SOCIAL AND ECONOMIC EFFECTS OF INTERNATIONAL MIGRATION

Magdalena Tupa¹, Herbert Strunz²
¹,²Alexander Dubcek University of Trencin, Slovakia

crossref http://dx.doi.org/10.5755/j01.em.18.3.3906

Abstract

The purpose of the study is to analyse and evaluate consequences of the influence of international migration on the socio-economic spheres of social life. Based on that, it identifies problems within migration policy and sets out proposals for positive guidance of migration policy with the aim to maximize migration benefits. Furthermore, it provides proposals for the solution of migration policy from the point of view of the country of origin, country of destination and migrants themselves.

The study is based on the analyses of statistical data (Eurostat, WTO, Statistical Office of the Slovak Republic) and author’s own research dealing with migrants. Slovakia, on the one hand, represents the country of origin, and on the other hand the target country.

The results confirmed a significant impact of international migration on socio-economic spheres of social life. We identified and quantified some of the pros and cons of international migration with regards to the country of origin, target country and migrants themselves. The casual relation between the international migration and the development of labour market was the most important factor of economic consequences.

The study summarizes migrants’ motives for international migration based on motivational theories arising from historical context and the collected research data. The most important part of the contribution is the identification of consequences with the greatest influence on socio-economic spheres of social life and the management of migration policy with the aim to maximize migration benefits.

The type of the article: Research paper.

Keywords: international migration, migrant, country of origin, target country, remittances.

JEL Classification: F22.

1. Introduction

Every state has its own experience with the phenomenon of migration, be it the source, transit or target country. The development of the world and the growing globalization are reflected in the changes of international migration numbers whereas it is the nature of migration processes which undergoes cardinal changes. After the establishment of the new independent Slovak Republic (in 1993), international migration introduced a completely new phenomenon which, until that time, had been pushed out from the social life. Throughout the years, with the help of transformation and active integration policy, it has become a part of wider integration groups with an appropriate share in the world politics. Slovakia has become a rich source country introducing a positive relationship of Slovak citizens to emigration. Foreigners, however, considered Slovakia a transit country on their way to Western European countries. Entry into the European Union and expansion of economics brought changes in terms of perception of immigrants. Therefore, the Slovak Republic is becoming the target country of immigrants. After the onset of recession caused by the financial and gas crisis, which lead to the global economic crisis, the country feared the return of immigrants into their source countries whereas these immigrants occupied specific working positions which have become a burden for Slovaks working abroad. In the light of the latest trends it is becoming one of the most urgent problems.
The given study focuses on the analysis of the causes of migration as well as on the impact of the international migration on social and economic spheres of social lives of individuals, either in the source or the target country. The main impacts identified are followed by proposals for positive migration policy guidance resulting in maximizing immigration gains for the given country.

Based on the study and analysis of theoretical knowledge of national and international sources focusing on the topic of migration, we carried out a pyramid of international migration causes, which arise from the history. Having analysed migration theories, we introduced an algorithm of decision-making of a potential migrant.

With the help of the publicly available statistical databases, we analysed the status and impacts of international migration in the Slovak Republic. Causes and impacts of international migration were analysed on the sample of 121 emigrants from the Slovak Republic and 54 immigrants into the Slovak Republic.

Causes of international migration

Migration is a phenomenon of the human species taking place from the very beginning of human existence. The history of humanity provides us with a number of evidence that movement and relocation are deeply rooted in people. The reasons why people did so are actually the same, they always wanted to have a better and a more valuable life (Masárová, 2010). Maslow (in Bielohlávek, Košťan, Šuler, 2006) studied the motives of human action and found out that the basis of human activity is meeting their needs. His theory is used in management, however, its application is relevant while analysing other phenomena dealing with the actions of individuals. We used the theory in order to analyse the international migration from the point of view of historical connections as well as motives of individuals involved in the present international migration (Figure 1).

