

## **MIGRATION OF LABOR FORCE AND ITS EFFECTS ON ECONOMIC DEVELOPMENT: THE CASE OF KOSOVO**

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### **Abstract**

The labor force of a country represents a very important element with a high potential for economic development. Meanwhile, international migration phenomenon of labor force day by day it's becoming a complex issue which requires more attention, always considering the effects in individual and macroeconomic terms. This paper shows the course of the labor migration in some countries in transition, especially in Kosovo, and the effects of this phenomenon on economic development. The main aim of this paper is to introduce the importance of the labor migration on economic development, considering the possibility of using the remittances of migrants, and also the possibility to return the migrants in their origin countries. In this case, the main research questions that can be arise are: what are the reasons that motivate people to take the decision to migrate and what are the effects of their remittances on economic development. The results of this paper show that the international movement of labor force from countries with a low level of development to developed countries occurs because the migrants consider that these countries offer to them more perspective, in the context of finding jobs and the high level of incomes. The theoretical data of this paper show the importance of remittances as the most important component of labor migration, by which is observed the impact of migration on economic development. This is confirmed by the empirical data of this paper that represent the effects of remittances for 50 countries which are in the process of transition. Results from regression analysis show the positive effects of remittances on economic development, mainly by increasing the level of investment. The presented data of remittances in Kosovo prove the positive relation between it and the level of economic development. But besides this, it presents even a negative element, because the remittances in Kosovo are used for consumption rather than for investment. High level of imported goods remains the other negative element for Kosovo. But according to the results, if these problems are adjusted, then Kosovo is likely to have greater benefits than it had so far from remittances.

**Key words:** *Migration, Remittances, Economic Development, Kosovo*