

## Innovating European Labour Markets



# Innovating European Labour Markets

Dynamics and Perspectives

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## Preface and Acknowledgements

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*Innovating European Labour Markets: Dynamics and Perspectives* highlights and traces the consequences of the increasing turmoil on the labour market resulting in more volatility and creating a rather diverse landscape of employment forms that will shape people's life courses. The book particularly aims at discussing innovative labour market policy practices and perspectives with a view to changing working careers and life courses. The 'best practices' on life course policies presented in the book can be considered potential answers to the challenges and requirements labour market and employment systems are confronted with now and in the near future. This way the book's focus on 'innovation' is understood as an adequate and effective, possibly even a proactive, response to these challenges and requirements. The carefully selected contributions in the volume deal with various dimensions and different levels of the flexibility–security nexus within the life course perspective. This not only concerns labour market policy at the national and the EU level but especially also at the firm and sector level. Innovating firms' policies with respect to the creation of flexible working time options and to the elaboration of life-course-oriented human resource policies seem critical to respond successfully to the ongoing fundamental changes. The book hopefully contributes to raising our understanding of the driving factors that determine the performance of the dissimilar pathways in Europe with a view to their impact on the flexibility–security nexus over the life course.

The authors address issues as to how innovative policies are designed, how they are put to the test and why they became more or less successful in the various European contexts in improving the work–life balance, that is the balance of flexibility and security over the life course. These issues have become key now in the current European policy debate. The EU member states already since 2003 have endorsed the need to progress on policies aiming at improving the work–life balance and also accepted at the end of 2007 common principles of 'flexicurity' policies on which future policies in the member states should be vested.

The book is the outcome of the Institute's of Labour Studies (OSA) four year research programme during the period 2003–2006, entitled: 'The Transitional Labour Market: Towards a New Social and Economic Dynamic'.

OSA is a research institute that operates on the border of science and policy, conducting research dealing with issues considered of structural importance for policymaking as well as pure academic research. This volume also represents one of the results of the three year research programme 'Flexicurity: A New Paradigm for Labour Market and Employment Regulation?', funded by the The Netherlands Organisation for Scientific Research (NWO). The book contains a selection of the papers that were presented in a first draft form at the closing conference of both research programmes, held in November 2006 at the Royal Netherlands Academy of Arts and Sciences (KNAW) building in Amsterdam.

### **Acknowledgements**

The editors are primarily indebted to the authors of the chapters for their invaluable contributions to the substance of the book. The book focuses on life course issues but within the framework of two major socio-economic approaches: 'Transitional Labour Markets (TLM)' and 'Flexicurity', of which the founding fathers were contributors to this volume. The editors are therefore indebted to Professor Dr Günther Schmid for his work on the TLM approach that inspired so many researchers collaborating in the four year research programme at the OSA institute of Tilburg University, and also to Professor Dr Ton Wilthagen for his contributions on the topic of 'flexicurity' that now has become one of the leading concepts on which future European social policy is likely to be elaborated and progressed.

Further we want to express our gratitude to a number of people from the policy and scientific field who contributed directly or indirectly by acting as invited speaker, commentator or discussants at the various occasions that preceded the book. We are much indebted to: Professor David Marsden (London School of Economics), Mr Maarten Camps (Dutch Ministry of Employment and Social Affairs), Dr Frank Vandenbroucke (Flemish Minister of Employment and Education) and Mr Egbert Holthuis (European Commission).

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*Peter Ester, Ruud Muffels, Joop Schippers and Ton Wilthagen*



### 3. How Willing are Europeans to Migrate? A Comparison of Migration Intentions in Western and Eastern Europe

**Didier Fouarge and Peter Ester**

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#### 3.1 INTRODUCTION<sup>1</sup>

The issue of geographic and labour market mobility has taken a prominent position on the EU policy agenda with the accession of new Member States to the European Union. The year 2006 was officially chosen as the 'European Year of Workers' Mobility' by the European Commission. This reflects the policy saliency of the mobility issue in Europe. At present, however, the stock of nationals from the new Member States living in an EU15 Member State is rather limited. In EU15, 7.6 per cent of the working age population is non-national: the large majority is from outside the EU (5.1 per cent), followed by nationals from other EU15 countries (2.1 per cent). Only 0.4 per cent is from one of the new Member States, relatively larger shares are observed in Ireland (2 per cent), Austria (1.4 per cent) and Germany (0.7 per cent).<sup>2</sup> The fear, however, is that the free movement of workers in Europe could lead to a large and uncontrolled migration flow from East to West, that is from the new Member States to the old Member States. Although the true dimension of migration is difficult to assess empirically, a number of studies attempted at doing so. An econometric study by Boeri and Brücker (2001) estimates that the stock of immigrants from the new Member States in the old Member countries might increase from less than 1 million in 1998 to some 3 to 4.5 million persons in 2030 (see also European Commission, 2001). Layard et al. (1994) expect some 3 million people from the new Member States to migrate to the EU15 in 15 years' time. A Dutch study by De Mooij (2000) estimates a migration potential of 3 to 4 million persons following the EU enlargement. Zimmerman (1995) even refers to higher estimates ranging from 5 to 50 million migrants from Eastern Europe within 10 to 15 years. Recent research based on micro data also suggests that the accession of the new EU member countries has boosted mobility intentions in those countries

(Vandenbrande et al., 2006).<sup>3</sup> Several other studies based on the analysis of migration intentions data also suggest that the readiness to move to another country is high in some of the new Member States (Krieger, 2004; Liebig and Sousa-Poza, 2004). See also Fassmann and Münz (2002) for an extensive overview of macro and micro econometric studies devoted to the estimation of migration flows from East to West.

