The Effect of Foreign Work Experience on Young Return Migrants' Desired Wages in the Baltic States

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Abstract

In this study[*] the desired wages for young Baltic return migrants are analyzed by comparing the results to non-migrants in the same age group as well as to the older age group. Data are derived from an online job search portal named CV Keskus that covers the Baltic states. The results confirmed that return migrants desire relatively higher wages than non-migrants with the difference being most pronounced for older returnees. After taking into account selection, the estimates for wage desire were generally even greater. Estonian male return migrants exhibited a higher wage desire when compared to returning females. Among return migrants, a general trend was found that higher human capital results in higher wage desire.

1. Introduction

Young people are considered to be one of the risk groups in the labor market. Their unemployment rates have historically exceeded those of adults. In today's globalized world, foreign work experience is of increasing importance to international employers. Therefore, one way to signal oneself as a valuable employee is to accumulate foreign social and human capital. After the European Union's (EU) eastern enlargements, migration, especially among young people, has increased considerably from Central and Eastern European (CEE) countries. However, migration has not been as permanent as first expected since a significant proportion of migrants only stayed abroad temporarily as reported by Hazans and Philips (2011), Barcevičius (2012), Baas et al. (2010), European Commission (2008) and the UK Home Office (2008). According to Statistics Estonia, about 30–40% of Estonians abroad return (Krusell 2009). Yet return migration in the new member states has not attracted close attention until the past few years. Previous studies have mainly focused on migrants' wages (e.g., Constant and Massey (2005) and Hall and Farkas (2008)) and occupational trajectories in their destination countries (e.g., Chiswick et al. (2005), Rooth and Ekberg (2006), Akresh (2008), Grenier and Xue (2009)). Much literature on return migration has studied wages (e.g., Kauhanen and Kangasniemi (2013), Hazans (2008), Iara (2008), and Martin and Radu (2012)), vertical occupational mobility (Masso et al. (2014), Carletto and Kilic (2011), Cobo et al. (2010), Vavrečkova (2009)) and the effect of foreign work experience on becoming an entrepreneur (e.g. Ilahi (1999), Dustmann and Kirchkamp (2002)). This article contributes to this literature by being the first to study young return migrants' desired wages in the Baltic states, where emigration, especially among young people, is of great concern.

Several studies have found that return migrants command a significant earnings premium after they return home. For example, Kauhanen and Kangasniemi (2013) found that Estonian return migrants from Finland earn on average 14% more than non-migrants. They found that those returnees with the highest wage premium from Finnish experience also experienced better career progression after return. Moreover, research on Latvia provided by Hazans (2008) found that return migrants, when compared to

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non-migrants, commanded a 15% earnings' premium. The fact that there is a significant earnings premium for returnees has also been confirmed by, e.g., Martin and Radu (2012) and Iara (2008) for CEE countries, and De Coulon and Piracha (2005) for Albania. However, Co et al. (2000) found in the case of Hungary that there was no earnings premium for men.

The aim of this research is to explain the effect of foreign work experience on young return migrants' desired wages. The following research questions were raised:

- do the results from the younger and older age groups differ when compared to each other?

- are any differences in the results exposed when viewed from the perspective of socio-demographic variables?

- are there apparent differences in the results when the three Baltic states are compared to each other?

The author uses data from an online job search portal named CV Keskus (CV Keskus operates in Latvia and Lithuania under the name CV Market), the most popular job search portal in Estonia (About us 2015). The databases contain 465 564 CVs for Estonia, 62 860 CVs for Latvia, and 179 066 CVs for Lithuania. The databases are sizeable and detailed, and include up to each individual's last five jobs, and for each job the name and country of the employer, job start and end dates as well as job title and category. The data also contains background information, educational information, skills (e.g., languages), and the person's desired job and wage. The main finding of this study is that a significantly higher wage desire exists after foreign work experience. Young return migrants, when compared to non-migrants, exhibit an 8.1% higher wage desire for Estonia while for Latvia the figure was 15.4% (the estimate was not significantly different from zero for Lithuania); the difference was noted to be even larger among older people. Furthermore, after taking into account selection in wage reporting and return migration, the results are significantly higher for Estonia: young return migrants, when compared to non-migrants, desire a 27.5% higher wage and for older people the figure is 42.8%. In the case of young Latvian returnees, the estimate became lower, dropping from 15.4% to 7.9%. The figure for young Lithuanian return

migrants became significantly different from zero and is 4.2%; among older returnees the estimate is 16.4 percentage points higher.

The paper is organized as follows. Section 2 provides a brief literature review on the topic while section 3 presents the data and a descriptive statistical analysis. Section 4 introduces the methods for econometrical analysis and the results are presented in section 5. Finally, section 6 discusses and summarizes the main findings of the study.

2. Literature Review

Return migration has begun to generate increasing interest in CEE countries. EU eastern enlargements increased migration from the new member states, however, working abroad has not been as permanent as first expected as a considerable amount of people have returned home (Pollard et al. 2008, Barcevičius et al. 2012). Most migrants in the Baltics returned within the first two years; more than half of Latvian movers came back within a year, less than two fifths in Lithuania, and about one quarter in Estonia (Hazans and Philips 2011). Furthermore, interest in return migration grew in the context of the 2008 global economic crisis since it was believed that economic fluctuations across Europe might induce return of EU8+2 (Czech Republic, Estonia, Latvia, Lithuania, Hunagry, Poland, Slovakia, Slovenia, Bulgaria, and Romania) nationals from the EU15 countries (Barcevičius et al. 2012). Therefore, return migration is a topic with high current significance that should gain even more importance in upcoming years.

Before introducing previous results found in the literature, a brief overview of the main concepts regarding return migration is given (see summarization in table 1). Although the concepts differ in many respects (main motives for return, level of analysis, etc.), economic reasons dominate most of them. Motives for return also include family and other social networks at home. As is stated in The New Economics of Labor Migration concept, return may also be realized when any pre-defined objectives are achieved, e.g., completing education or accumulating a certain amount of wealth. Additionally, Dustmann and Weiss (2007) and Iara (2008) have proposed life-cycle planning and human capital investment frameworks, according to which return is mainly driven by higher marginal utility of consumption in the home country than in the host county, by price differences, or by expected gains at home from human capital accumulated abroad. According to the life-cycle strategy of temporary migration, migrants choose the timing and the optimal duration of their stay in order to maximize the economic benefits from their work experience abroad.

Lee's Push-Pull model (1966) promotes several factors that either deter or attract return (push or pull, respectively), has had considerable impact in migration literature.

Barcevičius (2012) brought forward two main categories of factors deterring or attracting return migration: factors shaping the workers' perception of the situation in their home countries (unemployment, salaries, and general trends) and factors constituting favorable perceptions or disappointments upon return (relating to the quality of public services, improvement or the lack of improvement in the quality of life in native regions, and people's positive or negative perceptions of migrants).

When looking at the empirical results, Krusell (2009) and Kauhanen and Kangasniemi (2013) found that for Estonia family, rather than economic reasons, have seemed to dominate among return motives. Even though that young returnees have not initiated families to the extent of older people, they still indicated that the main reason for return was family-related. The difference between the two groups concerning family ties as the main return motive was only about 10% (Krusell 2009). Furthermore, family and culture have also been confirmed as being the most important return motives by Barcevičius and Žvalionytė (2012) for Lithuania and Barcevičius et al. (2012) showed the same for Poland, Romania, Latvia, and Hungary. The latter study also found that returning, due to achievement of goals abroad, to be of high importance thus supporting The New Economics of Labor Migration approach (see table 1). Among push and pull factors, Barcevičius et al. (2012) reported that extensive social networks and relatively better opportunities for professional career development at home facilitate and encourage return. Smoliner et al. (2012) found for the entire Central European region that disadvantageous income aspects, professional development, and career opportunities are the main push factors. They found economic reasons to dominate, including also increased life-quality, better infrastructure, and the experience of new challenges. Concerning other reasons, Pungas et al. (2012) showed for Estonian migrants in Finland that those working below their qualification level have a higher tendency to return. Also, Kauhanen and Kangasniemi (2013) found for Estonian return migrants from Finland that family reasons (46.7%) is followed by the social "feels more at home in Estonia" reason, (38.1%), the termination of a job in Finland (24.9%), the desire to raise children in Estonia (19.8%), and other reasons as well. Longer stays abroad were associated with a lower propensity to return to Estonia (Hazans, Philips (2011)).

Table 1. International approaches to return migration, their main explanations for return and shortcomings.

	The Neoclassical Approach	The New Economics of Labor Migration	The Structural Approach	Transnational Approach	The Social Network Approach	Push–Pull Model
Main return motive	Failure of fulfilling aspirations related to the migration plan (Dumont, Spielvogel 2008). Initial migration decision was based on erroneous information about opportunities in destination country (Borjas, Bratsberg 1996).	Emigrate to receive higher income and accumulate savings. Return is the logical consequence of the successful achievement of all migration related goals and targets. (Cassarino 2004, Borjas, Bratsberg 1996)	Focus on situational and contextual factors in the origin country. Existing power relations, traditions and values in the origin country have an even stronger impact on the reintegration and the innovation potential of returnees than their human and financial capital. (Cassarino 2004)	Return is part of migration. Migrants develop a transnational identity (double identities) due to strong social and economic links to origin. The links are maintained and fostered abroad to facilitate the reintegration process upon return. (Cassarino 2004)	Social structures increase the availability of resources and information, securing the effective initiatives of return migrants. Returnees' motivations are shaped by contextual (social, economic, institutional) dimensions at home as well as by the relevance of the returnees' own resources. (Cassarino 2004)	Every migration flow produces a counter-flow. The acquisition of new attributes at destination often allows to return on improved terms. Becoming aware of opportunities at home that have not been taken advantage of before. Using contacts in new area to set up business in home area. (Lee 1966)
Short-comings	The focus is mainly on financial and economic factors (Cassarino 2004).					
	Economic approaches do not explain how remittances and accumulated human capital are used in the country of origin. They do not elaborate on how return is organized and prepared. They do not cover the aspect of where returnees return and adapt their considerations accordingly. (Cassarino 2004)		Returnees' actions are seen very pessimistically, e.g., belief that traditional values and patterns will dominate in the long run, which prevents innovative ideas (Smoliner et al. 2012).			

As was stated above, interest in return migration also grew in the context of The Great Recession. This recent crisis suggests an increase in return migration because it affected migrants more than nationals, as most of them worked in construction and manufacturing, the sectors most affected by the recession. However, the economic crisis has affected both receiving and sending countries, and several countries of origin were hit even harder than the destination ones. Although it was believed that the crisis would induce return, Barcevičius et al. (2012) found in the case of Latvia, Hungary, Poland, and Romania that no mass return took place at the onset of the crisis. Two possible explanations were offered, the first being that migrants adopted a wait-and-see strategy, according to which they waited for the end of the crisis, accepting lower wages, part-time jobs, or unemployment. Immigrants would accept lower-paid jobs that locals avoid and therefore find a job more easily and still earn higher wages than at home. The second explanation was onward migration, according to which migrants emigrated to a third country. Overall, emerging empirical studies do not suggest massive return migration during the crisis, especially if home countries were affected relatively more by the crisis.

There are only a few articles that have looked at youth return migration, especially during the economic crisis. For example, Kahanec and Fabo (2013) studied the migration response of young people from the new EU member states at the beginning of the crisis. The results showed that migration intentions are high among i) those not married, and ii) males with children. The results suggested potential for brain circulation (the flow of people to and from the origin, which may alleviate the potential negative impacts of the crisis leading to a more efficient allocation of labor) rather than brain drain (loss of highly-skilled people at the origin). This result was also confirmed by Zaiceva and Zimmermann (2012), who found that brain circulation rather than brain drain is relevant for several new member states and that returnees are most likely to go abroad again.

When looking at the main characteristics of return migrants, Barcevičius et al. (2012) found that returnees are generally 20–44 years of age, single, male, and worked in a low-skilled job abroad. Smoliner et al.'s (2012) results support other empirical findings

that returnees are younger and better educated than non-migrants. Interestingly, many studies have also found higher inactivity and unemployment among return migrants compared to non-migrants, e.g., Grabowska-Lusinska (2010), Hazans and Philips (2011) and Smoliner et al. (2012). Hazans and Philips (2011) and Hazans (2008) argue that this phenomenon is not necessarily related to their weak labor market performance. Rather, it may reflect that return migrants can afford to search longer for better jobs upon return due to accumulated savings, or may simply plan to work abroad again and take no job at home. They may be more confident and therefore aim at higher positions on the occupational ladder. Third, they argue that returnees desire relatively higher wages than non-migrants which may also lengthen their time for finding a job. Martin and Radu (2012) also confirmed that returnees have a higher probability not to actively participate in the labor market at home. Contrary to other studies, the authors argue that returnees may lack important social ties and networks which usually help to find a job. Another explanation suggests that employers in the home country may take foreign work experiences as a signal of being unsuccessful in the local labor market (Hazans 2008). Moreover, Martin and Radu (2012) found that returnees are more likely to be self-employed than non-migrants, although this finding is not robust. Smoliner et al. (2012) also reported that the share of managers and professionals is higher among return migrants than non-migrants (this was the case in Austria, Germany, Hungary, and Italy, while for the Czech Republic, the Slovak Republic, and Poland the reverse was true). They also found that the share of people holding elementary occupations is larger among Czech and Italian returnees compared to national stayers.

There are many theoretical explanations on why return migrants may earn more at home than otherwise similar non-migrants. The main reasons brought forward, e.g., by Dustmann (1997), Co et al. (2000), Barrett and O'Connell (2001), and Iara (2006), are related to human capital, positive selection, and signaling. First, general and/or specific human capital accumulated abroad might pay off. Second, return migrants might be positively selected on some characteristics desirable for an employer, e.g., initiative, motivation, and adaptability. Third, employers might perceive working abroad as a signal of either higher productivity or the presence of desirable characteristics. Due to savings from higher earnings abroad, return migrants can afford to search for a suitable

job longer. Moreover, by revealed preference, they are likely to place more value on wages than non-migrants. Both factors lead to higher reservation wages, hence to higher earnings. Hazans (2008) also argues that returnees value wages relatively more highly than non-migrants. Finally, compared to otherwise similar stayers, return migrants are more confident and more likely to strive for high-end vacancies, which also lead to better outcomes. Iara (2008) argued over two main interpretations, the first being skill transfer. The author argued that temporary migrants may improve their skills by learning on the job in countries with higher technological development, and subsequently bring human capital to their source country, adding to know-how diffusion and the catching-up of their economy. Secondly, the experience may signal higher productivity or valuable human capital to potential employers. The author favored the first interpretation, adding that according to the results the premium found for return migration does not primarily reward the language proficiencies of return migrants. They further provided evidence that no wage premium was obtained for work-related stays abroad in other central and eastern European transition countries, suggesting that destination country is relevant. Furthermore, the results show that movers and non-movers receive rewards for different human capital characteristics (Iara 2008).

