

RETURNING MIGRANTS – EFFECTS ON THE LABOUR MARKET IN BULGARIA

The article presents the results of the analysis of data from a representative opinion survey², related to the effects of external migration on the labour market in Bulgaria in two main aspects – the effects of departure and of returning of Bulgarian migrants. When examining the impact of the outbound flow of migrants the focus is on the age and education structure of the migrants, their employment status, professions and ways of finding employment abroad (placement). The study of the effects of the return of the migrants was conducted based on their work status, employment by economic activities and qualifications, and a comparison was made with the status prior to their departure and after their return to the country. The main barriers to the integration of the migrants into the Bulgarian labour market were identified.

JEL: F22; F66; J21; J24; J61

The research literature contains a number of studies on subjects, related to the return of migrants, various aspects of which were examined in the 1980's, including such related to their reintegration following their return. Since the beginning of this century an ever-growing attention has been dedicated to the impact of external migration, including of the returning migrants on the development of their countries of origin.

The findings of theoretical and empirical studies show that the external migration processes have both positive, as well as negative effects on the labour market in the countries of origin. Emigration can lead to a decline in the numbers of economically active persons and to labour force shortages. Possible consequences are also the decline in unemployment in a situation of greater supply compared to the demand for labour, especially for low-skilled workers, but also a shortage of highly qualified personnel, and a decrease of productivity.

¹ Irena Zareva is an associate professor at the Economic Research Institute at BAS, e-mail: i.zareva@iki.bas.bg.

² The survey was conducted in 2017 as part of the project Returning Migrants: Segmentation and Stratification of Economic Mobility, financed by the Scientific Research Fund, Competition for financing of fundamental scientific research – 2016, implemented by a team of researchers from the Economic Research Institute at BAS and the University of National and World Economy, whose member is also the author. A description of the methodology can be found in Nonchev, A., M. Hristova (2018). Segmentation of Returning Migrants. Economic studies, 2/2018.

The return of qualified migrants can increase the human capital of a country and the transfer of know-how, while that of those de-qualified (who downgraded or lost their qualifications abroad) has the opposite effect and creates the need for their additional training with the view of their integration into the local market. Many of the migrants encounter problems in finding a job upon their return. Some of them start their own business or become self-employed. In a number of cases however, the amount of their savings is insufficient for launching initiatives of a greater scale in this direction.

The effects on the labour market largely depend on the professional, qualification and educational profile, on the type of skills, which the migrants possess, on their work status. Not all migrants acquire additional innovative skills abroad, because they often work in positions, which do not match their qualification. At the same time, their qualification and skills may be in low demand on the market upon their return.

Of consequence for the impact of returning migrants on the local labour market is also the type of migration – whether it is long-term or temporary. The long-term migrants have greater chances to amass savings and to acquire skills abroad. In a number of cases upon their return they seek integration in an economic sector, which is different from that in which they were employed prior to their departure and they frequently become self-employed.

The effects of the return of the migrants and their re-integration depend on a number of factors – both structural, as well as personality-related.

According to data from the population census in Bulgaria (2011), the specialists with intermediate and high qualifications, mainly of younger age, make up the majority of persons who have stayed abroad. As a result of the permanently negative mechanical population growth, for the period from 2007 to date, the country has lost about 67 thousand persons of working age, as well as nearly 3 thousand children under the age of 14, as a potential labour force.

This article presents the results of the analysis of the data from a representative opinion survey³ among migrants returning to Bulgaria, showing the effects on the labour market in Bulgaria of their departure and of their return to the country.

Effects on the Labour Market of the Departure of Migrants

The results of the quantitative examination show that the majority of persons, who have stayed abroad for more than three months, were economically active, of working age (20-65 years) and more than a third of them were under the age of 35. Only about 9% were above

³ Conducted in 2017 as part of the project Returning Migrants: Segmentation and Stratification of Economic Mobility, financed by the Scientific Research Fund, Competition for financing of fundamental scientific research – 2016.

working age (over 65 years)⁴. (Figure 1) Such an age structure of the migrants has a dual impact on the economic activity and on the labour force in Bulgaria. On the one hand, the numbers of the economically active population and the labour force are declining, which limits the supply on the labour market, particularly in cases of departure from the country for good. In a large part of the cases – those of short-term migration, this decline is temporary, due to the return of the migrants. Such fluctuations in the number of the labour force also have a negative impact on the labour market and its balance.⁵ On the other hand, the departure of unemployed persons for abroad reduces the unemployment in the country and the pressure on the labour market and the welfare system. At the same time, the acquisition of knowledge and professional skills abroad (of human capital) has a positive impact on the quality of the labour force and therefore on productivity, if used in an appropriate way.

