

EMPLOYMENT OUTCOMES FOR RETURN LABOUR MIGRANTS IN UKRAINE

This article explores employment outcomes of return labour migrants in Ukraine in comparison with non-migrants. Primary statistical analysis supports our hypothesis about adverse effect of past migration experience on employment outcomes of return migrants as they are found to be involved in precarious jobs more often than non-migrants. There is also evidence of negative self-selection of labour migrants in terms of education and skills as the most skilled workers seem to have little incentive to find temporary work abroad, probably due to higher cost of migration and no expected rewards to skills and capital acquired abroad after their return to Ukraine.

Keywords: return migration, self-selection, employment status.

Introduction

Since the middle of the 1990-s, international labour migration, or the movement of people across borders for employment, has become a widespread phenomenon in Ukraine. According to the official estimates based on the first Modular Population Survey on Labour Migration Issues, the number of working-age individuals working outside Ukraine at least once during January 2005 – June 2008 was about 1.5 million persons, or 5.1 percent of the working age population in Ukraine. Some experts estimate the number of Ukrainian migrant workers from 3 to 5 million persons, and sometimes at 7 million or even more [1, p. 25].

As the scale, scope and complexity of the issue of international labour migration has grown, the issue of its effective management has moved to the top of the policy agenda in Ukraine. However, inconsistent and ineffective migration policy, weak institutional capacity and the lack of inter-ministerial coordination in implementation of migration, employment and related policies impede an adequate response to labour migration challenges with leaving aside potential benefits of the organized labour migration.

There is increasing international recognition of the links between labour migration and development. If properly managed, labour migration may generate important gains not only for the migrant workers themselves but also for the host and source countries. One of the major channels through which international labour migration is considered to have a direct positive effect on development of the source country is return migration¹. The commonly claimed benefit is that migrants return with newly acquired

specific experience and skills and hence raise domestic productivity and perhaps employment upon repatriation [5, 10, 13].

However, according to L. T. Katseli et al. [9], there are three main doubts regarding the impact of return migration of the highly skilled. In particular, the applicability of the specific skills and experience acquired abroad may be limited due to the existing gap in technology between the source and host countries. Also, there is an issue of whether returning migrants enter employment at all, given that they may face difficulty finding a suitable job or choose to stay out of the labour force regardless of the qualifications acquired abroad. Finally, the return rate of highly skilled individuals, either upon graduation from the universities or after some period of work experience in developed countries, to lower-income countries is likely to be small.

We think it is worth discussing one more doubt, especially relevant to the flows of skilled workers between transition countries (with traditionally large stocks of highly educated persons) and developed countries. There is evidence that highly skilled migrants from Ukraine and other transition countries are often employed in low skilled jobs in the host countries. For instance, according to our analysis of the occupational profile of Ukrainian labour migrants in 2007–2008 before and during employment abroad, each third migrant from Ukraine experienced a drop in occupational status (from white collar to blue-collar and unskilled jobs or from blue-collar to unskilled jobs)². The share of such workers

¹ The other channels include remittances, diaspora networks (or transnational communities), and the transfer of knowledge, technology or investments [9, 10].

² Migrants who worked abroad at the same occupation they worked in Ukraine before emigration account for 27.6 percent of all migrants previously employed. Workers who changed occupation abroad but did not change the occupational status (white-collar versus blue-collar versus unskilled) make up another 30.9 percent. Finally, only 8.1 percent of migrants managed to move up the occupational ladder while working abroad.

among migrants to Western European countries is even more pronounced (nearly 53 percent). In our opinion, this is mainly attributed to inadequacy of education and skills received in Ukraine, non-recognition of academic and professional credentials of Ukrainian specialists in many developed countries and/or low degree of cross-country transferability of skills. The other factors which are most likely to influence occupational status and overall success of migrant workers abroad include language fluency and time spent in a certain country, source-country labour market needs, access to professional networks and degree of discrimination against immigrants, legal status of labour migrants, their age and personal choices [3].

“Brain waste” resulted from human capital depreciation during periods of low-skilled work in the host country does not bring the developmental impulse with return of migrants to their source countries while poses serious social and economic threat and presents significant challenges for the governments of these countries, including reintegration of return migrant workers and an adequate social security and pension provision.

