

Institutional environment of employers' interests in labour migration

Dominika Pszczółkowska, Sara Bojarczuk and Marek Okólski
Centre of Migration Research, University of Warsaw, Warsaw, Poland

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Abstract

Purpose – Although employers are attracting increasing attention as actors influencing international labour migration, migration studies do not offer a theoretical framework for researching their multi-level influence in this field. Moreover, studies typically focus on employers' actions, especially in policymaking, and do not examine their broadly conceived interests, which sometimes influence labour migration without the employers' active involvement. This article adapts neo-institutionalist concepts, particularly the concept of the institutional environment, and offers a comprehensive theoretical framework for studying employers' interests in labour migration.

Design/methodology/approach – This conceptual paper operationalises the institutional environment concept by offering a matrix of institutions within this environment that must be considered when researching employers' interests in international labour migration.

Findings – These institutions are classified as related to the sphere of the labour market, immigration or political processes, and as operating on one of three levels of social analysis proposed by Williamson (2000a): the level of informal rules, formal rules or the play of the game.

Research limitations/implications – The paper suggests a new route for researching the employers' role in migration, based on New Institutional Economics concepts. It draws upon academic publications on European employers, without offering its own empirical results. Further steps will be necessary to translate this framework into methodological steps, which may be specific to the study of the employers' role and interests in particular cases and contexts.

Practical implications – This article is meant primarily for social scientists researching migration or mobility within such fields as economics, political science, sociology or management. By offering a broad conceptual framework, it aims to stimulate new research avenues and build bridges across disciplines and various levels of analysis (micro, meso and macro). In particular, it directs research towards the question of the role of employers' interests in migration. This role has been underresearched in part due to the employers' almost complete absence from migration theories.

Social implications – Public debates around immigration in the Western world today present migration mainly as resulting from push factors in the countries of origin of migrants and as facilitated by intermediaries, including smugglers. The discourse around migration is highly securitised, while economic arguments play a secondary role. This paper contributes to rebalancing the debate by bringing to the fore and facilitating the study of the role of employers in destination countries, who are fundamental in creating demand for migrant workers, and thus pull factors for international labour migration.

Originality/value – The proposed matrix can serve as a comprehensive framework for studying the institutional environment that channels employers' pursuit of interests related to international labour migration. Reverting to neo-institutional concepts opens up new possibilities for researching the under-researched topic of employers' interests in migration. While this framework draws on studies from Europe, it can be used to research employers' interests across all democratic market economies.

Keywords Employers, Labour migration, Migrant workers, Institutions, Institutional environment

Paper type Conceptual paper



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Introduction

Although labour migration studies have developed dynamically, the field is imbalanced. While migrant employees' decisions and motivations have long been the focus of empirical research and migration theories, particularly originating from the neoclassical economic model, less attention has been devoted to the other side of this transaction – the employers (Knotz *et al.*, 2020; Okólski, 2023; Scott, 2013). In numerous migration studies, demand for labour is treated as a background force, with insufficient thought given to the actors who generate it. Simultaneously, employers are frequently researched within industrial relations and political science, but mainly as group actors influencing policymaking (e.g. Boräng and Cerna, 2019; Demougín *et al.*, 2019; Gooberman *et al.*, 2019; Martin and Swank, 2012; Statham and Geddes, 2006). In reality, their impact is broader. It manifests itself on the macro level (e.g. lobbying, sectoral bargaining), the meso (e.g. cooperation with intermediaries, applying or circumventing regulations by subcontracting or other strategies), and the micro level (e.g. individual transactions with workers, wages paid). Such a selective approach to the role of employers calls for developing a comprehensive conceptual framework that could encompass all the above dimensions.

To overcome the fragmentation of theoretical focus and involve frequently overlooked actors (Alberti and Cutter, 2022; de Haas, 2014; Inversi *et al.*, 2017; MacKenzie and Martinez Lucio, 2019), this article aims to provide a comprehensive framework of analysis that will capture and systematise the role of employers in international labour migration. In line with the United Nations (1990) definition and the basic term used in migration studies, we understand international labour migration as any movement across state borders to undertake gainful economic activity, through regular or irregular employment. In terms applied in management studies, this would include the whole spectrum of legal situations and migrant qualifications, from short-term labour migrants with basic skills to expats and self-initiated expats moving for years (Dimitrova *et al.*, 2024; de Haas *et al.*, 2020; Holtbrügge, 2021). Despite international statistics (e.g. Eurostat) defining migration as at least three months, we do not set a minimum or maximum period of stay. Labour migration can be shorter than three months, e.g. for seasonal work in agriculture, and intentions regarding the length of stay or intention to settle are likely to change, making the boundary between mobility and migration fluid (Hong *et al.*, 2025). Although this paper draws mainly from examples of voluntary or self-initiated mobility outside the framework of company assignments abroad, various levels of coercion may be involved in international labour migration, and the boundary between voluntary and involuntary is blurred (Dowlah, 2020, 2022). We do not wish to suggest either an affirmative or a critical perspective of international labour migration in general, as it is at times an opportunity and in other situations something that is endured (Hong *et al.*, 2025).

By employers, we understand any entities in the labour market that offer regular or irregular employment and generate demand for workers, such as entrepreneurs, farmers, individuals making decisions to employ household help, but excluding entities such as intermediaries, who sometimes employ migrants but are not at the origin of the demand for them. This definition is intentionally broad, including all creators of demand for work, and all forms of employment, to reflect the increasingly varied and flexible forms of employment in today's post-Fordist economies (Slavnić, 2007).

We argue that to grasp employers' direct influence on international labour migration, one should not limit oneself to analysing their actions but also ponder broadly conceived interests, understood as goals resulting from economic calculation, also shaped by customs, norms and rules (Nee and Swedberg, 2005; Zweynert, 2009). To analyse the formulation and pursuit of these interests, one needs to understand the circumstances, particularly the institutional environment. The specific aim of this article is thus to delineate the institutional environment which must be considered when researching employers' interests in labour migration. We present a comprehensive catalogue of reciprocally influential formal and informal institutions, along with other pertinent elements, such as enforcement, categorised within Williamson's (1998, 2000a) model of social analysis. This classification can serve as an analytical

framework, facilitating in-depth research into employers' interests concerning international labour migration. The article thus contributes to the academic debate by offering a framework to help focus research interests in migration studies on employers and overcome the fragmentation of employer-related research.

The paper is structured in two main sections. The first provides a theoretical justification for applying neo-institutionalist notions, clarifying our understanding of "institutions" and the "institutional environment", and locating institutions within Williamson's model of social analysis. The second identifies and classifies the key institutions shaping the constantly evolving institutional environment that influences employers' interests in international labour migration. These institutions span three interrelated spheres: the labour market, migration and political processes. Each is mapped onto one of three levels of Williamson's model. This brings us to a synthesis, in the form of a matrix of institutions relevant to any comprehensive analysis of employers' role in labour migration, followed by a summary of our findings and conclusions. Although our matrix can facilitate the study of any democratic market economy, we ground our considerations in studies from Europe, which is not only the continent we know best, but also diverse in terms of its varieties of capitalism (Hall and Soskice, 2001) and other institutional conditions.

