (20%)	16 (29%)	5.6	0.26	
Migrant did not live with family	4 (2%)	0 (0%)	2 (50%)	2 (50%)	2.7	0.26	
Migrant was household head	30 (13%)	14 (47%)	9 (30%)	7 (23%)	1.2	0.55	
Migrant worked in nonfarm	50 (23%)	24 (48%)	13 (26%)	13 (26%)	2.1	0.35	
Migrant made decision alone	166 (81%)	60 (67%)	45 (69%)	61 (86%)	4.7	0.10	*
	Median	Median			X^2	p	
Cost for migration in Euros	350	250	500	400	1.5	0.48	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data. G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros). G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros). Within the groups the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

Migrants, who were married when they came to Germany, remit significantly less. Through the family reunification scheme, members of the migrant's nuclear family were able to follow the migrant to Germany under certain conditions. Today 59 out of the 69 migrants (86 %), who were married when they came to Germany, live with their nuclear family in Germany. If the nuclear family lives together with the migrant, the expenditures for everyday life increase on the one hand, and on the other hand, the number of close family members at the origin, and thus, the necessity to remit, decreases.

In remitting theory two types of decision making about migrating are possible: either the migrant takes the decision to remit on his own, or the decision about remitting is part of an intra-familial contract, in which the family bears (part of) the migration costs and expects remittances in return. The latter implies that also the decision-making process of migrating is made within or influenced by the family. More than 80 % of the migrants stated to have taken the decision to migrate on their own without any influence of their family. These migrants are even significantly stronger represented in the upper remittance tercile. However, there are two reasons why the trustworthiness of these statements can be criticised. First, in Kosovo, family relations are very tight and it is doubtable whether the decision-making process was indeed fully independent from the influence of other family members. And second, the generally poor economic condition of rural farm households suggests that the migration-cum-remittance livelihood strategy, by definition a family arrangement, is chosen to offer a solution to mitigating acute poverty.

Being employed right from the beginning in Germany is the most promising strategy for supporting the origin household financially without delay and additional cost of bypassing a time of job search. Still, only a small share (13 %) of migrants was certain to be employed when coming to Germany (Table 11). The majority found it rather difficult to find an employment in Germany: for almost 40 % of migrants it took longer than six months to find a job. Among the main obstacles are most likely the language barrier, an insecure residential status, or a missing work permit[10] as well as the low qualification of the migrants. None of these initial working conditions differ significantly across remittance terciles. Again this is supposedly due to the time lag between the movement and the interview phase.

In summary, the migrants were relatively independent when deciding to migrate to Germany, i.e. young, unmarried, without children. They typically worked on the parents' farm or were unemployed. Social capital played an important role for migration: virtually all migrants knew somebody in Germany before going there.

[10] The work permit is the legitimisation for non-EU citizens to take up a formal employment in Germany. Until 2004 it was issued separately from the residence title (§284 SGB III, available on www.sozialgesetzbuch-sgb.de/), since 2005 it is entailed in the residence title of the migrant (§39 AufenthG, work permit and accreditation of qualification (mentioned above) is that the work permit available on www.aufenthaltstitel.de/). The difference between allows the migrant to take up an employment in general, and the accreditation of a qualification offers the possibility to work in a position corresponding to the qualification and not as unskilled worker.

Table 11: Job availability for migrant by remittances terciles

	All	Remittances terciles			Test-statistic	
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)		
	Frequency	Frequency			X^2	p
Migrant had job offer in D be-fore migrating	29 (13%)	15 (17%)	7 (11%)	7 (10%)	2.1	0.35
Time until migrant found job						
• Less than 1 month	37 (19%)	11 (15%)	12 (21%)	14 (23%)	1.4	0.49
• Less than 2 months	30 (16%)	8 (11%)	13 (22%)	9 (15%)	3.3	0.20
• Less than 3 months	29 (15%)	13 (18%)	7 (12%)	9 (15%)	0.8	0.66
• Less than 6 months	23 (12%)	7 (10%)	8 (14%)	8 (13%)	0.6	0.72
• More than 6 months	73 (38%)	34 (47%)	18 (31%)	21 (34%)	3.78	0.15

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

The migrant's relation to the origin household

The migrant's relation to his relatives in Kosovo and his degree of integration into the German society have effects on the remittance flow (CARLING, 2008). Therefore, in the following paragraphs this relation will be described with the help of three parameters: the presence of the migrant's relatives at the origin (Table 12), the frequency of his home visits, and his feeling of connectedness to the origin (Table 13).

Table 12: Relatives of migrant in Kosovo by remittances terciles

‘	All	Remittances			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Frequency	Frequency			X^2	p	
Nuclear family in D	189 (84%)	76 (40%)	52 (28%)	61 (32%)	1.1	0.58	
Relatives at origin							
• Parents at origin	128 (57%)	41 (32%)	40 (31%)	47 (37%)	7.3	0.03	**
• Siblings at origin	203 (90%)	77 (38%)	60 (30%)	66 (33%)	2.3	0.32	
• Wife	10 (4%)	5 (50%)	1 (10%)	4 (40%)	1.8	0.40	
• Children	27 (12%)	10 (37%)	9 (33%)	8 (30%)	0.3	0.87	
• Other relatives at origin[x]	175 (78%)	66 (38%)	49 (28%)	60 (34%)	2.7	0.25	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
[x] Other relatives include parents in law, nephew/niece, and uncle/aunt, cousin.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

As relatives are the predominant group of remittance recipients their presence in Kosovo is among the main reasons of remitting. If all relatives have left the origin, and for instance, have migrated themselves the mere necessity of remitting disappears. Yet, almost all migrants (90 %) still have siblings living at the origin, 57 % have their parents there, and 78 % have other relatives such as in-laws, cousins, or uncles and aunts. Consequently, virtually all migrants have relatives,

and thus, potential remittance recipients. If the migrant's parents, who were mostly pensioners at the time of the interviews, live at the origin, higher amounts are sent. Consequently, remittances complement the parents' (often low) pensions at the origin.[11]

Visits at the origin are a proxy for the strength of relationship between the migrant and the relatives. Nearly all migrants visit their relatives on a regular base (Table 13). In an average year, three quarters of the migrants go between one and two times to Kosovo, on average for three weeks. Typically, the migrants and their families go back for the summer vacation and for the New Year's Eve. When growing away from his roots the migrant might not feel comfortable anymore when visiting the relatives in Kosovo. Yet, almost all migrants stated to feel at home from the first minute on when going back, independent of the wave in which they came to Germany. Consequently, their personal feeling of connectedness to the origin is generally strong no matter how much time they spent in Germany. This finding opposes to what has been detected for remittances over time: as the migrants in the third wave remit more than the ones in the other waves, they should feel stronger connected to their roots.

Summing up, practically all migrants have relatives in Kosovo and they visit them on a regular basis. If the migrant's parents live at the origin, the migrant remits more. The feeling of connectedness to the origin is strong, independently from the time since migration. Thus, the principle circumstances of the migrants are favourable for continuing to remit from Germany to Kosovo even after a long duration of stay.

[11] In Kosovo it is common that several generations live under one roof. Thus, if the parents of the migrant live at the origin they most likely live together with siblings and nephews and nieces of the migrant.

Table 13: Visits of migrant to origin household by remittances terciles

‘	All	Remittances			Test-statistic		
		G 1 (n=89)	G 2 (n=65)	G 3 (n=71)			
	Frequency	Frequency			X^2	p	
Frequency of home visits							
• 1-2 times	170 (76%)	71 (80%)	49 (76%)	50 (70%)	1.9	0.39	
• 3-4 times	46 (21%)	15 (17%)	14 (22%)	17 (24%)	1.28	0.33	
• More than 4 times	7 (3%)	2 (2%)	1 (2%)	4 (6%)	2.2	0.33	
• Never	1 (0%)	1 (1%)	0 (0%)	0 (0%)	1.5	0.05	**
	Median	Median					
Duration of visit in weeks	3	3	2	3	0.28	0.87	
	Mean (St. dev.)	Mean			X^2	p	
Feeling when visiting origin[x]	4.1 (1.0)	3.9	4.1	4.3	3.5	0.18	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of migrants with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of migrants with intermediate amounts of absolute remittances (3,001-5,000 Euros).
G3: Group of migrants with highest amounts of absolute remittances (>5,000 Euros).
Within the groups the shares sum up to 100 % within the column.
[x] Measured a 5-step Likert-scale from (1) I feel like a foreigner in Kosovo to (5) I feel very comfortable from the first minute on in Kosovo.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

Characteristics of the origin household in Kosovo with regard to remittances

This section portrays the origin households in Kosovo. Remittances here include all amounts remitted in cash or in kind received by the household at origin in the 12 months before the data collection, i.e. 12 months before March/April 2010. They may originate either from the previously interviewed reference migrant in Germany or from other migrants.[12]

Again the sample is split into three groups of remittances recipients according to terciles of the absolute amount of received remittances: low remittances levels (<3,000 Euros), medium (3,001-4,700 Euros), and high absolute remittances levels (>4,701 Euros) are shown.[13] Furthermore, the sample is split into groups according to terciles of the relative contribution of farm income to overall household income: low contribution of farm income to overall household income (0-4 %), intermediate (5-12 %), and large contribution of farm income (13-64 %).

First, socio-economic traits of the origin household head will be presented, followed by household characteristics and information on the use of cash remittances. Thereafter, a short overview about the family farm will be given, and finally, the family's perception of the migration-cum-remittance strategy will be depicted.

5.1.4 Socio-economic characteristics

The origin household in our sample consists, in accordance with the findings of the UNDP (2010), of more than five persons on average (Table 14). The ratio between members in working age and out of working age is almost balanced. The average age of the household head is 51 years (Table 15), which may seem high, however, in Kosovo traditionally several generations of one family live beneath one roof and the eldest male member is the head of the household.

[12] Disentangling exactly, which amount or which good was received from whom is error-prone, thus, we included all remitters in the analysis. But it is expected and supported by the data that the reference migrant is the main remitter to the origin household. Furthermore, the amounts stated by the households were not exactly equal to the migrants' statements. Thus, the terciles differ between the migrant and the origin households.

[13] Although the sample is split into groups according to terciles, the size of the groups is not equal. This is because of several origin households receiving remittances exactly at the tercile.

Table 14: Characteristics of origin household by terciles of received remittances

	All	Remittances			Test-statistic		
		G 1 (n=78)	G 2 (n=74)	G 3 (n=73)			
	Mean (St. dev.)	Mean			X^2	p	
Household size	5.4 (1.6)	5.5 (1.7)	5.2 (1.6)	5.7 (1.5)	6.0	0.05	*
Dependency ratio	1.1 (1.0)	1.1 (1.0)	0.9 (0.8)	1.2 (1.2)	2.2	0.34	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of origin households with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of origin households with intermediate amounts of absolute remittances (3,001-4,700 Euros).
G3: Group of origin households with highest amounts of absolute remittances (>4,701 Euros).
Within the groups the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

The household head went on average for ten years to school. Professional education is rather uncommon among the household heads: only a minority of 2 % and 7 % have attended farm or nonfarm professional training respectively. Looking at differences across remittance groups it becomes evident that larger households receive more remittances, household heads in the middle remittance group are the youngest, and have attended two more years of education on average. Thus, larger household probably have a stronger need for support. This implication is confirmed by the fact that the dependency ratio also rises across remittance groups, but the impact of age and education on remittances does not have a clear direction.

Generally, farming in Kosovo is small-scaled and little remunerative. In the context of the migration-cum-remittances livelihood strategy this raises the question whether households with specific farm characteristics involve more or less in this strategy, and consequently, receive more or less remittances.[14]

The typical farm household owns 2 ha of farm land, of which two thirds are used as crop land and one third is used as pasture for the livestock (Table 16). Furthermore, it has one head of cattle and a small number of poultry. As 95 % of the

[14] The precondition for the migrants to be included in the sample was to originate from a farm household. However, in the meantime 6 % of the origin households gave up farming. It is common among those who stopped farming to keep the owned land as a security for the case of an income shock or as collateral.

households sell less than 50 % of their produce subsistence farming dominates. The endowment with physical assets is rather low as only 45 % of the households own a tractor and a minority of 6 % owns a truck for transportation of agricultural produce. Farm expenditure may give an idea about how intensive the agricultural production is. The median annual expenditure for agricultural inputs is 270 Euros (mean 400 Euros), indicating a generally low level of production intensity. The distance between the farm stead and infrastructural points like schools, market places, agricultural extension, or public transport station, hint at the remoteness of the farm. A remote farm has difficulties in optimising the production process, in marketing their produce, and in accessing nonfarm employment. Its income is assumed to be lower, and thus, the need for remittances should be higher. In the median the infrastructural points are only 2 km away (mean 3 km), which is generally not far.

Table 15: Characteristics of origin household head by terciles of received remittances

	All	Remittances			Test-statistic		
		G 1 (n=78)	G 2 (n=74)	G 3 (n=73)			
	Mean (St. dev.)	Mean			X^2	p	
Age	51 (13)	52	48	54	7.4	0.02	**
Squared age	2,793 (1,383)	2,845	2,475	3,059	7.4	0.02	**
Years of education	10 (3.7)	9	11	9	14.8	0.00	***
	Frequency	Frequency			X^2	p	
With agricultural training	5 (2%)	3 (4%)	0 (0%)	2 (3%)	1.7	0.25	
With other professional training	14 (7%)	3 (4%)	5 (7%)	6 (9%)	1.3	0.51	
Has migrated	24 (11%)	12 (15%)	9 (12%)	3 (4%)	5.3	0.07	*
Has migrated to Germany[X]	18 (78%)	8 (12%)	8 (100%)	2 (67%)	3.3	0.20	
Has sent remittances	17 (89%)	8 (89%)	7 (88%)	2 (100%)	0.3	0.88	
Employment status:							
• Farm work	72 (33%)	19 (25%)	20 (28%)	33 (46%)	8.5	0.01	**
• Waged employed	93 (42%)	34 (44%)	37 (52%)	22 (31%)	6.9	0.03	**
• Self-employed	19 (9%)	9 (12%)	6 (8%)	4 (6%)	1.8	0.41	
• Pensioner	33 (15%)	14 (18%)	6 (8%)	13 (18%)	3.5	0.17	
• Unemployed	3 (1%)	1 (1%)	2 (3%)	0 (0%)	2.1	0.35	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of origin households with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of origin households with intermediate amounts of absolute remittances (3,001-4,700 Euros).
G3: Group of origin households with highest amounts of absolute remittances (>4,701 Euros).
Within the groups the shares sum up to 100 % within the column.
Within the groups the shares sum up to 100 % within the column.
[X] For migration experience n=23.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

When comparing the farm characteristics across remittance groups no significant patterns occur (Table 16). Consequently, receiving remittances does not seem to depend on how the farm is structured. If farming would be a promising livelihood strategy for the origin households some households would definitively intensify their agricultural production with the support of remittances. Hence, subsistence farming activities are undertaken only in order to secure the everyday survival of the households. As soon as nonfarm employment opportunities are available the nonfarm sector is accessed. The major reason for this is that nonfarm employment is higher remunerative.

Table 16: Farm characteristics by terciles of received remittances

	All	**Remittances**			**Test-statistic**	
		G 1 (n=78)	G 2 (n=74)	G 3 (n=73)		
	Median		Median		X^2	p
Total land in ha	2	2	1.75	2	1.7	0.43
Heads of cattle	1	1	1	1	0.6	0.75
Farm expenditure in Euros	270	275	240	280	1.1	0.74
Av. distance to infrastructural points in km	2	2.3	1.7	2.2	2.1	0.74
	Mean (St. dev.)		Mean		X^2	p
Average share of land used:						
• For cropping	60% (35%)	62% (36%)	51% (34%)	65% (33%)	4.5	0.10
• As pasture	32% (34%)	30% (34%)	41% (35%)	28% (32%)	4.2	0.12
	Frequency		Frequency		X^2	p
Assets:						
• Tractor	102 (45%)	32 (41%)	35 (47%)	35 (48%)	0.9	0.64
• Truck	14 (6%)	3 (4%)	4 (5%)	7 (10%)	2.3	0.32
Subsistence level: Share of farm produce sold						
• Up to 10%	107 (61%)	38 (68%)	36 (64%)	33 (52%)	3.3	0.19
• Up to 50%	59 (34%)	16 (29%)	16 (29%)	27 (43%)	3.7	0.16
• Up to 90%	7 (4%)	2 (4%)	2 (4%)	3 (5%)	0.1	0.93
• Above 90%	2 (1%)	0 (0%)	2 (4%)	0 (0%)	4.3	0.12

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of origin households with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of origin households with intermediate amounts of absolute remittances (3,001-4,700 Euros).
G3: Group of origin households with highest amounts of absolute remittances (>4,701 Euros).
Within the groups the shares sum up to 100 % within the column.
Infrastructural points are: Closest primary and secondary school, hospital, public transport station, bank, market place, agricultural extension service, milk collection point.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

About one eighth of the respondents in the origin households have chosen themselves the migration-cum-remittances livelihood strategy any time before (Table 15). Germany was for them the most popular destination. Three reasons are most reasonable for their return: (1) they reached the retirement age in the host country and preferred to spend the evening of life at their origin. In this case they would fall into wave 1 of migration defined in the previous section. (2) They earned enough money for their purposes and returned subsequently. And (3) their migration story was not successful, i.e. they were expulsed from the host country, they did not find an employment, or the psychological burden of being separated from the kin was too heavy. These returned migrants are at the time of data collection most likely to be in the group receiving lower remittances. Presumably, the money they earned abroad has decreased their need for financial support by the reference migrant. Almost half of the household heads (42 %) work in waged nonfarm employment, 33 % in farming, 15 % are pensioners, and 9 % run a nonfarm family business (Table 15).

The median (mean) annual origin household income amounts to 3,560 Euros (5,100 Euros). This is a median (mean) equivalised per capita income of 1,260 Euros per year (1,750 Euros) (Table 17)[15] Waged nonfarm employment contributes with 47 % to the largest extent to overall household income. Farm income adds 31 %, while income from nonfarm family business adds only 8 %. Social transfers account for 14 % of the household income. Looking at the income contribution from the different sources over remittance groups, two facts become clear: first, the households which predominantly depend on farm income receive significantly more remittances, and second, the households who earn relatively more from waged employment receive less remittances. This stems from the simple fact that waged income is in the median almost four times higher than farm income.[16]

[15] As economies of scale arise in many ways in a family, for example by sharing certain expenditures such as housing or a car equivalence scales are used here to calculate per capita income. There are different methods for estimating equivalence scales. Here the OECD-modified equivalence scale is used. It assigns the coefficient 1 to adult household members, 0.5 to elderly adults in the household, and 0.3 to children under the age of 16 (OECD, 2010).