This structure of migrating persons is determined largely by the main motives for migration, namely the economic ones – greater pay, better work, higher standards of living abroad, lack of employment in Bulgaria and, in the second place, the need to support the family and better professional fulfilment abroad. Given such a motivation for migration and a predominating share of temporary migrants, it is quite natural for the majority of the migrants to be economically active persons.

The motives for the return of the migrants to the country are mainly of a non-economic character. These are mainly attachment to family and relatives, need to care for children, for elderly or ill relatives, difficult adaptation in the foreign country, etc. Here the economic reasons are of secondary importance and are related mainly to end of seasonal employment, difficulty of finding legal jobs and job loss abroad. These specifics of the reasons to return imply new migration attitudes among the returning economically active population. A significant part of the individuals polled (40.3%) stated that they would like to go abroad again, most of whom – temporarily (28.2%).

A large share of Bulgarian migrants were specialists of intermediate and high qualifications – with secondary vocational, college and higher education, prior to their initial departure for abroad. (Figure 2) The migration of such specialists has a negative impact on the quality of the labour force in the country and on the balance on the labour market in this aspect.⁶ A

⁴ According to data from the population census in the country of 2011, in the 1990-2011 period 65.7% of persons of 15 or more years of age, who had stayed abroad (for more than 1 year), were economically active and 11.5% were unemployed.

⁵ Based on National Statistical Institute (NSI) data, for the last 15 years the population of the country aged 15-64 years has been declining continuously and the labour force contracted as a whole, with sizeable fluctuations in separate years of the period. At the same time, the number of the population aged 65 years and over is characterized by a permanent upward trend, while that of the group of 15-34 years of age – by a downward trend.

⁶ Based on NSI data, for the 2013-2017 period the number of employed persons with higher education in the country increases, which corresponds to the general increase in employment, as well as with the number and share of the population with higher education, although part of them are working in positions, which do not match their qualifications. Table 5 below shows that the employment of a significant share of returning migrants did not match the qualifications acquired by them either. In parallel with the increase in employment of higher education graduates, the number of employed

number of surveys among employers show that they encounter serious difficulties in finding the qualified specialists they need.⁷

Figure 1

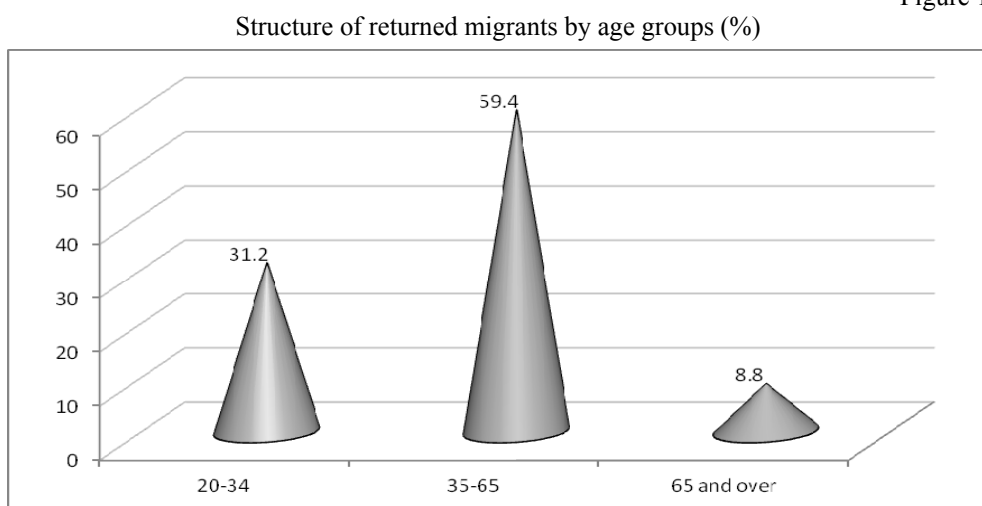
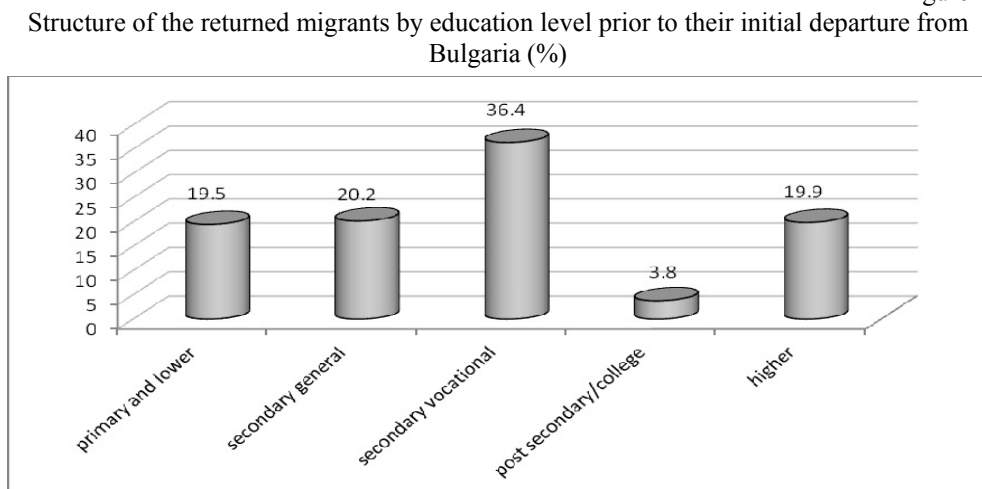


