

I Does the Slovak labour market need more immigrants?

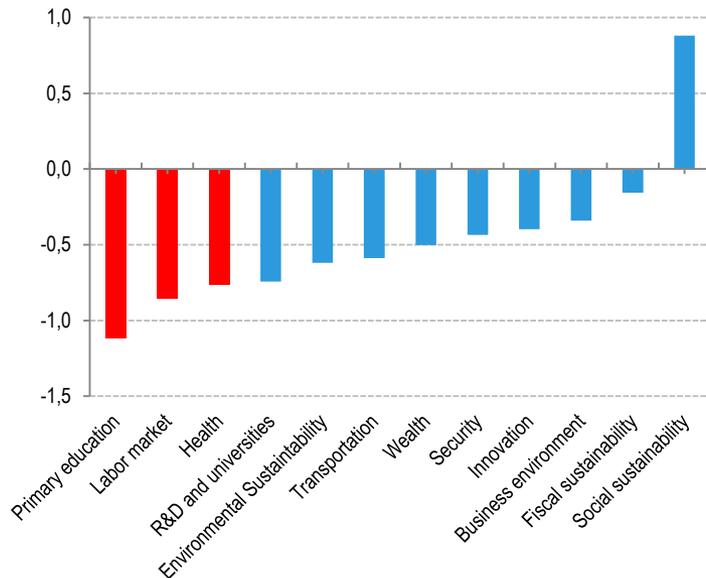
Seminar - April 27, 2018

Lucia Šrámková

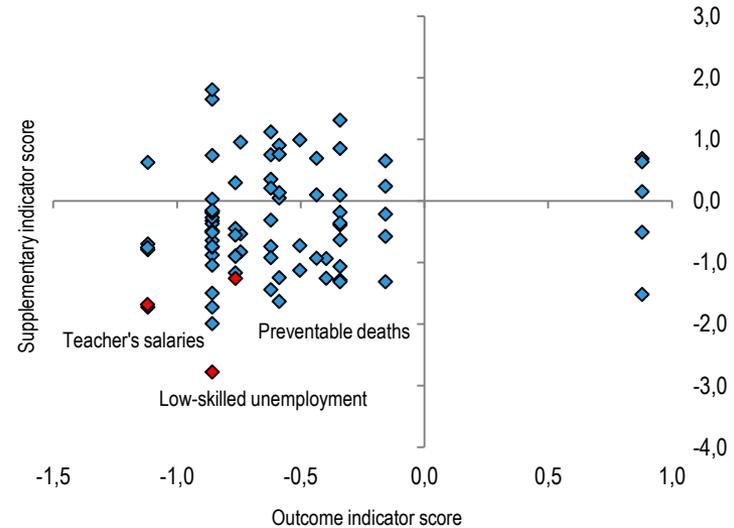
Director of the Institute for Financial Policy

Identification of priorities for Slovakia

Gap analysis of performance indicators
(SD from OECD and EU average)



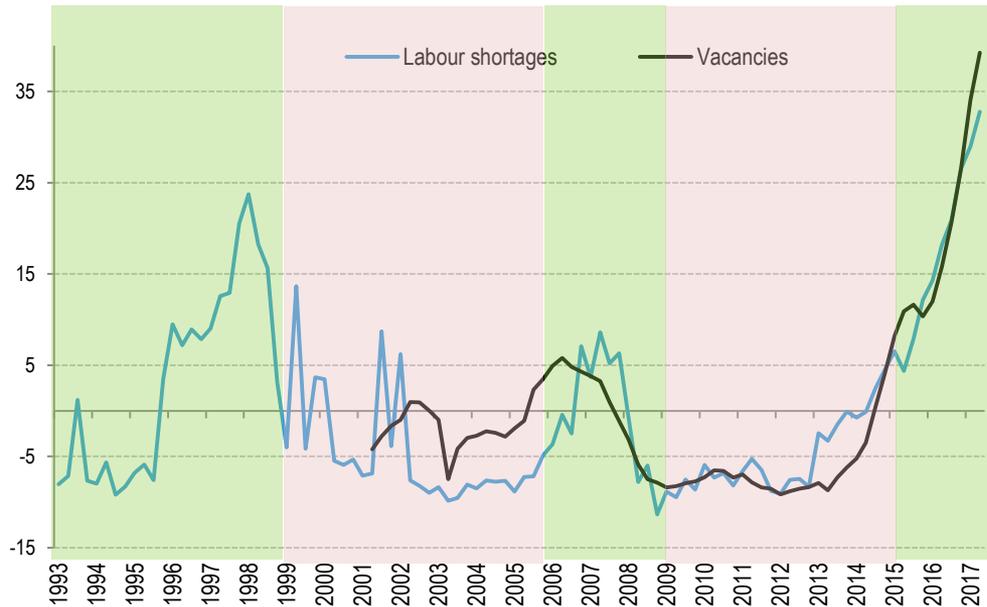
Indicators disaggregation
(SD from OECD and EU average)