On the other hand, one can also suggest scenarios supporting a negative premium for having worked abroad. For the human capital portion, recent domestic experience might be more valuable than foreign experience. For the signaling part, employers might see migration experience as an indicator for some undesirable characteristic for the given firm, e.g., excessive risk taking, lack of reliability, or as a signal of being unsuccessful in the local labor market. (Hazans 2008) Additionally, the specific industries that migrants enter in the host countries and the effect of lost contacts at home due to longer stays abroad may also support a negative wage premium as reported by Co et al. (2000).

A number of papers have mainly studied return migrants' wages after return in a single country context. An interesting study by Kauhanen and Kangasniemi (2013) focused on Estonian-Finnish migration, using data from their 2013 survey that covered Estonian return migrants from Finland in the 18–64 age group. According to the results from interval regression, Estonian return migrants from Finland earn on average 13.7% more

compared to non-migrants, while results from ordered probit indicated that returnees have a higher probability to belong to higher wage categories compared to non-migrants. OLS also showed similar results (a 14.6% wage premium for returnees). The authors also found that the highest premium (56–66%) existed for those who belonged to the highest income category in Finland. They also reported that those who belonged to lower wage categories have experienced stronger career progression than they would have done if they had not been employed in Finland. Hazans (2008), using Labor Force Survey (LFS) data, estimated the wage premium for Latvian returnees. After controlling for demographic characteristics, education, migration, and unemployment experience of family members, Hazans (2008) found that the average causal effect of foreign experience on returnee's earnings was 14–16% when men and women were pooled, 20–25% among men, and 6% among women. When job characteristics were controlled, the estimates became 13–15%, 18–20%, and 7%, respectively.

Iara (2008) and Martin and Radu (2012) are considered to be the first systematic cross-country studies of return migration in Eastern Europe. Martin and Radu (2012) employed data from EU Labor Force Surveys and the third round of the European Social Survey (ESS) to perform analyses on return migrants in the ten CEE countries. The results revealed that returnees are a positively selected group. Most importantly, they also confirmed that return migrants have a significant income premium both from dependent employment and self-employment (the average income premium ranged between 10–30%). A similar finding on the earnings premium was found by Iara (2008), who used data from the Central and Eastern Youth Eurobarometer from 2003, analyzing young males from CEE with and without Western European work-related experience. The results indicated, after controlling for several factors, that young males with Western European work-related experience earn on average 30% more than people who lack such experience.

However, research by Co et al. (2000) on return migration in Hungary showed rather different results. They used data from the Hungarian Household Panel Survey (1993 and 1994) identifying 167 returnees (Co et al. 2000). Using different econometric estimation techniques and controlling for self-selection in migration and return, they found that

there was no wage premium for male returnees, although female returnees who had been to OECD countries earned a 67% premium over those who had not been abroad (Co et al. 2000). The authors offered two explanations. First, the industries men had entered (heavy industries and construction) did not offer any wage premium for foreign work experience, while women entered industries where foreign experience matters (financial services). Second, the results suggested that lost contacts due to having gone abroad may have resulted in lower wages.

A critical topic worth explaining is self-selection in migration and return as it highly influences how the results of previous studies, as well as this research, can be interpreted. Borjas (1989) and Jasso and Rosenzweig (1988) were the first to begin to study the selection process behind return migration. Borjas found that among scientists and engineers the least successful return. On the other hand, the study by Jasso, Rosenzweig found that the most skilled workers are most likely to return home. Furthermore, Ramos (1992) found that migrants from Puerto Rico to U.S are negatively selected on skills, but return migrants are the most skilled among them.

Borjas and Bratsberg (1996) were probably the first to present an important conceptual analysis of return migration behavior by explaining the positive and negative selection of return migrants. This concept is summarized in figure 1. One of the key indicators in the model, η, is the rate of return to skills in the source country relative to that in the destination country. On the left side of the figure $\eta<1$; the flow of emigrants is positively selected (it consists of workers with higher than average skills). In this case, the figure shows that the flow of return migrants consists of the least skilled emigrants (the worst of the best return), denoted by $\delta_1-\delta_2$. The highly skilled have no incentive to return as they gain more by staying in the host country. The authors called the least-skilled persons returning in this sample the "marginal immigrants." The authors added that they are most responsive to changing economic conditions in the source country, and will return in order to collect the returns to their investment. On the right side of the figure, where $\eta>1$, the flow of emigrants consists of workers with lower than average skills. The most skilled have little incentive to emigrate to the host country as the rate of return to skills is higher in the source country. Therefore, the human flow is relatively

unskilled and it is the most skilled in this self-selected sample who find it optimal to become return migrants (the best of the worst return), denoted by $\beta_1-\beta_2$. The sample of returnees will be composed of marginal immigrants, who are relatively more skilled than the typical emigrant. Thus, the forces driving selection in migration also drive selection in return migration as reported by Rooth and Saarela (2007). The Borjas and Bratsberg model helps to predict the skill composition of return migrants when the aim of migration is related to wealth maximization, which is generally the case for labor migration.
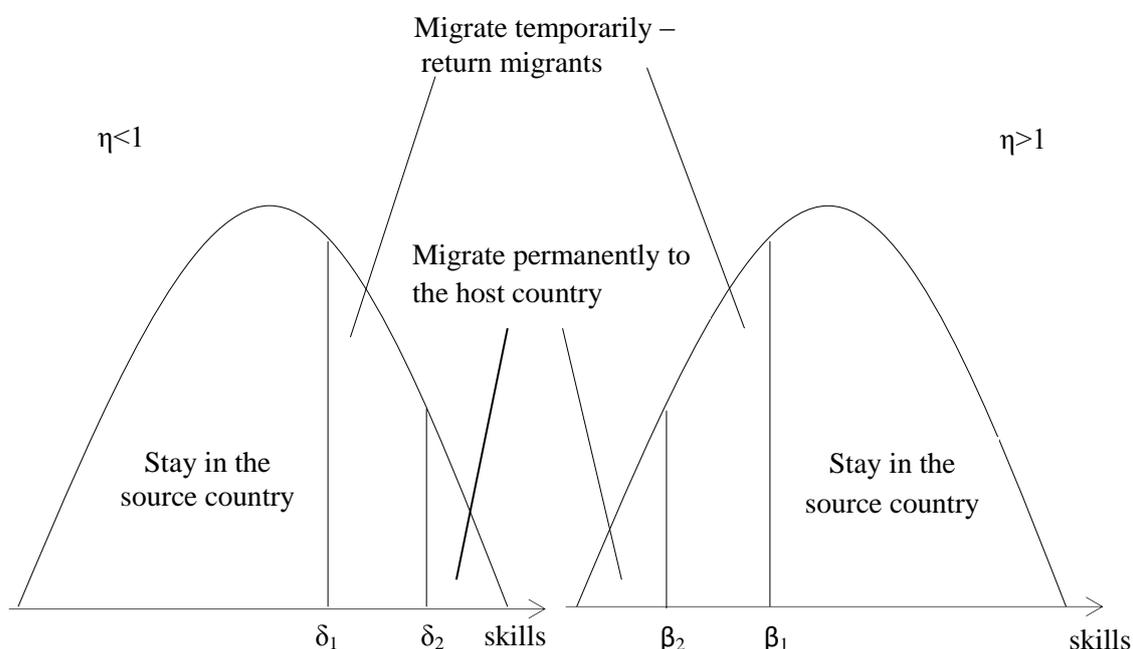
Figure 1. A graphical representation of Borjas and Bratsberg (1996) skill sorting in human capital model.
Notes: η is the rate of return to skills in the source country relative to that in the destination country. Skills refer to skills transferable across countries. See text for more details.

Rooth and Saarela (2007) found support for these theoretical predictions. Throughout the 1980s and 1990s the rate of return to education was larger in Finland than in Sweden (an additional year of schooling resulted in 9% higher income in Finland, but only 4% in Sweden). The authors found that migrants to Sweden were negatively selected on observable skills and return migrants positively selected, whereas there was only minor selection found on unobservable skills. This confirms the predictions of Borjas and Bratsberg: if the flow of immigrants is positively selected then return

migrants will be negatively selected. They added that selection on observable characteristics, e.g., education, was unrelated to the selection of unobservable characteristics, e.g., abilities and productivities. Therefore, the predictions of Borjas and Bratsberg (1996) have found support in other studies as well.

Therefore, the evidence for an earnings premium for return migrants is somewhat mixed. A number of studies have found an earnings premium for foreign work experience as mentioned above, e.g., Kauhanen, Kangasniemi (2013), Hazans (2008), Iara (2008), and Martin and Radu (2012), but some findings have also failed to exhibit an earnings premium, e.g., Co et al. (2000) for male returnees. Barcevičius et al. (2012) noted that what is important to stress is the fact that different host countries with different labor force demands already impose differences onto returnees in terms of occupation, sector, and certain demographic characteristics that can further affect their reintegration in the home country labor market. Reintegration in the home labor market was found to depend on how well return migrants performed in the host country labor market, e.g., Co et al. (2000). An important finding by Barcevičius et al. (2012) was also that mobility experience of highly skilled returnees was appreciated in the home country, whereas it was usually not the case with low-skilled mobile workers.

In conclusion, studies that support the finding that return migrants are in a better position in the home labor market (e.g., Lindstrom and Kim (2002), Papail and Arroyo (2004), Cobo (2004)) suggest that returnees have better human capital. Cobo et al. (2010) argued that migrants increase their skills and abilities through foreign work experience. The author added that while abroad, migrants are exposed to different lifestyles, languages, work practices and new occupational regimes and in this manner, migration helps to build knowledge and abilities that increase the odds of employment and raise the chances of securing a higher-status, better-paying job after return. However, this is not always the case since employers in the origin country have to value foreign work experience for the return migration premium to exist. Additionally, they have financial assets that allow them to search for a suitable job for a longer period of time than non-migrants.

3. Data and descriptive statistics

The author uses data from the most popular job portal in Estonia called CV Keskus, that is also represented in Latvia, Lithuania, and Hungary (CV Keskus operates in countries other than Estonia under the name CV Market (About us 2015). The extract in this study includes data up to the beginning of 2013. The CVs for Estonia were updated by the job portal users mostly between the years 2011–2012 while both for Latvia and Lithuania in 2008 and 2012. The databases contain 465 564 CVs for Estonia, 62 860 for Latvia, and 179 066 for Lithuania. Many CV Keskus users registered more than one CV for themselves and therefore these duplicate entries were removed so that the databases used for the analyses contained only unique individuals with their latest updated CV. The duplicate CVs formed 24% of the Estonian database while for Latvia and Lithuania the proportion was 16%. After duplicate removal the databases contained information on 352 964 individuals for Estonia, 52 917 for Latvia, and 150 401 for Lithuania.

The main advantage of the data from CV Keskus compared to other data sources, e.g., labor force surveys, is that it includes detailed job histories for each individual. The database contains information on the employee's last five jobs. For every job there is a start and end date, the name and the country of the employer, the title and category of the job held (e.g., Assisting/Administration, Construction/Real Estate, Electronics/Telecommunications, etc.). In the Estonian case the titles of the occupations were coded to 4-digit ISCO codes by Statistics Estonia, but for Latvia and Lithuania there are only job categories specified and this makes it difficult to link them with ISCO codes. Information on desired job and wage, readiness to work abroad, general background information (age, gender, family status, number of children, etc.), information about education, training courses and skills (e.g., language skills), are also supplied. The main advantage of this database, besides containing detailed information on job histories, is that the sample size is relatively large when compared to other studies and it is easy to identify return migrants.

However, there are also weaknesses with the data. Employment histories are self-reported and thus it is not known which information has been left out (e.g., information

that may not be perceived as favorable by the employer, such as, when a white-collar has a blue-collar job abroad). Additionally, there are also problems with data representativeness. When comparing the main socio-demographic characteristics of the individuals in CV Keskus to the general population, it can be noted that people in the age groups 15–24 and 25–49 are highly overrepresented in the database; in the case of Lithuania, young people in the age group 15–24 are represented about three times more often in CV Keskus data than in the general population. On the other hand, older people are underrepresented. There are also more people with tertiary education in CV Keskus data than in the general population for the cases of Latvia and Lithuania, but not for Estonia. In the Estonian case, people with upper secondary and post-secondary non-tertiary education are overrepresented in the data, whereas they are underrepresented for Latvia and Lithuania. People with less than primary, primary or lower secondary education are underrepresented, especially for Lithuania. People holding the nationality of the respective country are underrepresented in the data. Finally, as expected, employed people are underrepresented.

Table 2. The main socio-demographic characteristics of the individuals in CV Keskus data and Eurostat for the year 2012.

Variable	CV Keskus (2012)			Eurostat (2012)		
	EE	LV	LT	EE	LV	LT
Median age of population	29	28	26	41	42	42
Proportion of population aged 15–24	28%	31%	40%	13%	13%	14%
Proportion of population aged 25–49	61%	61%	55%	34%	34%	34%
Proportion of population aged 50–64	10%	8%	5%	20%	20%	20%
Proportion of population aged 65+	0%	0%	0%	18%	19%	18%
Female	58%	49%	56%	53%	54%	54%
Male	42%	51%	44%	47%	46%	46%
Tertiary education (ISCED11 levels 5–8)	24%	36%	49%	32%	24%	27%
Upper secondary and post-secondary non-tertiary education (ISCED11 levels 3–4)	62%	52%	43%	50%	57%	55%
Less than primary, primary, and lower secondary education (ISCED11 levels 0–2)	14%	11%	7%	18%	19%	18%
Estonian, Latvian or Lithuanian citizenship, respectively	72%	57%	67%	84%	84%	99%
Employed (aged 15–64)	51%	44%	43%	67%	63%	62%

Notes: Estonian, Latvian and Lithuanian native languages have been used as proxies for Estonian, Latvian and Lithuanian citizenships, respectively. Calculations have been based on data from CV Keskus/CV Market and Eurostat for the year 2012.

