

## ADVANTAGES AND DISADVANTAGES OF LABOR MIGRATION

**Monica Madalina Ciuciu (Portan)**

*Doctoral School of Economic Sciences, Faculty of Economic Sciences, University of Oradea, Oradea, Romania  
madalina\_portan@yahoo.ro*

**Abstract:** *The phenomenon of migration is associated with a number of economic advantages and disadvantages. Migration flows bring benefits or losses to those who affect them, but in varying proportions. For the home country of departure, the export of human capital, the labor force in which important investments have been made represent a loss of value added which could have been achieved in the country, the source of sustainable economic growth. For the host country of destination, the effects are generally not favourable. They are manifested in the labor market by: contributing to reducing the workforce deficit, alleviating the demographic aging process and tensions created on the labor and budgetary levels, contributions to increasing production, including exports. For the worker and his rudens the consequences are diverse but the balance is positive. Linked on the earnings we find: an income which guarantees the reproduction of the employment and his rudens workforce, which he would not have earned in the country; increasing the saving and investment capacity, either in durable goods or in launching a business; the emergence of a series of professional gains and work culture, knowledge, skills, behaviors, discipline and job security. This article treats in the first stage the terminological aspects of migrations. The objective of the paper is to make an evaluation of the advantages and disadvantages of labor migration.*

**Keywords:** *labor market; emigration; remittances; reduction of unemployment; migration of specialist; decrease of GDP (P.I.B.).*

**JEL Classification:** *E24; F22; R11; R51.*

### 1. Introduction:

Migration has existed since the beginnings of humanity, being of major importance in the history of human civilization. This phenomenon is not new, specific to contemporary society, it did not cease over time, and on the contrary, time demonstrates that migration records changes and new forms (Doquier, 2005).

The migration of Romanians abroad was a phenomenon that manifested itself immediately after 1989, although the characteristics of migratory waves in the early 1990s are different from those of the late 1980s or early 2000s: they had a strong ethnic component (the departure of Hungarians and Germans), or specifically targeted work destinations such as Turkey and Israel. By the mid-1990s, Western Europe is becoming a major destination for Romanian migration.

In 2002, the European Union (EU) abolished travel visas for Romanian citizens, which triggered a tripling of the number of Romanians working in Western states.

At present, the Romanians have come to represent the largest foreign minority in Italy and Spain, while the total number of Romanians living abroad is estimated to be between 3 and 3.5 million.

Ratha (2004), presented the relative importance of migrant workers' remittances as a source of development funding and some industrial measures that could lead to economic growth. The main topics of discussion proposed by Ratha were:

- Remittances are the second largest source of external funding for developing countries;
- Policy improvement and relaxation of foreign exchange controls may encourage the use of remittances for investment;
- By strengthening the financial sector infrastructure and facilitating international human trafficking, countries can increase remittance flows, thus generating more funds in official channels;
- Facilitating international labor mobility is a crucial means of increasing remittance flows in developing countries (Ratha, 2004).

International migration is a prerequisite for remittances. It discusses the means of strengthening the money-sending infrastructure and examines the impact of remittances on economic growth, investment and the distribution of revenue in the beneficiary economies. With regard to migratory flows, migration can be beneficial for the parties involved, whether they are the issuing countries, recipient countries or migrants themselves (Prelipcean, 2009).

There are both winners and losers in this process, but the net global effect is a positive one. Economic migration research can be done in different ways, such as cost-benefit analysis, empirical research data modelling, dynamic financial analysis. According to some authors, such as Pritchett (2006), Kahanec and Zimmermann (2009), the international labor force migration must be full, so that international trade-like advantages are obtained. Pritchett highlights the fact that international labor mobility can lead to world welfare. Kahanec, and Zimmermann state that solving demographic and economic problems at EU level is related to the free circulation phenomenon, the brain-drain phenomenon (brain circulation); free migration should no longer be seen as opposed to opening up the labor market and social security systems in the EU.

