

# **Tackling Germany's demographic skills shortage: Permanent settlement intentions of the recent wave of labour migrants**

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## **Short Abstract**

Confronted with structural demographic challenges, European countries have adopted new labour migration policies during the last decade. The sustainability of these new policies is largely dependent on the intentions of migrants to stay in their new country of destination with a permanent or at least long-term perspective. Despite this growing dependence on additional skilled labour migrants very little information exists about the dynamics of this new wave of migration and existing research findings with their focus on earlier migrant generations are hardly applicable today. The article comparatively tests major theoretical approaches accounting for permanent settlement intentions of Germany's most recent labour migrants on the basis of a new administrative data set. Although the recent wave of labour migrants is on average a privileged group concerning their human capital, fundamentally different mechanisms are shaping their future migration intentions. Whereas economic factors determine temporary stays of a creative class profiting from the opportunities offered by an increasingly international labour market, socio-cultural and institutional factors shape permanent settlement intentions of migrants.

## 1 Introduction<sup>1</sup>

The demographic structure of Europe is in a process of fundamental change.<sup>2</sup> Increasing life expectancy and declining fertility confronts the European countries with the prospect of a stagnating or even shrinking and at the same time ageing labour force population. Although many of these processes are currently blurred by the sweeping influences of the economic and financial crises, the consequences of the demographic distortions will be seen even more dramatic once the national economies are recovering (cf. OECD, 2010). In the face of the labour market implications of these changing demographic structures, already soon after the turn of the millennium, the European Union (EU) started to propagate new migration policies. The Lisbon Agenda from 2000 clearly formulated the need for additional high-skilled labour and during the same year the European Commission famously argued that “the ‘zero’ immigration policies of the past 30 years are no longer appropriate” (European Commission, 2000: 3).

Germany followed this wake-up call swiftly and proofs today one of the most prominent examples in Europe transforming its previously restrictive labour migration policies towards an active recruitment of international talent and high potentials. From the year 2000 onwards, it started to adapt its policies to the new demographic and economic demands and in 2005 a new Immigration Act altered the legal framework structuring Germany’s immigration and integration regime. In the following years, additional reforms all aimed at better attracting high-skilled migrants from third countries resulting at an overall liberal policy – at least for skilled and high-skilled workers (cf. OECD, 2013). Although the demographic outlook of a systematic skill shortage is everything but non-controversial in the German political debate (e.g. Brenke, 2010; Niggemeyer, 2011), employers and policy makers are increasingly interested in permanent contributions of skilled immigrants. Most popularly, the Labour Administration forecasted yearly net-migration figures of at least 40,000 to 80,000 high-skilled workers to reduce the negative structural effects of demographic change (Bundesagentur für Arbeit, 2011). Despite the recent upswing of immigration to Germany is the sustainability of these new policies largely dependent on the intentions of migrants to stay in their new country of destination with a permanent or at least long-term perspective. Policy makers are particularly keen to gain a more thorough

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understanding of what makes these new labour migrants want to settle. Whereas traditional immigration countries have conducted new immigrant surveys in response to these issues (e.g. Cobb-Clark, 2001; Jasso et al., 2000), hardly any comparable development is found in Europe. Skilled labour migrants are generally regarded as major drivers for today's knowledge economies, but very little information exists about the dynamics of this new wave of labour migration.

The traditional perspective on settlement trajectories of labour migrants originates from the consequences of the global recession in the 1970s when many of the immigrant receiving countries of Europe and North America suddenly experienced the return migration of their former guest workers. Together with a political imperative of reducing the foreign population, researchers studied the intentions and decisions for migrants to return (e.g. King, 1986; 2000). Today, the new demographic and economic imperatives reversed this perspective with policy makers and scholars now focusing on the determinants prompting migrants to stay permanently in the country of destination (Diehl and Preisendörfer, 2007; Khoo, 2003; Massey and Redstone Akresh, 2006). Existing findings about settlement trajectories consequently originate from the experiences of earlier generations of immigrants. In Germany, the academic debate profited from the existence of the Socio-Economic Panel Study (SOEP) as one of the few datasets regularly applied to study not only immigration but also emigration processes. The 1980s and 90s have seen an intensive exchange about the explanatory factors of return intentions as well as actual return migration of these earlier waves of labour migrants in Germany. Different theoretical approaches have been tested focusing on economic, socio-cultural as well as political factors (e.g. Constant and Massey, 2002; Dustman, 1993; Haug, 2001; Jankowitsch et al., 2000; Pagenstecher, 1996) all demonstrating that settlement processes show great differences regarding the overall probability of return as well as the selectivity between different groups. Although the migration dynamics of the guest worker era are well understood, these findings are of little practical relevance for Europe's recent labour migration experiences due to the fundamental differences between these earlier immigrant generations and current migrants with respect to the political and economic context, their socio-economic characteristics as well as their early integration experiences.

Responding to this situation, the article provides a first analysis about the settlement intentions of Germany's most recent labour migrants. With an existing European free movement regime, migration policy increasingly concentrates on the regulation of third

country nationals from outside the EU. In line with this institutional framework, the article addresses the major driving forces affecting the intentions of recently arriving new immigrants from non-EU countries to stay permanently in Germany compared to the intention to return to their country of origin or leaving towards an alternative country. Earlier studies already “caution against an over-reliance on single theories in understanding and explaining” these migration dynamics (cf. Constant and Massey, 2002: 7) and the article aims to comparatively test major opposing theoretical approaches against each other. Data about the actual settlement process of migrants is only available many years after potential return migration has ended. Therefore the study follows a general trend in this research tradition and focuses on migrants’ intentions as a strong determinant of actual behaviour (e.g. Massey and Redstone Akresh, 2006; Steiner and Velling, 1994). Although personal life courses are peppered with contingent events and original intentions might not always result in actual behaviour (cf. Kalter, 1997; Kley, 2009), the original settlement intentions have profound consequences for early integration processes and subsequent migration decisions.

In the next section the article starts with a presentation of Germany’s new legal regulations governing labour migration before the three major theoretical approaches on return migration and subjacent settlement intentions are discussed. In section 4 the surveys on foreign workers by the German Federal Office for Migration and Refugees are introduced constituting today the probably most extensive source of information about the recent wave of labour migrants in Europe. Section 5 discusses how theoretical constructs are empirically measured on the basis of this dataset, before the following two sections present the empirical results about permanent settlement intentions of Germany’s labour migrants. The analyses show that on average the recent wave of migrants is a very privileged group concerning their human capital, economic as well as social integration. Different paths leading to permanent settlement intentions are separated showing a profound dualism between a global elite freely following particularly economic opportunities across borders for restricted periods of their life-course compared to more traditional images of migration where the relocation of the centre of their life provide long-term investments into better living conditions.

