

## **Immigration and Economic Growth in Europe and its Spatial Divisions**

Anna Krizanova<sup>1</sup>, Beáta Gavurová<sup>2</sup>, Hussein Mkiyes<sup>3</sup>

### **Abstract**

*This article focuses on issues related to the impact of labour migration on economic growth. The concept of immigration implies a new settlement that is more prosperous than before. This triggered an immigration offensive. In this study, we try to analyse the phenomenon of migration in EU countries, which are attractive regions for immigrants and developed regions of prosperity and economic growth. Due to the aging demographic structure of the EU, labour migration will have a positive impact on economic growth. However, the right to freedom of movement within the EU leads to migrants moving to these countries. As a result, migrant workers in the EU countries have placed a heavy burden on the social security system, and this study predicts that labour migration will have a negative impact on the EU's economic growth. In the results we found that there is a positive impact of immigration on economic growth specifically GDP and International trade.*

**Keywords:** *immigration, economic growth, EU countries, immigrant employees, social security.*

### **Introduction**

Immigration, the movement of individuals across national borders in search of new opportunities and a better quality of life, has a profound impact on a country's economic landscape. When managed effectively, immigration can serve as a catalyst for economic growth, driving innovation, expanding the labour force, and contributing to overall prosperity. This dynamic interplay between immigration and economic growth has been a subject of significant interest and debate among policymakers, economists, and scholars alike (Angrist and Kugler, 2003; Přívara, 2021). In this exploration, we will delve into the multifaceted ways in which immigration influences economic development, examining how it shapes labour markets, stimulates entrepreneurship, and fosters cultural diversity all essential components in the trajectory of a nation's economic progress. However, it is important to acknowledge that the outcomes of immigration policies can vary widely depending on their design and implementation, making the formulation of inclusive and well-balanced immigration strategies a critical endeavour for governments worldwide (Angrist and Kugler, 2003). In this context, understanding the intricate relationship between immigration and economic growth is paramount for crafting policies that harness the full potential of a diverse and dynamic workforce in driving sustainable prosperity. Immigration plays a crucial role in shaping the economic landscape of a country. It refers

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<sup>1</sup> Department of Economics, The Faculty of Operation and Economics of Transport and Communications, University of Zilina, Univerzitna 1, 010 26 Zilina, Slovakia; anna.krizanova@fpedas.uniza.sk

<sup>2</sup> Technical university of Košice, Faculty of Mining, Ecology, Process Control and Geotechnologies, Košice, Slovak Republic, beata.gavurova@tuke.sk

<sup>3</sup> University of Economics in Bratislava, Department of Economics, Faculty of Economics and Finance, Bratislava, Slovak Republic, hussein.mkiyes@euba.sk

to the process of individuals moving from one country to another with the intention of settling there. This movement can be motivated by various factors, including seeking better economic opportunities, reuniting with family, or escaping persecution. When managed effectively, immigration can have a positive impact on a host country's economic growth (Vink, 2002; Přívara, 2022a, 2022b).