## **2. Advantages of migration**

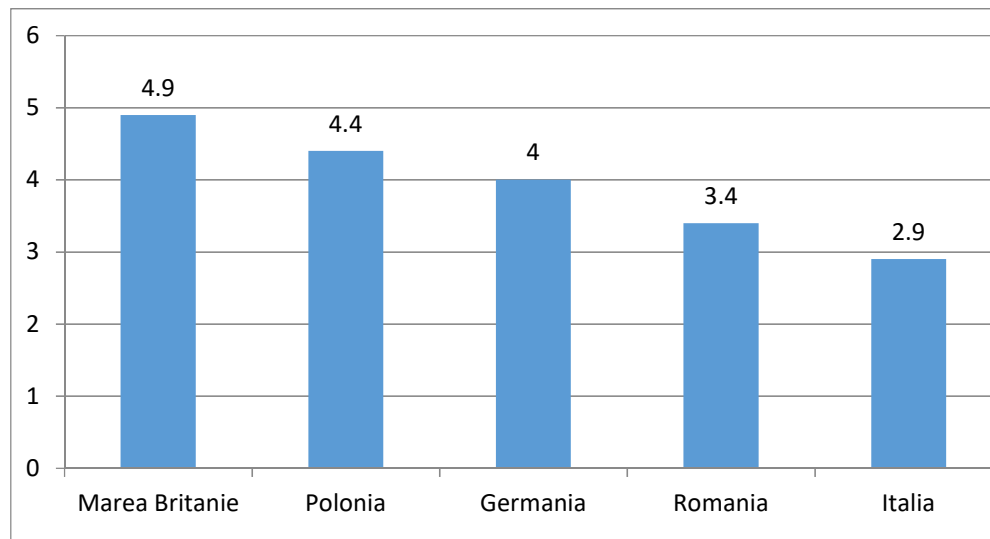
### **2.1. Remittances**

Remittances (money transfers of emigrants) have important positive effects for the national economy because:

- Increase internal demand for goods and services, thus becoming a growth factor;
- Increase monetary flow;
- Contribute to improving the balance of payments and foreign currency reserves of the country (thus allowing for higher imports and more substantial development loans);
- Contribute to reducing the cost of money (exchange rate and interest rate, which means more credit for consumption and investment);
- Lead to increasing the standard of living of those concerned and their families, long-term and indirectly of the entire population;
- For money transfers made through the banking system, the ones personally brought by the emigrant must be added, which could mean a much stronger impact.

According to Ratha (2004), remittances can counterbalance the migratory loss for the country of origin.

Other authors such as Ledesma and Piracha show that emigration has a positive effect on employment, both by qualification of the labor force and by the increase in remittance investments, migrants returning to the country of origin contribute to increased productivity and the net migration rate has a positive value (Ledesma, Piracha, 2001).



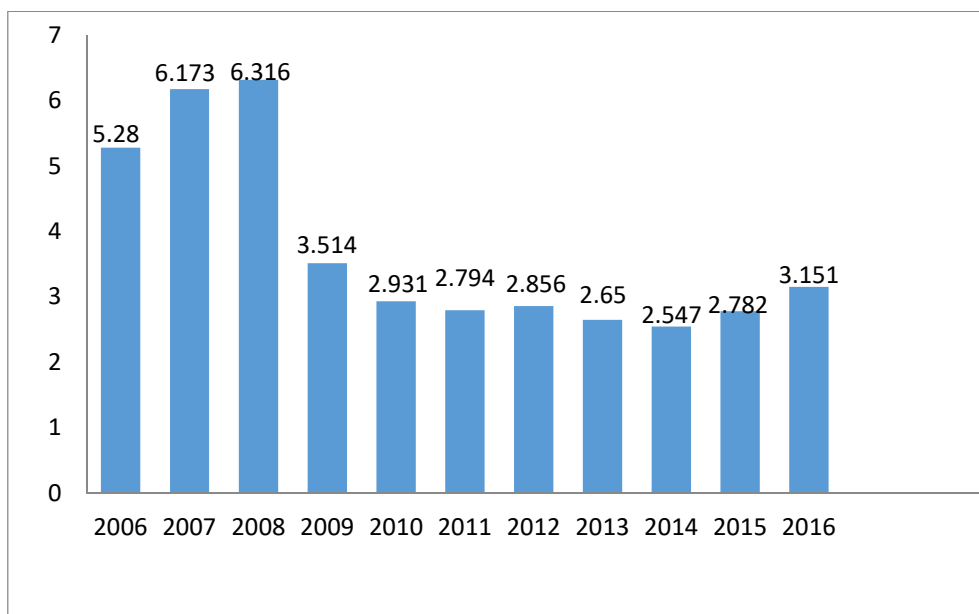
**Figure 1.** Top of the countries most migrated to

