

## Labour Force Mobility from Slovakia to Slovenia

Marko FERJAN\*

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### Abstract

*The article deals with labour force mobility within the new Europe, with an emphasis on the analysis of migration between Slovakia and Slovenia. In March 2005 there were 2,298 citizens of EU countries employed in Slovenia, and of these 1,070 were from Slovakia. The bulk of Slovak workers are employed in the construction industry. Their level of education is relatively low. The number of Slovak workers in Slovenia is increasing from month to month. The motivation for this migration is the opportunity for employment and the expectation of higher wages. For now this phenomenon of new migration has not affected the wages and employment opportunities of domestic workers.*

**Keywords:** *migration, employment, unemployment, labour market, immigrant worker*

**JEL Classification:** J61

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### 1. Defining the Problem

After the last expansion of the European Union, a new labour market opened up in the new Europe. Today there is a mobility of labour forces between countries where this phenomenon was never observed before.

In the past, numerous citizens of Yugoslavia sought work abroad. This also applied to those living in Slovenia. It was also common for residents of the other republics of the former Yugoslavia to seek work in Slovenia. Following Slovenia's entry into the European Union, this situation has changed significantly. As of 1 May 2004, the free flow of labour applies to the new European Union member states. Workers from these countries have also received equal rights with domestic workers in Slovenia with regard to employment or seeking employment. This means that workers from these countries do not need a work permit

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\* Dr. Marko FERJAN, associate professor, University of Maribor, Faculty of Organizational Sciences, Kidričeva cesta 55a, 4000 Kranj, Slovenia; e-mail: Marko.Ferjan@fov.uni-mb.si

permit for employment and that an employer that engages such a worker must fill out a labour declaration for an EU worker. The employer must complete the declaration at the Employment Service of Slovenia within 8 days of the beginning of employment.

In Slovenia a great deal is being said and written about the labour force from Slovakia. There is talk of doctors from Slovakia, workers from Slovakia building Slovenia's motorway network, and so on. I have attempted to determine the actual extent of this phenomenon by means of a study. The questions of interest are how many Slovak workers are actually employed in Slovenia, which areas they are employed in and what the profile of their educational level is.

In order to obtain relevant data on the extent of the migration of the labour force from Slovakia to Slovenia, discussions were held with companies at which these workers might be employed. Inquiries were also made at the agency (the Employment Service of Slovenia) where foreign workers must be registered. In this way information was obtained on Slovak workers that were employed in Slovenia as of 31 March 2005.

## 2. Theoretical Framework

The concept of *mobility* is of Latin origin (*mobilitas*) and means movement or adaptability. Here it especially refers to change of job, profession, residence, faith and so on. In the context of this article it refers to labour mobility in particular. Labour mobility encompasses all professional changes that persons make while they are part of the active working population. Forms of mobility especially include the following:

a) *Change of residence*: This is also understood as a change of job. This primarily refers to changes in the organization and less so to changes in the function performed by the worker.

b) *Change of activity*: This is a change of function within the same profession. It especially refers to the concepts of promotion and demotion, whether this is in a previous or new organization.

c) *Change of profession*: This takes the educational aspect into account. A worker acquires a new profession with the help of educational activities. One can also advance in a new profession.

Mobility can be separated into the following types:

- *Vertical mobility*: This is mobility with regard to promotion or demotion (higher or lower pay, status and so on),

- *Horizontal mobility*: This refers to transfer from one job to another of equal value.

In addition to the two types of mobility cited above, one can also speak of mobility within an organizational unit, between organizational units, and national and international mobility. The factors that influence mobility are various, and can primarily be divided into personal factors (age, family, tradition, education and so on) and environmental factors (national mentality, geographical characteristics, cultural characteristics and so on).

Mobility can also be observed through the prism of social mobility. This means that one observes movements of individuals as well as social groups, in both time and space. Space is understood to include geographical and social space. When geographical space is concerned, one speaks of physical mobility or *migration*. When mobility in social space is concerned, one primarily thinks of social mobility in the narrower sense of the word or simply of mobility (i.e., the movement of individuals or groups in the structural network of social positions and status).