[16] Comparing the means, income from waged nonfarm employment is 2.5 times higher than farm income.

Table 17: Income of origin households by terciles of received remittances

	All	Remittances			Test-statistic		
		G 1 (n=78)	G 2 (n=74)	G 3 (n=73)			
	Median	Median			X^2	p	
Annual total household income in Euros	3,560	3,655	3,505	3,520	0.1	0.94	
Per capita income in Euros	1,260	1,295	1,270	1,215	0.17	0.92	
Absolute contribution of … to total income in Euros							
• Farming	600	500	500	1,000	12.9	0.00	***
• Waged employment	2,250	2,400	2,410	1,430	3.3	0.19	
• Self-employment	0	0	0	0	1.4	0.50	
• Social	0	0	0	0	2.0	0.37	
	Average share	Average share			X^2	p	
Relative contribution of … to total income in %							
• Farming	31%	22%	34%	38%	11.0	0.00	***
• Waged employment	47%	53%	51%	36%	8.5	0.01	**
• Self-employment	8%	12%	5%	7%	1.7	0.42	
• Social	14%	13%	10%	19%	2.8	0.24	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
G1: Group of origin households with lowest amounts of absolute remittances (<3,000 Euros).
G2: Group of origin households with intermediate amounts of absolute remittances (3,001-4,700 Euros).
G3: Group of origin households with highest amounts of absolute remittances (>4,701 Euros).
Within the groups the shares sum up to 100 % within the column.
Within the groups the shares sum up to 100 % within the column.
For the calculation of per capita income the modified OECD equivalence scales were used (OECD, 2010).
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

Thus, the need for financial support is higher in households who primarily rely on income from farming. In section 5.1.2 it is found that migrants adapt the amount remitted to the perceived neediness of the origin household. Indeed, when comparing the migrant's perceived neediness over the relative contribution of farm income to overall income (Annex Table 5), we can observe that there is a tendency of higher perceived need in the groups with higher shares of farm income. However,

this tendency is not statistically significant. Consequently, the perception of the migrant about the dependency on remittances is very likely to correspond to the actual need of the relatives in Kosovo.

Remittances are an extraordinary complement to household income. The median amount of total remittances that a farm household receives per year is 3,500 Euros (mean 4,710 Euros).[17] Consequently, they add a full annual income. In the median 3,000 Euros are received in cash (mean 3,350 Euros). In kind remittances have a median value of 500 Euros (mean 760 Euros).[18] The interviewed migrant seems to be the main sender, because the households do not receive remittances from other migrants (in the median) and because only four households state to have other household members living abroad.[19] In kind remittances are predominantly consumption goods, electric devices for private use, and medicines (Figure 6).

The usage of cash remittances shows what the households lack most urgently. Indeed, remittances are foremost spent for everyday consumption (Figure 7). Consequently, remittances contribute primarily to sustain acute income shortages. Furthermore, remittances are spent on family festivities, like marriages and funerals, and vacation, healthcare, schooling, consumption loans, and on savings. nonfarm business. About one quarter of the respondents used remittances for investments in nonfarm business. In fact, remittances played a crucial role in starting a nonfarm business for the respondents: they contributed on average 51 % to the seed capital of nonfarm businesses, which existed already at the time of the interviews. Thus, remittances dwarf all other sources of capital in this respect (Figure 8). Although, spending remittances on housing plays generally an important role in Kosovo (UNDP, 2010), in our sample its role appears minor. Still, in the close past the majority of the households (79 %) have improved their housing conditions,[20] which was in almost all cases financed by remittances. Consequently, the improvement of housing was already accomplished, and thus, the importance of remittances in improving housing conditions has declined.

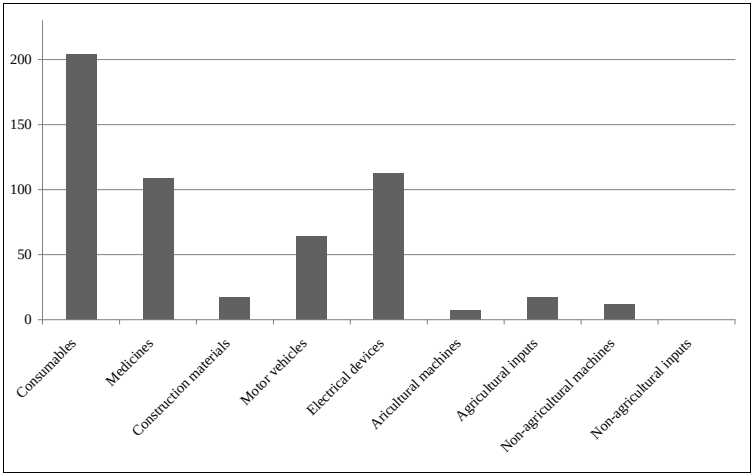
[17] The UNDP (2011) find in Kosovo Remittance Study 2011 that origin households receive annually on average overall remittances 2,136 Euros. Thus, our absolute figures are relatively high. However, the UNDP (2010) finds that remittances contribute 40 % to overall household income (including remittances), which comes close to our results.

[18] On average the value of in kind remittances make up 18 % of total remittances received.

[19] Still, 120 households state to receive remittances from other than the reference migrant. These senders are likely extended family members who support the respondent household with smaller amounts at an irregular basis.

[20] Housing condition includes either dwelling in general, kitchen or bathroom.

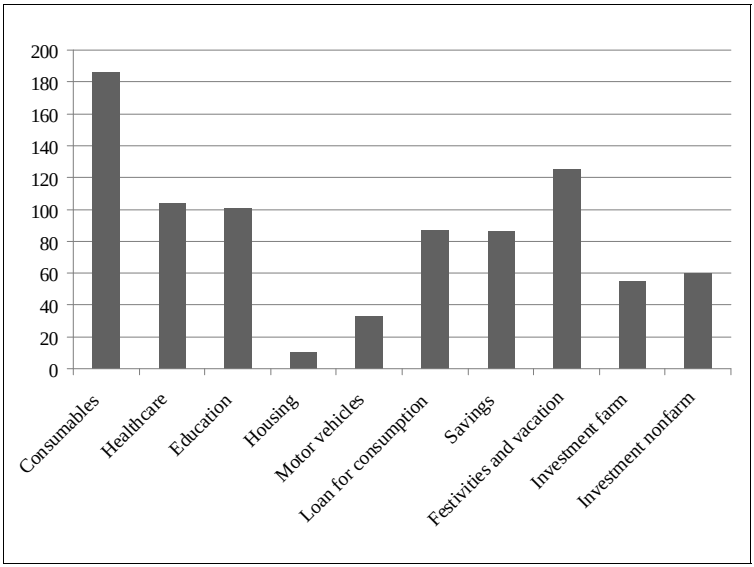
Figure 6: Types of kind remittances received by the origin households



Source: Own illustration.

Note: N=225. Absolute frequency of statements is plotted against categories of in kind remittances. Multiple answers possible.

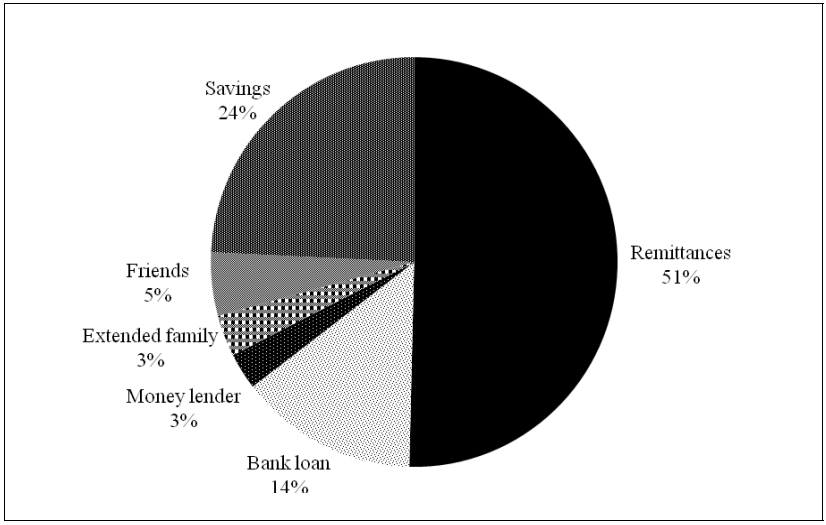
Figure 7: Usage of cash remittances by the origin households



Source: Own illustration.

Note: N=225. Absolute frequency of statements is plotted against categories of usage of remittances. Multiple answers possible.

Figure 8: Average share of capital sources used for starting a nonfarm family business



Source: Own illustration.
Note: N=225.

5.1.5 Perception of migration and remitting

The perception about the migration-cum-remittance livelihood strategy of the origin household gives some indication about how the interviewed households will act in the future. If migrating and remitting is mostly evaluated positively, i.e. as a promising livelihood strategy, it can be expected that this strategy will be maintained or even intensified and that the stream of migrants and remittances will not stop in the near future.

Indeed, the respondent households have a generally positive attitude towards migration.[21] Almost 90 % consider migration as an important livelihood strategy for their future. Furthermore, 96 % of the respondents think that migrants are archetypes for the people in the village. Consequently, being a migrant enhances one's prestige and is subsequently desirable. With regard to remitting, it can be noticed that a strong expectancy for remittances towards the migrants exists in the rural population. Almost all respondents stated that migrants are expected to remit and that the migrants feel this expectancy. As a result, the importance of the migration-cum-remittance livelihood strategy will probably not decrease in

[21] The respondents were asked to rate their attitude towards migration on a scale from 1 (very positive) to 5 (very negative). Average: 2.2, slightly decreasing over recipient groups, however, no significant difference across the groups.

the near future and the financial inflow to the rural areas will (ceteris paribus) not slow down.

Summing up, the origin household is a little bigger than the migrant household and has a little less favourable dependency ratio. Remittances add a full yearly income to the financial capacities of the recipient households. Origin households, which derive their primary income from nonfarm sources, receive lower remittances due to the fact that nonfarm employment is much more remunerative than farming and their need for remittances is therefore lower. Consumables, medicines, and electrical devices are the main goods sent to the origin in kind. Cash remittances are mainly spent on consumption, festivities and vacation, as well as healthcare and education. Furthermore, is the migration-cum-remittance livelihood strategy considered a promising livelihood strategy and migrants are confronted with strong expectations for remittances.

Chapter Six

WHICH MOTIVES DRIVE REMITTING BEHAVIOUR?

Commonly the motives for remitting are approached in multivariate regression analysis with socio-economic information either on the remitter, or the recipient or both. As stated in section 3.2 the new approach, applying the TPB, is likely to reward new insights. Although the two approaches do not have the same dependent variables, OLS uses the log of absolute amount remitted by the migrant 12 months prior to the interview and in the SEM three 7-step Likert scales measuring the intention to remit within three months after the interview are used, the results of the two analysis still lead in the same direction. This is due to the slow changeability of motives of remitting (except for the case of acute income shocks). Within the SLF this would be more specifically the vulnerability context, the asset endowment, and the structures and institutions in which the household acts. Although, there is a loop from livelihood outcome to the vulnerability context, changes occur only slowly by the nature of the concepts. Thus, the determinants which have determined remitting recently are most likely to exist continuously and to motivate remitting in the near future. This is represented by the intention to remit.

In this chapter, first, results of the common approach are presented, followed by those of the new approach. It is shown that the new attempt does not contradict the results from OLS. As expected, it rather extends the view on the motives of remitting and gives more detailed insights.

A common approach with Ordinary Least Squares

The OLS approach to the motives of remitting illustrates how the absolute value of remittances from migrants in Germany to their relatives in Kosovo is influenced by a set of socio-economic determinants. The model contains information on the Albanian labour migrant living in Germany as well as on the matching origin household in Kosovo.

The decision to remit is generally made in two steps: the first step is the decision whether to remit at all, and if yes, in the second step the decision is made about how much is sent (BETTIN et al., 2009). While it seems very interesting to learn,

who drops out of the group of remitters, due to the low number of non-remitters[1] our data only allows quantitatively analysing the second step of the remitting decision.

In the OLS model the dependent variable is the log of the annually remitted amounts of money and values of goods to relatives at the origin in Kosovo in 2009. The log is taken in order to level off outliers and to smooth the distribution of remittances.

6.1.1 Hypotheses on the motives of remitting

The model includes independent variables on the relation between the migrant (household) and the family in Kosovo, the need for remittances of the kin at the origin, the migrant's financial capability to remit, and additional variables for testing specific remitting motives following the three driving forces of remitting.[2] These variables have shown significant impact on the amount remitted either in earlier empirical evidence or in the comparison across means in chapter 5. In the following, we elaborate the hypothesised impact on the amount remitted of the variables included in the analysis. This section is followed by the presentation of the regression results.

CARLING (2008) advocates that information about the connection between the migrant and the origin household should be included in the analysis of determinants of remitting which is summarised in the first driving force for remitting. Connectedness is a determinant for altruistic remitting. The relation of the migrant to the origin household is reflected in the following variables included in the model: (1) the feeling of the migrant when visiting the origin; (2) the fact that the migrant is the son of the head of the origin household (or not); (3) the fact that the wife of the migrant lives at the origin (or not); (4) the point in time when the migrant came to Germany; and (5) the residential status of the migrant in Germany. A variable focussing more on the relation of the migrant to the origin in general is (6) the fact that the migrant owns real estate in Germany and/or in Kosovo.

The feeling of being at home, when visiting the origin household, depicts the connection between the migrant and his home country or area. If this connection is weak this describes the alienation of the migrant from his roots. Following HAVOLLI (2009), we expect that stronger links indicate a feeling of indebtedness to the origin, and thus, will materialise in higher remittances.

The point in time of migration is used as a proxy for how strong the migrant is related to his origin. DUSTMAN and MESTRES (2010) conclude in their study about the so-called *Gastarbeiter* (guest workers) living in Germany, that migrants who intend to stay in Germany run remit less to their origin. The longer the migrant

[1] Only 5 out of 225 interviewed migrants stated not to have sent remittances to the origin in the 12 months previous to the interview.

[2] Annex Table 6 describes the dependent and independent variables used in the OLS regression analysis.

lives abroad, the more he will get used to the way of living in Germany and the more he will integrate into the host society. If the contacts to the origin reduce his feeling of relatedness to the origin and the feeling of indebtedness to the relatives are expected to decrease. Clearly, this is not a process of one or two years, but a long term process. Complying with the altruism motive remittances will decrease over time. We split the migrant sample, as described in chapter 5, into three waves of migration. The waves are coded as independent variables and serve as proxy for how strong the migrant is related to his origin.

Following the investment motive, the closer the degree of kinship between the migrant and the origin household is, the higher are the expected remittances (RAPOPORT and DOCQUIER, 2006). Consequently, if the migrant is the son of the origin household head remittances are anticipated to be higher. The same holds true for the case if the wife of the migrant lives in Kosovo. Additionally, in the traditional rural setting of Kosovar farm households it is not common for women to work outside the farm. This means that the wife needs to be financially supported by the migrant. Also, this is an indicator for temporary migration involving higher remittances and possibly an investment motive.

A dummy variable describes the residential status of the migrant, and thus, his future perspective in Germany. Generally, his status can either be no residence title, a short-termed or an unlimited stay permit (base category in the regression) or holding the German citizenship. If the migrant has naturalised in Germany he has likely grown away from his origin. The expected length of the migrant's stay in Germany and his accumulated earning possibilities heavily depend on his residential status. It is, therefore, a key determinant of the socio-economic situation of the migrant.

The fact of owning real estate either in Germany and/or in Kosovo is a hint pointing towards the migrant's connection to Germany or Kosovo respectively. Ownership in Kosovo indicates a stronger connection of the migrant to the origin leading to the anticipation of higher remittances. In the sample analysed by OLS 77 % of the migrants own real estate only in Kosovo, 13 % possess land or buildings in both countries, 9 % have no real estate at all, and 1 % only in Germany. However, owning property at the origin may also simply necessitate remitting in order to maintain the property.

The need for support of the origin household, the second driving force, is expressed by (1) the origin household's share of non-farm income in total household income and (2) the dependency ratio of the origin household. Farming in Kosovo is small-scaled and little profitable. Beside remittances, as shown in section 5.3 it is local nonfarm employment that determines the economic well-being of households (MÖLLERS et al., 2010). Consequently, the higher the share of nonfarm income, the higher is the financial autonomy of the household. We also expect from our findings in chapter 5 that migrants consider the neediness of their relatives in their remitting decision. Remitting less if the household is less needy speaks in

favour of the altruism motive. The dependency ratio of the origin household shows how many household members in active age (between 16 and 64 years, who can potentially work and contribute to the income) are available to support dependents, i.e. the young and the old (under 16 and above 64 years). The higher the dependency ratio in the origin family the higher are the expected remittances.

The financial endowment of the migrant, as the third driving force, is depicted by (1) the household income level; (2) savings; and (3) the employment status of the migrant. With regard to income, we expect that the higher the income, the higher are the remittances of the migrant corresponding to the altruism motive. Savings serve as an insurance mechanism for possible income shortages in Germany. Consequently, if the migrant has savings he exposes himself to lower financial risk when remitting. This implies a positive expected effect of the dummy variable that turns to one if the interviewed migrant has any savings at all in Germany.

The employment status of the migrant is represented by three variables: the status can be working (base category), unemployed and pensioner. Although they might receive social transfers, unemployed migrants should be less capable to remit big amounts (Table 4). Migrant pensioners are the former *Gastarbeiter*. As mentioned above, their pensions may not be very large. However, the household income may be higher because often adult children are in the household contributing to total income. Nonetheless, their bonding to the origin may have decreased due to the long stay in Germany. From the altruism motive point of view the employment status should not have an impact on remitting.

Variables that indicate specific motives for remitting, which cannot be grouped into one of the driving factors, are (1) the education of the migrant; (2) remittances received by the origin household from other migrants; and (3) the cost of migrating from Kosovo to Germany. In line with the investment motive, it is assumed that the higher the education of the migrant, the larger was the amount "invested in the migrant", and consequently, the higher should be the remittances as a repayment of the investment. However, it may also simply be the higher earning of the migrant owing to the fact that he is better educated that leads him to higher remittances. This would then support the altruism motive. Moreover, migration expenditures, borne by the origin household, fall into the investment motive. Thus, the higher the initial costs, the higher the remittances sent back to the origin. Remittances from other migrants to the origin household, may either perfectly substitute remittances from the interviewed migrant, resulting in lower remittances in the altruism motive. Or they might raise competition between the migrants for the bequest of the family in the inheritance motive. The education of the origin household head is included and showed a significant, positive impact in several remitting analyses. However, other authors offer no clear interpretation for this impact.