![Figure 1. Motives of migration](source: Tupá, M.: Motívacia migranta v procese medzinárodné migrácie. In: Sociálno-ekonomická revue. Trenčín: TnUAD, 1/2013)
Algorithm of Migrant’s Process of Decision-Making

Based on the analysis of migration theories introduced by many authors – neoclassical macroeconomic theory and dual markets theory (Poire, 1979), neoclassical microeconomic theory (Önucü, 1990; Borjas, 1989), new economics of labour migration, place theory, institutional theory (Massey, 1997), theory of networks (Castles & Miller, 1993), world systems theory (Wallerstein, 1974), push and pull factors theory (Lee, 1969; Ravenstein, 1985) we worked out a synthesized algorithm of a potential migrant’s process of decision-making (Figure 2).

![Algorithm of Migration](image)

**Figure 2. Algorithm of Migration**


The entire process is realized while considering the individuality in the environment of two countries – source and target country (Vojtovič et al., 2008) where migration is influenced by the policy and interventions of their government (regulation of taxes) together with the creation of institutions – legal (employment agencies) and illegal (so-called “transfer gangs”), for which the state policy has only a secondary impact via the establishment of legislation specifically for the given field.

Impacts of International Migration

For the source countries, on the one hand, international migration means dealing with the issues of high unemployment rate and savings of public finance in order to ensure a number of free human resources, capital flow in the form of remittances supporting consumption and investments, brought know-how in case of re-emigration. However, it brings losses of investments into education of emigrants (Štefančíková, 2003), escape of highly qualified and well-trained work force (Kazlauskienė & Rinkevičius, 2006a) which represents the bearer of high added valued or decrease of the attractiveness of the country for foreign investors.
For the target country, gains represent a gross domestic product created by immigrants, costless qualified workforce, multicultural gains, workforce filling the gaps on labour market, increased demand for estates or demographic benefits. Nevertheless, the employment of immigrants can cause reactions of the labour market leading to the increase of unemployment of the local people, stagnation of salaries, possible spending on social services for immigrants, increase of crime rates, xenophobia, racism and many more (Divinský, 2005; Čekanavičius & Kasnauskienė, 2009).

New life situation, migrant’s identity crisis, fight for self-esteem, unknown cultural environment, language barrier, isolation from the family and many other problems represent impacts of a migrant’s decision-making process (based on the crises theory introduced by Erikson, 1968).

The problem - social and economic infects of international migration is still of a margin interest. Only a small number of scientific publications deals with the given phenomenon and provides a concept of work force migration (Lipková & Porubský, 2003, Divinský, 2005, Jurčová, 2008).

After entering the EU, getting work abroad is a positive phenomenon as it leads to the spread of possibilities of free movement of work force in the European economic space (Šramková, 2005, Billy, 2011).

More attention is paid to the political and legal aspects of international migration in the global and European context. The above mentioned research mainly deals with the safety aspects of work force migration from the Eastern part of the world into Western Europe. These problems are interpreted mainly due to the migrants from Eastern and Asian countries to Slovakia which, after its entrance into the EU, has become a subject of interest for migrants from the given countries (Karabinoš & Balga, 1997, Petrašová, 2002, Výročná správa o politikách v oblasti migrácie a azylu Slovenská republika 2011. Národná štúdia pre európsku migračnú sieť. Bratislava, 2012, Přívarová, 2012).

Migration of Slovak citizens is not viewed as a social or economic problem; it is more understood in terms of talented young people who are becoming a part of the so-called „brain flow“ process (Weidlich, 2000). Therefore, problems of migration consequences on a country’s social politics are gaining more attention. Furthermore, its impact on social or ethnic problems is also important (Rievajová & Bernáthová, 2002. Bahna, 2011).

However, we still do not know the exact number of losses and gains from international migration, which has impact on the country’s economy, society and citizens. To what extent do unemployment, low salaries and bureaucracy become a reason for migration and other factors? The influence of the international migration in terms of its impact on Slovak economy, social sphere, labour market and level of unemployment is not examined and defined. How can work force migration be evaluated if we know that in times of Slovakia’s economic growth prior to the recession working emigrants would have probably been unemployed in their homelands? Therefore, the given issues represent the author’s research interest (in the hypotheses)

2. Method

The study is based on the analyses of the statistic data (Eurostat, Statistical Office of the Slovak Republic) and own research from the point of view of the Slovak Republic as the country of origin and target country. In order to analyse the current trends at the labour market and the extent and intensity of labour migration flow we used the methods of induction, deduction, method of scientific abstraction, analytical and synthetic method and method of comparison. The empirical research, data collecting and examining for the purposes of migration motives and consequences were performed based on the quantitative and qualitative methods of empirical and sociological survey. We defined a basic set and created a sample of labour migrants. Moreover, we used the method of querying and structured interview. In order to evaluate the obtained data we chose a mathematical and statistical survey, analysis and comparison of facts, phenomena and processes with common features and comparison and graphic display of the obtained data.