Bridge between neo-institutionalism and migration studies

Although neo-institutionalism is deeply rooted in social sciences, its concepts have rarely been used within migration studies (Afonso and Devitt, 2016; Menz, 2016; Wright and Clibborn, 2019). Meanwhile, for at least two reasons, they offer the broad perspective needed to capture complex dimensions of labour migration.

First, a spectrum of economic and social factors influences processes involving migrant labour. In labour transactions, in which the service being sold cannot be separated from the seller, not only questions of supply, demand and utility maximisation – which are the focus of neoclassical economics – but also formal rules, such as migration and labour market regulations and informal norms, such as prejudices, tolerance for discrimination or the grey economy, play a crucial role. We argue that the neo-institutionalist perception of economic activity as embedded in social relations (Granovetter, 1985) is particularly suited for studying transactions involving the employment of migrants. Second, because neo-institutionalism focuses on the enforcement of formal and informal regulations (North, 1990), it is pertinent for the labour market and immigration, where rules are frequently partially or inefficiently enforced, and where various entities – from the state to non-governmental organisations, business organisations, trade unions and intermediaries are involved in the enforcement.

By utilising neo-institutional concepts, we aim to overcome the shortcomings of existing migration theories, which are fragmentary and offer little inspiration for studying employers' interests. These theories can be categorised according to the broad sociological paradigm within which they operate (Castles *et al.*, 2013; de Haas, 2021). The functionalist paradigm, including the neoclassical theory, treats society as a system tending towards equilibrium, in which individuals make rational choices, bringing the world closer to this equilibrium. Neoclassical economics understands choices as based on economic interests, not constrained by social, historical or other contexts. This is hardly ever the case for migrants, their employers, policymakers or other players. Neoclassical assumptions of perfect information and non-existent transaction costs are also far from true for employment transactions, especially those concluded across borders. Conversely, theories within the historical-structural paradigm view actors as trapped within structures, such as the global division of labour (Wallerstein, 1974) or the division of labour markets into primary and secondary (Piore, 1979). They offer little space for individual agency and include employers only through the conditions they create, e.g. labour demand.

Neo-institutionalism – a much broader theoretical framework – overcomes some of the above shortcomings since it considers the role of various social institutions, of financial and

non-financial transaction costs, and at the same time treats actors, including employers, as co-creators of the institutional and structural conditions around them. Within a neo-institutionalist framework, it is possible to create a multi-level approach capable of considering macro-, meso- and micro-level phenomena simultaneously, which to date has rarely been the case in migration and mobility research (Mahadevan, 2024).

Williamson (1998, 2000a) suggested a division of social analysis into four levels, which allows for the inclusion of different types of institutions, perceived as key within various streams of neo-institutionalism (e.g. New Institutional Economics – NIE, historical institutionalism, legal institutionalism) and their mutual, dynamic influence. According to the model, social phenomena can be classified from general to specific. Level I (*embeddedness*) includes informal norms, traditions and customs (also conceptualised as culture – Granovetter, 1985; de Jong, 2009). Informal institutions are the source of stability and are shaped over long periods (Williamson, 2000a). Level II (*formal rules of the game*) includes legal rules [1]. Level III (*the play of the game*, also called *governance*) is the level at which transactions are concluded, and formal and informal rules are enforced through a dynamic interplay of actors and institutions. By focusing on this level, NIE considers transaction costs and the influence of the institutional environment. Finally, the results of the above three levels manifest themselves at Level IV (*resource allocation*), which includes wages, numbers of workers and other parameters on which neoclassical economics usually focuses. Recourse to neo-institutionalist concepts and to Williamson's model allows us to include a comprehensive spectrum of institutions and other elements forming the institutional environment of employers' interests in labour migration, and thus to integrate research on the multi-level role of employers and their interests in international labour migration.

Reconciling different currents of understanding of “institutions” and “institutional environment”

Although the term “institutions” was foundational for NIE, it is also one of the most disputed (Bates, 2014). The concept is understood somewhat differently within the two main approaches of NIE: the *institutions-as-rules* (North, 1990; Voigt, 2013, 2019) and *institutions-as-equilibria* (Aoki, 2001; Schotter, 1981). The dominant *institutions-as-rules* approach, which fits within a structuralist paradigm, perceives institutions as exogenous structures, the rules of the game, which constrain players and reduce uncertainty. From an economic perspective, rules exist to limit transaction costs (Olson, 1971), from a broader perspective – they offer alternative scripts to any social, economic, political or other exchange (North, 1988, 1990). For rules to be institutions, they must be socially operative rather than just declared or written (Greif, 2006; Hodgson, 2019). On the other hand, the alternative *institutions-as-equilibria* approach perceives institutions more dynamically – as equilibria reached during market and social games (Aoki, 2001; Schotter, 1981), which are endogenous and come into existence during the play of the game, due to individuals' beliefs regarding the current and future behaviours of other players. North (1990) differentiated between institutions (rules of the game) and organisations (players), who have preferences and objectives for their activities. In the *institutions-as-equilibria* approach, actors – for example, companies in the same market – co-create rules for each other. Consequently, a sharp division between institutions and organisations is not justified (Greif, 2006; Hodgson, 2006; Williamson, 2000a).

Drawing from both approaches and later attempts to combine them (e.g. by Hindriks and Guala, 2015), we treat institutions as rules [2], but at the same time argue that some powerful organisations should also be treated as institutions because they co-create rules through their actions or even through their very existence. This may be the case, for example, when one employer dominates a certain sector and thus sets the standards for the remuneration and other employment conditions for particular professionals. Especially in the era of politically influential transnational corporations, one employer's pursuit of a goal may change the rules for others (Crouch, 2011). Organisations such as trade unions or employers' associations may

also influence formal regulations regarding migrants and informal rules of treating employees, thus creating institutionalised norms. What is more, the existence of a particular type of organisation can reinforce certain perceptions and resulting institutions (Baum and Oliver, 1992; Greif, 2006), e.g. trade unions can reinforce the perception that there is a conflict of interests between employers and employees. It is thus necessary to remain flexible and open to treating some powerful organisations as institutions influencing labour migration. In this paper, which draws on both the *institutions-as-rules* and *institutions-as-equilibria* approaches, we define institutions as formal and informal rules and include some organisations powerful enough to change the rules for others.

Table 1 lists definitions of “institutions” offered in the literature, their scope and focus.