6.1.2 Results from the Ordinary Least Squares regression analysis

Table 18 shows the OLS regression results.[3] The overall fit of the model is satisfactory with adjusted $R^2 = 0.297$. However, with this level of explanatory power of the model, clearly, not all independent variables are included in the model. This is confirmed by the RESET-test for omitted variables. The Breusch-Pagan-Test raised suspects of heteroskedasticity. Therefore, robust standard errors were estimated. Concerns of multicollinearity can be met with the low variance inflation factor of 3.06 at maximum.

The regression results confirm all three driving forces: the availability of financial resources to the migrant, the need for support by the origin household, and the connection between the migrant and the origin. Additionally, we find support for the altruistic and the investment motive. The variables testing for other specific remitting motives show no significance.

The influence of the connection of the migrant to the origin is depicted in four significant variables. As expected, the variables representing the "feeling when visiting the origin" and the "wave of migration" have opposite signs. The more comfortable and connected the migrant feels at the origin, the more he will remit. Reversely, for the time that he has already spent in Germany: migrants in wave 1, the *Gastarbeiter* who came before 1980 to Germany, remit less than the ones who migrated later. We assume that with an increasing duration of the stay in Germany, the integration into the German society and the adaptation to German living conditions increases. Thus, the migrant grows away from his origin. Theoretically, altruism decreases over time and distance. The results show, that the degree of kinship matters in remitting and that the remittances are predominantly transferred from the younger to the older generation. Thus, the variable indicating the father-son relationship between the origin household and the migrant is positive and significant at the 10 % level. Moreover, real estate ownership, which also stands for the connection to the origin and could indicate the temporary nature of the migration, has a positive impact on the amount remitted. Consequently, the first driving force, the connection of the migrant to the origin, is confirmed by our results.

The driving force termed need for support of the origin household is supported by the significance of the share of nonfarm income in the origin household. The lower the share, the higher the amount of remittances they receive. As mentioned above, the access to local nonfarm income sources is a key to rural economic welfare in Kosovo. Hence, if this income source is not available and the origin household mainly relies on farming and/or pensions, the family is more in need for support. This has a significant and positive impact on the migrant's remitting behaviour. Indeed, also Table 17 shows that origin households that earn a considerable share of

[3] Annex Table 5 shows the 2SLS results using instrumental variables for migrant income and savings. For the theoretical discussion of 2SLS and instrumental variables see section 3.1.

their income from nonfarm sources receive fewer remittances. The dependency ratio in the origin household does not have a significant impact on the amount remitted.

Table 18: Ordinary Least Squares regression analysis results: Remittances sent from migrant living in Germany to origin in Kosovo

Driving force	Variable	Estimated coefficients		Motives
Relation between migrant (household) and origin household	*Feeling when visiting origin*	0.178	***	
	Wave 1 (before 1980)	-0.454	*	**altruism**
	Wave 2 (1980-1999)	-0.134		altruism
	Migrant is son	0.232	*	**investment**
	Property in Germany	0.186		
	Property in Kosovo	0.434	**	
	Wife of migrant in Kosovo	-0.234		investment
	German citizenship	-0.233		
Need for support at origin	*Origin household's share of non-farm income*	-0.716	***	**altruism**
	Dependency ratio of origin household	0.006		
Financial capability of migrant	*Income class of migrant*	0.062	*	**all motives**
	Savings of migrant in Germany	0.633	***	
	Migrant pensioner	-0.414	*	altruism
	Migrant unemployed	-0.786	***	altruism
Other control variables	*Schooling origin household head*	0.047	***	
	Schooling migrant	-0.018		investment
	Remittances other migrants	-0.005		altruism/inheritance
	Cost of migration	-0.001		investment
	Constant	6.325	***	
	Adjusted R^2	0.297		
Ramsey's RESET test H_0: Model has no omitted variable		F(3, 186) = 4.51 Prob > F = 0.005		
Breusch-Pagan-Test for heteroskedasticity H_0: constant variance		chi^2 (1) = 10.50 Prob > chi^2 = 0.001		

Source: Own calculation.

Note: N = 208.
Dependent variable log of remittances: log of amount of remittances in cash or kind sent by the migrant to the origin in last 12 months before the interview.
Significance level: 1 % = ***, 5 % = **, 10 % = *.
Motives according to RAPOPORT and DOCQUIER (2006), for significant variables motives in bold letters.
If the variables on employment status are significant, this stands in contrast to the altruism motive.

Of course, financial resources are a natural prerequisite to be able to remit. The better a household is endowed with financial means the easier and less risky it is to transfer income. The significant and negative coefficients of work status "pensioner" and "unemployed" indicate that unemployment is a situation of financial insecurity which seems not to leave much room to remit. This contradicts the altruism motive of remitting which assumes no impact of the migrant's employment status on his remitting behaviour. Conversely to the employment status, the higher the income class and the incidence of having savings increase the log of remittances significantly.[4]

Among the additional variables to the three main forces, only the educational level of the head of the origin household has a significant and positive impact on the amount remitted. The educational level of the household head does not give information on a specific remitting motive. However, as mentioned above, it has been found significant in several other studies. Still, a clear interpretation of this result has not been achieved yet. One explanation could be that better educated household heads enforce better familial arrangements with their migrated family members within the exchange or insurance motive. Another one could be that origin households with better educated household heads dispose of a better general initial asset endowment (within the capital asset pentagon) enabling to embark on the migration-cum-remittance livelihood strategy as an investment.

[4] The problem of endogeneity which might occur in this context is discussed in section 3.1.

A new approach applying the Theory of Planned Behaviour

The empirical model applying the TPB contains all elements required by the theory: the attitude towards remitting, the subjective norms surrounding remitting, the perceived behavioural control over remitting, as well as the beliefs determining the three constructs, i.e. behavioural, normative, and control beliefs (Figure 9). It is hypothesised that the more favourable the migrant's attitude towards as well as the perceived normative setting around remitting is and the more the migrant feels capable to remit, the stronger will be the intention to remit. Strictly following the theoretical approach of the TPB, factors that have shown significant impact on the remitting decision in earlier empirical works are not assumed to have any impact on the intention to remit and the actual performance of remitting. However, when considering the consistence of earlier empirical findings about some of the determinants of remitting we cannot neglect their relevance. This is why they are included in the behavioural model. They are chosen analogously to the socio-economic approach reflecting the three driving forces of remitting (Figure 4). In the TPB application we group these determinants into two sets according to their hypothesised impact for methodological reasons: one set with the assumed positively influencing factors and one with the assumed negatively influencing factors. Each set consists of attributes of the migrant as well as of the origin household. The positive set includes the age of the origin household head, the dependency ratio and the size of the origin household, the income class of the migrant household, the marital status of the migrant and his years of education. The negative set of determinants contains information on whether the origin household receives remittances from other migrants than the reference migrant, the share of non-farm income in total origin household income, the dependency ratio of the migrant household, and the number of years the migrant spent in Germany.

The TPB analyses a behaviour that will take place in the near future, in our case fixed to the next three months after the interviews. As cross-sectional data is analysed, no statement about the effective behaviour of the migrant can be done. This means that the impact of intention on the actual behaviour cannot be measured.

The estimation results are depicted in Figure 9. Annex Table 7 shows Details on weights of the indicators can be found in Table 19 and on the path coefficients in Table 20. For PLS statistical inference testing is not possible because of the soft distributional assumptions made about the data analysed. However, the results of several quality criteria are provided in the annex to check the validity of our model (see p. 112). The validation follows CHIN'S (2010) guideline.

The overall validity of the SEM is at a satisfactory level. There are differences across the latent constructs: while behavioural beliefs and attitude, as well as normative beliefs and norms perform generally well, negative control beliefs and perceived behavioural control as well as the selected positive and negative

socio-economic determinants show a lower but still acceptable level of overall validity.

Starting out with the measurement model we will evaluate afterwards the structural model.[5] In Annex Table 7 descriptive statistics of the indicators included in the SEM are presented and Annex Table 8 shows the wording of the indicators. Due to the phrasing of the indicators for perceived behavioural control we renamed it into lack of control in order to prevent the recoding[6] of the questionnaire items and the resulting problems in interpretation.

In the following we will first go through the measurement model looking at each single construct in detail. We will follow the logic of the TPB and go from the belief composites to the direct measures and to the intention. As the indicators derived from the TPB all have the same measurement scale (7-point Likert-scale) the interpretation of their weights is straight forward. Subsequently, we will look at the results from the positive and negative socio-economic determinants of remitting. As their indicators are not identically scaled, the indicator weights are more difficult to interpret. Here, it is preferable only to interpret the signs of the weights. Afterwards, we will display the results of the structural model.

6.1.3 The measurement model: Results for each element of the Theory of Planned Behaviour

The *behavioural beliefs* are shaped by the beliefs about the outcome of the behaviour and the subjective evaluation of this outcome (AJZEN, 1991). In our case we proposed outcomes collected in the pre-interviews to the respondents, asked for the likelihood of their occurrence, and asked how important that outcome is for the migrant. The product of these two values is the indicator value of the respective behavioural belief (Table 19).

Six remitting outcomes and their evaluation were proposed: (1) assistance for the relatives at the origin in emergency cases ("emergency"); (2) supporting the origin family's everyday expenditures ("everyday expenditures"); (3) feeling good when remitting ("good feeling"); (4) support for investments at the origin ("invest at origin"); (5) paying for medical support needed at the origin ("medical support"); and (6) the contribution to the parents' pension ("parents' pension"). All indictors are significant. Against our expectation, the weight for the help in case of emergency has a negative sign. Very likely, it is easier for the migrant to support the family at the origin at a regular base than unexpectedly and probably

---

5 For an introduction into SEM refer to section 3.4.

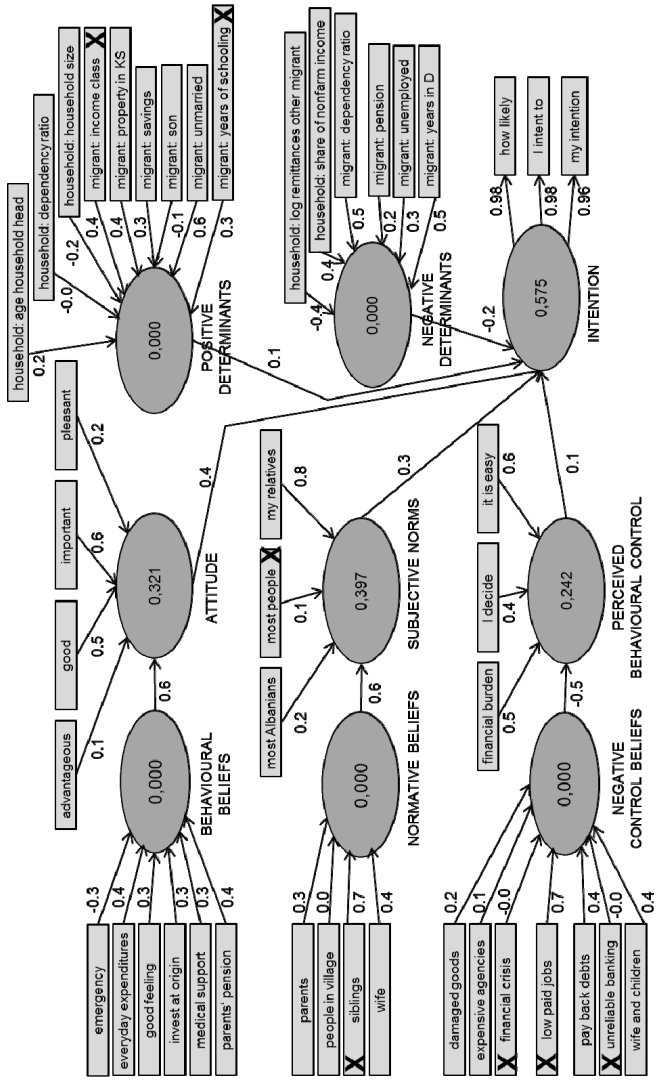
6 By recoding ordinally scaled items the numeric values of the variable are changed into the opposite value. In our case 7-point Likert scales are used. A value of 7 would be recoded to 1, 6 to 2, 5 to 3, and 4 would remain unchanged. However, by recoding the interpretability of the variable is diminished or sometimes even impeded (MÖSER, 2009). Thus, recoding usually involves a loss of information in the variable.

in a higher amount in case of an emergency. The support for daily expenses, contribution to the parents' pension, and the investment support show the highest weights, implying that these indicators shape the behavioural beliefs construct the strongest.

Apart from the impact from the behavioural beliefs, the *attitude* construct is constituted by four semantic differentials composed of opposite adjectives describing remittances: (1) advantageous – disadvantageous; (2) good – bad; (3) important – unimportant; (4) pleasant – unpleasant. The differentials important – unimportant and good – bad have the strongest direct impact on the attitude towards remitting.

Normative beliefs are concerned with the likelihood that important referent individuals or groups approve or disapprove of performing a given behaviour" (AJZEN, 1991: 195). It is composed of the normative belief strength and the motivation to comply with this norm. As referent persons we identified the parents and the siblings of the migrant, the wife of the migrant, and the origin village community as a whole in the pre-interviews. Only the perceived expectations of the origin community do not have a significant impact on the normative beliefs of the migrant on remitting (Table 19). One could argue that the reason for the insignificance may stem from the (too) broad definition of the indicator. However, the villages in Kosovo's rural areas are small and the villagers know each other well. Thus, "the people in my village" are not a diffuse but a concrete group for the migrant of whose expectations he is aware. Consequently, their normative impact on the remitting decision is not eminent. The family ties play a stronger role compared to the origin community. The perceived expectations of the siblings of the migrant have the strongest impact on the normative beliefs. This shows that the family context plays the dominant role in normative beliefs of remitting. This is intelligible as in Kosovo family ties are known to play a very important role in everyday life.

Figure 9: Results of the Structural Equation Model applying the Theory of Planned Behaviour with smartPLS



Source: Own calculation.
Note: N=217.
SmartPLS results applying factor weighting scheme, standardised results.
Indicators with weights of a lower significance level than 10 % are marked with a cross.

Subjective norms reflect the migrant's perception how people whose opinions matter to him think about the behaviour and behave themselves. The construct is dominated by the perceived expectations of the relatives at the origin. Consequently, the finding that close relatives play a leading role in the normative beliefs is confirmed in the direct measures for subjective norms. Other Albanians living in the surrounding of the migrant and their remitting behaviour may serve as a role model and exert indirect social pressure on the migrant (CARLING, 2008). Indeed, we find that the behaviour of other Albanians plays a role.

Table 19: Indicator loadings and weights (measurement model)

Latent construct	**Indicator**	**Loadings**	
Intention	How likely is…?	0.98	***
	I intend to…	0.98	***
	My intention…	0.96	***
Latent construct	Indicator	Weights	
Behavioural beliefs	Emergency	-0.30	***
	Everyday expenditures	0.37	***
	Good feeling	0.29	***
	Invest at origin	0.35	***
	Medical support	0.26	***
	Parent's pension	0.39	***
Attitude	Advantageous	0.14	***
	Good	0.48	***
	Important	0.55	***
	Pleasant	0.24	***
Normative beliefs	My parents	0.25	***
	The people in village	0.01	
	My siblings	0.74	***
	My wife	0.36	***
Subjective norms	Most Albanians	0.22	**
	Most people	0.11	
	My relatives	0.83	***

Table 19: Indicator weights (measurement model) – *continued*

Latent construct	Indicator	Weight	
Negative control beliefs	Damaged goods	-0.16	*
	Expensive agencies	0.04	
	Financial crisis	-0.03	
	Low paid jobs	0.68	***
	Pay back debts	0.38	***
	Unreliable banking	-0.01	
	Wife and children	0.44	***
Perceived behaviour. control	Financial burden	0.50	***
	I decide	0.44	***
	It is easy	0.57	***
Positive determinants of remitting	Household: age household head	0.22	***
	Household: dependency ratio	-0.03	
	Household: household size	-0.21	***
	Migrant: income class	0.43	***
	Migrant: property in KS	0.43	***
	Migrant: savings	0.31	***
	Migrant: son	-0.08	
	Migrant: unmarried	0.62	***
	Migrant: years of schooling	0.26	***
Negative determinants of remitting	Household: log remittances other migrant	-0.39	
	Household; share nonfarm income	0.41	***
	Migrant: dependency ratio	0.48	***
	Migrant: pensioner	0.23	***
	Migrant: unemployed	0.30	***
	Migrant: Years in D	0.51	***

Source: Own calculation.

Note: Significance levels obtained with bootstrapping with 1000 cases and 500 samples, thresholds for N=200 in student t-distribution: 1 % = *** (z >= 2.345), 5 % = ** (z >= 1.972), 10 %= * (z >= 1.653).

Control beliefs are the beliefs about "the presence or absence of requisite resources and opportunities" (AJZEN, 1991: 196) to perform the behaviour. They may be based on own experience of performing the behaviour or on second-hand information from the family, friends, etc. The product for the negative control beliefs consists of control belief strength and control belief power. Seven indicators were included to explain the construct of control beliefs. Most of these indicators are formulated negatively. In order to avoid loss of information through recoding (see footnote 14), we decided to leave the indicators negatively formulated opposite to all other constructs. Consequently, the indicators of this construct describe inhibiting factors of sending remittances: (1) the fact that goods reach

the origin often damaged when sent there ("damaged goods"); (2) high costs for sending money through agencies ("expensive agencies"); (3) the influence of the global financial crisis ("financial crisis") on the migrant's possibilities to remit; (4) the conviction that Albanians get only low paid jobs in Germany ("low paid jobs"); (5) the financial indebtedness of the migrant in Germany ("pay back debts"); (6) the little reliability of financial transfers in the developing banking system of Kosovo ("unreliable banking"); and (7) the fact that the wife and children of the migrant live in Germany ("wife and children") (Table 19). The effects of the financial crisis (2007-2009), the cost of remitting through agencies, and the unreliable banking do not show a significant impact on the control beliefs. Against this finding, when asking the migrant directly for the expected consequences of the global financial crisis on the amount remitted to their relatives at the origin, more than half of the respondents stated that they expect to remit less. However, the insignificant results for remitting through agencies and bank transfer are not surprising: remitting in cash is most popular among the migrants, while transferring through a financial service provider is rather out-of-favour. The fact that sent goods get only damaged to the recipients is only significant at the 10 % level and against the intuition negative. When comparing the value of goods sent to the origin with the amounts remitted, it becomes clear that in kind remittances play a secondary role: the migrants sent on average goods with a value of 930 Euros (median 800 Euros) while cash transfers summed up on average to 4,000 Euros (3,000 Euros). Furthermore, also for goods being sent to the origin, private modes of transport are preferred over transportation services. These are possible reasons why problems in sending goods are not highly significant in the SEM. The strongest impact on control beliefs has the conviction that Albanians do not have access to sufficiently remunerative employment in Germany. Indeed, in our sample the largest share of migrants works in the construction sector (17 %), in catering (6 %), and in the transport sector (8 %). Obviously, they work in rather low-paid sectors, often on an irregular basis, and frequently as unskilled workers. Furthermore, if the family lives with the migrant in Germany, this is a strong inhibiting factor for remitting. In contrast, having close relatives at the origin might fuel the intention to remit. This is straight forward as the expenditures for everyday life in Germany compete with the remittances sent to the origin. In this logic, also repayment of debts competes with the remittances and plays a significant role in the perception of control over remitting.