*Migration* refers to resettlement or physical movement of a population resulting in a change in the place of residence. With regard to the criterion of time, migration is divided into the following forms: permanent migration (resettlement to another place and permanent settlement), seasonal migration (temporary change of residence in order to work a particular seasonal job) and daily or weekly migration (the daily or weekly commute of workers to work).

Migration is also divided by the criteria of citizenship: specifically, into external migration (to another country) and internal migration (within a country). Each person that participates in resettlement is at the same time an emigrant or immigrant.

One may also speak of the vertical and horizontal mobility of immigrants. For example, barriers that are difficult to transcend appear in the transfer from „unskilled“ or „semiskilled“ labour to „skilled“ professions. Normally only the second generation of immigrants is able to overcome this barrier. As a result a feeling develops among immigrants that they are limited to low-status (dirty) work, which does not serve as a stimulus to their efforts to move up in the world. On the other hand, the horizontal mobility of immigrants is very active. A large portion of immigrants change their professions, but they do not change their social status at the same time.

In addition to this, one can also speak of professional mobility, which is also horizontal. This especially refers to changing employment or jobs without visible professional advancement. This especially applies to what are known as staff fluctuations. Of course, various combinations of professional mobility are possible and also actually take place.

As a rule, horizontal mobility applies to a change in employment of the same type (staff fluctuation from one organization to another to an equal or similar job) or change to employment of a different type unconnected with long-term

professional education (e.g., a worker in an automobile factory that is an experienced driver becomes a truck driver in another organization in the transport industry; a teacher in an elementary school becomes a teacher in a student residence, and so on).

### 3. New Migration in Europe

Three periods of economic migration can be identified in post-war Europe. The first period started after 1950. At the end of the 1950s, Western Europe began to recruit *labour* from several Mediterranean countries – Italy, Spain, Portugal, former Yugoslavia, later from Morocco, Algeria, Tunisia, and Turkey. Some countries, such as France, Great Britain, and the Netherlands, also recruited workers from their former colonies.

The second period began with the appearance of an economic crisis after 1973. In 1970 Germany had the highest absolute number of foreigners, followed by France. The total number of immigrants in Western Europe was twelve million. During the 1970s mass recruitment of foreign workers was abandoned, and only the arrival of their family members was permitted, which led to family reunification in the countries of employment. Europe closed its borders, with the result that clandestine *migration* increased.

The third period began after the fall of communism. The year 1989 was a turning point in the history of international migrations. The political changes in Central and Eastern Europe brought about mass *migration* to the West, which culminated in the so-called „mass movement of 1989 – 1990“.<sup>1</sup>

Górny and Kępińska (2004, p. 192) report on migration from Ukraine to Poland. Remennick (2003, p. 706) reports that 80,000 engineers emigrated from the states of the former Soviet Union alone to Israel in the 1990s.

The free movement of citizens on the internal market of the EU was introduced the very year it was founded in 1957 in Rome. Article 48 of the Treaty of Rome (in which Belgium, France, Italy, Luxembourg, the Netherlands and West Germany founded the European Economic Community) defines the free movement of workers as one of the fundamental dimensions of the common market.

Today's EU legislation reflects a policy of protection of its member states: the *acquis communautaire* explicitly demands preferential treatment of citizens of EU countries over foreign workers on the labour market (Brucker, 2001, p. 92). A foreign labour force is admitted only if it is shown that EU citizens are not available for a job.

<sup>1</sup> Summarized from: Winter-Zlatković (2004, pp. 161 – 170).

Today, therefore, EU countries must deal with the free flow of persons. However, in actuality certain countries have introduced a „transition period“. In line with this transition period, member states may keep national provisions in place for two years (and in a practical sense for 7 years) following accession.