It was also necessary to correct the desired wages for obvious mistakes. Estonia joined the Euro area in 2011; however, wages were reported in EUR as well as EEK (Estonia's previous currency) both before 2011 and after. To convert EEK values to EUR (using the rate of 1 Estonian kroon = 0.078 Euros), the wages were studied case-by-case, considering average wages for particular occupations in the database. Working time was also taken into account when normalizing the wages, e.g., whether the individual wanted to work full-time, part-time, or both. In the case of Latvia and Lithuania, desired wages were converted from LVL to EUR using the rate 1 Latvian lats = 1.423 Euros and 1 Lithuanian litas = 0.313 Euros, respectively. In all three countries, wages below 100 euros and above 10 000 euros were considered as outliers and these observations were not included in the analyzed sample. In total, these kind of changes to the data constituted only a small proportion of the entire data. For example, all changes to wages constituted only 1.1% of total wages reported in Estonia, 0.5% in Latvia, and 0.5% in Lithuania. In Estonian data, only 64 individuals had a wage desire below 100 euros and no one had a wage desire above 10 000 euros while in Latvian data the numbers were 70 and 13 individuals, and in Lithuanian data, 179 and 27, respectively. There remained 25 individuals with wage desires above 5000 euros in the Estonian data; the figures for Latvia and Lithuania were 34 and 22, respectively.

Although there are some differences in the literature on how to define return migrants, the same definition is adopted as found in Masso et al. (2014). Return migrants are defined as people who have i) worked in their homeland before working in a foreign country, ii) have worked in a foreign country, and iii) have returned to their homeland after working abroad. Altogether, 10 915 return migrants were identified for Estonia (forming 3.1% of all individuals in the database), 836 for Latvia (1.6% of all individuals) and 2 059 for Lithuania (1.4% of all individuals). The number of young return migrants aged 15–35 among them was 7 930 (72.7%), 594 (71.1%) and 1 654 (80.3%), respectively.

Table 3 gives an overview of the main destination countries for people aged 15–35 and 36+ for the three countries under study. For Estonia, Finland has been the main

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destination country and its popularity has risen during the years leading up to 2012. This may be due to the fact that the Estonian community in Finland has increased over the years and it makes working there for newcomers easier due to valuable help available from social networks. Also, the geographic distance between the two countries is relatively small and the countries are also similar in many respects, e.g., in language and culture. Chiswick et al. (2005) found that living in the same area where earlier immigrants have settled in has a positive effect on the occupational position of new migrants. Therefore, it is also interesting to see whether working, especially in Finland, has any significant effect on wages. Additionally, Finland is relatively more popular among older people than among younger people (Hazans and Philips (2010)). Great Britain has been the second main destination country for young Estonians. Ireland gained popularity before the economic crisis, but after that its popularity decreased. Other countries that have gained popularity include Australia and Norway. The sample size for Latvia was quite small, but the main conclusions that one can draw from data is that Great Britain has been the main destination country for Latvians, followed by Ireland in recent years, although its popularity has also waned. Great Britain has also been the main destination country for Lithuania.

Table 3. Main destination countries by age groups over selected years in the Baltic states.

Age 15–35											
Estonia											
2004		2008		2009		2010		2011		2012	
FI	17%	FI	36%	FI	38%	FI	35%	FI	37%	FI	38%
US	13%	GB	13%	GB	11%	GB	13%	GB	13%	GB	13%
RU	11%	IE	8%	NO	7%	NO	6%	AU	7%	AU, NO	7%
GB	9%	NO	7%	RU	6%	AU, RU	6%	NO	6%	SE	5%
IE	8%	RU	7%	IE	5%	IE	4%	RU	6%	RU	5%
Latvia											
2004		2008		2009		2010		2011		2012	
GB	23%	GB	34%	GB	30%	GB	41%	GB	45%	GB	48%
US	15%	IE	19%	IE	12%	IE	11%	IE	12%	IE	7%
IE	11%	RU	7%	RU	8%	RU	7%	DE	5%		
RU	8%	EE	7%	EE	5%			RU	4%		
DE	6%										

Continuation of table 3.

Lithuania											
2004		2008		2009		2010		2011		2012	
GB	29%	GB	36%	GB	32%	GB	41%	GB	51%	GB	53%
US	20%	IE	23%	IE	19%	IE	12%	IE	10%	NO	8%
IE	11%	NO	7%	NO	8%	NO	8%	NO	8%	IE	6%
DE	7%	US	5%	DK	4%	DK	5%	DK	4%	NL	5%
RU	3%	DK	3%	BE	4%	NL	4%	NL	3%		

Age 36+

Estonia											
2004		2008		2009		2010		2011		2012	
FI	27%	FI	47%	FI	50%	FI	48%	FI	52%	FI	54%
RU	13%	NO	9%	NO	9%	NO	9%	NO	8%	GB	7%
US	10%	RU, GB	7%	GB	7%	GB	7%	GB	7%	NO	7%
GB	6%	SE	5%	RU	6%	RU	7%	RU	7%	RU, SE	6%
IE	5%	IE	5%	SE	5%	SE	5%	SE	5%	DE	4%

Latvia											
2004		2008		2009		2010		2011		2012	
GB	20%	GB	20%	GB	26%	GB	28%	GB	30%	GB	33%
RU	12%	IE	18%	IE	10%	IE	14%				
IE	11%										
US	9%										
DE	8%										

Lithuania											
2004		2008		2009		2010		2011		2012	
US	21%	GB	25%	GB	22%	GB	23%	GB	27%	GB	36%
GB	19%	IE	16%	NO	13%	NO	12%	NO	11%		
IE	8%	NO	11%	IE	12%	IE	9%				
DE	7%	US	8%	RU	7%						
RU	6%	RU	4%	US	6%						

Notes: the percentages represent the number of individuals working in the respective country as a percentage of all individuals working abroad. Observations with more than 10 individuals are reported. ISO 2-letter abbreviations for countries are used. Calculations have been based on data from CV Keskus/CV Market.

Table 4 reports the frequency and percent of non-migrants and return migrants aged 15–35 as compared to all individuals aged 15–35, and individuals aged 36+ as compared to all individuals aged 36+ in the Baltic state databases. When looking at the relatively few number of return migrants in Latvia and Lithuania, one might think that the reason is that people emigrate and do not return home. However, when looking at the number of migrants who never returned in appendix 1, one sees that their percentage is relatively low in Latvia and Lithuania (3.8% in Latvia and 3.3% in Lithuania among young people, and 2.8% and 2.4% among older people, respectively). One possible reason for this may be that people may not want to report foreign work experience in their CVs

since it may be perceived as a bad sign by the employers at home (Barcevicius et al. (2012)), or when working in a low-skilled job abroad which is generally the case (Hazans, Philips (2011)). However, it may also indicate a problem with the representativeness of the data. It is important to note that this does not mean that there are more not returned migrants in Estonia than in Latvia and Lithuania. CV Keskus contains information on those individuals who are interested in finding a job in their home county and are using CV Keskus for finding it. Overall, there are more women in the database than men; this is especially the case for Lithuania where 60.7% of individuals aged 15–35 are women.

Table 4. The frequency (freq.) and percent (%) of non-migrants and return migrants for Baltic individuals aged 15–35 and 36+ compared to all individuals aged 15–35 and 36+ among genders.

Age 15–35										
Country		Non-migrants			Return migrants			All		
		Overall	Men	Women	Overall	Men	Women	Overall	Men	Women
EE	Freq.	193 934	83 097	110 837	7 930	4 011	3 919	218 161	96 062	122 099
	%	88.9% (0.1)	86.5% (0.2)	90.8% (0.1)	3.6% (0.1)	4.2% (0.1)	3.2% (0.1)	100%	44.0%	56.0%
LV	Freq.	32 149	13 720	18 429	594	304	290	34 377	14 852	19 525
	%	93.5% (0.3)	92.4% (0.4)	94.4% (0.3)	1.7% (0.2)	2.0% (0.3)	1.5% (0.2)	100%	43.2%	56.8%
LT	Freq.	103 626	40 226	63 400	1 654	805	849	110 571	43 461	67 110
	%	93.7% (0.2)	92.6% (0.2)	94.5% (0.1)	1.5% (0.1)	1.9% (0.1)	1.3% (0.1)	100%	39.3%	60.7%
Age 36+										
Country		Non-migrants			Return migrants			All		
		Overall	Men	Women	Overall	Men	Women	Overall	Men	Women
EE	Freq.	124 523	56 481	68 042	2 985	1 873	1 112	134 623	62 924	71 699
	%	92.5% (0.1)	89.8% (0.2)	94.9% (0.2)	2.2% (0.1)	3.0% (0.1)	1.6% (0.1)	100%	46.7%	53.3%
LV	Freq.	15 055	6 936	8 119	242	148	94	15 851	7 426	8 425
	%	95.0% (0.3)	93.4% (0.6)	96.4% (0.4)	1.5% (0.2)	2.0% (0.3)	1.1% (0.2)	100%	46.8%	53.2%
LT	Freq.	31 785	14 973	17 704	405	268	137	33 169	14 973	18 196
	%	95.8% (0.2)	94.0% (0.4)	97.3% (0.2)	1.2% (0.1)	1.8% (0.2)	0.8% (0.1)	100%	45.1%	54.9%

Notes: errors ($Z_{\alpha/2} \times (\sigma/\sqrt{n})$) in parentheses are calculated for a 95% confidence level. Calculations have been based on data from CV Keskus/CV Market.

Table 5 summarizes the main characteristics of return-migrants and non-migrants in the Baltic states for younger and older return migrants; for other migrant groups refer to

appendix 2. To determine whether differences between return migrants and non-migrants are statistically significant, t-tests were conducted on all characteristics, as in, e.g., Martin and Radu (2012). Among younger return migrants, there are more men for Estonia and Latvia, but more women for Lithuania; among older return migrants, there are more men for all Baltic states. In all three countries there are more men among return migrants than non-migrants; the difference being largest for Lithuania. When comparing young return migrants to returnees older than 35, there are more men within the latter group. There are least women among potential migrants and the highest share of women are among not potential migrants (see appendix 2).

When looking at family background, there are more people with children among return migrants than non-migrants (although the difference is not significant for Lithuania); also, the percentage of people with children is highest in that group. This may indicate that people return because they want to raise their children in the same environment and culture where they were brought up. The reasons may also include social networks, e.g., in Barcevicius et al. (2012) a Latvian respondent returned since a grandmother was available who could help with their children. Furthermore, Kauhanen and Kangasniemi (2013) found that 19.8% of Estonian return migrants from Finland returned since they desired to raise their children in Estonia. There are also more people among return migrants who are either married or not married but living with a partner (cohabiting). When comparing young people to older ones, there are significantly more returnees cohabiting with children among older people.

The percentage of individuals with tertiary education is highest among return migrants in all three countries, whereas it is especially the case for Lithuania where 62.5% of return migrants aged 15–35 have a higher education. The percentage of people with vocational education is much higher in Estonia than for the other two Baltic countries. Among older returnees, the percentage of people with vocational education is also higher than that of younger returnees. All in all, one can see that return migrants are better educated than non-migrants. Furthermore, among return migrants the percentage of individuals speaking their native language is highest among the groups under study. This is especially the case for Lithuania.

When looking at table 5, return migrants desire significantly higher wages than non-migrants (among young people 26% higher in Estonia, 32% in Latvia, and 24% in Lithuania; among people older than 35 returnees desire 33% higher wages than non-migrants in Estonia, 28% in Latvia, and 26% in Lithuania). This may be explained by the fact that people with foreign work experience are accustomed to higher wages than non-migrants, as argued in Barcevicius et al. (2012); they may also be more confident. However, in Estonia and Latvia not returned migrants desire the highest wages among young people, whereas in Lithuania it was the potential migrants that exhibited the desire for the highest wages (refer to appendix 2). There are more unemployed among return migrants than non-migrants. This has been confirmed before, e.g., by Grabowska-Lusinska (2010), Hazans and Philips (2011), and Smoliner et al. (2012).

Return migrants have a significantly higher willingness to work abroad than non-migrants: among young people it is 3.0 times higher in Estonia, 2.3 times higher in Latvia, and 2.6 times higher in Lithuania, and for people over 35 the proportions are 3.7, 1.7, and 3.2, respectively. Overall, return migrants are 3.1 times more willing to work abroad than non-migrants in Estonia, 2.2 times in Latvia, and 2.8 times in Lithuania. Hazans and Philips (2011) also found that for Latvia 27% of return migrants and only 7% of non-migrants are ready to work abroad again. Also, Krišjāne et al. (2007) found that for Latvia the rate of potential labor migration was three times higher among those with prior foreign work experience. Krusell (2009) also found that people who have worked abroad before exhibit a significantly higher readiness to work abroad in the future as well. 21% of young return migrants definitely wanted to work abroad again, whereas only 7% of young people with no foreign work experience were ready to go abroad for a working purpose. The difference was largest among elderly people.

Considering the Borjas and Bratsberg (1996) concept of selection in return migration discussed above, it is also interesting to see whether return migrants, when compared to not returned migrants, are positively or negatively selected in terms of observable characteristics (education). One can see in table 5 and appendix 2 that for not returned migrants the percentage of people among young return migrants with tertiary education

is higher than among not returned migrants (5.8 percentage points higher in Estonia, 6.2 in Latvia, while the difference is zero for Lithuania). It should be noted that the percentage of young people holding a basic education is higher among not returned migrants. Therefore, the results suggest that return migrants are a positively selected group among Baltic migrants in their destination countries. Compared to non-migrants, return migrants are also positively selected in terms of education (see table 5).