Perceived behavioural control comprises factors that facilitate the performance of remitting. All three indicators included in the questionnaire strongly determine the perceived control over remitting: (1) the migrant perceives the financial burden of remitting to be low ("financial burden"); (2) the migrant is the one in the household to make the decisions about remitting ("I decide"); and (3) the migrant generally perceives remitting as an easy task ("It is easy"). From this list of indicators, the perception that remitting is an easy task has the greatest impact. Interestingly, remitting is perceived as "easy" across all income classes although remitting

should be more difficult for households with low incomes. This holds also true for the perception of remittances as (no) financial burden.

All typical *positive socio-economic determinants of remitting* show significance in our model except for the dependency ratio of the origin household ("Household: dependency ratio") and the fact that the migrant is the son of the origin household head ("Migrant: son"). Consequently, the ratio of economically dependent and independent family members and the degree of kinship, opposite to the findings from OLS, do not have an impact on the intention to remit. Interestingly, the weight of the origin household size ("Household: household size") has a negative sign against the expectation and previous empirical findings. All other weights are positive. For the age of the origin household head ("Household: age household head") this result does not astonish as contributing to the parents' pensions is evaluated as a positive outcome by the migrant. A higher income class ("Migrant: income class") and holding savings in Germany ("Migrant: savings") simply increases the financial capability of the migrant to remit to the relatives at the origin. Thus, also this result is intuitive and has been proven in many other empirical studies. Owning property in Kosovo ("Migrant: property in KS") shows on the one hand that the migrant has still a close connection to the origin, and on the other hand, it may necessitate financial transfers for the maintenance of the property. Both reasons make the positive, indirect impact on the intention to remit intelligible. Against HAVOLLI'S (2009) results for Kosovo the educational level of the migrant ("Migrant: years of schooling") has a positive and significant impact. The same holds true for the marital status of the migrant ("Migrant: unmarried"), which also did not show significance in HAVOLLI'S results. Still, this finding confirms results from our control beliefs construct: if the migrant's family does not live with him in Germany or if he is single his motivation to remit is higher.

In the construct containing the *negative socio-economic determinants of remitting* all indicators are significant: the log of remittances received from other migrant(s) than the reference migrant by the origin household ("Household: log remittances other migrant"), the share of non-farm income of the origin household ("Household: share of nonfarm income"), the employment status of the migrant either on pension or unemployed ("Migrant: pension" or "Migrant: unemployed"'), the dependency ratio in the migrant household ("Migrant: dependency ratio"), and the number of years that the migrant has spent in Germany ("Migrant: years in D"). Remittances received from other migrants may have a positive impact on the intention to remit for reasons of competition between the migrants or a negative one for reasons of sharing the burden of supporting the origin household.[7] Although, they have

[7] As the impact of indicator is mediated through the construct of negative determinants, which has a negative impact on the intention, a positive sign of the amounts received would mean a negative impact on the intention and a negative one would mean a positive impact on the intention to remit. Consequently, here the indirect impact of amounts received from

not shown significant impact on amounts remitted in the OLS model, here they have a significant positive impact on the intention to remit. In the traditional Kosovar society ideals like honour and pride of a man still play a big role. Thus, sending remittances is without much doubt a matter of honour for the migrants. If another person remits to the migrant's family, the two compete with each other leading to an increase in the intention to remit. Again the share of nonfarm income indicates the wealth level of the origin household. Nonfarm employment contributes on average 51 % to the origin household income in our sample. It is assumed that the financial independence from remittances increases with rising contribution of nonfarm income, which in turn lowers the migrant's intention to remit. Our results confirm this assumption. In a migrant household with a high dependency ratio, expenditures for everyday life compete with remittances which in turn reduces the intention to remit. As already described for the OLS model, being a pensioner or unemployed limits the financial capability of the migrant which logically negatively influences the intention to remit. The longer the migrant lives abroad, the more he grows away from his roots and the lower is his intention to remit.

6.1.4 The structural model: Results for the relation between the elements of the Theory of Planned Behaviour

Among the three central latent variables, attitude, subjective norms and perceived behavioural control, the two former ones have the strongest and almost the same impact on the intention to remit (Table 20). The path coefficient and the effect size f^2 of the attitude on the intention are slightly higher. But the predictive relevance Q^2 as well as the relative impact for prediction q^2 of the norms construct are higher than those for the attitude.[8] This may be due to the fact that the "normative" construct achieves a better level of explanatory power than the attitude. In sum, these two constructs, the attitude towards remitting and the subjective norms surrounding remitting, play the predominant role in shaping the intention to remit. Perceived behavioural control plays a secondary role: the path coefficient and the test statistics show lower values. In other words, if the migrant believes that remitting is a good thing and expects that it has positive consequences and if he feels that it is expected from him to remit the intention to remit is strengthened.

other migrants has a positive impact on the intention.

[8] The statistical measures are explained in detail in Annex Table 12.

Table 20: Path coefficients (structural model)

Latent construct	Intention	Attitude	Norms	Perceived behavioural control
Attitude	0.37 ***			
Behavioural beliefs		0.57 ***		
Subjective norms	0.33 ***			
Normative beliefs			0.63 ***	
Perceived behavioural control	0.14 ***			
Negative control beliefs				-0.49 ***
Positive determinants	0.10 ***			
Negative determinants	-0.21 ***			

Source: Own calculation.

Note: Significance level: 1 % = ***. 5 % = **. 10 %= *. Path coefficients represent the strength of relationship between two latent constructs. Thus, they are only calculated for latent constructs assumed to be related with each other. Accordingly, a path coefficient is shown in a cell within this table for which it is assumed that a latent construct listed in the first row of this table impacts on a construct in the first row of the table.

The attitude of the migrant towards remitting plays the strongest role in predicting the intention to remit. This is because the migrants value remittances to be very important. Furthermore, the contributions to the pension of the parents and to everyday expenditures of the origin household are particularly appealing to the migrants. The normative setting of remitting has the second strongest impact on the intention to remit. The inner family and its expectations are perceived as strongest influencing factors by the migrants. Perceived behavioural control plays an inferior role. Generally, the migrants do not perceive remitting as a heavy burden. Still, the limited accessibility of better-paid jobs by Albanians in Germany and the presence of the migrant's wife and children in Germany are perceived as obstacles in remitting behaviour.

The "classical" determinants of remitting add additional information to the construct of intention to remit. However, their contribution is limited as the effect size f^2 is below 0.1 (Annex Table 12, p. 116). Accordingly, the standard way of analysing the motives for remitting neglects large part of explanatory power. The actual behaviour of remitting is preceded by an inherent, cognitive decision-making process which is reproduced by the TPB. Yet, the TPB takes up indirectly socio-economic influencing factors.

As the TPB has not been applied in remittances research, we are not able to compare our results with others. However, the strong influence of subjective norms conforms to the generally very tight family relations in Kosovo. They play traditionally a very strong role in the Albanian culture. In societies where social cohesion has decreased, family ties gain tremendously in importance (KASARJYAN, 2010). One of the symptoms of weakening social cohesion is the reduction of social capital,[9] which has been experienced throughout the transition countries. PALDAM and SVENDSEN (2002) attribute the slow economic development in transition countries after the collapse in the beginning of the 1990s to the lack of positive social capital in these countries. Exactly these adverse conditions have led to an outpouring of people from the Balkan Peninsula, specifically Kosovo. Indeed, Kosovo has experienced fundamental events within the past 20 years: break-up of Yugoslavia in 1991, the wars from 1992 to 1995 destabilising the Western Balkans and especially the Kosovo war in 1999, the interim governance of the international forces in the meantime, and the foundation of a sovereign state in 2008. No doubt, with the deterioration of societal order, general social cohesion, and social capital family ties increased in importance. In the traditionally large families of Kosovo these disruptions made the feeling of belonging together and solidarity even stronger among the family members. Family members support each other through remittances even across borders in a normatively designed frame.

[9] The Department for International Development (DFID) (1999: 8) defines "social capital" as "formal support groups or informal networks [of households] that assist in the activities being undertaken".

Chapter Seven

CONCLUSIONS FROM THE ANALYSIS OF MOTIVES FOR REMITTING

The migration-cum-remittances livelihood strategy has gained tremendous global relevance over the past two decades.[1] This is reflected in the steady increase in worldwide labour migration, as well as in reverse remittance flows. At the household level, the migration-cum-remittances livelihood strategy serves on the one hand to increase household income and, thus, to mitigate acute poverty. On the other hand, it is a strategy that minimises the risk of negative income shocks through the diversification of income sources. At the macro-level, remittances help to buffer negative balances of payment, particularly in light of large trade deficits.

It is well-known that remittances are a substantial and steady support that migrants transfer to their origin households in rural Kosovo. However, despite some recent efforts in that direction (e.g. HAVOLLI, 2009; UNDP, 2010; UNDP, 2011), country-specific evidence is still fragmentary. Adding to these recent studies, we make use of our own recent household survey done among 225 Kosovo-Albanian migrants in Germany and their matching origin households in 2009/2010. We are interested in shedding light on the driving forces that motivate migrants to share their income with relatives from their origin farm households in Kosovo. We approach this field of interest in two steps: first, by using a common method of analysing socio-economic determinants, OLS, and second, by borrowing the TPB from social-psychology and applying an SEM. The results are based on an OLS regression and are supported by descriptive statistics and testing of means. In the application of the TBP, the intention to remit within three months after the interview depends on the attitude, the subjective norms and the perceived control of the migrant towards remitting. The classic socio-economic determinants are added to this approach.

[1] Moreover, the IOM (2011: XI) expects that migration will "continue [to] increas[e] in scale and complexity over the next decades."

Conclusions from the common Ordinary Least Squares approach

The OLS results confirm many of the theoretical statements and empirical findings on remitting motivation for the case of Kosovo. We find a triangle of main drivers for remitting (Figure 4). The origin and host country are connected through the bond between the migrant and the relatives who stayed behind. Thus, the first factor that determines remitting behaviour is the continued connection of the migrant to the origin. The economic welfare of both the migrant and its origin household constitute the two other poles of the triangle. Thus, the second factor is the need for support of the origin household, and the third factor is the availability of financial resources that enable the migrant to remit.

The connection to the origin is represented by four significant variables. First, we find that the more comfortable the migrant feels when visiting the origin, the higher is the amount remitted. Second, the early migrants, that is, the former guest workers, remit less; their ties to Kosovo have weakened over time. Third, high remittances can be especially expected when the migrant is a son of the head of the origin household. Remittances flow mainly from the younger to the older generation and the degree of kinship plays a role; this indicates that the migration-cum-remittance livelihood strategy is an intra-familial arrangement. Fourth, real estate ownership in Kosovo by the migrant has a positive impact on the amounts remitted. Such ownership might be seen as another asset-based type of bond to the origin. As such, it is an indicator of the temporary nature of migration. However, this is contradicted by the relatively long average migration duration of 19 years. All variables show that weaker ties and stronger integration into German society lead to lower remittances.

The economic well-being of the origin household is significantly reflected in a variable that was shown to be decisive for the income situation of Kosovar rural households in our sample: local non-farm employment. Households that can open up local non-farm sources are less dependent on their usually small-scaled and largely unprofitable farms or other income such as pensions and social security payments. The consequence is that the migrant will feel significantly less pressure to remit in this case.

Finally, remitting obviously depends on the sheer possibility of the migrant to share income. We can confirm that the better the financial situation of the migrant in Germany is, the more likely the migrant remits larger amounts. The fact that the migrant has savings and thus some security for himself and the core family in Germany also facilitates higher remittances. Migrants who are unemployed or are pensioners remit less.

Conclusions from the Theory of Planned Behaviour application in a Structural Equation Model

In a second step, we analysed the motivation behind remitting based on the behavioural approach of the TPB. As opposed to the classical procedure, namely regressing a set of socio-economic variables on remittances, we introduce this new approach and methodology which was, to the best of our knowledge, not previously used for this research question. Stemming from social psychology, the TPB represents a well-established and tested behavioural theory. Compared to available studies on the topic, it offers additional insights to the intention to remit in that it captures three cognitive constructs: attitudes, norms, and subjective control. Methodologically, we implement the TPB in a structural equation model using PLS. This allows us to add complementary constructs depicting and testing some of the classical socio-economic variables to identify the determinants of remitting. Yet, we stress that the TPB implicitly covers socio-economic variables, e.g. in its control variables. Consequently, applying the TPB to remitting behaviour increases the dimensionality of the analysis without contradicting common socio-economic approaches. Indeed, the results show that it is also applicable to our research question, i.e. determining the intention to remit.

The attitude towards remitting and subjective norms perceived by the migrant were identified as the strongest driving forces in the intention to remit, while perceived behavioural control plays only a secondary role. A remittances-supportive attitude, meaning that the migrant considers remitting and its consequences as important, arises particularly if the contribution to the pension of the parents at the origin and the contribution to everyday expenditures of the origin households matter. This finding hints at an altruistic component in remitting. In shaping subjective norms, it could be shown that the nuclear family, i.e. the migrant's wife, parents, and siblings, plays the predominant role. Kosovar migrants in the diaspora keep strong social ties to their origin. This goes along with the feeling that their relatives expect them to remit. In order to fulfil these perceived expectations and to prevent perceived negative consequences, the migrant remits. We interpret this social pressure as an indication that remitting is not motivated purely by altruistic reasoning. More specifically, social norms serve as an enforcement tool for the fulfilment of intra-household arrangements.

The factors depicted by perceived control over remitting reflect inhibiting and facilitating factors of remitting as perceived by the migrant. The fewer limitations a migrant sees in the actual remittance transaction, the higher is the probability that he will actually remit. Among important limitations as identified by our analysis is the lacking accessibility of well-paid jobs in Germany. Indeed, only few migrants attained professional education in general and, furthermore, it is common for these ones not to work in the sector they are trained in.

The classical determinants included in the model show the explanatory contribution of the commonly applied determinants. In fact, compared to the overarching cognitive constructs, the classical determinants contribute only little explanatory power to the model. This underscores the idea that behavioural approaches explaining remitting should become part of the common toolbox. Still, the socio-economic variables also show a significant impact and, again, confirm the importance of the three driving forces of remitting: the connection between the migrant and the origin household, and the financial endowment of the sender and the recipients, respectively.

Final remarks

The two perspectives adopted to analyse the motives of remitting differ considerably, but do not contradict each other. On the contrary, the innovative approach applying the TPB supplements the common socio-economic approach. The sets of classical determinants, identified in the OLS analysis, generally show significant impact on the intention to remit. However, the TPB application additionally allows the reproduction of the inherent cognitive decision-making process traversed on the way to the performance of actual behaviour remitting. This research applies the TPB for the first time in remittance analysis. It shows promising results; still, its applicability in this field of research should be further confirmed. The TPB adds additional information to the analysis. These cognitive elements are generally difficult to measure with the common socio-economic approach, such as the normative surrounding of remitting or the perceived capability to remit. Consequently, this new approach widens the conventional perspective on the motives of remitting and is a meaningful methodological enhancement.

Moreover, in both approaches the characteristics of the migrant as well as of the origin household show significant impact on remittances. Thus, the dyadic feature of the data set is confirmed to be useful because it delivers the most precise data on both sides of remitting.

Theory proposes a large set of motives for remitting. However, a firm and all-encompassing theoretical approach to the motivation of remittances is so far missing. Empirical evidence is even more multifaceted and specific to country and culture. In our case of Albanian migrants from Kosovo, LUCAS and STARK'S (1985) tempered altruism is reflected in all three main driving forces identified in the socio-economic analysis. In the feeling of belonging to the loved ones at the origin, the motives of altruism and investment are reflected. Migration-cum-remittances may be the result of an intra-family agreement. In that, the origin household bears the cost for migration in expectancy of remittances. In the willingness of migrants to react to the neediness of the family in Kosovo, altruism clearly dominates. A positive impact of the migrant's own economic situation, i.e. the migrant's income level, is assumed in all theoretical motives for remitting.

The TPB in its purest form exhibits further indirect hints on the motives of remitting. Clearly, a positive attitude towards remitting supports altruism in remitting. Perceived norms are an enforcement tool when the migration-cum-remittance livelihood strategy is a family arrangement as assumed in the SLF, i.e. in an investment or insurance agreement between migrant and origin household. Consequently, for the Kosovo-Albanians living in Germany, the dominant motives provoking remittances may be seen as first and foremost altruism, followed by the investment and insurance motives.

Using socio-economic data in the analyses of motives for remittances excludes information inherent to the migrant, the origin household, or the surrounding of both. This information may not be easy to quantify directly with the help of a questionnaire or to be observed by a researcher from an outside perspective. Moreover, the TPB is only one possibility to measure these aspects. Subsequently, the scientific community should open up to a more qualitative analysis of remittance motives, and additionally, make use of more interdisciplinary approaches. Still, for further justification of choosing the innovative approach and verification of the results, more studies focussing on the behavioural aspects of remitting need to be done. This would allow the comparison of results and further progress in achieving a clearer view on the determinants of remitting and in disentangling the complex causal relationships in remitting. Applying the same methodology to different study areas would generally increase the comparability of results and facilitate the generation of a more comprehensive and more consistent theoretical approach to the motives of remitting.

