

The Economic Performance of Return Migrants to Central and Eastern Europe



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*The empirical results are based on joint work with Dragos Radu (PSI, London).
The views expressed in this presentation are solely those of the presenter and do not necessarily reflect those of the OeNB or the ECB.*

Motivation

- **Return, repeat and “circular” mobility are widespread in CEE countries (not least due to price falls in transport and communications).** 
- **A significant share of the active population in CEE countries has already work experience abroad** 
- **Returnees have different patterns of labour market participation and performance compared to non-migrants.**
- **BUT analyses of migration still focus mainly on permanent migration.**

Magnitude of return migration (prospects)

- **2007 around 3 million registered CEE migrants in EU15 countries.**
- **OECD assumes that 20 to 50% of migrants return within 5 years (estimate for all sending countries).**
- **600,000 to 1,5 million further returnees from the CEE countries thus a conservative estimate (+ seasonal and short-term informal workers!).**

The experience of Greece and Ireland

- **Greece in the 1980s (Petras and Kousis 1988)**
Uneven regional development and stunted industrial growth responsible for limited employment options (“unemployment, informal sector and scattered jobs”).
- **Ireland in the 1990s (e.g. Barrett and O’Connell 2001)**
Highly skilled returnees enjoyed a wage advantage over ‘stayers’. Return migration took place in times of strong economic growth which in turn was reinforced by the returnees (‘virtuous cycle’).
- **Macroeconomic context crucial for the prospects of returnees, which in turn can reinforce positive trends.**

Findings for the CEE countries

- **Hungary (Co, Gang and Yun 2000)**
Wage premium for female returnees but not for male returnees (due to sectoral employment structure of returnees?).
- **Albania (de Coulon and Piracha 2006)**
Wage premium for returnees and higher share of self-employment.
- **Latvia (Hazans 2008)**
Wage premium for returnees, in particular for men.
- **CEE countries (Iara 2008)**
Wage premium for return migrants (study covers only male migrants). Wage premium positively related to human capital endowment.

Findings based on EU Labour Force Survey

Who moves - and returns?

- EU LFS enabled us to identify a sample of about 2,500 recent returnees across 7 CEE countries for the period 2002-2007.
- Returnees are younger than non-migrants and migrants still residing abroad.
- They are predominantly male with a medium or high level of educational attainment and often belong to households where more sources of income are potentially available. But own children and spouses reduce the likelihood to move and to return.
- Strong regional variations suggest an important role for network ties, peer pressure and local interactions. Regional stocks (NUTS 3) of returnees in Poland 6% to 22% and in Romania 3% to 25% of the working-age population.

Findings based on EU Labour Force Survey

What is the labour market performance of returnees?

- Returnees receive on average a wage premium of 30% for work experience abroad. Wage premia are higher for high-skilled labour and self-employment.
- Returnees are more likely to either not participate in the labour market or to switch into self-employment upon return.
- This may be because they lack e.g. network ties and local experience - which reduces the prospects for dependent employment - but they possess skills which foster self-employment (e.g. entrepreneurial skills and risk proclivity).

Conclusions / policy recommendations

- **There is a clear need for better data on return migration and more research on this form of migration!!**
- **Robust findings across different studies on CEE countries:**
 - **Returnees tend to be young and well-educated relative to non-migrants (in addition to their work experience abroad).**
 - **There are significant positive wage returns to return migration.**
 - **Many return migrants become self-employed or do not re-enter the home country labour market.**
- **This suggests that home countries may benefit economically from return migrants.**
- **But returnees may need support to re-integrate.**

Conclusions / policy recommendations

- **Possible measures to support return migration:**
 - **A favourable macroeconomic environment is key; not only but also in order to attract return migrants.**
 - **Facilitate business start-ups. This is a general measure - but returnees can be given an additional ‘helping hand’ to make up for lacking networks.**
 - **Provide information on labour market opportunities to migrants still residing in the host countries (‘outreach programs’) and to return migrants in the home country.**
- **BUT too much support (in particular financial help) can be problematic from an equality perspective. Returnees are not typically a disadvantaged group!**

Thank you for your attention!

References

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Magnitude of return migration (stock)

	% of returnees overall	% of returnees among men	% of returnees among women
Bulgaria	10.5*		
Czech Republic	6.48	7.57	5.55
Hungary	2.61	4.19	1.38
Latvia	7.43	11.41	4.82
Poland	7.97	11.79	4.30
Romania	7.65	11.09	4.51
Slovakia	6.80	10.19	3.17

Notes:

Returnees were identified as those persons born in the country who spent at least 6 month working abroad over the last 10 years and returned.

Own estimation, data from ESS 3rd round: 2006/07.

* Estimate for Bulgaria from national survey.