Source: author representation using National Statistics Institute [statistici.insse.ro/shop/?page=tempo2&lang=ro&context=12](http://statistici.insse.ro/shop/?page=tempo2&lang=ro&context=12)

According to the National Institute of Statistics, Romania has entered the top of the European countries from which most people migrated. The UK is the first with 4.9 million; followed by Poland with 4.4 million; Germany with 4 million and fourth place Romania with 3.4 million people outside the country (INS, 2017).

Through the work done by migrants, positive effects for both the recipient state, as a result of the income and production achieved, as well as for the state of origin, through remittances and the repatriation of migrant workplace know-how gained in the host countries. Increasing the volume of migration leads to increased remittances.

The figure below gives information about the remittances of the Romanian migrants.



**Figure 2.** The value of Romanian migrant remittances in 2006-2016

Source: author representation using National Bank of Romania, available: <http://www.bnr.ro>

According to the National Bank of Romania, remittances reached in 2016 at the highest level after 2009, when they were 3.5 billion €, half of the amount that was before the crisis, and the largest source of remittances is From Great Britain.

The 3-4 billion € that enter Romania annually from those working abroad are a source of income (in many cases, the only source) for several million Romanians. These amounts have led to an increase in living standards, the explosion of housing construction, the increase in sales of equipment and goods for home comfort, the increase in the number of cars, etc.

Amounts of any remittance size are an essential factor in preventing households from falling into poverty. It is also important to note that remittance flows are also responsible for reducing rural poverty. Also, external economic migration, with its complex characteristics, contributes in a broad sense to the eradication of poverty according to the concept of promoted human poverty. At the same time, jobs were created and internal consumption was stimulated.

Remittances to Romania, as in other countries, are a potential source of savings and investment for capital formation and development (Stan, 2009).

Remittances have a particular impact on the development of their countries of origin, as they are the most stable source of currency. Money from remittances is rarely used to launch other entrepreneurial businesses than agribusiness. This is an alarming phenomenon that calls for urgent interventions to improve the business environment in rural settlements in Romania (Bleahu, 2004).

There are also tax implications. Thus, the money sent to the country by the migrant labor force strengthens the income tax base, causing the increase of the state budget revenue.

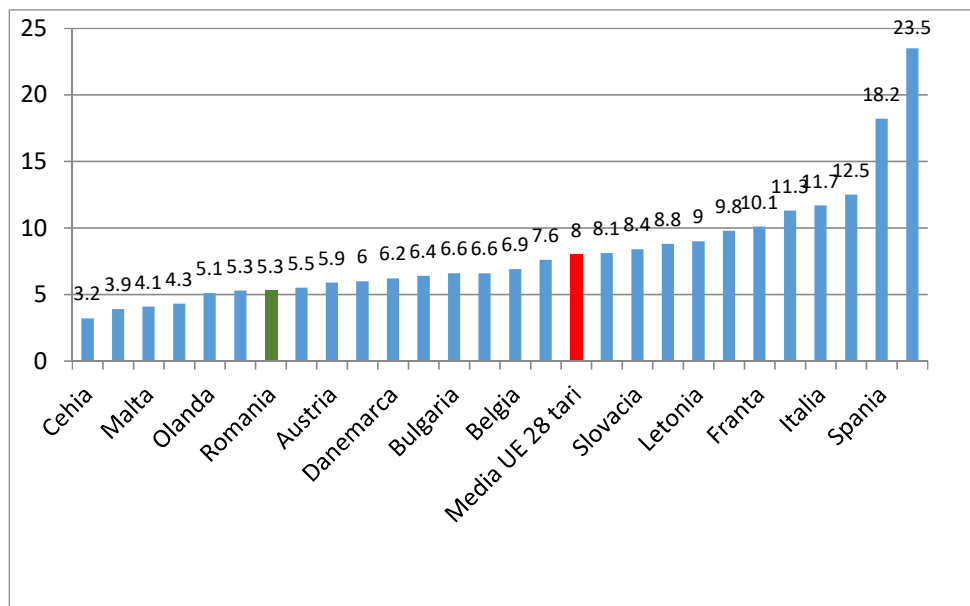
## 2.2. Reducing Unemployment through Migration