There are at least two ways in which the issue of migration is linked to the theme of transitional labour markets. In the first place, globalisation of economic relations and knowledge society contribute to new dynamics on markets. Globalisation contributes to an increased mobility of labour and capital. At the same time, the rising knowledge economy is conducive to changes in the demand for labour. The demand for high-skilled labour increases while the demand for low-skilled labour decreases. This results in migratory movements of high-skilled labour to markets where the demand is relatively high. Such migratory movements induce new types of social risks (social security rights for example). In the second place, the concept of transitional labour markets refers to some idea of efficient allocation of labour within the life course of people, but also at the macro level. The underlying idea in the literature is that there are potential gains to both geographic and job mobility. Firstly, such gains are derived from the relocation of labour from regions with a surplus of workers to regions with labour shortages. Secondly, such gains result from a more efficient allocation of labour to activities and regions where they are more productive.

In this chapter we report on the migration intentions of Europeans and investigate the main correlates of such intentions.<sup>4</sup> This study investigates four main issues:

1. mobility intentions of people in the new and old Members States;
2. the micro and macro determinants of intended cross-border mobility;
3. the impact of past experience with mobility – and the motive thereof – on future intended cross-border mobility; and
4. the main barriers and triggers to cross-border mobility within Europe.

Because we study migration intentions, our contribution has its limits. We do not claim to forecast actual migratory movements: the study of intentions is indeed sensitive to phrasing and timing of the survey. However, because intentions are good predictors of behaviour (see Section 3.3), with these analyses, we contribute to the knowledge on cost–benefit analysis people perform when deciding whether or not to migrate. We do this using the 2005 Eurobarometer Mobility Survey (EB64.1). At the time of writing, this is the most recent Europe-wide survey on mobility intentions, including samples from all – both old and new – Member States of Europe.<sup>5</sup>

The structure of the chapter is as follows. Section 3.2 summarises previous research on micro- and macro-determinants of migration decisions and outlines our main expectations and hypotheses. Section 3.3 describes the data collected in the Eurobarometer Mobility Survey in some detail. Section 3.4 presents descriptive results on migration intentions in European countries. We focus explicitly on differences in migration intentions between old and new Member States. Finally, Section 3.5 summarises the major findings and sketches consequences for the current migration policy debate in Europe.

### 3.2 THE DECISION TO MIGRATE

According to the socio-economic literature on migration, the decision whether or not to migrate crucially depends on the individual's comparison of the costs of migrating to the benefits of it. If the expected benefits are larger than the expected costs, then the individual is likely to migrate. Generally speaking, the cost-benefit analysis depends on socio-economic characteristics (such as the labour market status, the level of human capital), demographic characteristics (such as the household composition), social and cultural characteristics (such as social ties or language), general views and perceptions on migration and its effects, the distance of the move, and specific institutional features such as portability of social security rights or other institutional barriers to migration.

The available migration literature specifies several factors that are likely to affect the decision to move. These factors can be classified into micro (individual level) and macro (aggregate) determinants of migration. These determinants include economic, social and cultural features that are likely to affect the decision to migrate. In so doing, we adopt an interdisciplinary approach to the costs-benefit analysis of migration.

#### **Micro Level Correlates of Migration**

Obviously, economic self-improvement ranks among the most influential individual-level determinants of the migration choice. Pull factors include the immediate employment and wage opportunities in the host country (Harris and Todaro, 1970). But maybe even more important are the *expected* wage and employment prospects as stated in Sjaastad's human capital theory of migration (Sjaastad, 1962). This means that the migration decision is driven by the perceived earnings growth in the host country (Chiswick, 1978). Economic pull factors also involve social security benefits in the host country (so-called 'welfare magnets': Borjas, 1999). Furthermore, the housing market in the receiving country is a decisive migration factor as well, particularly, of

course, greater availability of houses and space at lower prices. Vice versa, lacking availability of affordable housing in the home country can then be seen as a major push factor (OECD, 2005).

Migration decisions are often related to demographic events as well, such as separation from one's partner. Additionally, the migration literature clearly points at the fact that migration is not just an individual decision but also and often primarily a household choice. In economic terms: a household will only migrate when utility gains of some of the household members exceed the utility loss of other household members (Mincer, 1978). Furthermore, authors have also pointed out that migration can be seen as risk-sharing behaviour (Stark, 1991). In this context, the household – rather than the individual alone – is making the migration decision in order to maximise household income and to minimise the labour markets risks for the household.

The presence and accessibility of social networks in the destination country is of crucial importance too (Massey et al., 1993, 1994; Zavodny, 1997; Hatton and Williamson, 2002). In fact, social ties have indeed a significant negative effect on the geographic mobility (Belot and Ederdeen, 2006; Belot and Ermisch, 2006). Such social networks ensure the transferability of social capital to incoming migrants and yield a better circulation of necessary information, which will foster mobility (Massey et al., 1994). Such network effects can result in either positive or negative externalities (Massey et al., 1993). Positive externalities imply that the utility of the migrant will be larger in the host country when social networks of peers are well developed and maintained. Negative externalities imply that the concentration of non-nationals has negative effects on the utility of nationals (due, for example, to increased competition). However, existing social networks in the country of origin are likely to contribute to the perceived cost of mobility. As Belot and Ermisch (2006) demonstrate, people with a tighter social network are less likely to move to another place of residence.

A further interesting finding is that future mobility is also affected by past mobility: movers tend to stay movers (Liebig and Sousa-Poza, 2004; Vandenbrande et al., 2006). Past mobility is likely to reduce the total cost of future mobility because it lowers the psychological cost of mobility as well as its actual cost due to the availability of better information. An interesting hypothesis to be tested is whether or not it matters for which reason (labour-related or socio-demographic reason) people moved in the past.

