

IMPACT OF MIGRATORY MOVEMENTS IN THE ECONOMIC DEVELOPMENT OF THE REPUBLIC OF MACEDONIA

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(Original scientific paper)

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Abstract

The migration process is a dynamic process, variable in time, which affects different layers of society. Migratory movements have multiple causes, be they economic, political, demographic, etc.

This study aims to show the positive role played by this phenomenon in terms of human resource development, reducing unemployment and professional training and intellectual and negative role as declining working-age population, the root of productivity, etc.

Some countries including the Republic of Macedonia continue to experience increased net immigration, exacerbating negative demographic trends. Mainly, the primary cause of immigration is the poor economy in Macedonia, the second is the corruption in economy that has invaded the country and the political instability of the country. During the past two decades the increase of the migration and changes in the characteristics of immigrants have impacted negatively on the country's population growth, demographic and socio-economic structure. Remittances can also affect several variables in determining economic growth. These transfers can have different effects on these variables, intermediate that are not playing the same role in economic growth. This paper will summarize some empirical studies that analyze the link of remittances-growth.

Keywords: economic growth, immigration, incoming migrant remittances, development, R. of Macedonia.

1. INTRODUCTION

Migration is a rather complex phenomenon that has very important impact on social, cultural and economic consequences that extend beyond immigrants and their family members to the country of origin. Recently, the impact of remittances on the economic development of developing countries has become a very important study topic because economic growth is a vital issue for these countries.

Globally, the number of emigrants in 2015 has been 244 million. Out of these, almost 58% were living in developed regions, while 42% in the developing regions.

The benefits of international migration to the countries of origin are mainly through emigrant remittances. So, every international emigrant from time to time supports the family in the country by sending money and goods.

Remittances from international migration are becoming an important aspect of the global economy, providing developing countries a foreign currency that can help them cover the balance of payments deficit by allowing these countries to buy the necessary imports. Also, they can help alleviate poverty in these countries by enabling recipient families of these deliveries to have a higher level of consumption (Barajas et al. 2009). These remittances may increase if the recipient country faces unfavorable political or economic developments because migrants can send more funds to help their relatives during difficult times (Sing et al., 2010).

Huge remittances to immigrants can cause real exchange rate appreciation, which can make local goods less competitive in foreign markets, thus damaging exporters (Chami et al., 2008). Growth in demand for consumer goods may also affect the growth of the inflation rate.

2. RESEARCH METHODOLOGY

To analyze and to give an accurate conclusion on the issue addressed, we will analyze the migratory movements in R. of Macedonia over the years, the causes, the consequences. Among the methods I have used in the study was the observation and detailed analysis of the migratory movements in the Republic of Macedonia.

3. LITERATURE REVIEW: REMITTANCES AND ECONOMIC GROWTH

Empirical studies evaluate in different ways the role of emigrants' remittances, suggesting a negative role, sometimes positive and at times a neutral role in economic growth.

Chami et al. (2003) in one of these studies analyzes data for 113 countries up to 29 years and finds a negative correlation between remittances and economic growth suggesting that they are compensatory transfers, not a source of capital for economic development.

Catrinescu et al. (2006) using the same empirical methodology as Chami et al. (2003) but with small modification of the model, suggests that the role of remittances in economic growth is positive but weak. The data includes 162 places during the period of 1970-2003.

Vargas-Silva et al. (2009) analyzing more than 20 Asian countries over the period 1988-2007 finds that an increase of 10% of remittances expressed against GDP represents a growth of 0.9-1.2% of economic growth. Although the results show positive links of remittances to economic growth authors still believe they are not fully sustainable.

Understanding the way in which remittances affect economic growth is particularly important in formulating appropriate policies (Ahortor and Adenutsi 2009).

Unlike most previous studies, Hassan (2011) studies the difference between the direct effect and the indirect effect of remittances on the economic growth of the recipient country. In the model with the direct effect of remittances on economic growth, Hassan refers to the regression model where economic growth is the dependent variance and remittances along with other variables are explanatory variables. The author also believes that this approach can lead to unreliable results when emigrant's remittances are used as explanatory variables along with intermediate variables through which they can affect economic growth. It also defines the indirect effect of emigrants' remittances in economic growth through intermediate variables that determine economic growth.

