

## **THE IMPACT OF MIGRATION ON THE COUNTRY OF ORIGIN**

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**Abstract:** *The analysis of the problems related to the migration of Romanians presupposes the detailed knowledge of the motivations and characteristics of the migrants, of their circulation, but also of some related data, whose influence on the migration phenomenon can be direct or indirect. Knowing the motivations of Romanians to emigrate, but also the strategies used to leave Romania, can give us an overview of the migration phenomenon, with all the variety it covers. These strategies were adapted according to the period in which they migrated, but also according to the possibilities of each individual. Until 2014, the strategies used were: permanent (stable) migration, circular migration, internal migration, return migration and double migration (remigration). After 2015, a new orientation emerged (multiple migration), determined in particular by the fact that these migrants could not adapt to the places where they resettled. These areas represented either Romania or other places in the countries belonging to the European Union<sup>1</sup>. The migratory itinerary and social networks argue the existence of the social capital necessary to obtain the migration project. The migration phenomenon can largely be considered*

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<sup>1</sup> [http://www.jdre.ase.ro/revista/JDRE3\\_ro\\_2011.pdf](http://www.jdre.ase.ro/revista/JDRE3_ro_2011.pdf)

*positive for the country of origin, but this phenomenon can also have negative consequences: due to the migration of women of childbearing age; due to the fact that migrants are not only those with an average level of education, but also an important part of intellectual capital; due to the accentuation of depopulation in rural Romania (visible consequence of migration), which has intensified especially in the last two decades (Aceleanu, 2011).*

**Keywords:** *Labor force migration, development*

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## **1. Introduction**

Migration is the essential and inevitable component of economic and social growth, for the benefit of the individual and society. The growing importance of the migration phenomenon has transformed its approach and management, from a conjunctural concern, to respond to “specific crises / conditions”, in a field of analysis, management, forecasting and coordination through policies and strategies at national, regional and international. Although migratory flows are relatively modest in size on a global scale (Ailenei, 2009) (about 3% of the world’s population), for some areas and countries of the world it has become a complex and permanent macro-equilibrium variable, a basic factor of labor market supply.

Also, the inter-country mobility of migrant workers, whether or not accompanied by family, for a short or longer period of time (from a few months to several years) plays an important role in intercultural transfers between states, close to work patterns. (industrial relations) and social relations, emphasizes the dynamics of transfers and technological and non-technological progress, develops new models of life and citizenship at the local level, new work and coexistence behaviors that capitalize on the contemporary values of environmental protection, communion and harmony for maintaining eco-economic and socio-cultural balances (Bauer and Zimmermann, 1998). Therefore, today’s and tomorrow’s society cannot integrate in harmony and economic and social performance these flows of human capital mobility without promoting integrative strategies and policies.

In the context of Romania’s integration into the EU and globalization, the multidimensional analysis of the phenomenon of labor migration is a necessary and possible step, facilitated by the development of common migration policies, the detailed study of the impact of global routes of the population and migrant workers. Labor migration, to a certain extent and under specific, favorable conditions, can turn into permanent migration, the naturalization of migrants and the development of the second generation of migrant population in fact,

citizens already adopted by the host community, which makes the analysis of the stock of Migrant population to grow in importance compared to the simple management of flows, as has been practiced in decades and centuries. The economic and demographic impact in recent decades are the main arguments that have practically opened local communities and nation states to migrant workers and developed integration policies in the host community, as a solution to balance the human capital deficits necessary for development.

## **2. The effects of migration on the country of origin**

The migration process is a complex one with multiple and varied effects not only at community level. One of the most visible effects, with a high impact on migration flows, is the evolution of the labor market.

Labor migration does not only have negative effects, the phenomenon being beneficial for both countries of origin and destination. Between the two categories there is a dissemination of knowledge and modern working methods. Experiences are gained with positive effects on the further development of individuals.

For countries of origin, the effects of migration are positive primarily in the field of social protection by reducing the number of unemployed and creating a balance on the labor market leading to higher wages. The reduction of the labor force deficit is achieved by hiring workers from countries with low living standards, who obtain higher salaries than in their country of origin, depending on their training, skills and respect for work.

The advantage for the countries of origin is also the foreign exchange flow of migrants (even if a large part is destined for immediate consumption), a factor of economic growth, which contributes to reducing the pressure on the current account deficit and their external balance of payments. Two thirds of the money sent to the country comes from Romanians who went to work in Italy and Spain. Money transfers from abroad have the immediate effect of increasing the quality of life of households and families of emigrants. Romania ranks tenth in the world, in a ranking of remittances compiled by the World Bank, and second in the EU (Ailenei, 2009).