### **Migration and Macro Level Characteristics**

At the macro level the migration literature suggests a number of socio-economic determinants of the decision to migrate. At the most general level

these determinants include the current labour market situation in the home country: lack of employment opportunities or too low earnings in the home country act as incentives for migration. Moreover, the GDP level – more specifically: a low level of wealth in the country of residence – is also a migration stimulus. But it has to be added that the functional form for the effect of GDP on migration is not straightforward. As discussed by Pedersen et al. (2004), the relationship is not necessarily linear, but could also be in the form of an inverted U-shape. At low levels of wealth, out-migration is limited because people lack financial possibilities to finance their migration. As income rises, migration increases, but at high levels of wealth out-migration is less probable due to lack of pressing economic incentives to migrate (Hatton and Williamson, 2002). Pedersen et al. (2004), however, were not able to empirically verify this inverted-U relationship.

Furthermore, the taxation regime (for example excessive taxation, fiscal burden) may operate as an incentive to migrate. This will be especially true for the highly skilled who seek to maximise their net gains by moving to regions with lower taxation (Borjas, 1987), but also for welfare recipients who are expected to migrate as a response to differences in levels of welfare benefits (Borjas, 1999). Regional differences in returns to skills – for example reflected by a higher level of income inequality – have also been pointed at as an incentive to migrate for the high educated (Borjas 1987; Chiquiar and Hansen, 2002).

Despite economic incentives to migration, the literature also points to non-economic macro determinants. Differences in culture and language, for example, have been shown to be important determinants of the costs of migration (Belot and Ederveen, 2006). Other determinants such as natural disasters, war and political insecurity are important too, but remain beyond the scope of this research.

### **Expectations**

To summarise, we expect migration intentions among European citizens to be higher if:

1. the expected returns are high (higher educated);
2. the pay-back period for costs is long (youth);
3. the household structure is such that it induces low costs (no children, single);
4. one has experience with mobility in the past;
5. one sees no language or cultural barriers;
6. one does not expect negative effects for social ties;
7. economic prospects in the home country are bad;

8. for the higher educated: when inequality in the home country is low.

### 3.3 DATA: THE 2005 EUROBAROMETER MOBILITY SURVEY

The data used for this study are from a special module of the Eurobarometer: the Eurobarometer Mobility Survey (EB 64.1).<sup>6</sup> The data collection – which was financed by the European Commission – was carried out in the 25 countries that were Member of the EU in September 2005. The countries surveyed are Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Bulgaria and Romania that entered the EU in 2007 were not surveyed and are not considered in this research. The Mobility Survey is the most recent and the most comprehensive survey on past mobility behaviour and mobility intentions among EU countries. It is of particular interest since it gathers data on both old and new Member States.

The dataset includes some 24,500 respondents aged 15 years and over.<sup>7</sup> The basic sample design applied in all states is a multi-stage, random (probability) one. In each country, a number of sampling points was drawn with probability proportional to population size (for a total coverage of the country) and to population density. Use was made of face-to-face interviews and in the appropriate national language. As far as the data capture is concerned, Computer Assisted Personal Interview (CAPI) was used in those countries where this technique was available.

About 1,000 respondents were interviewed in each country. In Luxembourg and Malta only 500 people were interviewed. The samples for West and East Germany were merged so that we have some 1,500 cases in Germany. The samples for Great Britain and Northern Ireland were also merged, resulting in some 1,300 cases for the UK. When weighted, the data are representative for the national population. The analyses presented in this chapter pertain to the population aged 18 to 64. The survey includes relevant background information of the respondent (gender, age, educational level), his or her household (marital status, children), his or her labour market status (whether working or unemployed, occupational status) and labour market experience (age at first job, number of jobs in the past). In view of the small sample size it is important to test the significance of bivariate findings. Alternatively, multivariate analysis has added value because it tests for significance while at the same time controlling for the effects of other

variables. We apply both descriptive (Section 3.4) and multivariate (Section 3.5) analysis methods.

The main themes of the Eurobarometer Mobility Survey relate to geographical and labour market mobility in Europe. Of particular interest to us is the information on geographical mobility. This includes short and long distance mobility in the past and the motives for mobility. The survey also contains questions on mobility intentions (within and between countries), and encouraging and discouraging factors to move within and outside of the EU. These questions stand central in this research where we focus on people's intentions to migrate in the future. The question on intended geographical mobility was phrased as follows:

'Do you think that in the next five years you are likely to move:

1. in the same city/town/village;
2. to another city/town/village but in the same region;
3. to another region but in the same country;
4. to another country in the European Union;
5. to another country outside the European Union;
6. you don't think you will move.'

More than one answer could be given to the question. The total number of respondents (aged 18–64) that expressed their mobility intention amounts to 17,493 persons. In this chapter, we make no distinctions between people reporting the expectation to move 'to another country in the European Union' or 'to another country outside the European Union'. Only a very limited number of people who express an intention to migrate outside the EU have no intention to move within the EU. For ease of exposition, we then interpret all migration intentions as intentions to move within the EU. The main disadvantage of this special mobility module, however, is that it neither carries information concerning the location or country people intend to move to, nor on the intended duration of the stay in the destination country.

But how reliable are migration intentions data? The decision to move is a complex, multi-faceted choice. Merely measuring the intention to move as a sole indicator of the act to move ignores the complexity of the whole decision process. Following Fishbein and Ajzen's (1975) theory of reasoned action, we can state that the intention to move is a function of the attitude towards moving and existing subjective norms toward moving; the attitude towards moving is a function of beliefs about the (positive and negative) consequences of moving and the evaluations of these consequences; the subjective norm towards moving is a function of the normative (positive and negative) beliefs about moving and one's motivation to comply with those beliefs. But between the intention to move and the actual move may be a world of

intervening factors: individual skills, alternative behaviours available, situational constraints, institutional barriers and so on. Nevertheless, as Manski (1990) shows, the intentions do, under certain circumstances, have a predictive value for future behaviour. The use of intention data in labour market and migration studies is well-established.<sup>8</sup> And empirical studies support the idea that the actual probability of moving to another place is indeed significantly larger for people who express the desire to move than for people who do not (see for example Böheim and Taylor, 2002; Gordon and Molho, 1995). From a policy perspective, understanding migration intentions is important too: future migration flows are currently probably the hottest topic on the EU policy agenda, both at the level of the EU and of the individual Member States.