ANNEX

Annex Table 1: Two Stage Least Squares (2SLS) regression analysis results: Remittances sent from migrant living in Germany to the origin household in Kosovo

Driving force	Variable	Estimated coefficients	Motives
Relation between migrant (household) and origin household	*Feeling when visiting origin*	0.21 ***	
	German citizenship	0.57 ***	
	Migrant is son	0.24	investment
	Property in Germany	0.04	
	Property in Kosovo	0.50 **	
Financial capability of migrant	*Income class of migrant*[1)]	1.00 **	**all motives**
	Savings of migrant in Germany[1)]	0.33 ***	
Need for support at origin	*Origin household's share of non-farm income*	-0.73 ***	**altruism**
	Dependency ratio of origin household	>0.00	
Other control variables	*Schooling origin household head*	0.03 *	
	Schooling migrant	-0.00	investment
	Remittances other migrants	-0.02	altruism/ inheritance
	Cost of migration	0.02	investment
	Constant	3.97	

[1)] For the endogenous variables income class of migrant and savings of migrant in Germany the following instrument variables were used: per capita disposable income on local level; Wave 2 and Wave 3; work status of migrant pensioner and unemployed; migrant is member of club, association or party in Germany or in Kosovo; wife of migrant lives in Kosovo

Underidentification test (Kleinbergen-Paap): 18.847, chi²(7) P-val = 0.009

Overidentification test of all instruments (Hansen J statistic): 4.812, chi²(6) P-val = 0.568

Test of endogeneity of endogenous regressor: 7.991, chi²(2) P-val = 0.018

Source: Own calculation.

Note: N = 210, 2 missing values.
Dependent variable Log of remittances: Log of amount of remittances in cash or kind sent by the migrant to the origin in last 12 months before the interview.
Significance level: 1 % = ***, 5 % = **, 10 % = *.
Motives based on RAPOPORT and DOCQUIER (2006).

Annex Table 2: Descriptive statistics of indicators

Indicator		Mean	Median	Skewness	Kurtosis
Intention	I intend to…	5.42	7	-1.06	2.47
	How likely is…?	5.36	7	-1.01	2.36
	My intention…	5.67	7	-1.30	3.07
Attitude	Relevant	2.60	3	-3.07	12.95
	Advantageous	1.65	2	-0.85	2.85
	Pleasant	2.24	3	-1.86	5.83
	Good	2.83	3	-3.33	15.39
Behavioural beliefs	Good felling	40.80	49	-1.40	3.98
	Everyday expenditures	42.93	49	-1.92	5.74
	Emergency	46.00	49	-3.86	18.88
	Parent's pension	40.42	49	-1.59	3.84
	Invest at origin	34.50	49	-0.70	1.80
	Medical support	44.58	49	-2.66	9.61
Subjective norms	Most people	5.89	7	-1.62	4.21
	My relatives	5.61	7	-1.28	3.10
	Most people	6.66	7	-3.79	18.56
Normative beliefs	My parents	24.33	21	0.05	1.09
	My siblings	41.37	49	-1.60	4.45
	The people in village	21.01	18	0.62	2.52
	My wife	40.91	49	-1.60	4.28
Perceived beh. control	It is easy	5.52	7	-0.99	2.64
	Financial burden	4.40	4	-0.16	1.88
	I decide	5.25	7	-0.85	2.23
Negative control beliefs	Wife and children	20.08	16	0.46	1.80
	Pay back debts	21.44	21	0.44	1.81
	Financial crisis	23.57	21	0.35	2.02
	Low paid jobs	7.14	3	2.36	7.87
	Damaged goods	3.21	1	4.41	22.17
	Expensive agencies	17.28	7	1.04	2.71
	Reliable banking	4.19	1	3.79	19.38

Annex Table 2: Descriptive statistics of indicators – *continued*

	Indicator	Mean	Median	Skewness	Kurtosis
Positive determinants	Household: age household head	51	51	0.08	2.21
	Household: dependency ratio	1.10	0.75	1.52	5.56
	Household: household size	5.4	5	0.92	5.13
	Migrant: income class[x]	6	6		
	Migrant: property in KS	0.90	1	-2.64	7.98
	Migrant: savings	0.87	1	-2.25	6.07
	Migrant: son	0.37	0	0.54	1.30
	Migrant: unmarried	0.11	0	2.34	6.48
	Migrant: years of schooling	11	12	-1.73	5.61
Negative determinants	Household: log remittances other migrant	3.50	4.87	0.04	1.24
	Household: share of nonfarm income	0.11	0.08	2.10	8.18
	Migrant: dependency ratio	0.85	1	1.58	6.52
	Migrant: pension	0.10	0	2.73	8.44
	Migrant: unemployed	0.05	0	4.10	17.78
	Migrant: years in D	19	17	1.16	4.17

Source: Own calculation.

Note: N=217. Missing values remain under 5 % of the data. HAIR et al. (2006) state that missing data under 10 % does not raise any problems to the analysis.
[x] For the migrant household income class the mode is shown: Income class 6 represents income between 2,501 and 3,000 Euros.

Annex Table 3: Profession of migrants

	All	Migration waves			Test-statistic		
		Wave 1 (n=29)	Wave 2 (n=172)	Wave 3 (n=19)			
	Frequency	Frequency			X^2	p	
Pensioner/unemployed	34 (15%)	16 (55%)	15 (9%)	1 (5%)	44.3	0.00	***
Trade	2 (1%)	0 (0%)	2 (1%)	0 (0%)	0.6	0.76	
Transport	13 (6%)	13 (8%)	0 (0%)	0 (0%)	3.8	0.15	
Tourism	2 (1%)	0 (0%)	1 (2%)	0 (0%)	0.6	0.76	
Restaurant, catering	19 (8%)	0 (0%)	15 (9%)	4 (21%)	6.4	0.04	**
Health care, nurse	2 (1%)	0 (0%)	2 (1%)	0 (0%)	0.6	0.76	
Financial services	4 (2%)	0 (0%)	4 (2%)	0 (0%)	1.1	0.57	
Janitors, cleaning	7 (3%)	1 (3%)	5 (3%)	1 (5%)	0.3	0.85	
Security service	3 (1%)	0 (0%)	2 (1%)	1 (5%)	2.6	0.27	
Car repair	2 (1%)	0 (0%)	1 (1%)	1 (5%)	4.4	0.11	
Construction, carpentry	42 (19%)	1 (3%)	35 (20%)	5 (26%)	5.5	0.07	*
Artisan, crafts	7 (3%)	1 (3%)	6 (3%)	0 (0%)	0.7	0.71	
Agricultural/ forestry sector	8 (4%)	0 (0%)	7 (4%)	1 (5%)	1.3	0.52	
Metallurgists, foundry worker	2 (1%)	0 (0%)	2 (1%)	0 (0%)	0.5	0.76	
Food industry, food processing	3 (1%)	0 (0%)	3 (2%)	0 (0%)	0.8	0.66	
Unspecified profession	75 (33%)	10 (34%)	58 (34%)	5 (26)%)	0.4	0.83	

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data. W 1: Migrants who came to Germany before 1980. W 2: Migrants who came to Germany between 1981 and 1999. W 3: Migrants who came to Germany after 1999. Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *. As some professions are only executed by few migrants, the test statistic may not lead to reliable results for them.

Annex Table 4: Social capital of migrant

	All	Remittances tercile			Test-statistic	
		T 1 (n=89)	T 2 (n=65)	T 3 (n=71)		
	Frequency	Frequency			X^2	p
Migrant knew somebody in D	179 (86%)	73 (88%)	51 (86%)	55 (85%)	0.3	0.84
Migrant knew in D						
• Close relatives	48 (27%)	22 (30%)	13 (25%)	13 (24%)	1.1	0.59
• Distant relatives	92 (51%)	32 (44%)	31 (61%)	29 (53%)	2.1	0.34
• People from village	26 (15%)	12 (16%)	5 (10%)	9 (16%)	1.35	0.51
• Other	13 (7%)	7 (9%)	2 (4%)	4 (7%)	1.58	0.45
Migrant received support when new in D	215 (99%)	85 (40%)	62 (29%)	68 (32%)	0.52	1.0
When reaching Germany, the migrant was supported by						
• Family and friends in D	85 (40%)	32 (36%)	23 (35%)	30 (42%)	0.89	0.64
• Family and friends in KS	5 (2%)	2 (2%)	0 (0%)	3 (4%)	2.8	0.25
• Other of family and	12 (6%)	2 (2%)	5 (8%)	5 (7%)	2.8	0.25
• Employer	24 (11%)	13 (15%)	4 (6%)	7 (10%)	2.88	0.24
• Own savings	14 (7%)	8 (9%)	5 (8%)	1 (1%)	4.2	0.12
• Credit from bank	0 (0%)	0 (0%)	0 (0%)	0 (0%)		
• German social system	75 (35%)	28 (32%)	25 (38%)	22 (31%)	1.1	0.58

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
T1: Lowest tercile of total remittances. T2: Middle tercile of total remittances. T3: Upper tercile of total remittances.
Within the terciles the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

Annex Table 5: Perceived dependency on remittances across shares of farm income

	All	Shares of farm income			Test-statistic		
		F 1 (n=79)	F 2 (n=76)	F 3 (n=69)			
	Frequency	Frequency			X^2	p	
Neediness of origin household estimated by migrant							
• Not dependent at all	20 (9%)	6 (8%)	5 (7%)	9 (13%)	1.8	0.40	
• Not dependent	66 (31%)	26 (34%)	20 (28%)	20 (29%)	0.7	0.70	
• No matter for them	36 (17%)	14 (18%)	11 (15%)	10 (15%)	0.4	0.82	
• Dependent	64 (30%)	19 (25%)	20 (28%)	25 (37%)	2.5	0.29	
• Strongly dependent	30 (14%)	11 (14%)	15 (21%)	4 (6%)	6.7	0.04	*

Source: Own calculation.

Note: N=225; for some variables the sample size is reduced due to missing data.
F 1: Group of households earning lowest shares of income from farming (0-4 %).
F 2: Group of households earning intermediate shares of income from farming (5-12 %).
F 3: Group of households earning lowest shares of income from farming (13-64 %).
Within the groups the shares sum up to 100 % within the column.
Test statistics refer to Kruskal-Wallis-Test (df=2), significance level: 1 % = ***, 5 % = **, 10 % = *.

Annex Table 6: Variables used in the Ordinary Least Squares model

	Dependent variable	Description	Mean	St. dev.	Median
	Log of remittances	Log of amount of remittances in cash or kind in Euros sent by the migrant to the origin per month in 2009	8.2	0.89	8.3
	Total remittances	Absolute amount of remittances in cash or kind in Euros sent by the migrant to the origin per month in 2009	4,876	3,473	4,000
Driving force	**Independent Variables**	**Description**	**Mean**	**St. dev.**	**Median**
Relation between migrant (household) and origin household	*Feeling when visiting origin*	Feeling the migrant has when visiting the relatives at the origin (1= feeling like a stranger when visiting the place of origin, 2= takes some time until not feeling anymore as a stranger when visiting the place of origin, 3= neither feeling like a stranger, nor like at home when visiting the place of origin, 4= takes only little time until not feeling anymore as a stranger when visiting the place of origin, 5= feeling from the first day familiar to the place of origin)	4.1	0.99	4

Annex Table 6: Variables used in the Ordinary Least Squares model – *continued*

Driving force	Independent Variables	Description	Dummy=1	Dummy=0
Relation between migrant (household) and origin household	*Wave 1 (before 1980)*	Dummy variable = 1: the migrant came to Germany before 1980; otherwise = 0	12.5%	87.5%
	Wave 2 (1980-1999)	Dummy variable = 1: the migrant came to Germany between 1980 and 1999; otherwise = 0 Base category: Migrant came to Germany after 1999	76.40%	24.6%
	Migrant is son	Dummy = 1: the migrant is the son of the origin household head; otherwise = 0	37.5%	62.5%
	Property in Germany	Dummy = 1: the migrant owns real estate in Germany; otherwise = 0	13.9%	86.1%
	Property in Kosovo	Dummy = 1: the migrant owns real estate in Kosovo; otherwise = 0	90.4%	9.6%
	Wife of migrant in Kosovo	Dummy = 1: the migrant's lives in; otherwise = 0	0.04%	99.96%
	Migrant German citizenship	Indicator for residential title of migrant in Germany: 1= German citizenship; otherwise = 0 Base category: unlimited, limited or no residence title	13.5%	86.5%

Annex Table 6: Variables used in the Ordinary Least Squares model – *continued*

Driving force	Independent Variables	Description	Mean	St. dev.	Median
Availability of financial resources of migrant	*Income class of migrant household*	Income class of migrant income earned in Germany in Euros(1= up to 500, 2= up to 1,000, 3= up to 1,500, 4= up to 2,000, 5= up to 2,500, 6= up to 3,000, 7= up to 4,000, 8= up to 5,000, 9= more than 5,000)	6.0	1.89	6.0
			Dummy =1	**Dummy =0**	
	Savings of migrant in Germany	Dummy variable = 1: the migrant has financial savings in a banking institute in Germany; otherwise = 0	85.6%	14.4%	
	Migrant pensioner	Indicator for employment status of migrant in Germany: 1= Pensioner; otherwise = 0	8.7%	91.3%	
	Migrant unemployed	Indicator for employment status of migrant in Germany: 1= unemployed; otherwise = 0 Base category: Migrants works either waged employed, self-employed or both	5.8%	94.2%	
Need for support at origin	*Origin household's share of non-farm income*	Contribution of non-farm income to overall origin household income	0.31	0.26	0.32
	Dependency ratio of origin household	Number of origin household members aged under 16 years and over 64 years divided by the number of origin household members aged between 16 and 64 years	1.06	1.02	0.66
Other control variables	*Schooling origin household head*	Years of schooling of origin household head	9.6	4.1	12.0
	Schooling migrant	Years of schooling of migrant	10.7	2.3	12.0
	Remittances other migrants	Log of total amount of remittances from other migrants to the origin household	3.4	3.3	4.6
		Total amount of remittances from other migrants to the origin household in Euros	639	1,381	100
	Cost of migration	Log of total cost of migration of interviewed migrant	5.8	1.1	6.2
		Total cost of migration of interviewed migrant in €	703	890	500

Source: Own calculation.

Note: N = 210, 2 missing values.
For dummy variables frequencies in % of total sample are presented instead of means.

Annex Table 7: Verbal description of indicators

	Indicator
Intention	I intend to…
	How likely is it for you to…?
	My intention is to…
Attitude	Irrelevant – very important
	Disadvantageous – advantageous
	Unpleasant – pleasant
	Bad – good
Behavioural beliefs	Good feeling – important
	Help relatives with everyday expenditures – important
	Help relatives in case of acute need – important
	Contribute to pensions of parents – important
	My relatives invest at origin – important
	My relatives can afford medical support – important
Subj. norms	Most people in Germany think that I should…
	My relatives at the origin expect me to…
	Most Albanians that I know do…
Normative beliefs	My parents at the origin would appreciate, if I would…
	My brothers and sisters at the origin would appreciate…
	The people in my village at the origin would appreciate…
	My wife would appreciate…

Annex Table 7: Description of indicators – *continued*

	Indicator
Perceived beh. control	It is easy for me to…
	The financial burden of … is low for me.
	In our household in Germany I decide about…
Control beliefs	My wife and my children live with me in Germany. – difficult
	I have to pay back debts here in Germany. – difficult
	The economic situation in Germany has worsened recently due to the financial crisis. –
	Albanians find in Germany only low paid jobs. – difficult
	Goods are often damaged or lost when sent to the origin. – difficult
	Sending money through agencies like Western Union is very expensive. – difficult
	With the development of the banking system transfers have become less reliable. – difficult
Positive determinants	Household: age household head – Age of origin household head
	Household: dependency ratio – Dependency ratio of origin household
	Migrant: income class – Income class of migrant household
	Household: household size – Size of origin household
	Migrant: savings – Dummy=1 if the migrant holds savings in Germany
	Migrant: son – Dummy=1 if the migrant is the son of the origin household head
	Migrant: property in KS – Dummy=1 if the migrants own property in Kosovo
	Migrant: unmarried – Dummy =1 if migrant is unmarried
	Migrant: years of schooling – Years of schooling of migrant
Negative determinants	Household: remittances other migrant – Log of remittances from other than reference migrant
	Household: share of nonfarm income – Share of non-farm income of origin household
	Migrant: dependency ratio – Dependency ratio of migrant household
	Migrant: pension – Migrant is pensioner in Germany
	Migrant: unemployed – Migrant is unemployed in Germany
	Migrant: years in D – Number of years which the migrant spent in Germany

Source: Own data

Note: The behaviour is defined according to AJZEN'S (2006) TACT-scheme is "to remit/ remitting money and/or goods from Germany to the origin household within the next three months" and can be inserted instead of the place holder "…" in the above listed items.

Validation of the Structural Equation Model

As for PLS no statistical inference testing is possible, several quality criteria will be checked. In doing so, we will roughly follow CHIN's (2010) guideline. Starting out with the measurement model we will evaluate afterwards the structural model. The estimation results are depicted in Figure 9 and shown in Table 19.

In the *measurement model* we will evaluate first the reflective construct for intention, then the formative constructs of attitude, subjective norms and perceived behavioural control. A reflective, latent construct like intention is convergent valid if the indicators relate only to that one construct and have a strong relationship among each other. Cronbach's α and the composite reliability give information on the convergent validity of the intention to remit (Annex Table 8).

Annex Table 8: Validation statistics of reflective construct *intention*

	Indicator reliability	**Convergent validity**		**Discriminant validity**	
Indicator	Factor loadings	Cronbach's α	Composite reliability	Average variance extracted (AVE)	Fornell-Larcker-criterion
Aspired value	>0.7	>0.7	>0.7	>0.5	AVE > FLC
Source			KRAFFT et al. (2005)		
Intention		0.97	0.98	0.95	0.35
I intend to…	0.98				
How likely is…?	0.98				
My intention…	0.96				

Source: Own calculation.

Both values are with over 0.95 well above the critical threshold of 0.7. Thus, the convergent validity is very good (HENSELER et al., 2009). If the common variance of the latent construct and the indicators is larger than the common variance of that construct with other constructs, this is the average variance extracted (AVE), the intention to remit has good discriminant validity. The AVE should be larger than 0.5, which applies for our model. Additionally, the AVE should be larger than the maximum squared correlation between the independent latent constructs and the intention (Fornell-Larcker-criterion). The norms-construct has with 0.35 the largest correlation with intention, which lies significantly under 0.95. Furthermore, if the factor loading from the constructs on the reflective indicators is larger than 0.7, the latent variable explains more than 70 % of the variance in the indicator and has good explanatory power (BLIEMEL et al., 2005) (Annex Table 9). The lowest factor loading from intention is 0.96. Low crossloadings of the reflective

indicators on other latent constructs in the model prove discriminant validity. The indicators should optimally load highest on their own construct and not on another one. In Annex Table 9 we can see, that the indicators for the intention clearly load highest on the latent construct intention. The empirical results for all afore mentioned goodness of fit statistics of the reflective indicator intention are consequently on a satisfactory level.