His analysis follows several steps:

First, the author investigates the direct effect of emigrant's remittances on economic growth by assessing different econometric methods a regression model similar to those used in most of the previous studies. Subsequently, the author re-evaluates the direct effect of remittances on economic growth using a more appropriate model. This model is derived from the

extended Solow model and is known as Rao's approach, which helps to clarify the nature of the relationship between remittances and the sustained economic growth rate [SSGR]. He finds that remittances can impact indirectly on economic growth through them. They include capital accumulation measures [investment], human capital accumulation, real effective exchange rate, volatility in production and development on the financial sector.

Hassan (2011) confirms the results, suggesting a positive contribution of remittances to the financial development of the recipient country. (Chami et al 2008), these revenues can be accounted as additional funds that can allow recipients to conserve consumption over time and by facilitating credit constraints, migrant remittances can also help stabilize investment over time. The stability of these two components contributes to the overall macroeconomic stability of the recipient country. Remittances also have an impact on the real effective exchange rate. The Real Effective Exchange Rate [REER] is a measure of the competitiveness of a country in the global markets and is defined as the price ratio of tradable goods at the price of non-tradable goods in that country (Montiel and Hinkle 1999). As non-tradable goods the most typical are services. A REER decline implies a REER rating and this results in deterioration in the competitiveness of that country, while a REER increase implies REER devaluation and results in an improvement in the country's competitiveness. According to theoretical estimates, entry of remittances may result in a REER evaluation in the recipient country of remittances because remittances may result in increased demand for non-tradable goods which increases their equilibrium price.

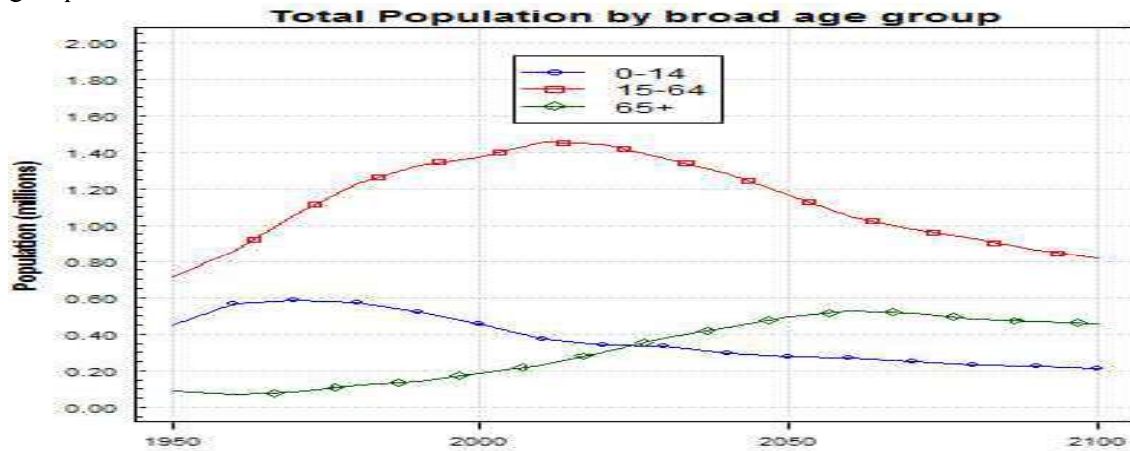
Ben Mim and Ben Ali (2012) try not only to empirically assess the impact of remittances on economic growth and find that remittances seem to have a positive impact both on investment and consumption. But the results from their study through SGMM show that the emigrant remittance coefficient is positive and statistically significant in both models only in high correlation countries, while those of the consumer model indicate that the remittance coefficient is positive and statistically important for both sub-selections. For example, Korovilas (1999) and Martin et al. (2002) claim that remittances from Albania have played an important positive role in the country's economic growth, whereby according to them the size of remittances received was important by placing Albania among the countries with the largest inflow of remittances emigrants, with remittances received approximately 15.5% of GDP. The results for the remittance role of migrants vary not only between countries but also for the same country. Ku, Rao (2010), emphasizes the importance of selecting the model and the proper assessment method.

4. Causes of migration in R. of Macedonia, emigrants' remittances and economic growth

Mainly the primary cause of immigration is the scandalous economy conditions in Macedonia; secondly, it is the epidemic of corruption that has occupied the country and the political instability in the country. Of course, the transition period also brought economic and social consequences. It is well known that people migrate when their incomes and opportunities to meet their needs and aspirations are lacking. This is the situation of Albanian emigrants in the Republic of Macedonia who have left for a better life for themselves and their families after a long transition period which resulted in poverty and high levels of unemployment.