### 3.4 MIGRATION INTENTIONS IN EUROPE

#### **Mapping of Migration Intentions in Europe**

As explained above, we consider that people who expect to move ‘to another country in the European Union’ or ‘to another country outside the European Union’ within the next five years are reporting a migration intention. Overall, 5.4 per cent of Europeans of working age is reporting such a migration intention. However, the differences across countries are large, as illustrated in Figure 3.1.

In particular citizens of Germany, Austria, Spain, Italy, the Czech Republic and Hungary express a low level of migration intentions. On the contrary, a large share of the population in Denmark, Ireland, the Baltic States and Poland expresses an intention to migrate to another country. Unfortunately, it is not possible at the time of writing to compare these migration intentions to actual migration figures.

The difference in mobility intentions in the Baltic States and Poland compared to the other new Member States is striking. But can we take these intentions on their face values? Based on previous waves of the Eurobarometer, Krieger (2004) has suggested that the percentage of people with a ‘firm’ intention to migrate is a third of the percentage of people expressing a general inclination to migrate.<sup>9</sup> With mobility intentions of 13 per cent in Lithuania and close to 10 per cent in Poland, Estonia and Latvia, this would mean that between 2.4 and 4.2 per cent of the residents of these countries have a ‘firm’ intention to migrate. Such intentions are significantly lower in the other new Member States. Whether or not migration intentions are realistic can also be assessed from econometric studies. Using advanced econometric methods and applying migration streams at the time of the EU

accession of Greece, Spain and Portugal to a number of accession and candidate countries, Bauer and Zimmermann (1999) report expected long-term migration ranging from 0.2 per cent for Slovenia, 6 per cent for Poland, up to almost 28 per cent for Romania in the case of free migration. The authors, however, suggest taking such simulations with caution and they hold to the overall conclusion that 'it is reasonable to expect long-run emigration rates from the East to the West of between 2–3 per cent of the population in the sending region' (Bauer and Zimmermann, 1999, p. 46).

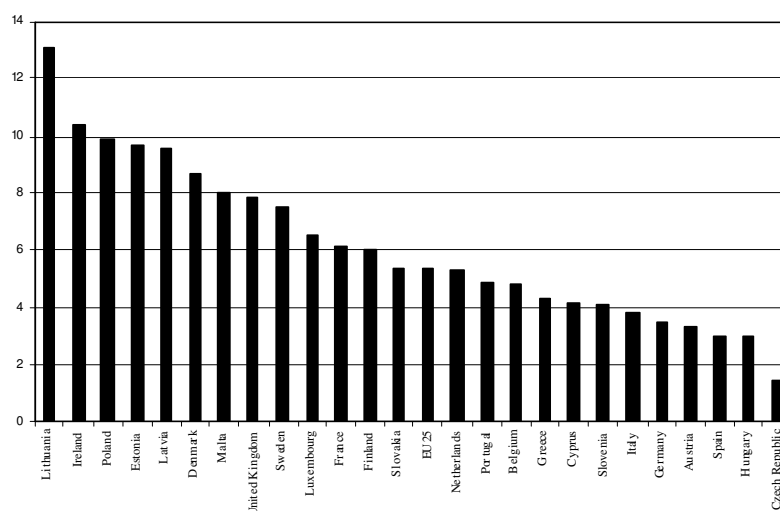


Figure 3.1 Migration intentions of Europeans (2005), percentage of people intending to move to another country within or outside the EU

### Migration Intentions and Human Capital

In Table 3.1, we present a breakdown of mobility intentions by gender, age, educational level, employment status and household type. Mobility intentions for EU25 are reported as well for the old Member States and the new Member States. The new Member States are separated in two groups (see Figure 3.1): those with a low overall level of mobility intentions (Cyprus, Czech Republic, Hungary, Malta, Slovakia and Slovenia) and those with a high level of mobility intentions (Poland and the Baltic States). The table reports the percentage of people with a migration intention for each subgroup as well as the relative migration risk. The relative migration risk (rmr) is the

ratio of the migration intention in a subgroup and the migration intention in the total. For example, for females in the old Member States the rmr equals  $4.0/5.0 = 0.79$ , which says that their level of migration intentions is about 80 per cent of that in the total population. This makes the comparison of subgroup differences in migration intentions across columns more visible.

*Table 3.1 Migration intentions by gender, educational level, age, employment status, and household type; percentage of people with a migration intention (%) and relative migration risk (rmr)*

	EU25	Old Member States		New Member States		New Member States	
	%	%	rmr <sup>c</sup>	Low intentions <sup>a</sup> %	rmr <sup>c</sup>	High intentions <sup>b</sup> %	rmr <sup>c</sup>
Total	5.4	5.0	1	3.0	1	10.1	1
<i>Gender</i>							
Male	6.5	6.1	1.21	3.9	1.28	11.4	1.13
Female	4.4	4.0	0.79	2.2	0.73	9.0	0.88
<i>Educational level</i>							
Low or no	2.1	2.1	0.42	1.5	0.48	2.5	0.25
Average	4.0	3.9	0.77	2.1	0.71	6.1	0.60
High	6.6	6.1	1.21	4.4	1.45	12.3	1.22
Still studying	16.7	14.7	2.92	9.6	3.17	29.6	2.92
<i>Age</i>							
18–24	12.6	11.6	2.31	7.6	2.52	21.5	2.12
25–34	8.3	7.3	1.45	4.7	1.57	18.9	1.87
35–44	3.6	3.2	0.65	1.8	0.61	7.9	0.77
45–54	2.8	3.1	0.61	0.7	0.22	2.4	0.24
55–64	2.4	2.5	0.51	1.5	0.49	1.6	0.15
<i>Employment status</i>							
Working	4.8	4.8	0.95	1.8	0.60	7.6	0.75
Unemployed	7.8	7.1	1.40	8.2	2.72	10.4	1.03
Retired	2.0	1.9	0.38	1.0	0.32	2.9	0.28
Housewife/man	1.9	1.2	0.24	3.2	1.06	12.3	1.22
Still studying	16.7	14.7	2.92	9.6	3.17	29.6	2.92
<i>Household type</i>							
Couple (no child)	4.4	4.0	0.79	1.7	0.56	9.2	0.90
Couple (with child)	3.0	2.7	0.54	1.8	0.59	6.1	0.60
Single	11.4	10.8	2.15	8.3	2.76	20.6	2.03
Single parent	7.2	5.9	1.18	7.7	2.56	16.5	1.63
Divorced/separated	4.5	4.2	0.84	1.5	0.50	9.2	0.90
Widowed	4.7	4.8	0.95	0.4	0.13	7.1	0.70