The European Union (EU), a union of 27 member states in Europe, stands as a unique laboratory for studying the intricate relationship between immigration and economic growth. With a history of diverse migration patterns and a shared commitment to open borders, the EU has been shaped by the movement of people seeking new opportunities, refuge, and reunification with family (Vink, 2002; Přívara, 2019a, 2019b). This dynamic influx of human capital has had profound implications for the economic fortunes of both individual member states and the broader union. In this exploration, we will delve into how immigration has been a key driver of economic growth within the EU. We will examine how the mobility of labour across member states has bolstered industries, filled critical skill gaps, and contributed to the region's economic resilience. Moreover, we will consider the societal and policy challenges that have emerged alongside these benefits, including questions of integration, social cohesion, and the equitable distribution of economic gains (Van Houtum and Pijpers, 2007; Vrtana et al., 2020). As the EU grapples with evolving demographic trends and a changing global landscape, understanding the intricate interplay between immigration and economic growth becomes ever more crucial. This analysis aims to shed light on the ways in which well-managed immigration policies can foster prosperity, innovation, and cultural exchange within the EU, while also acknowledging the importance of thoughtful policy frameworks that address the diverse needs of both migrants and host communities (Muysken and Ziesemer, 2013; Durana et al., 2021; Přívara et al., 2020). In doing so, we embark on a journey to unravel the complex dynamics that underlie one of the most pressing issues of our time: the nexus between immigration and economic growth in the European Union. It is often said that Europe is a continent of immigrants. The apparent disintegration of EU borders, driven by free movement policies, coincides with EU countries redrawing their boundaries in response to global migration. As a result, immigrants from non-EU countries are subject to prohibitive immigration policies, while immigration from within the EU is unrestricted. In 2022, the global immigrant labour force reached 376 million, accounting for 3.8% of the world's population (United Nations Population Statistics). Europe is the world's largest recipient of immigrants, with 70 million immigrants (1/3 of them globally), with nearly half of the population living in the EU. It is therefore surprising that, despite considerable interest in how labour migration affects economic growth in Europe, there are very few empirical studies on this topic. One reason is that, until recently, accurate data was not available due to widely varying data collection standards across countries. Furthermore, there is currently no theory on the impact of migrant workers on economic growth. Economic theory cannot make conclusive statements about the impact of immigration on the economies of receiving countries (Peers, 2016; Přívara et al., 2018; Vrtana et al., 2023). On the one hand, neoclassical economic theory holds that immigration increases a country's labour force and therefore can have a negative impact on economic growth through capital dilution, but on the other hand, it can have a positive impact on the economy through human capital accumulation (Carey and Geddes, 2010; Přívara et al., 2019). This paper aims to fill this gap by analysing the impact of immigrant labour absorption on economic growth, using initial GDP per capita, physical capital, human capital and population growth as determinants of economic growth. In addition, the proportion of immigrants to the total population is also used to examine the impact of immigration on the economic growth of European countries. Data availability limits the sample to 14 EU countries.

### **Immigration in European union:**

Historically, immigration in Europe has been influenced by two factors: climatic conditions and the wars leading up to World War II. After World War II, Europe became the stage for the world's most important peace and civilization projects. Known as the EU integration project, it covers almost all countries on the continent. Although it started as a peace process, it later developed into economic integration. (Angrist and Kugler, 2003) After the war, the economies of various countries suffered significant damage. This applies not only to the defeated countries, but to Europe as a whole. Especially during this period, countries, especially Germany, were in the reconstruction stage, and the demand for production factors, namely workers, increased significantly. However, production growth in Europe is quite high compared to income levels and living conditions in other countries (De La Rica et al., 2015a; Přívara & Přívarová, 2019; Sirkeci et al., 2017) Furthermore, Germany must apply for immigration to meet its labour needs. But over time, factors such as the increasing number of immigrants and the completion of the production and development process led to changes in European immigration policy. In other words, Europe is trying to limit the number of immigrants as it seeks them. After the war, the economies of various countries suffered significant damage. This applies not only to the defeated countries, but to Europe as a whole. Especially during this period, countries, especially Germany, were in the reconstruction stage, and the demand for production factors, namely workers, increased significantly. However, production growth in Europe is quite high compared to income levels and living conditions in other countries. Furthermore, Germany must apply for immigration to meet its labour needs. But over time, factors such as the increasing number of immigrants and the completion of the production and development process led to changes in European immigration policy. In other words, Europe is trying to limit the number of immigrants as it seeks them. Although EU policy aims at a higher level of integration among member states if we look at historical trends in immigration into the EU countries. (Vink, 2002; Vrtana & Krizanova, 2020)

