

INTERNATIONAL MIGRATION WITHIN THE EU AND ITS IMPACT ON THE KNOWLEDGE ECONOMY DEVELOPMENT

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Abstract. *The number of migrants has increased rapidly in the past few years due to various causes: job opportunities, labor shortages resulting from falling birth rates, internal conflict and war, natural disasters, climate change, and improved access to information through phone and the Internet. This phenomenon can be an opportunity for development because it is a factor of human and economic change and also because it allows people to achieve their aspirations. This paper provides a comprehensive picture of emigration, immigration, and remittance flows for European countries and territories, drawing on authoritative, publicly available data. The study was based on the experience of the authors in the areas addressed and was carried out through a rigorous analysis of the trends in the field of migration. International migration is a reality that will continue to exist as long as there are welfare and development disparities between different regions of the world, as there will be economic, political and social problems. In order to achieve this, we have analyzed data collected from various sources, including national censuses, labor force surveys, and population registers. Within the paper, we also approach some perspectives regarding the interaction between the phenomena of migration and features of the knowledge economy. Another section of the paper argues the effects of migration at the family-community level, presenting the negative influence of migration on the demographic structure and the positive influence in terms of economic and developmental aspects. In addition, for each country and regional grouping from the World Bank’s World Development Indicators (World Bank 2015), it provides selected socioeconomic characteristics such as population, labor force, age-dependency ratio, gross national income per capita, and poverty headcount.*

Keywords: *knowledge economy; international migration; emigrant; immigrant; migratory flows; economic development.*

Introduction

The phenomena of globalization and technological revolutions transform the contemporary economy into what is called the “knowledge economy”. Within the context of this “knowledge economy”, there are being targeted new requirements for organizations and employees in the world of business, ‘demanding the rapid development of skills, solid knowledge and greater responsibility’. The global society thus transforms itself becoming a learning society, adapting to the new, and in this

context 'educational systems must aim at the formation of people able to contribute to the development of their own competencies, to integrate fully in the socio-cultural context in which they live' (Hadad, 2017, pp.203-204).

Knowledge economy or knowledge-based economy has been defined by OECD (1996, p. 7) as follows: "knowledge-based economies are directly based on the production, distribution, and use of knowledge and information". In the knowledge economy, people who possess, use and transfer knowledge are important. That is why people, knowledge, and technology need to be integrated and synergized to facilitate the enhancement of added value at the level of the organization, local community and/or macroeconomic level (Bejinaru & Hapenciu, 2016; Hadad, 2017; Hapenciu et al., 2016). Unlike tangible resources, knowledge is intangible and is characterized by different features. By processing knowledge is transformed into intellectual capital, which is highly nonlinear (Bratianu, 2009; Bratianu, 2010).

Migration is the phenomenon that has accompanied the human being throughout life, people looking for places suitable for living, being recognized in history as the main mechanism that has led to the development of today's human society. Nowadays, the concept of migration is different from the point of view of the factors that determine it, but the main reason for migration remains welfare. In the European Union, the free movement of workers was one of the first rights granted to citizens by Community law. However, the Member States of the European Union have faced specific migration situations by adopting different policy positions on the migration phenomenon.

Migration and economic development

Lately, there has been a particular concern in the optimism and general interest of remarkable rebirth of migration and development issues by decision-makers and scientists. Thus, after decades of pessimism and concerns about brain drain, governments in their countries of origin have put renewed hopes on targeted and trans-national migrants. In the opinion of the authors Jones (1998), Kapur (2003), Ratha (2003) the diasporas are often regarded by potential investors and development actors, more effective tools for income distribution, poverty reduction, and economic growth.

Scientific debates on migration have tended to separate the causes of development (determinants) and the effects (impact) of artificial migration from the more general processes of social and economic change. The neo-classical migration theory perceives migration as a form of optimal allocation of production factors to the benefit of both countries. In this perspective of balanced growth, the reallocation of labor from rural, agricultural to urban, industrial sectors (inside or outside borders) is considered as a prerequisite for economic growth and therefore as a constituent part of the whole process development (Todaro, 1969).