## **2 Germany’s new labour migration regime**

Although Germany was traditionally characterised as a “reluctant country of immigration” (Cornelius et al., 1994) it already experienced at least three waves of large-scale labour migration. A first wave started during the economic recovery after World War II. From 1955 onwards, Germany institutionalised its guestworker policy and allowed the active recruitment

of foreign labour based on bilateral agreements with the sending states (cf. Salt and Clout, 1976; Schönwälder, 2001). This period ended in 1973 when the federal government passed a recruitment stop in response to the world economic crises and increasing social unrest towards foreigners. In the following years, governments stressed the priority of the national work force, reduced labour migration to a minimal level and restricted labour market access for spouses and children. This situation changed not before the late 1980s, when the lack of employers in certain economic sectors resulted in the introduction of new labour migration schemes starting a second wave of large-scale labour migration. Again, a system of bilateral government agreements for the temporary admission of workers from Central and Eastern European countries was set up which provided employment opportunities for contract work, seasonal and posted workers as well as cross-border commuters (cf. Faist et al., 1999).

The most recent wave of labour migration was set in motion shortly after the turn of the millennium, when Germany – in parallel to the adoption of the European Lisbon Agenda – started to reform its labour migration policy. In a first step, the introduction of the so called ‘Green Card’ provided up to 20,000 high-skilled information technology specialists a comparatively non-bureaucratic access to the German labour market. This opened the discussion into a broader reform of Germany’s labour migration regime which resulted in the 2005 Immigration Act introducing three major labour migration titles providing a new legal framework for this policy area:

- (1) General labour migration (§ 18 Residence Act): The new title stipulates that third country nationals may be granted a temporary residence permit for the purpose of taking up employment under specific requirements. Although the title principally covers different forms of labour migration it focuses in particular on skilled migrants including executives, scientists, journalists and IT-specialists.
- (2) High-skilled labour migration (§ 19 Residence Act): Highly-skilled migrants obtain a permanent settlement permit immediately upon arrival. Their family members are also entitled to take up gainful employment. The regulation covers in particular scientists as well as executive personnel receiving a salary corresponding to at least one and a half of the earnings ceiling of the statutory health insurance scheme (in 2005 this corresponded to 84,600 Euro).
- (3) Self-employed migrants (§ 21 Residence Act): For the first time regulations on self-employed migrants were included. Their planned business project required

an investment sum of one million Euros, the necessity to create at least ten new jobs and the assessment of the underlying business plan by the local chamber of industry and trade. Those migrants successfully realising their planned economic activity are provided permanent residency after three years (for a more detailed overview about these developments see Ette et al., 2012).<sup>3</sup>

During the following years, the requirements for all three titles were successively reduced additionally increasing the rights for skilled and high-skilled labour migrants: A first aspect concerns § 18 where particularly the Labour Migration Control Act from 2009 as well as several smaller reforms principally broadened the group of potential beneficiaries enabled to apply for temporary labour migration. Examples include the waiving of the labour market test for specific occupations as well as the introduction of a principal access to the German labour market for all university graduates from foreign universities. With respect to § 19 it was also the reform in 2009 which substantially reduced the salary level then defining high-skilled migrants on the level of the normal earnings ceiling of the statutory health insurance scheme (effectively this meant a reduction from 84.600 Euro to 63.600 Euro). Finally, the self-employed labour migration scheme witnessed three reforms in a row first taking place within the Transposition Act 2007 which halved the investment sum of self-employed labour migrants to 500,000 Euro and the number of new created jobs to five. It also included the immigration of self-employed working freelance (e.g. architects, accountants etc.). In a next step, the Labour Migration Control Act in 2009 reduced the investment sum to at least 250,000 Euro and the Transposition Act 2012 finally completely dropped those requirements only demanding a promising business idea.

The development of labour migration shows that particularly the political reforms since 2005 together with the changing economic context have resulted in an obvious increase of skilled and high-skilled labour migrants in Germany defining this most recent wave of labour migration. While the number of 16,000 labour migrants from third countries entering Germany in 2005 was relatively low, it increased to more than 36,000 in 2012 immigrating on the basis of the three new migration titles (§ 18: 34,587 persons, § 19: 244 persons; § 21:

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<sup>3</sup> Next to those three entry gates for labour migrants two additional options for labour migration developed during the last years both addressing the academic gate of immigration. First, this includes § 16 Residence Act providing foreign graduates with the option to extend the residence permit by up to one year for the purposes of seeking a qualifications' adequate job. This title was already part of the 2005 reform. Second, this includes § 20 Residence Act which was introduced by the Transposition Act 2007. It offers researchers from third countries an alternative option if a research facility has concluded a hosting agreement to implement the specific research project. Both options – at least in the latter case – are rarely used (in 2013 only 930 migrants lived in Germany holding this title) and are not included in the latter empirical analyses.

1,358 persons). This trend of increasing labour migration is likely to continue due to additional policy reforms introducing further labour migration titles (e.g. the recent introduction of the European “Blue Card“) as well as changes to the decree on employment increasing access to the German labour market for all skilled labour migrants during the summer 2013.

### **3 Theorising settlement intentions of international migrants**

Settlement intentions do not develop randomly but are generally highly selective with respect to the individual characteristics of international migrants. The decision to leave a country of origin is usually based on particular aspirations and motivations which are intimately connected with an intended duration of the stay abroad. This conglomerate of objectives already exists before the actual migration but will quickly be re-evaluated on the basis of the actual circumstances encountered by migrants in the country of destination. From a theoretical perspective, at least three approaches are differentiated in the existing literature. They focus either on economic, socio-cultural or institutional determinants of individual intentions and trajectories of settlement.

Neo-classical economic theory traditionally functions as a first-cut approach perceiving international migration dynamics. In its most basic form, the approach explains migration as an attempt of individuals to maximise expected returns – either conceived in form of higher incomes or alternatively by other standards of economic success. Migrants consequently move to those places where they can expect the highest returns on their human capital (cf. Harris and Todaro, 1970; Massey et al., 1998; Sjaastad, 1962). Applied to the case of settlement intentions, the migrants who are more productive in the region of destination than in their countries of origin are expected to opt for long-term or even permanent settlement. Only in those cases in which migrants based their original migration decision on a wrong calculation of potential costs and benefits or failed to integrate economically into the country of destination exists a high incidence for unplanned short-term migration and interest to return home (Borjas and Bratsberg, 1996). “While ‘winners’ settle, ‘losers’ return” is the short formula coined by de Haas and Fokkema (2011) to summarize this underlying theoretical mechanism. The first hypothesis (H1a) consequently expects a *positive relationship between the economic success of new immigrants and their intended duration of stay in the country of destination*. Empirical evidence for this hypothesis is largely inconsistent. During the last years in particular, studies regularly documented contradictory findings with negative effects of labour market involvement on settlement intentions or actual

return migration (e.g. Bijwaard et al., 2011; Bijwaard and Wahba, 2013; Dustmann and Weiss, 2007; Jensen and Pedersen 2007; Kirdar, 2007). For a certain group of migrants whose economic status already is way beyond ordinary levels, indicators of economic success might lose any explanatory power. For an economic elite sustaining an increasingly global labour market, international migration hardly follows directly measurable economic returns but ensues the staffing practices of multinational companies and stages in international careers (Mense-Petermann and Klemm, 2009; Pohlmann, 2009). Following Massey and Redstone Akresh (2006: 969) the bearers of skills, education, and abilities are increasingly likely to maximize their earnings in the short term without any long-term attachments to the country of destination. In line with this reasoning, the second hypothesis (H1b) states that *with increasing economic success the intended durations of stay are decreasing*.