Despite considerable research of various migration issues in Ukraine by O. Malynovska, O. Posnyak, I. Pribytkova, U. Sadova, E. Libanova and many others, there are virtually no empirical studies on the links between migration, education and the labour market. This is not so much because the issue of return migration and its outcomes has been neglected by scholars but rather because its magnitude and configuration are scarcely measurable and comparable.

This is the first of a series of papers devoted to the analysis of the performance of return labour migrants in the Ukrainian labour market based on the individual-level data of the first Modular Population Survey on Labour Migration Issues (further – Modular migration survey) and the standard Labour Force Survey. Its main objective is to start exploring employment outcomes of return migrants in comparison with non-migrants by providing descriptive statistics of the data set and comparing the sample means. Its results are used for formulating hypotheses that will be tested later in the multivariate econometric analysis of the impact of the external migration experience on the labour market status in Ukraine with taking into account the possible sample selection into return migration.

Analysis of return migration and its employment-related outcomes in Ukraine

Following studies of the activity choice of return migrants in the source country [7, 8, 12] but taking into account our data limitations and specific fea-

tures of the Ukrainian labour market, we accept the following framework for the analysis of employment-related outcomes of return migrants in Ukraine:

- each individual is allowed to make a choice among the following four alternatives: (1) non-employment (unemployment and economic inactivity), (2) employment in agriculture, (3) non-farm employment in the formal sector and (4) non-farm employment in the informal sector;
- we analyze return migration of temporary labour migrants working abroad since 2005 and returning to Ukraine by the interview date in May–June 2008, leaving aside permanent emigrants, individuals going abroad for other reasons (education, family reunification, etc.), and labour migrants coming back to Ukraine before January 2005¹.

Given this, we expect that labour emigrants are originally negatively selected on education level because the most skilled workers have little incentive to find temporary work abroad. A. De Coulon and M. Piracha [6] explain the choice of skilled stayers by their higher cost of migration and no expected rewards to newly acquired skills and savings accumulated abroad after their return. Intuitively, if labour migrants are returning to Ukraine voluntarily, they are probably the most skilled in this self-selected sample. However, if return is forced by unexpected circumstances, the sample of returning migrants is likely to be composed of the least skilled workers.

The other hypothesis is that past migration experience has a negative impact on employment outcomes of return migrants forcing them to choose activities in the informal sector more often than in the formal one. From the human capital and individual perspective, our hypothesis is based on observed devaluation of human capital due to downgrading to low-skilled occupations in the host countries, low transferability of job skills acquired abroad, and disadvantages of return migrant status such as employment discontinuities, lack of network ties for obtaining job information, and potential physiological problems originated from bad migration experience [11]. From the structural perspective, it is important to take into consideration the local and regional context in which returnees are seeking employment. Analysis of quantitative labour market indicators in 2000–2007 suggests that there have been some improvements in the Ukrainian labour market in recent years, but these general indicators conceal many imbalances and

¹ This is explained by data limitation as the Modular migration survey used in our study covers only individuals who have been abroad at least once since 2005 till the interview date in May–June 2008.

distress [4]. This implies that adverse employment conditions in Ukraine during 2005–2008 may be also associated with disadvantages for return migrants in terms of obtaining regular jobs in the formal sector.

As has been previously mentioned, the main data set used in our study is the Modular migration survey, conducted in May–June 2008 by the Ukrainian State Statistics Committee and the Ukrainian Center for Social Reform [1]. The survey sample is based on a nationally representative combined sample of non-institutional households used in the monthly Labour Force Survey and quarterly Household Budget Survey. Although this survey is highly criticized for providing lower than expected number of labour migrants, it seems to be the only reliable source of information on labour migration flows in Ukraine so far.

Given the limitation of the survey's target population to the migrants who had worked abroad and returned to Ukraine during the period 2005–2008, we accept the following definition of return migrants in our study: "return migrants are defined as working-age individuals returning to Ukraine since 2005 after having been labour migrants (the main purpose of stay abroad was employment) in another country". Our sample of return labour migrants with filled section of the standard individual LFS questionnaire includes 357 persons.