The consequences of migration date even before the transition where the most important emigration wave began in 1990 and continues up to today, where in 2013 according to the International Organization for Migration (IOM) it counts 139751 people. The majority of them have been people who have wanted to avoid the deep economic hardships in the country because since the beginning of transition, the poverty rate has increased drastically, with unemployment in the Republic of Macedonia constantly more than 30%. Over the last two decades, the increase in immigration rates and changes in the characteristics of migrants have

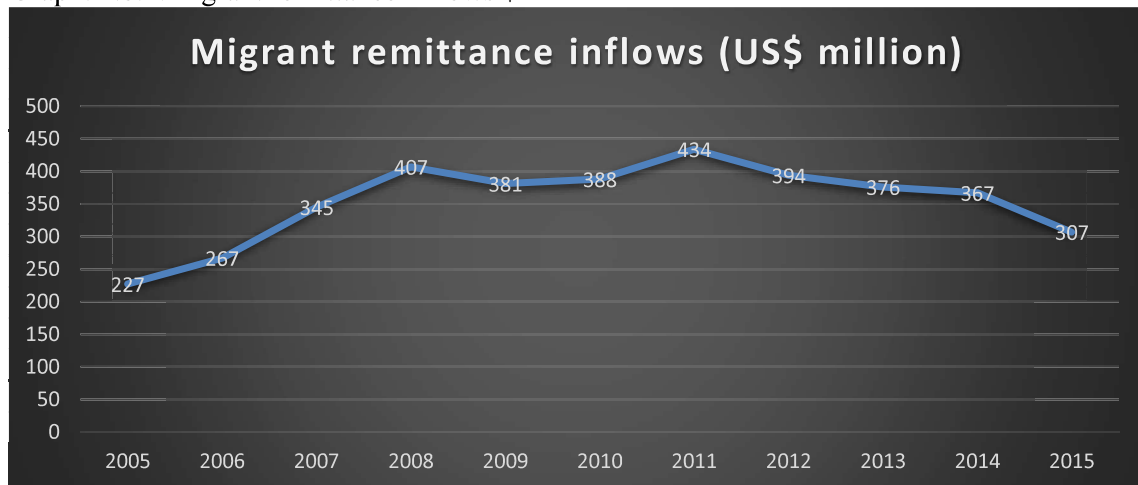
negatively affected the population growth in the country, the demographic and socio-economic structure. Most emigrants belong to the young age, where emigration has accelerated the aging population. This can best be seen from chart no.1 population by age group.



Graph nr.1. Source: United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision.

As a result of lower fertility and emigration, the age structure of the population has changed. From the graph it is seen that since 2010 the number of the population aged 0-14 has decreased, which according to the forecasts will continue in the years to come. In contrast, there is increased the number of people over the age of 65. As for the age group 15-64, there is a decrease in the number of population which will be manifested in the years to come. Migration of intellectuals and professionals is another challenge faced by the Republic of Macedonia. Brain emigration has taken alarming dimensions where a large number of doctors have emigrated, a small number of students who are studying abroad are returning back, and many young graduates leave each day. The low salaries that reward intellectuals in the Republic of Macedonia and the small opportunities to pursue a professional career are sufficient incentives to not live in this country. Official policy on regional migration and development has been underdeveloped until late, while current policies remain modest. In 2009, was adopted a Resolution and Action Plan for Migration Policy for the period 2009-2014, but their implementation is still in the initial phase.

Graph. No.2.Migrant remittance inflows \$



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According to the World Bank's official data from Chart no.2 it is seen that remittances from immigrants to Macedonia since 2011 have declined. Remittances by emigrants in 2015 amounted to \$ 307 million, marking a decline of about 16% compared to a year ago. However, although we have a reduced volume, the remittances that emigrants send to their families are of great importance both at a microeconomic level and at a macroeconomic level. In the microeconomic aspect, these monetary resources contribute to poverty reduction, providing valuable assistance in improving the socio-economic conditions of the family of origin. Remittances at the same time take on a macroeconomic dimension; are of great value in terms of the country's economy, guaranteeing an economic and financial stability and meeting an imminent trade deficit. These deliveries provide the country with a foreign currency that can help them cover the balance of payments by which allows the country to buy the necessary imports. Based on the World Bank official data, remittances' contribution is estimated at about 3% of Gross Domestic Product for 2015. Specifically, Germany turns out to be a country of which the Republic of Macedonia also provides the highest financial remittances from its emigrants working there.