Table 5. The main characteristics of non-migrants and return migrants aged 15–35 and 36+ with t-test for differences between non-migrants and return migrants in the Baltic states.

Variable	Country	Age 15–35				Age 36+			
		Non-migrants	Return migrants	All	t-test (non-migrant, return migrant)	Non-migrants	Return migrants	All	t-test (non-migrant, return migrant)
Female	EE	57.2% (0.2)	49.4% (1.1)	56.0% (0.2)	−7.7** (0.6)	54.6% (0.3)	37.3% (1.7)	53.3% (0.2)	−17.4*** (0.9)
	LV	57.3% (0.6)	48.8% (4.1)	56.8% (0.5)	−8.5** (2.0)	53.9% (0.8)	38.8% (6.2)	53.2% (0.7)	−15.1*** (3.2)
	LT	61.2% (0.3)	51.3% (2.4)	60.7% (0.3)	−9.9** (1.2)	55.7% (0.5)	33.8% (4.7)	54.9% (0.5)	−21.9*** (2.5)
Children (dummy)	EE	23.8% (0.2)	25.4% (0.9)	23.8% (0.2)	1.6** (0.5)	57.9% (0.3)	65.1% (1.8)	58.4% (0.2)	7.2*** (0.9)
	LV	16.1% (0.4)	21.3% (3.3)	16.2% (0.4)	5.2** (1.5)	57.6% (0.8)	69.4% (6.1)	57.9% (0.8)	11.8*** (3.3)
	LT	13.0% (0.2)	13.5% (1.6)	13.0% (0.2)	0.4 (0.8)	58.7% (0.6)	68.8% (4.6)	59.0% (0.6)	10.1*** (2.5)
Cohabitation (dummy)	EE	33.5% (0.2)	38.9% (1.1)	33.8% (0.2)	5.4** (0.6)	58.4% (0.3)	67.8% (1.8)	59.1% (0.2)	9.4*** (0.9)
	LV	17.6% (0.4)	22.1% (3.4)	17.8% (0.4)	4.5** (1.6)	50.0% (0.8)	59.0% (6.6)	50.3% (0.8)	9.0*** (3.4)
	LT	16.7% (0.2)	21.3% (2.0)	16.8% (0.2)	4.7** (0.9)	52.9% (0.5)	62.7% (4.9)	53.2% (0.6)	9.8*** (2.5)
Tertiary education	EE	20.0% (0.2)	26.7% (0.9)	20.7% (0.2)	6.6** (0.5)	24.8% (0.3)	24.3% (1.5)	24.8% (0.2)	−0.6 (0.8)
	LV	18.6% (0.4)	35.5% (3.9)	19.5% (0.4)	17.0** (1.6)	28.9% (0.8)	41.3% (6.3)	29.4% (0.7)	12.4*** (2.9)
	LT	40.5% (0.3)	62.5% (2.3)	41.5% (0.3)	22.0** (1.2)	54.6% (0.6)	61.0% (5.8)	54.7% (0.6)	6.4** (2.5)
Secondary education	EE	38.4% (0.2)	38.7% (1.1)	38.4% (0.2)	0.3 (0.6)	40.6% (0.3)	36.8% (1.8)	40.1% (0.3)	−3.7*** (0.9)
	LV	35.0% (0.5)	39.9% (3.9)	35.4% (0.5)	4.9* (2.0)	26.5% (0.7)	26.0% (5.6)	26.7% (0.6)	0.4 (2.9)
	LT	38.1% (0.3)	24.8% (2.1)	37.6% (0.3)	−13.3** (1.2)	21.7% (0.5)	17.5% (3.7)	21.5% (0.5)	4.1** (2.1)
Vocational education	EE	19.3% (0.2)	23.7% (1.0)	19.6% (0.2)	4.5** (0.5)	28.0% (0.3)	33.6% (1.7)	28.4% (0.3)	5.6*** (0.8)
	LV	9.0% (0.3)	15.2% (2.8)	9.4% (0.3)	6.1** (1.2)	14.8% (0.6)	25.2% (5.5)	15.2% (0.6)	10.4*** (2.3)
	LT	9.1% (0.2)	7.7% (1.3)	8.9% (0.2)	−1.4* (0.7)	19.9% (0.5)	18.3% (3.8)	19.9% (0.5)	1.6 (2.0)
Basic education	EE	20.6% (0.2)	10.8% (0.7)	19.8% (0.1)	−9.8** (0.5)	6.6% (0.1)	5.3% (0.8)	6.6% (0.2)	−1.3*** (0.5)
	LV	11.5% (0.3)	9.1% (2.3)	11.4% (0.4)	−2.4* (1.3)	4.3% (0.4)	7.4% (3.4)	4.5% (0.3)	3.1** (1.3)
	LT	11.4% (0.3)	4.9% (1.0)	11.1% (0.2)	−6.5** (0.8)	3.9% (0.2)	3.2% (1.7)	3.9% (0.2)	0.7 (1.0)

Continuation of table 5.

Mother tongue Estonian, Latvian or Lithuanian, respectively	EE	65.9% (0.2)	77.7% (0.9)	66.5% (0.2)	11.7** (0.5)	58.1% (0.3)	78.0% (1.4)	58.7% (0.3)	19.9*** (0.9)
	LV	61.8% (0.5)	74.7% (3.6)	62.1% (0.5)	13.0** (2.0)	61.2% (0.7)	68.6% (5.9)	61.1% (0.8)	7.4** (3.2)
	LT	72.5% (0.3)	92.3% (1.3)	73.6% (0.3)	19.7** (1.1)	70.8% (0.5)	88.4% (3.1)	71.1% (0.5)	17.6*** (2.3)
Mother tongue Russian	EE	26.5% (0.2)	21.6% (0.9)	26.3% (0.2)	–4.9** (0.5)	24.6% (0.2)	20.8% (1.5)	24.8% (0.2)	3.7*** (0.8)
	LV	23.8% (0.5)	24.6% (3.5)	24.1% (0.5)	0.7 (1.8)	24.0% (0.7)	30.6% (5.8)	24.5% (0.6)	6.6** (2.8)
	LT	5.2% (0.1)	5.6% (1.1)	5.3% (0.1)	0.5 (0.5)	7.4% (0.3)	9.1% (2.8)	7.6% (0.3)	1.8 (1.3)
Desired wage (EUR)	EE	681.3 (3.5)	855.2 (20.2)	705.5 (3.5)	173.9*** (9.0)	777.7 (4.4)	1034.7 (37.0)	801.3 (4.5)	257.0***(15.1)
	LV	602.3 (10.0)	793.5 (93.4)	620.4 (10.2)	191.2*** (32.1)	864.5 (18.7)	1108.8 (193.7)	891.1 (19.2)	244.3*** (66.0)
	LT	491.0 (4.0)	608.4 (23.6)	497.4 (3.8)	117.4** (12.5)	693.3 (8.7)	876.6 (69.0)	701.6 (8.7)	183.3*** (34.2)
Unemployed (%)	EE	48.9% (0.2)	59.3% (1.1)	48.1% (0.3)	10.4*** (0.6)	50.0% (0.3)	55.6% (0.8)	49.3% (0.3)	5.6*** (0.9)
	LV	47.9% (0.7)	58.8% (3.0)	46.8% (0.7)	10.9*** (2.1)	51.3% (1.0)	57.0% (6.3)	50.9% (1.0)	5.7* (3.3)
	LT	48.1% (0.5)	56.6% (2.4)	46.6% (0.4)	8.4*** (1.3)	53.2% (0.8)	60.3% (4.8)	52.4% (0.6)	7.1*** (2.5)
Readiness to work abroad (dummy: yes/no)	EE	6.1% (0.1)	18.1% (0.8)	7.4% (0.1)	11.9** (0.3)	6.3% (0.1)	23.1 (1.5)	7.6% (0.2)	16.8*** (0.5)
	LV	6.2% (0.2)	14.5% (2.8)	6.6% (0.3)	8.3** (1.0)	7.0% (0.4)	11.6% (4.0)	7.6% (0.4)	4.6*** (1.7)
	LT	4.5% (0.2)	11.9% (1.6)	5.0% (0.1)	7.4** (0.5)	6.3% (0.3)	20.0% (3.9)	6.9% (0.3)	13.7*** (1.2)

Notes: errors ($Z_{\alpha/2} \times (\sigma/\sqrt{n})$) in parentheses are calculated for a 95% confidence level. ***/**/* indicate statistically significant at 1%/5%/10%, respectively. Calculations have been based on data from CV Keskus/CV Market.

It is logical to assume that people willing to go abroad have higher wage desires, therefore, return migrants not willing to go abroad were also studied as it might better reflect how foreign work experience is valued in the home labor market (refer to table 6). Young return migrants not willing to go abroad, when compared to non-migrants not willing to go abroad, desire 23.8% higher wages in Estonia, 29.0% in Latvia, and 21.1% in Lithuania; among older people the figures are 31.9%, 23.3%, and 27.7%, respectively. At the same time, young return migrants willing to go abroad, when compared to non-migrants willing to go abroad, desire 18.9% higher wages in Estonia, 19.8% in Latvia, and 18.8% in Lithuania; among older people the figures are 11.1%, 26.9%, and 2% lower wage, respectively. Young return migrants willing to go abroad, when compared to return migrants not willing to go abroad, have about a 16.8% higher wage desire in Estonia, 23.3% in Latvia, and 28.1% in Lithuania; among older people the figures are 13.5%, 46.1%, and 7.2%, respectively. Additionally, it was found that older people desire higher wages than younger ones in all the situations under study. Generally speaking, one can see that people who have been abroad and have came back home are more confident and aim at higher wages regardless of their willingness to go abroad again; however, those willing to go abroad possess a higher wage desire.

Table 6. Desired wages of return migrants by willingness to work abroad again among age groups 15–35 and 36+ in the Baltic states.

Willing to work abroad	Age 15–35			Age 36+		
	EE	LV	LT	EE	LV	LT
Return migrant						
Yes	973.2 (57.9)	939.6 (184.0)	749.4 (92.3)	1143.8 (85.9)	1519.0 (583.7)	924.5 (140.0)
No	833.1 (21.3)	761.9 (106.5)	584.8 (22.4)	1007.4 (40.9)	1039.8 (205.3)	862.5 (80.0)
Non-migrant						
Yes	818.5 (17.6)	784.6 (61.5)	630.7 (24.2)	1029.8 (24.8)	1196.6 (116.4)	940.2 (50.1)
No	672.9 (3.6)	590.4 (9.8)	482.8 (3.8)	763.6 (4.4)	843.1 (18.2)	675.4 (8.6)

Notes: errors ($Z_{\alpha/2} \times (\sigma/\sqrt{n})$) in parentheses are calculated for a 95% confidence level. ***/**/* indicate statistically significant at 1%/5%/10%, respectively. Calculations have been based on data from CV Keskus/CV Market.

4. Methods for studying desired wages

First, desired wages of return migrants, when compared to non-migrants, are estimated according to the following wage equation:

(1) $$ln(W_i) = \alpha_0 + \alpha \cdot X_i + \beta \cdot RET_i + \varepsilon_i,$$

where index i denotes individuals, $ln(W)$ is the logarithm of the desired monthly wage, X is the vector of variables used in the analysis (male return migrant, gender, age, age squared, educational level, the existence of children, cohabitation, mother tongue, work experience, work experience squared, willingness to work abroad, and job categories), α is the vector of coefficients associated with X, RET is the dummy for a return migrant, β is the vector of coefficients associated with RET, and ε is the error term. In this case, RET is the most important variable, indicating whether return migrants desire higher wages than non-migrants. Equation 1 is also applied separately for men and women, for employed and unemployed people, and for return migrants. Among return migrants, we distinguish between returning from Finland for the case of Estonia and returning from Great Britain for the cases of Latvia and Lithuania, as well as the length of stay abroad.

However, only about 31% of the individuals in the Estonian database, 30% in the Latvian, and 29% in the Lithuanian reported their desired wages. It should be noted that by observing the desired wages for only those people who reported their wage desire in their CVs may lead to a non-random group. We might think that those people reporting their wage desire in their CVs are somehow different from those who did not report their wage desire; if this is the case then there is a sample selection problem. It is also necessary to take into account the endogeneity of return migration. Return migrants may not form a random group. In order to take into account the double selection problem, i.e., selection in i) wage reporting, and ii) return migration, the following equations are introduced for desired wage reporting and return migration:

(2) $$\begin{aligned} WR_i^* &= \gamma \cdot Z_i + u_i \\ RET_i^* &= \chi \cdot Y_i + v_i \end{aligned},$$

where WR^* and RET^* are latent variables (e.g., the utility from reporting wage desire and returning home, respectively); they are unobservable and we only observe WR and RET:

$$WR_i = 1 \quad if \quad WR_i^* > 0$$
$$WR_i = 0 \quad if \quad WR_i^* \leq 0$$
$$RET_i = 1 \quad if \quad RET_i^* > 0$$
$$RET_i = 0 \quad if \quad RET_i^* \leq 0$$

With only one selection, a two-step Heckman sample selection model may be used. In this case, a probit model is first applied to obtain the inverse Mills ratio, which is then added to the main equation as a correction term to account for selection bias. To account for double selection in this study, the next steps were followed in a similar manner:

1. estimating the probability of reporting wage desire with the probit model and deriving the inverse Mills ratio (also known as Heckman's lambda),

2. estimating the probability of being a return migrant with the probit model and deriving the inverse Mills ratio,

3. the two inverse Mills ratios are then added to the desired wage regression, which is estimated by OLS.

The inverse Mills ratio is calculated as the ratio of the probability density function to the cumulative distribution function of a distribution. In order to account for selection, we would need a strong exclusion restriction, meaning that the instruments should not affect the outcome variable (desired wages). Below is a discussion about the selected instruments; appendix 3 summarizes the validity of the instruments.