To compare the performance of return migrants to non-migrants (probably also return migrants, but they returned before 2005) we use information from the main LFS sample for May and June of 2008. The final sample of working-age non-migrants includes 24 675 individuals.

Table 1 reports the means of variables for the samples of return migrants and non-migrants and two-sample t-test of the hypothesis that the sample means are the same. Return migrants are on average older than non-migrants but the difference is small and insignificant. As expected, men are more likely to go abroad and then return home than women. As a result, the share of men among returning migrants is much higher than among non-migrants. Returnees and non-migrants have almost the same marital status distribution (marital status is referenced by a dummy variable, with 1 for married persons and 0 for single persons and those who have experienced some form of family disruption) with about 60 percent of married persons. However, returnees have on average larger households than non-migrants: the share of individuals coming from the household with 5 to 10 members is 25 percent among returning migrants compared to 18 percent among the stayers. This result supports the idea that tighter liquidity constraints on the household exert a positive impact on decision to migrate in order to earn more money abroad and then return home.

In terms of education, return migrants are found to be less educated than non-migrants as there are significantly less individuals with tertiary education and significantly more individuals with upper secondary education (i. e. complete general secondary education or primary vocational education). This seems to support out hypothesis about negative migration selection.

Other noticeable difference is significantly larger proportion of returnees who live in rural areas and Western macroregion (eight oblasts), the region which exhibits the worst performance by economic development and many economic-related components of human development such as labour market development, material well-being, living conditions, education, and financing of human development [2]. Weak labour market development and low level of living standards of the local population, on the one hand, and the geographical proximity of the region to more advanced CEE and EU economies, on the other hand, have brought about considerable out-migration of population, in particular from rural areas. This argument is supported by the official estimates, according to which about 12.9 percent of all working-age residents of the Western region had at least one period of employment abroad during 2005–2008 [1] ¹.

Looking at the labour force status, we can note that return migrants are slightly more likely to be employed than non-migrants, but this is mainly due to significantly higher employment of the former in subsistence agriculture and non-farm informal sector. These differences seem to be indicative of the adverse effect of migration experience on employment outcomes of returning migrants as well as of the negative migration selection taking into account that migrant workers might have been in a vulnerable position before employment abroad. In any case, this is indirect evidence of the difficulties experienced by return migrants in the Ukrainian labour market. There is nearly identical proportion of unemployed while proportion of economically inactive individuals is significantly larger among non-migrants compared to return migrants. The latter is attributed to the larger number of individuals which are not able or not willing to work among the stayers and more active position of return migrants, given the need to support their families. Most of the former labour migrants who stay out of the labour force did not try to seek employment due to the need of looking after children, other family members or house, due to studies, seasonal work and discouragement.

¹ For comparison, the corresponding shares in the other regions are 4.1 percent in the Center, 3 percent in the South, 2.9 percent in the East, and 1.7 percent in the North [1].

**Table 1. Descriptive statistics: non-migrants versus re-
turning migrants**

Variables	Mean value Non-mi- grants	Mean value Return migrants	Diffe- rence	t-test
Age (years)	36.76	37.67	-0.91	-1.4
Gender (Male = 1)	0.50	0.70	-0.20	-7.53***
Marital status (Married = 1)	0.60	0.62	-0.02	-0.6
Mousehold size (persons)	3.37	3.59	-0.22	-2.87**
<i>Education</i>				
Tertiary	0.17	0.10	0.07	3.27***
Post-secondary non-tertiary	0.18	0.14	0.04	1.82
Upper secondary	0.49	0.59	-0.10	-3.73***
Lower secon- dary or less	0.16	0.16	-0.003	-0.14
Residence (Urban = 1)	0.49	0.20	0.29	11.13***
<i>Region</i>				
North	0.17	0.05	0.12	6.15***
Center	0.13	0.08	0.05	2.65***
South	0.15	0.06	0.09	4.68***
East	0.28	0.13	0.15	6.44***
West	0.28	0.69	-0.41	-17.26***
<i>Labour force status</i>				
Employed	0.73	0.77	-0.04	-1.69*
Employment in agriculture	0.22	0.25	-0.03	-1.49
Subsistence agriculture	0.13	0.17	-0.04	-2.07**
Formal non- farm employ- ment	0.46	0.31	0.15	5.55***
Informal non- farm employ- ment	0.05	0.21	-0.16	-12.83***
Unemployed	0.02	0.03	-0.01	-1.34
Economically inactive	0.25	0.20	0.05	2.15**
N of observations	24 675	357		