The second approach emphasises the existing socio-cultural integration of migrants in their countries of destination. Generally, the approach argues that building up social and cultural ties are investments into the host society which are hardly transferable into a different context. The literature highlights rather diverse types of ties including ethnically diverse networks (Rühl and Haug, 2008; Lin, 2001; Nee and Sanders, 2001; Portes and Sensenbrenner, 1993; Waldinger, 1994), second language learning (Esser, 2006), the integration of the partner and the family into the host society (Schmidt, 1994), educational investments in children (Dustmann, 2003; 2008), membership in organizations (King and Skeldon, 2010), political activities in the host society (Jacobs and Tillie, 2011; Koopmans, 2004; Tillie, 2004), as well as more cognitive and attitudinal changes of migrants adapting to dominant norms of the country of destination. From this perspective a third hypothesis (H2a) expects that *successful socio-cultural integration of new immigrants into the country of destination has a positive effect on the intended durations of stay*. Refining this general expectation, however, there exists an alternative interpretation of the effects of socio-cultural as well as economic integration on settlement intentions taking the household context as its point of origin. Most popularly this perspective was developed in the context of the “new economics of migration” whose key insight was its focus on the family and the household as the main locus of migration decision-making. Its main reasoning is economic arguing that migration is not only a strategy to increase economic success but also a particular livelihood strategy minimizing economic risks (Massey et al., 1993; Stark and Blohm, 1985; Stark, 1991; Taylor et al., 2003). With some household members working in the local labour market others are sent out to earn a living in foreign labour markets to provide a reliable stream of remittances supporting those who remained at home. Applied to the question of settlement



intentions the approach expects a weak or even negative relationship between economic and socio-cultural integration of migrant's and their intended duration of stay. These reverse effects result from a principal interest of the 'target saver' in optimizing their integration because it positively influences their ability to support the household in the country of origin. Nevertheless, this instrumental integration into the country of destination has no effect on settlement intentions because the principal focus of this migration project remains the family or the household in the country of origin and as soon the need to stay abroad decreases the migrant will most likely return (Constant and Massey, 2002). Whereas this theoretical mechanism emerged from the situation in the developing world, a more mundane argument would also expect a negative relationship for all those cases in which the spouse or family decided to permanently stay in the country of origin. Due to their desire to reunite after a temporary stay abroad, this will sustain the migrants' attachment to the country of origin. Consequently, the fourth hypothesis (H2b) expects a *negative effect of a family in the country of origin on the intended durations of stay*.

Whereas these first two approaches concentrate on the individual actor and its household context, a third approach highlights the institutional context framing the settlement intentions of migrants. During the last two decades it was particularly transnational migration theories (cf. Faist, 2000; Levitt and Jawosky, 2007) which demanded the incorporation of the social, economic, cultural and political environment at both ends of the migration process – the country of origin as well as destination – into explanatory models. The empirical application of theories addressing the meso-level of migration is regularly hampered by the availability of data. Ideally, one would include indicators of the local conditions in countries of origin and destination as well as information about maintained economic, social, cultural and political ties in this border-crossing space. Adequately addressing those institutional contexts is also beyond the potentials of this article but two crucial aspects have to be taken into account. The first concentrates on the context of departure which has a crucial influence on the original aspirations and motivations for migration and the intended duration of the stay abroad. Particularly the political, economic and social environment has a direct bearing on the individual motives and the overall desire to leave the country of origin and to settle abroad. The fifth hypothesis (H3a) consequently argues that an *increasing desire to move abroad has a positive effect on the intended duration of stay*. The second aspect relates to the context of arrival and the institutional and legal conditions experienced by new immigrants. The "warmth of welcome" (Reitz, 1998) is a crucial determinant for the integration of immigrants into the country of destination and migration studies are legion documenting the importance

of different opportunity structures on the fortune of migrants (cf. Koopmans et al., 2005; Luthra, 2013; Söhn, 2011; Davy and Waldrauch, 2004). Applied to the case of the settlement intentions of migrants, previous research showed a strong relation between rights and opportunities granted to immigrants and their intended duration of stay. Constant and Zimmermann (2007; see also Bade, 1992) for guestworker migration in Germany and Akwasi (2011) for Ghanaian migrants in Spain showed that the easier mobility is for migrants (e.g. through different forms of secure and non-limited residence rights), the larger the migrants' feeling that they can return to the country of destination, even after long periods of absence. In line of this reasoning, a final hypothesis (H3b) argues that the *provision of more rights and opportunities to immigrants negatively effects the intended duration of stay*. All three approaches were developed in the context of previous waves of international migration. In the following sections the opposing hypotheses will put to a test to better understand the settlement intentions of the most recent wave of labour migrants in Germany.

#### **4 Data and operationalisation of theoretical constructs**

Migration scholars regularly struggle analysing the most recent dynamics of international migration because most surveys sampling the immigrant population are dominated by former generations of migrants generally resulting at very small shares of recent newcomers. In Germany, the Federal Office for Migration and Refugees (BAMF) recently carried out three surveys about migrants who have been granted one of the three newly established residence permits providing for the immigration of general (§ 18), high-skilled (§ 19) and self-employed (§ 21) labour migrants from third countries outside the European Union. The sampling of these surveys was based on the Central Register of Foreigners which offers the possibility to draw exactly the target population wanted. An additional advantage of register based sampling is the exact knowledge about this population allowing the calculation of post-stratification weights to adjust for potential non-response issues. The three surveys were based on comparable questionnaires all covering questions about the socio-economic background of those migrants, migration history, family situation, motives for migration, residence intentions and countries of origin reducing the post-hoc harmonisation needs. Additionally, the surveys are identical with respect to the interview method with all conducted as paper and pencil surveys. More problematic is the fact that the field time differs with the survey on highly-skilled migrants taking place already in 2008 whereas the other two took place during 2011. This has to be taken into account during the interpretation of the results. Despite these

difficulties, the resulting harmonised dataset provides today the most comprehensive source for analysing the most recent wave of labour migration in Germany.

Overall, 4,677 interviews have been carried out across all three surveys with 3,248 interviews originating from the group of migrants holding a residence permit for general labour migrants (§ 18), 510 interviews with highly-skilled newcomers (§ 19) and 944 interviews with self-employed persons (§ 21) (for more information about the data and their sampling procedures see Block and Klingert, 2012; Heß, 2009; Heß, 2012). For the empirical analyses the original sample was restricted to the most recent labour migrants who immigrated to Germany during the last five years before the interview reducing the sample by 36 %.<sup>4</sup> Additionally, 641 interviews were removed from the analyses because of missing or implausible information on any of the dependent or independent variables as well as five cases which unproportionally affected the estimators of the multivariate analyses resulting at a gross number of 2,347 interviews.