Data were collected between the months of September 2009 and April 2010.
3. Results

We focused our attention on the main impacts of international migration which were studied with the help of available statistical data analyses and results gained from the survey.

Hypothesis 1: We assume that a properly managed migration in the country has in a short-term horizon highly positive effect on the social and economic situation of the source and target country.

Based on the statistical data of the emigration of Slovaks into foreign countries, since 2000, when almost 50,000 people emigrated, in year 2008 this number was increased by 230,000. After the onset of financial and economic crisis their number decreased to 220,000. According to the official information, today we can talk about a short-term migration (i.e. 12 months) which is performed by 120,000 people and their number is decreasing year by year due to the recession which affected all European economies. However, it is estimated that still more than 260,000 Slovaks work abroad (regardless the time of emigration).

Looking at the labour market in the Slovak Republic, the statistics talks about nearly 540,000 unemployed people in 2000, whereas the number had a decreasing tendency until 2008 (258,000 people). The slowdown of economic growth caused that the number of the unemployed on December 12 in 2012 was nearly 400,000, i.e. the unemployment rate increased by 14.40%.

Creating new job opportunities through direct foreign investments had a similar trend; until 2008 their numbers had an increasing tendency (the number increased by 60,000 from the beginning of the establishment of an independent Slovak economics). Jobs were created by new investors in relation to their suppliers. Investments were made primarily in the automotive, electrical and chemical industry. In 2010, only 4,000 new jobs were created - these were created thanks to 45 projects – representing annual decrease by more than 22%. Most, 33% went back to the automotive industry. The biggest investors are represented by the USA, Germany and Belgium.

If we count the number of emigrants, the unemployed and newly created work places in the given year we almost get the identical sum that is registered as the rate of unemployment in the given year. From the above mentioned, it can be said that emigration significantly influences the huge discrepancy between offer and demand for labour at the labour market of the Slovak Republic.

In short term this phenomenon can be considered as highly positive. If we assume that immigrants would stay at the labour market as free labour force, this would significantly burden public finances, for instance they would be on the town, or would require social help and the like. While talking about expenses spent per an unemployed person in the amount of 350 EUR, according to the data provided by the Ministry of Labour, Social and Family Affairs of the Slovak Republic, the state did not spend financial means in the amount of 35 mill. EUR in 2004; 93 mill. EUR in 2008; today it is nearly 420 EUR what would mean approximately 200 mill. EUR spent only on the costs of the unemployed. While dealing with the problem of unemployment, the state actively uses the employment policy instruments which represent another amount of finance yearly spent from the budget in order to tackle unemployment.

Further positive short-term impacts of the emigration of labour force are represented by maintaining work habit that could be lost by the unemployed. If they remained registered at employment, social and family affairs agencies for over a year, they would be ranked among difficult working employable sources that require requalification and further care.

In case of re-emigration of working migrants, the acquired language skills are becoming their competitive advantage in the process of applying for a job, whereas this advantage is a plus not only in enterprises with foreign investment capital or foreign business contacts. Similarly, what employers consider preferences are the brought know-how, new knowledge, acquired new looks at life, higher level of tolerance in understanding different mentality and so on.

Saving from migrants’ incomes, the so-called remittances are a major source of finance for the source country as this type of finance increases its gross domestic product. They represent a source of growing consumption but also a possible source of productive investments with a
permanent potential which is not affected by the decreasing fluctuations of the business cycle. Migrants divide their incomes into two parts – consumption and savings - whereas the share depends on various factors such as the situations of the migrant’s family living in the source country, emigrant’s income and working position, the length of stay in the target country and the like. The general assumption is that the poorer the source country is, the more remittances are spent on costs of everyday living and only in a very small amount of these are invested into durable livestock.

