

1 Introduction

All business activities and the output of an economy depend on the resources established during the production process such as raw materials, capital and labour. Those production factors are usually limited and nations dispose in distinct quantity and quality of those essential resources.

The trend towards a closer integration of the world economy includes the liberalization of the production factors which mainly happens through bilateral or multilateral agreements across nations. For example, the trade bloc NAFTA (North American Free Trade Agreement) facilitates the commerce between Canada, the United States and Mexico, whereas in the European Union a common set of rules guarantees the free movement of goods, services, capital and people (EUROPA, 2008).

A basic contradiction of this new globalized world is the appreciation of free capital movement whereas movement of people across borders is still disapproved (Butterwege C., 2006). Despite the progress considering the liberalization of trade, free movement of people across borders stays a pending issue. Both – skilled and unskilled labour forces are not yet able to move across borders in the same manner as capital and other production factors, and improvements in liberalizing labour migration has remained limited.

Labour migration is an important factor in a globalized economy and should be considered and estimated as such. In principle, labour migration contributes to global welfare through a more rational and efficient allocation of resources globally. The importance of international migration (legal and illegal one) would not be the same if there was no economic demand for migrant workers. The proportions of illegal immigration to developed countries such as the United States of America, imply that markets encourage labour migration due to the fact that employers demand highly motivated workforce at low cost – factors that migrants usually have all the makings for. On the other hand the underlying causes have to be considered: rising migration tendencies reflect inequalities in the world economy in the sense of labour, capital and production capacity. Two crucial factors provoking international migration are undoubtedly poverty and income differentials. Migration occurs throughout the world but tends to take place mainly from countries characterized by low incomes and thorny employment possibilities to countries promising better remunerations (European Commission, 2008).

1.1. Problem Statement

When it comes to providing sufficient decent jobs for a competitive salary where people reside, the international economic system is failing (ILO, International Labour Office, 2004). Offer and demand barely coincide in any country, leading to high rates of unemployment or underemployment in some regions at the same time generating staff-recruiting difficulties in other geographical and industry-related areas where labour force is scarce and companies have problems to find as well skilled as unskilled motivated employees.

Some governmental programmes incentive the formation and incorporation in certain professions, for example through promising conditions such as tax-releases or government subsidies for professional retraining in order to antagonize existing labour market mismatches. Those programmes are usually to get under way very slowly and often fail to accomplish the aims due to the time lag that results until those remedial actions actually become effective. For this reason, recent theories suggest that comparable to the globalization efforts in trade, labour as a production factor should be liberalized and free movement of people across borders granted. They argue that this way maladjustment would come into equilibrium naturally by the driving forces of offer and demand.

The hotel and tourism sector in Spain constitutes one of the most important economic sectors in the country. In spite of this fact, it is characterized by an acute general labour market deficit. According to a study of the FEHR, difficulties to fill vacancies reach from 46% up to 67%, being large companies (with more than 500 employees) the ones with most problems to recruit staff. This alarming situation is mainly considered due to negative social perception of the sector (especially of labour conditions) and might be explained further by the failure of strategic human resources management (FEHR, Federación Española de Hostelería, 2008).

1.2. Investigation Issue

Within this paper the role of labour migration as an adjusting mechanism of labour market disequilibrium shall be studied. There shall be showed labour migration to Spain has helped to solve excess labour demand especially in labour intensive sectors such as the hospitality industry. Under the assumption that there is a situation of labour shortage in the Spanish hotel and tourism sector¹, the possibilities to solve those through labour migration from Mexico to Spain shall be analyzed and evaluated.

With this purpose, first of all the characteristics of the Spanish hotel and tourism sector and the main tendencies in the respective labour market shall be highlighted. Subsequently, there shall be investigated if there is a match between labour offer from Mexico and the (assumed) excess demand in the Spanish hotel and tourism sector including aspects as qualification and disposition of Mexican students to immigrate to Spain and both tangible and intangible obstacles shall be identified.

1.3. General Objective

The general objective of this paper consists in the conveyance of basic labour market principals. Exemplified with the Spanish hotel and tourism sector there shall be shown, that in some cases in spite of considerably high unemployment rates, there can exist job specific labour shortages due to different reasons. Labour migration shall

¹ According to Nickson (2005) declining employment pools/labour shortages are a major trend in the hotel and tourism industry particularly in the developed Western European countries.

be displayed as an alternative approach to solving labour market maladjustments that generates several economic and social benefits. This shall be analyzed specifically for the case of labour demand in the Spanish hospitality industry in combination with labour supply from Mexico.

