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### ПРИОРИТЕТНІ НАПРЯМИ РОЗВИТКУ СИСТЕМИ УПРАВЛІННЯ ФІНАНСАМИ У СФЕРІ ДЕРЖАВНОГО ПІДПРИЄМНИЦТВА КАЗАХСТАНУ

*Розглянуто теоретичні основи управління фінансами в державному секторі економіки в умовах переходу до бюджетування, орієнтованого на результат. Встановлено, що в умовах поглиблення ринкових перетворень ефективність державного сектора залежить не від масштабу державної власності, а від ефективності управління державними фінансами.*

*Ключові слова: фінансовий менеджмент у державному секторі, державне підприємство в Казахстані, функції державних фінансів.*

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### ПРИОРИТЕТНЫЕ НАПРАВЛЕНИЯ РАЗВИТИЯ СИСТЕМЫ УПРАВЛЕНИЯ ФИНАНСАМИ В СФЕРЕ ГОСУДАРСТВЕННОГО ПРЕДПРИНИМАТЕЛЬСТВА КАЗАХСТАНА

*Рассмотрены теоретические основы управления финансами в государственном секторе экономики в условиях перехода к бюджетированию, ориентированному на результат. Установлено, что в условиях углубления рыночных преобразований эффективность государственного сектора зависит не от масштабов государственной собственности, а от эффективности управления государственными финансами.*

*Ключевые слова: финансовый менеджмент в государственном секторе, государственное предпринимательство в Казахстане, функции государственных финансов.*

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## AN INFLUENCE OF INTERNATIONAL LABOR FORCE MIGRATION ON NATIONAL COMPETITIVENESS

*The governmental regulation of labor force migration is an important part of country's image. The interdependence between international labor force migration and national economy's competitiveness is analyzed. The Global Competitiveness Index was chosen as a background of the research. The ways of improving of Ukrainian performance in a Global Competitiveness Index are defined. Tough control and the migrants inflow limits implementation will cause a decrease in an unemployment rate and an increase in a competitiveness of national business. The stimulation of the high-qualified specialists' immigration is also a way of gaining a competitive advantage. The necessity of governmental programs, supporting national entrepreneurs must be emphasized.*

*Keywords: labor force migration, governmental regulation, Global Competitiveness Index, national competitiveness.*

**Introduction.** An intensification of international migration processes is one of the most significant features of globalization. Ukraine is getting more and more involved in those processes. It became an important regional centre of migration, being not only a country of origin of international migrants, but also receiving a large amount of foreign labor force.

Labor force migration is a transposition of the labor force from one country/region to another for more than a year, caused by economical and other reasons. The type of migration, when a worker does not cross a national boarder is called 'internal migration'. Internal migration leads to labor force movement between a country's regions/cities/villages resulting in zero changes in a population. An international migration increases a population on a number of people, entering the country (immigrants), and decreases it on a number of leavers (emigrants).

Speaking about the economical nature of international migration processes, a key stimulating factor is a lack of satisfaction in a personal welfare. That is why most migrants are from the countries with a developing economy. The necessity of paying for medical services, education and consumer goods is making people looking for an additional income. It is clear, that in such a situation those people are trying to get a job in country with a higher level of economical development.

According to the current situation on international market, even a less prestige job in Western European countries or in USA and Canada is comparatively more paid, than a high managing position in a developing country.

In Ukraine today the processes of international labor force migration are poorly studied and there is a necessity of an extra attention for them by government and local scientists. By the way, there are some existing models of governmental regulation of labor force migration in a world practice. First of all, these are researches of Avad [1],

C. Dustmann [2], M. Fix [3], M. Kahanec [4], A. Kim [5], A. Zaiceva [6], K. Zimmermann [7,8] and others.

An important research step in a theory and practice of international labor force migration, in it's organizational, economical and judicial regulation was made by local specialists: O. Chernyak [9], A. Gaidutskiy [10], E. Libanova [11], S. Pirozhkov [12] and others.