As is shown below, migration is already taking place as a result of EU expansion. Studies of the factors that influence migration most often lead to the conclusion that *differences in income are the key factor that influences an individual's decision to seek employment abroad*. It is also important to keep in mind that in assessing the difference in pay a potential immigrant must also take into account living expenses and other expenses connected with moving to another country.

Other factors that influence migration are:

- Position on the labour market, expressed as supply and demand;
- Distance;
- Tradition;
- A network of foreigners;
- Other.

#### 4. Migration from Slovakia to Slovenia

Slovenia and Slovakia are two countries whose names are very similar, and so Slovenia is often confused with Slovakia, especially in America. Both of these countries became EU member states in the EU's last expansion. This article deals with the mobility of workers from Slovakia to Slovenia, and so Table 1 presents some official statistical information that is important for understanding the context of this article.

Table 1

##### Some Comparisons between Slovenia and Slovakia

Information	Slovenia <sup>1</sup>	Slovakia <sup>2</sup>
Population	2.0 m	5.4 m
Working population	900,000	2.6 m
Number of unemployed	ca. 110,000	ca. 480,000
Level of unemployment	10 to 11 %	ca 18 %

<sup>1</sup> Source: www.surs.si (31. 12. 2004).

<sup>2</sup> Source: www.statistics.sk (31. 12. 2004).

This study has determined that 40,509 persons that were citizens of other countries were employed in Slovenia on 31 March 2005. Of these, 36,209 were citizens of other former Yugoslav republics, 2,298 were citizens of EU countries

and 2,002 were citizens of other countries. Table 2 shows the citizenship of workers from EU countries in Slovenia.

Table 2

Nationality of Workers from EU Countries in Slovenia in 2005<sup>1</sup>

Country	Number (31th of March)	Number (30th of April)	Number (31th of May)
Austria	203	206	238
Czech Republic	105	112	113
France	103	103	107
Germany	138	140	163
Hungary	145	157	157
Italy	178	183	184
Netherlands	76	31	30
Poland	118	107	136
Slovakia	1 070	1 192	1 289
United Kingdom	64	63	68
Other	156	96	99
<b>Total</b>	<b>2,298</b>	<b>2 390</b>	<b>2 584</b>

<sup>1</sup> Source: Employment Service of Slovenia

After Slovenia joined the EU, conditions changed drastically. The Government of Republic of Slovenia limited number of workers from *third countries* in 2004. Slovenia has started to close its labour market to citizens of non-EU member states.

However, new trends are arising. *Following Slovenia's entry into the EU, new immigration flows can be observed. The greatest number of workers that are EU citizens come from Slovakia.* An analysis of this trend indicates, that their number is growing from month to month. In March 2005 alone the number of workers from Slovakia increased by 148 (from 922 in February, to 1070 in March, to 1192 in April and to 1289 in May 2005 (Employment Service of Slovenia). This can be explained by the beginning of the construction season, because the greatest number of workers from Slovakia (522 in February 2005, 708 in March 2005; see Employment Service of Slovenia) work in construction.

We find many examples, how people from Slovakia wish to find job on informal labour market in Slovenia, too.

This article analyses the reasons for migration from Slovakia to Slovenia. Theory indicates that expectation of higher pay is the main reason for migration.

Based on information from the Chamber of Commerce and Industry of Slovenia, the average gross monthly salary in 2004 in Slovenia was 267,751 SIT (1 115 EUR; (see [www.gzs.si](http://www.gzs.si) – Chamber of Commerce and Industry); EUR 1 = SIT 240). According to the Bank of Slovenia (Bank, 2003, p. 10), in 2003 Slovenia achieved 69.1 % of the average GDP per capita expressed in purchasing power parity for the euro zone, and Slovakia 47.9 %. According to data from the European Commission and Eurostat, in 2004 Slovenia was expected to achieve

85.3% of the average GDP per capita in the EU expressed in purchasing power parity, and Slovakia 55.9 %.<sup>2</sup>

It is therefore possible to conclude that the expectation of a higher salary has an actual basis and is certainly a factor that influences the decision of workers from Slovakia to seek employment in Slovenia. However, this analysis does not take into account the living expenses of migrants to Slovenia.