* – significant at 10 %; ** – significant at 5 %; *** – significant at 1 %

Notes: The sample includes the working age population (female 15–54 years, male 15–59 years) surveyed in May–June 2008. Tertiary education includes complete higher and basic higher education; post-secondary non-tertiary education stands for incomplete higher education; upper secondary education is complete general secondary education; lower secondary education and less includes basic general secondary education, primary general education and no any education. West stands for Chernivtsi, Ivano-Frankivsk, Khmelnytsky, Lviv, Rivne, Ternopil, Volyn and Zakarpattia oblasts, Center consists of Vinnytsia, Kirovohrad, Poltava and Cherkasy oblasts, North includes Zhytomyr, Kyiv, Sumy and Chernihiv oblasts and Kyiv City, East includes Dnipropetrovsk, Donetsk, Zaporizhzhia, Luhansk and Kharkiv oblasts, and South consists of Crimean AR and Sevastopol, Mykolayiv, Odesa and Kherson oblasts.

Sectoral and occupation structure of non-farm employment in the formal and informal sectors both for return migrants and non-migrants is provided in tables 2 and 3 below. There are clear differences in the types of economic activity and occupations, dominated among return migrants compared to non-migrants. There are significantly more return migrants in construction (both in the formal and informal sectors) and community, social and personal service activities (formal sector) and somewhat more migrants in trade and repair, transport and communication (formal sector). Strikingly, despite high involvement of Ukrainian migrant workers, in particular women, in employment in private households during their stay abroad, there are no individuals working in this sector after return to Ukraine. Proportion of other sectors of the formal economy which traditionally provide more stable and secure employment with higher rewards and better working conditions, in particular industry, financial, real estate, renting and business activities, public administration, health and social work is found to be much higher in the sample of non-migrants. This finding is another indirect support of our main hypotheses about adverse impact of migration and negative migration selection.

As usual in Ukraine, the occupational structure of employment is mainly determined by its structure by sectors of economic activity. For return migrants it is skewed to semi-skilled and unskilled occupations (table 3). Women returning to Ukraine after employment abroad predominantly work as service workers or shop and market sales workers, professionals (mainly in the field of education, economy, philology, library science and culture), or in elementary unskilled jobs (e. g. cleaners and helpers in households, offices, hotels and other establishments, hand-launders and pressers, sweepers and related labourers). Most men work upon return as craft and related workers (predominantly building trades workers, welders, mechanics and fitters), unskilled labourers in industry (both manufacturing and mining), construction and agriculture, and motor vehicle drivers.

Many studies that examine employment-related outcomes of return migration found higher propensity of return migrants to become self-employed [7; 8; 12; 14]. The main factors in the choice of self-employment over waged employment by return migrants are accumulated savings and human capital acquired through exposure to the host country's market economy environment. In our sample of return migrants to Ukraine there are only nine own-account workers and one genuine employer out of 357 persons, if not taking into account individuals engaged in subsistence agriculture. This suggests that the potential of return migrants to create pro-

Table 2. Sectoral structure of non-farm employment: non-migrants versus return migrants

Sector (NACE-Rev.1.1)	Formal sector			Informal sector		
	Non-migrants	Return migrants	Total	Non-migrants	Return migrants	Total
Industry	27.07	19.82	27.00	9.90	2.70	9.51
Construction	6.23	18.02	6.34	43.70	74.32	45.35
Trade and repair	17.34	18.92	17.36	30.94	14.86	30.07
Hotels and restaurant	2.01	1.80	2.01	2.63	0.00	2.49
Transport and communication	8.63	9.91	8.64	4.80	2.70	4.68
Financial, real estate, renting and business activities	4.93	2.70	4.90	1.55	0.00	1.46
Public administration	7.61	3.60	7.57	0.23	1.35	0.29
Education	13.19	12.61	13.19	0.54	1.35	0.59
Health and social work	9.30	5.41	9.27	0.54	0.00	0.51
Community, social and personal service activities	3.68	7.21	3.71	3.79	2.70	3.73
Private households with employed persons	0.02	0.00	0.02	1.39	0.00	1.32
Total	100.00	100.00	100.00	100.00	100.00	100.00