Figure 2



persons with secondary vocational education declines over the entire period indicated, with the exception of 2017.

⁷ According to NSI data, Monitoring of Business Trends, the shares of employers, quoting the shortage of labour force as a factor, impeding their activity, was: in industry – 27.1%, in construction – 30.6%, in trade – 17.7% and in services – 16.1% (2017), and those percentages were higher than the values for 2016 in all spheres of economic activity indicated.

By type of education the majority of migrants are persons of technical professions or from the services sphere. The loss of specialists with a technical background (Table 1), given the shortage of such personnel in the country, as is evident from the NSI data (see footnote 7), has a negative impact on the labour market.

In parallel with this more than a third of migrants returned had no specific profession prior to their initial departure. From the point of view of the fact that the majority of registered unemployed persons in Bulgaria have no qualifications (54.6% in 2017), the migration of individuals without a specific profession reduces the pressure on the labour market.

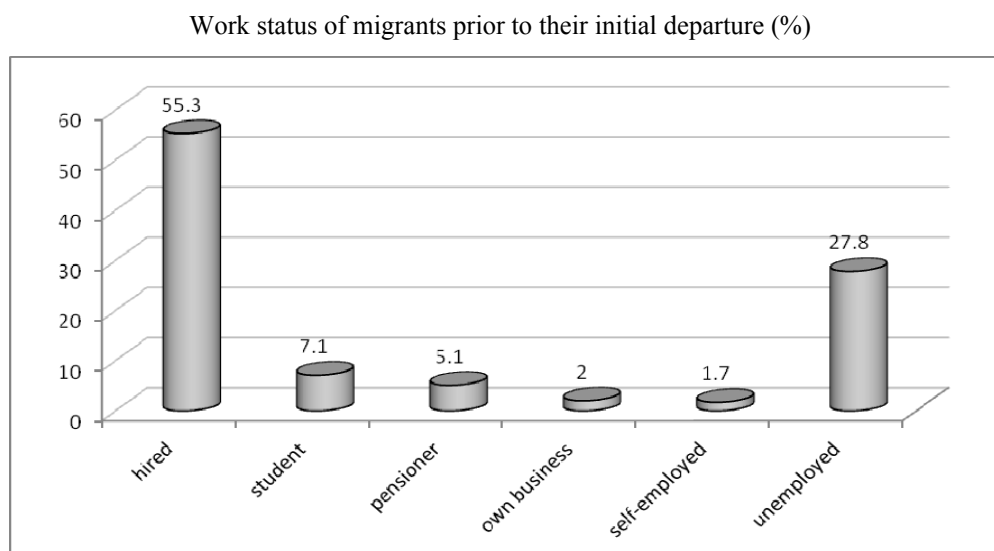
Table 1

What is your profession/occupation acquired, for which you have received formal education or hold an official document (%)