The dataset offers different co-variables to test the three theoretical approaches and their related hypotheses, although the original purpose of the separate surveys together with necessary post-hoc harmonisation clearly restricts the abundance of potential constructs. The settlement intentions of recent labour migrants in Germany constitute the dependent variable. During the surveys, all respondents were asked how long they are intending to stay in Germany with four answer categories provided: (1) less than five years, (2) between five and ten years, (3) more than ten years and (4) forever. Whereas the first two categories provide relatively concrete time horizons characterising temporary migration (coded 0), the latter two answers are certainly selected only by respondents already having a long-term or even permanent settlement intention (coded 1). The descriptive statistics of all variables used in the following analyses show that with 40 % a relatively large number of recent labour migrants indicate that they are intending to stay in Germany with a long-term perspective (cf. Table 1). From a political perspective this finding is already important because it signifies a principal attachment of many recent labour migrants to Germany. From a methodological perspective, however, it is important to keep in mind that this high proportion is likely to be an overestimate because migrants with temporary migration intentions might have already left Germany. Nevertheless, with the focus of the paper on the selectivity of migrants and their

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<sup>4</sup> The concentration on those with a maximum duration of stay of five years follows the interest in the most recent wave of labour migrants as well as the fact that German immigration law provides for the possibility to apply for a permanent residence title after five years of continuous residence in Germany. The sample then gets increasingly less representative for the group of labour migrants due to these potential status changes.

differential chances for permanent settlement rather than the absolute rate this overestimate does not affect the findings on the theoretical determinants for these migration intentions.

All subsequent analyses control for major demographic factors likely effecting settlement intentions – gender, age and date of immigration. With respect to those three characteristics, Germany's recent labour migrants closely resemble previous waves of labour immigration. Of all 2,347 interviews, there exists an obvious gender-bias with more than two-third of all respondents being male migrants (cf. Table 1). International migration is generally regarded a gendered process (cf. Kofmann, 2000), but the existing literature has provided little empirical evidence that gender differences with regard to migration intentions exist (Waldorf, 1995: 127). Additionally, this German sample of recent migrants has a low average age with a mean of 33.8 years – with 57.3 % being between 25 and 34 years old and only 13.9 % are above 45 years. Whereas studies on the former guestworker population regularly find an increasing intention to return in higher ages (e.g. Jankowitsch et al., 2000: 108), particularly those studies focusing on the experience of more recent migrants document that there exists a positive relation between age and the intended duration of residence (e.g. Waldorf, 1995: 128). Because of the regularly found importance of age, it is important to control for age which is included as a ratio scale variable which was centred for the following analyses. Expecting a non-linear relationship between those two variables a simple polynomial ( $age^2$ ) was included to test for a potential decreasing probability in higher age.<sup>5</sup> Finally, the literature regularly points to the positive relationship between duration of stay in the country of destination and the chances for permanent settlement intentions (e.g. Waldorf, 1995: 128). The multivariate models consequently control for this effect by including a ratio scale variable years since migration which varies between 0 and 5 years resulting at a mean duration of 2.24 years. The most recent migrants therefore slightly dominate this sample with 49.2 % who moved to Germany during the last 24 months, an effect which is most likely caused by the recent increase of labour migrants and potential return migration of earlier labour migrants.

A first group of theoretical co-variables tests the explanatory power of the two hypotheses stressing the importance of the economic integration of labour migrants as the crucial determinant accounting for their settlement intentions. The economic returns to migration are highly selective with respect to the individual human capital of migrants. A first indicator to test the influence of economic reasoning on these stated intentions is the level of

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<sup>5</sup> The squared term was divided by ten to better demonstrate the strength of this effect in the latter analyses.

educational credentials. Germany's recent focus on skilled and high-skilled labour migrants results at an astonishing 87 % of respondents in the sample holding a university degree. Compared to the demographic characteristics, this is a first indicator demonstrating obvious divergences between the previous compared to the most recent wave of labour migration. Caused by the distribution of the variable, education is included in the following analyses as a dummy, testing the impact of tertiary educational credentials (coded 1) compared to lower educational degrees on settlement intentions. A second aspect of economic integration critically conditioning the intentions of migrants towards their country of destination is income measured here as yearly gross income. Unfortunately, the three separate surveys did not apply consistent answer categories hampering post-hoc harmonisation. Three broad levels of yearly income can be differentiated: below 25,000 Euros, between 25,000 and 55,000 Euros and migrants with a yearly salary above 55,000 Euros following a normal distribution with 31 % in the lowest category and 26 % in the highest category. Finally, a third co-variable includes the migrants' subjective assessment of their economic integration. A regular finding of migration scholars documents the difficulty to measure particularly the integration of newcomers along structural indicators of the host society. An income which is clearly below average of the host society might still outreach individual income levels in the destination country. More recently, scholars problematise the objective measurement of economic success because new immigrants in particular evaluate their individual economic satisfaction in reference to their perceived status in the country of origin. Not the absolute amount of income is the crucial indicator, but the difference between the context of departure and arrival which regularly results in supplementing objective measures with subjective assessments which makes for better predictors of migration intentions and decisions. The existing survey measures the individual satisfaction of a migrant with two items asking respondents about their satisfaction with their current job as well as their income. The original scale allowed respondents to indicate both items on a scale ranging from not satisfied (coded 1) to very satisfied (coded 5). The mean value of the respondents' original answers to both questions resulted in a new economic integration index which shows with a mean of 3.81 a generally high satisfaction of new migrants in Germany with their economic situation.<sup>6</sup>

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<sup>6</sup> Although generally seen as an important aspect of economic integration, the latter analyses do not control for working status. Because a job is required for being issued a residence title as a working migrant, only less than 6 % are currently not employed (due to job loss or other circumstances, e.g. parental leave).

A second group of theoretical co-variables operationalises theoretical approaches emphasising the socio-cultural integration of migrants as important predictors of their settlement intentions. The rather complex theoretical construct is regularly disaggregated into simpler indicators with language skills of the destination country constituting one of the most regularly applied constructs to test for these hypotheses (e.g. Diehl and Preisendörfer, 2007; Dustmann, 1993; Dustman et al. 1996; Esser, 2006). The original questionnaire of the surveys differentiated between six levels of speaking and writing skills with 6 coding those indicating that German is their mother tongue and 5 to 1 coding different levels from very good to very poor skills. For the empirical analyses a new categorical variable was constructed comparing those with minor language abilities (30 %) with those with medium (46 %) and very good skills (24 %). Measuring other dimensions of socio-cultural integration on the basis of this dataset proves to be more difficult because information on ethnically diverse networks or membership in organisations are not included in all three surveys. Because of the importance theoretical approaches attach to the household, the existing information about the family status is applied as a second co-variable in the latter analyses differentiating between singles (35 %), migrants whose partner lives with him or her in Germany (53 %) and those migrants with partners living abroad (11 %). Finally, a third co-variable should test for the experiences and the integration of family members in the country of destination with existing studies regularly documenting that the occupational status of the partner or the satisfaction with the educational system representing other important factors influencing settlement intentions (e.g. Dustmann, 2008, Schmidt, 1994). In the absence of such information, the subjective assessment of the opportunities of the partner on the labour market in Germany is applied as an additional co-variable measuring the living conditions of migrants in Germany. The variable is coded as a dummy-variable with 1 indicating good and very good chances and 0 representing all other constellations. An alternative measure for socio-cultural integration of migrants regularly found in similar analyses is the migrants' previous experiences in Germany. The multivariate analyses showed, however, that the inclusion of language skills accounts for the same theoretical dimension. Information about previous stays does not add any additional statistically significant explanatory power and the variable was therefore not included in the final analyses.