The positive effects for economic growth also come from the fact that part of the income from emigrants is saved in the banking system. Temporary labor exports have been shown to be much more efficient than foreign investment. In the situation of company bankruptcies or staff reductions, the labor force is oriented towards lower paid jobs, but stable, becoming “saviors” of the system and factors of economic stabilization (Constantinescu, 2002).

The leadership experience and improved qualifications gained by returnee groups also contribute to the country's economic growth. They transfer know-how and high standards and can become employers for some of their peers. Companies have come to the conclusion that their experience is much more useful than that of foreign employees who have been transferred to their destination countries for a lot of money.

In order to prevent the emigration of specialists, with effects on reducing the technological development, there is a way to motivate them by creating networks between them and those from other countries.

The moderation of salary increases in recent months, so obvious not only in Romania, confirms the temptation to reduce labor costs. At lower incomes of the population, consumption is also reduced, and in the face of diminished demand, the seller makes his products cheaper, be they goods or services. In so-called "economies of scale", the more fixed costs are divided by a greater number of goods and services sold, the higher the productivity.

A well-mastered performance management offers the chance of more advantageous employment in periods of economic slowdown, if the employer has the necessary salary fund.

For economic development, in the country of origin, migrants and their skills could be used by encouraging circular migration. Circular migration would reduce the exodus of "brains" because the absence would be temporary and would offer rewards for returning to the country of origin when he can no longer stay in the country of destination.

Migration has profound economic consequences for countries of origin - many of them useful, others more worrying. Exploring these consequences has become a major focus in the current debate around globalization. In many developing countries, migration is a family strategy that aims not only to improve the prospects of the immigrant, but also those of the family left in the country of origin. In exchange for supporting the move, the family can expect financial remittances when the migrant is settled in the country of destination - transfers that usually far exceed the initial expenses or income that could have been earned in the country of origin. These transfers can in turn be used to finance major investments, but can also be used for immediate consumer needs. Despite these financial rewards, separation is usually a painful decision that involves high emotional costs for both those who move and those who are left behind.

The fact that so many parents, spouses, and partners are willing to bear these costs gives an idea of how great their perception is of the rewards they will receive. Financial remittances are vital in improving the livelihoods of millions of people in developing countries (Constantinescu, 2002). Many empirical studies have confirmed the positive contribution of international remittances to household welfare, nutrition, food, health and living conditions

in places of origin. We note that international migration and the problems arising from it are the focus of international organizations and governments around the world. We are dealing with a disagreement between states that want to protect their internal labor market, on the one hand, and the rights of the individual who chooses to migrate in order to have a decent standard of living.

With regard to migrants' countries of origin, which are considered labor-exporting countries, we list the following positive effects of labor migration (Galgóczi, Leschke and Watt 2011):

- decreasing the pressure of unemployment on the labor market, because the export of labor also presents export of unemployment when the people who go to work abroad did not have a convenient and remunerated job in the country, or, if they were employed, the vacancies can be filled by the remaining unemployed in the country;
- most of the positive effects of migration refer to the effects that materialize in remittances, which have incidences and can be specified by the positive impact on consumption, savings, investments, economic growth and other phenomena through consumption;
- familiarizing migrants with new technologies and technical procedures applied in the destination country,
- migrants 'investments in the country of origin, financed from income from work abroad, made by migrants on return or during the period when they are abroad, made by members of migrants' families;
- foreign direct investments of investors from the countries of destination of migrants, in whose mechanism migrants are involved, etc.

Among the positive effects of remittances, the following are aligned (Galgóczi, Leschke and Watt 2011):

- increase of the incomes of the population of the country of origin, given the fact that a part of the private incomes of the migrant, collected from the work carried out abroad;
- remittances are transferred to the members of his family - citizens of the migrants' state of origin;
- reducing the proportion of people living in poverty and even extreme poverty, by covering the consumption demand of the recipient families. It is important to note that remittance flows are also responsible for reducing rural poverty. We also consider it important to note that external economic migration, with its complex characteristics, contributes in a broad sense to the eradication of poverty according to the concept of human poverty promoted by the United Nations, which analyzes

poverty as a component of income poverty, emphasizing that equity, social inclusion, women's empowerment and respect for human rights are important for poverty reduction.

