

Where should Slovakia look for workers?

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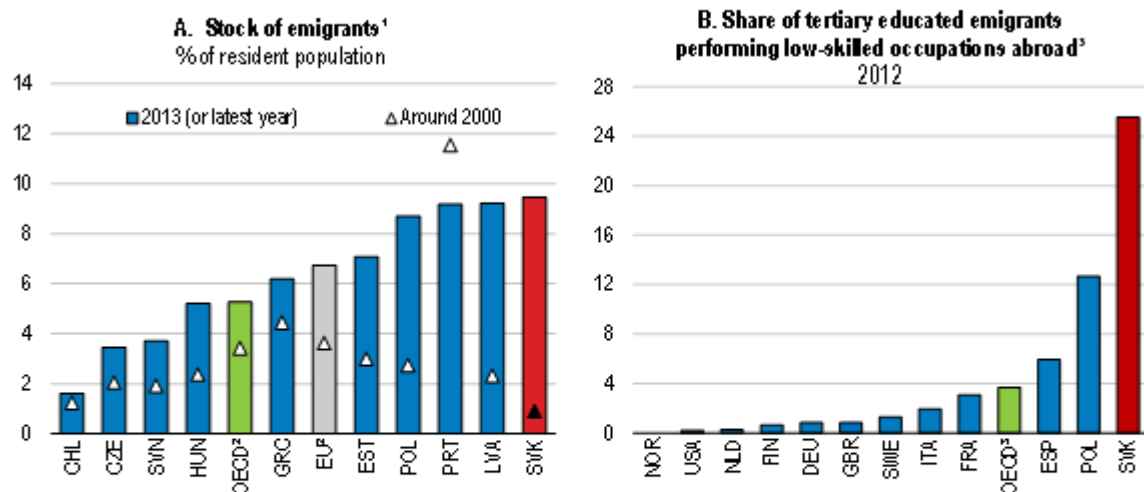
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Slovakia's economy continues to perform extremely well. More and more people are able to find jobs. Employment and hours worked are already at the highest since independence. The unemployment rate has fallen below historical norms. Nevertheless, more qualified people are needed. Difficulty in hiring qualified labour has become the main complaint of Slovak businesses. Shortages affect over half of all manufacturers and are particularly acute in the automotive sector. More than 80% of the sector's suppliers signalled that labour availability and quality are major problems. Moreover, the demand for qualified IT workers is estimated to be four times the supply.

In this regard, the 2017 Slovak Economic Survey argued that the authorities should step up efforts to improve education, ease barriers for foreign workers and enhance labour market access for disadvantaged groups. At the same time, more focus should be placed on the large Slovak diaspora and encourage them to return home.

Almost one-tenth of the population now lives abroad, which is well above the OECD average (Figure 1, Panel A). Most of them left the country in the last decade. Slovak emigrants are mostly young and educated. Unfortunately, many Slovak emigrants with tertiary education work in low skilled jobs abroad (Figure 1, Panel B), which represents sunk costs for the education system.

Figure 1. The stock of emigrants is internationally high



1. Emigration stocks are computed with reference to a sample of 34 OECD countries of destination for which immigrant data by country of birth (stocks) are available.
2. Unweighted average.
3. Skilled and elementary occupations are defined based on the ISCO classification.

Source: OECD (2016), *OECD International Migration Statistics (database)*; OECD (2016), *OECD Economic Outlook: Statistics and Projections (database)*; Eurostat (2016), *Population Statistics (database)*; OECD (2013), *OECD Skills Outlook 2013 Database*; and

The government should try harder to attract return migrants. Although there are already two schemes to do so, they both support only a limited number of individuals with marginal impact. The authorities should scale up these programmes and monitor their effectiveness to ensure continuing good value for money. More importantly, the government should also develop a comprehensive strategy to maintain ties with the large expatriate community. A new information system could connect with the diaspora and facilitate its engagement. It should be able to target and address emigrants soon after emigration, as the probability of return decreases after five years of living abroad. Many OECD countries are providing online portals with details on job, training and business opportunities. These portals also help young adults studying abroad find information about work and internship offers back home, and companies could use the contact network to find employees among those studying abroad.

Encouraging emigrants to return home can help to increase the supply of skilled labour. This will address labour shortages. At the same time return migrants can bring home new skills,

networks and financial capital, which can help spur innovation and growth.

Further reading:

OECD (2017), *OECD Economic Surveys: Slovak Republic 2017*, OECD Publishing, Paris.
http://dx.doi.org/10.1787/eco_surveys-svk-2017-en

Pungas, E., O. Toomet, T. Tammaru and K. Anniste (2012), "Are Better Educated Migrants Returning? Evidence from Multi-Dimensional Education Data", *NORFACE Migration Discussion Paper*, No. 2012-18.
www.norface-migration.org/publ_uploads/NDP_18_12.pdf