The institutional environment is not only the sum of institutions but rather their dynamic ensemble, in which institutions interact with each other and with various players (Greif, 2006; Klein, 1999; North, 1988, 1991; Voigt, 2013, 2019; Wallis, 2014; Williamson, 2000b) [3]. It is rendered dynamic through the enforcement of regulations (North, 1990) and other interactions, such as lobbying for desired regulations or standard-setting by business organisations or trade unions. These important elements also form part of the institutional environment, since they confine the possibilities of action of organisations and individuals. We thus argue that the institutional environment should be understood as a dynamic ensemble of informal rules (Williamson’s Level I – *embeddedness*), legal rules (Level II – *formal rules*), and some elements of the *play of the game* (Level III), since this is where the rules are rendered effective and dynamic, interact with each other and are co-created by some influential organisations.

The dynamic character of the institutional environment has long been acknowledged. Institutions influence each other horizontally (within the same level of analysis, e.g. laws limiting what other laws can be passed) and vertically (between various levels). The top-down direction predominates – institutions from one level influence those of the levels below (Williamson, 2000a). Level I institutions guarantee stability but may obstruct the implementation of new and potentially beneficial laws, e.g. tolerance for informal practices may obstruct anti-corruption regulations. Collective and individual histories limit choices and render decisions path-dependent (Acemoglu and Robinson, 2012; Dias-Abey, 2022; Ménard and Shirley, 2022; Putnam, 1993; Voigt, 2018), but – exceptionally – even informal institutions can change abruptly. As we underline in the following sections, the interplay of institutions is constant, for example, between regulations concerning the labour market and migration (Boeri and Van Ours, 2008; Devitt, 2018). The institutional environment of labour migration is also particularly dynamic due to varied levels and modes of implementation of regulations (Arpaia and Mourre, 2005), with similar regulations producing vastly different results in various countries or even regions. The institutions from the three spheres discussed below must thus be treated as being in constant interplay, within and between spheres.

Given that social phenomena are always complex, and no research can consider all their features, we advocate focusing on sections of the institutional environment, such as – in this article – the institutional environment of labour migrations. Another issue concerns its geographical or political boundaries. Rules and norms at the international level certainly influence labour migrations (Anderson *et al.*, 2024), and employers may be active transnationally in the source countries (Iskander, 2021). However, this article focuses on the migrant-receiving country – the context in which employers’ interests manifest themselves most intensely.

Institutional environment shaping employers’ interests in international labour migration

Employers’ interests and their influence on international labour migration are diverse. They are shaped by informal and formal norms resulting from, for example, the historical experiences of a country or its specific variety of capitalism (Hall and Soskice, 2001).

Table 1. Lists definitions of “institutions” offered in the literature, their scope and focus

Author	Definition of institutions (quote)	Main focus	Differentiates into institutions and organisations?	Corresponding level of Williamson’s framework
Schotter (1981)	“[a social institution is] a regularity in social behavior that is agreed to by all members of society, specifies behavior in specific recurrent situations and is either self-policed or policed by some external authority” (1981, p. 11)	institutions as regularities of behavior, outcomes of a game	no	1,2,3
Ostrom (1986)	“[rules] refer to prescriptions commonly known and used by a set of participants to order repetitive, interdependent relationships. Prescriptions refer to which actions (or states of the world) are required, prohibited, or permitted. Rules are the result of implicit or explicit efforts by a set of individuals to achieve order and predictability within defined situations” (1986, p. 5)	[institutions] as rules affecting the structure of the situation (and not directly behavior)	no	1,2
North (1990)	“the rules of the game in a society, or more formally, (...) the humanly devised constraints that shape human interaction. In consequence, they structure incentives in human exchange, whether political, social, or economic” (North 1990, p. 3)	institutions as formal and informal rules and their enforcement	yes	1,2,3
Williamson (2000a)	“Constrained by the shadow of the past, the design instruments at Level 2 include the executive, legislative, judicial, and bureaucratic functions of government as well as the distribution of powers across different levels of government (federalism). The definition and enforcement of property rights and of contract laws are important features” (2000a, p. 598)	formal rules and their implementation	no	1,2

(continued)

Table 1. Continued

Author	Definition of institutions (quote)	Main focus	Differentiates into institutions and organisations?	Corresponding level of Williamson's framework
Aoki (2001)	"An equilibrium outcome of a game" "An institution is a self-sustaining system of shared beliefs about how the game is played. Its substance is a compressed representation of the salient, invariant features of an equilibrium path, perceived by almost all the agents in the domain as relevant to their own strategic choices. As such it governs the strategic interactions of the agents in a self-enforcing manner and in turn is reproduced by their actual choices in a continually changing environment" (2001, p. 26)	institutions as equilibrium outcomes of a game	no	1,2,3
Hodgson (2006)	"systems of established and prevalent social rules that structure social actions. Language, money, law, systems of weights and measurements, table manners, and firms (and other organisations) are thus institutions" (2006, p. 2)	institutions as rules and players	no	1,2,3
Voigt (2013)	"commonly known rules used to structure recurrent interaction situations that are endowed with a sanctioning mechanism" (Voigt, 2013, p. 5)	institutions as rules and their enforcement	yes	1,2,3

Source(s): Authors' own work based on various authors

Employers' interests are also sector- and time-specific, with different businesses requiring different types of qualifications and flexibility from the workers (Caviedes, 2010). In the post-World War II decades of rapid reconstruction and mass industrial production, employers in Western Europe – often large and at times state-owned companies – required significant and relatively stable numbers of workers. The authorities of Germany, France and other countries responded by signing bilateral agreements with migrant-sending states and creating guestworker programs, which allowed for the employment of foreigners for several-year periods and often tied the worker to the employer (Castles, 1986; Castles *et al.*, 2013). In the post-Fordist era, from the 1970s, globalisation, which included increasing competition from cheaper production destinations and faster-changing trends, led employers, especially in labour-intensive sectors, to seek flexible forms of employment, from contingent and part-time to non-contractual (Slavnić, 2007). This was the case, for example, in the production of

garments, footwear and toys (Schierup, 2007). In the 21st century, mass production of food and pressure from global supermarket chains to lower prices led farmers to also seek cheaper, usually temporary workers. In Western Europe, these were first migrants from other European countries, particularly those joining the EU, and later migrants from other continents (King *et al.*, 2021; Palumbo *et al.*, 2022). The turn towards service-based economies created demand for workers with high and sector-specific qualifications in sectors such as IT, financial services and healthcare (Menz and Caviedes, 2010; Pszczółkowska *et al.*, 2024). The types of labour migrants and skills sought by employers are thus highly diverse. Time periods for which workers are sought also vary strongly, from weeks to years. States responded to this diversification by creating sector-specific schemes, such as the one directed at seasonal agricultural workers sought by the UK (the SAWS) (Scott, 2022) or IT workers sought by Germany (Jurgens, 2010).