*Notes:*

a. Cyprus, Czech Republic, Hungary, Malta, Slovakia, Slovenia.

b. Lithuania, Poland, Estonia and Latvia.

c. rmr = migration intentions in subgroups divided by migration intentions in total.

According to the literature, human capital is likely to play an important role in explaining migration (Sjaastad, 1962; OECD, 2001). The standard prediction from migration theory (see Massey et al., 1993) that the typical migrant is a young, higher educated and single male, is confirmed by the EB data. Of all European men, 6.5 per cent report an intention to move across borders compared to 4.4 per cent European women. The higher educated (6.6 per cent) and especially students (almost 17 per cent) indicate higher between-country migration proneness.<sup>10</sup> The high absolute level of migration intentions among students in the Baltic States and Poland (almost 30 per cent) could reflect the enhanced awareness and sensitivity of this specific group for the need to 'go international', combined with the effort of the European Union to promote cross-border mobility of students, for example through the Erasmus and Socrates programmes (Vandenbrande et al., 2006, Chapter 2). Mobility intentions of the higher educated in new Member States are also relatively higher compared to the old Member States, while migration intentions of the low educated are relatively lower. Students and the high educated from the new Member States seem to realise very well that in order to further advance their education and career opportunities Going West is a promising option.

Singles, and to a lesser extent single parents, also express the intention to migrate to another country more often than average. The readiness to migrate is especially observable among the youngest cohort of Europeans. It is not clear from these cross-sectional data – though obviously very important – whether this reflects an age or cohort (or even period) effect. Stronger intentions to cross-border migration are also observed for unemployed. A possible explanation is that for the employed, the need to migrate is relatively lower, for they already have a secured economic situation. However, this does not necessarily imply that more unemployed than employed people will actually migrate in the (near) future: the employed people – although they less often express an intention to migrate – have more chances to actually migrate, simply because they hold a job (migration is selective). Moreover, the employed is a larger group.

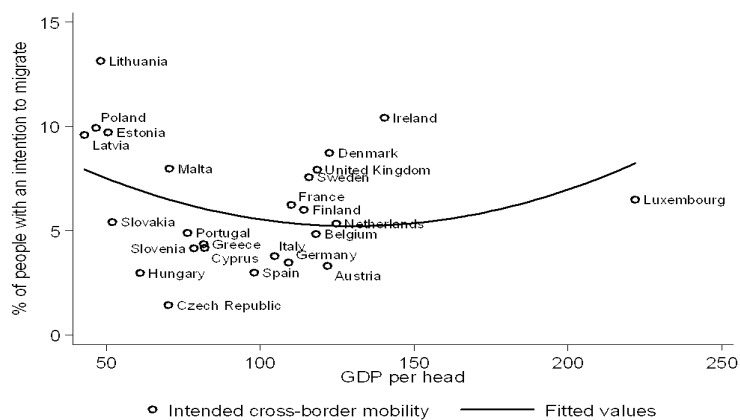
Although migration intentions are at a different level in new and old Member States, broadly speaking the relative differences across subgroups are more or less similar. Students in the new Member States with a low average level of migration intentions, however, do display a higher relative propensity to mobility, and so do the unemployed. In the new Member States with a high average level of migration intentions, the male–female differential in migration intentions is particularly low.

To summarise, migration intentions are most pronounced among (young) Europeans with relatively more human capital and less household responsibilities (partner, children). The intention to migrate to another country is not

an exclusive feature of socially or economically deprived Europeans, on the contrary: one needs the right human resources, the right age and life course stage, and the right mind-set to seriously consider such a far-reaching step as migrating to another country.

### Migration Intentions and the Economic Context

According to the literature discussed, migration is expected to be driven – at least partly – by the general macro-economic context. Poor economic opportunities and prospects could serve as direct or indirect incentives to migrate. But exactly how macro-economic features shape and reinforce the decision to move, and how the causal links between the two operate, is still not very well understood and is open to multiple interpretations. To further elaborate and illustrate the relationships between macro-economic conditions and migration readiness, correlations are presented between migration intentions and GDP per head, GDP growth rate and the rate of long-term unemployment for all 25 countries in the survey. Findings presented in Figure 3.2 show a clear U-shaped relationship between migration intentions and GDP: the inclination to migrate to another country is highest at both relatively low and relatively high GDP levels.



is found with respect to the rate of long-term unemployment as shown in Figure 3.4. The unemployment level is not a direct correlate of migration proneness. It can be concluded that the relationship between macro-economic conditions and migration intention is not linear: both very disadvantageous and very advantageous wealth levels function as stimuli – albeit for very different reasons – for migration readiness.