Finally, the third group of co-variables tests the influence of the institutional context at both ends of the migration process in the countries of origin and destination. A first variable focuses on the country of destination and tests for the influence of the legal framework regulating migration on settlement intentions. Whereas information about the legal status of

migrants is hardly available in alternative surveys of the migrant population this is one of the strengths of the available German labour migration surveys covering two legally distinct groups of labour migrants. The first group consists of labour migrants in the sample (21 %) who immigrated on the basis of §§ 19 or 21 of the German Residence Act. Although they focus on different groups of labour migrants (high-skilled and self-employed) both offer nearly similar sets of rights either offering them permanent residence rights right from the start (§ 19) or a transparent path to permanent residency under defined criteria already after three years of residence (§ 21). The second group of labour migrants have been granted temporary residence titles only (§ 18). Although these permits also allow for the repeated renewal potentially also resulting in a permanent title, the path is far less transparent. The rights and opportunities attached to the title are generally below the standards for the other two residence permits. The pre-migration context in the country of origin is operationalised on the basis of two additional co-variables. Testing the influence of individual motives and the overall desire to settle abroad, the subsequent analyses include two index variables. Respondents were confronted with a list of eleven items asking migrants about the importance of different pull factors for their original migration decision. Respondents indicated the importance of all motives on a 7-point Likert scale and Figure 1 provides an overview about the frequency of the different motives. Overall, only few of those motives were of importance for the newcomers' individual migration decision-making with the most popular motive being long-term career planning which 47 % indicated to be of great relevance. On the second and third rank, many immigrants indicated that the potential level of income and the economic situation in Germany played an important role. Family related reasons or the proximity of Germany to their country of destination could be found at the other end of the spectrum with only 14 % resp. 7 % indicating this motive to be of great importance. Although migration motives are mainly measured applying similar type items in the survey, great differences exist with respect to the subsequent analysis of these motives and their influence on migration intentions (e.g. Diehl and Preisendörfer, 2007). The analytical strategy followed by this project was to stick as close as possible to the original information provided by respondents. Reducing the eleven different items to their unobserved latent variables, a factor analysis was applied which resulted at a two factor solution with a first factor including in particular the economic migration motives, whereas a second factor concentrated on social factors including in particular previous contacts, language and the family.<sup>7</sup> Based on these results two additive indexes were constructed with the first covering the human capital

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<sup>7</sup> The detailed results of the factor analysis are available from the authors on request. The reliability of both scales was subsequently tested with Cronbach Alpha of 0.85 in the first and 0.58 in the second case.

migration motives and the second the social capital related migration motives both ranging from 1 to 7 with 7 indicating greatest importance of the individual motive.

-- Include Figure 1 about here --

The original migration motives hardly operationalise any information about the current social and economic conditions in the migrant's sending country as well as the migrant's situation in his sending country before migration. Caused by missing alternatives in the dataset dummy variables controlling for individual countries and regions of labour migrants and their fixed characteristics are included in the subsequent analyses operating as a proxy for different individual motivations for temporary or permanent stay caused by the institutional context in the country of origin (cf. Massey and Redstone Akresh, 2006: 958). Altogether eight different countries or regions of origin are differentiated with immigrants from western industrialised countries serving as the reference category for all subsequent analyses. The distribution of labour migrants across those eight categories once more shows the specificity of today's labour migration from third countries to Germany. The fact that 29 % of the respondents are coming from western industrialised countries like the US, Canada and Australia fits earlier waves of migration because they are traditionally important source countries. The small percentage of 8 % from European third countries including former Yugoslavian countries as well as Turkey however shows a clear divergence from earlier periods. Additionally, 19 % of newcomers from Russia, 16 % from China and 7 % from India mark an obvious diversification of the regions of origins.

## **5 Determinants of permanent settlement intentions**

The analysis of the individual motivations and determinants explaining the settlement intentions of Germany's recent labour migrants concentrates on the opposition between temporary and permanent immigration suggesting the estimation of binary logistic regression models. The results of all four models are highly significant and Table 2 contains coefficients, standard errors and the level of significance for each of the estimated variables. The first model only estimates the effects of co-variables controlling for demographic selectivity of settlement intentions. The results confirm existing studies documenting an obvious influence of the age distribution. Each additional year in the lifespan of a potential migrant increases their individual chances for permanent settlement by 4 %, although in a non-linear fashion reversing in older ages. Similarly, the date of immigration has an important effect in estimating patterns of settlement intentions with the chance of permanent migration projects



increasing by 36 % with each additional year migrants live in Germany. Although the sample was restricted to new immigrants with a maximum of five years of residence, the results document an important consolidating effect of the duration of stay on original intentions but are certainly also caused by the return of temporary migrants. Finally, women seem to express a consistently higher interest in long-term migration projects compared to their male counterparts but these effects are comparatively small and never reach a certain level of statistical significance.

Based upon this purely demographic explanatory framework, the next models gradually add the different groups of theoretical co-variables. The first step tests the predictive power of economic approaches. The level of education has an important impact on settlement intentions with unambiguous and consistent results across all models. Against the original expectations a negative relationship exists between human capital and the intended duration of stay. Migrants holding a university degree experience a 34 % lower chance compared to migrants with a maximum of secondary education. Measuring economic success even more directly on the basis of yearly gross income these results are confirmed with higher salaries significantly reducing the intended duration of stay. In contrast to neo-classical approaches, the economic success and economic integration of migrants is no motivation to extend migration projects. The impact of subjective assessments of economic integration results at the expected positive relationship between economic satisfaction and an increase of the intended duration of stay. The overall pattern of these results, however, characterise recent labour migrants in Germany as a highly mobile class whose economic success does not increase their attachment to their recent country of residence. Instead, the most skilled and successful migrants belong to an internationally highly mobile group of persons with little chances to stay permanently in Germany.