There are also works by local and foreign scientists, dedicated to the problems of international competitiveness of national economy. An importance of the results, achieved by such specialists like H. Drzeniek [13], M. Porter [14], X. Sala-i-Martin [15], A. Zhalilo [16] should be emphasized.

According to all the facts about an economical background of the international labor force migration, that were mentioned earlier, it's influence on the national economy's international competitiveness can be analyzed. The analyze is based on the Global Competitiveness Index rankings in 2013 [17].

**The interdependence between international labor force migration and Global Competitiveness Index.** The Global Competitiveness Index (GCI) is a wide index, which defines national competitiveness level on the basis of the main micro- and macro economical figures. To describe an economical situation in a country more truly, the GCI has 12 elements: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market conditions, technological readiness, market size, business sophistication and innovation.

An influence of the international labor force migration on the each element of the Index and, on other hand, an influence of the main figures, presented in the GCI research, on a dynamics of migration will be shown, using Ukraine as an example.

**Institutes.** The institutional environment forms a framework in which entrepreneurs, companies and gov-

ernments cooperate to gain a profit and to stimulate an economical increase. Institutional base is very important for making the decisions on investment and an organization of production. Its successful functioning is not possible without minimization of bureaucracy by local authorities and maximization of private sector's transparency.

So, developed institutes stimulate an increase in the amount of foreign migrants inside a country. Such situation leads to a number pluses and minuses for the national economy. The immigration of high-skilled specialists stimulates a development of the modern technologies in a country. On other hand, an inflow of the less educated and skilled workers, that are trying to find job offers with better options, than in their country of origin, only cuts costs on salaries for companies. It strengthens their competitive position in the short time period, but results in an increase of unemployment inside a country.

Conditions of institutes also influence an amount of remittances from citizens working abroad. The security of

investment is one of the most important factors to stimulate remittances. If labor migrant plans to invest at least in one project after coming back home, the probability of remittances transfer will have a raising trend.

Sometimes investing plans even have an influence on a decision which country to choose for immigration. While staying and working abroad, person tries to discover the peculiarities of local financial and capital market, to gain some experience in doing business.

In a case of Ukraine, 'The quality of institutes' figure is comparatively very low. The level of Ukrainian institutional framework development is on 132<sup>nd</sup> place among 140 countries (Table 1), according to the GCI research [17]. As a conclusion, it must be mentioned, that such situation stimulates emigration, a 'brain drain' and poor foreign investment in Ukraine. An amount of remittances transferred to Ukraine is also rather low.

**Table 1. The Global competitiveness Index rankings of Ukraine, 2008 – 2013**

Year	2008	2009	2010	2011	2012	2013
Ukraine's rank in The Global Competitiveness Index	73	72	82	89	82	73
Institutions	115	115	120	134	131	132
Infrastructure	77	79	78	68	71	65
Macroeconomic environment	82	91	106	132	112	90
Health and primary education	74	60	68	67	74	62
Higher education and training	53	43	46	46	51	47
Goods market efficiency	101	103	109	129	129	117
Labor market	65	54	49	54	61	62
Financial market sophistication	85	85	106	119	116	114
Technological readiness	93	65	80	83	82	81
Market size	26	31	29	38	38	38
Business sophistication	81	80	91	100	103	91
Innovation	65	52	62	63	74	71

Source: <http://www3.weforum.org/docs>

**Infrastructure.** Infrastructure includes such components as transport, communications and informational streams. An effective infrastructure guarantees a successful functioning of markets, an easy coverage of distance between regions, convenient production process. That is why infrastructure level is a very important part of the national economy's competitiveness.

A quality of infrastructure influences internal labor force migration in a country. In a case of well developed transport system and communications a movement of workers

from one region to another intensifies. This process results in a decrease in the regional unemployment figures. On other hand, bad conditions of markets, shortage of information and ineffective transport connection can cause difficulties in making business, decrease of the main economical figures and emigration.

In a current component of national competitiveness Ukraine has a 65<sup>th</sup> place among all the countries presented in the research [17]. This is not a very high result, but a migrant's inflow to Ukraine is still rising (Table 2).

