

# Essays on drivers and long-term impact of migration

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# Valorization addendum

All chapters of this thesis aim to contribute to society by their implications for migration and integration policies with respect to either public policy or the human resource policies of companies that recruit migrants. In this addendum, we discuss these implications.

## **Attracting and retaining talent in an environment of cultural diversity**

Many developed economies in the world experience labor market skill shortages as a result of the rise of the knowledge economy in combination with population ageing and historical decline in fertility rates that generate demographic imbalances. Developed economies that strive to remain competitive in a globalized world regularly face skill shortages that can be mitigated by attracting talented, high-skilled workers from abroad. The war for talent – a term coined in a McKinsey & Company study conducted in 1997 – addresses the shortage of skilled workers as a critical challenge for corporate performance (Michaels et al., 2001). Later, this term has become central in migration studies as not only companies, at the micro level, but also developed OECD countries, at the macro level, are in competition with each other to attract the best and brightest talents to their country. Immigration policies have been designed and are under constant screening in OECD countries to ease the bureaucratic procedures related to visas and permits, family reunification, acknowledgement of overseas qualifications and diplomas in addition to economic benefits such as tax exemptions to attract and retain high-skilled talent, especially performing occupations in shortage lists, from all around the world (OECD, 2018).

These policies seem to have been effective in increasing the mobility of high-skilled workers towards OECD countries as the number of high-skilled immigrants with at least one year of tertiary education increased by 130% from 1990 to 2010 (Kerr et al., 2016). Still it should be noted that non-migration is the norm all around the world as only around 3% of the world population is living in a country other than their country of birth or country of citizenship (United Nations Department of Economic and Social Affairs Population Division, 2019) despite persistent differences in income and living standards across countries. Even within the Europe Union, where barriers to free mobility have been largely

removed, only 3.4% of all those living in EU countries had a citizenship of another EU Member State in 2018 (Eurostat, 2019).

These statistics indicate that our conceptualization of migration as a phenomenon driven by economic motives and prevented by borders and institutional barriers is not complete. Even when borders are removed, many people have a strong preference for living in their home country as we are social beings who value our roots, cultures, social contacts and are often skeptical towards the unknown associated with living in another country. Hence, migration is not only beneficial or costly in economic terms but also carries psychological costs. However, despite these costs, some people are still on the move to countries that are culturally different from their own countries. Chapter 2 and Chapter 3 of this thesis address how individuals' migration decisions or intentions might be influenced by their perception of psychological costs associated with moving to culturally different countries. Chapter 2 shows that individuals' attitudes towards risk is related to their migration decisions. Those who are more risk tolerant are more likely to migrate and are more likely to move to countries that are culturally distant to their home countries. Chapter 3 shows that individuals who are extravert and open to new experiences are likely to have stronger intentions to migrate while individuals who are more agreeable, conscientious, and emotionally stable are likely to have lower migration intentions. Furthermore, openness positively and extraversion negatively relate to the willingness to move to countries culturally more remote. Extravert individuals' lower willingness to move to culturally distant countries is associated with language differences.

The findings of these two chapters indicate that cultural differences between countries are a barrier to migration. Considering that these two chapters focus on university students and recent graduates, our findings show that culture differences are a barrier to mobility even for this most-mobile sub-group of the population consisting of young and highly educated individuals who often have high economic benefits from migration. From a policy perspective, it may not be straightforward to incorporate individuals' risk preferences and personality traits into migration policies. It is also difficult to reduce cultural differences between countries that have long historical roots. Still, our findings are informative for governments which aim to attract skilled labor from abroad to mitigate the skill shortages in their national labor market. Policy makers have several options at their disposal to affect the cost-benefit comparison of prospective immigrants. These options could be categorized into two groups: (i) offering additional economic benefits that could compensate psychological costs, and (ii) targeting on the

reduction of psychological costs. Offering higher economic benefits in the form of tax exemptions, relocation cost reimbursements, or holiday allowances can compensate the psychological costs perceived by potential immigrants. However, adjusting the size of these benefit packages would be hard as psychological costs are heterogeneous and difficult to quantify. Despite of such additional economic benefits, individuals may still prefer not to migrate if they are, for example, very risk averse. For that reason, a country's migration policy can be more effective by directly targeting the causes of potential psychological costs. For example, the culture and foreign affairs ministries of a country could jointly design information campaigns related to the culture, working environment, and expat life in their country that could be disseminated via traditional and social media and web advertisements to make foreign country citizens more familiar with their country's culture and to reduce uncertainties related to the way of living of migrants in their countries. Considering language as another barrier to migration which especially has a deterrent influence on extravert individuals' migration intentions as indicated in Chapter 3, countries whose populations have strong English-speaking or second language skills can advocate this in their information campaigns. In the longer term, countries may also invest enhancing the second-language skills of their native population to improve the acceptance of immigrants in local communities in order to decrease the cultural and psychological distance between immigrants and the native population. Another policy to stimulate migration by reducing the psychological costs of migration might be to focus on recruiting a larger group of migrants from a particular country in order to develop local communities in which these migrants feel at home, since such communities potentially reduce the psychologic costs associated with migration to a large extent.