In the same vein, this neo-classical theory tends to see migrants as atomized individuals of maximum utility and not to consider other migratory motives such as belonging to social groups such as households, families, and communities. These 'stakeholders' expect them not to bring back just money, but also new entrepreneurial ideas, knowledge, and attitudes. In this sense, migrants played a positive role in socio-

economic development by contributing to the accelerated spatial dissemination of modernization in developing countries. Also, remittances have played an important role in stimulating economic growth (Massey et al., 1998). In his review, Lipton (1980, p.12) concluded that beneficiaries use remittances in the first place to pay their debts contracted in the field of financing migration or to educate their children.

Findings from empirical studies are clearly contradictory. In some cases, migration has a positive effect on the different dimensions of economic and social development but in other cases, it seems to have no effect or even negative effects. Structural constraints, such as unequal access to employment, markets, education and power, matter in the everyday lives of many people in poor countries, and drastically limit their ability to overcome poverty and underdevelopment.

The interaction migration-development in knowledge economy

Starting from this perspective and analyzing the changes brought about by the *Industrial Revolution*, the *Productivity Revolution*, and the *Managerial Revolution*, Drucker considered at the time that the definition of knowledge was based on information as a vector of the process towards results. "These results are seen outside the person with a role in society and economy or in promoting knowledge itself" (Drucker, 1999, p.39). Knowledge has always been perceived as the main pillar of economic growth. Major economists such as Adam Smith, Karl Marx, Alfred Marshall, and Joseph Schumpeter have highlighted the importance of knowledge through its components: skills and competences, organizational processes, development of new technologies and innovations to increase productivity and economic growth in a sustainable way.

In the last period, the importance, magnitude, scope, and domain of knowledge in economic growth seem to have intensified. The world economy has changed from an industry-based economy to a knowledge-based economy, where the competitive advantage of organizations is based on the ability to exploit knowledge resources (Drucker, 1993). The new knowledge economy is reflected in the emergence of new firms and new industrial branches, in a context of real time interconnections of global influences and speed. The main activities of creating wealth are represented by productivity and innovation, both representing the application of knowledge at work. The economic challenge of post-capitalist society will, therefore, be the productivity of knowledge-based work and knowledgeable workers (Drucker, 1997). The uncertainty and dynamics of the new turbulent economy need a new approach towards strategic thinking and strategies (Bolisani & Bratianu, 2017; Bratianu, 2007).

To understand fundamentally the heterogeneous nature of the migration-development interaction, we need to study this interdependence in the context of socio-economic development in which they are an intricate part. Migration is not an independent variable that causes development (or vice versa), but it is an endogenous variable, an integrant part of change itself and a factor that could allow for later change. This is why it is more appropriate to refer to the mutual relationship between migration and broader development processes instead of one-way - migration impact on development.

Figure 1 describes this relationship of reciprocity of migration and development interactions. The analysis of the factors underlying the differentiation of the relationship between migration and economic development can be between: (I) - the general development context at macro level (national, international); (II) the context of local or regional development; and (III) factors related to the migrant and the social and economic environment directly at the community level, household, family. These three sets of variables are mutually linked through various direct functional relationships and feedback mechanisms.

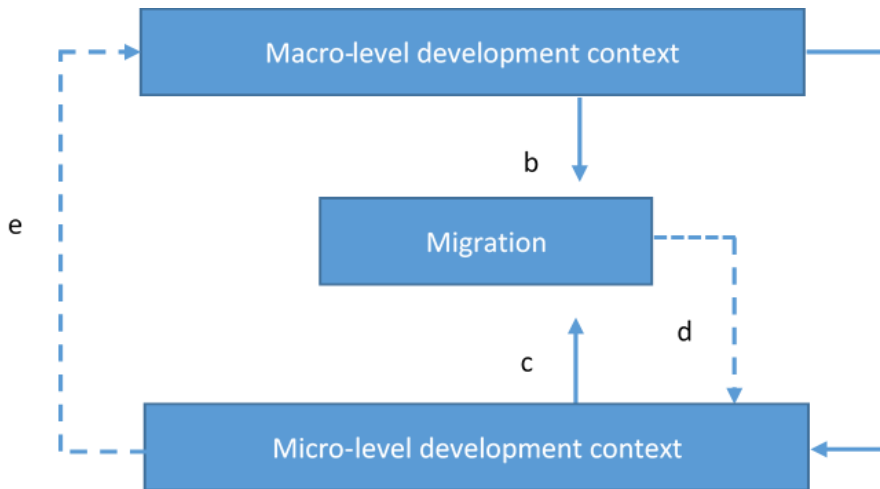


Figure 1. Interaction between migration and economic development (De Haas, 2010)

