Explaining Differences Between the Expected and Actual Duration Until Return Migration: Economic Changes and Behavioral Factors

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February 15, 2012

JEL-Classification: D03, D84, D85, C41, F22
Keywords: Behavioral Economics, Expectations, Learning, Duration Analysis, Optimal Timing Strategies, International Migration

This paper explores the difference between expectations and realizations in return migration. Nonparametric duration analysis is used to provide first evidence that people’s intentions about their desire to return differ from their actual return action. Following this analysis, an estimation of a reduced form proportional hazard model allows an extraction of people’s expectations and the comparison to their intentions to return. The analyses are based on the GSOEP, a survey panel data set consisting of 25 years of information. This data set contains both intentions and actual returns. The results lend support to the fact that people use simplifying heuristics when trying to forecast the future. People’s return intentions indicate bunching in heaps of 5 years (e.g. intend to return in 5, 10, 15 years). Furthermore the

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estimates show that migrated individuals systematically underestimate the length of their stay in the receiving country and we discuss possible explanations for the difference between expectations and realizations in return migration. Understanding this difference is crucial for integration policies. If migrants systematically underestimate the duration of their stay, they will not put enough effort into their integration. Government interventions may help to improve the situation for migrants by emphasizing on integration as early as possible. It is important to understand these differences to avoid conflicts of integration between current inhabitants and migrants.