International student mobility is another way of attracting high-skilled immigrants for countries that aim at filling skill shortages in their labor market. The number of international students enrolled in tertiary education in OECD countries increased by 39% from 2008 to 2018 (OECD, 2019). International students are a source of skilled labor if they decide to stay and enter to the labor market in their host country where they obtain their degree. However, such an internationalization of labor supply also brings a challenge to the companies in the host country. Human resource practitioners who aim to recruit international graduates need to design jobs that are attractive to both native and international skilled workers who might have different preferences in terms of workplace practices.

Chapter 4 of this thesis addresses this issue by showing job attributes are valued differently by young graduates who differ in their cultural background. Focusing on MSc students in STEM fields, our findings show that international students are less likely to prefer jobs that allow more autonomy and are performed in teams compared to their Dutch peers. These different preferences are associated with the cultural distance between international students' countries of birth and the Netherlands. Students who come from cultures characterized by a higher power distance and lower individualism are less likely to prefer job profiles with higher levels of autonomy, whereas students who come from cultures characterized by higher masculinity are less likely to prefer working in teams in their prospective jobs.

These findings are highly relevant for human resources practitioners of companies who wish to attract foreign qualified workers with scarce skills. Companies should not assume that having vacant positions would be sufficient to attract high-skilled international talent. Our findings suggest that human resource practitioners are facing a dilemma here. On the one hand, the production processes of many companies require a change towards more worker autonomy and teamwork (Deloitte, 2016). On the other hand, attracting and retaining skilled labor becomes crucial in a tight labor market with skill shortages especially in the STEM fields. Hence, international students' preferences in favor of having less autonomy and less teamwork at the workplace do not match with high technology companies emphasizing worker autonomy and developing networks of teams that are able to work in an agile way. To solve this dilemma, human resources practitioners of companies that target international talent should develop mechanisms that can compensate the perceived lower value from autonomy and teamwork for international students who come from certain cultural backgrounds characterized by high power distance, low individualism, and high masculinity while keeping the jobs attractive for native talent and international talent from other cultural backgrounds. For example, companies may develop supervision and buddy programs in the onboarding process and emphasize these practices in the early recruitment stage as a compensating offer to make the job more attractive for workers from cultures characterized by high power distance and low individualism. If workers are averse to job autonomy, they could have a smoother transition to highly autonomous work in future by having close supervision of senior colleagues and work buddies when they start working in a company. With the support of senior colleagues who perform as work buddies, workers from cultures characterized by high power distance and

low individualism could more smoothly adapt to a company's culture with respect to worker autonomy. Furthermore, offering training and individual development opportunities in a company could improve the attraction of applicants from cultures characterized by high masculinity as a compensation for having to work in a team. As workers in countries with masculine cultures highly value individual advancement opportunities such as training (Hofstede et al., 2010), such a compensating offer in job advertisements and interviews might help to improve the interest in the job of foreign applicants, who come from masculine cultures.

### **Economic integration of immigrants and refugees**

The number of refugees has reached to 25.9 million worldwide with an increase by 85% since 2000 (IOM, 2019). Unlike migrants who move to other countries voluntarily for work, family reunification, or study, refugees have to leave their home countries due to humanitarian reasons such as war or political persecution that cause threats for their safety and well-being. Since its establishment in 1951, United Nations High Commissioner for Refugees has been active in ensuring the security of refugees by temporarily settling them in safe countries and managing refugees' return to their countries when the threats of war or political persecution are eliminated. However, wars or political threats may last quite long and safe countries can be reluctant to accept refugees for permanent settlement so many refugees remain in temporary camps while waiting for a stable solution for their status (Bodvarsson and Van den Berg, 2013). This uncertain situation is a barrier to establish a life for refugees and their families in their host countries.

Chapter 5 of this thesis addresses the integration of second-generation Moluccan immigrants who are the children of parents who were forced to migrate and housed in camps by the Dutch government after their arrival in 1951, with limited access to the Dutch labor market and much uncertainty about their future. The migration of the Moluccans has similarities with refugees' current conditions in their host countries. Although refugees might choose countries where they move, most end up in camps for quite some time with an uncertainty about their future in their host countries (Bodvarsson and Van den Berg, 2013) and limited access to labor market due to legal restrictions and other factors such as inadequate language proficiency, low levels of education, or discrimination (OECD and UNHCR, 2016). In this chapter, the impact of the quality of neighborhoods where second-generation immigrants were born and spent their early childhood on their future employment and income is examined. Our findings show that second-generation Moluccans who were born in camps

with nearby work opportunities achieved a higher level of employment in their future lives.

The findings of Chapter 5 are relevant for governments of countries that need to design successful integration policies for the refugees that migrated to their country. Given the uncertain conditions in their home countries, most refugees might be likely to settle in their host countries for a long time. An unsuccessful integration of refugees implies an unsuccessful integration of their children that may cause long-lasting issues on integration. The findings of Chapter 5 show that policies that aim to ease the labor market access of refugees improve second-generation immigrants' employment opportunities in their later lives. This suggests that policy makers need to focus on eliminating legal, informational, educational, and language barriers to entry to the labor market for refugees as soon as they arrive to their host countries not only to improve the economic integration of refugees themselves (see OECD and UNHCR, 2016) but also to improve the integration of their children.