Even within one sector, employer interests concerning migrant labour may differ significantly, depending on the particular variety of market economy and the company's size and its market. For example, before the 2004 EU enlargement, large Western European companies were in favour of immediate freedom of movement of workers from Central and Eastern Europe, while smaller ones feared it would cause stronger competition from big players on their local markets (Afonso, 2009, 2012). As a result, the two main organisations in Brussels took diverging positions regarding freedom of movement for acceding Central and Eastern Europeans. While the European Roundtable of Industrialists (ERT), which represented multinational companies, attempted to assuage the fears of the Western European publics, the Union of Industrial and Employers' Confederations of Europe (UNICE), an umbrella organisation representing all sizes of companies, announced that a transitional period, when new EU citizens would still need to apply for work permits, was necessary (Pszczółkowska, forthcoming). At times, employers may also perceive a lack of regulations as being in their interest, e.g. while some employers wish for the regularisation of migrant workers, others may prefer to continue employing them in the grey economy (Ambrosini, 2023).

Employers also vary in how they pursue their interests, which depends largely on the institutional environment in which they operate. While sometimes they devote much time and resources to this pursuit, e.g. through lobbying, at other times they refrain from doing so. They may expect the given legal, economic or political circumstances to be unfavourable for achieving their aims or even believe their activities would be counterproductive (Watts, 2002; Freeman and Tandler, 2012).

Their interests are sometimes considered and promoted by the state and other actors without their active involvement (van Apeldoorn and Graaff, 2017), e.g. through the state's activities to stimulate GDP growth, rare workplace inspections or low fines for breaking employment or work safety regulations (Ruhs and Anderson, 2010b; de Haas, 2023) or through NGOs' or religious organisations' support for regularisations of clandestine migrant workers (Watts, 2002; Chauvin *et al.*, 2013). Intermediaries, who have taken over certain functions of states, do not only respond to demand but also stimulate and channel labour migration (Ambrosini, 2017; Cranston, 2018; Forde *et al.*, 2015; Menz, 2012) thus also acting in employers' interests without the latter's (initial) involvement.

However, most research on the employer–migration nexus covers only small sections of the topic, focusing on particular sectors or events, without investigating the employers' comprehensive impact. To date, migration studies have underplayed the role of employers, while industrial relations, labour economics, sociology of labour and other subdisciplines have investigated them mainly as group actors, active in formulating policies (e.g. Afonso, 2012; Demougin *et al.*, 2019; Gooberman *et al.*, 2019; Martin and Swank, 2012; Menz, 2010, 2011; Statham and Geddes, 2006). Theories and concepts underpinning these studies, such as the power resource theory (Emmenegger, 2014), the concepts of organised publics (Freeman, 2002) or regulatory space (Hancher and Moran, 1998; Vibert, 2014) also focus mainly on employers' (and other interest groups') activity in policy-making (Freeman and Kessler, 2008). However, understanding employers' influence on labour migration requires

considering the multiplicity of their possible actions and strategies, including on the ground when choosing workers (Findlay *et al.*, 2013; MacKenzie and Forde, 2009), and the broadly conceived circumstances in which these take place – their institutional environment (Afonso and Devitt, 2016).

To contribute to this understanding, we delineate the institutional environment in which employers pursue their interests related to international labour migration. Particularly, the formal norms are mainly researched within two spheres: institutions related to the labour market and related to immigration. However, given that a democratic state's political organisation determines how employers can pursue their interests through corporate political activity (Rajwani and Azaaviele Liedong, 2015), we add a third sphere – related to the political process.

We locate the institutional environment within the levels of social analysis proposed by Williamson – from the level of informal norms (*embeddedness* – Level I) to the *play of the game* (Level 3). The fourth, lowest level (*resource allocation*), which does not form part of the institutional environment and thus is not discussed in detail here, includes the measurable effects of the first three levels, such as the numbers of workers and vacancies, unemployment levels, wages and wage discrimination of some groups, including migrants.

Institutional environment related to the labour market

This section focuses on institutions related to the sphere of the labour market, by which we understand formal employment regulations (e.g. legal minimum wages, employment protection) and all formal and informal rules and organisations which influence who participates in the labour force, for whom there is demand, as well as the bargaining strength of various actors, particularly employers and employees. These institutions include, for example, regulations concerning taxes and welfare, as well as influential organisations such as trade unions or employers' organisations. We classify these institutions according to Williamson's levels of social analysis, starting from the most general (Level I – *embeddedness*) and highlighting their interactions within a dynamic institutional environment.

We argue that every informal (Level I) institution influences many spheres of human life and transactions, but several are particularly relevant to the labour market: the preferred level of inequality in society and individualism, class divisions and acceptance of discrimination due to ethnicity, gender or age (Godard, 2020; Palumbo *et al.*, 2022). These informal rules affect legal regulations (Level II) but manifest themselves especially forcefully during the *play of the game* (Level III), e.g. during group bargaining, recruitment of workers or negotiation of contracts. Research on hiring behaviours in various countries has demonstrated how social and cultural factors, norms and prejudices impact employers' decisions. This concerns employment from simple manual to specialist work (Bills *et al.*, 2017; Pager and Shepherd, 2008). Moreover, informal norms can vary within countries, not only regionally but also within the same cities or regions, depending on the presence of ethnic enclaves. The conationals from such enclaves at times hold distinct value systems, which may influence economic transactions, e.g. powerful norms of reciprocity or bounded solidarity in the face of discrimination (Portes and Sensenbrenner, 2018). As a result, enclaves facilitate access to employment in some sectors and other services, such as loans, which may not be available from regular banks (Pfeffer and Parra, 2009).

The acceptance of the grey zone economy, even though not codified in legal regulations at Level II, is another Level I norm which forcefully impacts the *play of the game* at Level III, especially due to varied levels of enforcement of regulations (Ambrosini, 2016). It may vary strongly by region of a country (e.g. north vs south Italy), company size and sector. The above informal institutions, although not limited in their impact to the economy, influence the labour market and indirectly also labour migration by determining the types of jobs and types of employment available to migrants.

The demand for workers in general, and immigrant workers in particular, is heavily dependent on formal (Level II) regulations regarding the country's industrial relations, as well

as its education and training system (Afonso and Devitt, 2016; Guzi *et al.*, 2021; Ortlieb and Winterheller, 2020). These regulations manifest the preferred variety of capitalism in a given country (Hall and Soskice, 2001). In coordinated market economies (CMEs), firms and other actors rely more on coordination, e.g. through collective agreements and a strong role of trade unions and employers' organisations, which participate in group bargaining, determining quotas and access to professions. This frequently leads to labour market segmentation (Piore, 1979). Moreover, various types of employment protection for insiders in a segmented labour market can reduce entrants' access to the labour market and deepen segmentation (Eichhorst *et al.*, 2008). Regulations which influence the bargaining power of employers versus local workers and thus their interest in migrant labour include legal minimum wages, collective agreements and the level of centralisation of wage-bargaining, which all differ depending on the type of market economy of a country. In liberal market economies (LMEs), equilibria between the demand for workers, their supply and the wages offered are found more through market mechanisms. In the dependent market economies (DMEs) of Central and Eastern Europe, sometimes distinguished as a separate category (Nölke and Vliegenthart, 2009), such equilibria are frequently found through negotiations at the level of individual companies. Taxes on labour and mandatory social insurance contributions, employment protection regulations and active labour market policies (such as training and other schemes aimed to match demand on the labour market with the skills of the unemployed) also play a role in labour demand (Eichhorst *et al.*, 2008; Lehmann and Muravyev, 2012).