We must bear in mind that these deliveries in most cases are not officially registered; these remittances pass through informal channels, "hand-handed", carried by immigrants themselves when returning to the family or through their acquaintances and family members. Econometric analysis according to Prof. Vesna Buchevska (2016) has shown that the inflows of remittances of migrant workers in Macedonia are positive and closely related to the economic activity of R. Macedonia.

Remittances are an important source of income for many families in our country. These added revenue as any other revenue is "split" between actual consumption and savings. Part of the income is used to meet the basic needs, some may be used for non-productive investments (such as land purchase, housing construction), productive investments, financing of self-education, etc. It can be assumed that the less costly and the more costly the financial resources the higher the share of remittances that are saved and invested will be. Utilizing savings and investment instead of current consumption remittances may have a greater impact on economic growth. We already must bear in mind that migration policies should not only consider economic aspects, but also the we need to consider that emigration produces social, cultural, and even political consequences, it is no longer just something between being rich or poor, but models the societies where we want to live.

4. CONCLUSION AND RECOMMENDATIONS

Over the last few years the flow of remittances has declined, due to the difficulties created by the negative effects of the economic crisis that the Eurozone countries have suffered altogether. This is also the case with the Republic of Macedonia. The best solution is the government of our country to work for stabilization of the country, job creation, and the return of the workforce, but also the intellectual power, which is leaving the country every day.

Emigration is a significant contribution to a better life for the moment, but it is an illusion and a great disappointment for the future of our country and our children. Creating a statistical database on migration flows and providing support to researchers exploring the problems and needs of vulnerable population groups will facilitate and inform policy makers and help identify migration-affected groups.

Human resources of the Diaspora should be utilized as much as possible, encouraging the use of official channels for remittances as well as their investments in the country. The Republic of Macedonia should take these measures to prevent migration: opening up new jobs, economic development, preventing corruption and organized crime, enhancing social welfare for citizens, rule of law, state security, policy-making new developments, various campaigns against migration, etc., are some of the main factors that need to be changed, because improving these areas would contribute to stopping migration and thus returning hope and optimism to live in this country.

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MAJOR ETHICAL CHALLENGES THAT MANY ORGANIZATIONS FACE TODAY

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(Original scientific paper)

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Abstract

In the complex business environment of the 21st century the path to success requires much more than technical skills, practical knowledge and good products because companies of every size face a multitude of ethical issues and challenges. Companies face many types of challenges, from financial strain to competition but ethical challenges can be harder to detect and more difficult to remedy. Ethical challenges will not provide specific answers for the specific dilemmas that people face but will help readers bring to conscious awareness some understandings that help in thinking through ethical issues.

The demands and expectations of the society about business ethics are high. But despite assumptions that the current business ethics needs to be slightly improved, it has not been improved as soon as public expectations have increased. But, when analyzing the other side we will see that more and more organizations are finding that ethical training is an integral component of their business and the importance of understanding what ethical issues business people face has increased.

The purpose of this paper is to study ethical challenges as one of the main current challenges faced by organizations today and using a questionnaire we will try to discover what are the major ethical challenges in the working place, what are the ethical challenges that managers face every day, why unethical behavior occurs in organization and finalizing with the dilemma how to respond better to ethical challenges in organizations.

Keywords: Ethical challenges, unethical behavior, organizations, business ethics

I. INTRODUCTION

Ethics is a concept that is hardly defined in existing literature. It relates to the theme of philosophy itself and has its roots about 2,500 years ago, since Socrates, Plato, and Aristotle began to be interested in human behavior issues (Brickley, Smith, Zimmerman, 2002). Ethics refers to the study of what is morally good and bad as well as which issue is right and which wrong. Ethics penetrates in the interactions of all stakeholders including owners, consumers, employees, creditors, etc. Almost every action and decision that people make within a day affects other people, which mean that every decision and action is subject to ethical analysis. The history of ethics in business goes back as far as both ethics and business. Today, in the contemporary and competitive world of business, due to the impact of globalization and new technologies, ethics and ethical elements increasingly they are becoming important. There is