The first step (a): Contextually determines local development through public infrastructure, policies, social facilities, legislator, taxation, market access or regional development programs. The second step (b): the macroeconomic context largely determines migratory migration, either internally or internationally, through immigration policies, labor demand, and income levels. Such structures of opportunity affect the scale, nature (without documents, legal, labor, politics, family), and (initially) migration selectivity. The third stage (c): The context of local development determines to what extent people are able to lead a better life and increase the background choices they have through local activities. Thus, people's inclination to migrate is seen as a function of their aspirations and capabilities. Fourth stage (d): Migration processes affect the context of local development through their effects (system feedback) on labor supply, consumption, investment, inequality, social stratification, relative deprivation, local culture and aspirations. Last step (e): Changes in the context of local development - for example as a result of migration - may ultimately affect the macroeconomic development context, albeit to a limited extent, due to the limited size of migration and remittances, mainly individual, and family ownership. Another widespread hypothesis in migration and development literature is that migrants and their families do not invest their money productively but rather spend money on "ostentatious consumption," such as imported consumer goods, and the so-called non-productive enterprises, such as housing.

General development is a complex, multifaceted process involving and requiring social, political and institutional reforms that cannot be realized realistically by individual migrants or remittances alone and requires active state intervention. If states fail to implement general social and economic reform, migration and remittances are unlikely to contribute to national sustainable development.

International migration

Migration of domestic and international labor has been seen as an integrative part of this economic development process by contributing to a more optimal spatial allocation of production factors, and thus to much better aggregate outputs. Governments in developing countries have actively encouraged emigration, being considered one of the main tools to promote development (Antonescu, 2011). Domestic and international migration can be perceived as a response to income risk, as migrant remittances provide income insurance for households of the home population. The idea is that for households as a whole, it may be a superior Pareto strategy to have members to migrate elsewhere, either as a risk-sharing tool and/or as an investment in accessing higher earning flows (Rapoport, 2016).

Recently analysis suggests that migrants can shape the comparative advantage of nations, a relationship that has not been documented in the literature so far. This new perspective argues that migrants who are serving as international drivers of productive knowledge can shape the comparative advantage of nations. According to this new theory, we can better understand some known characteristics of knowledge diffusion. „First, the short-ranged character of knowledge diffusion can be explained by the fact that knowledge is partly embedded in people, which tend to move in a more localized manner than goods or capital. Second, the fact that the diffusion of knowledge and technology is more widespread today than decades ago (i.e., the diffusion process has accelerated over time) can be explained by the fact that people flows, such as migration or short term travel, have also increased rapidly” (Bahar & Rapoport, 2016, p.29).

Research methodology

In order to achieve our research objectives, we collected data from various sources, including national censuses, labor force surveys, and population registers to undergo analysis. In addition, for each country and regional grouping of the World Bank's World Development Indicators (World Bank, 2015), we provide selected socio-economic characteristics such as population, labor force, age-dependency ratio, gross national income per capita, and poverty.