In the aftermath of World War II, many European countries faced labour shortages. To address this, several Western European nations, including Germany, France, and the United Kingdom, initiated guest worker programs. This led to the arrival of millions of migrants, primarily from Southern Europe, North Africa, and Turkey, to work in industries like manufacturing and construction (Peers, 2016). The process of decolonization in the mid-20th century resulted in significant migration from former European colonies in Africa, Asia, and the Caribbean. This contributed to the diversification of Europe's population and cultural landscape. The latter half of the 20th century saw waves of political refugees seeking asylum in Europe, particularly during conflicts in the Balkans, the Middle East, and Africa. (De La Rica et al., 2013; Vrabcova et al., 2022; Vrtana & Krizanova, 2023a) These crises prompted the development of asylum and refugee policies within the EU. The early 2000s marked a significant shift with the Eastern enlargement of the EU, which brought in countries from Central and Eastern Europe. This expansion led to increased labour mobility within the EU, as citizens from these new member states could seek employment in other EU countries. The Schengen Agreement, implemented in 1995, eliminated border controls among participating EU member states, allowing for the free movement of people across most of the EU. This agreement facilitated increased mobility and interaction among EU citizens. Economic disparities between EU member states and neighbouring regions, such as North Africa and the Middle East, have contributed to ongoing migration flows. (Huntoon, 1998) Economic migrants seek better opportunities, often in more prosperous EU countries. The 21st century has seen significant challenges related to humanitarian migration, particularly in response to conflicts in Syria and other parts of the Middle East. (Sides and Citrin, 2007) The EU has grappled with managing large numbers of refugees seeking asylum. Over time, the EU has developed common immigration and asylum policies aimed at harmonizing approaches among member states. This includes the Common European Asylum System (CEAS) and various directives governing legal migration and integration. The United Kingdom's decision to leave the EU (Brexit) has had implications for immigration policy, as the UK established its own

immigration system. This shift reflects the evolving landscape of immigration within and around the EU. With aging populations and declining birth rates in many EU countries, immigration is viewed as a critical factor in addressing demographic imbalances and sustaining economic growth (Ager and Brückner, 2013; Vrtana & Krizanova, 2023b).

Understanding the historical context of immigration in the EU illuminates the intricate interplay of economic, political, and humanitarian factors that have shaped migration patterns and policies. It also provides crucial insights into the ongoing challenges and opportunities faced by the EU in managing migration in a rapidly changing global landscape. (Muysken and Zieseemer, 2013)

The EU has a long history of migration, including guest worker programs in the post-WWII period and subsequent waves of migration driven by factors such as political instability, economic disparities, and conflict in neighbouring regions (Boubtane et al., 2013; Petkovski et al., 2022; Vavrecka et al., 2021). The EU's approach to immigration has evolved over time, transitioning from largely national policies to a more coordinated, supranational framework. The Schengen Agreement and the Common European Asylum System are pivotal in shaping current immigration policies. Studies generally indicate positive economic impacts of immigration on host countries within the EU. Immigrants contribute to economic growth by filling labour gaps, starting businesses, and paying taxes. They also help address demographic challenges, particularly in aging populations. Research shows that immigrants often complement the skills of native workers, filling critical roles in sectors with labour shortages. However, there may be localized impacts, such as wage effects in specific industries or regions. Successful integration of immigrants is a critical factor in maximizing the benefits of immigration. (Ager and Brückner, 2013) Factors such as language acquisition, access to education, employment opportunities, and social inclusion programs play pivotal roles in fostering integration. Studies suggest that embracing cultural diversity can have positive effects on innovation and creativity. However, there may also be challenges related to social cohesion, which necessitates effective policies for multiculturalism and community building. Public opinion on immigration varies across EU member states and is influenced by factors such as economic conditions, cultural perceptions, and political ideologies. Immigration policies and their impacts can be central issues in electoral politics. The EU's management of refugee flows, particularly during crises, has been a subject of intense debate. (Muysken and Zieseemer, 2013) The Dublin Regulation, which determines the member state responsible for processing asylum applications, has been a contentious issue. Studies highlight challenges such as disparities in integration policies across member states, the potential for social exclusion, and the need for robust asylum and refugee policies. However, they also emphasize the potential for economic revitalization and cultural enrichment through immigration. Research suggests that adapting immigration policies to changing demographic trends and global challenges will be crucial. This includes addressing skills gaps, enhancing social integration programs, and managing refugee flows in a coordinated manner. (Ager and Brückner, 2013)