A second, and perhaps even more important, reason for migration is the conditions on the labour market. The problem in Slovenia is what is known as „structural unemployment“. This refers to the fact that the number of unemployed persons in certain professions is very high with regard to the number needed. On the other hand, it is very difficult to obtain staff with specific profiles. As an illustration, the largest medical centre in Slovenia has a shortfall of 800 nurses. Similar problems are encountered in construction. According to Slovak statistics ([www.statistics.sk](http://www.statistics.sk)), at the end of 2004 there were 33,800 unemployed persons in Slovakia that had last been employed in construction. Some information on the professional qualifications of unemployed persons in Slovakia is given in Table 3.

Table 3  
Professional Qualifications of Unemployed Persons in Slovakia<sup>1</sup>

<i>Branch (last employment)</i>	<i>Number of unemployed (thousands)</i>
Agriculture, hunting and forestry; Fishing	33.2
Industry	98.0
Construction	33.8
Wholesale and retail sale; repair of vehicles	38.3
Hotels and restaurants	15.8
Transport, storage, post and telecommunications	12.4
Financial intermediation	2.9
Real estate, renting and business activities	8.9
Public administration and defence; compulsory social security	13.0
Education	8.3
Health, social work	14.7
Other community, social and personal activities	35.4
Private households	1.2
Extra-territorial organizations	–
Not identified	64.5
Unemployed without work experience	100.3

<sup>1</sup> Source: [www.statistics.sk](http://www.statistics.sk)

Table 4 shows which activities migrants from Slovakia to Slovenia are employed in.

<sup>2</sup> See Main Statistical Data on Candidate Countries: Real convergence: Eurostat data from 2001. The data presented are from 2001. Other sources (e.g., Eurostat in its publication *Statistics in Focus – SIF*, No. 37/2004 cites different numbers, and the Economics Institute of the Faculty of Law in Ljubljana others yet. Regardless of the different values presented in the statistics, it is possible to conclude significant differences remain in purchasing power between Slovenia and Slovakia.

Table 4

**Activities in Which Slovak Workers are Employed in Slovenia, 31 March 2005<sup>1</sup>**

<i>Activity</i>	<i>Number</i>
Community, social and personal activities	5
Catering	102
Construction	708
Education	6
Agriculture, hunting, forestry	6
Real estate, renting, business activities	6
Unknown activity	1
Processing activities	149
Transport, storage, telecommunications	59
Sales, repair of vehicles	25
Health, social care	3
<b>Total</b>	<b>1,070</b>

<sup>1</sup> Source: Employment Service of Slovenia.

It is also interesting to examine Table 5, which shows the level of education of migrants from Slovakia in Slovenia. Most of these are unskilled workers (Level I means that primary school was completed and Level IV means that professional skills were acquired).

Table 5

**Slovak Workers in Slovenia as of 31 March 2005 by Level of Education<sup>1</sup>**

<i>Level of education</i>	<i>Number</i>
Unknown	12
I (unskilled)	750
II (semi-skilled)	6
III (2-year vocational school)	13
IV (3-year secondary technical school)	250
V (4-year secondary school)	24
VI (vocational college)	5
VII (undergraduate university)	8
VIII (master's degree)	2
<b>Total</b>	<b>1,070</b>

<sup>1</sup> Source: Employment Service of Slovenia.

From Tables 4 and 5 it is clear that primarily unskilled workers are working in Slovenia in the field of construction.

Returning to pay, it has already been shown that it is realistically possible to expect a higher income in Slovenia than in Slovakia. The average monthly wage in construction in Slovenia in 2004 amounted to SIT 218,781 (www.gzs.si) (i.e., 81.7 % of the average wage in Slovenia). In the case of migrants this is therefore lower paid work. Therefore the question is whether pay is really the most important factor influencing migration. The main motivation for migration is therefore the possibility of employment. At least, our languages are relatively close.