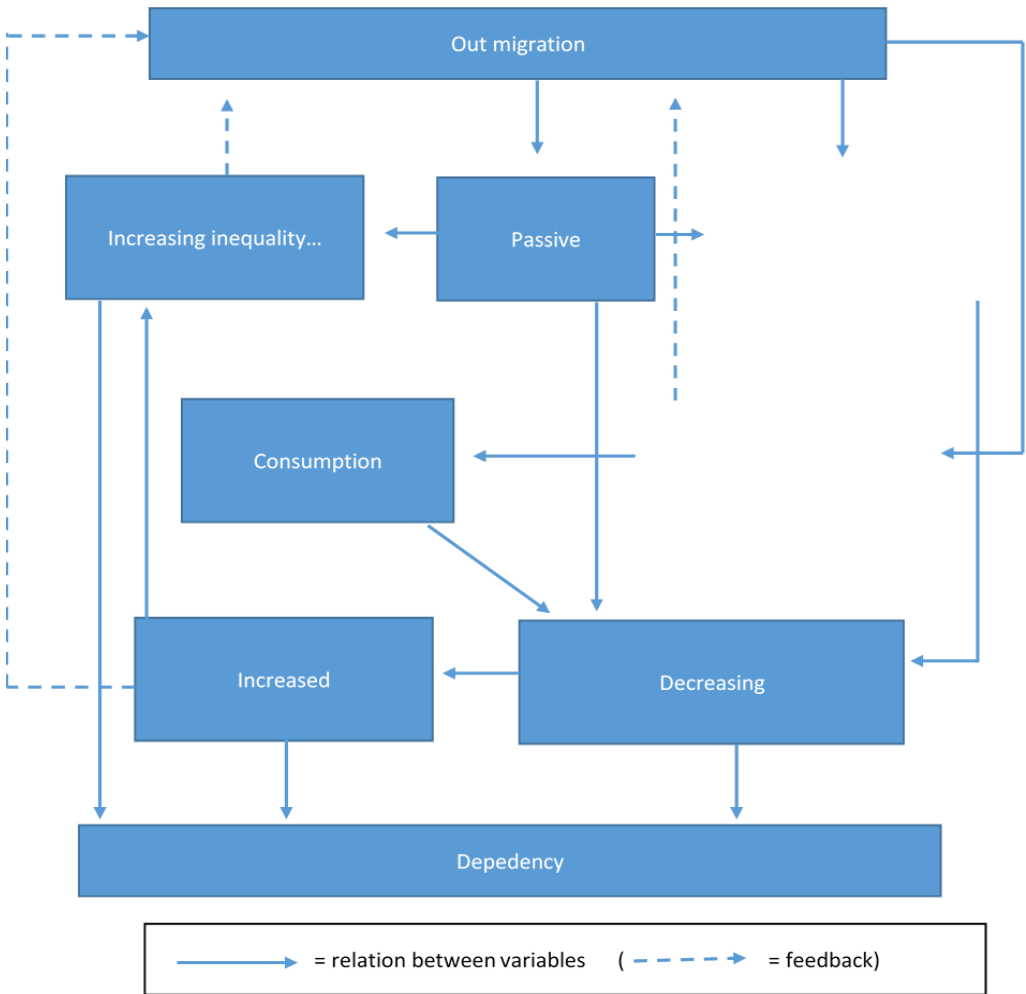


Figure 2. Conceptual Framework of the "Migrant Syndrome" (De Haas, 2010)

Figure 2 summarizes various negative feedback mechanisms, through which migration increases rather than decreases underdevelopment issues and therefore deepens inequalities between host and destination countries. Although brain drain has attracted the most attention, nowadays, young people with poor qualifications, working in rural areas, are more relevant in the context of migration (De Haas, 2010).