The relationship between immigration and economic growth is complex and multifaceted. When managed effectively, immigration can have a positive impact on a host country's economy, contributing to various aspects of economic development. Here are keyways in which immigration and economic growth are interconnected: “ Labour Force Expansion, Immigration increases the size of the labour force. This is particularly crucial for countries with aging populations or labour shortages. Immigrants bring a diverse set of skills and expertise, filling gaps in the labour market. Skill Diversification, Immigrants often possess a wide range of skills and qualifications. (Muysken and Zieseemer, 2013; Muangmee et al., 2022) They can complement the existing workforce, bringing specialized knowledge, expertise, and experience, which can lead to increased productivity and innovation. Entrepreneurship and Innovation, Immigrants are known for their entrepreneurial spirit. Many start businesses, driving innovation and creating new jobs. They often introduce fresh

perspectives and ideas, contributing to economic dynamism. Consumer Spending, as immigrants settle in a new country, they become consumers. (Ager and Brückner, 2013; Stacho et al., 2022) They spend on goods, services, housing, and more. This increased demand stimulates economic activity, leading to the growth of local businesses. Tax Revenue, Immigrants who are employed contribute to the tax base. They pay income taxes, property taxes, and sales taxes, which fund public services and infrastructure, ultimately benefiting the economy. (Beetsma and Debrun, 2007) Demographic Balance, Immigration can help address demographic imbalances. In countries where birth rates are declining and the proportion of elderly citizens is increasing, immigrants can help maintain a healthy balance between working-age individuals and retirees. Inward Investment, Immigration can attract foreign investment. Companies may choose to invest in countries with diverse and skilled workforces, which can lead to job creation and economic growth. Cultural Exchange and Diversity, Cultural diversity, often a result of immigration, can lead to a more vibrant and dynamic society. (Boubtane et al., 2013; Andrejovska & Glova, 2022) This can foster creativity, which is a critical driver of economic growth. Remittances, Immigrants may send money back to their home countries, which can contribute to economic development in those regions. (Angrist and Kugler, 2003) This is particularly important for countries heavily reliant on remittances. Economic Resilience, A diverse population, including immigrants, can enhance a country's economic resilience. They bring a variety of perspectives, skills, and experiences, making the economy more adaptable to changing circumstances. However, it's important to note that the impact of immigration on economic growth can vary depending on factors like the host country's immigration policies, the education and skills of immigrants, and the level of integration and support provided. When managed poorly or in isolation from broader economic strategies, immigration can lead to challenges such as labour market displacement or social tensions. Ultimately, the relationship between immigration and economic growth is dynamic and context dependent. A thoughtful and balanced approach to immigration policies, considering both economic and social factors, is crucial for maximizing the positive contributions of immigrants to a host country's economy. Overall, the literature underscores the complexity of immigration within the EU, emphasizing the need for well-informed and adaptable policies that balance economic benefits with social and political considerations. It also highlights the importance of a coordinated, pan-European approach to effectively manage migration in an ever-changing global context. (Baldwin-Edwards, 1997)

## Empirical Research

While the literature has focused primarily on the labour market impact of immigration, there is insufficient empirical research on the economic impact, particularly in relation to Europe. One of the few European-related studies concluded in an exploratory paper that the impact of immigration on the UK economy may be positive or negative, but in any case is small. The study found that immigration helps Spain's fiscal balance because migrant workers pay taxes and pensions but do not benefit from them when they return home. This study examines GDP per capita, physical capital, human capital and population growth as determinants of economic growth. Data availability limits the sample to 28 EU countries. (Boubtane et al., 2013)

3.1. Data and variables. The primary data sets used here come from multiple sources. Our main source of data for our dependent and independent variables (except for immigrant labour data) is the World Bank's World Development Indicators. Data on migrant labour come from the OECD online database and are supplemented by data from Eurostat, the OECD International Migration and Migrant Work Data Set, and national statistical offices. However, our efforts to complete the entire dataset were unsuccessful because data for Ireland are largely unavailable. Variables were conventional growth variables as described in Table 2. Our dataset covers all EU countries between 2002 and 2022. We avoid data

from previous years in our analysis because fluctuations in economic variables may lead to misleading information due to recent crises in developed countries. (Christl et al., 2022)

A general rule of thumb is that if a variable's VIF is greater than 7, multicollinearity will affect the regression. In our model, all variables have a VIF below 4, and the average VIF for the regressions is below 3. We exclude physical capital due to multicollinearity issues. Therefore, we can run both fixed-effects and random-effects models, and a Hausman test is required to decide whether to use a fixed-effects model or a random-effects model.