1.4. Specific Objectives

During the elaboration of this thesis the following specific objectives shall be accomplished:

- § Define and describe the basic terms and principles of labour markets giving way to a better understanding of the paper.
- § Demonstrate the growing importance of labour migration as a concomitant phenomenon of globalization.
- § Illustrate how labour migration to Spain has helped to satisfy excess labour demand in the past, especially in labour intensive sectors.
- § Explain the characteristics and tendencies of the Spanish hotel and tourism sector and detect recent labour market disequilibrium in the Spanish hotel and tourism sector through different approaches.
- § Analyze the potential and evaluate the suitability/viability of labour migration from Mexico to Spain with regard to the readjustment of labour market maladjustments in the Spanish hotel and tourism sector under the assumption that labour shortage still exists in this sub segment.
- § Compare expectations of Mexican hotel and tourism students related to the Spanish/Mexican labour market.
- § Investigate if there is a match between labour demand in Spain and labour supply from Mexico concerning qualification and disposition of Mexican students to emigrate and to fill possible vacancies related to the Spanish hospitality industry.
- § Detect tangible and intangible obstacles that impede labour migration from Mexico to Spain.
- § Display the obtained results in respect to the recent changes in the global economy (financial crisis).

1.5. Justification

The interest for the topic presented in this paper emerged out of a conversation at an International Congress organized by UDLA-students in 2008. During his speech Mr. Lerin, representing the Spanish chain “EXPO hoteles”, brought up the topic of difficulties his company had in recruiting staff for their hotels. Particularly addressing UDLA’s hotel and tourism students he made understand that those should apply for jobs at “Expo hoteles” if they were interested in working abroad. He highlighted that his company was trying to enforce lapses with Mexican institutes of higher education in order to expand their recruiting channels.

In the face of relatively high unemployment rates, specific businesses still may have problems to staff vacancies adequately due to job specific labour shortages. Job specific labour shortages at high general unemployment rates, has become a characteristic of labour markets internationally which is mainly due to changes in the labour market requirements through technological development. Labour migration could be an alternative approach to ease or

even solve labour market maladjustments (Zimmermann et al., 2002). Besides cultural and knowledge enrichment, migrant workers thus contribute economically to the social welfare of the receiving country whenever their selection is made according to labour market requirements.

There is great economic demand for migrant workers – both, skilled and unskilled (European Commission, 2008). However, labour migration has mainly been investigated in social science and has in contrast been very poorly examined from the economical point of view. Investigation of labour migration in the case of Mexico has been mainly limited to displacements of Mexicans towards the United States.

In addition, the few scientists that have explored the topic of labour migration with a focus on economy in the past particularly centre their attention on highly skilled workers. Although the demand for highly skilled workers can not be ignored and exists in the hotel and tourism industry too, in contrast to highly technology-oriented industries, the Spanish hotel and tourism sector is still characterized by labour intensive work. Therefore, its labour requirement must be analyzed separately and there should be found independent solutions. It is necessary to show the potential of migrant workers in this specific industry and to illustrate the possibilities of selective labour migration relevant to the readjustment of labour market mismatches in the Spanish hotel and tourism sector.

1.6. Scopes and limitations

This thesis shall show the connection between the two topics labour markets and migration and shall display that labour migration can be – in some cases - one possible solution in order to solve labour market maladjustments. The analysis of statistical data will be limited to the hospitality industry in Spain and the surveys that will be conducted also shall focus on educational institutes and students that are related to tourism and hospitality. For this reason, the results will be related to the hospitality industry and allow to make a general conclusion for the necessity and feasibility of labour migration between Mexico and Spain specifically for the hospitality sector. In line with the objective of this thesis the findings shall neither apply for other sending and receiving countries nor be valid for other sectors and industries. Furthermore, the results of the surveys that will be conducted will not aim on expressing the labour offer in Mexico for the Spanish hotel and tourism industry in numbers. Due to limited access to information and time margins, the assertions of this thesis will be limited to the identification of the degree of disposition of future Mexican professionals to emigrate for working purposes to Spain which will be based on the information obtained through the survey on students that shall be conducted.

1.7. Structure and organization of the study

This paper will be organized in eight chapters. The first chapter gives an outline of the investigation theme and the objectives followed during the elaboration of this thesis as well as a justification of the investigation issue chosen. Within the second chapter the theoretical framework is provided which comprises the topics of labour markets and migration finally showing the relation of the two concepts. Following with chapter three the methodology of the

investigation is presented including the research area and the types of investigation applied in this thesis. Chapter four comprises an analysis of the labour demand side in the Spanish hotel and tourism sector including as well a general overview as a detailed analysis of statistical data complemented by a summary of related studies that had been conducted earlier on. It concludes with an estimation of the importance of labour migration for the hospitality industry in Spain. Within chapter five the findings of the primary investigation undertaken are presented and the supply side (Mexico) for foreign labour in the Spanish hotel and tourism sector is analyzed and described. Chapter six provides an overview of the most important regulations related to immigration from Mexican professionals to Spain with the purpose of getting employed in the hospitality industry. The concepts treated along the paper are put in context with the actual economic recession in chapter seven and chapter eight resumes the conclusions made.