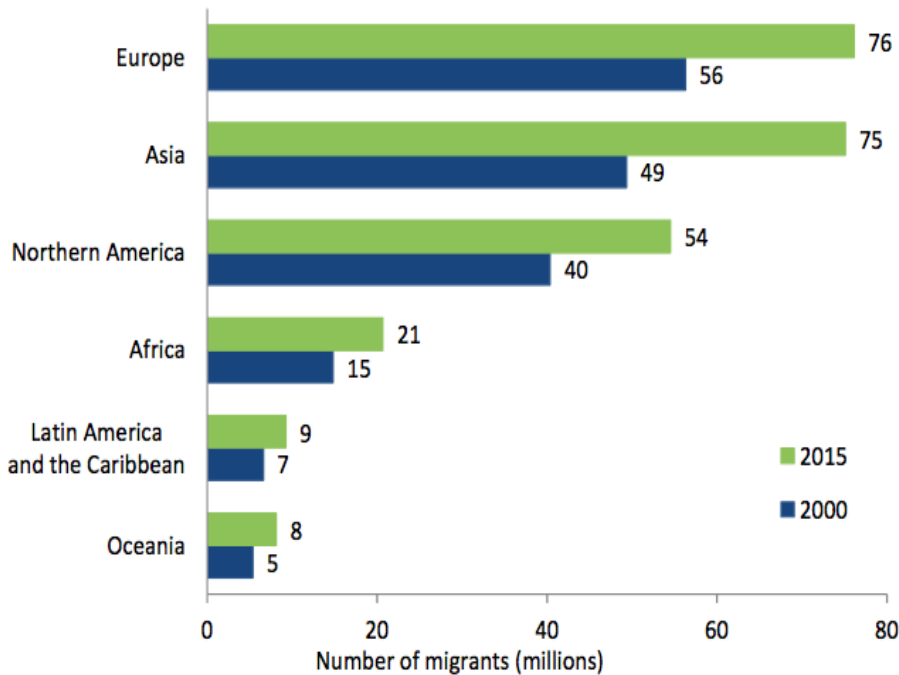


Figure 3. Number of international migrants by major area of destination, 2000-2015 (United Nations, 2015a)

Asia and Europe host the largest number of migrants worldwide. Nearly two thirds of all international migrants worldwide live in Europe or Asia. In 2015, 76 million international migrants were living in Europe, compared to 75 million in Asia. Northern America hosted the third largest number of international migrants (54 million), followed by Africa (21 million), Latin America and the Caribbean (9 million), and Oceania (8 million).

Between 2000 and 2015, Asia added more international migrants than any other major area. Asia gained some 26 million international migrants during this period or 1.7 million additional migrants per annum. Europe added the second largest number of international migrants between 2000 and 2015 (20 million, or 1.3 million per year), followed by Northern America (14 million, or 0.9 million per year) and Africa (6 million, or 0.4 million per year). In 2015, over 51 per cent of all international migrants in the world were living in ten countries. The largest number resided in the United States of America, which hosted 47 million migrants in 2015, or 19 per cent of the world’s total figure no. 3. Germany and the Russian Federation hosted the second and third largest numbers (12 million each), followed by Saudi Arabia (10 million), the United Kingdom (nearly 9 million) and the United Arab Emirates (8 million).

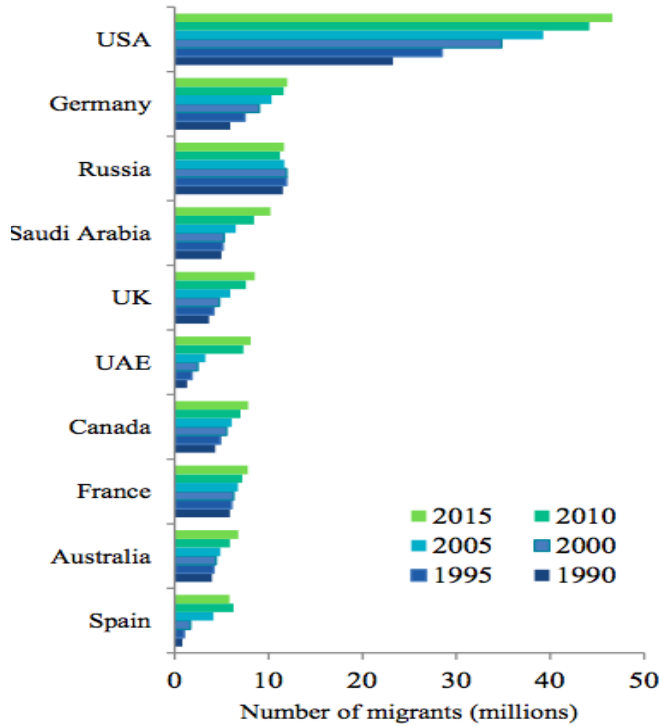


Figure 4. Ten countries hosting the largest number of international migrants in 2015, 1990-2015 (millions) (United Nations, 2015b)

