Remittances and Economic Growth

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ABSTRACT

Economic growth has become an important study growth matter. By economists economic growth is defined as capital stock growth, rising per capita GDP, increased access for manufactured goods and services for consumption and so on. In economic growth affect several factors and policies. Corruption, lack of investment, inappropriate institutions, inappropriate education etc. are some of obstacles to economic development. Consumption and investment are important components of aggregate demand with multiplicative effect in development. Remittances of migrants are significant potential financial capital used for investments, reflected in economic development and social prosperity. Remittances in Kosovo since 1960 have always been increasing. Participation of remittances to GDP in Kosovo in 2010 is about 12%. Remittances are the highest contributor to the Kosovo trade deficit coverage and are higher than foreign direct investments. Remittances unfortunately for various reasons are not exploited and are not sufficiently exploited for economic development.

KEYWORDS
Deliveries, Economic Growth, Emigrants, Foreign Direct Investment, Immigrants Investments, Remittances, Saving Potential of Migrants, Welfare

INTRODUCTION

In development strategy, Brian Levy and Francis Fukuyama (2010) include five broad dimensions of development (one social and three political): economic growth, development of civil society, state-building, liberal democratic political institutions including both rule of law and electoral democracy.

The importance of economic growth has become a study growth matter. What is economic growth. Economists define economic growth as capital stock growth, rising per capita GDP, increased access for manufactured goods and services for consumption and so on. Economic growth has the benefits and costs. Economic growth generates jobs, welfare but also creates pollution, resource exhaustion, destruction of natural habitat.

What are those factors that affect economic growth. In general, economists, the factors affecting growth factors count as follows (David C. Colander, 2010):

- Growth – compatible institutions
- Capital accumulation- investment in products
- Available resource capacity

DOI: 10.4018/IJSEM.2016100105

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Some policies of impact in economic growth are as follows:

- Encouraging savings and investments
- Property formalizing rights
- Bureaucracy and corruption reduction
- The right kind of education
- Policies that provide and encourage technological innovation
- Promoting policies that allow taking advantage of specialization (David C. Colander, 2010, p. 614)

But for economic development there are some of obstacles like:

- Corruption
- Lack of investment
- Inappropriate institutions
- Inappropriate education, etc.

These obstacles are related to each other because corruption hinders investment but also creates educational inappropriate institutions.

Consumption and investment are important components of aggregate demand with multiplicative effect in changing the GDP of an economy of a country. In investment category affect many factors. The government can influence investment creating macroeconomic climate through appropriate fiscal and monetary policies. Investments comes from domestic and foreign savings.

MIGRANT DELIVERIES AS GLOBAL PHENOMENON
AND EXPERIENCES OF THEIR USE

Remittances of migrants who live and work in different developed countries of the world undoubtedly represent a significant potential financial capital, which is clearly reflected in economic development and social prosperity of a country’s financial capital. This potential impacts on raising standards of living of the population, reduce unemployment, alleviate social problems and to create opportunities for investment in various business development in the country.

Migrant remittances are financial inflows, which come from the outside world. They are not a new phenomenon, in a way they have followed the development of civilization and are connected with immigration.

Increasing differences between developed countries and those less developed has affected the number of economic migrants and foreign workers in those countries have trends of increasing continuously, which this phenomenon affects the growth of remittances becoming so global phenomenon. Deliveries mainly come from developed countries, which have a large number of immigrants and foreign workers employed by the least developed countries. In Europe, the greatest delivery payers are Germany, France, Italy and the Netherlands. Recent years Russia is distinguished by payment of remittances, which according to the World Bank for the commitment of foreign workers is behind the US and it is estimated that during 2009 these workers were paid more than 25 billion $.

According to the World Bank, over 200 million people live outside their motherland, estimated that during 2009 realized value of deliveries in 414 billion dollars, of which 316 billion were transferred in favor of less developed countries. Countries that receive the most remittances are India, China and
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