-- Include Table 2 about here --

In a second step, socio-cultural approaches and their hypotheses on settlement intentions are evaluated. Although the effect of language skills were recently found to be of little explanatory power in the German context (cf. Diehl and Preisendörfer, 2007), the most recent wave of labour migrants closely resembles the theoretical expectations. There exists a highly significant positive relationship between better language skills and the intention to stay with a long-term perspective. In contrast to economic integration, socio-cultural integration – here measured by language skills – actually increases the chances for permanent settlement intentions. With respect to the household constellation, however, empirical results did not

provide support to the theoretical hypotheses. Following the new economics of migration approach the family in the country of origin would reduce long-term settlement intentions. Although a partner living abroad reduces the chances for permanent settlement intentions by 7 % it is only a weak and statistically not significant effect. Instead, those migrants who already managed that their families joined them in Germany or who already immigrated together in the first place have significantly higher odds of intending long-term stays in Germany. Whereas no resilient findings for the new economics of migration approach are found, all indicators closely follow the theoretical approaches argument that socio-cultural integration is an investment into a specific country of destination which is hardly transferable into a different context and thus influence positively long-term settlement intentions. In the same direction point the results for the co-variable measuring the opportunities of the partner in Germany. It can be demonstrated that good economic opportunities are positively associated to long-term settlement intentions. Although this focus is on economic opportunities instead of socio-cultural integration it shows the importance of the family context as a construct for social integration. It again provides evidence that the socio-cultural living conditions more than the individual economic situation is of relevance for permanent settlement intentions.

Finally, the fourth model adds indicators measuring the impact of potential institutional determinants. With respect to the reception context, the results show a strongly positive relationship between more rights and the intended duration of stay: Labour migrants in Germany holding a permanent residence title have a more than two times higher chance of permanent settlement intentions. The clear prospect of permanent settlement makes efforts to integrate into the country of destination a far less precarious investment and subsequently increases the intended duration of stay.<sup>8</sup> Next to the context of reception, two co-variables account for the context of departure by testing the impact of the desire to migrate along the two groups of motives. Economic motives as well as social capital motives both display a statistically significant positive effect on the duration of stay. Additionally, the final model also controls for institutional factors by including country dummies to control for fixed country of origin specific effects. In reference to western industrialised countries, labour migrants from all other regions of origin are more likely to display a higher intention for permanent settlement in Germany. These differences between countries of origin confirm

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<sup>8</sup> The fact that the survey on high-skilled migrants holding a residence title on basis of § 19 Residence Act was carried out two years earlier than the other two surveys could result in a period effect instead of a substantial effect linked to the residence title. Separate analyses focusing only on §§ 18 and 21 result at the same conclusions concerning the effect of the institutional context of reception.

earlier studies (e.g. Khoo et al., 2008: 206) and are of great importance for policy-making. From a theoretical perspective, however, these results are unsatisfying because even under control of important co-variables theoretical effects unaccounted by the model remain. The inclusion of those co-variables testing for institutional approaches, however, also have important effects for the other theoretical frameworks. Whereas the effects of all socio-cultural integration co-variables remain largely constant, the indicators operationalising the economic integration of migrants lose their explanatory power. Together these findings point to largely different theoretical mechanisms driving settlement intentions for different groups of labour migrants.

## **6 Multiple paths leading to permanent settlement**

The inclusion of institutional factor modelling the context of departure and arrival fundamentally change the direction of effects found in the previous models. Particularly the different motives of migration together with the fixed effects of regions of origin reverse statistically significant relations between settlement intentions and the economic and socio-cultural integration of recent labour migrants. Testing the hypothesis that different theoretical mechanisms are only indicative for specific contexts of departure, separate models are estimated for the two most different regions of origin of recent labour migrants in Germany: western industrialised countries compared to all other third countries. The regions of origin are hardly a theoretically satisfying variable to differentiate the crucial influence of different institutional contexts of departure. Nevertheless, the results presented in Table 3 clearly show that the different paths and logics underlying individual calculations of the duration of settlement have to be taken into account in analyses of the dynamics of the most recent wave of labour migrants.

The restricted model focusing on western industrialised countries only shows many similarities to the hypothesis expecting settlement intentions to vary in line with the calculations of an economic elite. Overall, there exists no positive relationship between economic integration and settlement intentions, but significant effects characterising labour migrants from this region of origin as short term maximizers of their economic opportunities. For most of these migrants, working in Germany will be of short performance in reaction to the requirements of an increasingly global labour market. This might include the staffing practices of multinational companies as well as individual decisions where stays abroad are expected to have positive impacts on their careers. Therefore, it is not surprising that labour migrants from this region of origin are moving out of their home countries due to economic

motives, while social capital motives, on the contrary, do not play a significant role in their intention to stay permanently. In accordance with the results concerning an economic elite it can be shown that higher levels of human capital and income significantly increase the chances for temporary stays abroad. The family and household context offers additional support for the economic elite hypothesis: Neither the company of the migrants' family in Germany nor the potential integration of the partner are decisive factors taken into account in the decisions about settlement intentions. Only those migrants who moved to Germany on its own leaving their partner and family in their country of origin have significantly reduced chances of 63 % for permanent settlement intentions driven by a desire for joining the family after the secondment has ended. Only few factors rise the intended duration of stay including German language skills as well as gender. In this group of labour migrants, there exists a statistically significant effect of women having an almost 50 % higher chance intending to stay permanently in their country of destination.

-- Include Table 3 about here --

For migrants from all other third countries the underlying theoretical mechanisms seem almost diametrically opposed. Of particular importance is certainly that the individual economic integration is not taken into account when decisions about settlement intentions are taken. Although the negative effect of human capital remains, neither the objective amount of income nor the satisfactions with the exerted job or income are relevant determinants. These results largely contradict both hypotheses concerning economic driving factors resulting at an increased focus on socio-cultural and institutional factors. The investment into the country of destination is a very good predictor of permanent settlement intentions: This includes the investment into language skills as well as the immigration in the family context. Those migrants who live with their partner or family in Germany – and better integration opportunities for the partner – have a significantly higher chance for permanent settlement. A remaining family in the country of origin, which should result at a negative effect following the reasoning of the new economics of migration approach, has no effect at all. Similarly, also the institutional approaches play a largely different role. Whereas the institutional context of reception has no effect on the intentions of migrants from western industrialised who regard them as necessary administrative structures only, labour migrants from other regions of origin see them as actual opportunity structures having a strong influence on their settlement intentions. Again, migrants holding a permanent title have a 30 % higher chance for permanent settlement compared to those with a far less secure residence title. Finally, also the

original migration motives differentiate migrants from both contexts of reception because not only economic motives but also original social capital motives have a positive impact for long-term residency intentions.

From a theoretical perspective, these findings provide additional backing for the more recent attention on the institutional contexts in countries of origin and destination to understand the dynamics of international migration. From a more practical perspective the results provide direct advice for policy-makers interested in designing labour migration policies who not only attempt to fill short-term skill shortages on the labour market but who are interested in having international migration also as a more sustainable solution for countries with ageing societies. The results show that labour migrants from western industrialised countries generally have a relatively low probability to stay permanently in Germany. In the case of single, male migrants from this region of origin with an age of 35 years who immigrated two years before with a medium income and a medium command of German every tenth of those immigrants would intend to stay permanently in Germany. From the perspective of policy-making there exists only little chance to increase this probability because better economic as well as socio-economic integration has little influence on these intentions. Only very good German language skills are significantly increasing this probability but for those with a very good command of German already after two years of residence it might signify previous experiences more than a particular interest in investing into this country of destination. A migrant with the same characteristics coming from all other third countries has a probability of 12 % and therefore does not differ much with its probability of intending to stay permanently in Germany. However, in this group of migrants the probability largely increases with respect to socio-cultural and institutional factors both are more easily steering for policy-makers. The same migrant like before but bringing his partner to Germany whose likely has good opportunities to integrate increases the probability already to almost 25 % and providing the very same migrant with a permanent residence title now every second migrant would intend to stay permanently in Germany.