The World Bank states that emigrants living in the target country save two thirds of their income. With regards to our survey, three quarters of respondents save three quarters of their income and only one quarter of their income is spent on basic living (see Figure 3).

![Figure 3. Percentage of respondents according to the distribution of income between consumption and saving](image)

*Source: own processing*

20% of the respondents divide their incomes into two parts; however, we found out that these emigrants worked at higher positions and lived at least a year in the target country. Respondents employed abroad for maximum three months, on the other hand, tried to save more than three quarters of their income and their expenses were limited to the necessary minimum.

Yearly, the Slovak Republic gains more than 1 milliard EUR through remittances representing 2% of the gross domestic product. As the development of Slovak economy was positive, at least until the beginning of the economic crisis, finance brought by the returning migrants represented long-term investments, for instance finance spent on buying estates, reconstruction of old houses and flats, starting new businesses, investments into education and so on. Emigrants leaving the country went abroad in order to work and they regularly came back to Slovakia where they spent some time. The brought finance was used to finance their living in Slovakia where they did not work. The increased consumption in the economic model has a stimulating effect increasing the country’s economic activity and it provides a multiple effect which is enhancing it even more. Investments into education, health care, new technologies and expansion of production financed from remittances produce the highest added value created by the increasing work productivity. Current emigrants who have returned and decided to live in Slovakia invest into estates (in spite of the financial crisis their price remains the most stable value); however, their expenses on making a living are reduced to minimum and their savings represent priority.
Table 1. Effects of international migration

We assume that a properly managed migration in the country has in a short-term horizon highly positive effect on the social and economic situation of the source and target country. (from statistical factors)

<table>
<thead>
<tr>
<th>Factors</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unemployment in the Slovak Republic</td>
<td>400,000 unemployed people (12/2012)</td>
</tr>
<tr>
<td>2. Short-term emigration</td>
<td>120,000 people (2012)</td>
</tr>
<tr>
<td>3. Emigration - regardless of the time of emigration</td>
<td>260,000 people (2012)</td>
</tr>
<tr>
<td>4. Creating new job</td>
<td>60,000 new job (years 1993-2008) 4,000 new job in 2012</td>
</tr>
<tr>
<td>Free work force</td>
<td>520,000 – 660,000 people burden public finances</td>
</tr>
<tr>
<td>+ Expenses spent per an unemployed person</td>
<td>420 €/person in 2012 saving 2,000,000 €/2012</td>
</tr>
<tr>
<td>+ Maintaining work habit</td>
<td>0 €/requalification costs 0 €</td>
</tr>
<tr>
<td>+ Remittances</td>
<td>2% of the gross domestic product - more than 1 milliard € 1 milliard € potential consumption + multiple effect</td>
</tr>
</tbody>
</table>

Source: own processing

Emigrants, who are still abroad, send remittances to their families in order to protect their income and alleviate their life in the source country as well as protecting its members from becoming poor. Financial means either brought or sent into the country may represent savings for old age or may be a subject of inheritance and in this way they form human solidarity, participation, responsibility and willingness to help.

Mainly people in productive age are becoming emigrants who represent working force for the target country. These emigrants work at positions not attractive to the local people – be it due to the working conditions, salary or social status. Supporting employment of local people by national governments seems irrelevant and it manifests an increasing working incapacity of the local people.

Emigrants actually fill the gaps between demand and offer provided by the accepting countries:

- They are employed at low-qualified positions (64% of respondents say they work at a position requiring lower education in comparison to the source country);
- Worse working conditions are represented by the length of working hours, salary, increased demand on work or broader definition of work tasks (27% of respondents claim they consciously work in worse working conditions than the locals working for the same employer);
- Employers abroad did not comply with the law (49% of respondents experienced violation of any law) and so on.

This is how emigrants living in the target country influence the increase of work productivity, they transfer financial means from their incomes into either funds of social security or state’s budget. They are taxpayers; however, they represent only a small number of social consumers (28% of respondents made use of social services in the target country).

Emigrants produce values whereas they represent a so-called “costless person“ in terms of work preparation (education), paying into public systems and consuming only basic goods financed from public funds.