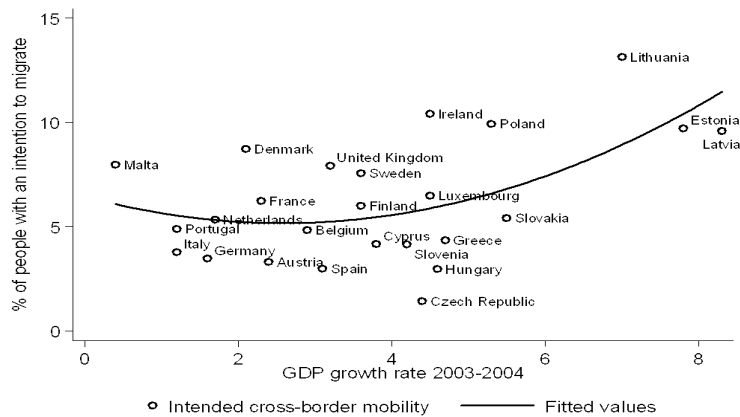


Figure 3.3 Relationship between intentions to migrate and GDP growth rate

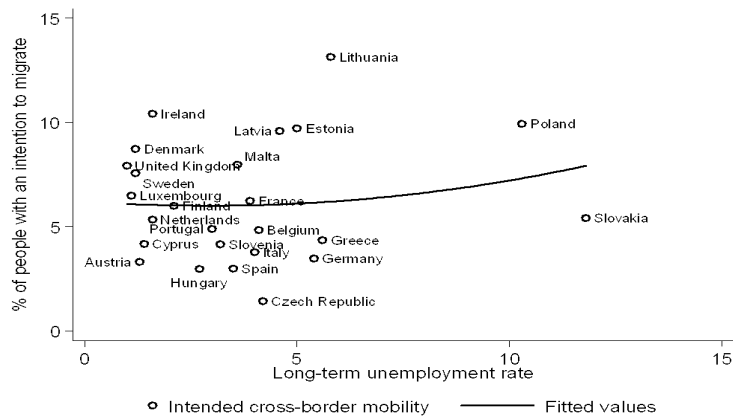


Figure 3.4 Relationship between intentions to migrate and long-term unemployment rate

As outlined in Section 3.2, migration theory has come up with quite clear hypotheses with respect to the effect of income inequality on migration as forwarded by in particular Borjas (1987, 1994), including negative self-selection (more income inequality in home country than in host country), and positive self-selection (more income inequality in host country than in home country). However, we are not able to confirm these predictions with the data at hand.

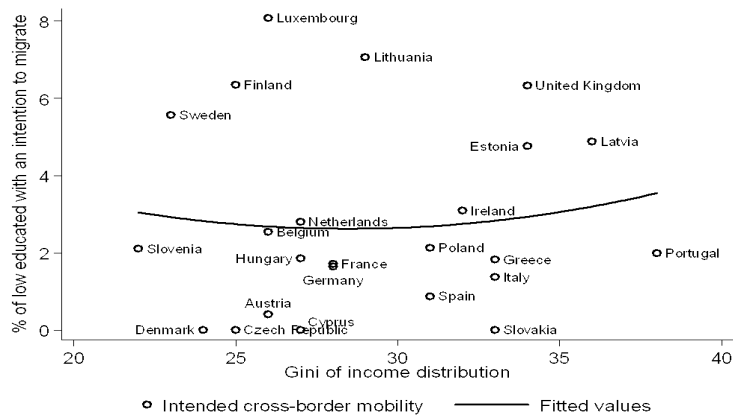


Figure 3.5 Relationship between intentions to migrate and income inequality, low educated

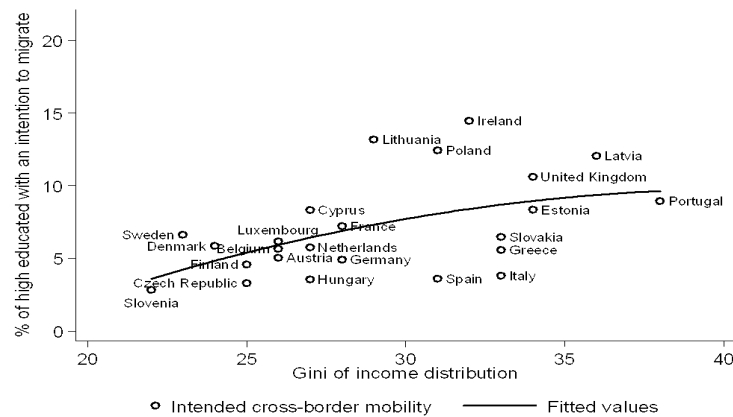


Figure 3.6 Relationship between intentions to migrate and income inequality, highly educated

Migration intentions of the lower educated do not seem to be responsive to income inequality as indicated by the findings presented in Figure 3.5.<sup>11</sup> For the higher educated the relationship is positive, as shown in Figure 3.6, with lower mobility intentions at low levels of income inequality and higher intentions as inequality increases.

In short: neither the negative selection hypothesis nor the positive selection hypothesis could be confirmed. We need to stress, though, that these results do not signify a 'hard' test of the Borjas hypotheses. Such a test would require to controlling for differences in relative inequality between the home and the host country. As indicated in Section 3.1, information about the host country is, unfortunately, not included in the Eurobarometer Mobility Survey.

### 3.5 DETERMINANTS OF MIGRATION INTENTIONS

In order to gain insight into the determinants of migration intentions, we applied multivariate analysis techniques. We estimate a logit model where the dependent variable takes the value 1 if the respondent expresses an intention to migrate to another country within the next five years, and the value 0 when the respondent has no moving intention at all.<sup>12</sup> Because of page limits constraints, we present highlights from the results in this section and refer the reader to Fouarge and Ester (2007) for the full results and a detailed discussion of them. Several models were estimated. The first model was estimated on all 25 EU countries. In the second, we replaced the country dummies with macro-economic characteristics of the country respondents live in. Finally, the model was estimated for respondents in the old and new Member States separately. The models include measures of:

1. human capital (a dummy variable for females, the educational level, age);
2. current employment status;
3. household structure;
4. housing tenure status;
5. country dummies (or alternatively macro characteristics of the country of residence);
6. overall view on cross-border mobility (cultural component of migration);<sup>13</sup>
7. past experience with geographical mobility;<sup>14</sup>
8. nationality;
9. perceived socio-economic and socio-cultural effects of cross-border mobility.<sup>15</sup>

The key findings from the analyses are reported in Table 3.2. We begin by discussing the results for the EU25 countries.