Definitive emigrants (Romanian citizens who settled their residence abroad)																
Total	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	14753	9921	8154	10673	13082	10938	14197	8830	8739	10211	7906	18307	18001	19056	11251	15235
By sex																
Male	6798	5011	3700	4413	4934	4110	5341	3088	3069	3768	2917	8527	8174	8526	4776	6521
Female	7955	4910	4454	6260	8148	6828	8856	5742	5670	6443	4989	9780	9827	10530	6475	8714
By age groups																
0-19 ani	4595	3030	1399	1939	1656	945	1252	1226	1472	1576	1290	5559	5706	5658	2928	3710
20-39 ani	6915	4710	4763	6531	8656	7397	9378	5645	5245	6033	4616	8492	8408	9358	6364	7831
40-59 ani	2256	1494	1370	1660	2139	2051	2814	1582	1726	2211	1720	3373	3130	3342	1777	3182
60 ani si peste	987	687	622	543	631	545	753	377	296	391	280	883	757	698	182	512
By nationality																
Romanian	13438	9023	7465	9886	11890	10301	13296	8589	8485	10052	7834	:	:			
Hungarian	788	647	489	661	1062	460	693	167	194	103	42	:	:			
Germany	374	143	67	20	36	93	85	12	18	15	8	:	:			
Hebrew	66	72	28	24	36	48	54	21	27	27	8	:	:			
Other nationalities	87	36	105	82	58	36	69	41	15	14	14	18307	18001			

Figure 5. Structure of internal migration flows caused by home change (Adaptation after INSSE, 2016)

We can appreciate that our present situation justifies the phenomenon of migrating for a part of the active population towards the European Union and towards other directions of the world. In short, it makes some economic obstacles overwhelming. According to figure 5, Spain ranks first in the top of the countries by destination in 2015, followed by Germany, Italy, and Canada. However, even in the context of the global economic crisis and rising unemployment, Italy and Spain still attract a number Important of Romanians. According to Eurostat, Romania is the EU country with the largest number of emigrants, 46% of whom go to Italy and 19% to Spain.

Structure of internal, urban and rural migration flows caused by home change																
After country of destination																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Australia	143	79	58	45	84	78	125	83	82	128	81	112	92	97	45	116
Austria	270	167	293	326	491	421	581	313	345	421	569	1089	1032	981	569	804
Canada	2518	2483	1437	1444	1445	1220	1655	1787	1738	2045	858	967	846	954	688	1184
Switzerland	:	100	141	200	182	151	178	115	120	99	85	93	88	130	114	165
France	809	463	233	338	436	343	529	372	431	576	405	663	660	663	495	628
Germany	2216	854	1305	1938	2707	2196	3110	1902	1788	1938	1399	2014	1907	2283	2008	2780
Greece	328	105	60	64	97	114	134	72	85	124	133	160	162	110	60	129
Israel	433	279	106	164	85	64	128	57	50	111	62	2857	2292	2506	22	43
Italy	2142	1486	1317	1993	2603	2731	3393	1401	1098	984	844	1906	2097	2607	1553	2033
Slovakia	:	20	122	130	54	19	30	11	7	6	26	3	6	12	6	5
Spain	:	616	172	186	162	139	330	138	238	547	882	3352	4605	4968	3134	3375
USA	2723	1876	1356	2012	2049	1679	1982	1535	1591	1793	1086	1350	1073	819	536	802
Sweden	90	51	42	50	62	29	37	2	7	15	17	20	29	44	51	104
Hungary	881	680	903	984	1553	1013	900	266	354	331	266	514	355	346	286	420
Other countries	2200	662	609	799	1072	741	1085	776	805	1093	1193	3207	2757	2536	1684	2647

Figure 6. Romanian emigrants settling their domicile abroad (Elaboration after INSSE, 2016)

If we were to make an analysis by discussing other variables such as age groups, sex, and nationality of Romanian citizens who have permanently settled their domicile abroad, at the level of 2012-2015, we underline the following:

- There are a total of 152,350 permanent emigrants, of whom 87.140 females and 65.210 male. Both women and men have carried out economic activities below their formal training in the country. Despite the low social status associated with occupations of construction or domestic workers, most migrants have a positive perception of their experience in the host country. By age groups, we emphasize that most of the definitive emigrants are aged 20-39. These people are young, therefore, in the economically active phase of the course of life, followed by the age between 0-19 years and 40-59 years respectively. Romania is, for the time being, a country with a recent history of emigration, unlike other countries where such studies already exist.

