

## 8.2 OUTWARD MIGRATION OF YOUTH – YOUNG PEOPLE WORKING ABROAD

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The young and entrepreneurial are assumed to be more mobile and more likely to migrate. This seems to be evident, and, based on human capital theory, outward migration during a long career is a better investment for younger people (*Becker, 1975*). At the same time, their entrance to the labour market, their initial insecure and marginal situation and their exploration within the labour market may also encourage them to take up employment abroad (*Osterman, 1979*). If the prospects of young people finding a good job in Hungary are poor, an alternative may be to work abroad for some time. However, in the case of job search abroad, often only secondary workplaces are accessible for new arrivals (*Piore, 1979*). Finding employment abroad may also be a response to social-political dissatisfaction and despair at home. The nature of finding employment abroad varies over time according to the combination of these factors.

This subchapter investigates who among young people look for employment abroad and how this has changed in the past more than ten years since Hungary's EU accession, when working abroad became easier and more frequent, and then accelerated and became part of everyday life after 2011 (*Hárs, 2018*). The analysis includes young people aged 18–29 who work in Hungary vs. those who have worked in Hungary and work abroad in the next quarter, according to the Labour Force Survey (LFS) and it covers the time period 2006–2017.<sup>1</sup> The sample shows that nearly half of the active age workers (aged 18–64) taking up employment abroad are below age 30 (48.5 per cent), while more than one-third of them (35 per cent) are of prime working age (aged 30–44).<sup>2</sup> This study does not look into their return but according to the relevant literature we assume that migration is not unidirectional. The proportion of returnees and repeated leavers is also considerable (*Horváth, 2016, Hárs–Simon, 2018*).

### The empirical study of young people finding employment abroad

Based on LFS data, we measured factors that influence outward migration using demographic, family status, labour market activity and regional explanatory variables. In addition to the usual impact of gender and age on working abroad, the family situation is also expected to reveal motivations: in the case of youth living together with their parents it may indicate difficulties in entering the labour market, while in the case of those living independently or with a partner (or especially those raising children) it may indicate a lack of subsistence and prospects. The impact of educational attainment depends on the domestic and host country labour market, where educational attainment

1 Data from the LFS are weighted based on mirror statistics, using the characteristics of the main host countries, assuming that the characteristics of leavers closely match those of the sub-population defined by the variable “place of work abroad”. Estimation concerning outward migration is made using the weighted database. Weighting was based on the annual population data of the mirror statistics of major host countries, broken down by gender, which enabled us to estimate changes in the number of Hungarians working abroad (relying on Eurostat EU LFS employment data on Hungarians living abroad) during the periods 2006–2010 and 2011–2017 in the major host countries (Germany, Austria, United Kingdom and other countries). Data on outward migration were fit to the above estimated change, using the flow data from the LFS.

2 Recent estimates of migration intentions reveal similar proportions. The probability of young people aged 18–28 taking up employment abroad is especially high: it is nearly two and a half times higher for short-term intentions, compared with the age group of 29–38, and nearly the same for long-term intentions (*Sik–Szeidl, 2016*).

does not necessarily yield the expected status and income. The labour market activity prior to migration may reveal motivations: it may suggest exploration in the case of students and young graduates, unfavourable prospects at home in the case of the unemployed, while the migration of those permanently in employment may point to labour market causes. The region of residence and type of municipality primarily reveal the impact of labour market opportunities in the Hungarian labour market.

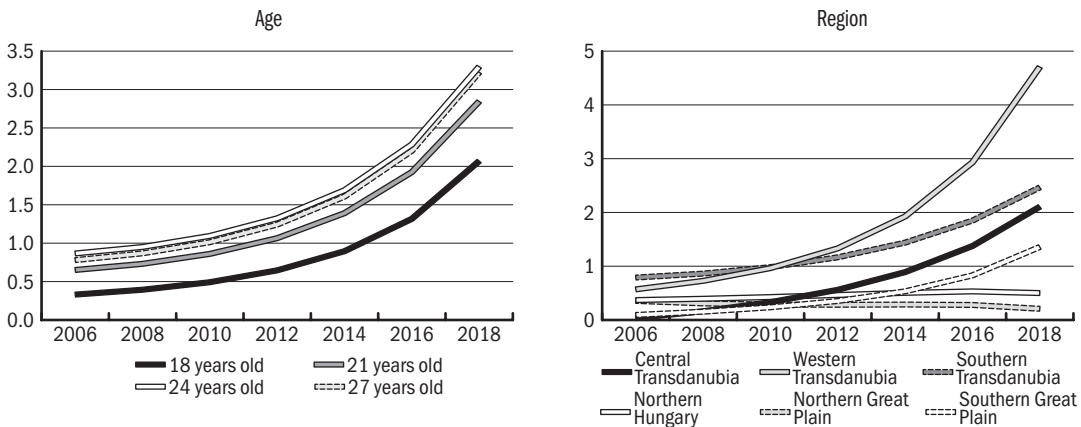
Logistic regression was used to explain employment abroad, with the output variable of entering the labour market abroad (a young person not living abroad in one quarter and working abroad in the next quarter as opposed to those who did not enter the labour market abroad). The model tested quarterly effects, which were expressed as annual effects for better interpretability. Based on the applied fit test, the model proved satisfactory.<sup>3</sup>