Table 3. Occupational structure of non-farm employment: non-migrants versus return migrants

Occupational group (ISCO)	Formal sector			Informal sector		
	Non-migrants	Return migrants	Total	Non-migrants	Return migrants	Total
Legislators, senior officials and managers	9.49	6.31	9.46	0.62	0.00	0.59
Professionals	15.73	10.81	15.68	1.16	1.35	1.17
Technicians and associate professionals	15.46	5.41	15.36	3.40	0.00	3.22
Clerks	4.70	3.60	4.69	0.85	0.00	0.80
Service workers and shop and market sales workers	16.95	16.22	16.95	26.76	13.51	26.04
Craft and related workers	14.00	20.72	14.06	34.11	51.35	35.04
Plant and machine operators and assemblers	14.30	17.12	14.33	8.97	2.70	8.63
Elementary occupations	9.17	19.82	9.27	23.90	31.08	24.29
Total	100.00	100.00	100.00	100.00	100.00	100.00

ductive and decent jobs and to promote development is not fully utilized in Ukraine so far.

Conclusions

This study documents that return migrants seem to be at a disadvantage in the Ukrainian labour market in terms of obtaining decent work – the work that delivers an adequate income, security and social protection in the workplace, prospects for personal development and social integration. Since the bulk of return migrants are generally not better off after work experience abroad (presumably because of negative self-selection to migration, on the one hand, and because of devalued human capital, low transferability of skills acquired abroad, lost social connections, and potential physiological problems originated from bad mi-

gration experience, on the other hand) we may conclude that currently Ukraine does not benefit from labor migration as it could.

There are three main policy implications from the study. The best preventive policy would be retention through economic development [10], giving people a reason to stay and work in Ukraine. For those workers who already had negative labour migration experience, main efforts should be directed on their reintegration into the local labour market and society and an adequate social security and pension provision. Finally, given the evolution of the global economy, it is vital to look at labour migration from a new perspective: some optimal degree of temporary emigration of skilled workers may actually benefit Ukrainian economy and society. And the main challenge for Ukraine is to maximize these benefits by implementing appropriate measures

aimed at greater involvement of the country in the exchange of skills taking place in the global labour market.

Clearly, there is much room for further research regarding the process of return migration and its employment-related outcomes. It is important to examine the determinants of labour force status

choice and analyze the effect of migration experience on this choice in the multivariate framework. Further analysis of migration flows disaggregated by the host country (or the group of countries) would contribute to a better understanding of the influence of country-specific migration experience on employment outcomes in Ukraine.

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ЗАЙНЯТИСТЬ ТРУДОВИХ МІГРАНТІВ, ЯКІ ПОВЕРНУЛИСЯ В УКРАЇНУ

Статтю присвячено дослідженню зайнятості трудових мігрантів, які повернулися в Україну, порівняно з громадянами, які не працювали за кордоном. Проведений первинний статистичний аналіз підтверджує нашу гіпотезу про негативний вплив досвіду роботи в інших державах на працевлаштування осіб, які повернулися до своєї країни після періоду трудової міграції, адже їх зайнято на робочих місцях сумнівної якості набагато більше, ніж інших громадян. Також є свідчення негативного самовідбору трудових мігрантів залежно від рівня освіти та кваліфікації, що, на нашу думку, пов'язано з тим, що найбільш кваліфіковані працівники часто не зацікавлені у пошуку тимчасової роботи за кордоном з огляду на великі витрати, пов'язані з міграцією, та незначні очікувані вигоди після повернення в Україну.

Ключові слова: повернення мігрантів, самовідбір до міграції, статус зайнятості.