

# Global Trends in the Labor Market and Balance of Losses and Benefits from Labor Migration

*Emília Krajňáková*<sup>1,\*</sup>, *Sergej Vojtovič*<sup>2</sup>

<sup>1</sup>Alexander Dubček University in Trenčín. Faculty of Social and Economic Relations. Študentská 3, 911 50 Trenčín, emilia.krajnakova@tnuni.sk, Slovakia

<sup>2</sup>Alexander Dubček University in Trenčín. Faculty of Social and Economic Relations. Študentská 3, 911 50 Trenčín, sergej.vojtovic@tnuni.sk, Slovakia

**Abstract.** The study deals with the analysis of global labor market trends in the European Union countries under the influence of free movement and labor migration within the European Union. Named analyzes include defining trends in the emigration and immigration flows of the workforce among the countries of the European Union that apply the policy of migration and countries that are the source of labor emigration. On this basis, labor migration losses and benefits are assessed and their impact on GDP creation on the labor market, the state budget and other economic and social indicators for countries with a migration policy and for countries with a strong majority of labor migration flows abroad are examined. On this basis, the processes of creating imbalances in the European labor market, which are affected by the absence of balance sheets in the benefits and losses of labor migration for individual countries, are examined. The analyzes and investigations carried out have resulted in the definition and justification of the shift in the balance of losses and benefits of labor migration towards a predominance of benefits for countries with a migration policy and a prevalence of losses for countries with a strong dominance of labor migration flows abroad.

## 1 Introduction

Labor migration is an important economic, social and political problem both in Europe and in most developed countries of the world. In 2013, 3.2 percent or 232 million of the world's population lived outside the country of birth. [12, p. 5]. Within a generation, this figure is expected to increase by one percentage point [23]. This means that the problems that accompany international labor migration in terms of historical development will become more and more topical. Indeed, assumptions about labor migration trends in the early 1990s have been confirmed, suggesting that while developed economies will continue to attract and exchange high-skilled labor, they will have a low need for mass migration of low-skilled people. Conversely, poorer countries with a low standard of living will encourage emigration, with the exception of highly skilled workers. As a result, illegal immigration will be more observed [14].

---

\* Corresponding author: [emilia.krajnakova@tnuni.sk](mailto:emilia.krajnakova@tnuni.sk)

Labor migration in Europe has a long history: trends, specifics, evolutionary and revolutionary changes, and so on. These changes in labor migration have taken place as a rule under the influence of constant changes in the economic and geopolitical situation between European countries. The greatest shifts in labor migration in Europe took place in the second half of the 20th century. Following the end of the Second World War in Europe in the 1950s and 1960s, two major trends are observed. The first was the increase in labor migration under the influence of post-war economic expansion in Europe. The second massive trend in population movements was influenced by the loss of European colonial powers (notably the UK, France, the Netherlands, Belgium and Portugal) of their colonies abroad. This event has triggered large population movements towards indigenous countries from different regions of the world, while at the same time replacing the lack of workers. The countries of northern and central Europe, which had no colonies, were addressing the shortage of workers during the post-war period by recruiting by signing agreements.

After the phase of massive labor migration in the 1950s and 1960s in 1973-1974, there was a downturn in the active recruitment of foreign workers. [8]. In the 1980s, the wave of so-called "temporary" guest workers turned into permanent workers and made it easier for other people to enter the target countries by reuniting the family. At the same time, this period in Europe was characterized by dualism among migrants of European and non-European origin. In the early 1990s, the launch of the Iron Curtain triggered large flows of labor migration from Central and Eastern Europe to Western Europe [18]. At the same time, southern European countries such as Spain, Portugal, Italy and Greece are becoming immigrant countries that attract workers from Latin America and North Africa. Overall, Europe is considered to be undergoing international but intracontinental migration during this period, mainly due to ethnic displacement, refuge and asylum, and the need for work [5].

The enlargement of the EU in 2004 and 2007 has caused great migration flows from the new EU countries to the rest of the Union. The last economic recession in 2008-2009, considered worst in the last half-century, naturally affected the scale and intensity of international labor migration, but did not reverse its main trends [8]. The expected mass and significant return of working immigrants to their home countries was not observable. The number of return migration was almost insignificant, only the processes of leaving for work abroad for new workers slowed down. This could be influenced by the fact that many labor emigrants remained in the target countries, even when they lost their jobs, trying to find a new job. In addition, the recession has had a lesser impact on those manufacturing and service sectors in which labor immigrants are most often employed. This applies in particular to sectors such as transport, hotel, catering, health and social care and other services.