Table 7 reports the main differences between the people who reported or did not report their wage desire. We see that among those who reported their wage desire, the relative number of people with tertiary education is higher. The percentage of people living with a partner (either married or cohabiting) is higher among those who reported their wage desire and this is also the case with people with children. One possible explanation is that people living with a partner and/or have children may have a certain amount of expenditures that they need to cover each month. In the job-search process they are reporting the wage they are willing to work for, and are not able to accept a lower wage. At the same time, single and people without children may have lower expenses and may accept lower-paid jobs or be less demanding in wage desire. Additionally, employed

people reported their wage desire more frequently; they may be more confident as they have a job and are looking for a better one in terms of wages. Therefore, they may be more straightforward and willing to change jobs only if the new employer offers the wage he/she desires. Labor market status, either employed or unemployed, is used as an instrument in the wage reporting equation.

Table 7. Main socio-demographic characteristics of the individuals in CV Keskus data by wage reporting (desired wage reported, desired wage not reported).

Variable	Desired wages reported			Desired wages not reported		
	EE	LV	LT	EE	LV	LT
Median age of population	34	31	30	30	30	28
Proportion of population aged 15–35	56%	66%	74%	67%	70%	78%
Proportion of population aged 36–49	29%	25%	20%	22%	23%	17%
Proportion of population aged 50–64	14%	9%	6%	11%	7%	5%
Female	57%	56%	59%	54%	52%	56%
Male	43%	44%	41%	46%	48%	44%
Tertiary education (ISCED11 levels 5–8)	27%	34%	51%	20%	27%	40%
Upper secondary and post-secondary non-tertiary education (ISCED11 levels 3–4)	61%	55%	41%	62%	59%	49%
Less than primary, primary, and lower secondary education (ISCED11 levels 0–2)	12%	11%	8%	18%	14%	11%
Estonian, Latvian, or Lithuanian citizenship, respectively	66%	76%	90%	63%	51%	62%
Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	53%	36%	37%	39%	23%	19%
Children (1-has children, 0-does not have children)	47%	38%	35%	32%	23%	18%
Employed (aged 15–64)	54%	53%	53%	46%	45%	44%

Note: calculations have been based on data from CV Keskus/CV Market.

Having children and living with a partner are used as instruments in the return migration equation as it might be easier to move without children and for single people. However, having children and living with a partner are not good instruments for a return migration model as they also have an affect on wage desire. Additionally, labor market status is not an ideal instrument for the wage reporting equation, since it is more strongly

correlated with the outcome variable (refer to appendix 3). Unfortunately, more suitable instruments were not discovered for the analysis.

Desired wage equations were also estimated for return migrants only. In the case of return migrants, the endogeneity problem does not exist any more. In this case, the simple Heckman selection model is used, where we account for only selection in wage reporting. Suppose equation 3 is the desired wage model, where $X_{1,i}$ are characteristics explaining the return migrant's wage desire and W_i^* represents the desired wage of return migrant i:

(3) $$W_i^* = \beta_1 \cdot X_{1,i} + \varepsilon_{1,i}$$

In order to describe whether a person reports his/her desired wage, the following model in equation 4 for the binary variable is estimated:

(4) $$WR_i^* = \beta_2 \cdot X_{2,i} + \varepsilon_{2,i}$$

where

$$W_i = W_i^*, WR_i = 1, \quad if \quad WR_i^* > 0$$
$$W_i \quad not\ observable, \quad WR_i = 0, \quad if \quad WR_i^* \leq 0$$

W_i^* and WR_i^* are latent variables while the binary variable WR_i is an indicator of whether an individual reports his/her wage or not. The selection model is estimated simultaneously by the maximum likelihood (ML) method. The results of the regression analyses are presented in the next section.

5. Results

Table 8 gives an overview of the estimates for the logarithm of desired wages in the Baltic states. Most interesting is the dummy variable for return migrants. When not taking into account selection effects, the results suggest that young return migrants, when compared to non-migrants, desire an 8.1% higher wage in Estonia and 15.4% in Latvia ($e^{0.078}$ and $e^{0.143}$, respectively); the figure was not significantly different from zero for Lithuania. At the same time among people aged over 35 the difference is even greater: 13.3% for Estonia and 19.5% for Lithuania; this time the figure was not significant for Latvia. Therefore, in Estonia older return migrants desire a 13.3-8.1= 5.2 percentage point higher wage than younger returnees. When taking into account selection in wage reporting and return migration, the results are significantly higher for Estonia: young return migrants, when compared to non-migrants, desire a 27.5% higher wage and for older people the figure is 42.8%. In the case of young Latvian returnees, the estimate became lower, dropping from 15.4% to 7.9%. After controlling for selection, the estimate for young Lithuanian return migrants became significant and was 4.2% while among older returnees it was 16.4 percentage points higher.

When selection is ignored the results when considering age are mixed. For example, in Estonia older people desire higher wages whereas in Latvia and Lithuania younger people within the 15–35 age group have this desire. However, after taking into account selection in wage reporting and return migration, the 36+ age group in all three countries exhibit a higher wage desire, but at a decreasing rate. In all three countries and age groups, males when compared to females desire higher wages; the effect is even larger among older age group. A similar result was found by Meriküll and Mõtsmees (2014) who reported that men seek much higher wages than women during their job-search process (22–25% in Estonia). When not controlling for selection, married people and those living with a partner have higher wage desires; the effect is more robust among younger people. The evidence on mother tongue is not as clear after selection is introduced; the estimates suggest that those speaking Estonian, Latvian, or Lithuanian as their mother tongue in Estonia, Latvia, or Lithuania, respectively, have a higher wage desire in Estonia, but is lower in the other two countries among both age groups. In

general, people with a higher education expect higher salaries. This is also the case with people with more work experience, but at a decreasing rate. It is also evident that people willing to work abroad desire higher wages compared to those who are not willing to go abroad. One possible reason why employers might perceive foreign work experience negatively and may not want to hire a return migrant may be that return migrants have a relatively higher wage desire and they might go abroad again.

Under the null hypothesis, there is no selection bias in the model. The inverse Mills ratio became significant at 1%; it did not become significant in the return migration equation except only for Latvia and Lithunia in the older age group. This meant that it was necessary to add the correction terms in the desired wage equation in order to prevent biased estimates due to selection. Since lambda is negative in the wage reporting equation, there is a negative correlation between the unobservables in the selection and outcome equations. As lambda is positive in the return migration selection equation there is a positive correlation between the error term in the wage equation and the selection equation for return migration. For the Estonian and Lithuanian cases the bias due to selection is downwards in both age groups while in Latvia it is upwards.

Table 8. Estimates for the logarithm of desired wages of people aged 15–35 and 36 and older from calculated OLS wage regressions with and without taking into account selection in desired wage reporting and return migration in the Baltic states.

Variable	OLS without selection						OLS with selection					
	Age 15–35			Age 36+			Age 15–35			Age 36+		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	0.078*** (0.012)	0.143*** (0.044)	0.029 (0.019)	0.125*** (0.022)	0.009 (0.082)	0.178*** (0.055)	0.243*** (0.010)	0.076** (0.032)	0.041*** (0.015)	0.356*** (0.017)	0.090 (0.057)	0.187*** (0.032)
Return migrant*male	0.020 (0.019)	–0.101 (0.063)	–0.004 (0.031)	–0.017 (0.030)	0.084 (0.109)	–0.117* (0.067)	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis
Age	0.036*** (0.006)	–0.058*** (0.021)	–0.024** (0.010)	0.038*** (0.003)	0.070*** (0.015)	0.001 (0.011)	0.157*** (0.008)	0.337*** (0.062)	0.270*** (0.015)	0.039*** (0.004)	0.077*** (0.022)	0.037*** (0.012)
Age squared	–0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	–0.000*** (0.000)	–0.001*** (0.000)	–0.000 (0.000)	–0.004*** (0.000)	–0.006*** (0.001)	–0.005*** (0.000)	–0.000*** (0.000)	–0.001*** (0.000)	–0.001*** (0.000)
Children (1-has children, 0-does not have children)	0.025*** (0.006)	0.015 (0.019)	–0.032*** (0.010)	0.018*** (0.005)	0.013 (0.021)	0.035** (0.014)	included in the selection model	included in the selection model	included in the selection model	included in the selection model	included in the selection model	included in the selection model
Male (1-male, 0-female)	0.281*** (0.005)	0.242*** (0.015)	0.208*** (0.007)	0.333*** (0.006)	0.322*** (0.020)	0.318*** (0.013)	0.281*** (0.007)	0.294*** (0.022)	0.219*** (0.008)	0.433*** (0.024)	0.402*** (0.077)	0.327*** (0.023)
Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	0.071*** (0.005)	0.058*** (0.018)	0.076*** (0.009)	0.047*** (0.005)	0.027 (0.020)	0.015 (0.013)	included in the selection model	included in the selection model	included in the selection model	included in the selection model	included in the selection model	included in the selection model
Mother tongue Estonian, Latvian, or Lithuanian, respectively	0.094*** (0.005)	0.014 (0.015)	0.016* (0.010)	0.148*** (0.005)	0.040* (0.022)	0.042** (0.017)	0.298*** (0.007)	–0.125*** (0.020)	–0.025** (0.010)	0.289*** (0.015)	–0.137*** (0.038)	–0.066*** (0.017)
Vocational education	–0.228*** (0.006)	–0.193*** (0.022)	–0.252*** (0.011)	–0.227*** (0.007)	–0.245*** (0.026)	–0.295*** (0.014)	–0.087*** (0.007)	–0.083*** (0.024)	–0.115*** (0.012)	0.028*** (0.011)	–0.162*** (0.029)	–0.017 (0.020)

Continuation of table 8.

Secondary education	−0.275*** (0.006)	−0.275*** (0.015)	−0.220*** (0.008)	−0.298*** (0.006)	−0.303*** (0.022)	−0.233*** (0.014)	−0.148*** (0.007)	−0.185*** (0.018)	−0.054*** (0.009)	−0.257*** (0.009)	−0.315*** (0.052)	−0.340*** (0.015)
Basic education	−0.373*** (0.008)	−0.306*** (0.024)	−0.256*** (0.012)	−0.339*** (0.012)	−0.326*** (0.040)	−0.195*** (0.028)	−0.348*** (0.012)	−0.317*** (0.026)	−0.339*** (0.013)	−0.195*** (0.023)	−0.285*** (0.043)	−0.290*** (0.029)
Primary education or less	−0.526*** (0.035)	−0.422*** (0.087)	−0.278*** (0.098)	−0.318** (0.145)	0.839*** (0.051)	no data	−0.686*** (0.040)	−0.161 (0.106)	0.690*** (0.096)	no data	no data	no data
Work experience	0.066*** (0.002)	0.103*** (0.007)	0.079*** (0.004)	0.012*** (0.001)	0.006* (0.003)	0.016*** (0.002)	0.115*** (0.005)	0.143*** (0.014)	0.072*** (0.005)	0.035*** (0.001)	0.033** (0.015)	0.034*** (0.005)
Work experience squared	−0.003*** (0.000)	−0.005*** (0.001)	−0.005*** (0.000)	−0.000*** (0.000)	−0.000 (0.000)	−0.001*** (0.000)	−0.006*** (0.000)	−0.008*** (0.001)	−0.003*** (0.000)	−0.001*** (0.000)	−0.001* (0.000)	−0.001*** (0.000)
Willingness to work abroad (1-yes, 0-no)	0.084*** (0.010)	0.117*** (0.032)	0.124*** (0.016)	0.154*** (0.012)	0.227*** (0.047)	0.206*** (0.026)	0.442*** (0.018)	0.181*** (0.054)	0.001 (0.019)	0.600*** (0.040)	0.290*** (0.074)	0.167*** (0.038)
Controls for job categories	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Inverse Mills ratio from wage reporting eq.							−1.932*** (0.037)	−1.434*** (0.091)	−2.208*** (0.056)	−2.151*** (0.066)	−1.063*** (0.171)	−2.399*** (0.101)
Inverse Mills ratio from return migration eq.							0.500*** (0.033)	0.492*** (0.113)	0.116*** (0.025)	0.475*** (0.074)	0.397 (0.308)	0.087 (0.065)
Constant	5.290*** (0.089)	6.391*** (0.296)	5.507*** (0.143)	5.364*** (0.082)	4.616*** (0.349)	5.993*** (0.238)	4.519*** (0.200)	0.435 (1.258)	3.410*** (0.247)	4.896*** (0.240)	4.167*** (1.370)	6.543*** (0.237)
No. of observations	39 396	5 814	17 651	34 915	3 355	7 470	39099	5774	17548	34794	3248	7446
R^2	0.394	0.373	0.372	0.345	0.281	0.262	0.431	0.399	0.422	0.363	0.290	0.315

Notes: dependent variable is the logarithm of desired wage. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Calculations have been based on data from CV Keskus/CV Market.

Desired wages were also studied separately for men and women as it has been found that the former have a higher wage desire, e.g., Merikull and Mõtsmees (2014). In the case of Estonia, male return migrants, when compared to male non-migrants, desire higher wages; the effect is stronger among older return migrants (refer to table 9). Additionally, male return migrants, when compared to non-migrants, desire relatively higher wages than female return migrants (10.2% and 6.6%, respectively). The difference among older people is smaller: 12.3% and 12.2%, respectively. When taking account selection, the estimates are even higher for Estonia and Lithuania for the older age group.

Table 9. Estimates for the logarithm of desired wages of male and female return migrants aged 15–35 and 36 and older from calculated OLS wage regressions, with and without taking into account selection in desired wage reporting and return migration, for the Baltic states.

OLS without selection							
Variable		Age 15–35			Age 36+		
		EE	LV	LT	EE	LV	LT
		b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	Male	0.097*** (0.014)	0.036 (0.046)	0.019 (0.024)	0.116*** (0.021)	0.095 (0.074)	0.057 (0.040)
	Female	0.064*** (0.012)	0.135*** (0.045)	0.020 (0.019)	0.115*** (0.022)	0.012 (0.083)	0.127** (0.055)
OLS with selection							
Return migrant (1-return migrant, 0-non-migrant)	Male	0.271*** (0.015)	-0.105** (0.049)	0.028 (0.023)	0.458*** (0.028)	0.072 (0.074)	0.000 (0.040)
	Female	0.170*** (0.013)	0.072 (0.074)	0.000 (0.040)	0.209*** (0.022)	0.120 (0.084)	0.600*** (0.060)

Notes: dependent variable is the logarithm of desired wage. The analysis is separately conducted for male and female individuals according to eq. 1. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Refer to results for full model in appendices 4 and 5. Calculations have been based on data from CV Keskus/CV Market.