Profession/occupation	Prior to the initial departure from Bulgaria
Pedagogy	3.8
Arts	2.2
Humanitarian sciences	1.5
Social sciences	4.3
Journalism	0.2
Economic sciences and administration	5.5
Law	0.5
Natural sciences	0.3
Physics and chemistry	0.8
Informatics	2.0
Technical sciences and technical professions	15.9
Extraction and production technologies	5.0
Architecture and construction	6.1
Agricultural sciences, forestry and aquacultures	1.7
Veterinary medicine	0.3
Healthcare	1.7
Social activities	0.2
Sports, tourism, hotel keeping	4.6
Vehicle driving	4.6
Environmental protection	0.2
Security and safety (defence and military activities)	0.2
Undefined	0.7
No profession	34.4

As regards the work status prior to the initial departure for abroad, the main part of the migrants was hired under employment contracts, but the share of unemployed was also significant (Figure 3). While the migration of hired persons leads to a decline of employment in the country, that of unemployed individuals has a positive impact on the balance of the Bulgarian labour market.

Figure 3



The migrants, who had been working prior to their departure, were employed mainly in the spheres of construction, manufacturing, trade and accommodation and catering services, as is evident from Table 4. This professional structure of migrating persons has an impact on the staffing levels in the respective economic activities.⁸

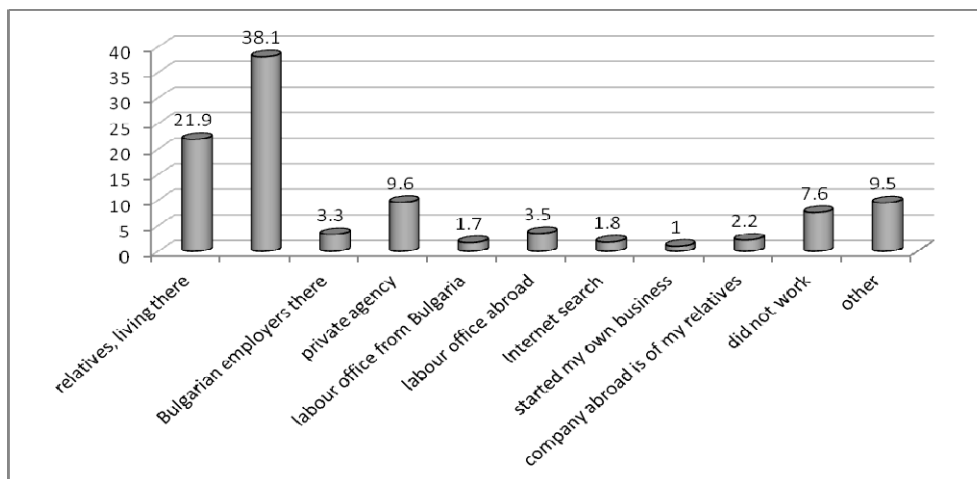
The majority of migrants travel abroad with the purpose of employment. They find such mainly with the assistance of relatives and acquaintances, who live and work abroad – 65% of the individuals polled found employment at their first departure. Recruitment services, offered by employment offices or private agencies, are resorted to rarely. Only about 15% claim that they had used the services of a private agency and in a lesser number of cases – of an employment office (Figure 4).

This fact is indicative of certain mistrust in those structures or lack of knowledge how to proceed and creates difficulties in reporting and regulating external labour mobility, as well as for the support on the part of the Bulgarian administration in regard to more adequate integration of the migrants into the labour market abroad.

⁸ According to NSI data, the number of job vacancies in this sphere is increasing in recent years.

Figure 4

In case you did work during your initial stay abroad, how did you find a job?



Effects on the Labour Market Following the Return of the Migrants

Following their return to Bulgaria the majority of migrants are employed persons, hired mainly full-time or part-time, while about 9% are developing an own business or are self-employed. A quarter of them however is unemployed.

Changes occur in the work status and the employment sphere of the migrants abroad also after their return to Bulgaria, compared to those after their initial departure. The share of persons hired after their return to the country declines in comparison to that for the same group prior to their departure for abroad. This share is highest during their stay abroad. The shares of those self-employed and having an own business, as well as of the retirees, are increasing.