### **Correlates of Migration in EU25 Countries**

The models do confirm the bivariate findings from the previous section: there are strong age effects on migration intentions and the educational level is a very robust determinant too. Young people are much more likely to migrate than older people, and so are the higher educated and students compared to people with an average or low educational level. This confirms our expectations 1 and 2 as outlined in Section 3.2. This is an important finding for it shows that young people are a very mobile cohort. They seem well aware of the fact that moving abroad may contribute to increasing their level of human capital. It is likely that EU policies aiming at encouraging the mobility of the higher skilled and of students are contributing to the high level of mobility intentions among these groups. Interestingly, the migration intentions of the low educated in the new Member States are significantly lower than average. This finding suggests that the fear of high migration streams of low-skilled from East to West is probably unwarranted.

The model also reveals some important life course effects. As expected, the presence of children in a household reduces the likelihood of mobility. This is probably because there are additional costs (financial and psychosocial) to migrating for parents of (young) children. Single people, however, are more prone to migrate, which confirms one of our expectations. For singles, family bounds are weaker, making it psychologically and socially more easy to migrate in order to meet new opportunities. These findings are in support of expectation 3.

Other things held equal, homeowners have significantly lower migration intentions, albeit not in new Member States with an overall low level of migration intentions. This is probably due to the fact that home ownership contributes to increasing the costs of migration. All in all, people with a positive attitude towards migration issues tend to be more prone to develop migration intentions for themselves. An explanation could be that they are more open to and perhaps also ready for new challenges and new experiences in a different country.

The model includes additional variables pertaining to long distance mobility in the past and the expected effects of future migration. Past mobility turns out to be a strong predictor of future intended mobility. This confirms earlier findings according to which long distance mobility is not a phenomenon on its own, but part of other geographic transitions people make throughout their life (Vandenbrande et al., 2006). This conclusion is also illustrated by the effect of past labour market mobility on migration

intentions: people who report more changes of employer in the past are more likely to report an intention to move abroad. This evidence suggests that past experiences reduce possible reservations (due to actual practice, better information) one might have to migrate (again) in the future. This confirms expectation 4.

*Table 3.2 Highlights from logit model for migration intentions in Europe, sign of significant parameters from the model*

	EU25	Old Member States	New Member States; low intentions	New Member States; high intentions
Female	–	–	0	–
High educated/students	+ / ++	+ / ++	+ / ++	+ / ++
Youth	+	+	0	+
Couple with children	–	–	0	–
Single	+	+	+	0
Homeowner	–	–	0	–
Experienced long distance mobility in past	+	+	+	+
Positive views on mobility	+	+	+	+
Fears for employment/income	0	0	0	0
Fears for social ties	–	–	–	0
Language as a barrier	–	–	0	0
GDP level in home country (non-linear)	– (U-shaped)	×	×	×
Inequality in home country	0 (also for high educated)	×	×	×

*Notes:*

–: significant negative effect

+: significant positive effect

0: no significant effect

×: variable not included

### Comparing Countries in East and West

The country effects in the model reflect the overall findings in Section 3.4. Significantly lower propensities to migrate are found in southern Europe (Spain, Italy and Portugal), in Germanic countries (Germany and Austria) and in the Czech Republic. Significantly larger propensities are found for four of the ten new Member States (Latvia, Poland, Estonia and Lithuania). Replacing the country effects by macro-level variables allows us to test the

effect of institutional variables on the propensity to migrate. The estimates clearly show a U-shaped relationship between GDP per head and migration intentions already depicted in Figure 3.2. This partly confirms expectation 7. Other macro-level variables have been included in the model: the level of income inequality, the rate of unemployment, the rate of long-term unemployment, the average tax rate on labour and the poverty risk rate (all measured in the home country). None of these variables have a significant effect on migration intentions. The predicted negative relationship between the level of inequality and the migration intentions of the high educated is found in the data, but is not significant. The share of social protection spending in GDP is, however, negatively correlated with migration intentions. This could mean that people see the welfare state as a kind of risk insurance that they are not ready to revoke by migrating to another country with lesser social protection.

The variables concerning the expected effects of future migration show interesting differences between respondents in the new and the old Member States. The results show that the expected loss of social contacts due to migration fundamentally inhibits the migration intentions of people in old Member States and in new Member States with low overall migration intentions (this confirms expectation 6).<sup>16</sup> However, such an effect is not found for respondents in the Baltics and Poland. This either means that people there value social networks less or that they do not fear the assumed loss of social networks following migration, maybe because they do not intend to migrate permanently. These two competing explanations need further research. The results also show that respondents in the old Member States do perceive sufficient knowledge of other languages as a major difficulty for migrating in the future, but no significant effect in the new Member States. Henceforth, expectation 5 is only confirmed in EU15. A possible explanation is that the willingness of the latter to invest in acquiring new language skills is simply greater because their perceived gains from cross-border migration are greater too. Explaining this difference is also in need of further empirical exploration.

### 3.6 CONCLUSION

One aspect of transitional labour markets pertains to the international mobility and allocation of labour. This issue has been raised in this chapter by analysing migration intentions in Europe and trying to understand what micro and macro factors trigger such intentions. In 2004 and again in 2007 the EU was enlarged by a total of 12 countries. These successive enlargements have fed the policy and societal debates in Europe on whether

or not the borders should be opened to allow the free movement of workers and on the effect of free movement of labour on the economy. A question of interest from the point of view of transitional labour markets is whether or not massive migration of people will take place all over Europe, particularly from new Member States to old Member States.