Independent effects were evaluated and the marginal effect of each variable (or estimated marginal probability for continuous variables), and their change over time, on the employment of youth aged 18–29 abroad is presented.<sup>4</sup> Results are shown in *Figure 8.2.1* (the effects of gender and municipality type are included in the analysis but not in the Figure).

<sup>3</sup> The analysis included C-statistic and link test instead of the usual Hosmer–Lemeshow test because with a large number of items a small difference from the expected distribution would have been significant, while it would not have influenced the readability of the model. The value of C-statistic was 0.8, which is satisfactory; the linear term of the link was significant ( $p = 0.001$ ), while the squared term was not ( $p = 0.751$ ).

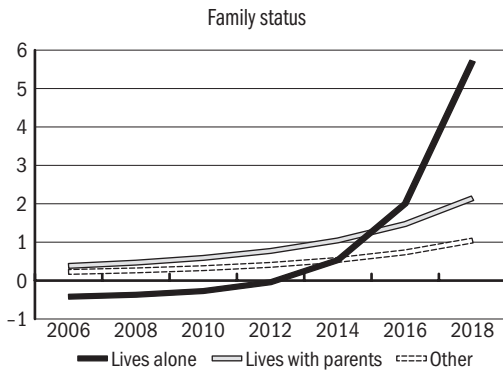
<sup>4</sup> Change over time was measured by including an interaction using a variable in quarterly breakdown and it is presented by marginal estimates given for the first quarters of 7 selected years at evenly spaced intervals. The significance of the marginal effect was estimated at certain selected dates.

**Figure 8.2.1: The effect of factors influencing the employment of youth abroad**

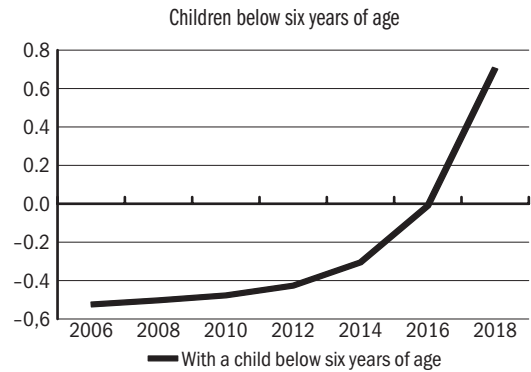


Note: A variable estimated for single-year of age. It is not significant at the measurement point for the 18-year-olds in the first quarter of 2006. The effect of the variable does not change significantly over time.

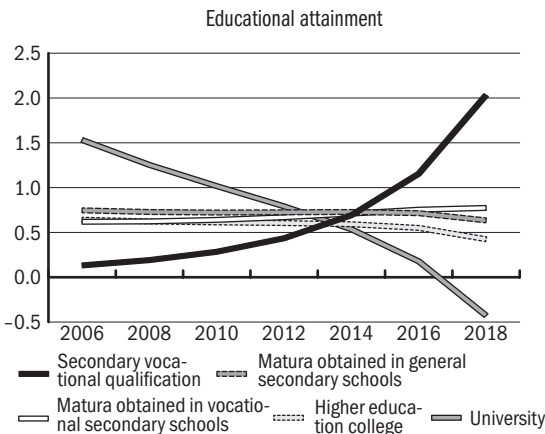
Note: Reference category: *Central Hungary*. The Region variable is not significant at the measurement points of the first quarters of 2006–2010 in Central Transdanubia, the first quarters of 2006–2008 in Northern Hungary, the first quarters of 2014–2018, at any of the measurement points of the Northern Great Plain and the first quarters of 2006–2012 and 2016–2018 of the Southern Great Plain. The effect of the variable does not change significantly over time.



