

Occupational choice of return migrants

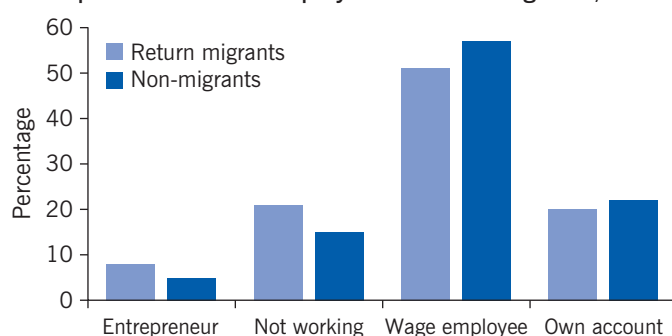
Migrant-sending countries can significantly benefit from the type of occupation chosen by return migrants

Keywords: return migration, occupational choice, selection

ELEVATOR PITCH

The occupational choice of return migrants is important to their home country. Return migrants are likely to have acquired human capital while abroad, either through formal training or by working in a more efficient labor market. The employment of these newly acquired skills in the home country can have important economic implications. Examining the choice of return migrants to engage in wage employment, self-employment, entrepreneurial activity, or to remain out of the labor market makes it possible to ascertain whether the initial migration decision benefited the home country as well as the migrants and their families.

In Albania, return migrants are more likely to be entrepreneurs or non-employed than non-migrants, 2005



Source: World Bank. *Albanian Living Standard Measurement Survey, 2005*. Washington, DC: World Bank, 2005.

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KEY FINDINGS

Pros

- ⊕ Migrants who return to their home country are likely to benefit from higher wages than they would have earned had they not migrated.
- ⊕ Return migrants are more likely than non-migrants to invest in entrepreneurial activities.
- ⊕ The survival rates of businesses established by return migrants are likely to be high.
- ⊕ Optimal migration duration and occupation-specific labor market experience for higher-skilled return migrants are likely to result in higher wages upon return and help in their transition to formal employment.

Cons

- ⊖ If migrants choose not to work when they return home and consume their savings instead, potential gains from migration will be lost.
- ⊖ Depending on the duration of the migration experience, return migrants may lose their social network in the home country.
- ⊖ For return migrants who stay abroad too long, the reservation wage in the home country is likely to be higher than for those who return after a shorter period; this can result in long spells of non-employment after return.

AUTHOR'S MAIN MESSAGE

The occupational choice of return migrants is important for them, their families, and for the home country, which can benefit economically from the reintegration of return migrants. To capture these benefits the home country needs efficiently functioning institutions to encourage return migrants to engage in formal work or entrepreneurial activity. Thus, governments should help return migrants reintegrate in the home country labor market by facilitating contacts with established entrepreneurs and employment agencies and by encouraging them to rejoin social networks. Governments should deal with impediments related to corruption, business regulation, and financial constraints.