**Table 2. International labor migrants inflow to Ukraine**

Year	2007	2008	2009	2010	2011	2012	January-July, 2013
International labor migrants inflow to Ukraine, thousands of people	46,5	37,2	32,9	30,8	31,684	76,361	29,908

Source: [http://ukrstat.org/uk/operativ/operativ2012/fin/ds/mr/mr\\_u/mr12\\_u.html](http://ukrstat.org/uk/operativ/operativ2012/fin/ds/mr/mr_u/mr12_u.html) and [http://ukrstat.org/uk/operativ/operativ2013/ds/mr/mr\\_u/mr0713\\_u.html](http://ukrstat.org/uk/operativ/operativ2013/ds/mr/mr_u/mr0713_u.html)

It can be explained by the fact, that most Ukrainian immigrants are from the countries, where infrastructure level is even poorer. An international competitiveness of these countries is also much lower. Such immigrants aren't high-skilled; they present a cheap labor force segment. This kind of immigration increases a competitiveness of small- and medium-sized companies, making them able to cut operating costs, and a country's unemployment rate.

**Macroeconomic environment.** Among the main macroeconomic figures, an inflation rate, a budget deficit and a governmental debt size are influencing competitiveness of national economy mostly.

High inflation rate strengthens uncertainty, which causes difficulties in investing process. As a result, an investment inflow is getting lower. Budget deficit leads to the problems in financial system functioning. In a case of a

raising budget deficit, government will try to make options of bank crediting tougher. Governmental debt also influences competitiveness of national economy. Large governmental debt makes social payments impossible. It causes a decrease in national welfare.

The labor force outflow figure is reversely proportional to all three macroeconomic indices mentioned earlier. Healthy macroeconomic environment prevents the 'brain drain', but stimulates an increase in the international migrants' inflow.

Ukraine has a 90<sup>th</sup> place in that pillar of GCI research [17]. Foreign experts see Ukrainian macroeconomic stability level as comparatively low. This situation influences competitiveness of national economy badly. Development of the governmental regulation of labor force migration can help to improve Ukraine's position. The implementation of

tougher regulation of immigration will allow preventing the inflow of unqualified labor force and their families. It can result in an increase of social payments and a decrease of budget deficit. Moreover such a step will artificially cut the competition on a local labor market. As a result, an unemployment rate inside a country will decrease.

**Health and primary education.** Professional skills and health conditions of the labor force is an important basis of successful business. Furthermore competitiveness of economy is hypothecated in primary school and healthcare systems effectiveness. This pillar's results are strongly tied with early mentioned macroeconomic environment figures. The costs on education and healthcare must be correctly estimated in a budgetary process. In a case of the large budget deficit, the usefulness of these spheres of activity will not be maximized.

The way to improve results in that pillar of competitiveness of national economy is to implement a labor migrant's certificate. The first paragraph of that document should include full individual data of the international labor migrant. The migrant's age, his sex, marital status, the presence of chronic diseases and mental health condition must be specified there. This information should help to make a conclusion about a migrant's ability to work and to reduce the risk of further social payments on the ability to work loss.

The implementation of the labor migrant's certificate is now very actual for Ukraine. Our country has a 62<sup>nd</sup> place in that pillar among all presented in the GCI research countries [17]. According to such result, the most part of foreign labor immigrants are coming to Ukraine from less developed countries. The labor migrant's certificate will help to reduce a number of these immigrants and to increase a national competitiveness furthermore.

**Higher education and training.** This pillar of competitiveness of national economy is derivative from the previous one. Higher educational and professional level of the labor force will lead to modernization and implementation of new technologies in production process.

Country's competitiveness in that pillar correlates with macroeconomic stability, infrastructure level and social standards. If the mentioned figures are low, an amount of labor emigrants in a country will raise. In a case of high-skilled specialist, this process is called 'brain drain'.