Consequences, benefits - and its economic impact

When supported by appropriate policies, migration can contribute to inclusive and sustainable economic growth and development in both home and host communities. In 2014, migrants from developing countries sent home the estimated US \$436 billion in remittances; a 4.4 percent increase over the 2013 level (World Bank, 2015), far exceeding official development assistance and, excluding China, foreign direct

investment. These funds are often used to improve the livelihoods of families and communities through investments in education, health, sanitation, housing and infrastructure. Countries of destination can also benefit from migration. In countries of destination, migrants often fill critical labor shortages, create jobs as entrepreneurs, and contribute in terms of taxes and social security contributions. Migrants, as some of the most dynamic members of society, can also forge new paths in science, medicine, and technology and enrich their host communities by promoting cultural diversity (World Bank, 2015).

The effects of migration at the family-community level presented positively-negative show the negative influence of migration on the demographic structure, but positive in terms of economic and developmental aspects (Table 1).

Table 1. The migratory consequences (adaptation after Badea, 2009, p.125)

Consequences	
Positive	Negative
<ul style="list-style-type: none"> - Migrants send remittances to the country. - Remittances sent to the country by economic migrants can be used to fund education and improve health services. - Migrants bring new skills to the country (such as the ability to speak a foreign language). - Improving the quality of life → improving family relationships. 	<ul style="list-style-type: none"> - Loss of work can reduce domestic investment by private companies. - Migrants returning to their country of origin may find it difficult to find a job due to lack of competence, demand for too much income, etc. - The marriage rate decreases → there is a generation of single mothers. - Increasing social costs for retired migrants. - The skills acquired by retired migrants may not match the requirements of the home country's labor market.

Once with the return of Romanians from abroad, Romania can have a dynamic and entrepreneurial workforce with the capital and experience gained in years of work abroad and with the desire to put it into practice (at the time of returning to the country). Also, students from Central and Eastern Europe who go to studies in EU countries and who later return (at least some of them) to their countries of origin can bring know-how, skills, and innovation that would impulse the Romanian economy and society, would turn the brain drain phenomenon into a brain gain type. Their return to the national labor market has beneficial effects - it helps to increase economic performance, stimulates the absorption of technological progress, promotes modern working relations, competition, contributes to the development of a working culture compatible with the West European one.

There are economic and social benefits that free labor migration can bring to the European Union or elsewhere in the world. Migrants returning to their native country bring currency to the country, come up with a new model of life and civilization, come with a sense of rejecting a life based on material promiscuity and are often returning to the country with a start-up capital necessary to initiate a small business. Such actions are sometimes supported by some knowledge of the business they have acquired as a result of migration and the pursuit of various activities in the European Union or in other developed countries of the world.

From the point of view of the macroeconomic effects of emigration, this segment of the active population is creating jobs without private or public investment in the national economy. The revenues created by this sector join the internal consumption fund, development funds and, to a certain extent, the budgetary resources of the economy. These revenues, which they have acquired through their activities in other countries, are transferred to the monetary economy through the foreign exchange market. It is estimated that the amount of this category of income, registered and unregistered, which enters our economy amounts to approximately 5 billion annually. The transfer of foreign currency by Romanian workers from abroad can be considered as one of the major advantages of emigration that reflects on the national currency in terms of its evolution on the foreign exchange market (Coste, 2005).

Financial transfers are often considered in migration literature as an indicator of transnationalism and immigrant orientation towards the country of origin. In general, household orientation is assumed to be even more intense as the transfers are more important in volume and vice versa. As can be seen in Table 2, remittances in the country have experienced a steady increase until 2009. This has multiple explanations: the effect of the increase in the number of Romanian migrants, the declared intention of returning some, the wider access to formal money transfer channels and the longer call reduced to informal channels, those used in the 1990s mainly (from hand to hand, by relatives or trustworthy people in the same home community), lower taxes imposed by bankers for financial transfers.

In 2009, there is a halving of these transfers over the previous year, possibly due to the global financial crisis and the decline in construction jobs in Italy and Spain, where most of the Romanian migrants are present (Held, *et. al.*, 2010, pp. 348-349).

