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The Impact of International Migration on Entrepreneurship

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Abstract: Recent decades have brought significant changes all over the world in terms of space mobility. In this context, from an economic perspective, the first question that arises is related to the correlation that exists between this phenomenon and the economic growth of the country of origin, respectively that of the destination of immigrants. The initiation of an entrepreneurial act, beyond a series of qualities that the individual must possess, also highlights the need for the existence of an economic and social framework conducive to such an approach. When the issue of immigrants is discussed, this becomes even more obvious, because in most cases, they do not have the citizenship of the country of destination and do not enjoy the same rights as their citizens.

This article seeks to clarify the relationship between migration and entrepreneurship from the perspective of the existence of equal opportunities between the population of that country and the immigrant population regarding the start-up of entrepreneurial activities.

Keywords: *migration; entrepreneurship; start-up; equity.*

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1. Introduction

An essential factor in overcoming labor market imbalances, for countries of origin and destination, is represented by international labor migration. From the destination countries' perspective, the effects of the phenomenon of international migration on the labor market consist primarily in reducing imbalances by covering the need for labor in areas that are not in workers' best interest, even in lack of qualified personnel or due to a high level of unemployment.

Within countries of origin, the effects of international labor migration on the labor market are both positive and negative. On the one hand, it can help to eliminate imbalances between labor demand and supply, reducing unemployment, and bringing new work experiences, new technological ideas specific to advanced countries. On the other hand, the phenomenon of international labor migration/mobility can also lead to a deficit in the labor market. If the working conditions offered by the origin country are unattractive and there are wage differences compared to those in the destination country, it may discourage participation in the domestic labor market and promote the formation of migratory behavior and culture. Thoughtfully analyzing these aspects is essential when looking for solutions meant to change the existing situation on the labor market in a positive direction oriented towards capitalization and development.

Recent debates on international migration show that both government and private ownership representatives recognized the need for a significant global labor market. Therefore, given that evolution of labor supply and demand imbalances for the coming years indicate an intensification of labor, against the background of demographic aging and population decline in developed countries, in parallel with its growth in developing countries. Simultaneously, it's expected that disparities in wage levels and job opportunities will continue to be perpetuated between developed and developing countries, thus generating new sources for workers' migration and mobility [1].

Migration represents "the movement of a person (or group of people) from one geographical area to another, across an administrative and political border, and wants to settle permanently or temporarily in a place other than country/region of origin" [3]. Because the movement does not have to occur directly, it's still possible to define the place of origin or destination, a transit region, and the region of destination or the receiving area. For these reasons, we focus exclusively on international migration.

The literature is generous in analyzing the correlation between migration and economic growth from the perspective of immigration countries. However, there are a limited number of empirical studies on this topic.

The related literature analysis shows that the most researched field is the link between migration and entrepreneurship without keeping in mind the concept of mobility. These two concepts, “migration” and “mobility”, are often used in a similar context because there is an overlap image. The idea of “mobility” differs from “migration” from at least two points of view: spatial and temporal. The concept of mobility covers the intra-European cross-border movement of EU citizens and is temporary. Therefore, intra-European mobility is more difficult to capture in official statistics, as their movement is irregular and short-lived.

2. Tendencies in permanent migration

Migration represents a complicated process, with a robust multinational character that cannot be conducted unilaterally or bilaterally. It must be achieved through efficient management that considers the benefit of everyone involved and the changing characteristics of the migration process. The migration policies of countries can change depending on the evolutions of the world economy, the influence of different factors: natural, social, political situations, and so on.

After 1989, the changes in Romania’s demographic trends and the population structure happened as consequences of the economic and political transition and somehow are reflected by the demographic situation of the last two decades. Romania’s population has declined in the previous 19 years, and there are still no visible signs of recovery. The decrease in the population number can be separated or cumulated result of the following factors [14]:

- negative net external migration greater than the natural increase;
- increased mortality rate that exceeds the birth rate level;
- the decline of the birth rate below the mortality rate level.

Romania subscribes to the phenomenon of migration worldwide, having a migration history marked only by periods of rising and decline, based on domestic, economic, social, and political conditions. Human nature requires us to find better living and health care conditions. Naturally, more developed countries attract people from lower parts of the world. The migration process involves a subject (emigrant or immigrant), at least two states (country of origin and country of destination, but also transitional

countries) and the intention to obtain a residence permit or find a job in the country of destination.

Romania's external migration has two sides: a legal one statistically registered in the form of emigration and immigration and labor migration. The first component is not very important in terms of size, ranging from 10 to 15 thousand emigrants and several thousand immigrants per year. It is possible to observe the high proportion of emigrants with university degrees, this being close to 25%, among the first destination countries being USA, Canada, Germany and Italy.

The European Common Market and the free movement of goods and people in the European Union have had a high impact on the share of young Europeans traveling internationally. Moreover, this phenomenon has brought innumerable advantages as an increase in the economic performance of the labor market, personal development, and development of entrepreneurial actions.