Named trends in labor migration in Europe and in particular in the EU have remained largely unchanged lately. A steady but increased influx of labor migrants into developed countries from newly admitted EU countries continues to be observed. At the same time, all EU countries remain target countries for third-country labor migrants, not only in Europe but also in other parts of the world. Even the announced preparations for the United Kingdom's departure from the EU, which of course raises concerns for both employers and migrants themselves, have not yet affected major changes in the movement of foreign workers in the UK.

The issue of labor migration in the EU by the professional and academic community is evaluated and examined in the light of evolving trends in the movement of labor migrants, the causes and motives of seeking work abroad, push and pull factors, etc. We are interested in the overall importance of the free movement of workers and especially in the status and direction of the balance of benefits and losses from labor migration between the target and source countries.

## 2 Teoretical background

The issue of labor migration from the countries of Central and Eastern Europe has started to appear on the pages of professional and scientific publications, especially after enlargement and accession to the EU of the Baltic and Visegrad countries. Despite Western restrictions, the scale and intensity of labor migration from the new EU countries has increased significantly. Migration flows of workers from the new EU countries and other Eastern and South-Eastern European countries on the one hand are part of the European labor migration flows, affecting their scale, direction and intensity. For example, in 2004 there were 49 thousand foreigners working abroad. citizen of the Slovak Republic, in 2004 year, (year of EU accession to the EU) - 103 thousand. and in 2008 - 270 thous. [17]. A similar trend is also characteristic for the other countries of the Visegrad Four and the Baltic countries.

In addition to analyzing and examining trends, intensity and extent of migrant flows of workers abroad, professional and scientific publications are also beginning to assess its benefits or losses for both the target and the country of origin. These evaluations are carried out as a rule in terms of the current conditions and problems of individual countries. In the target countries, the arrival of labor migrants addresses the shortage of workers needed. Newly admitted EU countries are competing with high levels of unemployment in this period. Therefore, the departure of unemployed workers abroad is seen as an effective solution to the current social problem without the involvement of the state and its institutions. For example, after Slovakia's accession to the EU, gaining work and employment abroad is seen primarily as a positive phenomenon, as a testimony to the extension of the possibility of free movement of labor in the European Economic Area. Working abroad is seen as an opportunity to gain work experience and improve language skills, regardless of how it affects GDP, employment, income and consumption of the state and migrants themselves, their social status, way of life, family life relations, etc.

These named aspects of labor migration as a rule very rarely become of interest to scientific studies and peer reviews. Instead, less relevant aspects of labor migration are examined, such as the presence of foreign workers and the cultural diversity of employees and their impact on business innovation processes [10], the impact of regional integration on labor migration [22], labor market integration in host countries and conditions acquisition of immigrants of equivalent qualifications and language skills [25], gender inequality in earnings, and transfers of foreign workers and household income [16]. Other studies emphasize that migration-demand migration is economically beneficial, although it can trigger an employment crisis. And migration flows to Western European countries were strongly driven by the effects of the business cycle (demand-pull) and chain migration (demand-supply) [24]. Furthermore, the study emphasizes that empirical surveys in Europe show that migration has been very beneficial in the past. Of course, in this case, the benefits of migration for the target countries are understood. At the same time, we did not encounter negative assessments of labor migration for target countries in scientific and scientific publications.

As a rule, the professional and scientific community in the source countries of labor migration is concerned with analyzing and examining the benefits and losses of labor emigration for both the source country and the immigrants themselves. The main negative aspect of labor migration for the source country and society is considered to be the loss of an adequate amount of gross domestic product (GDP) until the worker is involved in the production process and contributes to GDP [19, 13]. However, some form of compensation for non-participation in GDP is remittances, which increase consumption in the source countries and thus contribute to the country's economic development. At the time of mass emigration for work abroad and under high unemployment conditions in most of Central and Eastern European countries, emigration was clearly rated as a positive phenomenon [7, 20]. Since the unemployed worker at home did not participate in the GDP process, he also

received unemployment benefits and gradually lost his skills and working habits. In the case of employment abroad, remittance contributed to the economic development of the country, the emigrant did not burden the welfare system, increased the income of his household, not only lost his or her qualifications and work skills, but often increased them and gained new work experience [21]. In such a model of assessing the benefits and losses of labor emigration, its overall balance is clearly on the side of the positive benefits especially for the emigrant himself and his family.