In line with the objectives of the Europe 2020 strategy, the European Employment Strategy aims to create more and better jobs throughout the European Union. The European strategy encourages measures aimed at achieving three major objectives by 2020:

- 75% of people aged between 20 and 64 are active in the labor market;
- Reducing school drop-out to less than 10% and increasing to at least 40% the share of higher education graduates among the 30-34-year-old population;
- Reducing by at least 20 million the number of people suffering or at risk of suffering from poverty and social exclusion (Chis, 2012).

These goals of the Europe 2020 strategy are aimed at the social field - employment and social inclusion / poverty reduction - which is an acknowledgment of their essential character in the processes of sustainable development and social progress and a way of strengthening the European Union's social dimension, for the next ten years (Strategia Europa, 2020).

The advantage of migration for migrant workers is that of finding a job with skills and qualifications, with a higher payment than in the country of home, to ensure a decent living standard.



**Figure 3.** Unemployment rate in Romania in 2017

Source: author representation using National Statistics Institute [statistici.insse.ro/shop/?page=tempo2&lang=ro&](http://statistici.insse.ro/shop/?page=tempo2&lang=ro&)

According to the National Statistics Institute, the unemployment rate in 2017 reached 5.3%, being at the lowest level in the last decade. The factors that contributed to the decrease of unemployment (being at the lowest level in the last 10 years) are the increase of the number of new jobs and the external migration of the Romanians (INS, 2017).

According to the International Organization for Migration, through the free movement of persons, workers can freely choose both their residence and occupation. If a person seeks a job in his country of origin and finds something that meets his expectations, he can move and settle in the state where he received a favourable offer. It is a way of reducing the pressure on the budget on the social assistance and unemployment insurance system in the state of origin (OIM, 2016).

The chances of employment for a worker coming back from abroad in the country of origin are higher as the level of qualification increases as a result of the experience gained. This experience ensures an increased level of flexibility of the workforce and will ease the employment of the migrant worker, thus contributing to the reduction of unemployment in the country of origin. The decrease of the unemployment pressure on the labor market, because the export of the labor force also shows unemployment when the persons who go to work abroad did not have a convenient and paid job in the country or, if they were employed in work, the vacancies can be filled by the unemployed left in the country (Feraru, 2011).

Contact with the elements of civilization and culture in that state is another positive side of migration. Acquiring new experiences, knowledge, have a positive effect on individual development.

### **3. Disadvantages of migration**

Among the negative effects of migration for countries of origin is the fact that a significant part of the highly skilled workforce is lost. By emigrating qualified staff, the home state can no longer benefit from the results of investing in the training and qualification of human resources, the cost of which is an expense that it no longer recovers.

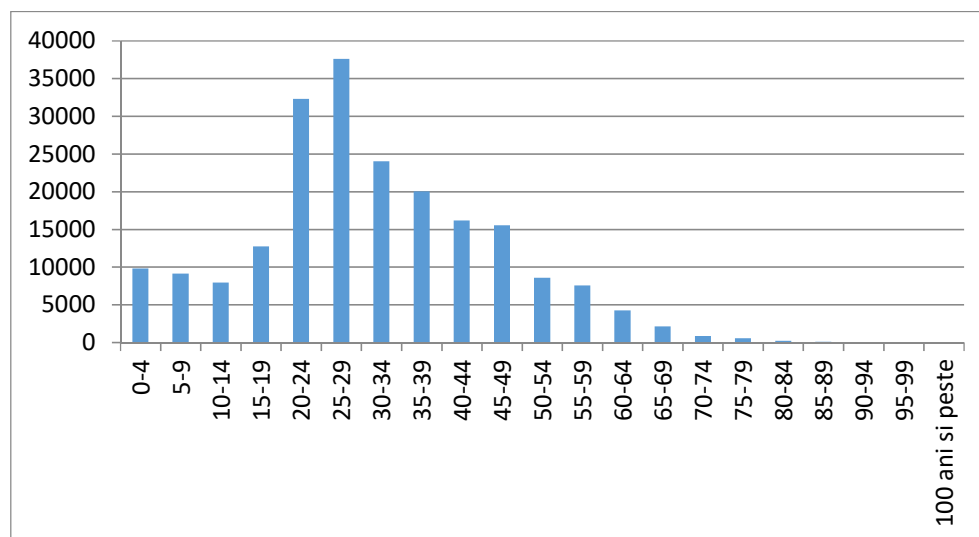
Most of the time, migrant workers carry out activities that are inconsistent with graduate studies, with the qualifications and skills acquired. In this case, they make compromises by accepting jobs that are clearly inferior to their professional training. The result of this is that there is no longer professional continuity, disappearing some of the skills needed to practice the profession when it returns to the country, so it is noticed the negative impact of this discontinuation of specialized activity (Chenic (Crețu), 2012).