Additionally, in CMEs, vocational training schools are frequent, and access to vocations depends on having graduated from one of these schools, thus making access for foreigners difficult (Menz, 2010). In LMEs, workers are trained on the job, which results in more demand for people with general qualifications and easier access to various jobs for foreigners who do not hold local diplomas (Menz, 2010). Ruhs (2013) has found that while LMEs tend to focus on the characteristics of migrants in creating their migration policies (e.g. level of education), CMEs more often regulate the conditions of employment of newcomers (e.g. salary levels). Informality in hiring procedures, which McDonald *et al.* (2012) have found to be higher in Germany (a CME) than in the USA (an LME), may additionally impact the kinds of jobs available for particular national, social and professional groups. The type of market economy – which results in many legal regulations (at Level II) and some less formal mechanisms (at Level III) – is thus a significant determinant of institutions which determine the modes of manoeuvre for employers concerning both local and immigrant labour.

Laws and regulations regarding the welfare system can also influence the availability of the local labour force (and, as a result, the employers' level of interest in non-local labour). These include regulations regarding the level and duration of unemployment benefits. Other benefits not directly related to work, e.g. assistance for low-income families, child benefits, maternity and paternity benefits and other types of support for working parents, as well as possibilities of early retirement and disability pensions, may all significantly influence the labour market (Rubery *et al.*, 2022). All may influence the capacity and willingness of citizens to take up employment, especially in low-paid jobs.

The above are manifestations of policy choices of liberal, conservative or social-democratic welfare state regimes (Esping-Andersen, 1990) [4]. Each system generates incentives and disincentives for the participation of residents in the labour market and thus influences how many additional workers from abroad are needed. As Afonso and Devitt (2016) argue, the inexistence or deficiency of welfare regimes can also stimulate certain types of immigration, for example, when migrants replace public institutions as carers for the elderly. Issues such as housing availability/price and housing benefits or access to health care are also important in the welfare offered by countries (Esping-Andersen, 1990). They may influence the presence in a particular locality and the labour market participation rates of locals and determine how many foreign workers and with what characteristics are needed. An inflexible housing system can hinder the mobility of locals, thus creating demand for migrant workers, as has been demonstrated in the UK (Ruhs and Anderson, 2010a).

Although formal (Level II) norms are crucial for shaping the labour market, their effectiveness depends on enforcement, which takes place during the play of the game (Level III). The degree of enforcement and the prevalence of the grey zone economy can differ significantly between and even within countries (e.g. between the north and south of Italy), depending on the effectiveness of the state apparatus and informal (Level I) norms. Bargaining, which also takes place during the *play of the game*, depends not only on how it is legally regulated but even more so on the relative strength of players, resulting especially from the level of unionisation. This influence has been demonstrated, for example, in Sweden, where a decline in union strength led to greater employers' activity and a change of labour migration regulations (Boräng and Cerna, 2019). The internal structure of organisations is also important, for example, the structure of employers' organisations (e.g. do large players dominate or do all companies have an equal say) determines which interests are considered a priority and voiced (Afonso, 2012). Finally, the presence of other powerful organisations, e.g. human rights NGOs, can also influence the *play of the game* by pushing employers to adopt various codes of conduct and practices favouring employees, especially from ethnic minorities (Gooberman *et al.*, 2019). Powerful organisations participating in the game must thus be considered important institutions that co-create conditions in the labour market and the institutional environment of employers' pursuit of their interests.

As the above discussion demonstrates, a broad spectrum of formal and informal regulations and the way they are negotiated and enforced during the *play of the game*, including by powerful organisations acting as institutions, influences who participates in the labour market and the conditions of employment.

Institutional environment related to immigration

The second most relevant sphere forming part of the institutional environment of labour migration is institutions related to immigration itself. Regulations include those determining the quantity and characteristics (nationality, age and education) of labour migrants, and their allowed period of stay. Rules regarding the admission of other groups also determine the number and types of available workers. These include regulations concerning ethnic kin, family reunification, refugees, students (who are often allowed to work part-time), free movement of workers (as in the EU) or acquiring citizenship (Forde *et al.*, 2024; Menz, 2008). An especially evident example of non-labour migration regulations influencing the pool of potential workers was the German regulations concerning the *Aussiedler* from Central Europe and Russia, which brought 4.5 million people of German origin to Germany between 1950 and 2010 (Penninx, 2017). Although this was not officially a response to labour market needs, the newcomers satisfied some of those needs, thus delaying the creation of other immigration policies.

Recently, employers have increasingly sought various flexible forms of work contracts. Such (contractual or non-contractual) employment is often offered to workers who are not in compliance or in semi-compliance with immigration regulations (when the person has a right to remain in the country but not to work) (Ruhs and Anderson, 2010b). Regulations concerning admission to the territory, such as visa-free tourist movement, can influence the labour market, as such "tourists" often undertake employment, especially in sectors requiring short-term or seasonal work, e.g. in agriculture or households. As in the previous section, the paragraphs below discuss institutions relating to migration from informal (Level I) norms to the *play of the game* (Level III). Many are in close interplay with the formal and informal labour market institutions discussed above, including those related to the country's variety of market economy.

Informal (Level I) labour market-related norms, such as acceptance of the grey zone economy, frequently co-exist with tolerance for irregular migration and irregular employment of migrants. A high tolerance for irregularities leads to segmented labour markets, with migrants working predominantly in the grey economy (Triandafyllidou and Bartolini, 2020),

as is especially often the case in Mediterranean and DMEs. This segmentation, perceived variously as the reason or the effect of the presence of migrant workers (Meardi, 2024), is built upon the unequal treatment and tolerance of discrimination of “others”, be they of another nationality, skin colour or gender (Sassen, 1988, 1991).

Formal (Level II) regulations of labour migration regulate who can enter and the length of stay. In LMEs (e.g. post-Brexit UK), the former is frequently determined through points-based systems. In CMEs, regulations more often specify the types of diplomas or qualifications sought, for example, the Green Card for IT specialists in the early 2000s in Germany (Jurgens, 2010). Historical path dependencies also lead to legal preferences for particular nationals, for example, Commonwealth citizens in the UK (Castles, 1987) or citizens of post-Soviet countries in Poland (Górny and Kaczmarczyk, 2018). These systems also frequently respond to employer preferences by allowing entry and work for particular periods, from several months, if seasonal work is needed, to long-term or permanent, especially for highly qualified workers. Legal regulations concerning short-term migration (e.g. the German bilateral agreements with Central and Southern European countries in the 1990s – Dietz and Kaczmarczyk, 2008 or sectoral schemes in British horticulture after Brexit – Scott, 2022) are on the one hand a response to employers’ needs and lobbying efforts, and on the other, a factor strongly shaping sectors such as agriculture, contributing to self-perpetuating demand for labour from poorer and poorer regions of the world (King et al., 2021; Palumbo et al., 2022). These changes, in turn, influence the strategies of employers.

