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IMPACT OF ECONOMIC INTEGRATION OF MIGRANTS ON THE HOST COUNTRIES' ECONOMIES

The purpose of the article is to generally identify the nature of the impact of the economic integration of migrants on the host countries' economies. The research findings demonstrate that the economic integration of migrants has a complex and multifaceted impact on the economies of countries that receive migrants from other states for permanent or temporary residence, work, study, or other activities. It has been proven that the positive impact of the economic integration of migrants on the host countries' economies is characterized by the following processes: increased labor supply and tax revenues, stimulation of economic growth, enhancement of innovation potential, and enrichment of cultural diversity. It has been established that the negative impact of economic integration of migrants on the economies of host countries is characterized by the following processes: pressure on the labor market, strain on social infrastructure, social tension, increased inequality, and capital outflow.

Keywords: social security, capital outflow, cultural adaptation, social integration, psychological adaptation, starting one's own business.

JEL classification: E24, J11

ХАРАКТЕР ВПЛИВУ ЕКОНОМІЧНОЇ ІНТЕГРАЦІЇ МІГРАНТІВ НА ЕКОНОМІКУ ПРИЙМАЮЧИХ КРАЇН

У контексті посилення глобалізації та численних збройних конфліктів, спостерігається значний приріст міграційних процесів у світі. Ці процеси мають суттєвий вплив на економіки приймаючих країн. Отже, метою статті є загальна оцінка впливу економічної інтеграції мігрантів на економіку приймаючих країн. За результатами дослідження доведено, що економічна інтеграція мігрантів має неоднозначний та багатогранний вплив на економіку країн, до яких вони прибувають з інших держав з метою постійного або тимчасового проживання, роботи, навчання чи інших видів діяльності. Зроблено висновок, що позитивний вплив економічної інтеграції мігрантів на економіку приймаючих країн характеризують такі процеси, як: збільшення пропозиції робочої сили в певних секторах економіки, збільшення податкових надходжень (зокрема, мігранти сплачують податок зі своєї заробітної плати, купують товари та послуги, сплачуючи податок на додану вартість та інші податки на споживання), стимулювання економічного зростання (мігранти збільшують споживчий попит, що стимулює виробництво та сприяє економічному зростанню), підвищення інноваційного потенціалу (мігранти є джерелом нових ідей, знань та досвіду, що стимулюють підвищення конкурентоспроможності економіки), збагачення культурного різноманіття (мігранти стимулюють розвиток туризму, мистецтва, кулінарії та інших сфер). Констатовано, що негативний вплив економічної інтеграції мігрантів на економіку приймаючих країн характеризують такі процеси, як: тиск на ринок праці (який формується коли приплив мігрантів призводить до зниження заробітної плати, особливо для низькокваліфікованих працівників), навантаження на соціальну інфраструктуру (формується коли приплив мігрантів призводить до зростання навантаження на бюджет), соціальна напруженість (формується коли приплив мігрантів призводить до виникнення конфліктів, що пов'язані з культурними відмінностями, економічними труднощами або дискримінацією), збільшення нерівності (формується коли мігранти концентруються лише у низькооплачуваних секторах економіки), відтік капіталу.

Ключові слова: соціальне забезпечення, відтік капіталу, культурна адаптація, соціальна інтеграція, психологічна адаптація, створення власного бізнесу.

Statement of the problem. In the context of increasing globalization and numerous armed and political conflicts, there has been a significant rise in migration processes worldwide. So, according to the UN, the number of international migrants increased from 173 million in 2000 to 281 million in 2020 and to 320 million in 2023 [3]. It is becoming increasingly evident that active migration processes have a huge impact on the economies of host countries. So, research from the International Organization for Migration shows that, in many cases, migrants make significant contributions to the GDP of host countries. For example, in 2015, migrants made up 16.1% of the workforce in EU countries and generated 9% of their GDP, and in 2023, they constituted 23.4% of the workforce,

generating 15% of GDP [3]. The IMF also indicates that a 1% increase in the share of migrants in a country's population leads to a 0.05–0.15% increase in GDP per capital.