## 5. Influence of New Migration on the Labour Market

The main concern of migration policies of EU member states has always been:

- Satisfying demand on the one hand; and
- Protecting the interests of domestic workers, especially with regard to pay and employment opportunities.

Of course, in the context of this article the following is of interest:

1. The influence migration has on pay in Slovenia.
2. The influence migration has on unemployment among domestic workers in Slovenia.

Analyses of the influence of migration on the pay of domestic workers have already been conducted in the past in Europe. Brucker presents the results of a number of studies. Brucker (2001, p. 115) summarizes the following findings of studies conducted in various countries.

A 10 % increase in the number of foreign workers in Germany would cause:

- In the best scenario, a 0.2 % fall in wages for the lowest-paid workers;
- In the worst scenario, a 4.1 % fall in pay.

Austrian studies have shown that a 10 % increase in the number of foreign workers in Austria would cause a  $-0.5\%$  to  $+0.5\%$  change in wages. The majority of studies conducted in America show that migration has a negligible impact on the wages of domestic workers.

In Slovenia no empirical research has yet been conducted on the influence of migration on the pay of domestic workers.

In the case of migration from Slovakia, a relatively small number of people are concerned. On 31 December 2003 there were a total of 111,000 persons employed in construction in Slovenia, and 59,000 in catering and tourism ([www.surs.si](http://www.surs.si)). Because the share of migrants is small (in construction less than 1 % of all employees in the sector), it is possible to conclude that the influence of migrants on wages and employment opportunities for domestic workers is small.

## Conclusion

The entry of Slovenia into the EU very likely marks the beginning of the process of gradually replacing the labour force that in past decades came from other former Yugoslav republics. The question is how it will be possible to make up this loss overall. Currently the greatest number of new workers come from Slovakia. Although much is being said about this migration in Slovenia, no dramatic trends are discernable.

It is only possible to conclude that migration from Slovakia has actually begun. The trend of migration from Slovakia will certainly continue in the future and, at least for construction workers, will increase. Of course, the extent of migration from Slovakia to Slovenia is limited (i) by the number of unemployed persons in Slovakia and (ii) by the reduction in differences in wages in the two countries. In the future the greatest number of migrants will continue to be employed in construction. This forecast is based on the following facts.

The value of work performed in construction in 2003 in Slovenia amounted to SIT 342 billion (1,425,000 EUR). The level of growth in construction in 2003/4 was 2.8 %. In the period 1995 – 2003 the number of companies active in construction in Slovenia increased by 26.1 %. This trend will continue in the next few years because 4.6 billion EUR is planned for the construction of new motorways alone (Resolution, 2004, p. 6715). In the coming years the construction of a second rail line on a portion of the Koper-Ljubljana railway is also expected, at an estimated value of 200 million EUR. Funds in the national housing savings plan will also become available. This will represent new opportunities for the employment of migrants.

It is also expected that in the future a large number of Slovak workers in the areas of tourism and catering will migrate to Slovenia. The level of growth in catering and tourism in Slovenia in the period 2003/4 was 4.5 %. The case of workers in catering and tourism will also represent the replacement of workers from other countries of the former Yugoslavia. This will also involve lower paying jobs.

It is surprising that much is also being said in Slovenia about doctors and nurses from Slovakia. So far, empirical studies have not observed this kind of migration. However, the need for these kinds of workers in Slovenia is great. An inflow of healthcare workers can also be expected in the future in view of this need. The cultural and linguistic barriers between Slovenia and Slovakia are relatively small. Healthcare personnel will be motivated to come to Slovenia by the relatively high salaries paid in healthcare. The average monthly salary in healthcare in 2004 amounted to SIT 312,423 (i.e., 116.7 % of the average salary in Slovenia) ([www.gzs.si](http://www.gzs.si)). The salaries of doctors in Slovenia are quite high in particular.

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