A lack of legal migration routes can also, at times, be considered a deliberate state strategy to influence the types of migrant workers available and their treatment by employers. As Triandafyllidou and Bartolini (2020, p. 140) point out, “irregularity can be part of a labour market strategy promoted by governments to cater for the needs of employers for a cheap and plentiful workforce, particularly for some sectors of the domestic labour market and agriculture, to compress costs and increase profits”. Governments can, thus, respond to the needs of employers and create a favourable institutional environment for pursuing those interests by either passing or not passing migration regulations.

Formal institutions are effective to various degrees depending, e.g. on border controls or workplace inspections during the *play of the game* (Level III). Enforcement depends strongly on the informal (Level I) rules discussed above, with high levels of tolerance for irregularities and discrimination decreasing incentives for governments and other bodies (from trade unions to employers’ organisations, which sometimes set standards for their members), to strictly implement the rules.

During the *play of the game*, employers and other players sometimes exploit informal norms to circumvent formal ones. Since at least the “sweatshop” system of the 1980 and 1990s, this has been done by subcontracting and outsourcing, which creates chains of increasingly small companies exploiting their subordinates and workers, based on informal norms allowing for the discrimination of migrants and women. The system, popular in garment and other industries in France, the UK and the USA, consisted of local-origin entrepreneurs subcontracting tasks to migrant entrepreneurs conducting quasi-legal activities. The last “entrepreneur” in the chain put to work family members, who frequently could not work outside the home because they did not hold work permits (Iskander, 2000; Mitter, 1985, 1986). Later, other sectors in Europe, for example, construction and transportation, also started resorting to subcontracting, including to foreign companies employing migrant workers, to avoid costs and responsibility (Gonzalez-Diaz and Vazquez, 2008; Menz, 2008).

In the 21st century, especially the agri-food sector, under pressure from supermarket chains and wholesalers to cut costs, has been resorting primarily to EU and non-EU migrant workers, frequently employed by intermediaries or without a work contract (Ambrosini, 2024; Fiałkowski and Matuszczyk, 2021; Milbourne and Coulson, 2021; Scott and Rye, 2021). From the UK and Scandinavia in the north, to Italy and Spain in the South and, recently, Poland in the east, their exploitation seems more acceptable due to the tolerance of discrimination of “others” and low visibility of their work conditions to the public (Olofsson and Lundmark, 2025). The migrant

workers' bargaining position is worse in countries where tolerance for informal employment is high (Duszczyk and Matuszczyk, 2022). Other impactful players' attitudes toward migrant labour strongly impact employers' margin of manoeuvre. The approach of trade unions may vary, from treating newcomers as regular workers and potential union members, to seeing them as competition for the "in" protected group, which results in various strategies on the ground and in political lobbying for or against immigration (Afonso *et al.*, 2020; Heyes and Hyland, 2012).

Intermediaries and the broader migration industry (Ambrosini, 2017; Cranston, 2018; Hernández-León, 2013; Matuszczyk and Bojarczuk, 2024) also play a key role in shaping the institutional environment during the *play of the game*. Some not only intermediate but also stimulate demand and determine directions of flows. In some situations, they even take over certain functions of the state, screening candidates and co-determining who enters the country (Nyberg-Sørensen, 2012). Some large intermediaries should thus be perceived as institutions which strongly influence the institutional environment in which employers pursue their interests.

In the two sections above, devoted to the labour market and migration, we have sketched the key institutions and other elements of the institutional environment which influence the pursuit of employers' interests in labour migration. We also demonstrated how higher-level informal institutions influence those of lower levels – informal norms influence which laws are passed and how the game is played. Influence in the opposite direction – from lower to higher-level institutions – can also be significant. Institutions from Level III, such as unionisation or the structure of employers' organisations, influence the environment within which individual employers pursue their interests. Within the *play of the game*, organisations – including companies or groups of companies representing particular industries – influence the process of law formulation to the extent that they change the institutional environment in their favour.

The dynamism of the institutional environment also manifests itself through the two-way interactions between institutions of the labour market and of migration. Institutions related to the labour market are fundamental in creating incentives for migration, since migrants respond to local labour market conditions (or more precisely, their boundedly rational perception of them) when choosing a migration destination (Boräng, 2018; Dias-Abey, 2021). Employers also respond to these conditions when deciding where and how to source labour. This has on numerous occasions been demonstrated, for example, within the European Union. After the 2004 enlargement of the EU, three countries: the UK, Ireland and Sweden immediately offered new EU citizens free access to their labour markets, but only the first two received large numbers of migrants from Central and Eastern Europe. Stronger collective bargaining and sectoral minimum wages in Sweden, a CME, which led to fewer opportunities for employing low-wage workers or workers on temporary or precarious contracts than in the UK or Ireland, which are both LMEs, contributed to the low levels of migration to the Nordic country (Devitt, 2011).

Other examples of the influence of labour and migration institutions concern the interplay of welfare and migration. Traditionally, it was believed that generous welfare systems render admitting migrants, especially refugees, more difficult since the newcomers would be additional beneficiaries of the system. However, Boräng (2018) recently demonstrated that the opposite may also be the case – generous welfare systems foster informal institutions such as solidarity and trust and reinforce the perception of the state as capable, which increases support for admitting refugees. As the above examples demonstrate, institutions of the labour market and migration interact with each other in various, sometimes unobvious directions. Together, they constitute the fundamental part of the institutional environment in which employers pursue their migration-related interests. However, the picture of the conditions of this pursuit would not be complete without considering institutions related to political processes.

Institutional environment related to political processes

Institutions related to the political process should also be considered when investigating the employers' interests in labour migration, since these delimit which legal solutions are achievable in the political context of the moment and how.

Informal (Level I) norms especially important for this sphere include the level of social trust, which influences the approach to members of a society and newcomers, as well as acceptance of corruption. The latter influences how laws are created and may allow individuals or groups, such as companies from a particular sector, to obtain beneficial regulations. Formal (Level II) norms, many of which are related to the above-discussed type of capitalism in a country, regulate such issues as the role of social partners in policymaking. Other important formal regulations in this sphere concern lobbying, which has become increasingly regulated in most democratic countries and anti-discrimination. Enforcement of all laws during the *play of the game* (Level III) is most often conducted by authorities, although, especially in CMEs, employers' organisations and trade unions also play a role. The state shapes rules directly, through the regulatory process, and indirectly, through applying rules that structure the environment within which employers act. It can also shape beliefs about desirable behaviour through systems of rewards and penalties, codes of good practices or even the threat of legal regulation (Godard, 2002). This role, as Nye (2008) points out, is highly contradictory. Any organisation or individual who has the power to make laws or the tools to ensure the right functioning of institutions can also act between the lines, favour one actor over another or even abuse those in need of protection (North and Weingast, 1989; Nye, 2008).