In the absence of bilateral agreements on social security, a migrant worker from non-EU countries may be in a state of disquiet not to benefit from social security benefits and unable to make use of the length of service acquired abroad (Tudorache, 2006). The effects of the departure of specialists to work abroad are felt for the country of home towards the decrease of the technological development, the reduction of the incomes and the rate of employment in the labor market.

We can avoid or counteract these effects in different ways: the financial motivation of the specialists, the creation of networks covering, on the one hand, the specialists from the country, on the other hand those established abroad, the exchange of short-term specialists, the stimulation of some investments that have as their source the sums sent to the country by migrant specialists.

The phenomenon of the emigration of Romanian youth has become a worrying phenomenon through its large amplitude, its limited reversibility, the important losses of active intelligence and the power of action that it engenders. Individually taken, emigration is a personal issue, a decision that a young person takes in connection with establishing his or her home. However, this decision involves multiple

determinations associated with the state of the local community, the family, the person concerned and even global society (Sandu, 2007).



**Figure 4.** The number of Romanians who left the country for at least one year by age group

Source: *author representation using Eurostat data*, [http://ec.europa.eu/eurostat/statisticsexplained/index.php/Migration\\_and\\_migrant..r](http://ec.europa.eu/eurostat/statisticsexplained/index.php/Migration_and_migrant..r)

According to the European Commission Institute, most Romanian emigrants are aged between 20 and 40 years, there is a decrease in the employed population in the total population, in the local economy and the decrease of GDP due to the reduction of work potential and intellectual resources of the nation, which have a great influence on the level and pace of the development of an economy, because it expresses, through the degree of instruction, the scientific research capacity and the scientific values, etc.

Young workers, looking for jobs, hope for a better life emigrating. Intellectuals, especially young people with a qualification in the country or only in the process of qualifying, are primarily concerned with finding scholarships for postgraduate studies, masters, doctoral studies or postdoctoral training abroad, and unfortunately, few of them are thinking of return to the country. Finding an advantageous job abroad can be the successful outcome of their efforts. Faithfully, they can do their job in ideal conditions, perfecting, as could not have happened in the country. Thus, young people in Romania are mainly concerned with emigration as a potential means of stimulating, accelerating the attainment of socio-professional and human aspirations, their attitude being permissive, considering emigration a right of man and a form of the right to free movement and the right to freely choose the country in which to settle (Pociovalișteanu, 2012).

The risks and possible negative effects of remittances are the increase of inequalities in the community (as a rule, very poor families do not migrate) the decrease of the intention to engage in productive activities on the national market, the remittance

dependence, while the risk of the addiction culture that diminishes the individual initiative, the emergence of inflationary pressure, because excessive demand for land and houses leads to an artificial increase in their prices and, last but not least, the existence of the phenomenon of brain drain and the migration of skilled workers (Bogasao, 2005).

## Conclusions

The paper provides an overview of the phenomenon of migration, a phenomenon considered to be controversial due to its many implications (economic, demographic, social and political) in our lives and analyses the advantages and disadvantages of labor migration.

Migration is an increasingly important component of contemporary society, a factor driving market globalization, and a tool for regulating imbalances in markets.

In Romania, the causes of migration are often of an economic nature: the concrete needs of the family, namely the household to which migrants belong, the economic problems facing Romania, as well as the need to try something new by imitating the successful models of other community and family migrants. Another cause of Romanian migration is the level of wages in Romania.