Stimulation of foreign specialists' immigration is also very important. Especially for Ukraine with its 47<sup>th</sup> place in that pillar according to the GCI research [17]. For that category of international labor migrants a simplified procedure of entering the country should be provided. An early mentioned labor migrant's certificate can help in that case too [9]. Its second paragraph must include information about obtained high education and professional skills. The analysis of this data will simplify the process of giving the work permits to immigrants.

**Goods market efficiency.** Remittances, which country achieve from their labor emigrants, are among the main advantages of international labor force migration. They procure a foreign currency inflow and allow compensating losses, caused by workers outflow. Money transfers from abroad also increase country's welfare and, as a result, its competitiveness. According to International Organization for Migration's report, the global amount of remittances from international migrants in 2009 was 414 billions of dollars; the remittances inflow to Ukraine in the same period was 4, 5 billions of dollars [18].

The efficiency of goods and services market creates comfortable background for foreign investment inflow. Absence of redundant governmental control and high taxes makes an appropriate environment for doing business. These two figures have a direct influence on the amount of money transfers, sent by international labor migrants.

Ukrainian goods market's efficiency rate is 117<sup>th</sup> among all the countries in GCI research [17]. The market system in Ukraine needs thoroughgoing changes immediately. The investment climate improvement is especially necessary. That step will help to increase competitiveness of the national economy and to stimulate the remittances' inflow.

**Labor market efficiency.** The key indicator of the labor market's efficiency is an unemployment rate. It is tied with migration processes in a country and strongly influences country's competitiveness.

International migration of the unqualified workers causes an increase of unemployment in receiving country. This increase leads to intensification of emigration. Main reasons of emigration are job losses and dissatisfaction with conditions of work. In most cases international labor migrants ask for lower wages than local workers. Entrepreneurs cut their operating costs employing foreigners. As a result, locals have problems with getting job.

There is a necessity of development of governmental regulation of the labor force migration in Ukraine. This statement is proved by the 62<sup>nd</sup> place in that pillar of GCI research [17].

This pillar is mostly influenced by international migrants' inflow. The correlation coefficient between "Labor market efficiency" and "International migrants' inflow" is 0,54.

Growing number of people emigrating from Ukraine to Russia, countries of European Union (especially to Poland, Portugal and Italy), USA and Canada (emigration to these two countries is, mostly, a 'brain drain') can also be seen as proof of labor market's poor conditions.

**Financial market development.** Analyzing the financial market development's influence on competitiveness of national economy, an existence of risks for foreign investors should be studied. The main aim of Ukrainian financial market's regulation is to increase trust to local business among international investors.

**Technological readiness.** The level of development of informational and communicational technologies determines competitiveness rate of local businesses. It is evident, that upgrading of technologies is impossible without sizable investment. Additional finance will allow to buy foreign equipment or to employ highly-paid professionals. Such specialists can help to skimp costs on equipment developing existing capacities. International labor force migration has a direct influence on this figure.

It was mentioned, that main the aim of governmental regulation is a high-skilled workers inflow stimulation. But, on other hand, improvement of working conditions for local specialists is also very important. It allows to prevent the 'brain drain'.

**Market size.** Market size determines facilities of national enterprises on international markets. Large-sized market gives enterprises possibility to achieve additional advantages via calibre economy.

Business enlargement and sales increase allows creating new jobs. In that case workers' outflow will decrease nor as high-skilled specialists loss probability.

Ukraine has a 38<sup>th</sup> result in that pillar [17]. The capacity of Ukrainian market is comparatively large. But local enterprises often lose competition to foreign companies. They face bankruptcy and increase the unemployment rate, instead of new job creating.

Governmental grant-in-aid to enterprises, which employ local workers, instead of less-paid foreigners, is a way to solve this problem. According to that approach, company gains additional competitive advantage, creates new jobs for locals and the international labor migrant's inflow decreases.

**Business sophistication.** Competitiveness of local enterprises is one of the most important factors of national economy's competitiveness forming. Successful activity of enterprises makes functioning of branches of industry more

effective. The global of country's development is based on international competitiveness of enterprises.