The relationship between the determinants of entrepreneurship and economic development is not only meaningful from a theoretical perspective but also for decision-makers and the business climate. Entrepreneurship creates newer and better jobs, improves productivity, and contributes to economic growth by stimulating innovation and high competitiveness. In the current context of sustainable development, entrepreneurship is becoming a popular research topic, and the growing economic literature emphasizes the ever-increasing role of "sustainable entrepreneurship" [10].

According to EUROSTAT, in 2014, most Member States had between 30 and 40% influx of migrants from third countries, except for Italy, Spain, and Sweden. In Italy, 2/3 of the entries were from outside the Union, namely South America, Eastern Europe (Albania and Ukraine), North and Sub-Saharan Africa, and Asia (China, Bangladesh, Philippines). In Spain, the situation was somewhat similar, with a dominant influx of immigrants from Latin America. Entry into Sweden reflects the permissive asylum policy, with most immigrants from Africa, the Middle East, and Afghanistan [12].

Of the 28 EU countries (including the United Kingdom), 15 had a positive net migration in 2014¹¹, so they were countries of immigration. In descending order of values - Luxembourg, Austria, Sweden, Germany, Malta, Denmark, the United Kingdom, Belgium, Finland, the Czech Republic and the Netherlands, Italy, France, and Hungary, Slovakia. Countries with negative net migration (emigration) in descending order: Cyprus, Greece, Lithuania, Estonia, Ireland, Latvia, Croatia, Portugal, Spain, Romania, Bulgaria, Slovenia, and Poland. In general, emigration countries have less developed economies than immigration countries [11].

Migration policies and the number of migrants entering a country are interlinked, in the sense that policies create facilities that act as factors of attraction or impose restrictions, influencing subsequent flows of immigrants. The number of migrants determines the development of other procedures to ensure control migration. Contrary to expectations, studies have shown that restrictive migration policies tend to increase the costs of emigration, and therefore the migration remains permanent [15].

The demographic decline associated with the turndown in skills at the European level will lead to refuse in the future working population in Europe. Thus, there is a need to find solutions to eliminate the belligerent effects of demographic decline.

Recently, the European Union is opening up to migrant workers from less-developed countries. For this reason, legal immigration is currently seen as a way to offset the decline of the European working population. However, it's considered that a controlled migration is more beneficial than leaving the migration policy to the discretion of each European Country.

As a result, standard immigration policy has emerged at the Community level, showing openness to the less-developed country workforce. In June 2003, the change in migration policy at the EU level was made by the European Commission's Communication on Immigration, Integration, and Employment.

To manage the migration process effectively, EU has taken into account four aspects [9]: policies for controlling and regulating migratory flows; guidelines for immigrants' integration; policies to combat illegal employment of foreign workers or illicit migration; policies on international cooperation and migration [6].

The implication of immigration on the labor market

The implication of immigration on the European labor market depends on the participation of immigrants, so on several factors, including the general economic context, policies aimed at entering labor, regulations and institutional structures of the labor market, procedures for recognizing qualifications, skills immigrants, and the reasons for migration. In the EU Member States, it has been observed that about 1/3 of the population aged 20-64 in third countries does not work, but is not included in an education or training program either. The trend is more pronounced for women and people with low education and is lower for men and people with a high level of education. Of course, there are differences between the Member States, with a lower percentage in the Nordic countries, Cyprus, the Czech

Republic, Portugal, the United Kingdom (20-25%), and higher in Mediterranean countries such as France, Greece, Spain [8].

Several studies highlight some of the causes of low participation of migrants on the labor market related to skills. These include the lack of qualifications or low qualifications with which they come from their countries of origin, the non-transferability of professional skills already acquired by them from their country of origin to the host country, and the difficulties or bureaucratic procedure for recognizing diplomas obtained in countries [3].

Many factors influence the emigration of citizens from a country to another, especially from the new Member Countries. Factors as: economic needs, general need to improve living standards, and to secure a better future for family/children. [13]. The economic approach of international migration theories highlights three guidelines for analyzing labor immigration, namely identifying the factors that determine the size and structure of migrant flows, how migrants adapt to the host country, and the impact of migration on host and home countries [2].

Migration and entrepreneurial practices

Recently, international migration has become one of the biggest challenges facing policymakers, while also an incredibly exciting research topic for the scientific community. In contemporary society, international migration can be an essential factor generating growth and development, both for the region of origin and for the destination region, mainly due to its demographic, economic, social, cultural, and even political impact. Proper management to minimize or even to eradicate the adverse effects associated with migration and maximize its positive effects is an essential element that decision-makers should emphasize to build and develop competitive regions [7].