As a whole, the share of working persons is virtually unchanged, while the number of individuals hired declines at the expense of the increase in the numbers of those self-employed and having an own business, which in most cases is a small, family-owned business. The share of the unemployed slightly decreases at the expense of the increase of the number of retirees (who are exiting the labour market), but remains significant, which is indicative of the difficulties, which returning individuals encounter in regard to their integration into the labour market of the country (Table 2).

Table 2

Work status of the migrants prior to their initial departure for abroad and upon their return to Bulgaria (%)

Work status	Prior to the initial departure from Bulgaria	In the first foreign country	Upon the last return to Bulgaria
Hired full time	52.0	72.8	47.0
Hired part-time	3.3	14.6	3.5
Student	7.1	1.2	2.5
Retired	5.1	0.8	11.9
Own business	2.0	0.7	5.8
Self-employed	1.7	2.8	3.5
Unemployed	27.8	6.1	25.2

A small percentage of the migrants use their savings for starting their own business following their return to the country. The majority of them are working alone/have no hired employees and about a quarter of them have hired one or two employees (Table 3). The amount of savings, accumulated from working abroad, of a considerable share of the migrants, is not sufficient for starting a business of a larger scale.

Table 3

How many employees have you currently hired? (%)

Number of hired employees	Share
One	11.9
Two	11.9
Three	2.4
Four	4.8
Five	7.1
Six	4.8
Seven	2.4
Twelve	2.4
Working alone/No hired employees	52.4

As to the employment sphere, after their return the migrants are working mainly in the spheres of construction, accommodation and catering, manufacturing, transport and trade.

The share of migrants employed abroad is significantly higher in construction, agriculture, accommodation and catering, as well as in housekeeping activities, compared to their employment in Bulgaria prior to their initial departure, as well as upon their return. The share of those employed in the manufacturing, agriculture, transport and also in education and healthcare declines upon their return to the country, compared with prior to their initial departure. (Table 4) These significant changes in employment by economic activities create obstacles to balancing the domestic labour market in this aspect.

Table 4

Structure of the employment of migrants by economic activities in Bulgaria prior to their initial departure, abroad and upon their return to the country (% , according to NCEA 2008)

Economic activity	Prior to the initial departure from Bulgaria	In the first foreign country	Upon the last return to Bulgaria
Agriculture, forestry and fishing	2.0	14.4	1.0
Mining and quarrying	0.3	-	0.3
Manufacturing	7.9	7.5	5.5
Electricity, gas, steam and air conditioning supply; Water supply, sewerage, waste management and remediation activities	0.2	0.2	0.2
Construction	8.1	15.4	8.8
Trade, repairs	7.6	5.3	9.6
Accommodation and food service activities	5.5	11.4	6.0
Transportation, warehousing and postal services	7.3	6.5	5.1
Information and communication	1.3	1.5	2.2
Financial and insurance activities	1.2	1.0	1.0
Professional, scientific and technical activities	3.8	2.2	2.8
Administrative and support service activities	0.3	0.3	1.8
Public administration	2.3	-	0.5
Education	2.3	0.2	1.8
Human health and social work activities	2.3	0.7	1.3
Arts, entertainment and recreation	2.0	2.5	2.0
Other activities	1.7	1.2	1.2
Housekeeping activities (care for elderly, ill persons and children against charge)	0.3	14.1	0.8
Not defined	5.1	6.8	7.9
Did not work	38.2	4.0	39.4
Cared for relatives (children, grandchildren, ill persons)		4.3	

The share of the migrants, who worked abroad as low-skilled personnel without being such prior to their departure, is not low. More than a quarter of the migrants claim that they worked abroad in positions, which did not match the qualifications acquired by them, i.e. that they were overqualified for the respective job. (Table 5) The mismatch between the qualification acquired and the position held is a prerequisite for decrease/loss of the qualifications of the migrants, which implies difficulty in their integration into the labour market in Bulgaria and a need of additional training, leading to negative consequences for the quality of the labour force in the country.