- covering the consumption demand of the recipient families, the remittances end up being saved, thus leading to the increase of the population's savings. However, for various reasons, mainly for psychological reasons, only a part of the savings ends up being saved in the banking sector.
- exerts a positive influence on the current account of the balance of external payments.

Significant remittance inflows offset the current account deficit of the external balance of payments, thus reducing the likelihood of a balance of payments crisis. The increase of production in the country can be achieved, under the conditions of an active state policy, by investing remittances in the national economy.

However, even in the situation where the additional solvent demand fueled by remittances is covered by imports, the multiplication effect exists, but it spreads in a more specific way, namely: the additional consumption of the population, fueled by imports, leads to increased revenues from imports. indirect taxes in the state budget - import taxes, value added tax, etc. At the same time, the range of negative economic effects of external labor migration on labor-exporting countries is much longer (Lowell, 2003).

The negative effects of external economic migration at the macroeconomic level are determined by:

- migration together with the decrease of the birth rate led to a massive decrease of the population after 1990;
- loss of P.I.B. due to the quantitative reduction of the available labor force in the country. The exercises of decomposing economic growth on the contributions of the factors of production, encountered in most models of economic growth, show that the reduction of labor supply compromises the potential for economic growth;
- the decrease of P.I.B. due to the reduction of the work potential and intellectual resources of the nation, which have a great influence on the level and pace of development of an economy, because it is expressed by the degree of training, scientific research capacity, scientific values, etc. In all labor-exporting states, there is a decrease in the rate of active employment in the total population in the domestic economy, based on the fact that statistics show that over 60% of migrants are between 20 and 40 years old. This includes the decrease of the P.I.B due to the loss

of creativity and neutralization of the work capacity of those who go to work abroad or even the decrease of the competitiveness of the national economy, as a result of the decrease of the qualitative characteristics of the labor resources;

- increasing the cost of labor on the domestic market due to reducing the supply of domestic labor;
- the loss of human and intellectual capital, which emigrated, as well as the non-recovery by the state of investments in human and intellectual capital, achieved through the education system, financed from budgetary sources (state investments in human capital);
- the phenomenon of “exodus of intelligence”. Erosion of human capital from a qualitative point of view, by losing the qualification, because migrants are not employed in the destination countries according to the qualification held, because employment in a foreign job is either done in a less qualified position than their professional training obtained in the country of origin, or there is a trend of polarization of jobs occupied by migrant workers. Here we encounter super-qualifications, on the one hand, that “brain drain”, and on the other hand, in a very large proportion, those who occupy low-paid, low-skilled jobs, refused by the local labor force, associated with a lack of social protection or one that leaves something to be desired;
- the net loss of income resulting from the undervaluation of the work of emigrants in the destination country;
- the increase of taxation following the decrease of the share of the active population in the total population, because the active population emigrates and, respectively, the taxpayers emigrate, so, in this context, we could talk about an “export of taxpayers”;
- disastrous increase in imports. The high propensity to consume of the population, which has experienced a period of poverty, must encourage the strong expansion of the productive sector, but local companies are often too slow to respond to demand signals. As a result, demand is covered by imported goods and services. Imports are growing at a rapid pace, significantly exceeding exports, reaching serious trade deficits;
- the appreciation of the exchange rate of the national currency, which leads to various imbalances in the economy, first of all, to the braking of exports. Normally, the appreciation of the currency must be based on the increase of productivity in the economy, otherwise the unfounded appreciations of the national currency can cause dangerous imbalances, such as deindustrialization or the emergence of various corrective



explosions in the economy national currency;

- the existence of an increased amount of national currency in the economy, injected into circulation, following the interventions of the central bank on the foreign exchange market, as well as the high demand for certain goods (land and houses), leads to artificial increase in their prices and overall fuel inflationary pressures;
- the worsening of the national labor market situation, which is due to the reduction in terms of quantity and quality of the national labor supply.

National labor markets, through their attributes, cannot retain the necessary labor force, being at a disadvantage compared to markets in developed countries, such as the EU, which offer high incomes; the emergence of a ridiculous situation characterized by the parallel existence of a high unemployment rate and uncovered labor demand in most occupational categories, and the slowdown in the formation of a work culture appropriate to the new context - globalization: the remaining population, mostly older, skills work is preserved, and does not adapt to the more efficient Western model. In the case of external migration, the worker's behavior can be shaped by the environment in which he works, adapt to work abroad and can be conservative in the case of work in the domestic labor market. Activities carried out at national level can be streamlined through imposed behaviors. There are also national exceptions, but these are not enough to change the style of work. Significant performance gaps between countries in terms of productivity and technical level will be maintained in the near future.