### **3 Goal and methodology**

The benefits and losses of labor migration in most cases, as we have seen, are assessed and calculated based only on individual economic, social, demographic and other factors, the current problems of the destination and source countries or the interests of the migrants themselves. We are interested in the question of whether labor migration is in fact as beneficial for all participating countries as the free movement of capital, goods and labor is evaluated in economic theory and how the overall balance of benefits and losses from labor migration for target and source countries is actually developing. How can economic, social psychological and possibly other benefits and losses from labor migration be combined for the target and source countries and for the migrants themselves? However, we cannot prioritize the interests of either the destination or the source countries of labor migration. Similarly, we cannot give priority to the interests of employers, the state or immigrants in the target countries, and the interests of the state and emigrants in the source countries. At the same time, in assessing the benefits and losses of labor migration, it is not possible to favor only economic, social or psychological factors. Nor can we tackle the economic problems of labor migration without taking into account social, political and other aspects of labor migration.

Based on this, the main objective of our study was to analyze existing approaches to assessing and calculating benefits and losses from labor migration and to identify the status and direction of its overall balance - towards positive or negative results for both target and source countries and their entities. - the state, migrant workers, their families, etc. It is not a problem to create a model for calculating the balance of economic benefits and losses. Furthermore, we can evaluate and calculate the balance of benefits and losses from other its individual aspects - social, political, demographic, etc. However, creating a single and comprehensive model for calculating the balance of benefits and losses from labor migration is almost impossible. This is due to the fact that labor migration is also a social, political psychological, cultural phenomenon and so on. Expressing named connections in the language of statistics and mathematics and translating their calculations into the language of named social connections is still possible at the level of experiments and experiments. Therefore, the realization of this objective, based on the framework of the study, is only possible at the level of theoretical reasoning and logical justification. This means that exploring the possibility of introducing a comprehensive way of assessing and calculating the balance of benefits and losses from labor migration is still a theoretical problem. Consequently, the methods used to investigate this problem remain in the theoretical, generally cognitive level, which includes a set of basic scientific methods.

### **4 Conducting research and results**

At the same time, as already mentioned, labor migration flows and trends are created in the post-war period and are associated with different economic developments and income levels in individual countries and the absence of the necessary number of workers in economically developed countries, especially during periods of economic growth. A similar

situation is composed at the beginning of the 21st century. The problem of securing workers' shortages in EU countries has been addressed by mass migration from newly-adopted countries following the EU enlargement in 2004 and 2007. This event has been associated with a significant difference in per capita income compared to the rest of the EU at the time of EU accession. uncontrolled migration and its negative impact on the labor market, local communities, social cohesion, etc. [1]. In response to these concerns, the original EU Member States have adopted transitional restrictions on the free movement of persons from the new Member States. With the exception of the United Kingdom, Ireland and Sweden, all Member States have decided to introduce at least some transitional restrictions, most of which lasted from 2006 to 2008. Only two countries, Austria and Germany, have adopted migration restrictions for a maximum of seven years. With the onset of the Great Recession in 2008, immigration flows to many European countries have slowed significantly.

The countries of Central and Eastern Europe (Slovakia, Czech Republic, Hungary, Poland, Romania, Bulgaria) and the Baltic countries became the source countries of labor migration in Europe. Many Polish citizens moved to Ireland and Great Britain to work, while from Hungary and the Czech Republic, Slovenia and Slovakia to Austria and Germany. Labor migrants from Bulgaria and Romania settled mainly in Italy and Spain. At the same time, over the past decade, these source countries of labor migration have become the target countries of labor migration for non-EU Eastern European countries - the Balkan countries, Moldova and Ukraine. However, the migratory flows from the newly admitted EU countries to the original countries in intensity and scope are incomparable with migratory flows from countries outside the EU. While, for example, immigrants from Slovakia with more than 5 million inhabitants in Western European countries are counted as 100,000, the number of immigrants in Slovakia, who mostly come from Serbia and Ukraine, has been at just over 10,000 in the last year alone. Exceptions are working immigrants in Poland, numbering several million from almost 40 million Ukraine, as well as the number of Polish immigrants in Western European countries. Linguistically, culturally and geographically close and, to a lesser extent, with higher incomes than in Poland, it attracts Ukrainian labor migrants to the Czech Republic [11].

In most cases, the examination of labor migration emphasizes its positive aspects for the target country, but as far as the source countries are concerned, the focus is on the interests of migrants themselves. For the target country, labor migrants fill the necessary jobs, in the event of a shortage of domestic workers, or work in jobs that are not attractive to domestic workers. In this respect, labor immigration is beneficial for these countries because it simply addresses the shortage of workers needed and, moreover, for education and training that neither the state nor the employer spent any money on.