In this study we focused on migration intentions of Europeans and investigated the main determinants of such intentions. We do reckon that such intentions cannot be taken on their face value as perfect predictors of real future migration flows. Yet, studying the factors shaping these intentions is a meaningful exercise. We use data from a module on mobility of the Eurobarometer Survey (EB 64.1). The data were gathered in September 2005 in all 25 countries that were member of the EU at that time. This survey is the most comprehensive and the most recent survey on mobility in Europe.

Despite the increasing pressure of globalisation and of the knowledge economy (both developments are promoting labour migration), our findings indicate that Europeans are not that willing to move to another country. Only 5.4 per cent of the working-age population intends to move to another country within the next five years. Percentage-wise, intentional cross-border migration is not and is not expected to become a widespread phenomenon in Europe in the near future. However, this average EU percentage masks a great diversity within Europe: mobility intentions are at a higher level in Poland and the Baltic States, at a lower level among the old Member States, and at an even lower level among other new Member States. However, given the large population size of some of the countries with a relatively high level of migration intentions (for example Poland), it is conceivable that large numbers will indeed cross the borders. As suggested by various studies large numbers are indeed entering the labour markets of Western Europe (Ecorys, 2006), and the EU membership of Eastern and central European seems to have triggered these streams (Corpeleijn, 2007).

However, as Fassmann and Münz (2002) observe, the extent of labour migration from the Eastern European countries in the future will depend on the demographic development in those countries. The authors note that fertility rates in the ten new Member States have been declining over the past decade, while mortality rates have been increasing. As a result of this shrink in the population size, the younger cohorts will benefit from better chances on the labour market, which in turn might reduce their readiness to migrate.<sup>17</sup> In addition, the projected positive economic and labour market development in comparison to the old Member States due to increased foreign direct investment and the sustained availability of regional and structural funds will improve working and living conditions with the consequence of reduced incentives for migration.

In particular the highly educated and highly qualified workers are more likely to cross the country borders within Europe, but also students. This finding is in line with the development of a knowledge economy, and it could mean there are potential brain drain risks for some regions in Europe. However, the extent of this brain drain risk will depend on whether or not migration has a permanent character. The evidence here suggests that migration in Europe is part of a human capital investment strategy. Young Europeans are more migration prone than older Europeans, that is those countries face a combined brain and youth drain. The issue is whether this reflects an age effect or a cohort effect. If the latter were to be the case, this would of course change future migration flows in Europe quite drastically. Systematic monitoring of inter- and intra-age-cohort migration trends is essential for answering this crucial topic.

Perceived labour market opportunities are decisive motives for migration but migration has a cost to individuals too, in terms of the potential loss of social ties, socio-cultural differences and language barriers. From our analyses, it appears that these costs have a strong negative effect on the migration decision of people in the old Member States of Europe but that they play a lesser role in new Member States. The reason for this difference in costs structure is left to further scrutiny: is it due to the fact that Eastern and Central Europeans more often see migration as an investment in their human capital, because they care less about such barriers to migration, or simply because they see migration as a temporary event?

## NOTES

1. We acknowledge financial support from the European Foundation (project 0336 'Analysis of Eurobarometer on mobility'). Use of the Eurobarometer data was granted by the European Commission. This book chapter is based on the report 'Determinants of international regional migration intentions in Europe', a report that we wrote for the European Foundation (Fouarge and Ester, 2007).
2. All percentages are from European Commission (2006), p. 17.
3. Between 2002 and 2005 the increase in migration intentions of new Member States' inhabitants has been a factor 2.4 larger than the corresponding increase among residents of the 'old' Members States.
4. See also Liebig and Sousa-Poza (2004) for a similar approach.
5. First descriptive results of this Mobility Survey were reported by Vandenbrande et al. (2006) in a study commissioned by the European Foundation.
6. The study was conducted in close cooperation with the European Foundation (Karppinen et al., 2006; Krieger, 2006; Vandenbrande et al., 2006).
7. Data were collected by TNS Opinion & Social. The interviews were conducted between 02/09/2005 and 06/10/2005. The survey covers the national population of citizens of the respective nationalities and the population of citizens of all the EU Member States that were residents in those countries and have a sufficient command of one of the respective national language(s) to answer the questionnaire.

8. See for example: Tidrick (1971), Finifter (1976), Faini et al. (1997), Burda et al. (1998), Ahn et al. (1999), Chiquiar and Hanson (2002), Krieger (2004), Liebig and Sousa-Poza (2004) and Hadler (2006).
9. Krieger (2004) argues that those people with a 'firm' intention to migrate could be identified with an additional question on the readiness to live in a country where the official language is different from the mother tongue. Such information is not available in our data, and it is not likely that such a scaling factor should be the same for all countries.
10. In the Eurobarometer, the educational attainment is measured by the age at which one finished full-time education. For ease of exposition, we have recoded this measure into three levels: those who stopped before the age of 16 qualify as lower educated; those who stopped between the age of 16 and 19 are said to have an average educational level; people who left full time education at age 20 or above are higher educated.
11. See Liebig and Sousa-Poza (2004) for a similar finding.
12. This means that individuals with an intention to move within the country are discarded from the analyses. Including them in the reference category would wrongly assume that they have no moving intentions at all.
13. It is computed as the sum of the answers to the five questions on whether people think mobility is a good thing for individuals, their family, the economy, the labour market and for European integration. Answers were coded 0 if the respondent is indifferent, -1 if s/he thinks it is a bad thing and 1 if s/he thinks it is a good thing. It is assumed that it captures a general notion of 'culture' of migration.
14. It is measured in terms of the longest move ever made since one left the parental home.
15. Whether people expect a loss of social contacts, a loss of employment opportunities, language or cultural barriers, or worse housing or public facilities.
16. These are people who report that 'To miss the support from family or friends' or 'To miss the direct contact with family or friends' would discourage them from moving to another country.
17. The authors also expect these countries to become immigration countries for citizens from other Eastern European countries such as Ukraine and Romania.

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