Migration has profound economic consequences for countries of origin, many of them useful, others more worrying. Among the potential positive effects of migration in the development process we come across: poverty reduction in countries of origin; reducing internal pressures on the labor market; remittances sent home by migrants; earning the brains as a result of returning migrants at home with new knowledge and skills.

The biggest advantage seen in terms of migration is remittances, which have incidence and can be explained by the positive impact on consumption, savings, investment, economic growth and other phenomena through consumption.

Financial remittances are vital in improving the livelihoods of millions of people in developing countries. The ability of citizens to engage in the territory of another Member State determines the reduction of the unemployment rate in the country of home.

The inconvenience of labor migration for the country of home are: the loss of investment in human capital through the migration of highly skilled labor, the generation of a labor shortage in some areas, the stagnation of the economy, the aging of the population and the decline in GDP due to the loss of creativity and neutralization the labor capacity of those who go to work abroad or even the decline in the competitiveness of the national economy as a result of the decrease in the qualitative characteristics of the labor resources;

## References

1. Bagasao, I.J. (2005), „Migration and Development: The Philippine Experience”, in Samuele Munzele Maimbo and Dilip Ratha, *Remittances. Development Impact and Future Prospects*, World Bank.
2. Bleahu, A., (2004), Romanian migration to Spain. Motivation, networks and strategies, în Pop, D. (ed.) - *New Patterns of Labour Migration in CEE*, Editura AMM, OSF- CENPO.



3. Chis C., (2012), Increasing Employment Through Integrated Measures in Transnational Co-operation, FRG TIMIȘOARA Publishing House, <http://www.cgofm-mict.eu/docs/concept.pdf>
4. Chenic (Crețu), Alina Ștefania, (2012), A Current Analysis of Labor Market Evolutions and Structures in the European Union in Correlation with Labor Market Flexicurity Requirements, Theoretical and Applied Economics, Volume XIX, No. 3 (568) .
5. Doquier L. (2005), Brain drain în developing regions, IZA, Bonn, Germany.
6. Feraru Daniela, (2011), Migration and development, <http://edituralumen.ro/wp-content/uploads/2011/04/danielapetronela-feraru-afcn-2011-publishing-lumen.pdf>
7. INS, [www.insse.ro/cms/files/publicatii/.../Migratia\\_internationala\\_a\\_Romaniei.pdf](http://www.insse.ro/cms/files/publicatii/.../Migratia_internationala_a_Romaniei.pdf)
8. Kahanec, M., Zimmermann, K.F., (2009), *EU Labor Markets after Post-Enlargement Migration*, Springer, Berlin et al.
9. Ledesma M., Piracha M., (2001), International Migration and the Role of Remittances in Eastern Europe, <ftp://ftp.ukc.ac.uk/pub/ejr/RePEc/ukc/ukcedp/0113.pdf>;
10. OIM (2016) International Organization for Migration –Raport OIM for 2016.
11. Pociovalișteanu, D.M., (2012), Some Aspects Regarding the Brain-Drain Nowadays, Annals of "Constantin Brâncuși" University of Tg-Jiu, Economic Sciences Series, Nr. 3, p. 186.
12. Prelipcean Gabriela, (2009), Migration and euphoria of remittances. Implications of the current economic crisis, p.10, <http://www.sferapoliticii.ro/sfera/137/art02-prelipcean.html>.
13. Pritchett, L. (2006), *Let Their People Come: Breaking the Gridlock on Global Labor Mobility*, Washington, DC: Center for Global Development.
14. Ratha D., (2004), Workers' Remittances: An Important and Stable Source of External Development Finance, <http://siteresources.worldbank.org/INTRGDF/Resources/GDF2003-Chapter7.pdf>.
15. Sandu, D., (2007), Community selectivity of temporary emigration from România, Romani Journal of Population Studies, nr. 1-2, pp. 11-45.
16. Stan, S., (2009), Romanian migration to Spain and the impact on the Romanian labour market, Working Paper N0. 14, Barcelona.
17. Strategia Europa 2020, <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%2007%20-%20Europe%202020%20-%20EN%20version.pdf>.
18. Tudorache, C.M., (2006), The Effects of Labor Force Movement in the European Union, Theoretical and Applied Economics, Nr. 8/2006, p. 91-96.