The analysis arising from statistical factors and analysis of the research group carried out with the help of a questionnaire proves the validity of the first hypothesis; i.e. well managed migration in a country has a short term high positive impact on the social and economic situation of the source and target country.
Hypothesis 2: We assume that even though migration is well managed, from a long-term point of view it has a negative impact on the social and economic situation in both the source and the target country.

More or less, emigration represents the departure of qualified people (based on the statistical data of the Slovak Republic, 61% of all migrants have high-school education, 16-18% university education and only 6% of all migrants have basic education; based on the results from our survey 54% of all migrants have university education, 44% high-school education and only 2% have basic education). These migrants were, until the time of their departure, mainly consumers of public resources – costs on education, health care, family allowances, tax bonuses and the like. They did not create any values in and for the country. After reaching their productive age they should become contributors to the public budget, however, they emigrate (according to the statistics provided by EUROS an average Slovak migrant is 18 – 34 years old) and become producers and contributors to the economies of other countries. If migrants leave with the idea of settling down in the target country during their most productive age (approximately up to 35-40 years of age when their productivity starts declining) or in case they want to emigrate permanently, then the source country is experiencing its loss. Losses are represented mainly by invested financial means into education. Expenses from public sources per one student/year represent almost 6,600 USD in the Slovak Republic. For the accepting countries of the EU 15, this represents gains not only from the point of view that they gain a qualified work force but also from the point of view of their public finance as their average reaches 12,000 USD per student, in the USA it is even 23,000 USD.

From longer time period, the saved financial means do not need to represent remittances in cases when emigrants’ family members are following them and they do not have any reasons to stay and support the source country. Likewise, if the family’s financial situation in the source country is improving, the height of remittances is decreasing. The decreasing tendency is also seen in sending financial support to the source country even in cases of long-term migration or permanent migration. Emigrants’ saving are cumulated on their bank accounts in the target country in order to ensure their financial stability in their future and old age. This is the way how foreign financial institutions are supported and how they actually influence the monetary policy of the target country which may work with a higher amount of financial means in the cash flow.

Remittances also represent a financial dependence of source countries on the economics of the target countries. Their number, moreover, encourages indigenous people of source countries to emigrate what may be represented by the lack of qualified working force. This represents pull factors for direct foreign investments. This development may actually have a negative impact or completely stop the economic development of the source country. Subsequently, vacancies may be filled with immigrants from other source countries, for instance students performing part-time jobs in such an extent that they will not have enough space and time for their studies and they will not gain the education required. Therefore, a threat exists that the quality of human resources of the source country will decline exponentially.

Emigrants who emigrate for a longer time period or who decide to settle down in the country are, with increasing age, bigger consumers of public finances – health services, pensions, clients of pensions and rest homes and the like. If they give birth to a child in the target country, they become recipients of parental allowances, child support, children are educated from public financial resources of the target country, in other words, they use all the rights provided by the law.

The worked-out analysis arising from the statistical factors and analysis arising from the survey performed with the help of questionnaires confirmed the second hypothesis stating that appropriately managed migration of the country has, in its long-term time span, negative impact on the social and economic situation of both the source and the target country.

Hypothesis 3: It is assumed that working migrants emigrated with the aim to achieve a higher level of self-actualization and meeting their expectations and desires in the target country in comparison to the source country.

Based on the provided migration algorithm and theories it may be said that working emigrants
leaving their source country are motivated by a higher level of self-esteem and need to fulfil their desires in the target country. They often sacrifice the opportunity of job security, social status and other features of their lives in the source country for the benefit of meeting their needs from emigration in the target country even if they have to work at low-qualified working positions, their social status will be lower and their lives will have to be rebuilt from the very basics.

Our research showed that the most significant motives of emigration from the Slovak Republic were represented by learning and practising language skills – 35% of respondents; this factor dominated in emigrants at a younger age; having a job with a higher salary – 32% of respondents; this factor dominated in older emigrants; and the third most important motive was the aim to solve unemployment in the source country – 16% of respondents.

For the majority of all respondents, 45%, the economic benefit was represented by the expected migration gains, 35% of respondents considered acquired new language skills migration gains, and the third most expected gain was represented by acquiring new knowledge, 16% of respondents (see Figure 4).