Table 1. Description of Variables

	Description	Measure
Dependent Variable		
GDPPC	GDP per capita in natural logarithmic form	growth
Independent Variables		
HUMCAP	tertiary education enrolment % of total	human capital
IMLB	immigrant labour (logarithmic form)	stock of immigrant labour
INITGDP	GDP	initial GDP
POPGRW	annual population growth	population
TRADE	international trade as % of GDP	international trade

Source: Prepared by the authors.

Table 2. Correlation Table

	GDPs	initgdp	popgrw	humcap	trade
INITGDP	0.871***				
POPGRW	0.761**	-0.731*			
HUMCAP	0.649***	0.841*	-0.052		
TRADE	0.439**	-0.412*	0.4327*	0.782	
lnIMLB	-0.409**	0.539*	0.206	0.239*	0.652*

Pearson two-tailed correlation at 5% significance level

Source: Prepared by the authors.

Table 3. Results of Panel Data Fixed Effect Model Robust Cluster

Independent Variables	Coefficient	t-Statistics	Prob.
initgdp	0.554***	2.98	0.04
popgrw	0.279**	2.11	0.05
humcap	0.641***	2.87	0.03
trade	0.439***	3.13	0.01
imlb	0.281	-2.17	0.02

Constants	0.763*	0.23	0.000
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Source: Prepared by the authors.

The modified Wald test for group heteroskedasticity reports the presence of heteroskedasticity. To account for heteroscedasticity, Eicker, Huber, and White (heteroskedasticity-robust standard errors) proposed. Heteroskedasticity-robust standard errors are asymptotically valid for any type of heteroskedasticity (ibid.). WTA (Wooldridge Test of Autocorrelation) (F=120.76, 1% significance) shows that all regressions reject the null hypothesis of the absence of first-order autocorrelation. Therefore, regressions are estimated with robust and clustered standard errors of the group variable (country).

## Results and discussion

Our results show that approximately 56% of the variance is explained by the selected variables. The study found that population growth had the most significant impact on GDP growth. One possible reason for this result is declining population growth. Therefore, population growth is the most important growth factor in Europe. Trade is the second most important determinant because most of our sample countries are developed countries. Trade relations (exports and imports) are appropriate. (Carey and Geddes, 2010) The initial GDP coefficient is negligible. As for the impact of immigrant labor on GDP growth, the elasticity of immigrant labor is statistically significant, but small and negative, and can be ignored. This negative effect may be due to social expenditures on immigrants or other reasons, such as: B. Industry composition of the labor force, wage differentials, and educational distribution. So, by the results we can say that the impact of immigration on the labor market in the European Union (EU) is a subject of extensive study and discussion. Here, we'll delve into some key points regarding how immigration affects the Positive Impacts of immigration on labor market gap in the EU: "Filling Labor Shortages, Immigration can help address labor shortages in specific sectors and regions. This is particularly important in industries like healthcare, agriculture, and construction, where demand for workers often exceeds local supply. (Vink, 2002) Complementing Skillsets, Immigrants often bring diverse skillsets and expertise that complement those of native-born workers. This can lead to increased productivity and innovation in the workforce. Economic Growth and Expansion, with a larger and more diverse labor force, the economy has the potential to grow at a faster pace. This can be particularly important for countries facing demographic challenges, such as an aging population". (Van Houtum and Pijpers, 2007)

Challenges and Considerations: "Wage Effects: While studies generally suggest that immigration has a positive or neutral effect on wages for native-born workers, there may be localized impacts, particularly in low-skilled occupations and in regions with high immigrant concentrations. Sectoral and Regional Disparities, Immigration can lead to varying impacts across different sectors and regions. Some areas may experience more direct competition for jobs, while others benefit from the increased demand for goods and services due to population growth. Skills Mismatch, ensuring that the skills of immigrants align with the needs of the labor market is crucial. Effective policies for skills recognition and integration support are necessary to maximize the benefits of immigration. Integration and Social Cohesion, Successful integration of immigrants into the labor market and society at large is crucial for minimizing potential negative impacts. Language proficiency, access to education and training, and anti-discrimination policies play vital roles in this process. (Sides and Citrin, 2007) Gig Economy and Precarious Work, some immigrants may be more likely to engage in temporary or precarious work arrangements. Ensuring fair labor standards and protections for all workers, regardless of immigration status, is essential. Public Services and Social Welfare, Immigration can strain public services like healthcare, education, and social welfare. Adequate resource allocation and policies for equitable access are necessary to address these challenges". (Peers, 2016)