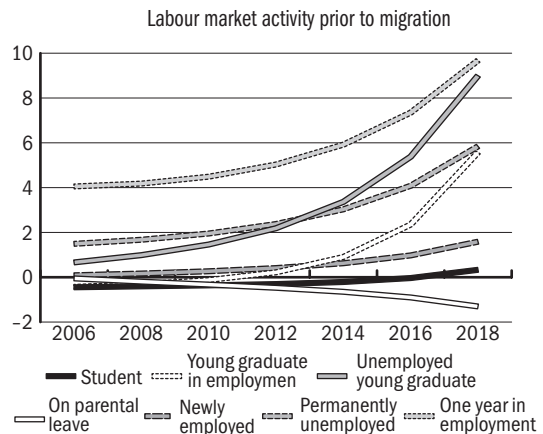
Note: Reference category: *lives with a partner*. The Family status variable is not significant in the first quarters of 2010–2014 of the *Lives alone* category, in the first quarter of 2006 of the *Lives with parents* category and at any of the measurement points of the *Other* category.



Note: Reference category: *no children*. The variable Having a child below six years of age is not significant at the measurement points of the first quarters of 2014–2018 in the category *With a child below six years of age*. The effect of the variable does not change significantly over time.



Note: Reference category: *lower-secondary qualification at most*. The Educational attainment variable is not significant at the measurement points in the first quarters of 2006–2008 in the category *Secondary vocational qualification*, in the first quarters of 2016–2018 in the category *Matura obtained in general or vocational secondary schools* and in the first quarters of 2006 and 2014–2018 in the category *University or higher education college*.



Note: Reference category: *uninterrupted employment*. The Labour market activity prior to migration variable is not significant at the measurement points in the first quarters of 2014–2018 in the category *Student*, in the first quarters of 2006–2014 and 2018 in the category *Young graduate in employment*, in the first quarter of 2006 in the category *Unemployed young graduate*, in the first quarters of 2006–2010 in the category *On parental leave* and at any of the measurement points in the category *Newly employed*.

The acceleration of outward migration after 2010 was due to several factors, including the prolonged impact of the economic crisis and the measures

adopted after the change of government in 2010, gradually modifying the probability of youth taking up employment abroad. The effect of age did not change over time: this variable increases the impact of migration below 24 but above this age there is no difference between the age groups and this is significant throughout the period. The effect of gender is not relevant among youth. Overall, the significance of socio-demographic factors decreases with the acceleration of migration, that is the population of outward migrants is wider and more diverse. At the same time, the effect of labour market activity has increased.

*Before the acceleration of outward migration*, the effect of the region of residence was relatively strong: compared with a residence in Central Hungary, living in Western or Southern Transdanubia significantly and to a large extent increased the probability of taking up employment abroad, while living in a county town or Budapest slightly decreased it relative to living in a village (during 2006–2012), whereas the effect of a residence in other towns was not significant. The effect of family status was also of relevance: compared with those living with a partner, those living with parents were slightly but significantly more likely to find employment abroad, which may be due to young people wishing to gain experience, while those living alone were significantly less likely to work abroad during 2006–2008. A child below six living in the family also significantly reduced the probability of working abroad (until 2012), which suggests a more stable family background. The labour market influences the probability of working abroad through educational attainment and labour market activity. Compared with lower-secondary education (ISCED2), the effect of university qualification in this period was significant and strong, while the effect of college and upper-secondary qualifications was less marked but still significant. However, vocational school qualification (ISCED3C) had no significant effect prior to 2010. Compared to those permanently in employment, those who recently lost or quit their jobs were more likely to work abroad,<sup>5</sup> followed by unemployed fresh graduates probably motivated by gaining experience and looking for the right career. The probability of finding employment abroad was similar in the case of the long-term unemployed, presumably because of looking for a labour market alternative. The effect of being in education was significantly negative, whereas being on parental leave and having found a job after graduation had no significant effect.

*Following the acceleration of migration* the significance of the region of one's residence barely changed. After 2010, compared with Central Hungary, a residence in Central Transdanubia or in Western Hungary significantly increased the probability of working abroad. During the increasing intensity of migration in the period 2010–2012, living in Northern Hungary, the most disadvantaged region, also significantly increased the probability but living in the other regions did not and the type of municipality also lost its significance.

<sup>5</sup> Persons who were not in employment in Hungary in the quarter prior to starting a job abroad but had been in employment a year prior.