However, it's not all straightforward, as the economic integration processes of migrants can lead to both positive and negative consequences. Specifically, a study by EY (2016) showed that the influx of low-skilled migrants from Syria, Afghanistan, and other countries into the EU during the so-called "European migrant crisis" of 2015 led to a 3-5% decrease in wages for local workers with low levels of education [3]. Regarding other negative manifestations, they are also possible. In particular, according to a 2021 report by the German Economic Institute (IW), the

influx of refugees in 2015-2016 led to an increase in social welfare and housing costs of 20 billion euros per year [3]. Given the outlined specifics, we believe that research on the impact of migration processes on the economies of host countries is a highly relevant field, especially considering current geopolitical challenges and global trends. These trends are characterized by an increase in the scale and intensity of migration, changes in the structure of migration flows (with an increase in the share of migrants with low qualifications and education), and an intensification of political polarization and anti-immigration sentiments.

Analysis of recent research and publications. The problems of economic integration of migrants in the host countries' economies are being researched by scholars such as Shepel O., and Zvoloka Yu.M., Sidnenko M.V., Ivko A.V., and Makedon V.V. The aforementioned scholars mainly study the general social and economic consequences of migration for both sending and receiving countries. Makedon V.V. also forecasts potential trends in migration patterns based on current globalization processes.

However, despite extensive research, the specific impact of economic integration of migrants on host countries' economies remains largely unexplored.

Objectives of the article. The purpose of the article is to generally identify the nature of the impact of economic integration of migrants on the economies of host countries.

Summary of the main results of the study. Note that the process of economic integration of migrants into the **host countries' economies** is a complex and multifaceted process that encompasses the adaptation of both voluntary and forced migrants into a new socio-economic environment, including their integration into the labor market and society as a whole.

The phenomenon of economic integration of migrants is formed through:

- the economic adaptation of migrants (which should be considered as the process of active adjustment of migrants to the economic conditions of the host country and finding their place in its labor market [7]);
- the social adaptation of migrants (which should be considered as the process of active adjustment of an

individual or their group to new social conditions, norms, values, and expectations of society [1]);

- the legal adaptation of migrants (which should be considered as the process of active familiarization with, understanding, and compliance with the legal norms and rules of the host country [3–4]).

The main problem is that each adaptation process (which contributes to the phenomenon of economic integration of migrants) has its specifics, which can lead to quite polarizing effects on the host countries' economies.

So, economic adaptation of migrants includes several key aspects, namely [1; 4–5]:

1. Job search and employment according to the qualifications and experience of migrants.
2. Training and skills upgrading to adapt to the local labor market requirements.
3. Entrepreneurial activity and creation of one's own business.
4. Financial adaptation and integration into the economic community

Each of the identified processes affects the host countries' economies differently (the impact can be both positive and negative) (see Table 1).

However, the overall impact of the economic adaptation of migrants on the host countries' economies is not straightforward. It depends on various factors such as the number and qualifications of migrants, government policies on migration and integration (as well as the overall economic situation in the country). For example, considering the existing experience of host countries, migrants from Ukraine and Taiwan typically possess high qualifications and experience. They often easily find employment in sectors such as IT, healthcare, education, and other fields where there is a shortage of labor force. According to the 2023 census data, the employment rate among Ukrainian and Taiwanese migrants was between 62.7% and 75.5%, which is higher than the average indicator for the country [3].

At the same time, migrants from Yemen, Pakistan, or Niger face significant challenges in integrating into the economy of host countries due to low levels of education and professional skills [3].

Table 1

The impact of the economic adaptation processes of migrants on the host countries' economies

| Key aspect | Characteristics of the key aspect | The impact on the host country's economy | |
|--|--|--|--|
| | | Positive | Negative |
| Job search and employment according to migrants' qualifications and experience | Migrants actively seek employment that matches their qualifications and experience. They face challenges related to diploma recognition, unfamiliarity with the local labor market, and language barriers. | Increasing the labor force supply Stimulating economic growth Creating new job opportunities Enriching cultural diversity | Pressure on the labor market Additional burden on the budget of the host country (due to increased expenses on education, healthcare, social welfare) Capital flight |
| Entrepreneurial activities and starting businesses | Migrants choose the path of starting their own business, utilizing their experience, knowledge, and resources. | | |
| Education and skills upgrading to adapt to the local labor market requirements | Migrants require additional training or upskilling to meet the demands of the local labor market. It may include language learning, obtaining professional certifications, or acquiring new skills. | | |
| Financial adaptation and integration into the economic community | Migrants learn to manage their finances in new conditions, including opening bank accounts, paying taxes, and understanding the local financial system. | | |

Source: formed based on [1; 4–5; 7]

In particular, 90% of such individuals rely permanently on humanitarian aid to meet their basic needs for a prolonged period after migration. According to the 2023 census data, the employment rate among such migrants was 6-10% [3]. This situation vividly confirms the thesis that the qualifications of migrants affect their economic adaptation.