## **7 Conclusion**

The inclusion of international migration into any strategic response to the labour market implications of changing demographic structures necessarily involves the acceptance of many preconditions. This includes the acceptance of international migration and greater cultural diversity by the host society, the ethical readiness to tap into other countries human resources as well as the principal interest of migrants to work and settle in the new country of

destination. Responding to this last aspect, the paper provided a first analysis of Germany's most recent wave of labour migrants and their diverse intentions to stay and permanently settle in their country of destination. Intentions expressed in an interview situation should not be regarded as fixed external factors determining individual future location decisions but might always change during the life-course. The experience that "there is nothing more permanent than temporary foreign workers" (Martin, 2001) might be updated by the current wave of migrants. In a situation when Germany desperately looks for additional skilled labour force abroad to fill short-term as well as structural demographic skill shortages on its labour market, the settlement intention is the best indicator to assess the selectivity of prospective migration dynamic as well as to identify crucial factors likely increasing the propensity of migrants to stay in Germany.

Compared to previous studies, the analysis profited from its strict focus on labour migrants from third countries. The growing diversity of migrants generally results in difficulties to comparatively test alternative hypotheses (cf. Cassarino, 2004: 254). The calculations of migrants profiting from the free movement regime of the European Union, for example, certainly differ from third country nationals who are constrained by strict legal frameworks regulating international migration. Similarly, for migrants joining a partner in the country of destination other factors might carry weight for their settlement intentions than a migrant intrigued by collecting international work experiences. The focus on labour migrants from third countries certainly supported the identification of different theoretical mechanisms potentially driving the settlement intentions of migrants from different regions of origin. Two alternative paths leading to permanent settlement could be differentiated: The first path relates to migrants from western industrialised countries whose intentions are primarily shaped by economic motives. The results, however, clearly reject traditional neo-classical expectations about a positive relationship between the economic success of new immigrants and their intended duration of stay. On the contrary, the most successful and economically integrated migrants show the lowest propensity to permanently settle in their new country of destination. Certainly not all migrants from this region of origin follow this economic pattern and very good language skills strongly increase the chances of permanent settlement intentions. On average, however, migrants from this region of origin tend to profit economically from temporary stays abroad and show little permanent attachments to the country of destination. The results support an image of a creative class profiting from the opportunities offered by an increasingly international labour market which provides the country of destination little toeholds to make them stay.

The second path looks rather different and relates to labour migrants originating from all other third countries. The differentiation between those two regions of origin is easily associated with popular oppositions of ‘wanted’ and ‘unwanted’ migrants or ‘elites’ and ‘proles’ (Geddes, 2003; Smith and Favell, 2006) but is entirely misleading in this context. Instead, labour migrants from both regions are generally highly educated individuals largely following economic motives in their original decision to leave their country of origin. The theoretical mechanisms underlying the settlement intentions of this second group of migrants, however, are strictly separated from economic reasoning. Socio-cultural factors and the institutional context now provide the decisive determinants accounting for the intended duration of stay in Germany. The investments into the country of destination have a particularly strong influence on permanent settlement intentions including language skills, the decision to immigrate with the complete family as well as the perceived opportunities of the partner to integrate into the country of destination. Instead, the mechanism of minimizing economic risks predicted by the new economics of labour was not significant for labour migrants. Additionally, the institutional factors in the country of origin and destination are significant predictors of settlement intentions. This includes a broader set of economic as well as social motives accounting for the original migration decision and in particular a significant positive relationship between rights and permanent settlement intentions. New labour migrants already provided with permanent settlement rights or at least with a transparent process towards a secure legal status evidently invest more into their country of destination subsequently extending the intended duration of stay.

The empirical findings have important implications for adjusting and strengthening labour migration policies addressing demographic skill shortages. A first finding concerns the necessarily greater diversity of regions of origin. Traditionally, Germany as well as most other European countries had a clear preference for labour migrants from geographically and culturally closely related regions (Schönwälder, 2004). Recent migrants with a long-term attachment to Germany, however, predominantly do not originate from western industrialised countries but from – to paraphrase Douglas Massey – new faces from new places. Whereas these principally different dispositions linked to the region of origin specific fixed effects, policy makers in the country of destination are provided with at least two options to make migrants stay in Germany. The first option addresses the family context: Whereas Europe recently witnessed a turn towards more restrictive family policies, these policies are stumbling blocks for migrants’ settlement intentions. Favourable conditions for family reunification and institutional frameworks supporting the partner and other family members to integrate into the

country of destination certainly increase the duration of stay. The concentration on working conditions alone, instead, is not going to foster the retention of international labour migrants. The second option concerns the legal framework. Labour migrants are highly sensitive to the institutional framework in their country of destination and seriously consider the legal opportunities for their migration decision-making. Providing them with a swift and transparent process towards permanent settlement rights will increase their duration of stay. Additionally, the provision of more rights will also increase their investments into the country of destination and ease their economic and social integration. The contradictory institutional framework of the 1980s resulted for the original generation of guest worker migrants in a lost decade of integration (Bade, 2001). Establishing clear and transparent legal paths from temporary to permanent residence is a political imperative for future reforms with positive effects on the labour market as well as for the integration of new immigrants into the society.

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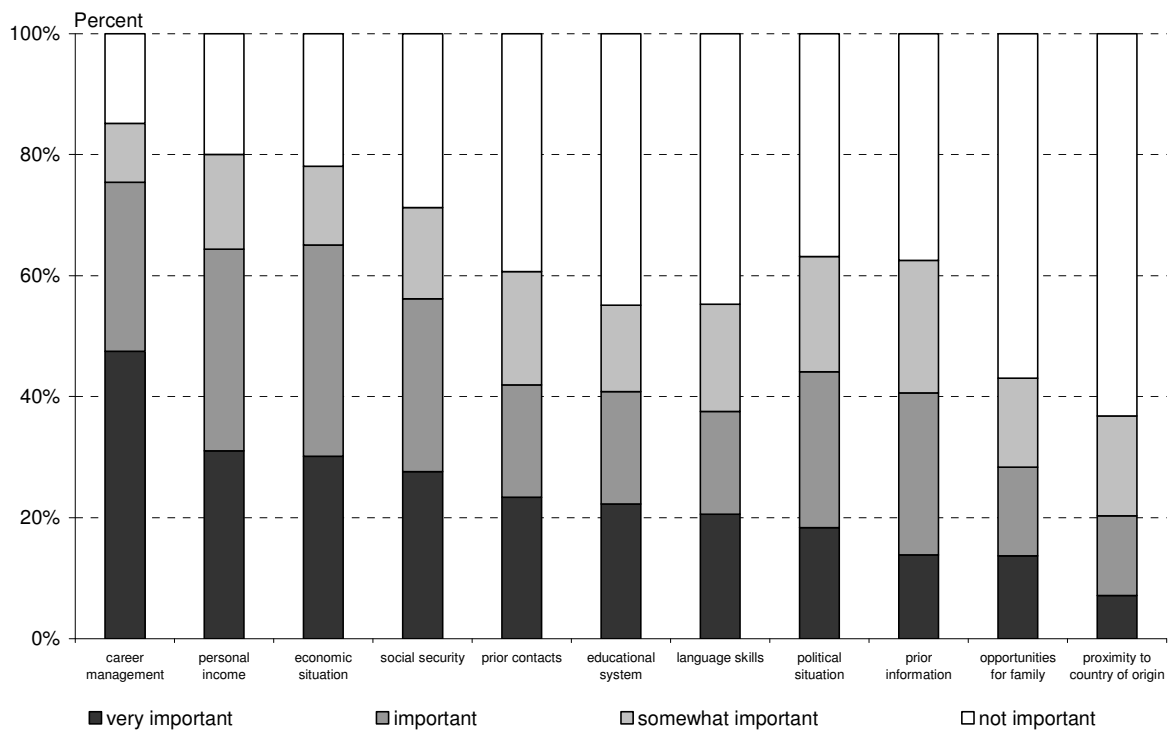
## Appendix