When looking at desired wages among employed and unemployed individuals, the employed desire relatively higher wages than the unemployed (853.5 EUR and 664.8 EUR, respectively for Estonia; 821.7 EUR and 670.1 EUR, respectively for Latvia, and 675.1 EUR and 484.6 EUR, respectively for Lithuania). One possible explanation may be that employed people are more confident – they have a job and are looking for a better one (e.g., with a higher wage). Additionally, unemployed people may either work in lower-paid jobs or, in the other case, people working in lower-paid jobs may become

unemployed more frequently. On the other hand, when unemployed people demand a high wage they may not acquire a suitable job, or it might require a longer period of time to do so. Therefore, they can not afford to ask for a high salary. For this reason wage regressions are also estimated separately for the employed and unemployed.

There is no clear result whether employed return migrants desire higher wages than the unemployed as suggested by the logic above (refer to table 10). For example, when also looking at age groups, unemployed young return migrants in Estonia, when compared to employed returnees, desire higher wages (11.9% and 2.8%, respectively); however, this is the opposite for Latvia; employed return migrants show a 4.1 percentage point higher wage desire. Older employed return migrants in Estonia desire relatively higher wages than the unemployed. When comparing age groups, older employed returnees desire higher wages than the younger, however, among the unemployed this is the case for Lithuania, but not for Estonia.

There may be several reasons that explain this. One reason might be that people are unemployed because they desire relatively high wages. As already mentioned in the literature review, many returnees have accumulated enough savings abroad so that they can afford to search for a job longer until they find one that is suitable, e.g., that pays the salary they desire. Older people have longer job histories and more experience and therefore it is logical that they demand higher wages for their work than younger people who do not have such experience yet. However, among the unemployed, younger people may be more confident than older people. When looking at the age variable (refer to appendix 6), one can also see that the older a person is, the higher wage he/she desires. However, one can also note that among the unemployed, the younger a person is, the higher wage he/she desires among the 15–35 age group. Therefore, the results suggest that those just starting their career desire a relatively high wage (they may have an unrealistically high wage desire). Among the older unemployed group this is not the case. In general older people also desire higher wages but at a decreasing rate. Other variables in the regressions have similar signs as was found earlier.

Table 10. Estimates of the logarithm of desired wages of people aged 15–35 and 36 and older by labor market status (employed, unemployed) from calculated OLS wage regressions in the Baltic states.

OLS without selection							
Variable	Labor market status	Age 15–35			Age 36+		
		EE	LV	LT	EE	LV	LT
		b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	Employed	0.028* (0.015)	0.134** (0.063)	–0.035 (0.027)	0.112*** (0.026)	–0.041 (0.076)	0.065 (0.066)
	Unemployed	0.112*** (0.021)	0.097* (0.050)	0.055** (0.026)	0.108*** (0.038)	0.045 (0.242)	0.198** (0.089)

Notes: dependent variable is the logarithm of desired wage. The analysis is separately conducted for employed and unemployed individuals according to eq. 1. ***/**/* statistically significant at 1%/5%/10%, respectively based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Refer to results for full model in appendix 6. Calculations have been based on data from CV Keskus/CV Market.

Finally, the analysis was conducted for only return migrants. After taking into account selection in desired wage reporting, older return migrants in the age group 15–35 desire higher wages in Estonia and Lithuania, whereas among the 36+ age group return migrants have a lower wage desire in Estonia, which is not logical and does not confirm descriptive statistics. Males, when compared to females, desire higher wages, and additionally, older male returnees, when compared to younger ones, desire higher wages; this is especially the case for Latvia but not for Lithuania. In general, more educated return migrants desire higher wages and this is also the case for returnees with more work experience, but at a decreasing rate. For Estonia, those speaking Estonian as their mother tongue have a higher wage desire. Returnees willing to go abroad again desire higher wages and among older returnees desired wages are even higher than among the younger, especially for Latvia, but not Lithuania. For Estonia, younger return migrants from Finland desire higher wages, although the result is statistically signficant at the 10% level. On the other hand, young Lithuanian return migrants from the GB desire lower wages, this is also the case for Latvian return migrants older than 35 from the GB. The evidence on the length of stay abroad is mixed since for Estonia, people with foreign work experience lasting longer than a year desire lower wages as compared to those with foreign work experience lasting less than a year; for Latvia, the results are the opposite.

Table 11. Estimates of the logarithm of desired wages of return migrants aged 15–35 and 36 and older from calculated OLS wage regressions and Heckman sample selection models in the Baltic states.

Variable	OLS						Heckman selection model			
	Age 15–35			Age 36+			Age 15–35			Age 36+
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Age	0.051 (0.032)	–0.001 (0.135)	0.111* (0.060)	0.031 (0.026)	0.103 (0.122)	0.023 (0.086)	0.007** (0.003)	0.006 (0.009)	0.019*** (0.006)	–0.006** (0.003)
Age squared	–0.001 (0.001)	0.000 (0.002)	–0.002 (0.001)	–0.000 (0.000)	–0.001 (0.001)	–0.000 (0.001)	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis
Children (1-has children, 0-does not have children)	0.038 (0.026)	0.098 (0.105)	–0.024 (0.049)	0.006 (0.034)	0.046 (0.162)	–0.024 (0.083)	0.015 (0.027)	0.075 (0.095)	–0.065 (0.053)	0.002 (0.038)
Male (1-male, 0-female)	0.302*** (0.023)	0.152** (0.070)	0.250*** (0.035)	0.338*** (0.038)	0.505*** (0.133)	0.248*** (0.085)	0.287*** (0.025)	0.133* (0.069)	0.234*** (0.037)	0.392*** (0.043)
Cohabitation (1-married or living with a partner, 0-single, divorced, or widowed)	–0.002 (0.022)	0.104 (0.109)	0.119*** (0.043)	0.085** (0.037)	0.058 (0.136)	–0.014 (0.082)	–0.006 (0.024)	0.103 (0.099)	0.084* (0.046)	0.063 (0.040)
Mother tongue Estonian, Latvian, or Lithuanian, respectively	0.054** (0.022)	–0.039 (0.083)	–0.031 (0.060)	0.115*** (0.040)	–0.101 (0.135)	0.054 (0.096)	0.082*** (0.024)	–0.062 (0.078)	–0.052 (0.062)	0.122*** (0.042)
Vocational education	–0.166*** (0.028)	0.011 (0.140)	–0.187*** (0.060)	–0.236*** (0.042)	–0.087 (0.164)	–0.220** (0.105)	–0.123*** (0.031)	0.058 (0.128)	–0.114* (0.065)	–0.127*** (0.049)
Secondary education	–0.231*** (0.024)	–0.194** (0.080)	–0.128*** (0.039)	–0.188*** (0.040)	–0.036 (0.177)	–0.123 (0.097)	–0.188*** (0.026)	–0.166** (0.074)	–0.106** (0.042)	–0.091* (0.047)
Basic education	–0.295*** (0.039)	–0.423*** (0.118)	–0.224*** (0.069)	–0.232*** (0.080)	0.424 (0.284)	–0.260 (0.228)	–0.246*** (0.042)	–0.360*** (0.118)	–0.270*** (0.071)	–0.150* (0.090)
Primary education or less	–0.639*** (0.170)	–0.399** (0.160)	no data	no data	no data	no data	–0.610*** (0.182)	–0.622*** (0.163)	no data	no data

Continuation of table 11.

Work experience	0.062*** (0.010)	0.039 (0.033)	0.046** (0.019)	0.017*** (0.005)	−0.016 (0.047)	0.001 (0.020)	0.020*** (0.004)	0.011 (0.012)	0.029*** (0.009)	0.003 (0.003)
Work experience squared	−0.003*** (0.001)	−0.003 (0.002)	−0.002 (0.002)	−0.000*** (0.000)	0.001 (0.001)	−0.001 (0.001)	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis
Willingness to work abroad (1-yes, 0-no)	0.058** (0.028)	0.166* (0.098)	0.095* (0.049)	0.110*** (0.043)	0.506** (0.213)	0.069 (0.082)	0.097*** (0.030)	0.172* (0.089)	0.062 (0.053)	0.122*** (0.044)
Returned from Finland to Estonia, or Great Britain to Latvia or Lithuania	0.043* (0.023)	−0.080 (0.071)	−0.112*** (0.031)	0.041 (0.034)	−0.263* (0.138)	−0.033 (0.090)	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis
Stayed abroad more than one year	−0.038* (0.023)	0.189** (0.083)	0.008 (0.042)	0.027 (0.032)	0.048 (0.164)	−0.041 (0.093)	not included in the analysis	not included in the analysis	not included in the analysis	not included in the analysis
Controls for job categories	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Constant	5.555*** (0.541)	6.652*** (1.890)	3.915*** (0.842)	5.774*** (0.602)	3.806 (3.021)	6.084*** (1.891)	6.721*** (0.336)	6.698*** (0.322)	5.431*** (0.235)	6.850*** (0.216)
No. of observations	2069	253	739	954	99	177	5112 censored, 2048 uncensored	318 censored, 246 uncensored	858 censored, 734 uncensored	1842 censored, 949 uncensored
R^2	0.278	0.277	0.317	0.267	0.539	0.376				
Log pseudolikelihood							−5249.0	−516.6	−1400.1	−2320.3
Rho							−0.594***	−0.382**	−0.658***	−0.676***
Sigma							0.479	0.471	0.461	0.556
Lambda							−0.284	−0.180	−0.303	−0.376

Notes: dependent variable is the logarithm of desired wage. The Heckman selection model did not converge to a result in the case of Latvia and Lithuania for the 36+ age group. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors in are parentheses. Estimates for job categories are available from the author upon request. The results for selection equation are presented in appendix 7. Calculations have been based on data from CV Keskus/CV Market.

6. Conclusion

This is the first study to focus on one of the risk groups in the labor market – young people – and aimed to examine whether foreign work experience has an effect on wage desire in the Baltic states. Several studies (see literature review in section 2) have found that people with foreign work experience earn significantly higher wages than people without such experience. According to the results, young return migrants, when compared to non-migrants, desire an 8.1% higher wage in Estonia and 15.4% in Latvia; among older people the difference is even larger: 13.3% for Estonia and 19.5% for Lithuania. After taking into account selection in wage reporting and return migration, the results became significantly higher for Estonia: young return migrants, when compared to non-migrants, desire a 27.5% higher wage and for older people the figure is 42.8%. In the case of young Latvian returnees, the estimate became lower being reduced to 7.9% from 15.4%. The figure for young Lithuanian return migrants became significantly different from zero at 4.2% and among older returnees the estimate was 16.4 percentage points higher. However, employers in the home countries may not value foreign work experience to the extent as return migrants, therefore, they might go abroad again if their wage desire does not meet the wage offer made by potential employers. Thus, policies that help return migrants finding a suitable job should help them to integrate better into the home labor market and reduce their desire to seek employment abroad.

The above suggests that older return migrants may be more confident in their wage negotiations. Older return migrants are also more willing to go abroad again, which may explain their higher wage desire when compared to younger return migrants. The result for Latvia, without taking account selection, does not differ significantly from Hazans (2008) study, who found an earnings premium of 14–16% for Latvian returnees. Kauhanen and Kangasniemi (2013) found the earnings premium from OLS for Estonian returnees from Finland to be around 15%, which is higher compared to the results found in this study without taking into account selection, but lower when taking selection into account.

According to the results for Estonia, male return migrants, when compared to female return migrants, exhibit a higher wage desire, this may indicate that men are more confident in their wage requests than women. Meriküll and Mõtsmees (2014) also found that men solicit much higher wages than women do and concluded that women are more risk averse in their job-search and prefer more stable employment environments and shorter unemployment periods. As expected, higher human capital leads to higher wage desire. It is also evident that return migrants who are willing to go abroad again desire higher wages. When studying selection in return migration the results also revealed that return migrants are a rather positively selected group in terms of education among the migrants in the destination countries. This is a significant result for labor market policy, suggesting that those who are more competitive in the home labor market have a higher probability of return, whereas those who are less competitive may not want to return as they may have better labor market outcomes in terms of, e.g., wages, in their destination countries.

There also exist limitations to the study and potential extensions. First of all, although there are many advantages to using CV Keskus data when compared to other data sources, the data is not as representative with respect to the entire population as other data sources, e.g., labor force surveys. As reported earlier, there are differences with the general population structure regarding age and educational level, but differences also exist between the three countries under study. Second, the interpretation of the results is influenced by selection effects. In this study, a strong exclusion restriction did not exist. For future research it would be interesting to study the possible selection biases. It would also be useful to compare desired wages with realized wages. Finally, being able to actually measure the wage premium of return migrants in the home country labor market would yield a definitive value to the worth of foreign work experience.

Appendices

Appendix 1. The frequency and percentage of non-migrants and return migrants for Baltic individuals aged 15–35 and 36+ compared to all individuals aged 15–35 and 36+ as well as among genders.