Social adaptation of migrants encompasses key aspects such as [1–2; 6–7]:

- Cultural adaptation (which includes language learning, understanding traditions, customs, norms of behavior, accepting differences, participation in cultural events).

- Social integration (involving establishing social connections and contacts with the local population, participating in community life, volunteering, and other social initiatives, interacting with various social groups and institutions).

- Psychological adaptation (which involves overcoming the stress associated with changing living conditions and social environment, developing a sense of belonging to the new community).

Note that the effectiveness of migrants' social adaptation also significantly impacts the host countries' economies (see Table 2).

However, the overall impact of migrants' social adaptation on the host countries' economies depends on the effectiveness of the government's migration and integration policies (facilitating quick and successful adaptation of migrants, including language courses, professional training, and assistance in employment). The level of migrant employment serves as a measure of its effectiveness. If the level of migrant employment closely matches that of the local population, it indicates their successful integration into the economy and the contribution of migrants to the host country's economic growth.

Indeed, Canada serves as an example of effective government policy regarding migration and integration, where the level of migrant employment is close to that of the local population. According to Statistics Canada data for 2022, the employment rate of migrants was 72.7%, while the employment rate of Canadian-born individuals was 74.3%. The government of the country implemented the Express Entry system, introduced in 2015 [3]. This system allows the selection of skilled migrants based on their age, education, work experience, language proficiency, and other factors that contribute to their

quick and successful integration into the Canadian labor market. Additionally, the government in this country offers a wide range of programs, including language courses, professional training, assistance in employment, and cultural adaptation.

An example of ineffective government policy regarding migration and integration is Greece. The employment rate of migrants in Greece is one of the lowest among European Union countries. According to Eurostat data for 2021, the employment rate of migrants in Greece was 49.6%, while the EU average was 67.2% [3]. This situation is because migrants in this country have limited access to the labor market (bureaucratic barriers, discrimination, and lack of qualification recognition complicate their economic integration). Additionally, in this country, only language courses are offered, while programs for professional training, assistance in employment, and cultural adaptation are absent. Legal adaptation of migrants includes the following key aspects [1; 4]:

- Regulation of legal status (which includes submitting documents and obtaining residence permits (temporary or permanent), residence cards, visas, family reunification documents, and obtaining refugee or asylum seeker status (if needed));

- Learning rights and obligations (which includes studying the legislation of the host country regarding the rights and obligations of migrants in the fields of employment, education, healthcare, social security, understanding procedures for appealing decisions of government bodies and protecting their rights in court);

- Accessing information about legal resources and assistance (awareness of opportunities to contact migration services, legal consultations, non-governmental organizations, and other institutions providing legal assistance to migrants).

Note that the legal adaptation of migrants has a polar (positive and negative) impact on the host countries' economies (see Table 3).

It's worth noting that only effective legal adaptation policies for migrants, including their legal status and knowledge of legal norms, enable them to have free access to legal assistance. Moreover, such policies facilitate their integration into society and the labor market, leading to increased tax revenues, reduced social expenditures, and enhanced economic activity [1; 5].

Table 2

The impact of migrants' social adaptation processes on the host countries' economies

| Key aspect | Characteristics of the key aspect | The impact on the host country's economy | |
|--------------------------|---|---|--|
| | | Positive | Negative |
| Cultural adaptation | Learning the language, traditions, customs, and norms of host society behavior, accepting cultural differences, and participating in cultural events. | Increase in cultural awareness and tolerance, promotion of tourism and development of creative industries | Possible emergence of intercultural conflicts |
| Social integration | Establishing social connections and contacts with the local population, participating in community life, volunteering, and other social initiatives, and interacting with various social groups and institutions. | Strengthening social cohesion, increased activity in the labor market, development of civil organizations | Potential social conflicts. Increase in expenditures on social assistance. |
| Psychological adaptation | Overcoming the stress associated with changing living conditions and social environment, developing a sense of belonging to the new community. | Reduction of social tension, increased productivity, and engagement in economic activities | Possible difficulties in the adaptation of individuals |

Source: formed based on [1; 4; 6–7]