At the microeconomic level (individual, families, households / households) - for the migrant worker and his family, the effects are diverse, but the balance is positive. The most significant gains at the microeconomic level consist in (Galgóczy, Leschke and Watt 2011):

- the gain of an income, which ensures the reproduction of the labor force of the worker and his family, income that the migrant would not have obtained in the country of origin, due to the much lower level of salaries for the same type of activity or even lack of employment;
- the part of income transferred to the family left in the country - remittances, allows the substantial raising of the living standard of remittance beneficiaries, financially covering their primary needs (for food, consumer goods, improving living conditions, studies, etc.), which contributes to poverty reduction;
- increases the ability to save and invest the population, in durable goods (housing, appliances, agricultural machinery, etc.), or to launch a business. In any situation, investments contribute to the increase of



national wealth and / or to the creation of new jobs;

- increase investments in educating the children of emigrants, with income from abroad, many families get the opportunity to enroll their children in universities and pay tuition fees. Children can, in the future, engage in various sectors of the economy and contribute to the prosperity of the national economy.
- professional earnings, knowledge, skills, behavior, work discipline, work safety. To these are added the qualitative increase in terms of interpersonal relations, civic spirit, involvement in community life.

Labor migration is an important source of income through remittances to family members who have stayed at home. Remittances are important resources that produce mixed effects on the well-being of the population, but also on the country's economy in general. On the one hand, they contribute to poverty reduction and the accumulation of capital that can be turned into investment resources. On the other hand, however, they develop household dependence and promote consumption-based economic growth. This dependence of remittance migrant households leads to a tendency for the working age population to give up being present on the labor market, essentially diminishing the country's chances of economic development.

Recent studies in the field show that, with each year lived by the migrant in the country of destination, in his consciousness there is a change of intentions from temporary to permanent migration (Constantin, Vasile, Preda, and Nicolescu, 2004). This influences the structure and volume of migrant spending, starting to consume more resources for those areas of life that were not a priority in the conditions of a temporary migration. Also, in recent years, there is an intensification of the reintegration trends of Moldovan migrant families, when not only the spouses but also the children and parents of migrants are transferred to live in the host country for permanent emigration. As a result, they have more relatives in the host country than in the country of origin, which changes the frequency and volume of money sent to the country.

### **3. Conclusions**

Instead of a medium-term development, Romania has a long-term migration. In order to reverse the flow, the state needs to outline its strategic lines in such a way as to lead to the creation of diversified jobs in an optimal and relatively balanced economy distributed throughout the country. The extremely fragile base on which the Romanian economy is evolving means that the problem of macroeconomic balance and standard of living will not be solved in the

near future. In the absence of investments by top companies that, through the expansion of turnover and financial flows, to radically change the reality, it will be possible to put an equal sign between the deficit of competitiveness and emigration (Lowell, 2003).

Romania has been and is a country of origin or transit in migration flows. Its entry into the group of EU member states coupled with the increase in revenues will certainly lead to a change in this situation. Taking as an example country like Spain or Italy and more recently Poland, Hungary or Slovakia after joining the EU in 2004, Romania will become both a source and destination country so that the number of emigrants will be exceeded by the number of immigrants (Constantin, Vasile, Preda, and Nicolescu, 2004).

One of the most visible effects, with a high impact on migration flows, is the evolution of the labor market. Both massive labor migration and the aging process are currently affecting labor supply.

At the international level, labor migration is a phenomenon with great potential primarily for the development of developing countries by reducing poverty and increasing investment in human capital. It also poses serious challenges for developed countries that compete to attract immigrants to meet their economic needs.

The aim of EU member states is to effectively manage the migration process of citizens by harmonizing their migration policies.

The current global crisis is creating difficulties for all countries, including EU member states, and unemployment is rising significantly. To overcome this challenge, the EU needs to be united and strong. The measures taken are in the field of stabilizing the banking system and in supporting the economic recovery, aiming first of all at restoring the essential credit channels within the economy. Other measures are to maintain the jobs of citizens of EU Member States through the European Social Fund. The European Commission (2014) is working to reduce the widespread social effects of the crisis through the Globalization Adjustment Fund.

The Lisbon Strategy for Growth and Jobs helps to identify those reforms that will strengthen the growth potential of economies and make them more resilient to global shocks.

The Stability and Growth Pact provides a solid framework for stimulating demand and job creation in the short term, while creating the conditions for maintaining the sound and sustainable nature of public finances in the medium and long term.

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