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Who leaves and when? Selective outmigration of immigrants from Germany

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ABSTRACT

Return migration is a major element of international migration flows. The objective of this paper is to provide new micro-data-based evidence on the structural pattern of return migration. We use data from the German Socio-Economic Panel and employ a flexible semiparametric model, which allows us to estimate bivariate interaction effects. This enables us to analyze variation in emigration behavior over the life cycle. For the majority of migrants, we find that return migration is highly likely during the transition into retirement, implying that migrants spend their savings and pensions in their home country. For labor migrants, return migration intensifies the skill selection of the original immigration flow. Furthermore, we find a strong influence of family characteristics on return migration. Our analysis demonstrates that outmigration is influenced by economic and non-economic factors and highlights that migrants incorporate the mobility costs of family members into their individual return decisions.

1. Introduction

Recent evidence for the OECD member states shows that between 20% and 50% of immigrants entering a country decide to reemigrate within five years (Dumont and Spielvogel, 2008). Most of these immigrants return to their home country, while a smaller group emigrates to a destination country other than their country of origin. Overall, the figures highlight the temporary aspect of migration and reveal that outmigration of immigrants is a major component of international migration flows. The fact that substantial numbers of immigrants do not stay permanently in their respective host countries raises a number of questions: First, who decides to leave, and in which way do the leaving migrants differ from their counterparts who opt for long-term settlement in the host country? Second, when do migrants leave? In particular, at what point in their life cycle do migrants return to their home country?

The answers to these questions have important implications for policymakers in both host and source countries. For host country politicians, the selection pattern of return migration is important since it affects the integration of immigrants and the labor market impact of immigration. For the sending country, the selection of return migrants matters since it determines the degree to which return migrants bring back foreign qualifications, occupational skills and financial capital that they can invest in the home country upon return as either employees or entrepreneurs (Piracha and Vadean, 2010). Moreover, the self-selection of returnees is likely to affect both the magnitude and use of remittances in the country of origin (Collier et al., 2011).

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Therefore, it is not surprising that there is a growing literature on the determinants and selection of out- and return migration (see, among other works, [Borjas and Bratsberg, 1996](#); [Dustmann, 1999](#); [Nekby, 2006](#); and [Rooth and Saarela, 2007](#)). A common feature of re-emigration research is the scarce availability of appropriate data that measure individual outmigration behavior. For example, the main limitation in using population registers is that individuals often leave the country without deregistering. Even in cases of longitudinal survey data, the measurement of outmigration is likely to be inaccurate due to the use of self-reported characteristics and intentions. A potential solution is to explicitly estimate the probability of outmigration by using information on sample attrition ([Bellemare, 2007](#)).

The purpose of this paper is to provide new evidence on the determinants of outmigration of foreign-born immigrants. The analysis is based on data from the German Socio-Economic Panel (SOEP) covering the period from 1984 to 2011. We make use of data from panel-drop-out studies, which allow us to identify emigrants by providing reliable information on the time of immigration, the time spent in Germany, and the time of outmigration from Germany. Furthermore, we follow a stratified approach with respect to ethnicity: we analyze outmigration separately for immigrants originating from Southern Europe, Turkey or other places. Again, the decision to outmigrate from Germany is likely to be affected by numerous socio-economic variables. As both binary choice models with pre-defined linear predictors and duration models with interval censored times cannot appropriately account for the interaction of our covariates, we employ (semiparametric) Generalized Additive Mixed Models (GAMM). This econometric approach yields greater flexibility with respect to the assumed model structure and combines the advantages of duration time models with the option to model a priori unknown interaction effects of covariates. We estimate the probability of emigration for an individual with an a priori less restrictive functional form in comparison to classical logit and duration models. This approach enables us to estimate the relevant effects in a data-driven way and to graphically investigate possible bivariate interaction effects. Additionally, we control for unobserved heterogeneity and serial correlation.

Initially, our analysis uncovers new insights with respect to the timing of remigration during the life cycle and the influence of the time spent in the host country. For most immigrant groups, we find that outmigration is highly likely during the transition into retirement. This implies that migrants prefer to spend their savings and pensions in their home country, where purchasing power is higher than in the host country. Moreover, our visualization of the interaction effects between age and years since migration illustrates that time spent in Germany reduces the likelihood of outmigration for non-Turkish immigrants. This implies that the offspring of guest workers, who entered Germany during childhood, are more likely to stay in Germany than their same-age counterparts who entered Germany at working age. For Turkish immigrants, we observe the opposite relationship. Comparing individuals of the same age, time in Germany is positively associated with return migration. This indicates that cultural and economic integration differs between Turks and other migrant groups.

Our analysis further demonstrates that outmigration is influenced by economic and non-economic factors. With respect to skills, for Southern European guest workers we find that better skilled immigrants are more likely to leave Germany than their counterparts at the lower end of the skill distribution. This is in line with the theoretical model of labor migration developed by [Borjas and Bratsberg \(1996\)](#), which predicts that outmigration intensifies the self-selection pattern of the original immigration inflow. For other migrant groups, which are characterized by large numbers of family reunifications and refugees, we do not find any systematic pattern of skill selection. Moreover, our analysis indicates that the likelihood of leaving Germany is higher if immigrants are not actively participating in the labor market. This supports the view that return migration can occur as a result of failed migration expectations. With respect to non-economic factors, we observe a strong influence of family characteristics on return migration. Therefore, our findings highlight that individuals incorporate the migration costs of family members into their individual migration decisions. Finally, we discover substantial differences in time trends across migrant groups.

This paper is organized as follows: in Section 2, we present a detailed overview of the empirical database we employ and provide some initial descriptive statistics. In Section 3, we outline the statistical method used for the estimation. Section 4 presents the results of our modeling exercises, and finally, Section 5 concludes.

2. Data and descriptive statistics

The data employed in the analysis are from the German Socio-Economic Panel (SOEP), which is a representative micro-dataset on persons, families and households in Germany. It contains a large array of socio-economic variables and is widely used by sociologists and economists. For a detailed introduction to the SOEP, we refer to [Wagner et al. \(2007\)](#). One main feature of the dataset is the provision of detailed information on respondents' immigration history such as country of birth, year of immigration to Germany and ethnicity. Furthermore, the SOEP includes a number of variables describing the current employment status, labor market experience and family structure of the interviewed persons. The latter allows us to comprehensively analyze the decision to leave Germany, including the influence of both individual and family characteristics, which are usually difficult to capture in studies based on cross-sectional data. A novel feature of the current version of the SOEP is the provision of a new *lifespell* dataset, which contains information from follow-up studies of panel dropouts. The latter is based on information from public registers and from fieldwork. It allows the SOEP to determine the status of each individual since the last SOEP interview. This new dataset combines all available information on the pre- and post-survey history of all persons who have ever been a member of an SOEP household. For a detailed documentation, see [Neiss and Kroh \(2016\)](#). Therefore, the dataset provides reliable and valid information on the interviewed persons throughout their biography with respect to birth, death, immigration to Germany, time spent in Germany, and emigration from Germany.

Our analysis is based on data from West Germany covering the period from January 1984 to December 2011. In our paper, we focus on SOEP participants who have a direct migration background. The latter defines individuals who are foreign born and moved

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