Table 1: Descriptive statistics of Germany's recent labour migrants, weighted results

Variables	Mean	Standard Deviation
<b>Dependent variable</b>		
Permanent settlement intentions	0.40	0.50
<b>Demography</b>		
Female	0.30	0.47
Age	33.76	8.70
Years since migration	2.24	1.38
<b>Economic integration</b>		
Tertiary education	0.87	0.35
Income		
< 25,000 Euros	0.31	0.47
25,000 – 55,000 Euros	0.43	0.50
> 55,000 Euros	0.26	0.44
Economic Integration Index	3.81	0.95
<b>Socio-cultural integration</b>		
German language skills		
minor	0.30	0.47
medium	0.46	0.51
very good	0.24	0.43
Family status		
no partner	0.35	0.49
Partner living in Germany	0.53	0.51
Partner living abroad	0.11	0.31
Good economic opportunities for partner	0.19	0.40
<b>Institutional factors</b>		
Permanent residence title	0.21	0.41
Human capital migration motives	3.81	1.58
Social capital migration motives	2.77	1.33
Country of origin		
Western industrialised countries	0.29	0.46
European third countries	0.08	0.27
Russian Federation	0.19	0.40
Africa and Middle East	0.06	0.25
India	0.07	0.26
China	0.16	0.37
Southeast Asia	0.06	0.25
South America	0.08	0.27
<b>N</b>		2,347

Source: Labour Migration Surveys of the German Federal Office for Migration and Refugees.

Figure 1: Motives for migrating to Germany



Source: Labour Migration Surveys of the German Federal Office for Migration and Refugees.



Table 2: Binary logistic regression on permanent settlement intentions of Germany's recent labour migrants

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
Intercept	0.23*** (0.08)	0.01 (0.24)	-0.71*** (0.27)	-2.64*** (0.33)
Female (ref. Male)	0.15 (0.10)	0.13 (0.10)	0.05 (0.11)	0.14 (0.12)
Age	0.04*** (0.01)	0.05*** (0.01)	0.07*** (0.01)	0.06*** (0.01)
Age <sup>2</sup>	-0.01*** (0.01)	-0.02*** (0.01)	-0.02*** (0.01)	-0.02*** (0.01)
Years since migration	0.31*** (0.03)	0.32*** (0.03)	0.25*** (0.03)	0.27*** (0.04)
Tertiary education (ref. below tertiary education)		-0.41*** (0.13)	-0.63*** (0.14)	-0.69*** (0.15)
Yearly income (ref. < 25,000 Euros)				
25,000 – 55,000 Euros		-0.00 (0.11)	-0.05 (0.11)	-0.13 (0.13)
> 55,000 Euros		-0.56*** (0.13)	-0.56*** (0.14)	-0.12 (0.16)
Economic Integration Index		0.20*** (0.05)	0.16*** (0.05)	-0.01 (0.06)
German language skills (ref. minor)				
medium			0.93*** (0.12)	0.82*** (0.13)
very good			1.67*** (0.14)	1.57*** (0.15)
Partner living in Germany (ref. no partner)			0.24** (0.11)	0.35*** (0.12)
Partner living abroad (ref. no partner)			-0.07 (0.17)	-0.13 (0.19)
Good economic opportunities for partner (ref. other)			0.22* (0.12)	0.28** (0.14)
Permanent residence title (ref. temporary residence title)				0.87*** (0.14)
Human Capital Motives				0.41*** (0.04)
Social Capital Motives				0.08* (0.05)
Country of origin (ref. western industrialised countries)				
European third countries				0.48** (0.21)
Russian Federation				1.20*** (0.17)
Africa and Middle East				0.98*** (0.22)
India				0.37* (0.22)
China				0.38** (0.17)
Southeast Asia				0.31 (0.23)
South America				0.42** (0.21)
N	2,347	2,347	2,347	2,347
Pseudo-r2	0.09	0.11	0.21	0.36

\*: p < 0.10, \*\*: p < 0.05, \*\*\*: p < 0.01; Source: Labour Migration Surveys of the German Federal Office for Migration and Refugees.

Table 3: Binary logistic regression on permanent settlement intentions of Germany's recent labour migrants by region of origin

	Western indust. countries	Other third countries
Intercept	-2.52*** (0.62)	-2.65*** (0.41)
Female (ref. Male)	0.38* (0.23)	0.10 (0.13)
Age	0.08*** (0.02)	0.05*** (0.01)
Age <sup>2</sup>	-0.03** (0.01)	-0.01 (0.01)
Years since migration	0.40*** (0.08)	0.22*** (0.04)
Tertiary education (ref. below tertiary education)	-0.88*** (0.29)	-0.41** (0.18)
Yearly income (ref. < 25,000 Euros)		
25,000 – 55,000 Euros	-0.26 (0.30)	0.19 (0.15)
> 55,000 Euros	-1.01*** (0.34)	0.16 (0.19)
Economic Integration Index	0.31*** (0.12)	-0.06 (0.07)
German language skills (ref. minor)		
medium	1.19*** (0.28)	0.76*** (0.15)
very good	1.83*** (0.33)	1.49*** (0.17)
Partner living in Germany (ref. no partner)	-0.10 (0.25)	0.45*** (0.14)
Partner living abroad (ref. no partner)	-1.00** (0.51)	0.07 (0.21)
Good economic opportunities for partner (ref. other)	0.25 (0.26)	0.32* (0.17)
Permanent residence title (ref. temporary residence title)	0.26 (0.25)	1.21*** (0.18)
Human capital migration motives	0.39*** (0.08)	0.42*** (0.05)
Social capital migration motives	-0.00 (0.10)	0.14*** (0.05)
N	613	1,734
Pseudo-r <sup>2</sup>	0.36	0.32

\*, p < 0.10, \*\*, p < 0.05, \*\*\*, p < 0.01, Source: Labour Migration Surveys of the German Federal Office for Migration and Refugees