

Population Decline or Cost Efficiency? Migrant Employment as Response to Rural Demographic Change

Fihel Agnieszka, Janicka Anna, Kaczmarczyk Paweł

Centre of Migration Research, University of Warsaw

Corresponding author: Agnieszka Fihel, afihel@gmail.com

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Abstract (short)

Population ageing, rural outmigration, and the consequent shrinking of local labour have profoundly reshaped the employment in agricultural across Europe. As younger cohorts leave rural areas and native labour supply declines, agriculture and other food-related sectors (food processing, catering) has become increasingly reliant on migrant workers. This paper investigates the demographic and structural mechanisms underlying farmers' employment decisions, focusing on 1) economic attributes of migrant work (lower reservation wages, greater temporal flexibility, and higher tolerance of informal employment) and 2) insufficient supply of local native workers. Drawing on an original survey of 1,200 employers in food-related industries in Italy, the Netherlands, Poland, and Spain, complemented by expert focus groups in each country, the analysis examines how demographic decline and labour shortages interact with changing agrarian labour regimes. Findings indicate that farmers' preference for migrants cannot be explained solely by cost minimisation but reflects a broader transformation of rural labour markets, where agricultural work has become socially and economically unattractive to national workers. The study concludes that the employment of migrants represents a long-term demographic adjustment to rural depopulation and ageing, embedding European agriculture in a structural dependence on cross-border labour mobility.

Extended abstract

Population ageing, rural outmigration, and the consequent shrinking of local labour have profoundly reshaped the employment in agricultural across Europe. As younger cohorts leave rural areas and native labour supply declines, agriculture has become increasingly reliant on migrant workers. The key aims of the study are to (1) identify the main demographic (related to the native labour supply) and economic factors that employers consider in their decisions to hire migrants and natives, (2) assess the relative importance of these factors. The study refers to four European countries: Italy, the Netherlands, Poland and Spain, which importantly differ with regard to the scale and history of labour immigration.

Data and methods

The study is based on three data sources. Firstly, we conducted an extensive review of existing studies on migrant employment in the studied countries, complemented by up-to-date, publicly available statistical data, particularly national statistics on the labour market and work and stay permits. The objective of this review was to provide key information for the next stage of the research (an employers' survey), including a list of policies and structural factors related to migrant employment. Secondly, in March-May 2025 we conducted a survey among 1,200 employers from three economic sectors related to food production:

- agriculture (the codes according to the EU NACE classification, rev. 2: A01 and A03, except A01.15, that is, agriculture and fishing, except tobacco cultivation),
- catering (I56, gastronomy), and
- food processing (C10 except C10.9, that is, food processing, except for the production of feed and animal food).

The survey included small and medium-sized private enterprises, i.e., enterprises with between 1 and 49 employees. The CATI interviews were conducted with business owners, their representatives responsible for managing the company, or representatives of human resources departments responsible for recruiting and managing employees.

Thirdly, eight focus groups were organised with experts from two selected sectors, two per each country under analysis. These groups included representatives of employers' associations of the respective sectors, trade unions, law firms specialising in labour migration, labour inspectorates, and research institutes. The focus groups aimed to validate the survey results and gain a deeper understanding of broadly defined employers' strategies.

The presented analysis consists of a description of the main findings. In the final presentation, we plan to include an econometric analysis that estimates the determinants of the two motives for migrant employment: 1) the economic attributes of migrant work, such as lower reservation wages, greater temporal flexibility and higher tolerance of informal employment, and 2) the insufficient supply of local native workers.

Preliminary results

Depending on the country surveyed, the percentage of enterprises that employed at least one migrant (foreign) worker, for any period of time in 2024 and on any terms, ranged from 35% in Poland to 79% in Italy. These differences were less relevant across sectors, with shares amounting to 54% of firms in food processing, 56% in agriculture and 60% in food service. The majority of companies that employed migrant workers at some point in 2024, employed up to four migrants. Migrants were employed primarily as skilled or unskilled manual workers. The indicators pointing to permanent, full-time employment approximate to some extent the reliance of surveyed firms on migrant workforce. In all four countries and two sectors: food processing and food service, the majority of firms with migrant workforce declared permanent and full-time employment of migrants. In agriculture, the majority of employers resorted to migrant workers seasonally, but also on full-time basis.

All companies were asked about the potential reasons for hiring foreign workers instead of native ones. Altogether, 46% of respondents did not identify any particular reason for employing foreign workers. However, respondents were allowed to select an unlimited number of reasons for hiring migrant workers in their companies (Table 1). Dutch respondents were the least likely to indicate any reason for employing migrant workers. All countries together, the most frequently indicated reason was the limited number of native workers willing to apply for jobs (33%), and the fact that foreigners accept employment in more flexible forms (27%). In Italy and Spain, it was also important that foreigners accept lower wages.

Table 1. Reasons for employing foreign workers by country, as percentage of all companies surveyed

	Country				
	Italy	the Netherlands	Poland	Spain	Total
not enough native workers apply for the job	40	17	30	45	33
foreigners accept lower wages	22	3	8	35	17
foreigners accept employment in more flexible forms	42	9	16	42	27
foreigners work better	16	5	3	15	10
foreigners have specific qualifications	3	7	16	16	10
majority of applications are foreign	26	4	9	2	16

In a similar question, companies were asked to select a reason against employing a foreigner. The percentage of companies that declared no such reason ranged from 65-67% in Italy and Poland, 78% in Spain to 85% in the Netherlands. Again, respondents were allowed to select an unlimited number of reasons against hiring migrant workers in their companies (Table 8). The most important were: communication problems with native colleagues (45% companies selected this reason in the four countries together) or customers (35%), cultural differences (22%) and, in all countries except the Netherlands, time required to obtain necessary documentation for hiring a migrant (20%).

In the focus groups, the experts discussed the recent increase in migrant employment, which was due to a combination of factors, including population decline and ageing, especially in rural areas, a change in native (especially young) workers' aspirations that translated into moving away from manual jobs, and unusual wage dynamics following the end of the lockdowns related to the pandemic. These processes led to an increase in wage expectations of nationals, and while large companies addressed labour shortages in manual occupations by increasing wages and offering non-financial benefits, small and medium firms, where frequently only minimum wages are proposed, were the first to experience labour shortages.

Conclusions

Presented descriptive results point to the fact that the scale of foreign employment in the studied sectors varies greatly depending on the country: it is relatively large in Poland and the Netherlands, and very large in Italy and Spain. The primary incentive for employing migrants was to find workers available in flexible forms (and timing) amid mounting challenges in recruiting native workers. The results reflect a broader transformation of rural labour markets, where agricultural work has become socially and economically unattractive to national workers. The study concludes that the employment of migrants represents a long-term demographic adjustment to rural depopulation and ageing, embedding European agriculture in a structural dependence on cross-border labour mobility.