Annex Table 9: Crossloadings of reflective indicators

Indicator	Intention	Attitude	Behav. beliefs	Subj. norms	Norm. beliefs	Perc. behav. control	Neg. control beliefs	Positive determinants	Negative determinants
In intend to…	**0.98**	0.54	0.50	0.58	0.47	0.32	-0.38	0.40	-0.39
How likely is…?	**0.98**	0.54	0.49	0.57	0.46	0.33	-0.36	0.41	-0.38
My intention…	**0.96**	0.58	0.57	0.59	0.49	0.28	-0.33	0.39	-0.37

Source: Own calculation.

After having checked the goodness of fit of the reflective indicator, we will now move to the formative ones. The estimation process of the latent variable scores in the formative measurement model is based in the second step on OLS. Consequently, multicollinearity among the formative indicators would bias the path coefficients. The indicators were tested for multicollinearity with the variance inflation factor (VIF) and the conditional index. DIAMANTOPOULOS and WINKLHOFER (2001) establish a critical threshold for the variance inflation factor (VIF) at ten. HENSELER et al. (2009) also gives the threshold of ten for the VIF. However, he notes that any VIF considerably larger than one has to be treated carefully. The conditional index should lie below 30 (HENSELER et al., 2009). The maximum VIF we encountered is 2.52 in the norms construct (Annex Table 10). The highest conditional index of 29 was detected in the behavioural beliefs construct. Consequently, both statistics lie below the critical threshold. Nonetheless, multicollinearity may marginally affect the estimation results. The significance of the weights of the formative and reflective indicators on the latent construct is tested by bootstrapping, a resampling technique. The bootstrapping estimation results are divided by their respective standard error. The result is a student t-distributed test statistic. If the test statistic is larger than 1.653 a ten per cent significance level is achieved, if it is larger than 1.972 a five per cent level, and if larger than 2.345 a one per cent significance level for a sample size of 200 cases. In the constructs normative beliefs, control beliefs, and in positive and negative determinants for remitting insignificant indicators are contained, which are discussed in the section 6.2.1.

Annex Table 10: Validation of formative constructs: Multicollinearity

Latent construct	Max. VIF	Conditional index
Aspired value	<10	<30
Source	HENSELER et al. (2009)	
Attitude	1.47	19.70
Behavioural beliefs	1.93	29.00
Subjective norms	2.52	22.11
Normative beliefs	1.18	8.80
Perceived behavioural control	1.39	10.07
Control beliefs	1.49	11.59
Positive determinants	1.35	25.24
Negative determinants	1.19	11.33

Source: Own calculation.

Looking at the *structural model*, all path coefficients (Annex Table 11) show significance after bootstrapping at the one per cent level, except for the path from the positive determinants to the intention which is significant at the five per cent level. All path coefficients have the expected sign. The R^2 of the latent constructs indicates how much variance of the construct is explained by the model (Annex Table 12). CHIN (1998) classifies R^2 over 0.67 as substantial, around 0.33 as moderate and below 0.19 as weak explanatory power. "If certain inner path model structures explain an endogenous latent variable by only a few (e.g. one or two) exogenous latent variables, "moderate" R^2 may be acceptable." (HENSELER et al., 2009: 303ff). With R^2s between 0.24 and 0.57 the explanatory power of the model is thus tolerable. The effect size f^2 measures the impact of one construct on another. COHEN (1988) considers an f^2 under 0.02 as weak, around 0.15 as moderate and above 0.35 as substantial effect. Attitude and norms have a close to substantial effect on the intention to remit. Whereas perceived behavioural control and negative determinants of remitting have a lower moderate and the positive determinants have a weak effect on the intention to remit.

Annex Table 11: Path coefficients between latent constructs

Latent construct	Intention	Attitude	Norms	Perceived behavioural control
Attitude	0.37 ***			
Behavioural beliefs		0.57 ***		
Subjective Norms	0.33 ***			
Normative beliefs			0.63 ***	
Perceived behavioural control	0.14 ***			
Negative control beliefs				-0.49 ***
Positive determinants	0.10 ***			
Negative determinants	-0.20 ***			

Source: Own calculation.

Note: Significance level: 1 % = ***. 5 % = **. 10 %= *

Stone-Geisser's Q^2 is the synthesis of function fitting and cross-validation (HENSELER et al., 2009). Q^2 indicates in how far the model is able to predict values of the endogenous latent variable's indicators. It is obtained from the blindfolding procedure, which is another resampling technique. A negative Q^2 implies no predictive relevance and vice versa a positive Q^2 implies predictive relevance indeed (CHIN, 2010). The larger the value of Q^2 is the more relevant is the construct for the prediction of indicator values (KRAFFT et al., 2005). All values for Q^2 are found positive and lie between 0.11 for the attitude and 0.42 for behavioural beliefs. Thus, all constructs have predictive relevance, however, at different levels.

Annex Table 12: Validation statistics of structural model

Latent construct	Explanatory power	Effect size	Predictive relevance	Mediation effect	
	R^2	f^2	Q^2	z-score	VAF
Aspired value	> 0.67 strong ~ 0.33 moderate < 0.19 weak	> 0.35 strong ~ 0.15 moderate < 0.02 weak	>0 predictive relevance <0 no predictive relevance	>2.35	1: perfect mediation 0: no med.
Source	CHIN (1998)	COHEN (1988)	CHIN (2010)	SOBEL (1982)	EGGERT et al. (2005)
Intention	0.58		0.55		
Attitude	0.32	0.26	0.14		
Behav. beliefs			0.43	10.68 ***	0.85
Subjective norms	0.40	0.19	0.27		
Normative beliefs			0.36	10.14 ***	0.95
Perceived behav. control	0.24	0.04	0.12		
Control beliefs			0.24	-4.88 ***	0.28
Positive determinants		0.02	0.13		
Negative determinants		0.08	0.18		

Source: Own calculation.

Note: Significance levels for N=200 in student t-distribution: 1 % = *** (z >= 2.345). 5 % = ** (z >= 1.972). 10 %= * (z >= 1.653).

When analysing causal relationships latent constructs may not only influence the dependent variable directly but through another latent construct. In this case, the effect of one construct on the dependent variable is mediated by a third one. Exactly this is presumed in the TPB: the belief composites are assumed to have an indirect effect on the intention mediated by the direct measures. Whether this structure can be found in our sample needs to be examined. There are two measures to explore whether a mediating effect exists. First, the calculation of the z-score to identify mediation effects at all. The z-score follows the t-distribution. With the same thresholds as for evaluating the significance levels of weight, factor loadings, and path coefficients one can reject the null hypothesis that the direct effect of the construct in question either does not exist or is insignificantly low. And second, the variance accounted for (VAF) shows how much of the effect from the independent variable on the dependent variable is attributed to the mediating variable (KRAFFT et al., 2005). In our model all three mediating effects are significant at the one per cent level. However, the strength of the mediating effect differs across the three main predictors for the intention to remit. For norms the mediating effect is the strongest, followed by attitude which is pursued by perceived behavioural control. Subsequently, the

theoretically assumed structure of the model by the TPB could be confirmed for our application.

If the strength of the causal relation between an exogenous and an endogenous variable is influenced by one or more additional latent construct(s) moderating effects exist in an SEM. In order to test for moderating effects the standardised latent variable scores of the independent and the mediating variable and their products are regressed on the latent variable scores of the dependent variable. If the product is significant, moderating effect exist (HENSELER and CHIN, 2010). In our model we can rule out presumptions of moderations, none of the moderating products of attitude, subjective norms or perceived behavioural control showed significance.

The overall validity of the SEM following the TPB is consequently at a satisfactory level, although there are differences across the latent constructs. While behavioural beliefs and attitude, normative beliefs and norms perform generally well, control beliefs and perceived behavioural control and positive and negative determinants show a lower, however, still acceptable, level of overall validity.

REFERENCES

AGGARWAL, R., HOROWITZ, A. W. (2002): Are international remittances altruism or insurance?, Evidence from Guyana using multiple-migrant households, *World Development, 30(11):* pp. 2033-2044.

AJZEN, I. (1985): From intentions to actions: A Theory of Planned Behavior, in: KUHL, J., BECKMANN, J. (eds.): Actioncontrol: From cognition to behavior, pp. 11-39. Springer Verlag, Heidelberg, D.

AJZEN, I. (1991): The Theory of Planned Behavior, *Organisational behavior and human decision processes, 50,* pp.179-211.

AJZEN, I. (2006): Constructing a TPB questionnaire: Conceptual and methodological considerations. Retrieved August 10, 2008, from .

AJZEN, I., MADDEN, T. J. (1986). Prediction of goal-directed behavior: Attitudes, intentions and perceived behavioral control, *Journal of Experimental Social Psychology, 22,* pp. 453-474.

ALBA, M. M., SUGUI, J. S. C. (2009): Motives and giving norms behind remittances: The case of Philipino overseas workers and their recipient households, Philippine Institute for Development Studies, *Discussion Paper Series No. 2009-26,* Makati City, PR.

AMUEDO-DURANTES, C., POZO, S. (2006): Migration, remittances, and male and female employment patterns, *American Economic Review, 96(2).*

BALDWIN-EDWARDS, M. (2006): Patterns of migration in the Balkans. University Research Institute of Urban Environment and Human Resources, Panteion University. Mediterranean Migration Observatory (MMO), *MMO Working Paper No. 9,* Athens, GR.

BANERJEE, B. (1984): The probability, size, and uses of remittances from urban to rural areas in India, *Journal of Development Economics, 19(198),* pp. 293-311.

BARRETT, C. (1999): On vulnerability, asset poverty and subsidiarity. Comments to the Ford/ Rockefeller Foundations Seminar Series "Managing vulnerability and shocks within the agro-food system", New York, NY, USA.

BAYERISCHES LANDESAMT FÜR STATISTIK UND DATENVERARBEITUNG (2011). Regionalisierte Bevölkerungsvorausberechnung für Bayern bis 2030. Demographisches Profil für München, Landeshauptstadt, Bayerisches Landesamt für Statistik und Datenverarbeitung. Beiträge zur Statistik Bayerns, *Auszug für Kreisfreie Städte No. 543,* München, D.

BENTLER, P. M., CHOU, C. P. (1987): Practical issues in structural modeling, *Sociological Methods and Research, 16,* pp. 78-117.

BETTIN, G., LUCCHETTI, R., ZAZZARO, A. (2009). Income, consumption and remittances: Evidence from immigrants to Australia, Hamburgisches WeltWirtschaftsInstitut (HWWI), HWWI Research Programme Migration Research Group, *HWWI Research Paper No. 3-21.*

BLIEMEL, F., EGGERT, A., FASSOTT, G., HENSELER, J. (2005): Handbuch PLS-Pfadmodellierung, Schäfer-Poeschel. Stuttgart, D.

BOUND, J., JAEGER, D. A., BAKER, R. M. (1995): Problems with instrumental variables estimation when the correlation between the instruments and the endogenous explanatory variables is weak, *Journal of the American Statistical Association, 90,* pp. 443-450.

BUCHENRIEDER, G. (2003): Overview of poverty impacts of and policy options for non-farm rural employment, XXVth International Conference of Agricultural Economists (IAAE) on "Reshaping Agriculture's Contributions to Society", August 16-22, 2003, Durban, ZA.

BUCHENRIEDER, G., KNERR, B., KIRK, M. (2004). Poverty impacts and policy options of non-farm rural employment, in: BUCHENRIEDER, G., KNERR, B., KIRK, M. (eds.): Poverty impacts and policy options of non-farm rural employment, pp. 1-11, Margraf Publishers. Weikersheim, D.

CARLETTO, C., DAVIS, B., STAMPINI, M., TRENTO, S., ZEZZA, A. (2004): Internal mobility and international migration in Albania, Food and Agriculture Organisation of the United Nations (FAO), *Agricultural Development Economics Division (ESA) Working Paper No. 04-13,* Rome, I.

CARLING, J. (2008): The determinants of migrant remittances, *Oxford Review of Economic Policy, 24(3),* pp. 582-599.

CARNEY, D. (1998): Sustainable rural livelihoods. What contribution can we make?, Natural Resources Adviser's Conference, Department for International Development (DFID). London, UK.

CASTALDO, A., REILLY, B. (2007). Do migrant remittances affect the consumption pattern of Albanian households?, *South-Eastern Europe Journal of Economics, 1,* pp. 25-54.

CENTRAL BANK OF THE REPUBLIC OF KOSOVO (2010): *Buletini mujor statistikor. No. 108.* Prishtina, KS.

CHAMBERS, R., CONWAY, R. (1992): Sustainable rural livelihoods: Practical concepts for the 21st century, Institute of Development Studies (IDS), *IDS Discussion Paper No. 296,* Brighton, UK.

CHIN, W. W. (1998): The partial least squares approach to structural equation modeling, in: MARCOULIDES, G. A. (ed.): Modern Methods for Business Research, pp. 295-336. Lawrence Erlbaum Associates, Mahwah, NJ, USA.

CHIN, W. W. (2010): How to write up and report PLS analyses, Handbook of Partial Least Squares. Concepts, methods and applications, pp. 655-688.

CIA (2011a): The World Factbook. Central Intelligence Agency (CIA), Retrieved August 11, 2011, from https://www.cia.gov/library/publications/the-world-factbook/geos/kv.html#People.

CIA (2011b): The World Factbook, Country comparison GDP per capita (PPP), Central Intelligence Agency (CIA), Retrieved November 28, 2011, from https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html.

COHEN, J. (1988): Statistical power analysis for the behavioral sciences, 2nd ed, Lawrence Erlbaum Associates, Hillsdale, NJ, USA.

COMTE, A. (1851-1854): Système de politique positive, Paris, F.

COX, D. (1987): Motives for private income transfers, *Journal of Political Economy, 95(3),* pp. 508-546.

COX, D., ESER, Z., JIMENEZ, E. (1998): Motives for private transfers over the life cycle: An analytical framework and evidence from Peru, *Journal of Development Eonomics, 55,* pp. 57-80.

DAHINDEN, J. (2005): Contesting transnationalism? Lessons from the study of Albanian migration networks from former Yugoslavia, *Global Networks 5, 2 (2005)*, pp. 191-208, *5(2)*, pp. 191-208.

DE HAAS, H. (2007): The impact of international migration on social and economic development in Moroccan sending regions: A review of the empirical literature, University of Oxford, International Migration Institute (IMI), *Working Paper No. 3*, Oxford, UK.

DE HAAS, H. (2010): Migration and development: A theoretical perspective, *International Migration Review, 44(1)*, pp. 227-264.

DE JONG, G. F. (2000): Expectations, gender, and norms in migration decision-making, *Population Studies, 54*, pp. 307-319.

DFID (1999): Sustainable livelihood guidance sheets, Department for International Development (DFID), London, UK.

DIAMANTOPOULOS, A., WINKLHOFER, H. M. (2001): Index construction with formative indicators: An alternative to scale development, *Journal of Marketing Research, 38*, pp. 269-277.

DRÈZE, J., SEN, A. (1990): Hunger and public action, Clarendon Press. Oxford, UK.

DUSTMANN, C., MESTRES, J. (2010): Remittances and temporary migration, *Journal of Development Economics, 92*, pp. 62-70.

DUVAL, L., WOLFF, F. (2010): Remittances matter: Longitudinal evidence from Albania, *Post-Communist Economies, 22(1)*, pp. 73-97.

EGGERT, A., FASSOTT, G., HELM, S. (2005): Identifizierung und Quantifizierung mediierender und moderierender Effekte in komplexen Kausalstrukturen, in: BLIEMEL, F., EGGERT, A., FASSOTT, G., HENSELER, J. (eds.): Handbuch PLS-Pfadmodellierung, pp. 101-116, Schäffer-Poeschel Verlag. Stuttgart, D.

ELLIS, F. (2000): Rural livelihoods and diversity in developing countries, Oxford University Press, Oxford, UK.

ESI (2006): Cutting the lifeline: Migration, families and the future of Kosovo. European Stability Initiative (ESI), Berlin, D, and Istanbul, TR.

FAINI, R., VENTURINI, A. (1993): Trade aid and migrations. Some basic policy issues, *European Economic Review, 37(2-3)*, pp. 435-442.

FEDERAL OFFICE FOR MIGRATION AND REFUGEES (2010): Migration report 2008, Nürnberg, D.

FISCHER, P. A., MARTIN, R., STRAUBHAAR, T. (1997): Should I stay or should I go?, in: HAMMAR, T., BROCHMANN, G., TAMAS, K., FAIST, T. (eds.): International Migration, Immobility and Development, pp. 49-90, Berg Press, Oxford, UK.

FISHBEIN, M. (1967): Attitude and the prediction of behavior, in: FISHBEIN, M. (ed.): Readings in attitude theory and measurement, pp. 477-492, Wiley, New York, NY, USA.

FISHBEIN, M., AJZEN, I. (2010): Predictig and changing behavior – The reasoned action approach, Psychology Press, New York, USA.

FUNKHOUSER, E. (1995): Remittances from international migration: A comparison of El Salvador and Nicaragua, *Review of Economics and Statistics, 77(1)*, pp. 137-146.

FUNKHOUSER, E. (2009): The choice of migration destinantion: A longitudinal approach using pre-migration outcomes, *Review of Development Economics, 13(4)*, pp. 626-640.

GABLER, S. (1992): Schneeballverfahren und verwandte Stichprobendesigns, Zentrum für Umfragen, Methoden und Analysen (ZUMA), *ZUMA Nachrichten No. 31,* pp. 47-69, Mannheim, Germany.

GERMENJI, E., BEKA, I., SARRIS, A. (2001): Estimating remittance functions for rural-based Albanian emigrants, *ACE research project working paper No. P97-8158-R.*

GERMENJI, E., SWINNEN, J. F. M. (2005): Human capital, market imperfections, poverty, and migration: Evidence from Albania, Research Group on Food Policy, Transition & Development (PRG-Leuven), Katholieke Universiteit Leuven, *PRG-Leuven Working Paper No. 2005/5*, Leuven, B.