- Indicator gap analysis from 2017 identified three priorities of the Slovak economy:
 - Primary education (education system outcomes)
 - Labor market (low-skilled and long-term unemployment)
 - Health care system (efficiency)

The labour market fever...

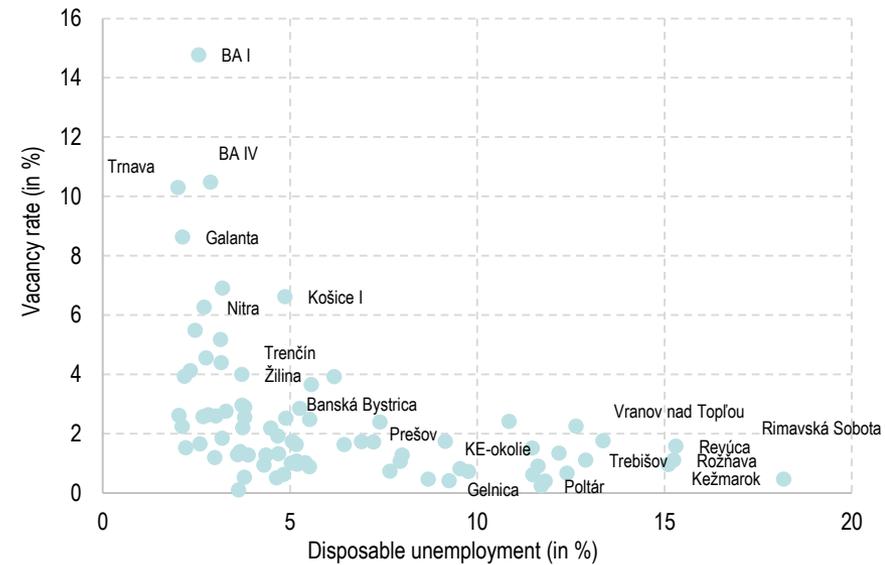
Indicators of overheating of the labour market (normalized in %)*



*Labour shortages includes industry, construction and services with the weights according to the weights in ESI.

Source: SO SR, CoLSAF

Regional mismatch between supply and demand in the labour market (February 2018)