Table 3

Impact of legal adaptation migrants on the host countries' economy

| Key aspect | Characteristics of the key aspect | The impact on the host country's economy | |
|--|---|---|--|
| | | Positive | Negative |
| Regulation of legal status | Submitting documents and obtaining residence permits (temporary or permanent), residence cards, visas, family reunification documents, obtaining refugee or asylum seeker status (if needed). | Legalization of migrants contributes to their exit from the shadow economy, increases tax revenues, and transparency in the labor market. | Possible cases of fraud or abuse of legal status. It is possible for migrants to engage in labor activities in the shadow economy. |
| Learning rights and obligations | Studying the legislation of the host country regarding the rights and obligations of migrants in the fields of employment, education, healthcare, and social security, understanding procedures for appealing decisions of government bodies, and protecting their rights in court. | Increasing legal awareness among migrants contributes to their more effective integration, reduces the risks of exploitation and conflicts, and promotes compliance with laws | Expenses on educational programs and informing migrants, potential difficulties in interpreting new norms by migrants. |
| Accessing information about legal resources and assistance | Awareness of opportunities to contact migration services, legal consultations, non-governmental organizations, and other institutions providing legal assistance to migrants. | Providing access to legal assistance promotes the protection of migrants' rights, prevents discrimination, and contributes to their successful integration. | Needs for support in legal services and consultation centers, potential overloads of legal systems and organizations |

Source: formed based on [1; 4; 7]

Indeed, Canada serves as an example of a country with effective legal adaptation policies for migrants. Indeed, Canada has programs like the Canada Immigration and Refugee Protection Act, which offers a wide range of legal instruments for obtaining various types of visas and residency permits, as well as effective legal mechanisms for family reunification and refugee status acquisition. Indeed, the government of Canada also provides access to legal consultations through programs such as the Settlement Program, which funds numerous non-profit organizations that offer legal assistance to newcomers.

An example of countries with low effective policies for the legal adaptation of migrants is Greece. Although the country has legislation regulating the legal status of migrants, in practice, they encounter numerous obstacles. In particular, many migrants lack access to quality legal assistance due to financial difficulties, language barriers, and insufficient awareness of their rights, leading to their engagement in informal economic activities.

So, the economic integration of migrants has a nuanced and multifaceted impact on the host countries' economies. This impact can be both positive and negative [1].

The positive impact of migrants' economic integration on the host countries' economies refers to the collective beneficial outcomes resulting from the successful inclusion of migrants in the economic activities of the receiving country. The outlined positivity of impact is shaped by processes such as increasing labor supply, increasing tax revenues, stimulating economic growth, enhancing innovative potential, and enriching cultural diversity (see Figure 1).

The negative impact of migrant economic integration on the host countries' economies is the combination of adverse consequences that can arise from the uncontrolled or ineffective inclusion of migrants in the economic activities of the country. The outlined negativity of the impact is formed by processes such as significant pressure on the labor market, substantial burden on social infrastructure, social tension complicating the adaptation of migrants, increased inequality, and capital outflow (see Figure 2).

Indeed, the direction and strength of the impact of migrants' economic integration on the **host countries' economies** depend on various factors, including the number and skill level of migrants, labor shortages in different sectors of the economy, government policies on migration and integration, their legal adaptation, as well as the overall economic situation in the country.

It's important to note that the negative consequences of migrants' economic integration are not inevitable [2; 5]. For instance, research by the European Commission (2022) has shown that in countries with high levels of migration, there is always an increase in support for populist and anti-migration parties. However, they can be mitigated through effective government policies on migration and integration.

Conclusions. The research results have demonstrated that the economic integration of migrants has a multifaceted and nuanced impact on the host countries' economies. The following conclusions have been drawn:

The positive impact of migrants' economic integration on the host countries' economies is characterized by processes such as increasing the supply of labor in certain sectors of the economy (especially those requiring low-skilled or specialized labor), increasing tax revenues (migrants pay taxes on their wages, purchase goods, and services, thus contributing to value-added tax and other consumption taxes), stimulating economic growth (migrants increase consumer demand, stimulating production and contributing to economic growth), enhancing innovation potential (migrants are a source of new ideas, knowledge, and experience, which boosts the competitiveness of the economy), enriching cultural diversity (migrants stimulate the development of tourism, arts, culinary arts, and other spheres).