Romanians who have worked abroad have sent over 36 billion euros in the country in recent years. They sent money even in times of crisis. In figure no. 6 are presented the amounts that entered Romania during the years 2005 - 2015. Romanians from the diaspora sent home 1.58 billion euros in 2014, down from the previous year, when the sum amounted to 1.755 billion euros. Romania is ranked third in this statistic (Eurostat statistics showing how much money the European citizens working abroad have sent to the country of origin) of the money sent home by European citizens who are not in their native country in 2015, being just overtaken Portugal and Poland. The two countries recorded 3.6 billion and 2.6 billion euros respectively.

Table 2. Evolution of money amounts sent to Romania

Year	Amounts entering the country
2005	3,9 billion euro (January-August: 2,42 billion euro)
2006	5,2 billion euro (January-August: 3,15 billion euro)
2007	6,2 billion euro (January-August: 4,15 billion euro)
2008	6,6 billion euro (January-August: 4,35 billion euro)
2009	4,3 billion euro (January-August: 2,89 billion euro)
2010	4 billion euro (January-August: 2,43 billion euro)
2011	3,7 billion euro (January-August: 2,33 billion euro)
2012	January-August: 2,49 billion euro
2013	1,755 billion euro
2014	1,58 billion euro
2015	1,43 billion euro

The data is contained in the Eurostat statistics showing how much money the European citizens working abroad have sent to the country of origin

National data show that over the last five years, a significant part of Romania's population is buying sustainable goods: 50% of Romanians buy household goods, 37% opt for extension/modernization of homes, and 16% buy cars. In any case, irrespective of the purchased goods, about 10% of the amounts spent are procured from migratory activities. If we restrict the analysis at the level of individuals acquiring goods to the money obtained from international migration, we may notice that more than 50% of them spend in order to expand/modernize their dwelling and a similar percentage is allocated to the purchase of the goods for use household. A significant percentage (about 21%) is households that spent the last five years buying one or more cars (Contineanu, 2011, p.237).

Migration of workforce and entrepreneurship are two very closely related life components. Work experience gained abroad alongside entrepreneurship is correlated when a person wants to develop a business. As the migrant accumulates financial, human and relational capital and meets its basic needs, it will tend to invest in productive activities, becoming an entrepreneur. The creative dimension of business activity means abandoning the old (routine and tradition) and moving the emphasis on the new (represented by innovation, originality, diversity). Since young people have, generally, a particular inclination towards the use of new technologies, they must be geared to channel their talent to develop their potential and, more importantly, the creative manifestations (Hadad, 2017). For a significant part of Romanian migrants, cross-border work is an intermediary strategy for entrepreneurial strategy, which is related to the strong link between the experience gained in foreign territory and the entrepreneurial orientation, both at the behavioral and intention level (Prada, 2015, p.161).

Conclusions and perspectives

The migration process is, in fact, a triangle between a person, a state of origin and the state of destination. The dimensions of migration are generally controlled and governed by the laws of the State of destination which lay down the conditions for obtaining employment contracts, visas and work permits, entry conditions, expulsion, etc., all in coordination and in accordance with the required rules of the origin

countries of citizens wishing to migrate for work. Romania can be considered as a country of emigration and one of the most important labor force providers for the European market. It is clear that migratory movements generate important economic consequences. Multivariate analysis models show that significantly higher chances of returning from work abroad have young migrants (18-45 years) with a medium or higher education level who have been looking for work or have worked in more than one country, who are returning from Italy or Spain where they worked in agriculture and did not have support networks to facilitate integration into the country of destination.

Migration can, therefore, increase aspirations much faster than local livelihoods. The Romanians' migration to the EU has seen a number of structural changes over the past two decades. At first, the Romanians were illegal migrants looking for a job within the European Union and later became legal migrants. As we have mentioned, currency transfers represent a positive effect of migration, with strong implications at both microeconomic and macroeconomic level. The National Bank of Romania estimates for these transfers amount to 4.51% of Romania's GDP. Repatriated groups can bring back an excellent leadership and other skills and experience. Temporary work abroad has a positive effect on the income that migrants receive when returning to their home country.

The theme of knowledge-based societies has become extremely relevant in the debates on globalization, migration, and brain-drain, but also in the activities of the main international organizations. Increasing the awareness of its importance for social and economic progress and the formation of such a society is a global priority issue, globalization becoming another characteristic of the knowledge economy (Hadad, 2017, p.207).

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