International labor force migration is toughly tied with competitiveness of business. The quality of international migrants' outflow and inflow determines human capital, which company owns doing business.

91<sup>st</sup> place of Ukraine in that pillar of GCI emphasizes the necessity of corrections in governmental regulation of the labor force migration[17].

**Innovation.** This last pillar of GCI mustn't be additionally explained. Its influence on competitiveness of national economy is evident. Innovations play a key role in international competitiveness of enterprises, their attractiveness for investors and technological level.

The development of science and education system and clever governmental regulation supports innovative segment of economy's international competitiveness. Special attention should be paid to the attraction of high-skilled specialists from abroad and to self-development programs for young scientists.

**Conclusions.** Competitiveness of national economy and international labor force migration are strongly tied. It is confirmed by the analysis of the 12 pillars of competitiveness. As a background of the research, the GCI methodic was used.

The results of the research show, that governmental regulation of labor force migration influences even the national markets' capacity. Governmental control and limitation of international migrants' inflow and outflow allows reducing of an unemployment rate and increasing of competitiveness of the local enterprises.

The stimulation of high-skilled foreign specialists' inflow is also a very important factor in a forming of the national competitiveness. They bring new technologies and the results of their work will help to increase main macroeconomic figures.

Among the main goals of governmental policy on international migration the support of local scientists and IT-specialists should be emphasized. The emigration of those persons is called 'brain drain' and is one of the factors decreasing competitiveness of national economy.

Governmental attention should be also paid to the programs supporting local enterprises. The enterprises, which employ local workers, instead of less-paid foreigners, should gain governmental grant-in-aid. Such step will help to create new jobs and to fight unemployment in a country.

Proposed actions should help to increase international competitiveness of national economy and to improve country's international image.

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### ВПЛИВ МІЖНАРОДНОЇ МІГРАЦІЇ РОБОЧОЇ СИЛИ НА КОНКУРЕНТОСПРОМОЖНІСТЬ НАЦІОНАЛЬНОЇ ЕКОНОМІКИ

*Державне регулювання міжнародних міграційних процесів є важливим елементом у формуванні іміджу країни. Проаналізовано взаємозв'язок між міжнародною міграцією робочої сили та конкурентоспроможністю національної економіки. Підґрунтям для дослідження виступає Глобальний Індекс Конкурентоспроможності. Визначено шляхи покращення показників України за вищезгаданим індексом. Жорсткий контроль та впровадження обмежень потоку мігрантів має призвести до зниження рівня безробіття в країні та покращення конкурентних позицій національних підприємств. Додатковою конкурентною перевагою для країни є стимулювання імміграції висококваліфікованих фахівців. Особлива увага має бути приділена урядовим програмам з підтримки національних підприємств.*

*Ключові слова: міграція робочої сили, державне регулювання, Глобальний індекс конкурентоспроможності, національна конкурентоспроможність.*

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### ВЛИЯНИЕ МЕЖДУНАРОДНОЙ МИГРАЦИИ РАБОЧЕЙ СИЛЫ НА КОНКУРЕНТОСПОСОБНОСТЬ НАЦИОНАЛЬНОЙ ЭКОНОМИКИ

*Государственное регулирование международных миграционных процессов – важный элемент в формировании имиджа страны. Проанализировано взаимосвязь между международной миграцией рабочей силы и конкурентоспособности национальной экономики. Основой исследования выступает Глобальный индекс конкурентоспособности. Определены пути улучшения показателей Украины согласно этому индексу. Жесткий контроль и внедрение ограничения потока мигрантов должен привести к снижению уровня безработицы в стране и улучшению конкурентных позиций национальных предприятий. Дополнительным конкурентным преимуществом для страны есть стимулирование иммиграции высококвалифицированных специалистов. Особое внимание должно быть уделено государственным программам по поддержке национальных предприятий.*

*Ключевые слова: миграция рабочей силы, государственное регулирование, Глобальный индекс конкурентоспособности, национальная конкурентоспособность.*

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