Business lobbying is seen as increasingly powerful, especially in the hands of large corporations in the USA and the EU (Coen et al., 2021; Kerr et al., 2014; Okólski, 2023). However, it should not be taken for granted that within groups with a common interest, such as employers in a particular sector, any or all group members will take action. Employers or other organisations do not undertake efforts to change regulations when they perceive their opponents (e.g. trade unions) as too influential. Organisations also sometimes revert to opportunism (Olson, 1989; Williamson, 1993) and wait for others to change the rules in their favour.

Employers' activities also depend very strongly on the country's current political atmosphere. During public and media debates (which are part of the *play of the game* – Level III), various political parties and interest groups manage to set the agenda and frame issues (McCombs, 2014). As Statham and Geddes pointed out (2006, p. 251), "Collective mobilisation is not a direct outcome of the distributed costs and benefits of immigration policies, but of the extent and way immigration is politicised and publicly mediated and how certain positions are made to appear more feasible, reasonable and legitimate, compared to alternative definitions of political reality". Although the political orientations of parties do not translate directly into implemented policies (Natter et al., 2020), the rhetoric of politicians, especially from anti-immigrant parties, is key during the *play of the game*. Depending on what is perceived as reasonable and legitimate, employers may pursue their interests, e.g. attempt to bring more labour migrants or particular types of labour migrants into the country or refrain from doing so. This is powerfully demonstrated, for example, by the approach towards the religion of migrants in Europe. While in the 1960s and early 1970s, the question of the newcomers' faith was hardly ever mentioned and employers could import labour from Muslim countries, in the last years, with religious issues being strongly politicised, some employers make sure to underline that their understanding of "good" migrant workers includes only non-Muslims. This is the case, for example, in Poland, which has become a leading labour migration destination in Europe and where both politicians and some employers express preferences for Christian Slavs, or if not available, non-Muslims from Asia or elsewhere (Jaskulowski, 2019), demonstrating how the informal norms of the moment powerfully influence the play of the game.

The role of non-political actors, such as NGOs defending the rights of migrants and ethnic minorities in influencing migration-related public discourse and labour market policies, especially in the UK (Gooberman et al., 2019), has also been acknowledged. For example, Statham and Geddes (2006) have demonstrated that in the UK, human rights NGOs, not employers, were the primary force advocating for minority rights and thus contributing indirectly to more opportunities for labour migrants. In Southern European countries, this role

was frequently played by trade unions or the Catholic Church. In Italy, the Church not only supported migrants in various ways but also argued for regularisations, which led to a larger pool of foreigners with work permits (Watts, 2002). The sphere related to political processes is thus influential in many ways, especially at the level of the *play of the game*, for determining if and how employers can pursue their interests in international labour migration. To fully understand this pursuit, one should pay close attention to the political process and the public actors, especially those holding power. These actors may favour labour immigration (or lack of it) and particular types of labour immigration (from particular countries, short-term/long-term) for reasons that are not directly related to the labour market but – nevertheless – strongly influence this market.

Table 2 synthesises the institutions and other elements of the dynamic institutional environment relevant to employers' interests in migrations. Figure 1 provides a simplified visualisation of the same.

The proposed analytical framework of the dynamic institutional environment presented above provides a comprehensive and systematic catalogue of formal and informal institutions that come into play when considering labour migration. It is, of course, not the case that in every country all formal institutions enumerated exist and play a significant role, for example, not all countries have minimum wages or immigrant quotas. The *play of the game* may also differ fundamentally depending on the presence and relative strength of participants, for example, migration agencies have recently been fundamental only in some countries and sectors (e.g. South Asia and Central and Eastern Europe, the medical and care sectors). Employers may, at times, exploit certain informal institutions, either on the ground or when lobbying for regulations. However, they may also refrain from lobbying when they judge it as too costly or ineffective, given the institutional environment of the moment. Their interests thus impact the institutional environment to various degrees, depending on their strategies and how these interests fit in with or contradict the interests of other players. Our aim here is not to provide a uniform blueprint of the institutional environment to be considered when researching employers and migration but rather to suggest a catalogue of institutions and organisations whose role may be significant, and who thus should not be unintentionally overlooked when designing research on migration-related topics. The proposed framework paves the way for further in-depth analysis of the role of employers and other actors involved in labour migration and prompts further exploration of these complex relationships within the dynamics of the given institutional environment.

Conclusions

This article adopts neo-institutionalist concepts, particularly the concept of the institutional environment and Williamson's (1998, 2000a) model of social analysis, for studying employers' interests in international labour migration. By doing so, it aims to stimulate research on the employers' role in migration and build bridges between various levels of analysis (micro, meso and macro) offered by economics, political science, sociology and management. The multi-level interests of employers have not been sufficiently explored due to their absence from migration theories. We argue that reverting to the concept of institutional environment allows for creating a comprehensive analytical framework for studying employers' interests. Rather than providing a methodological toolkit, the article aims to spur the discussion and encourage researchers to take a step back and understand the broad picture of potential influencing institutions and their interplay.

The article argues that informal (Level I) norms – such as acceptance of racism and various kinds of discrimination or acceptance of the grey zone economy – formal (Level II) laws, as well as elements of the *play of the game* (Level III) should be treated as part of the institutional environment in which employers pursue their interest regarding labour migration. In contrast with the author of the most popular definition of the institutional environment (North, 1990), but in line with a game-theoretic perception of institutions (Aoki, 2001; Hodgson, 2006), we

Table 2. Matrix of the institutional environment relevant to employers' interests in labour migration