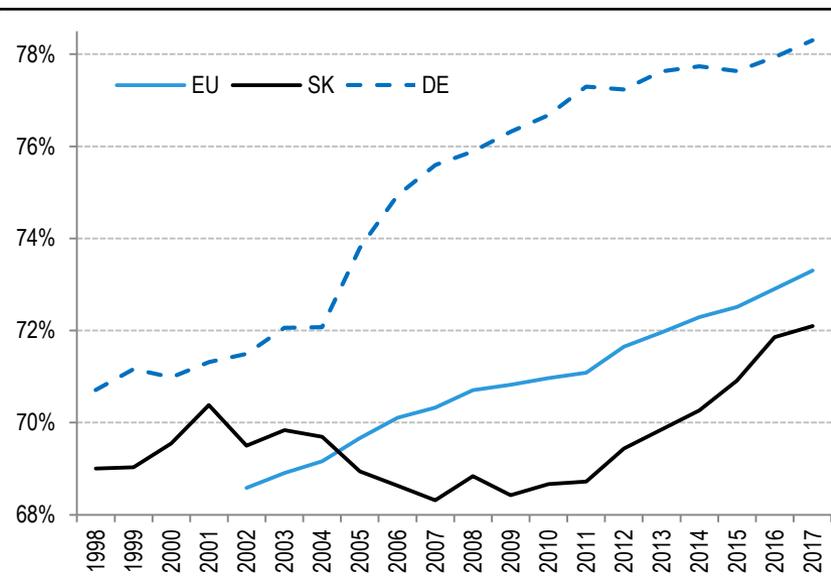


Source: CoLSAF



... gap in employment of disadvantaged groups

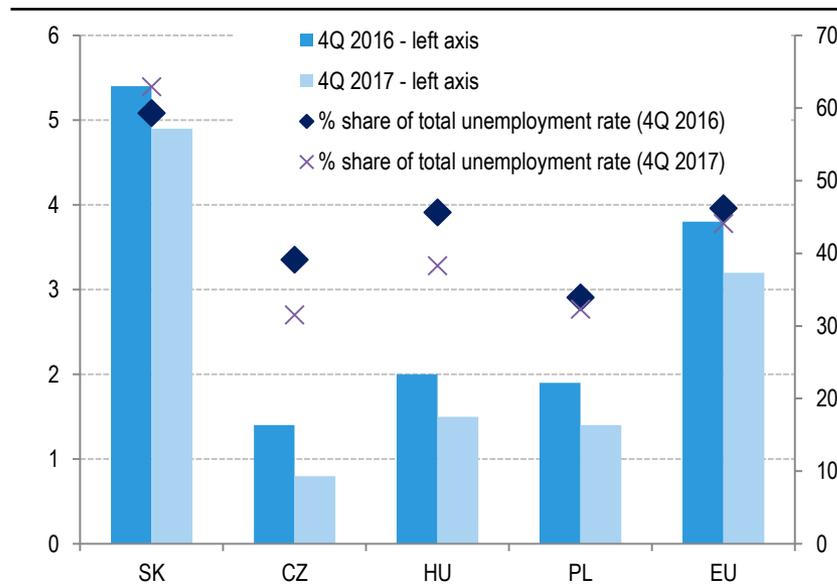
Participation rate lags behind the advanced economies



Note: 15-64 years old

Source: Eurostat

Higher long-term unemployment relative to peers
(%, 4Q 2016 vs. 4Q 2017)



Source: Eurostat

- Slovakia lags behind EU and OECD countries in employment of disadvantaged groups: long-term and low-skilled unemployed, marginalized Roma communities and mothers with children aged 0-3

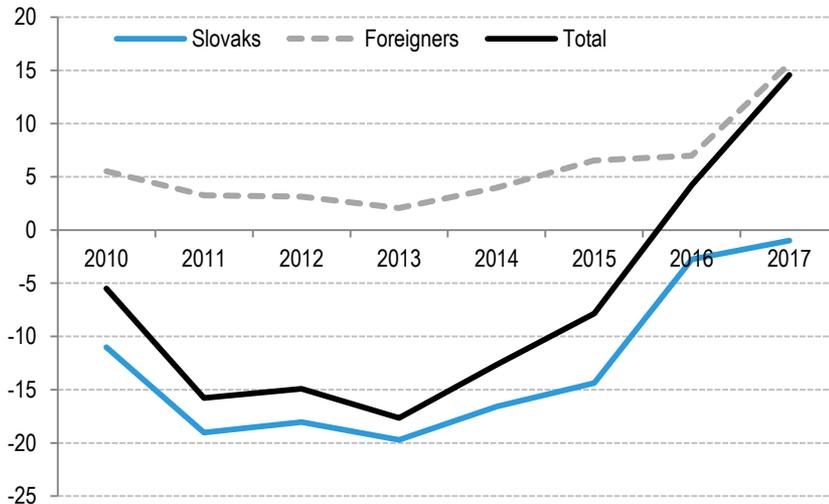


I Strategic options

- Motivate Slovaks living abroad to return
- Find flexible forms of employment for mothers on maternity leave
- Reduce inefficiency in public sector
- Integrate Roma community and other disadvantaged groups
- Attract more foreigners
- Promote innovation and replace human capital with robots