At the same time, the target countries are looking for positive aspects of the work of foreign workers. For example, a study on the analysis of the departure of Spanish educational institutions graduates to work abroad emphasizes that young people leaving the country to work from necessity rather than selection, learn through the benefits and challenges of their careers abroad and from the experience gained redefine civic and professional identities [4]. The authors who examined the labor migration of university graduates in science and internationally oriented fields in Italy found that those who had the best performance migrated more often to work abroad and, moreover, achieved more favorable results in terms of wages, unemployment risks, access to skilled employment and occupational satisfaction [3].

These are pleasing assessments for both the target country and the named specific group of immigrants who have already presented signs of beneficial working qualities at home and who have carried them out while working abroad. And what economic benefits do source countries have in their case, if their capable citizens, who have spent money on

training for decades and who have never done their full working age in their home country. From an economic point of view, it is not just a loss for the source country of the amount of unprepared GDP, which, as a rule, is the subject of an examination of workers' emigration losses. A loss for the source country is also the decade-long costs of education and training, resources spent on social and health insurance, the lack of a re-contribution to the social and health insurance company, and others. Therefore, for the source country, leaving for work abroad for each worker is clearly a loss. As an exception, we can only count the temporary departure of unemployed workers. But even that should have ever. Our previous research shows that the number of workers leaving for work abroad has a very low correlation with the number of unemployed even for example only during the period of Slovakia's accession to the EU. [21].

Returning to these positive aspects of labor migrants in the target countries, we should also mention other categories of labor migrants. For example, what can be the personal benefit of less beneficial graduates and high school graduates who work abroad inadequately to their training and education, even though they are valued higher than at home, if they were to work adequate to their qualifications? The same question would apply to unskilled or low-skilled workers who, for the same work abroad, receive higher wages than at home but lower than domestic workers in the target country. From a personal point of view, such emigrants often benefit - they receive higher incomes, gain work and life experience, and improve their foreign language. But the cost of these benefits is often too high. Especially for emigrants who already have families. Months and years of absence for one parent's children have no adequate compensatory value. As well as the weakening and loss of other social relations in the home country. Ultimately, the decision to seek work abroad is not a free decision. It is a forced decision. And so it already coincides with the undisputed macroeconomic legality of the benefits of the free movement of capital, goods and labor.

Obviously, this approach to assessing the positive aspects of labor migration is subject to critical opinions from other authors. Building on the existing two approaches to understanding labor migration across Europe, either in terms of social dumping or in terms of business opportunities and benefits for businesses, states and mobile workers, R. Andrijasevic and D. Sacchetto state in their study that both approaches are inadequate by focusing on and discussing the East-West linear movement in terms of the benefits of the state, businesses and trade unions in the target country. [2]. Other authors who examine the problems of foreign workers in the target countries also point to their fragile position in Western economies [15]. At the same time, they emphasize that third-country migrants in particular hold precarious and low-skilled jobs in an ethnically segmented and gender-based labor market [6].

## **5 Conclusions**

These analyzes show that the final balance of benefits and losses from labor migration is mostly positive for the source countries. For these countries, labor migration is a tool to attract and attract missing workers from other countries. This means that the target countries are addressing their economic problems by means of other countries. For source countries based on state interests, labor migration can only benefit a small category of unemployed workers. For most immigrants from source countries, the overall balance is only beneficial in the short term and at the same time is not a free and enforced decision. Labor migration within the EU, apparently like other economic-geographical territories, is not a positive phenomenon that equally contributes to the prosperity and economic development of all actors. We are referring to the interests of employers and countries of source and source countries, and of labor migrants themselves. The overall balance of

benefits and losses from labor migration is beneficial for the target countries and clearly unfavorable to the source countries, even to the emigrants themselves, who see their personal benefit but whose labor market position in the target countries in most cases is discriminatory.

This publication was created within the frame of projects funded by VEGA, project title „Balance of economic gains and losses from labour migration” (č. 1/0679/17).