Institutional environment relevant to employers' interests in labour migration			
	Related with the labour market	Related with immigration	Related with the political process
Level 1 Embeddedness	Preferred levels of inequality Class divisions Acceptance of discrimination (ethnic, gender, age) Acceptance of the grey zone economy	Acceptance of irregular migration and employment of migrants Acceptance of racism and other (e.g. gender) discrimination of migrants	Social trust and preference for cooperation Acceptance of political corruption
Level 2 Formal rules	Quotas and access to professions Employment protection rules (stability of employment) Minimum wage or sectoral minimum wages Taxes on labour (social insurance contributions which influence the cost of hiring; tax free income allowance) Active labour market policies Specific skills regimes Accessibility of the social welfare provision (unemployment benefits, paid sick leave, income related allowance and support, maternity and paternity benefits, child benefits, early pension allowance, possibilities of early retirement, disability pension)	Immigration regulations (entry conditions, point-based system, visa system, quotas on entry, time limitations for stay) Work permits and quotas Family reunification policy Refugee policy (in particular whether asylum-seekers are allowed to work while awaiting status decision, how much support/benefits they receive) Possibility to enter and work as a student Conditions for obtaining citizenship Legal rules facilitating segmentation/dualism (native/non-native workforce) Regulations concerning the migration industry	Lobbying regulations Regulations regarding industrial relations (mandatory participation in trade unions, employer associations, role of social partners in policy-making) Anti-discrimination regulations
Level 3 Play of the game/ governance	Type of flexibility sought by employers: Structure of the market (sector-based; fragmented, dominated by a few large players, monopolised) Segmentation of the labour market Prevalence of gray zone economy Enforcement of labour regulations Unionisation (structure of unions: general or sectoral) Structure of employers' organisations (including power distribution within these organisations) Impact of other organisations (e.g. NGOs)	Segmentation of the labour market based on immigration status State tolerance towards the employment of irregular migrants (controls in workplaces) Enforcement of migration regulations Approach of unions towards non-native workers Migration industry (organisation and the significance)	Law enforcement Corruption in the political process Business lobbying (real influence) Tripartite bodies and the influence of other interest groups (e.g. trade unions, NGOs, churches) Political atmosphere (especially influence of anti-immigrant political parties and the presence of anti-immigrant narratives)

Source(s): Authors' own work

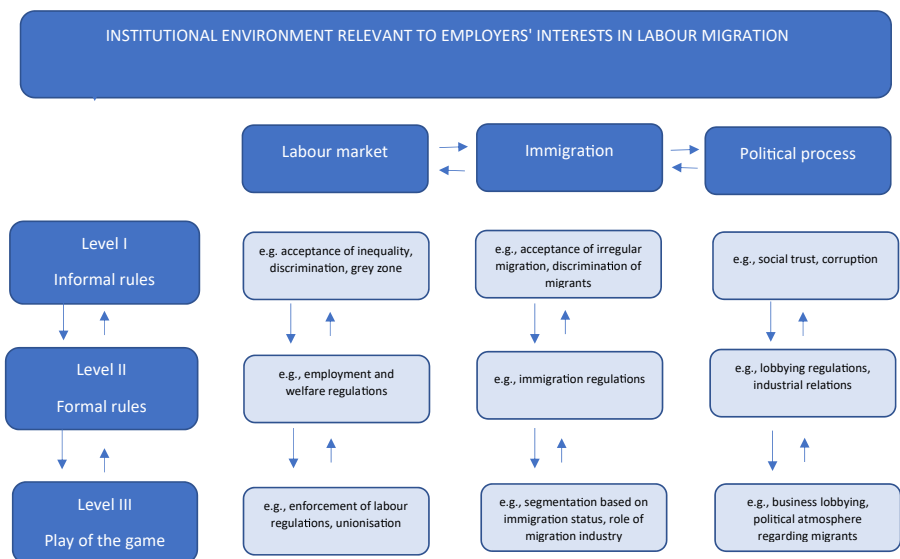


Figure 1. Institutional environment relevant to employers' interests in labour migration. Source: Authors' own work

posit that some influential organisations, such as trade unions, employers' organisations or intermediaries, should be treated as playing the role of institutions because they co-create the rules for others. We suggest identifying such organisations on a case-by-case basis, but are aware that this is somewhat discretionary and should be the subject of further conceptual work. The institutional environment is thus much more than the sum of institutions. It should be understood as a dynamic, interactive and context-specific ensemble of formal and informal institutions, constantly influenced and shaped by the varied and unstable enforcement of rules and the interplay between institutions, including some organisations and other actors.

The employability of the definition suggested here has been demonstrated through a delineation of the institutional environment within which employers pursue their interests regarding labour migration, which falls into three spheres: related to the labour market, related to migration and related to the political process. Although this analytical framework is not a theory, it offers a matrix of the areas researchers need to focus on to investigate employers' influence on migration. A great advantage of creating such a framework is its comprehensiveness – it demonstrates the broad spectrum of mutually influencing institutions at all levels, which need to be considered to understand the influence of employers on migration. The framework may serve as a catalogue of institutions and interactions between them, which should not be omitted in research on employers and migration. When attempting to understand what immigration regulations employers pursue and why, it is important to understand how these regulations will in their view interact with other migration- and employment-related rules, how informal norms will limit their implementation and what kind of support or opposition employers foresee during the *play of the game* from the authorities or other players (e.g. trade unions, political parties, NGOs or churches). The paper draws almost exclusively on examples from Europe, but – in part thanks to the continent's variety of institutional environments – the proposed framework can be used to examine employers' interests in any democratic market economy. It should be particularly useful for comparative studies between countries, as the same or similar regulations can have varied effects depending on the institutional environment.

This article focuses on the institutional environment in the migrant-receiving country. However, institutions influencing migrations certainly do not function only within country borders. What happens in a particular country is strongly impacted by the institutional environment in other countries (for example, those from which the migrants originate, as well as transit countries), and by the receiving country's international obligations and membership in organisations, such as the EU. Moreover, today, employers and employees often do not operate within the borders of the same country, complicating the answer to the question, which institutional environment should be considered in such cases. A further step, building on what we have done in this article, could be to develop a matrix of institutions, which would include international influences or more than one country.

Recently, migration has been perceived primarily as driven by push factors in countries of origin. Not enough space has been devoted to the fundamental role of the demand for workers in Western countries, which is created by employers. By facilitating the study of the employers' role, this paper aims to contribute to the rebalancing of the debate regarding international labour migration.

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Notes

1. Various authors also used internal/external, exogenous/endogenous, direct/indirect or coercive/normative institutions to mean formal/informal institutions (Swaminathan and Wade, 2008; Voigt, 2019). Institutions have also been divided into external and internal, depending on who sanctions their implementation – the state or society (Voigt, 2018).
2. As Voigt (2019) points out, treating institutions as equilibria risks conflating a legal regulation and its effects.
3. We follow North's (1990) terminology, speaking of a multitude of institutions, which together form the institutional environment. However, some authors (Aoki, 2001; Hodgson, 2006, 2023) label as "institution" what North would call the "institutional environment". Greif and Laitin (2004) and Greif (2006) prefer the term "institutional elements" for what North would call an "institution". Davis and North (1971), Klein (1999) and Wallis (2014) differentiate between the "institutional environment" (placed at the macro level) and "institutional arrangement" (micro level – specific rules created by partners for their exchange). We do not follow this differentiation because – in line with the game-theoretic logic – we understand that certain agreements between powerful players influence the conditions for others, thus blurring the line between "arrangement" and "environment".
4. The liberal regime provides only a minimum to those who fail in the market, the conservative regime treats the family as a unit and thus, for example, excludes non-working wives from social insurance, and the social-democratic regime promotes high social standards for everybody, irrespective of their labour market status and income.

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Corresponding author

Dominika Pszczółkowska can be contacted at: d.pszczolkows2@uw.edu.pl, dominikap2002@yahoo.com