GOODHUE, D. L., LEWIS, W., THOMPSON, R. (2006): PLS, Small Sample Size, and Statistical Power in MIS Research, Hawaii International Conference on System Sciences (HICSS06). Waikoloa, Big Island, Hawaii, USA.

GUBERT, F. (2002): Do migrants insure those who stay behind? Evidence from the Kayes area, *Oxford Development Studies, 30(3),* pp. 267-287.

HAGEN-ZANKER, J., SIEGEL. M. (2007): The determinants of remittances: A review of the literature, Maastricht Graduate School of Governance, *Working Paper No. MGSoG/2007/WP003*, Maastricht, NL.

HAIR, J. F., BLACK, W. C., BABIN, B. J., ANDERSON, R. E., TATHAM, R. L. (2006): Multivariate data analysis. 6th ed., Pearson Prentice Hall, Upper Saddle River, New Jersey, USA.

HALL, R. E. (1978): Stochastic implications of the life cycle-permanent income hypothesis: Theory and evidence, *Journal of Political Economy, 86(6),* pp. 971-987.

HAUG, S. (2000): Klassische und neuere Theorien der Migration, Mannheimer Zentrum für europäische Sozialforschung (MZES), *MZES Arbeitspapier No. 30*, Mannheim, D.

HAVOLLI, S. (2009): Determinants of remittances: The case of Kosovo. Central Bank of the Republic of Kosovo (CBK), *CBK Working Paper No. 3,* Prishtina, KS.

HAXHIKADRIJA, A. (2009): Diaspora as a driving force for development in Kosovo: Myth or reality?, Forum for democratic initiatives (FID), Gjakova, KS.

HENSELER, J., CHIN, W. W. (2010): A comparison of approaches for the analysis of interaction effects between latent variables using partial least squares modeling, *Structural Equation Modeling 17,* pp. 82-109.

HENSELER, J., RINGLE, C. M., SINKOVICS, R. R. (2009): The use of partial least squares path modeling in international marketing, *Advances in International Marketing, 20,* pp. 277-319.

HODDINOTT, J. (1994): A model of migration and remittances applied to Western Kenya, *Oxford Economic Papers, 46(3),* pp. 459-476.

HOLST, E., SCHROOTEN, M. (2006a): Migration and money: What determines remittances? Evidence from Germany, *Hitotsubashi University Repository Discussion Paper Series A No. 447,* Tokyo, J.

HOLST, E., SCHROOTEN, M. (2006b): Sending money abroad – What determines migrants' remittances?, Universität Flensburg, *Universität Flensburg Discussion Paper No. 9,* Flensburg, D.

ILAHI, N., JAFAREY, S. (1999): Guestworker migration, remittances and the extended family: Evidence from Pakistan, *Journal of Development Economics, 58,* pp. 485-512.

IMF (2011): Republic of Kosovo: Staff report for the first assessment under the staff monitoring program, International Monetary Fund (IMF), I. M. F. (IMF), *IMF Country Report No. 11/374*, Washington, D.C., USA.

IOM (2011): World Migration Report 2011. Communicating effectively about migration, APPAVE, G., LACZKO, F. (eds.): International Organisation for Migration (IOM), Geneva, CH.

ITZIGSOHN, J. (1995): Migrant remittances, labor markets, and household strategies: A comparative analysis of low-income household strategies in the Caribbean basin, *Social Forces, 74(2)*, pp. 633-655.

JOHNSON, G. E., WHITELAW, W. E. (1974): Urban-rural income Transfers in Kenya: An estimated-remittances function, *Economic Development and Cultural Change, 22(3)*, pp. 473-479.

JÖRESKOG, K. G. (1970): A general method for analysis of covariance structures, *Biometrika, 57*, pp. 239-251.

KASARJYAN, M. (2010): Improving the functioning of the rural financial markets of Armenia: Social capital perspective, Dissertation, Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO) and Martin Luther University, Halle, D.

KATZ, E., STARK, O. (1986): Labor migration and risk aversion in less developed countries, *Journal of Labor Economics, 4(1)*, pp. 134-149.

KEELEY, J. E. (2001): Influencing policy processes for sustainable livelihoods: Strategies for change, Institute of Development Studies (IDS), *Lessons for Change in Policy and Organisations No. 2*, Brighton, UK.

KELLEY, D. (1994): Altruism and capitalism, *IOS Journal, 01.01.1994.*

KENNEDY, P. (2008): A guide to econometrics, 6th ed., Blackwell Publishing, Malden MA, USA.

KERBOUT, M. (1990): Les mutations des campagnes du moyen Atlas oriental, in: BENCHERIFA, A., POPP, H. (eds.): Espace et société, pp. 49-62, Passauer Mittelmeerstudien. Sonderband, Passavia Universitätsverlag, Passau, D.

KING, R., VULLNETARI, J. (2003): Migration and development in Albania, Development Research Centre on Migration, Globalisation and Development, *Sussex Centre for Migration Research Working Paper No. C5*, Brighton, UK.

KNORTZ, H. (2008): Diplomatische Tauschgeschäfte. "Gastarbeiter" in der westdeutschen Diplomatie und Beschäftigungspolitk 1953-1973, Böhlau Verlag. Köln, D.

KONICA, N., FILER, R. K. (2009): Albanian emigration: Causes and consequences, *South-Eastern Europe Journal of Economics, 7(1)*, pp. 75-98.

KRAFFT, M., GÖTZ, O., LIEHR-GOBBERS, K. (2005): Die Validierung von Strukturgleichungsmodellen mit Hilfe des Partial-Least-Squares (PLS)-Ansatzes, in: BLIEMEL, F., EGGERT, A., FASSOTT, G., HENSELER, J. (eds.): Handbuch PLS-Pfadmodellierung, pp. 71-86,. Schäfer-Poeschel, Stuttgart, D.

KRUSKAL, W. H., WALLIS, A. W. (1952): Use of ranks in one-criterion variance analysis, *Journal of the American Statistical Association, 47(260)*, pp. 583-621.

KULE, D., MANCELLARI, A., PAPAPANAGOS, H., QIRICI, S., SANFEY, P. (1999): The causes and consequences of Albanian emigration during transition: Evidence from micro-data, European Bank for Reconstruction and Development (EBRD), *EBRD Working Paper No. 46*, London, UK.

LAMBERT, S. (1994): La migration comme instrument de diversification intrafamiliale des risques, Application au cas de la Côte d'Ivoire, *Révue d'Economie du Développement, 2,* pp. 3-38.

LEE, S.-H., SUKRAKARN, H., CHOI, J.-Y. (2011): Repeat migration and remittances: Evidence from Thai migrant workers, *Journal of Asian Economics, 22,* pp. 142-151.

LIPTON, M. (1980): Migration from rural areas of poor countries: The impact on rural productivity and income distribution, *World Development, 8(1),* pp. 1-24.

LOHMÖLLER, J.-B. (1989): Latent variable path modeling with partial least squares, Physika-Verlag, Heidelberg, D.

LUCAS, R. E. B. (2000a): Migration, in: GROSH, M., GLEWWE, P. (eds.): Designing Household Questionnaires for Developing Countries, Vol. 2, pp. 49-81, The World Bank, Washington D.C., USA.

LUCAS, R. E. B. (2000b): Module for Chapter 16: Migration, in: GROSH, M., GLEWWE, P. (eds.): Designing Household Questionnaires for Developing Countries, Vol. 3, pp. 333-348, The World Bank, Washington D.C., USA.

LUCAS, R. E. B., STARK, O. (1985): Motivations to remit: Evidence from Botswana, *Journal of Political Economy, 93(5),* pp. 901-918.

MASSEY, D. S., ARANGO, J., HUGO, G., KOUAOUCI, A., PELLEGRINO, A., TAYLOR, J. E. (1993): Theories of international migration: A review and appraisal, *Population and Development Review, 19(3),* pp. 431-466.

MASSEY, D. S., ARANGO, J., HUGO, G., KOUAOUCI, A., PELLEGRINO, A., TAYLOR, J. E. (1994): An evaluation of international migration theory: The North American case, *Population and Development Review, 20(4),* pp. 699-751.

MCKENZIE, D., SASIN, M. J. (2007): Migration, remittances, poverty and human capital: Conceptual and empirical challenges, Development Research Group (DECRG), World Bank, *World Bank Policy Research Working Paper No. 4272,* Washington D.C., USA.

MERKLE, L., ZIMMERMANN, K. F. (1992): Savings, remittances and return migration, *Economics Letters, 38(1),* pp. 77-81.

MEYER, W., MÖLLERS, J., BUCHENRIEDER, G. (2008): Does non-farm income diversification in Northern Albania offer an escape from rural poverty?, Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO), *IAMO Discussion Paper No. 119,* Halle (Saale), D.

MOALLA-FETINI, R., HATANPÄÄ, H., HUSSEIN, S., KOLIADINA, N. (2005): Kosovo. Gearing policies toward growth and development, International Monetary Fund (IMF), Washington, D.C., USA.

MÖLLERS, J. (2006): Außerlandwirtschaftliche Diversifikation im Transformationsprozess. Diversifikationsentscheidungen und -strategien ländlicher Haushalte in Slowenien und Mazedonien, *Studies on the Agricultural and Food Sector in Central and Eastern Europe No. 35,* Halle (Saale), D.

MÖLLERS, J., MEYER, W. (2011): Remittances, poverty and inequality in rural Kosovar households – A study based on the 2010 Kosovo Remittance Study database, Paper awarded with UNDP-IMF Prize for Best Study on Remittances in category "Best Critical Thinking Study".

MÖLLERS, J., MEYER, W., BUCHENRIEDER, G., XHEMA, S. (2010): The contribution of migration to poverty reduction in rural households in Kosovo, World Bank International Conference on "Poverty and Social Inclusion in the Western Balkans", December 14-15, 2010, Brussels, BE.

MÖSER, G. (2009): Grundlagen und Anwendung von Strukturgleichungsmodellen, *mimeo*.

MÜLLER, D., MUNROE, D. K. (2008): Changing rural landscapes in Albania: Crop land abandonment and forest clearing in the postsocialist transition, *Annals of the Association of American Geographers, 98(2),* pp. 855-876.

MÜLLER, M. (2008): "Brain Waste": Die Anerkennung von ausländischen Qualifikationen in Deutschland, Dossier Arbeit und Wirtschaft, Heinrich Böll Foundation, Retrieved January 9, 2009, from http://www.migration-boell.de/web/integration/47_1699.asp.

MUSTAFA, M., KOTORRI, M., GASHI, P., GASHI. A., DEMUKAJ, V. (2007): Diaspora and migration policies, Forum 2015, Riinvest, Prishtina, KS.

NITZL, C. (2010): Eine anwenderorientierte Einführung in die Partial Least Square (PLS) – Methode, Institute for Industrial Management, *University of Hamburg Industrielles Management Arbeitspapier No. 21,* Hamburg, D.

OECD (2010): What are equivalence indicators?, Organisation for Economic Cooperation and Development (OECD), Retrieved July 1, 2010, from http://www.oecd.org/dataoecd/61/52/35411111.pdf.

OSILI, U. O. (2007): Remittances and savings from international migration: Theory and evidence using a matched sample, *Journal of Development Economics, 83,* pp. 446-465.

ÖZDEN, Ç. (2006): Educated migrants: Is there a brain waste?, in: ÖZDEN, Ç., SCHIFF, M. (eds.): International migration, remittances and the brain drain, pp. 227-244, World Bank and Palgrave Macmillan, Washington DC, USA.

PALDAM, M., SVENDSEN, G. T. (2002): Missing social capital and the transition in Eastern Europe, *Journal for Institutional Innovation, Development and Transition, 5,* pp. 21-34.

PARSONS, C. R., SKELDON, R., WINTERS, A., WALMSLEY, T. L. (2005): Quantifying the international bilateral movements of migrants, Development Research Center (DRC) of Migration, Globalization and Poverty, *Working Paper of the DRC of Migration, Globalization and Poverty No. T13,* Brighton, UK.

PLEITEZ-CHAVEZ, R. A. (2004). Remittances as a strategy to cope with systemic risk: Panel results from rural households in El Salvador, PhD. Ohio State University, Colombus, OH, USA.

POIRINE, B. (1997): A theory of remittances as an implicit family loan arrangement, *World Development, 25(4),* pp. 589-611

PRIES, L. (2001): Internationale Migration, transcript Verlag, Bielefeld, D.

PUTNAM, R. (2001): Social capital: Measurement and consequences, in: ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) AND DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT CANADA (HRDC) (eds.):The Contribution of Human and Social Capital to Sustained Economic Growth and Well-Being. International Symposium Report, Québec City, CA.

RAPOPORT, H., DOCQUIER, F. (2006): The economics of migrants' remittances, in: MERCIER-YTHIER, J., KOLM, S. C. (eds.): Handbook on the economics of giving, altruism and reciprocity, Vol. 2: pp. 1135-1198, Elsevier-North Holland, Amsterdam, NL.

RATHA, D., MOHAPATRA, S., SILWAL, A. (2009): Outlook for remittance flows 2009-2011: Remittances expected to fall by 7-10 % in 2009, *World Bank. Migration and Development Brief No. 10,* Washington DC, USA

REINARTZ, W., HAENLEIN, M., HENSELER, J. (2009): An empirical comparison of the efficacy of covaraince-based and variance-based SEM, *International Journal of Research in Marketing, 26,* pp. 332-344.

REINECK, J. (1993): Seizing the past, forging the present: Changing visions of self and nation among the Kosovo Albanians, *Anthropology of East Europe Review, 11(1&2),* pp. 100-109.

RINGLE, C. M., GÖTZ, O., WETZELS, M., WILSON, B. (2009): On the use of formative measurement specifications in structural equation modeling: A Monte Carlo simulation study to compare covariance-based and Partial Least Squares model estimation methodologies, Faculty of Economic and Business Administration, Maastricht Research School of Economics of Technology and Organisation (METEOR), Maastricht University, No. RM/09/014, Maastricht, NL.

RINGLE, C. M., WENDE, S., WILL, S. (2005): SmartPLS 2.0 (M3) Beta, Hamburg, D.

SCHOLDERER, J., BALDERJAHN, I. (2005): PLS versus LISREL: Ein Methodenvergleich, in: BLIEMEL, F., EGGERT, A., FASSOTT, G., HENSELER, J. (eds.): Handbuch PLS-Pfadmodellierung, pp. 87-98, Schäfer-Poeschel. Stuttgart, D.

SCHRIEDER, G., KNERR, B. (2000): Labor migration as a social security mechanism for smallholder households in sub-Saharan Africa: The case of Cameroon, *Oxford Development Studies, 28(2),* pp. 223-236.

SCOONES, I. (1998): Sustainable rural livelihoods A framework for analysis, Institute for Developing Studies (IDS), *IDS Working Paper No. 72,* Brighton, UK.

SHANKLAND, A. (2000): Analysing policy for sustainable livelihoods, Institute of Development Studies (IDS), *IDS Research Report No. 49,* Brighton, UK.

SHERRELL, K., HYDMAN, J. (2006): Global minds, local bodies: Kosovar transnational connections beyond British Columbia, *Refuge, 23(1),* pp. 16-26.

SKELDON, R. (2002): Migration and poverty, *Asia-Pacific Population Journal, 17(4),* pp. 67-82.

SOBEL, M. E. (1982): Asymptotic Confidence Intervals for Indirect Effects in Structural Equation Models, in: LEINHARDT, S. (ed.): Sociological Methodology, pp. 290-312, Jossey-Bass, San Francisco, USA.

STARK, O. (1991): The migration of labor, Basil Blackwell, Cambridge, UK.

STARK, O., BLOOM, D. (1985): The new economics of labor migration, *American Economic Review, 75(2),* pp. 173-178.

STARK, O., LEVHARI, D. (1982): On migration and risk in LDCs, *Economic Development and Cultural Change, 31(1),* pp. 191-196.

STARK, O., TAYLOR, E. J. (1991): Migration incentives, migration types: The role of relative deprivation, *The Economic Journal, 101(408),* pp. 1163-1178.

STATISTICAL OFFICE OF KOSOVO (2010): Results of the labour force survey 2009, Statistical Office of Kosovo and Ministry of Public Services, Prishtina, KS.

STATISTICAL OFFICE OF KOSOVO (2011): Dwellings, households and population by municipality, Statistical Office of Kosovo, Prishtina, KS.

STATISTISCHES BUNDESAMT (DESTATIS) (2009): Ausländerzentralregister 2008, DESTATIS VI A-4, Wiesbaden, D.

TAYLOR, J. E. (1999): The New Economics of Labour Migration and the role of remittances in the migration process, *International Migration, 37(1)*, pp. 63-88.

TELSER, L. G. (1980): A theory of self-enforcing agreements, *Journal of business, 53(1)*, pp. 27-44.

TODARO, M. P. (1969): A model of labor migration and urban employment in less developed countries, *American Economic Review, 59(1)*, pp. 138-148.

TREIBEL, A. (2008): Migration in modernen Gesellschaften. Soziale Folgen von Einwanderung, Gastarbeit und Flucht, 4th ed., Juventa Verlag, Weinheim und München, D.

UNDP (2010): Kosovo remittance study 2010, United Nations Development Program (UNDP), United States Agency for International Development (USAID), International Monetary Fund (IMF) together with the Central Bank of Kosovo, Ministry of Economy and Finance, and the Statistical Office of Kosovo, Prishtina, KS.

UNDP (2011): Kosovo remittance study 2011. Fast facts, United Nations Development Program (UNDP), United States Agency for International Development (USAID), International Monetary Fund (IMF) together with the Central Bank of Kosovo, Ministry of Economy and Finance, and the Statistical Office of Kosovo, Prishtina, KS.

VAN DALEN, H. P., GROENEWOLD, G., FOKKEMA, T. (2005): The Effect of Remittances on Emigration Intentions in Egypt, Morocco, and Turkey, *Population Studies – Journal of Demography, 59(3)*, pp. 375-392.

VATHI, Z., BLACK, R. (2007): Migration and poverty reduction in Kosovo, Development Research Center (DRC) of Migration, *Globalization and Poverty DRC on Migration, Globalisation and Poverty Working Paper No. C 12*, Brighton, UK.

VOGLER, M., ROTTE, R. (2000): The effects of development on migration: Theoretical issues and new empirical evidence, *Journal of Population Economics, 13*, pp. 127-146.

WAUTERS, E., BIELDERS, C., POESEN, J., GOVERS, G., MATHIJS, E. (2010): Adoption of soil conservation practices in Belgium: An examination of the Theory of Planned Behaviour in the agri-environmental domain, *Land Use Policy, 27*, pp. 86-94.