## References

1. R. Andrews, Labour migration, communities and perceptions of social cohesion in England. *European Urban and Regional Studies*, **22**, 1, 77-91. (2012)
2. R. Andrijasevic, D. Sacchetto, From labour migration to labour mobility? The return of the multinational worker in Europe. Transfer: *European Review of Labour and Research*, **22**, 2, 219-231. (2017)
3. G. Assirelli, C. Barone, E. Recchi, “You Better Move On”: Determinants and Labor Market Outcomes of Graduate Migration from Italy. *International Migration Review*, **53**, 1, 4-25 (2018)
4. C. Carmona, F. M. Fluixá, N. Hernaiz-Agreda, A. A. N. Saurin, Educated for migration? Blind spots around labor market conditions, competence building, and international mobility. *European Educational Research Journal*, **17**, 6, 809-824 (2018)
5. H. Fassmann, R. Münz, European East-West Migration, 1945–1992. *International Migration Review*, **28**, 3, 520-538 (1994)
6. A. Gavanas, I. Calzada, Multiplex Migration and Aspects of Precarization: Swedish Retirement Migrants to Spain and their Service Providers. *Critical Sociology*, **42**, 7-8, 1003-1016 (2016)
7. E. Krajnakova, S. Vojtovic, Struggles of older workers at the labour market. *Economics & Sociology*, **10**, 1, 319-333 (2017)
8. K. Manfrass, Europe: South-North or East-West Migration? *International Migration Review*, **26**, 2, 388-400 (1992)
9. F. Martin, Recession and Migration: A New Era for Labor Migration? *International Migration Review*, **43**, 3, 671-691 (2018)
10. C. Ozgen, C. Peters, A. Niebuhr, P. Nijkamp, J. Poot, Does Cultural Diversity of Migrant Employees Affect Innovation? *International Migration Review*, **48**, 1\_suppl, 377-416 (2018)
11. Š. Prát, T. M. Bui, A Comparison of Ukrainian Labor Migration in the Czech Republic and Poland. *East European Politics and Societies*, **32**, 4, 767-795 (2018)
12. S. Rica, A. Glitzi, F. Ortega, F. *Immigration in Europe: Trends, Policies and Empirical Evidence*. Bonn: Institute for the Study of Labor. IZA DP No. **7778**. (2013). Available at: <http://ftp.iza.org/dp7778.pdf>
13. E. Rievajová, A. Bernáthová, Migrácia pracovnej sily v Európskej únii. *Práca a sociálna politika*, **10**, 1, 5-7 (2002)
14. J. Salt, The Future of International Labor Migration. *International Migration Review*, **26**, 4, 1077-1111 (1992)
15. R. Sara S. R. Farris, Migrants' Regular Army of Labour: Gender Dimensions of the Impact of the Global Economic Crisis on Migrant Labor in Western Europe. *The Sociological Review*, **63**, 1, 121-143 (2015)

16. M. Semyonov, A. Gorodzeisky, Labor Migration, Remittances and Household Income: A Comparison between Filipino and Filipina Overseas Workers. *International Migration Review*, **39**, 1, 45-68 (2005)
17. Štatistický úrad SR. *VZPS (Výberové zistenia pracovných síl)*. [accessed 24 Juli 2018]. Available at: <http://portal.statistics.sk/showdoc.do?docid=18985>
18. S. J. Tonelli, Migration and democracy in central and eastern Europe. Transfer: *European Review of Labour and Research*, **9**, 3, 483-502 (2003)
19. M. Tupa, Consequences of labour migration and migration management for example of Slovak republic. *Proceedings of the 1st international conference contemporary issues in theory and practice of management*. (CITPM 2016). Albena, Bulgaria, 445-450 (2016)
20. M. Tupa, Impacts of labour migration on development and amount of salary. *Political sciences, law, finance, economics and tourism conference proceedings*, (SGEM 2016). Albena, Bulgaria. **5**, 321-328. (2016 a)
21. M. Tupa, S. Vojtovic, H. Strunz, Changes in the labour market in the Slovak republic and migration of labour force. *International Scientific Conference on The Impact of Industry 4.0 on Job Creation*, Trencianske Teplice, Slovakia, 209-216 (2019)
22. S. Vojtovic, E. Krajnakova Trends in Economic growth and unemployment in Slovakia. International Conference on Education, Management and Social Science (ICEMSS) Tianjin, **44**, 188-191 (2013)
23. World Bank. “*Migration and Remittances Factbook*” (2011) Available at: <https://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf>
24. K. F. Zimmermann, European Migration: Push and Pull. *International Regional Science Review*, **19**, 1-2, 95-128. (1996).
25. W. Zwysen, Different Patterns of Labor Market Integration by Migration Motivation in Europe: The Role of Host Country Human Capital. *International Migration Review*, **53**, 1, 59-89 (2018)