Age 15–35							
Country		Not potential migrants			Potential migrants		
		Overall	Men	Women	Overall	Men	Women
EE	Frequency	182 043	75 427	106 616	11 891	7 670	4 221
	Percent	83.4% (0.2)	78.5% (0.3)	87.3% (0.2)	5.5% (0.1)	8.0% (0.2)	3.5% (0.1)
LV	Frequency	30 171	12 594	17 577	1 978	1 126	852
	Percent	87.8% (0.3)	84.8% (0.6)	90.0% (0.4)	5.8% (0.2)	7.6% (0.4)	4.4% (0.3)
LT	Frequency	98 995	37 539	61 456	4 631	2 687	1 944
	Percent	89.5% (0.2)	86.4% (0.3)	91.6% (0.2)	4.2% (0.1)	6.2% (0.2)	2.9% (0.1)
Country		Not returned migrants			All		
		Overall	Men	Women	Overall	Men	Women
EE	Frequency	12 807	7 505	5 302	218 161	96 062	122 099
	Percent	5.9% (0.1)	7.8% (0.2)	4.3% (0.2)	100%	44.0%	56.0%
LV	Frequency	1 310	681	629	34 377	14 852	19 525
	Percent	3.8% (0.2)	4.6% (0.3)	3.2% (0.3)	100%	43.2%	56.8%
LT	Frequency	3 689	1 766	1 923	110 571	43 461	67 110
	Percent	3.3% (0.1)	4.1% (0.1)	2.9% (0.1)	100%	39.3%	60.7%
Age 36+							
Country		Not potential migrants			Potential migrants		
		Overall	Men	Women	Overall	Men	Women
EE	Frequency	116 685	51 246	65 439	7 838	5 235	2 603
	Percent	86.7% (0.2)	81.4% (0.3)	91.3% (0.2)	5.8% (0.1)	8.3% (0.2)	3.6% (0.2)
LV	Frequency	14 001	6 252	7 749	1 054	684	370
	Percent	88.3% (0.5)	84.2% (0.8)	92% (0.6)	6.6% (0.4)	9.2% (0.7)	4.4% (0.4)
LT	Frequency	29 781	12 673	17 108	2 004	1 408	596
	Percent	89.8% (0.2)	84.6% (0.6)	94.0% (0.4)	6.0% (0.3)	9.4% (0.5)	3.3% (0.2)
Country		Not returned migrants			All		
		Overall	Men	Women	Overall	Men	Women
EE	Frequency	5 660	3 873	1 787	134 623	62 924	71 699
	Percent	4.2% (0.1)	6.2% (0.1)	2.5% (0.1)	100%	46.7%	53.3%
LV	Frequency	449	285	164	15 851	7 426	8 425
	Percent	2.8% (0.3)	3.8% (0.5)	2.0% (0.2)	100%	46.8%	53.2%
LT	Frequency	791	529	262	33 169	14 973	18 196
	Percent	2.4% (0.1)	3.5% (0.3)	1.4% (0.2)	100%	45.1%	54.9%

Notes: errors ($Z_{\alpha/2} \times (\sigma/\sqrt{n})$) in parentheses are calculated for a 95% confidence level. Calculations have been based on data from CV Keskus/CV Market.

Appendix 2. The main characteristics of not potential migrants, potential migrants, and not returned migrants aged 15–35 in the Baltic states.

Variable	Country	Not potential migrants	Potential migrants	Not returned migrants
Female	EE	58.6% (0.2)	35.5% (0.9)	41.4% (0.9)
	LV	58.3% (0.5)	43.1% (2.2)	48.0% (2.7)
	LT	62.1% (0.3)	42.0% (1.4)	52.1% (1.6)
No. of obs. (EE; LV; LT, respectively)		182 043; 30 171; 98 995	11 891; 1 978; 4 631	12 807; 1 310; 3 689
Children (dummy)	EE	23.9% (0.2)	22.5% (0.8)	22.8% (0.8)
	LV	16.3% (0.4)	12.3% (1.4)	16.4% (2.0)
	LT	13.1% (0.2)	12.0% (0.9)	13.5% (1.6)
No. of obs. (EE; LV; LT, respectively)		178 160; 29 313; 98 048	11 673; 1 948; 4 589	12 570; 1 276; 1 632
Cohabitation (dummy)	EE	33.6% (0.3)	31.7% (0.9)	34.2% (0.9)
	LV	17.8% (0.5)	13.6% (1.5)	18.9% (2.2)
	LT	16.7% (0.2)	16.1% (1.0)	21.3% (2.0)
No. of obs. (EE; LV; LT, respectively)		169 583; 28 704; 97 188	11 255; 1 918; 4 558	12 048; 1 239; 1 622
Tertiary education	EE	20.3% (0.2)	15.2% (0.6)	20.9% (0.7)
	LV	18.7% (0.5)	16.1% (1.6)	29.3% (2.5)
	LT	40.4% (0.3)	43.3% (1.7)	62.5% (2.3)
Secondary education	EE	38.6% (0.2)	36.2% (1.0)	38.8% (0.8)
	LV	35.6% (0.6)	24.9% (1.9)	42.7% (2.7)
	LT	38.4% (0.4)	30.7% (1.6)	24.8% (2.1)
Vocational education	EE	19.0% (0.1)	24.0% (0.8)	23.4% (0.8)
	LV	9.1% (0.3)	8.1% (1.2)	15.3% (1.9)
	LT	9.0% (0.3)	10.3% (1.0)	7.7% (1.3)
Basic education	EE	20.4% (0.2)	24.1% (0.8)	16.4% (0.6)
	LV	11.4% (0.4)	12.3% (1.5)	12.1% (1.8)
	LT	11.3% (0.2)	15.3% (1.3)	4.9% (1.0)
No. of obs. (EE; LV; LT, respectively)		162 872; 30 171; 69 772	10 637; 1 978; 3 208	12 800; 1 310; 1 654
Mother tongue Estonian, Latvian, or Lithuanian, respectively	EE	66.3% (0.2)	60.2% (0.9)	69.2% (0.8)
	LV	62.7% (0.5)	48.2% (2.2)	64.9% (2.6)
	LT	72.7% (0.3)	69.6% (1.3)	92.3% (1.3)
Mother tongue Russian	EE	26.1% (0.2)	32.1% (0.9)	25.4% (0.8)
	LV	23.8% (0.4)	24.9% (1.9)	28.2% (2.4)
	LT	5.1% (0.2)	6.2% (0.7)	5.6% (1.1)
No. of obs. (EE; LV; LT, respectively)		182 043; 30 171; 98 995	11 891; 1 978; 4 631	12 807; 1 310; 1 654
Desired wage (EUR)	EE	672.9 (3.6)	818.5 (17.6)	977.2 (24.5)
	LV	590.4 (9.8)	784.6 (61.5)	860.7 (72.1)
	LT	482.8 (3.8)	630.7 (24.2)	533.0 (26.5)

Continuation of appendix 2.

No. of obs. (EE; LV; LT respectively)		51 068; 9009; 27 514	3 108; 587; 1 618	3 206; 469; 1 388
Readiness to work abroad (dummy: yes/no)	EE	0.0% (0.0)	100% (0.0)	20.0% (0.7)
	LV	0.0% (0.0)	100% (0.0)	13.3% (1.8)
	LT	0.0% (0.0)	100% (0.0)	11.9% (1.6)
No. of obs. (EE; LV; LT, respectively)		182 043; 30 171; 98 995	11 891; 1 978; 4 631	12 807; 1 310; 1 654

Notes: errors ($Z_{\alpha/2} \times (\sigma/\sqrt{n})$) in parentheses are calculated for a 95% confidence level. ***/**/* indicate statistically significant at 1%/5%/10%, respectively. Calculations have been based on data from CV Keskus/CV Market.

Appendix 3. The validity of the selected instruments in the Baltic states.

All individuals				
	Country	Desired wage	Desired wage reporting (1-reported wage, 0-did not report wage)	Return migrant (1-return migrant, 0-non-migrant)
Children (1-has children, 0-does not have children)	EE	0.121***	0.142***	-0.004**
	LV	0.221***	0.146***	0.020***
	LT	0.232***	0.185***	0.001*
Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	EE	0.175***	0.131***	0.013***
	LV	0.230***	0.135***	0.017***
	LT	0.259***	0.197***	0.015***
Labor market status (1-employed, 0-unemployed)	EE	0.197***	0.080***	
	LV	0.119***	0.082***	
	LT	0.235***	0.089***	
Men				
Children (1-has children, 0-does not have children)	EE	0.234***	0.131***	0.044***
	LV	0.296***	0.164***	0.050***
	LT	0.336***	0.180***	0.030***
Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	EE	0.256***	0.133***	0.055***
	LV	0.289***	0.158***	0.039***
	LT	0.350***	0.209***	0.040***
Labor market status (1-employed, 0-unemployed)	EE	0.193***	0.076***	
	LV	0.106***	0.089***	
	LT	0.237***	0.096***	
Women				
Children (1-has children, 0-does not have children)	EE	0.079***	0.149***	-0.042***
	LV	0.181***	0.127***	-0.006
	LT	0.191***	0.186***	-0.014***

Continuation of appendix 3.

Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	EE	0.125***	0.128***	-0.027***
	LV	0.169***	0.115***	-0.007
	LT	0.198***	0.188***	-0.007**
Labor market status (1-employed, 0-unemployed)	EE	0.248***	0.083***	
	LV	0.149***	0.077***	
	LT	0.253***	0.084***	

Notes: reported are point-biserial correlation coefficients for dichotomous and continuous variables and phi correlation coefficients for binary variables. ***/**/* statistically significant at 1%/5%/10%. Calculations have been based on data from CV Keskus/CV Market.

Appendix 4. Estimates for the logarithm of desired wages of male and female people aged 15–35 and 36 and older from calculated OLS wage regressions in the Baltic states.

Variable	Male						Female					
	Age 15–35			Age 36+			Age 15–35			Age 36+		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	0.097*** (0.014)	0.036 (0.046)	0.019 (0.024)	0.116*** (0.021)	0.095 (0.074)	0.057 (0.040)	0.064*** (0.012)	0.135*** (0.045)	0.020 (0.019)	0.115*** (0.022)	0.012 (0.083)	0.127** (0.055)
Age	0.042*** (0.010)	−0.030 (0.034)	−0.030* (0.017)	0.030*** (0.005)	0.100*** (0.022)	−0.005 (0.015)	0.034*** (0.008)	−0.084*** (0.027)	−0.021* (0.012)	0.039*** (0.005)	0.028 (0.021)	0.018 (0.015)
Age squared	−0.001*** (0.000)	0.001 (0.001)	0.001*** (0.000)	−0.000*** (0.000)	−0.001*** (0.000)	0.000 (0.000)	−0.001*** (0.000)	0.002*** (0.000)	0.001*** (0.000)	−0.000*** (0.000)	−0.000 (0.000)	−0.000 (0.000)
Children (1-has children, 0-does not have children)	0.079*** (0.010)	0.092** (0.037)	0.062*** (0.020)	0.066*** (0.009)	0.056* (0.033)	0.111*** (0.023)	−0.003 (0.007)	−0.020 (0.022)	−0.064*** (0.011)	−0.020*** (0.006)	−0.027 (0.027)	−0.035* (0.019)
Cohabitation (1-married or living with a partner, 0-single, divorced or widowed)	0.094*** (0.009)	0.101*** (0.033)	0.134*** (0.017)	0.119*** (0.010)	0.055* (0.033)	0.058** (0.023)	0.046*** (0.006)	0.025 (0.021)	0.032*** (0.010)	0.006 (0.006)	0.007 (0.025)	−0.015 (0.016)
Mother tongue Estonian, Latvian, or Lithuanian, respectively	0.063*** (0.007)	−0.055** (0.027)	0.022 (0.017)	0.073*** (0.009)	−0.007 (0.033)	0.059** (0.027)	0.112*** (0.006)	0.057*** (0.018)	0.012 (0.012)	0.198*** (0.006)	0.074** (0.029)	0.026 (0.021)
Vocational education	−0.194*** (0.010)	−0.139*** (0.036)	−0.249*** (0.018)	−0.196*** (0.011)	−0.230*** (0.038)	−0.265*** (0.022)	−0.239*** (0.008)	−0.234*** (0.028)	−0.246*** (0.013)	−0.245*** (0.008)	−0.261*** (0.036)	−0.296*** (0.018)
Secondary education	−0.241*** (0.010)	−0.246*** (0.026)	−0.225*** (0.012)	−0.264*** (0.010)	−0.273*** (0.036)	−0.229*** (0.021)	−0.284*** (0.007)	−0.282*** (0.019)	−0.207*** (0.009)	−0.316*** (0.008)	−0.328*** (0.027)	−0.221*** (0.019)

Continuation of appendix 4.

Basic education	−0.345*** (0.012)	−0.230*** (0.040)	−0.270*** (0.020)	−0.317*** (0.018)	−0.322*** (0.057)	−0.193*** (0.043)	−0.368*** (0.010)	−0.353*** (0.028)	−0.241*** (0.015)	−0.340*** (0.015)	−0.321*** (0.060)	−0.163*** (0.034)
Primary education or less	−0.496*** (0.060)	−0.231* (0.125)	−0.113 (0.177)	0.050 (0.340)	0.926*** (0.070)	no data	−0.534*** (0.042)	−0.489*** (0.117)	−0.408*** (0.064)	−0.480*** (0.117)	no data	no data
Work experience	0.059*** (0.003)	0.098*** (0.011)	0.095*** (0.006)	0.010*** (0.001)	0.001 (0.005)	0.017*** (0.003)	0.070*** (0.003)	0.105*** (0.008)	0.069*** (0.005)	0.012*** (0.001)	0.011** (0.005)	0.014*** (0.003)
Work experience squared	−0.002*** (0.000)	−0.005*** (0.001)	−0.007*** (0.001)	−0.000*** (0.000)	0.000 (0.000)	−0.001*** (0.000)	−0.003*** (0.000)	−0.006*** (0.001)	−0.004*** (0.001)	−0.000*** (0.000)	−0.000** (0.000)	−0.000*** (0.000)
Willingness to work abroad (1-yes, 0-no)	0.075*** (0.013)	0.113** (0.045)	0.136*** (0.021)	0.142*** (0.015)	0.172*** (0.053)	0.185*** (0.031)	0.076*** (0.015)	0.106** (0.044)	0.090*** (0.022)	0.146*** (0.019)	0.326*** (0.095)	0.239*** (0.048)
Controls for job categories	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Constant	5.375*** (0.139)	6.247*** (0.472)	5.775*** (0.243)	5.868*** (0.126)	4.253*** (0.510)	6.360*** (0.346)	5.393*** (0.115)	6.727*** (0.375)	5.495*** (0.172)	5.357*** (0.106)	5.542*** (0.477)	5.724*** (0.339)
No. of observations	17304	2434	7065	14222	1598	3362	22092	3380	10586	20693	1757	4108
R^2	0.330	0.312	0.347	0.233	0.192	0.192	0.373	0.384	0.339	0.306	0.274	0.222

Notes: dependent variable is the logarithm of desired wage. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Calculations have been based on data from CV Keskus/CV Market.

Appendix 5. Estimates for the logarithm of desired wages of male and female return migrants aged 15–35 and 36 and older from calculated OLS wage regressions after taking account selection in wage reporting and return migration in the Baltic states.