Table 5

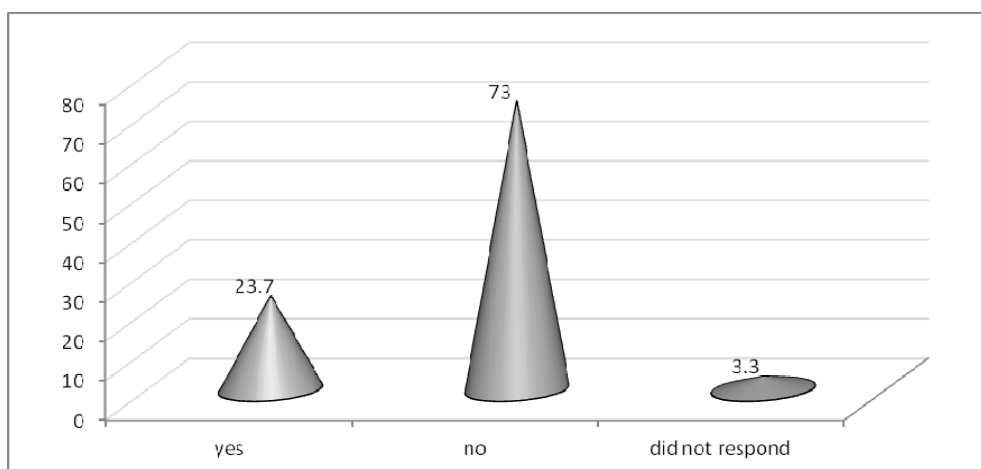
In your opinion, did the qualification and skills which you possess match the work which you perform/performed (%)

	In the first foreign country	Upon the last return to Bulgaria
Yes they did	51.2	51.0
My qualification was lower	12.7	3.0
My qualification was higher	25.8	8.9
Did not work /Not working	8.3	34.3

Problems for the participation of the migrants in the labour market are also generated by the fact that upon their return they have no pre-arranged job. Nearly three-quarters of them did not have offers for appropriate employment prior to their return to the country (Figure 5). The Employment and social issues services at the Embassies of the Republic of Bulgaria could assist in finding jobs and launching an own business in the country, if such functions would be assigned to them, as well as the employment offices and the private employment agencies, provided that migrants themselves would take the initiative to seek assistance from them. As is evident from Figure 4 however, these institutions are not preferred by the migrants in the search for jobs.

Figure 5

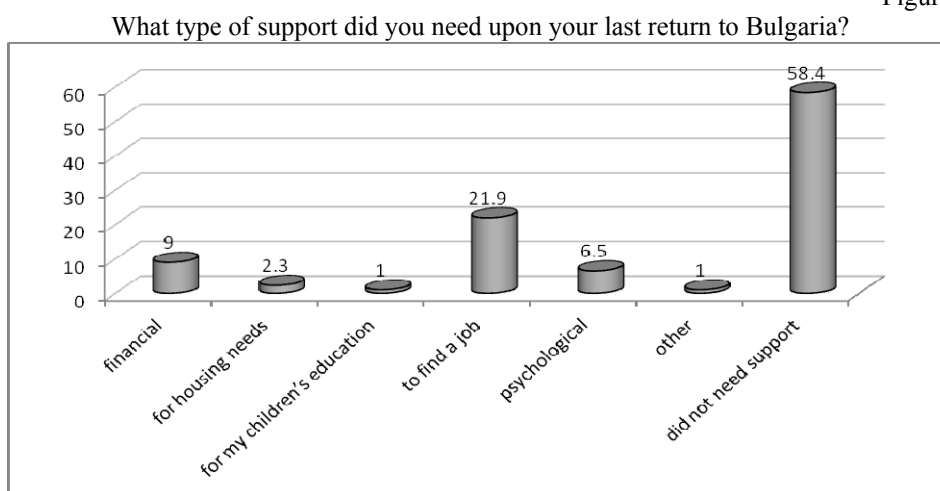
Did you have an offer for suitable employment in Bulgaria prior to your last return?



Due to the lack of a pre-arranged job, non-compliance of qualification acquired and the demand on the labour market of the country, the loss of qualification abroad and for other reasons, more than one-fifth of the migrants state that they need assistance for finding employment upon their return to Bulgaria (Figure 6). The majority of those returning did not need support in meeting their housing needs, because more than 70% owned an apartment or a house in Bulgaria. More than a third of those surveyed stated that they had