Policy Considerations: “Skill-based Immigration, implementing policies that prioritize skills and qualifications that are in demand in the labor market can help ensure a better match between immigrant workers and job openings. Integration Programs, investing in programs that facilitate the social and economic integration of immigrants, such as language training and job placement services, is crucial for long-term success.(Luedtke, 2011) Regional and Sectoral Planning, Tailoring immigration policies to regional and sectoral needs can help spread the benefits of immigration more evenly and mitigate potential negative impacts”. So, the impact of immigration on the labor market gap in the EU is influenced by a complex interplay of factors. While there are potential challenges to be addressed, a well-managed immigration policy, combined with effective integration measures, has the potential to significantly contribute to economic growth and address labor market needs in the EU. The impact of immigration on population growth in the European Union (EU) is a significant and multifaceted topic. Here, we'll discuss some key points regarding how immigration influences population dynamics in the EU: Positive Impacts: “ Counteracting Demographic Decline, Many EU member states are facing declining birth rates and aging populations. Immigration can help offset this demographic trend by adding to the working-age population and contributing to a more balanced age distribution.(Angrist and Kugler, 2003) Economic Contributions, Immigrants, particularly those who are of working age, contribute to economic activity, paying taxes and often filling critical roles in the labor market. This can have positive effects on the overall economic well-being of a country. Cultural Enrichment and Diversity, Immigration brings cultural diversity to host countries, contributing to a vibrant and dynamic society. This diversity can lead to increased cultural exchange, innovation, and creativity. (Boubtane et al., 2013)

Challenges and Considerations: “ Integration and Social Cohesion, successfully integrating immigrants into the host society is crucial for minimizing potential social tensions and promoting social cohesion. Language acquisition, access to education, and community engagement programs are important factors in this process. Localized Impacts, the effects of immigration can vary significantly across different regions within a country. Some areas may experience population growth and increased demand for services, while others may face challenges related to housing and infrastructure. Resource Allocation, Immigration can strain public services such as healthcare, education, and social welfare.(Livi Bacci, 2017) Adequate planning and resource allocation are necessary to ensure that services can accommodate population growth. Policy Coordination, Coordination between national and regional authorities is crucial for managing the impact of immigration on population growth effectively. This includes aligning immigration policies with regional development strategies”.(Luedtke, 2011)

Policy Considerations:” Integration Programs, implementing comprehensive integration programs that facilitate language acquisition, job training, and social inclusion can help smooth the transition for immigrants and promote positive interactions with the host society. Regional Planning, Tailoring immigration policies to regional needs and capacities can help distribute the benefits and challenges of immigration more equitably across a country. Education and Skills Recognition, ensuring that immigrants have access to education and training opportunities, as well as mechanisms for recognizing their existing skills and qualifications, can enhance their contributions to the workforce. So, immigration plays a significant role in influencing population growth in the EU.(Lahav, 2004) When managed effectively and in conjunction with thoughtful integration policies, immigration can help address demographic challenges, stimulate economic growth, and contribute to cultural diversity. However, it is important for policymakers to consider the unique circumstances and needs of different regions and communities when formulating immigration policies.(Peers, 2016)