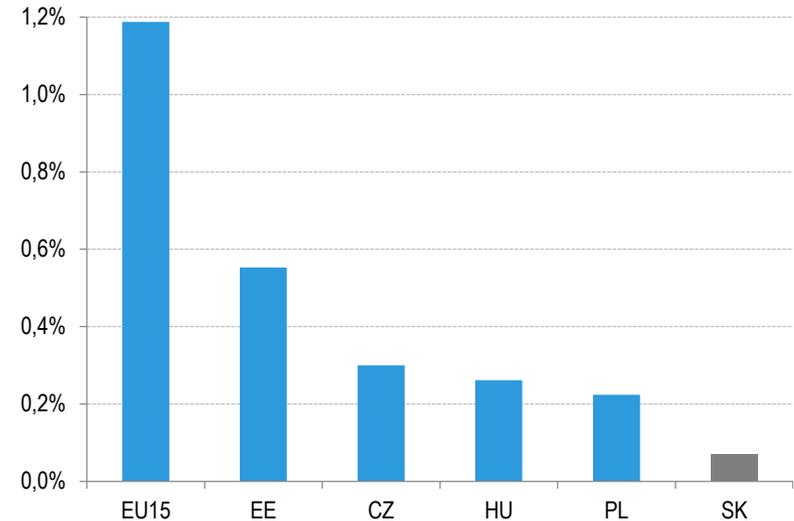
Positive net migration is driven mainly by foreigners

Net migration (immigration less emigration)
(by residency, in thousands)



Source: IFP

Share of yearly foreign immigration to population
OECD (% , 2015)

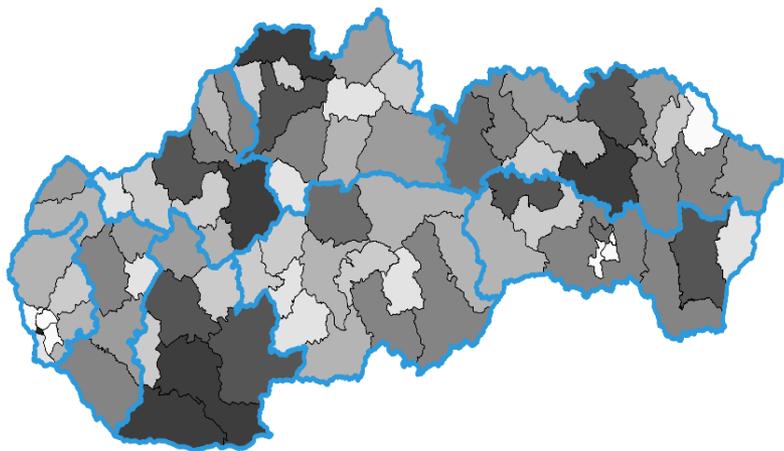


Source: OECD

- Slovaks were less likely to emigrate in the last 4 years and we observe also an increase in returning Slovaks
- Positive net migration is still driven by foreigners. However their share is still 4 times smaller compared with V3 countries.

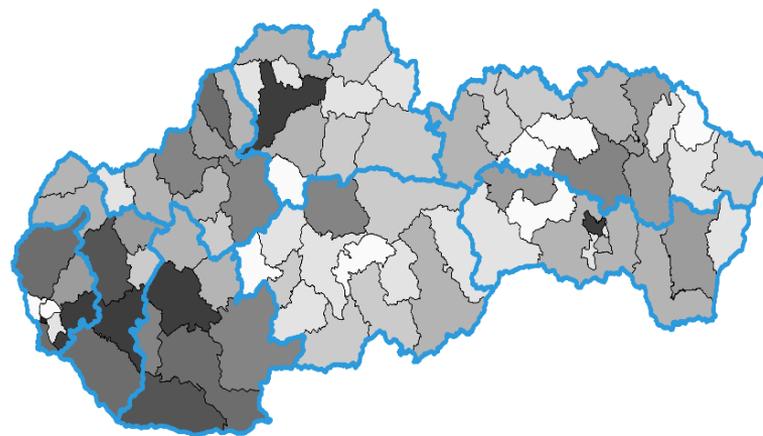
Slovaks are coming home, while foreigners are looking for jobs