WOLD, H. (1966): Nonlinear estimation by partial least squares procedures, in: DAVID, F. N. (ed.): Research papers in statistics: Festschrift for J. Neyman, pp. 411-444, Wiley, New York, USA.

WOOLDRIDGE, J. M. (2002): Econometric analysis of cross section and panel data, Massachusetts Institute of Technology (MIT) Press, Cambridge, MA, USA.

WOOLDRIDGE, J. M. (2009): Introductory Econometrics: A modern approach, 4th ed., International student edition, South-Western, Mason, OH, USA.

WORLD BANK (2007): Kosovo poverty assessment, Wold Bank, Poverty Reduction and Economic Management Unit, *Europe and Central Asia Region, Report No. 39737-XK.*

WORLD BANK (2008): Migration and remittances factbook 2008, Washington DC, USA.

WORLD BANK (2010a): Unlocking growth potential: Strategies, policies, actions – A country economic memorandum, Poverty reduction and economic management Unit, Europe and central Asia Region, World Bank, Prishtina, KS.

WORLD BANK (2010b): Workers' remittances and compensation of employees, received (current US$) World Bank, Retrieved November 4, 2010, from http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT/countries?display=default.

WORLD BANK AND STATISTICAL OFFICE OF KOSOVO (2011): Consumption poverty in the Republic of Kosovo, World Bank and Statistical Office of Kosovo, Prishtina, KS.

WORLD DEVELOPMENT INDICATORS AND GLOBAL DEVELOPMENT FINANCE (2011): Workers' remittances and compensation of employees, received (in billions of current USD), World dataBank, Retrieved August 31, 2011, from http://sear,ch.worldbank.org/data?qterm=workers%27+remittances+stable+souce+external&language=EN&format=.

ZIMMERMANN, K. F. (ed.) (2005): European migration: What do we know?, Oxford University Press, Oxford, UK.

Studies on the Agricultural and Food Sector in Central and Eastern Europe
edited by Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO)
ISSN 1436-221X

Vol. 1 **The importance of institutions for the transition in Central and Eastern Europe with emphasis on agricultural and food industry**
ed. by Klaus Frohberg and Witold-Roger Poganietz
1998, 137 pages, ISBN 3-8175-0258-3

Vol. 2 **The significance of politics and institutions for the design and formation of agricultural Policies**
ed. by Klaus Frohberg and Peter Weingarten
1999, 254 pages, ISBN 3-8175-0289-3

Vol. 3 **Food processing and distribution in transition countries. Problems and perspectives**
ed. by Monika Hartmann and Jürgen Wandel
1999, 349 pages, ISBN 3-8175-0293-1

Vol. 4 **Die private Nachfrage nach Nahrungsmitteln im Transformationsprozeß Tschechiens und Polens**
Stephan Brosig (PhD)
2000, 171 Seiten, ISBN 3-8175-0319-9

Vol. 5 **Integrating Estonia into the EU: Quantitative analysis of the agricultural and food sector**
Achim Fock (PhD)
2000, 286 pages, ISBN 3-8175-0320-2

Vol. 6 **Competitiveness of agricultural enterprises and farm activities in transition countries**
ed. by Peter Tillack and Frauke Pirscher
2000, 216 pages, ISBN 3-8175-0322-9

Vol. 7 **Конкурентоспособность сельскохозяйственных предприятий и фермерской деятельности в странах переходного периода**
под редакцией Петера Тиллака и Фрауке Пиршер
2000, 253 страницы, ISBN 3-8175-0324-5

Vol. 8 **Perspectives on agriculture in transition: Analytical issues, modelling approaches, and case study results**
ed. by Witold-Roger Poganietz, Alberto Zezza, Klaus Frohberg and Kostas G. Stamoulis
2000, 433 pages, ISBN 3-8175-0323-7

Vol. 9 **Land ownership, land markets and their influence on the efficiency of agricultural production in Central and Eastern Europe**
ed. by Peter Tillack and Eberhard Schulze
2000, 485 pages, ISBN 3-8175-0325-3

Vol. 10 **Landwirtschaft und Industrie in Russland – Der Transformationsprozeß in der Ernährungsindustrie**
Jürgen Wandel (PhD)
2000, 361 Seiten, ISBN 3-8175-0334-2

Vol. 11 **Food consumption in Russia. An econometric analysis based on household data**
Karin Elsner (PhD)
2001, 256 pages, ISBN 3-8175-0335-0

Vol. 12 **Alexander Wasiljewitsch Tschajanow – Die Tragödie eines großen Agrarökonomen**
hrsg. u. übers. von Eberhard Schulze
2001, 192 Seiten, ISBN 3-8175-0342-3

Vol. 13 **Analysis of food consumption in Central and Eastern Europe: Relevance and empirical methods**
ed. by Stephan Brosig and Monika Hartmann
2001, 253 pages, ISBN 3-8175-0349-0

Vol. 14 **Wettbewerbsprozesse und Firmenwachstum in der Transformation am Beispiel der polnischen Fleischindustrie**
Agata Pieniadz (PhD)
2002, 291 Seiten, ISBN 3-8175-0360-1

Vol. 15 **Agricultural enterprises in transition: Parallels and divergences in Eastern Germany, Poland and Hungary**
ed. by Ludger Hinners-Tobrägel and Jürgen Heinrich
2002, 455 pages, ISBN 3-8175-0366-0

Vol. 16 **Agricultural technology and economic development of Central and Eastern Europe. Results of the workshop in Halle, 2nd-3rd July 2001**
ed. by Peter Tillack and Ulrich Fiege
2002, 160 pages, ISBN 3-86037-199-1

Vol. 17 **Региональные аспекты аграрных преобразований: Политика, реструктуризация, рыночная адаптация**
под редакцией Петера Тиллака и Виталия Зиновчука
2003, 236 страницы, ISBN 3-928466-55-0

Vol. 18 **Alexander Vasilievich Chayanov – The tragedy of an outstanding agricultural economist**
ed. by Eberhard Schulze
2003, 188 pages, ISBN 3-86037-201-7

Vol. 19 **Development of agricultural market and trade policies in the CEE Candidate Countries**
by the Network of Independent Agricultural Experts in the CEE Candidate Countries
2003, 72 pages, ISBN 3-86037-212-2

Vol. 20 **Large farm management**
ed. by Alfons Balmann and Alexej Lissitsa
2003, 396 pages, ISBN 3-86037-213-0

Vol. 21 **Success and failures of transition – The Russian agriculture between fall and resurrection**
ed. by Eberhard Schulze, Elke Knappe, Eugenia Serova, Peter Wehrheim
2003, 521 pages, ISBN 3-9809270-1-6

Vol. 22 **Subsistence agriculture in Central and Eastern Europe: How to break the vicious circle?**
ed. by Steffen Abele and Klaus Frohberg
2003, 233 pages, ISBN 3-9809270-2-4

Vol. 23 **Pfadabhängigkeiten und Effizienz der Betriebsstrukturen in der ukrainischen Landwirtschaft – Eine theoretische und empirische Analyse**
Andriy Nedoborovskyy (PhD)
2004, 197 Seiten, ISBN 3-86037-216-5

Vol. 24 **Nichtmonetäre Transaktionen in der ukrainischen Landwirtschaft: Determinanten, Spezifika und Folgen**
Olena Dolud (PhD)
2004, 190 Seiten, ISBN 3-9809270-3-2

Vol. 25 **The role of agriculture in Central and Eastern European rural development: Engine of change or social buffer?**
ed. by Martin Petrick and Peter Weingarten
2004, 426 pages, ISBN 3-9809270-4-0

Vol. 26 **Credit rationing of Polish farm households – A theoretical and empirical analysis**
Martin Petrick (PhD)
2004, 254 pages, ISBN 3-9809270-6-7

Vol. 27 **Drei Jahrhunderte Agrarwissenschaft in Russland: Von 1700 bis zur Gegenwart**
Alexander Alexandrowitsch Nikonow und Eberhard Schulze
2004, 232 Seiten, ISBN 3-9809270-8-3

Vol. 28 **Russlands Weg vom Plan zum Markt: Sektorale Trends und regionale Spezifika**
Peter Voigt (PhD)
2004, 270 Seiten, ISBN 3-9809270-9-1

Vol. 29 **Auswirkungen des Transformationsprozesses auf die sozio-ökonomischen Funktionen ukrainischer Landwirtschaftsunternehmen**
Helga Biesold (PhD)
2004 182 Seiten, ISBN 3-938584-00-9

Vol. 30 **Agricultural policies and farm structures – Agent-based modelling and application to EU-policy reform**
Kathrin Happe (PhD)
2004, 291 pages, ISBN 3-938584-01-7

Vol. 31 **How effective is the invisible hand? Agricultural and food markets in Central and Eastern Europe**
ed. by Stephan Brosig and Heinrich Hockmann
2005, 361 pages, ISBN 3-938584-03-3

Vol. 32 **Erfolgsfaktoren von landwirtschaftlichen Unternehmen mit Marktfruchtanbau in Sachsen-Anhalt**
Kirsti Dautzenberg (PhD)
2005, 161 Seiten, ISBN 3-938584-06-8

Vol. 33 **Agriculture in the face of changing markets, institutions and policies: Challenges and strategies**
ed. by Jarmila Curtiss, Alfons Balmann, Kirsti Dautzenberg, Kathrin Happe
2006, 544 pages, ISBN 3-938584-10-6

Vol. 34 **Making rural households' livelihoods more resilient – The importance of social capital and the underlying social networks**
ed. by Gertrud Buchenrieder and Thomas Dufhues
2006, 106 pages, ISBN 3-938584-13-0

Vol. 35 **Außerlandwirtschaftliche Diversifikation im Transformationsprozess. Diversifikationsentscheidungen und -strategien ländlicher Haushalte in Slowenien und Mazedonien**
Judith Möllers (PhD)
2006, 323 Seiten, ISBN 3-938584-14-9

Vol. 36 **Accessing rural finance – The rural financial market in Northern Vietnam**
Thomas Dufhues (PhD)
2007, 166 Seiten, ISBN 3-938584-16-5

Vol. 37 **Страхование посевов в Казахстане: Анализ возможностей эффективного управления рисками**
Раушан Бокушева, Олаф Хайдельбах, Талгат Кусайынов
2007, 82 Seiten, ISBN 3-938584-17-3

Vol. 38 **Rethinking agricultural reform in Ukraine**
Zvi Lerman, David Sedik, Nikolai Pugachov, Aleksandr Goncharuk
2007, 167 Seiten, ISBN 3-938584-18-1

Vol. 39 **Sustainable rural development: What is the role of the agri-food sector?**
ed. by Martin Petrick, Gertrud Buchenrieder
2007, 293 pages, ISBN 3-938584-22-X

Vol. 40 **Efficiency of selected risk management instruments – An empirical analysis of risk reduction in Kazakhstani crop production**
Olaf Heidelbach (PhD)
2007, 223 Seiten, ISBN 3-938584-19-X

Vol. 41 **Marktstruktur und Preisbildung auf dem ukrainischen Markt für Rohmilch**
Oleksandr Perekhozhuk (PhD)
2007, 274 Seiten, ISBN 978-3-938584-24-8

Vol. 42 **Labor market behavior of Chinese rural households during transition**
Xiaobing Wang (PhD)
2007, 140 Seiten, ISBN 978-3-938584-25-5

Vol. 43 **Continuity and change: Land and water use reforms in rural Uzbekistan. Socio-economic and legal analyses for the region Khorezm**
ed. by Peter Wehrheim, Anja Schoeller-Schletter, Christopher Martius
2008, 211 Seiten, ISBN 978-3-938584-27-9

Vol. 44 **Agricultural economics and transition: What was expected, what we observed, the lessons learned (Vol I and II)**
ed. by Csaba Csáki, Csaba Forgács
2008, 634 Seiten, ISBN 978-3-938584-31-6

Vol. 45 **Theoretical and methodological topics in the institutional economics of European agriculture. With applications to farm organisation and rural credit arrangement**
Martin Petrick
2008, 223 Seiten, ISBN 978-3-938584-31-6

Vol. 46 **Agri-food business: Global challenges – Innovative solutions**
ed. by Thomas Glauben, Jon H. Hanf, Michael Kopsidis, Agata Pieniadz, Klaus Reinsberg
2008, 152 pages, ISBN 978-3-938584-33-0

Vol. 47 **Eine Analyse der Transformationsberatung für die "kollektive Landwirtschaft" während der ersten Transformationsphase (1989-1991) am Beispiel Ostdeutschlands: Lehren für Korea**
Jeong Nam Choi (PhD)
2009, 225 Seiten, ISBN 978-3-938584-36-1

Vol. 48 **Croatia's EU accession. Socio-economic assessment of farm households and policy recommendations**
Judith Möllers, Patrick Zier, Klaus Frohberg, Gertrud Buchenrieder and Štefan Bojnec
2009, 196 Seiten, ISBN 978-3-938584-35-4

Vol. 49 **Structural change in Europe's rural regions. Farm livelihoods between subsistence orientation, modernisation and non-farm diversification**
ed. by Gertrud Buchenrieder Judith Möllers
2009, 166 Seiten, ISBN 978-3-938584-39-2

Vol. 50 **Motive beim Weinkonsum – Unterschiede zwischen deutschen und ukrainischen Konsumenten**
Astrid Lucie Rewerts (PhD)
2009, 267 Seiten, ISBN 978-3-938584-40-8

Vol. 51 **Rural development as provision of local public goods: Theory and evidence from Poland**
Andreas Gramzow (PhD)
2009, 203 Seiten, ISBN 978-3-938584-41-5

Vol. 52 **Multi-level Processes of Integration and Disintegration. Proceedings of the Third Green Week Scientific Conference**
ed. by Franziska Schaft, Alfons Balmann
2009, 216 Seiten, ISBN 978-3-938584-42-2

Vol. 53 **Zur Bestimmung der Wettbewerbsfähigkeit des weißrussischen Milchsektors: Aussagefähigkeit von Wettbewerbsindikatoren und Entwicklung eines kohärenten Messungskonzepts**
Mikhail Ramanovich (PhD)
2010, 202 Seiten, ISBN 978-3-938584-44-6

Vol. 54 **Die Internationalisierung landwirtschaftlicher Unternehmen. Das Beispiel deutscher, dänischer und niederländischer Direktinvestitionen in den ukrainischen Agrarsektor**
Henriette Stange (PhD)
2010, 296 Seiten, ISBN 978-3-938584-45-3

Vol. 55 **Verhandlungsverhalten und Anspruchsanpassung im internationalen Verhandlungsprozess: Die WTO-Agrarverhandlungen zum Abbau exportwettbewerbsfördernder Maßnahmen**
Ildiko Lajtos (PhD)
2010, 195 Seiten, ISBN 978-3-938584-48-4

Vol. 56 **Challenges of education and innovation. Proceedings of the Fourth Green Week Scientific Conference**
ed. by Kelly Labar, Martin Petrick, Gertrud Buchenrieder
2010, 155 Seiten, ISBN 978-3-938584-49-1

Vol. 57 **Agriculture in the Western Balkan Countries**
ed. by Tina Volk
2010, 249 Seiten, ISBN 978-3-938584-51-4

Vol. 58 **Perspectives on Institutional Change – Water Management in Europe**
ed. by Insa Theesfeld, Frauke Pirscher
2011, 127 Seiten, ISBN 978-3-938584-52-1

Vol. 59 **Der ukrainische Außenhandel mit Produkten der Agrar- und Ernährungswirtschaft: Eine quantitative Analyse aus Sicht traditioneller und neuer Außenhandelstheorien**
Inna Levkovych (PhD)
2011, 232 Seiten, ISBN 978-3-938584-53-8

Vol. 60 **Regional structural change in European agriculture: Effects of decoupling and EU accession**
Christoph Sahrbacher (PhD)
2011, 244 Seiten, ISBN 978-3-938584-58-3

Vol. 61 **Structural Change in Agriculture and Rural Livelihoods: Policy Implications for the New Member States of the European Union**
ed. by Judith Möllers, Gertrud Buchenrieder, Csaba Csáki
2011, 247 Seiten, ISBN 978-3-938584-59-0

Vol. 62 **Improving the functioning of the rural financial markets of Armenia**
Milada Kasarjyan (PhD)
2011, 121 Seiten, ISBN 978-3-938584-60-6

Vol. 63 **Integrierte Strukturen im Agrar- und Ernährungssektor Russlands: Entstehungsgründe, Funktionsweise, Entwicklungsperspektiven und volkswirtschaftliche Auswirkungen**
Jürgen Wandel
2011, 758 Seiten, ISBN 978-3-938584-61-3

Vol. 64 **Goal Achievement in Supply Chain Networks – A Study of the Ukrainian Agri-Food Business**
Taras Gagalyuk (PhD)
2012, 204 Seiten, ISBN 978-3-938584-63-7

Vol. 65 **Impacts of CAP reforms on farm structures and performance disparities – An agent-based approach**
Amanda Sahrbacher (PhD)
2012, 284 Seiten, ISBN 978-3-938584-64-4

Vol. 66 **Land fragmentation and off-farm labor supply in China**
Lili Jia (PhD)
2012, 143 Seiten, ISBN 978-3-938584-65-1

Vol. 67 **Ausprägung interregionaler Disparitäten und Ansätze zur Entwicklung ländlicher Räume in Mittel- und Osteuropa**
Sabine Baum (PhD)
2012, 214 Seiten, ISBN 978-3-938584-68-2

Vol. 68 **Patterns Behind Rural Success Stories in the European Union: Major Lessons of Former Enlargements**
ed. by Axel Wolz, Carmen Hubbard, Judith Möllers, Matthew Gorton, Gertrud Buchenrieder
2012, 190 Seiten, ISBN 978-3-938584-69-9

Vol. 69 **Motives for remitting from Germany to Kosovo**
Wiebke Meyer (PhD)
2012, 142 Seiten, ISBN 978-3-938584-70-5

In der Schriftenreihe *Studies on the Agricultural and Food Sector in Central and Eastern Europe* werden durch das IAMO Monographien und Tagungsberichte herausgegeben, die sich mit agrarökonomischen Fragestellungen zu Mittel- und Osteuropa beschäftigen. Wissenschaftlern, die in diesem Bereich forschen, steht die Schriftenreihe als Diskussionsforum offen.

In its series *Studies on the Agricultural and Food Sector in Central and Eastern Europe* IAMO publishes monographs and proceedings focusing on agricultural economic issues specific to Central and Eastern Europe. This series offers a forum to researchers studying this area.

ISSN 1436-221X
ISBN 978-3-938584-70-5