![Figure 4](image)

**Figure 4.** Percentage of people according to the expected income from migration

*Source: own processing*

In terms of the question dealing with the real gain from emigration of those respondents who have come back to Slovakia it was proved that 41% actually acquired new language skills, 35% got a higher salary, 23% acquired new knowledge and 1% a higher social status.

After further analysis of emigration gains we found out that:

- 98% of respondents acquired new language skills in the source country or they practiced their language skills acquired during their studies;
- 86% had a higher salary by more than 1/3 in comparison to the salary in their source country, whereas for 56% of all respondents the salary was twice, if not more, as high as the salary in the source country;
- 97% of respondents expressed they acquired qualification and new view on lifestyle.

The second part of the research, in which we examined the immigration into the Slovak Republic, we found out that the most important motive of immigration was job offers from the side of employers in the source country – for more than 80%; other motivational factors were represented by better social status, unemployment, family and friends and acquiring language skills.

For 57% of respondents the expected gain was operating profit. Personal benefit was expected by 43% of respondents whereas for 74% the economic benefit was the most important, gaining a higher social status was important for 17% and acquiring new skills was important for 9% (see Figure 5).
From working migration coming to the Slovak Republic, acquiring new skills was a real gain for 71% of respondents, economic benefit for 22% and a higher social status for 7%.

Further analysis of the immigration data showed that:

- 94% of respondents acquired higher qualification and a new view on lifestyle;
- 90% of respondents working in the Slovak Republic received a higher salary due to fixed travel expenses; the increase in salary was introduced by 6% of respondents and cut of salary by 4% of respondents;
- 91% of respondents tried to rich a social status in Slovakia and all the respondents tried to "lock-on" to the society of the target country.

With regards to the above mentioned, emigrants from the Slovak Republic and immigrants coming to the Slovak Republic migrated with the aim to meet a higher level of their expectations and desires in the target group in comparison to their source country. The third hypothesis was confirmed.

### 4. Discussion

Given the historical context, we identified the causes of international migration and worked out an algorithm of a potential migrant’s decision-making process, which is built on our pyramid of motives of migrant’s needs and known theories dealing with the phenomenon of migration. Description of the current state of international migration on the basis of statistics formed the starting point of analysis of impacts of international migration on the source and target as well as on the migrant’s personality through social and economic factors which are built on the existing regularities of social and economic life of society. The backbone of the study lies in the analysis and evaluation of consequences of the impact of the given phenomena and identification of problem places within the migration policy. We found out that in order for effective management of international migration in Slovakia a systematic approach dealing with the migration movements is essential. This can be performed with the help of a constant monitoring and examination of the given phenomenon with a subsequent update of instruments in the field of international migration which will maximize migration gains of our country as the source and target country.

It is essential that the policy makers of the Slovak Republic begin to approach to the creation of migration policy and working migration management systematically. This would effectively solve the phenomenon of international migration. The first step is to define the vision of migration policy as a whole and setting doctrines of official attitude of Slovakia and its society which will be in accordance with the country’s needs, interests of migrants and which will respect the basic
strategies of globalization processes in the world. The complexity of solution and working out partial policies of migration must arise from the current situation and must quickly react to changes. Moreover, outlining competences and responsibilities or outlining subsidiarity or superiority of state organs, third sector and other institutions will allow the creation of complex approach and its practical implementation of social work with migrants. However, this does not assume the allocation of sufficient financial, human and technical resources.

Financing should be more performed and done from sources, not only from the funds provided by the European Union, but also from country’s budget and private sector – gifts and the like. Human resources must be represented by highly qualified workers in the given area and field working on a complex and systematic research. It is essential to provide adequate education in the field of economy, management and social work. The work of public or private authorities who adjust their intervention towards migrants, migrants who have just entered the country with the purpose to work and put the family together or to study, is essential due to providing practical help to the migrant.

The future of effective international migration management and maximizing of benefits must be based on the complex and systematic evidence of migrants world-wide as well as on an open collaboration of individual states. Only then experts will be able to analyse the state of international migration in a concrete country, count the social and economic factors and indicators and based on them they will be able to propose solutions in order to achieve a positive outcome.

References


