The neoclassical economic theory

This is the newest theory of migration and states that the main reason for labor migration is wage difference between two geographic locations. These wage differences are usually linked to geographic labor demand and supply. It can be said that areas with a shortage of labor but an excess of capital have a high relative wage while areas with a high labor supply and a dearth of capital have a low relative wage. Labor tends to flow from low-wage areas to high-wage areas. Often, with this flow of labor comes changes in the sending as well as the receiving country. Neoclassical economic theory is best used to describe transnational migration, because it is not confined by international immigration laws and similar governmental regulations.[25]

The resulting differentials in wages cause work-ers to move from low-wage, labour-surplus regions to high-wage, labour-scarce regions. Migration will cause labour to become less scarce at the destination and scarcer at the sendingend. Capital is expected to move in the opposite direction. In a perfectly neo-classical world, this process of “ factor price equalization” (the Heckscher-Ohlin model) will eventually result in growing convergence between wages at the sending and receiving end.

At the micro-level, neo-classical migration theory views migrants as individual, rational actors, who decide to move on the basis of a cost-benefit calculation. Assuming free choice and full access to information, they are expected to go where they can be the most productive, that is, able to earn the highest wages. This capacity obviously depends on the specific skills a person possesses and the specific structure of labour markets.

Dual labor market theory

Dual labor market theory states that migration is mainly caused by pull factors in more developed countries. This theory assumes that the labor markets in these developed countries consist of two segments: primary, which requires high-skilled labor, and secondary, which is very labor-intensive but requires low-skilled workers. This theory assumes that migration from less developed countries into more developed countries is a result of a pull created by a need for labor in the developed countries in their secondary market. Migrant workers are needed to fill the lowest rung of the labor market because the native laborers do not want to do these jobs as they present a lack of mobility. This creates a need for migrant workers. Furthermore, the initial dearth in available labor pushes wages up, making migration even more enticing.[25]

The new economics of labor migration

This theory states that migration flows and patterns cannot be explained solely at the level of individual workers and their economic incentives, but those wider social entities must be considered as well. One such social entity is the household. Migration can be viewed as a result of risk aversion on the part of a household that has insufficient income. The household, in this case, is in need of extra capital that can be achieved through remittances sent back by family members who participate in migrant labor abroad. Theseremittances can also have a broader effect on the economy of the sending country as a whole as they bring in capital.[25] Recent research has examined a decline in U. S. interstate migration from 1991 to 2011, theorizing that the reduced interstate migration is due to a decline in the geographic specificity of occupations and an increase in workers' ability to learn about other locations before moving there, through both information technology and inexpensive travel.[26] Other researchers find that the location-specific nature of housing is more important than moving costs in determining labor reallocation.[27]

Relative deprivation theory

Relative deprivation theory states that awareness of the income difference between neighbors or other households in the migrant-sending community is an important factor in migration. The incentive to migrate is a lot higher in areas that have a high level of economic inequality. In the short run, remittances may increase inequality, but in the long run, they may actually decrease it. There are two stages of migration for a worker: first, they invest in human capital formation, and then they try to capitalize on their investments. In this way, successful migrants may use their new capital to provide for better schooling for their children and better homes for their families. Successful high-skilled emigrants may serve as an example for neighbors and potential migrants who hope to achieve that level of success.[25]

World systems theory

World systems theory looks at migration from a global perspective. It explains that interaction between different societies can be an important factor in social change within societies. Trade with one country, which causes economic decline in another, may create incentive to migrate to a country with a more vibrant economy. It can be argued that even after decolonization, the economic dependence of former colonies still remains on mother countries. This view of international trade is controversial, however, and some argue that free trade can actually reduce migration between developing and developed countries. It can be argued that the developed countries import labor-intensive goods, which causes an increase in employment of unskilled workers in the less developed countries, decreasing the outflow of migrant workers. The export of capital-intensive goods from rich countries to poor countries also equalizes income and employment conditions, thus also slowing migration. In either direction, this theory can be used to explain migration between countries that are geographically far apart.

According to the newest labour migration theory, precisely, neoclassical theory, the main reason which cause migration outflow abroad is the difference in wages between two geographic locations. So, those foreign countries with lack of labour and surplus of capital tend to have higher wages (). Ukraine is considered to be a country with high supp of labour and lack of capital, therefore, it has low wages. As a result, Ukrainian labour migrants move to high-wage countries.

Dual labour migration theory explains that migration flows are primarily caused by pull factors in more developed countries. Consequently, these countries require low- skilled workers on the secondary labour market which is more labour intensive. () Ukrainian labour migrants are needed to fill the gap in secondary labour market.

The new economics of labour migration theory emphasizes that intensity of migration outflow is much higher in the regions with high economic inequality level.

One of the most important indicators of socio-economic development of the country is migration. Migration processes facilitate the movement of population and labour from countries with worse socio-economic situation to the countries where living conditions, employment and earnings are much better. The current migration situation in Ukraine is characterized by stabilization of migration processes. Nowadays, Ukraine can be defined as one of the largest donors of labor force in Europe where labor migration outflow has become an objective reality (Institute for Demography and Social Studies, 2010).