Geographical distribution of returning Slovaks, based on employer's address



Source: IFP

Geographical distribution of foreigners working in Slovakia, based on employer's address

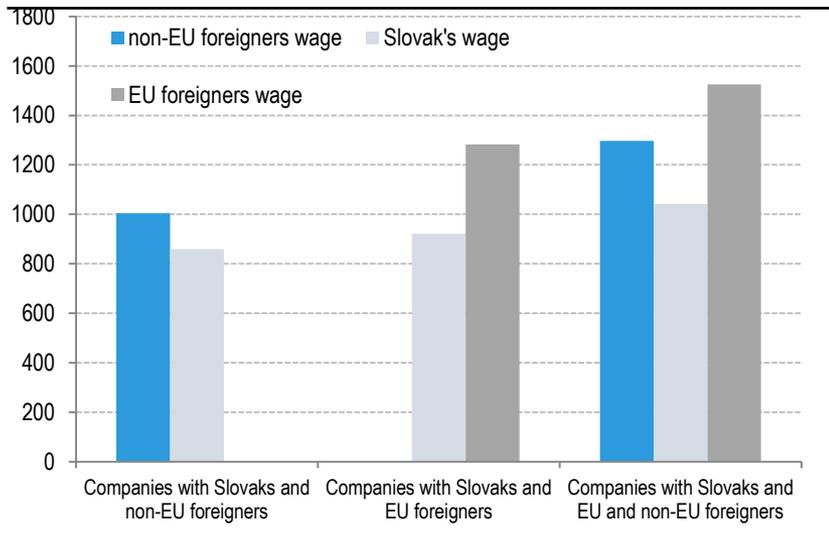


Source: IFP

- Slovaks are returning to region no matter the local economic situation (unemployment, vacancies)
- Foreign migrants have a preference towards western Slovakia, where there are more vacancies and less unemployment

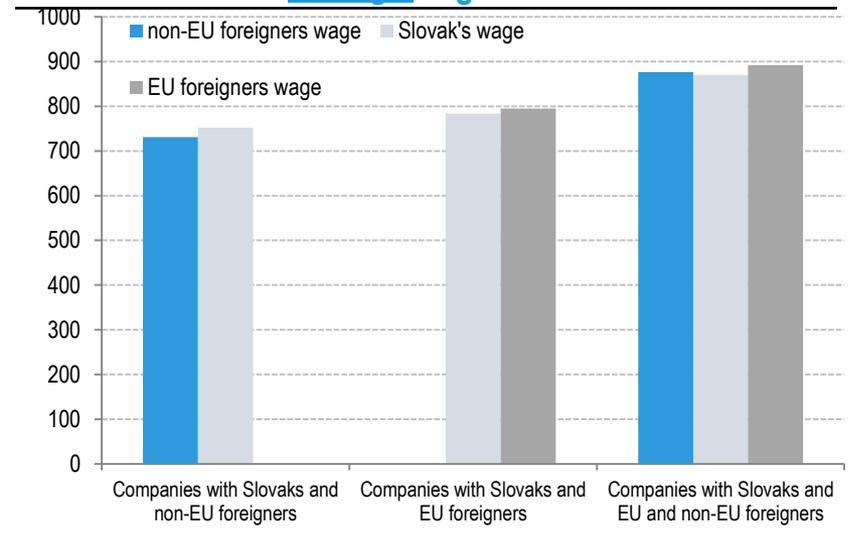
Wage dumping cannot be confirmed or disconfirmed

Full-time average wage in 2017 by country of origin, EUR



Source: IFP

Full-time average wage in 2017 by country of origin, without wages higher than 3-times economy-wide average wage EUR



Source: IFP

- On average foreigners are paid similarly to Slovaks, in median however they are paid less
- These differences could be explained by experience, region, age and industry
- There are important omitted variables that we cannot measure as education and vertical separation (ISCO)

Thank you for your attention!



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