Variable	Male						Female					
	Age 15–35			Age 36+			Age 15–35			Age 36+		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	0.271*** (0.015)	–0.105** (0.049)	0.028 (0.023)	0.458*** (0.028)	0.072 (0.074)	0.000 (0.040)	0.170*** (0.013)	0.072 (0.074)	0.000 (0.040)	0.209*** (0.022)	0.120 (0.084)	0.600*** (0.060)
Age	–0.319*** (0.038)	–0.031 (0.200)	0.568*** (0.030)	0.120*** (0.008)	0.094*** (0.022)	–0.021 (0.019)	0.021** (0.009)	0.094*** (0.022)	–0.021 (0.019)	0.062*** (0.005)	–0.021 (0.039)	0.089*** (0.018)
Age squared	0.005*** (0.001)	0.000 (0.003)	–0.010*** (0.001)	–0.001*** (0.000)	–0.001*** (0.000)	–0.000 (0.000)	–0.002*** (0.000)	–0.001*** (0.000)	–0.000 (0.000)	–0.001*** (0.000)	0.000 (0.000)	–0.001*** (0.000)
Mother tongue Estonian, Latvian, or Lithuanian, respectively	–0.235*** (0.029)	–0.282*** (0.039)	–0.042** (0.018)	–0.597*** (0.048)	–0.147*** (0.047)	–0.170*** (0.030)	0.265*** (0.007)	–0.147*** (0.047)	–0.170*** (0.030)	0.232*** (0.009)	–0.059 (0.051)	0.006 (0.020)
Vocational education	–0.030** (0.014)	0.186*** (0.052)	–0.105*** (0.022)	0.098*** (0.020)	–0.199*** (0.039)	–0.132*** (0.036)	–0.151*** (0.009)	–0.199*** (0.039)	–0.132*** (0.036)	–0.022* (0.012)	–0.116*** (0.045)	0.049* (0.026)
Secondary education	–0.032*** (0.011)	0.027 (0.042)	–0.084*** (0.017)	0.091*** (0.019)	–0.252*** (0.045)	–0.484*** (0.029)	–0.170*** (0.008)	–0.252*** (0.045)	–0.484*** (0.029)	–0.270*** (0.009)	–0.236*** (0.040)	–0.241*** (0.018)
Basic education	0.201*** (0.027)	0.011 (0.057)	–0.367*** (0.025)	0.885*** (0.061)	–0.251*** (0.059)	–0.414*** (0.049)	–0.292*** (0.012)	–0.251*** (0.059)	–0.414*** (0.049)	–0.138*** (0.018)	–0.292*** (0.060)	–0.223*** (0.035)
Primary education or less	1.180*** (0.122)	no data	1.010*** (0.169)	no data	no data	no data	no data	no data	no data	no data	no data	no data
Work experience	–0.236*** (0.020)	0.007 (0.043)	0.194*** (0.011)	–0.044*** (0.006)	0.005 (0.013)	0.111*** (0.016)	0.073*** (0.004)	0.005 (0.013)	0.111*** (0.016)	0.023*** (0.001)	0.012** (0.006)	0.005 (0.004)

Continuation of appendix 5.

Work experience squared	0.016*** (0.001)	0.003 (0.004)	–0.010*** (0.001)	0.002*** (0.000)	0.000 (0.000)	–0.003*** (0.001)	–0.004*** (0.000)	0.000 (0.000)	–0.003*** (0.001)	–0.000*** (0.000)	–0.000 (0.000)	0.000** (0.000)
Willingness to work abroad (1-yes, 0-no)	–0.658*** (0.069)	–0.210* (0.107)	0.237*** (0.029)	–1.177*** (0.104)	0.077 (0.073)	0.581*** (0.092)	0.086*** (0.018)	0.077 (0.073)	0.581*** (0.092)	0.223*** (0.030)	0.429*** (0.105)	–0.131** (0.060)
Controls for job categories	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Inverse Mills ratio from wage reporting eq.	–1.908*** (0.062)	–1.545*** (0.173)	–1.960*** (0.081)	–2.220*** (0.119)	–1.185*** (0.285)	–2.034*** (0.134)	–1.800*** (0.044)	–1.185*** (0.285)	–2.034*** (0.134)	–2.007*** (0.077)	–1.056*** (0.224)	–2.800*** (0.155)
Inverse Mills ratio from return migration eq.	–2.361*** (0.164)	–0.548 (0.334)	0.670*** (0.062)	–3.505*** (0.229)	–0.144 (0.177)	1.064*** (0.235)	0.135*** (0.018)	–0.144 (0.177)	1.064*** (0.235)	–0.116*** (0.034)	–0.139 (0.163)	–0.143*** (0.045)
Constant	20.268*** (1.043)	9.565** (4.063)	–2.921*** (0.532)	16.443*** (0.614)	5.907*** (0.800)	5.680*** (0.442)	7.600*** (0.156)	5.907*** (0.800)	5.680*** (0.442)	6.266*** (0.150)	7.969*** (1.324)	6.388*** (0.333)
No. of observations	17193	2413	7028	14171	1565	3291	21872	1565	3291	20623	1635	3993
R^2	0.362	0.325	0.396	0.249	0.195	0.241	0.416	0.195	0.241	0.328	0.286	0.278

Notes: dependent variable is the logarithm of desired wage. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Calculations have been based on data from CV Keskus/CV Market.

Appendix 6. Estimates of the logarithm of desired wages of people aged 15–35 and 36 and older by labor market status (employed, unemployed) from calculated OLS wage regressions in the Baltic states.

Variable	Labor market status: employed						Labor market status: unemployed					
	Age 15–35			Age 36+			Age 15–35			Age 36+		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Return migrant (1-return migrant, 0-non-migrant)	0.028* (0.015)	0.134** (0.063)	–0.035 (0.027)	0.112*** (0.026)	–0.041 (0.076)	0.065 (0.066)	0.112*** (0.021)	0.097* (0.050)	0.055** (0.026)	0.108*** (0.038)	0.045 (0.242)	0.198** (0.089)
Return migrant*male	0.030 (0.023)	–0.103 (0.084)	0.007 (0.041)	–0.000 (0.038)	0.061 (0.136)	–0.084 (0.079)	–0.020 (0.032)	–0.101 (0.091)	–0.044 (0.045)	–0.053 (0.050)	0.088 (0.258)	–0.122 (0.115)
Age	0.066*** (0.010)	–0.048 (0.038)	0.067*** (0.020)	0.029*** (0.005)	0.044** (0.021)	0.003 (0.015)	0.008 (0.009)	–0.077*** (0.027)	–0.042*** (0.012)	0.047*** (0.005)	0.105*** (0.021)	0.015 (0.013)
Age squared	–0.001*** (0.000)	0.001 (0.001)	–0.001* (0.000)	–0.000*** (0.000)	–0.001** (0.000)	–0.000 (0.000)	–0.000 (0.000)	0.001*** (0.000)	0.001*** (0.000)	–0.001*** (0.000)	–0.001*** (0.000)	–0.000 (0.000)
Children (1-has children, 0-does not have children)	0.024*** (0.007)	0.039 (0.029)	–0.009 (0.014)	0.005 (0.008)	0.006 (0.032)	0.048** (0.022)	0.038*** (0.008)	0.041 (0.026)	–0.007 (0.013)	0.012* (0.007)	0.020 (0.029)	0.021 (0.018)
Male (1-male, 0-female)	0.273*** (0.007)	0.216*** (0.021)	0.214*** (0.012)	0.319*** (0.008)	0.308*** (0.029)	0.303*** (0.019)	0.283*** (0.007)	0.255*** (0.020)	0.180*** (0.009)	0.348*** (0.008)	0.320*** (0.028)	0.321*** (0.017)
Cohabitation (1-married or living with a partner, 0-single, divorced, or widowed)	0.058*** (0.007)	0.066** (0.026)	0.068*** (0.013)	0.036*** (0.008)	0.028 (0.029)	–0.036* (0.020)	0.052*** (0.007)	0.029 (0.024)	0.028** (0.011)	0.047*** (0.007)	0.020 (0.027)	0.022 (0.016)
Mother tongue Estonian, Latvian, or Lithuanian respectively	0.076*** (0.007)	0.033 (0.024)	0.025 (0.016)	0.158*** (0.008)	0.062* (0.032)	0.028 (0.025)	0.052*** (0.006)	–0.026 (0.020)	0.006 (0.012)	0.094*** (0.007)	0.011 (0.030)	0.051** (0.020)
Vocational education	–0.221*** (0.008)	–0.240*** (0.034)	–0.262*** (0.020)	–0.225*** (0.009)	–0.204*** (0.037)	–0.292*** (0.023)	–0.161*** (0.010)	–0.122*** (0.029)	–0.185*** (0.012)	–0.189*** (0.010)	–0.244*** (0.035)	–0.243*** (0.017)
Secondary education	–0.252*** (0.007)	–0.276*** (0.022)	–0.187*** (0.012)	–0.294*** (0.008)	–0.284*** (0.030)	–0.185*** (0.021)	–0.215*** (0.009)	–0.238*** (0.021)	–0.190*** (0.009)	–0.258*** (0.009)	–0.287*** (0.031)	–0.226*** (0.018)

Continuation of appendix 6.

Basic education	–0.319*** (0.012)	–0.306*** (0.035)	–0.242*** (0.020)	–0.278*** (0.020)	–0.237*** (0.060)	–0.199*** (0.042)	–0.286*** (0.011)	–0.258*** (0.031)	–0.219*** (0.014)	–0.295*** (0.015)	–0.376*** (0.051)	–0.169*** (0.037)
Primary education or less	–0.423*** (0.093)	–0.637*** (0.051)	–0.266*** (0.018)	0.072 (0.488)	no data	no data	–0.470*** (0.036)	–0.355*** (0.102)	–0.259** (0.103)	–0.302*** (0.106)	0.902*** (0.065)	no data
Work experience	0.060*** (0.003)	0.108*** (0.011)	0.083*** (0.007)	0.016*** (0.002)	0.020*** (0.006)	0.018*** (0.004)	0.072*** (0.003)	0.105*** (0.008)	0.085*** (0.004)	0.010*** (0.001)	–0.000 (0.004)	0.015*** (0.003)
Work experience squared	–0.003*** (0.000)	–0.007*** (0.001)	–0.006*** (0.001)	–0.000*** (0.000)	–0.001*** (0.000)	–0.001*** (0.000)	–0.003*** (0.000)	–0.005*** (0.001)	–0.005*** (0.000)	–0.000*** (0.000)	0.000 (0.000)	–0.000*** (0.000)
Willingness to work abroad (1-yes, 0-no)	0.074*** (0.013)	0.107*** (0.039)	0.088*** (0.020)	0.152*** (0.016)	0.272*** (0.070)	0.174*** (0.033)	0.074*** (0.014)	0.107** (0.051)	0.149*** (0.023)	0.134*** (0.018)	0.169*** (0.062)	0.176*** (0.038)
Controls for job categories	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Constant	5.021*** (0.137)	6.479*** (0.534)	4.358*** (0.288)	5.670*** (0.121)	5.214*** (0.487)	6.044*** (0.346)	5.656*** (0.117)	6.637*** (0.372)	5.854*** (0.165)	5.016*** (0.110)	3.704*** (0.476)	5.497*** (0.300)
No. of observations	19 482	2 571	7 704	16 540	1 525	3 573	19 618	3 204	9 845	18 264	1 817	3 873
R^2	0.383	0.364	0.317	0.352	0.303	0.251	0.361	0.377	0.359	0.321	0.285	0.266

Notes: dependent variable is the logarithm of desired wage. ***/**/* statistically significant at 1%/5%/10%, respectively based on robust standard errors. Standard errors are in parentheses. Estimates for job categories are available from the author upon request. Calculations have been based on data from CV Keskus/CV Market.

Appendix 7. Estimates for the wage reporting model using the Heckman selection model for the logarithm of desired wages of return migrants aged 15–35 and 36 and older in the Baltic states.

Variable	Age 15–35			Age 36+
	EE	LV	LT	EE
	b/se	b/se	b/se	b/se
Labor market status (1–employed, 0–unemployed)	0.190***	0.211*	0.264***	0.275***
	(0.034)	(0.119)	(0.067)	(0.048)
Age	0.021***	0.026	0.015	−0.000
	(0.005)	(0.022)	(0.013)	(0.004)
Male (1-male, 0-female)	0.084**	0.164	0.024	−0.170**
	(0.042)	(0.127)	(0.075)	(0.067)
Children (1-has children, 0-does not have children)	0.088*	0.203	0.173	0.072
	(0.047)	(0.169)	(0.117)	(0.057)
Cohabitation (1-married or living with a partner, 0-single, divorced, or widowed)	0.004	0.035	0.169*	0.032
	(0.041)	(0.171)	(0.097)	(0.060)
Mother tongue Estonian, Latvian, or Lithuanian, respectively	−0.152***	0.294**	0.101	−0.033
	(0.038)	(0.135)	(0.124)	(0.062)
Vocational education	−0.197***	−0.279	−0.367***	−0.340***
	(0.049)	(0.182)	(0.130)	(0.071)
Secondary education	−0.174***	−0.059	−0.170**	−0.317***
	(0.043)	(0.139)	(0.080)	(0.070)
Basic education	−0.238***	0.089	0.272*	−0.301**
	(0.064)	(0.219)	(0.152)	(0.126)
Primary education or less	0.221	7.943***	−5.073***	no data
	(0.428)	(0.504)	(0.201)	
Work experience	0.001	−0.024	−0.011	−0.002
	(0.007)	(0.027)	(0.016)	(0.004)
Willingness to work abroad (1-yes, 0-no)	−0.137***	0.187	0.202**	−0.069
	(0.043)	(0.162)	(0.101)	(0.062)
Constant	−1.716***	−1.798*	−0.190	0.253
	(0.372)	(0.925)	(0.634)	(0.494)

Notes: dependent variable is the logarithm of desired wage. The Heckman selection model did not converge to a result in the case of Latvia and Lithuania for older people. ***/**/* statistically significant at 1%/5%/10%, respectively, based on robust standard errors. Standard errors in are parentheses. Estimates for job categories are available from the author upon request. Calculations have been based on data from CV Keskus/CV Market.

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