The implications of the act of international migration go beyond the boundaries of the privacy of the individual who opts for such behavior. Beyond the major changes that the act of migration produces at the level of individual life, there are also many influences of migration on the communities from which individuals leave and those in which they settle. The rhetoric about the adopted life strategies and the representations and attitudes that the subjects have about the context of origin and the destination are analyzed by referring to the entrepreneurial behaviors or entrepreneurial intentions that the subjects manifest [5].

The representations that migrants have on the two contexts substantiate both the attitudes and the behaviors that they adopt. The

literature is known as the difference between the mechanisms that individuals use to form representations of origin and destination (direct knowledge vs. mediated knowledge) [17]. On the one hand, the picture in the context of origin is influenced by personal experiences (more recent or placed in a more distant time interval) and by the information that the immigrant receives on the context of origin through relatives, friends, or media and the internet. On the other hand, representations of the destination context have a significant component resulting from the direct interaction that migrants have with neighbors, co-workers, or institutions in the host country [4].

Migration flows are significant but still lag behind international trade and capital flows. Increasing labor mobility can lead to the increased economic performance of source countries more effectively than other mixes of policies associated with globalization. Recipient countries benefit from migration because the aging population and the negative natural increase must be offset by external labor, mostly young and educated work (the brain drain phenomenon for countries of origin). The government must have the ability to maintain control over the volume and composition of migration flows. For example, in Romania, this control of immigration is quite low (given the relatively small).

The consequences of human capital movements for countries of origin “externalities” aim at [16]:

- “brain drain” - negatively affects, at least in the first phase, the economic performance of the country of origin;
- educated workforce is a factor in attracting FDI and development flows through R&D research (technological externality);
- the high share of low-skilled labor - leads to higher inequalities in the country of origin;
- the positive effect of remittances, return to the country, or participation in business/entrepreneurship or scientific networks.

Conclusions

For the country of origin, the emigration of a part of the total labor force has high implications (positive and negative) because it changes the number and structure of the labor force, influences consumption and investments in the source economy, as well as the behavior of household members on the labor market. The obtained results underline the negative impact of emigration on the number of the labor force from the countries of origin analyzed in the panel but attenuated by the relaxation of the pressures generated by the persistence of the high level of unemployment.

The intensification of the labor emigration process determines the reduction of the unemployment rate for persons with primary and secondary education in the considered countries. It may be due to additional investments in education made by the remaining people to improve employment prospects, as well as the loss of part of this category of the labor force through emigration it may be willing to accept jobs refused by the natives of the host countries due to wage differences (the possibility of obtaining a higher salary at the destination). Regarding the analysis of the impact of labor migration on the labor market in the countries of origin considered, it can be concluded that the positive effects induced by the relaxation of pressures generated by the persistence of high unemployment are counteracted by the negative impact on labor size, especially the highly qualified (with tertiary education). International labor migration is a phenomenon that produces significant effects on the development and sustainability of the labor market therefore its continuous monitoring needs to be ensured.

At present, all the states of the world are involved in the international migratory flows, these having either the quality of place of origin, or of transit or destination or, in some cases, all simultaneously. International migration (voluntary or forced) has become an important part of global existence. Thus, effective migration management can be said to play an important role in economic development, poverty reduction, and the alleviation of local and regional demographic imbalances.

Against the background of the demographic transformations of the states, of the unbalanced migrations between the states with lower development level, but “younger” from the demographic point of view, to the developed demographic “aged” European states, in the next 50 years, a strong transformation of demographic viability will take place in European countries. Maintaining current demographic and migration policies will lead to a permanent transfer of young people from Eastern and non-Eastern Europe to the states of old Europe. In this way, the states affected today by an accentuated demographic dependence will restore their demographic balance, reducing the ratio between the elderly, the inactive, and the categories of the active population.

As we have seen, migration does not only affect immigrants and the countries they reach. It has a fairly large impact on the families, communities, and the countries they have left behind, especially in developing countries. The impact can be beneficial, through remittances, or on the contrary to their detriment, as the “brain drain” leads to syncope in areas such as health and education. The responsibility for finding ways to maximize benefits and minimize disadvantages rests with governments in

both developed and developing countries. Remittances increase the country's income from external sources, with effects in terms of increasing the living standards of those who receive them, local economic development, increasing consumption and investment, and reducing pressure on the government to implement economic and social reforms. The foremost beneficiaries of remittances are, at the microeconomic level, the families left in the country, and at the macroeconomic level, the increase of domestic consumption, the support of the balance of payments can be highlighted, but there are also effects on inflation, exchange rate, exports.

Although there have been some cases of unfair dismissals, xenophobia, or hostile manifestations, societies have not turned against migrants due to awareness of the major role of labor migration in these economies. Regardless of the consequences of the crisis, we can say that international migrants play an important role in national and global economies. They have been involved in promoting growth and prosperity and creating wealth in the destination countries by helping to reduce poverty and the development of the countries of origin. Today's migration flows, the global coverage of migration networks can provide several good reasons for countries to expand and at the same time develop international, regional, and bilateral cooperation through formal and informal mechanisms.

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