The negative impact of migrants' economic integration on the host countries' economies is characterized by processes such as labor market pressures (arising when the influx of migrants leads to a decrease in wages, especially for low-skilled workers), burdens on social infrastructure (occurring when the influx of migrants leads to increased spending on education, healthcare, social welfare, resulting in a burden on the budget), social tension (emerging when

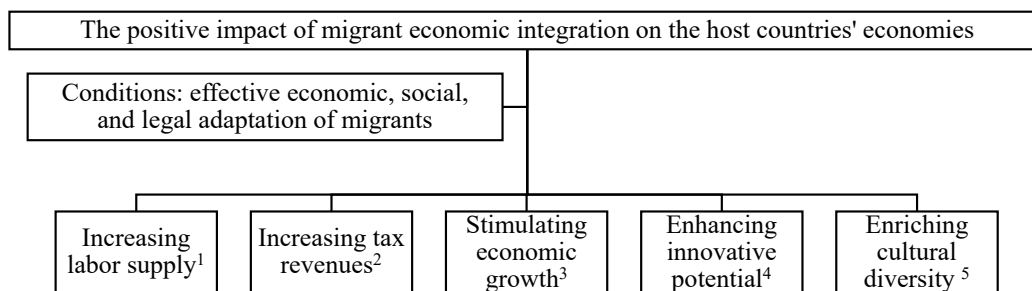


Figure 1. The positive impact of migrant economic integration on the host countries' economies

Note

¹ Migrants fill sectors of the economy with labor shortages, especially those with low-skilled or specialized vacancies

² Migrants who work legally pay taxes on their earnings, and purchase goods and services, thereby contributing to value-added tax (VAT) and other consumption taxes. All of this increases tax revenues to the receiving country's government budget. In many countries, employers and employees also pay social contributions, which are used to finance pension systems, healthcare, and other social programs. Working migrants also contribute to these systems, enhancing their financial sustainability.

³ Migrants increase consumer demand, which in turn stimulates production and contributes to economic growth. Additionally, migrants can create new businesses and job opportunities.

⁴ Migrants are a source of new ideas, knowledge, and experience that stimulate the enhancement of the economy's competitiveness.

⁵ Migrants enrich the cultural life of the host country, contributing to the development of tourism, arts, cuisine, and other spheres.

Source: formed based on [1; 4; 6–7]

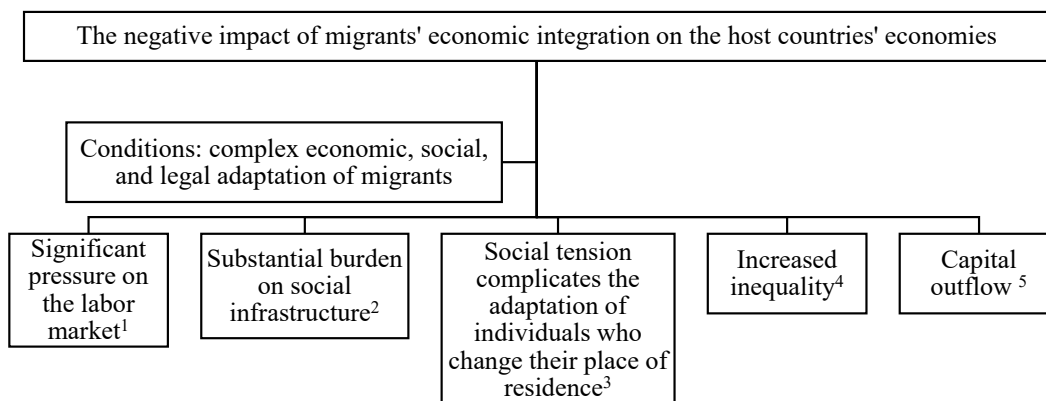


Figure 2. The negative impact of migrants' economic integration on the host countries' economies

Note

¹ The large influx of migrants, especially low-skilled ones, can lead to increased competition in the labor market and lower wages for certain categories of workers.

² The integration of migrants requires additional spending on education, healthcare, social welfare, and housing, which can strain the budget, especially in conditions of limited resources.

³ In some cases, the influx of migrants can lead to social tension and conflicts, especially if they are associated with cultural differences, economic difficulties, or discrimination.

⁴ If migrants concentrate in low-paying sectors of the economy, it can lead to increased income inequality and social polarization

⁵ Migrants may view their stay in the host country as temporary and send a portion of their income back to their country of origin.

Source: formed based on [1; 5; 7]

the influx of migrants leads to conflicts related to cultural differences, economic difficulties, or discrimination), increased inequality (resulting when migrants concentrate only in low-paying sectors of the economy), capital outflow (occurring when migrants view their stay in the host country as temporary and send part of their income back to their country of origin).

The provisions outlined allow us to conclude that the overall impact of migrants' economic integration on the host country's economy depends on various factors, the influence of which can be both positive and negative. Therefore, the prospects for further research lie in determining the fundamental principles for forming effective government policies on migration and integration.

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