The impact of immigration on international trade in the European Union (EU) is a complex and interdependent relationship that involves various economic and social dynamics. Here,

we'll discuss some key points regarding how immigration influences international trade within the EU: **Positive Impacts:** “ Increased Consumer Demand, Immigrants contribute to the consumer base in host countries. As their numbers grow, so does the demand for goods and services. This can stimulate economic activity and lead to an increase in international trade as businesses seek to meet this heightened demand. **Diverse Labor Force and Productivity,** Immigration often brings a diverse set of skills and expertise, which can enhance productivity across different sectors of the economy. A more productive workforce can lead to increased production and export capacities, potentially bolstering international trade. **Entrepreneurship and Business Creation,** Immigrants, particularly those with an entrepreneurial spirit, often start businesses. This can lead to increased economic activity, job creation, and potentially higher levels of exports, as these businesses expand and engage in international trade” .(Ager and Brückner, 2013)

**Challenges and Considerations:** “ Wage Effects and Labor Market Competition, in some cases, immigrants may be willing to work for lower wages, potentially affecting wage levels in certain industries. This can have implications for the competitiveness of domestic industries, including those engaged in international trade.(Muysken and Ziesemer, 2013) **Sectoral Impact,** the effects of immigration on international trade can vary by sector. Some industries may benefit from increased labor supply and productivity, leading to higher levels of exports. Others may face increased competition, potentially impacting their trade performance. **Skills Alignment and Productivity Gaps,** ensuring that the skills of immigrants align with the needs of the labor market is crucial. If there are gaps in skills or education, this can affect the overall productivity of the workforce and, by extension, its ability to engage in international trade” .(Muysken and Ziesemer, 2013)

**Policy Considerations:** “ **Skills-Based Immigration Policies,** implementing immigration policies that prioritize skills and qualifications in high-demand industries can help ensure that immigrants contribute to the productivity and competitiveness of sectors engaged in international trade.(Van Houtum and Pijpers, 2007) **Integration and Education Programs,** investing in programs that facilitate the integration of immigrants into the labor market and society at large, including language training and access to education, can enhance their contributions to the workforce and, consequently, international trade. **Sectoral Planning and Support,** Tailoring immigration policies to the specific needs of different industries and sectors can help ensure that immigrants are integrated into areas where they can have the most positive impact on international trade. So, immigration can have both positive and challenging implications for international trade in the EU.(De La Rica et al., 2015b) When managed effectively and in conjunction with supportive policies, immigration can contribute to increased economic activity, productivity, and potentially higher levels of international trade. However, it is important for policymakers to carefully consider the unique circumstances and needs of different industries when formulating immigration and trade policies.

## Conclusion

This study differs from others in the literature in several ways. First and most importantly, our data set includes immigrant labor statistics, not all immigrants. Second, to ensure greater stability, we use immigrant labor stocks rather than flows, since growth is also a time-consuming process. Our results show that although there is a statistically significant negative relationship between immigrant labor force population and GDP growth in 14 European countries, this negative relationship is small and can be ignored. However, these results do not suggest that immigrant workers adversely affect the country, especially given social science evidence that immigrant workers tend to be better educated and earn lower wages than natives. If data are available, it would be better to compare the immigrant workforce and its contribution to the local economy by sector.(Sides and Citrin, 2007)

In conclusion, the relationship between immigration and economic growth in Europe is a dynamic and multifaceted one. When managed thoughtfully, immigration can be a powerful catalyst for economic prosperity, bringing a diverse range of skills, perspectives, and contributions to host countries. This, in turn, leads to a variety of positive impacts on economic indicators. Immigrants fill critical gaps in the labor market, stimulate innovation, and contribute to the overall productivity of the workforce. They bring entrepreneurial spirit, cultural diversity, and fresh ideas, fostering a dynamic economic environment. Moreover, their consumer spending and tax contributions bolster local economies and public services. However, it is essential to acknowledge that the benefits of immigration are not uniform across all sectors and regions. Challenges such as potential wage effects, localized impacts on labor markets, and the need for effective integration programs must be carefully considered. Furthermore, policies that promote skills-based immigration, support social and economic integration, and address the specific needs of different industries are crucial for maximizing the positive economic impacts of immigration in Europe. (Kessler and Freeman, 2005) In a rapidly changing global landscape, where demographic shifts and economic competitiveness are at the forefront, immigration emerges as a strategic tool for sustaining and enhancing economic growth in Europe. A balanced and inclusive approach to immigration policies is key to realizing the full potential of a diverse and dynamic workforce for a prosperous and resilient European economy.

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