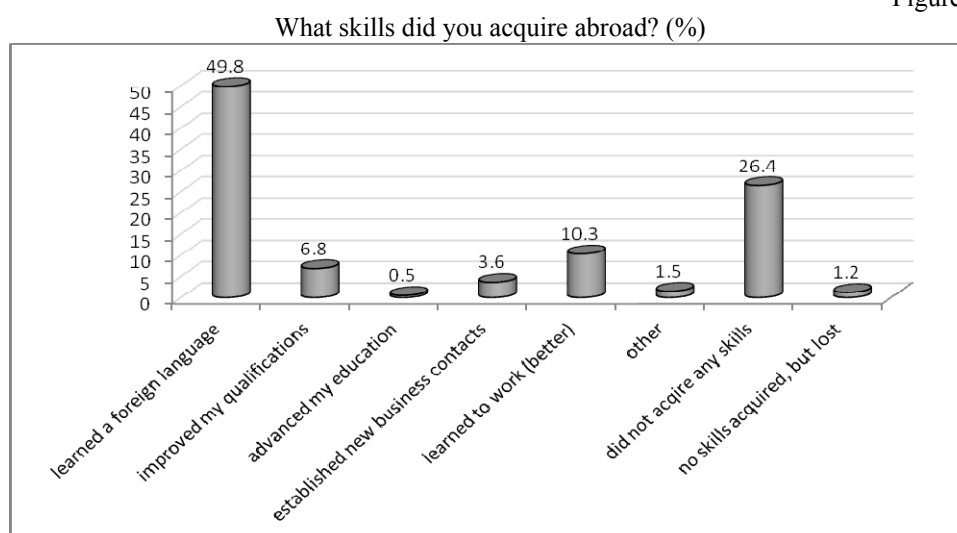
no savings from their stay abroad, which is the likely reason why 9% of them needed financial support upon their return.

Figure 6



A large share of the migrants, nearly 28%, claim that they did not acquire any skills during their stay abroad or even that they lost such skills, i.e. that they did not improve their qualifications and did not accumulate human capital, which did not lead to positive effects for the quality of the labour force in the country. At the same time, half of them learned a foreign language, 6.8% improved their qualifications and 10% believed that they learned to work better. (Figure 7)

Figure 7



These new knowledge and skills acquired, of the one hand, could have a positive impact on the labour force and the labour market, if they would be applied in Bulgaria. On the other hand, they create better opportunities for future integration of the migrants abroad and are a prerequisite for a subsequent new trip – 40% of them would like to go abroad again – for good or temporarily.

Among those, who would like to leave the country for good, the share of the persons under the age of 30 is highest, followed by that of the age group of those 31-40 years old. Intending to temporarily stay abroad are mainly persons 31-40 years old, as well as 41-50 years old. The highest share among the individuals with attitudes to leave temporarily or for good belonged to persons with secondary vocational and higher education. This age and educational structure of potential migrants creates prerequisites for deterioration of the quantity and quality characteristics of the labour force in the country and for new imbalances on the labour market. In parallel, the share of unemployed persons, expressing a desire to leave the country temporarily or for good is also high, which on the one hand would reduce the pressure on the labour market, but on the other, would lead to a contraction of the labour force.

Conclusion

The external migration processes have both positive, as well as negative effects on the labour force and the labour market in the countries of origin, which are determined by a variety of factors. The empirical data from the representative opinion survey among migrants returning to Bulgaria highlight some of those effects.

The main part of Bulgarian migrants are economically active persons, a large share of whom belongs to people under the age of 35. Given the current demographic situation in the country of continuously declining number of the population, including of the economically active persons, the migration processes create prerequisites for contraction of the labour force and for limited labour supply – permanently in cases of migration for good and for a specified period of time – in cases of temporary migration.

Prevailing is the share of migrants with secondary vocational and higher education, which has an unfavourable impact on the quality of the labour force in the country and leaves unmet the demand for qualified specialists by employers. This is particularly obvious in the case of persons with technical education and in certain economic spheres of activity.

The migration of persons without a profession and of unemployed persons, on the other hand, given the high share of registered unemployed without qualification, leads to a decrease of the pressure on the labour market in the country and has a positive impact on its balance.

However, following their return to Bulgaria, a quarter of the migrants describe themselves as unemployed. Obstacles to their integration into the labour market are posed by changes in their employment by economic activities domestically and abroad, loss of qualifications

abroad due to employment in positions, which do not match their qualifications; lack of pre-arranged jobs at the time of their return; etc.

A part of the migrants is successful in improving their qualifications abroad, in gaining new knowledge and professional experience, which is adequately utilized in Bulgaria, could have a positive impact on the quality of the labour force and the balance on the labour market of the country. A large part of the returning migrants, however, state that they would like to go back abroad. These are primarily persons under the age of 40, with secondary vocational and higher education.

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