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CHAPTER 2.

IRINA TOMESCU-DUBROW

INTERNATIONAL EXPERIENCE AND LABOR MARKET SUCCESS[*]

Introduction

In our era of rapid globalization, labor market success depends more and more on transportable skills, global proficiency and personal and professional connections that extend beyond national borders. Building on Becker's insights that one's knowledge, which contributes to substantially differentiating people in their economic well-being, stems from various types of investments in human capital (Becker 1962: 9-10), researchers speak of transnational human capital as the "stocks of knowledge and personal skills that enable a person to operate in different fields beyond the individual nation-state" (Gerhards and Hans 2013: 102). Indeed, academia and the private sector increasingly seek out personnel who can perform well in multi-national, multi-cultural environments. As universities push for international research and training collaborations, corporations are sending their employees outside headquarters to do business in established and emerging economies.

Everyone on the labor market should benefit from richer skills, according to theory, and anecdotal evidence points to people of various social backgrounds seeking out international experience. The view that some level of familiarity with other countries is a worthwhile pursuit runs deep in Central and Eastern Europe (CEE). During state socialism,

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[*] In this chapter I use my previous work (Tomescu-Dubrow 2015); cf. http://polish-sociological-review.eu/index.php/psr31912015/

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parents went to great financial lengths to enable their children to learn foreign languages, and where possible, to visit abroad – pursuits that still continue.

In theory, international experience represents a good investment, but to date empirical studies examining its effects on stratification outcomes are scant. We know about inequalities in acquiring experience abroad, especially in the form of studying abroad (see Li and Bray 2006; Gerhards and Hans 2013), but have little insights about the returns international experience brings. An exception is Parey's and Waldinger's examination of the effects of studying abroad on international labor market mobility (2011). Using data from Germany, the authors find that, net of other factors, participation in the ERASMUS student exchange program increases one's probability of working in a foreign country by about 15 percentage points (Parey and Waldinger 2011: 195).

In this chapter I use the 1988–2008 waves of the Polish Panel Survey POLPAN to analyze the following research hypothesis: the experience that people gain by living abroad, because of the human capital and economic resources that accrue, enhances their success on the labor market above and beyond traditional determinants of achievement. If so, we should observe positive effects on relative income gains and entrepreneurship, which are two common ways to operationalize individual economic success.

Poland represents a strong case for assessing the impact of international experience in transforming societies for several reasons. The scale of temporary migration (i.e. going abroad for a limited time period, usually to work) relative to the entire labor force is particularly large, and the process began before the change of the system (Iglicka 2002; Wallace and Stola 2001). The 1989 systemic change and the rise of the European Union era offered Poles a new way to manage the labor market: moving abroad to find a job, even if temporarily (Okólski 2001; Fihel and Grabowska-Lusinska 2014). Migration patterns in Poland differed "as circumstances changed over three distinct periods: 1999–2004 (immediate pre-accession), 2004–2007 (early post-accession) and 2008–2011 (economic recession)" (Okólski and Salt 2014: 19). Early Polish migration has been characterized as an "incomplete migration" (Okólski 2001), when migrants go back and forth repeatedly. Though difficult to count, this process involved perhaps hundreds of thousands of people (Fihel and Grabowska-Lusinska 2014: 22; see also Kaczmarczyk and Okólski 2008: 602-605). After Poland's EU accession in 2004 that lifted many legal and

bureaucratic constraints of the movement of Poles across EU countries, Polish migration became, as Kaczmarczyk and Okólski (2008: 600) aptly noted, "one of the most spectacular population movements in contemporary European history."

In 2007, Polish migration that lasted for at least three months reached a peak of over 2.27 million Poles (Fihel and Grabowska-Lusinska 2014: 23). This incomplete migration is still relevant, as many of the Poles who left came back, and then left again (Fihel and Grabowska-Lusinska 2014). As with all inflow/outflow processes that entail large personal costs, there is a selection effect. As Kaczmarczyk and Okólski (2008: 607) summarize, in Poland the key selection factors are access to migrant networks within the host country, the region of the sending country, and human capital (e.g. level of education, prior work experience).

The economic restructuring following the end of state socialism saw social inequality, income inequality in particular, rise sharply; capitalist-style competition brought new dynamics into the processes of job mobility (Heyns 2005; Slomczynski et al. 2007; Bandelj and Mahutga 2010; Domański 2011). These developments, backed by a growing multi-national business environment, have placed new pressures on people to enrich their human, social and/or economic capital. Like in all other former communist countries of Europe, the 1989 systemic change altered Poland's stratification structure significantly: new classes emerged, in particular, employers. This social group is one of the greatest "winners" of the economic transition (Slomczynski and Shabad 1997; Slomczynski, Janicka, Shabad, and Tomescu-Dubrow 2007).

As Poland takes its place among the biggest economies of Europe, Poles' labor market fate increasingly calls for a rigorous analysis of the benefits of international experience. The insights from such a study will be informative for the larger European context, since Poland's socio-economic developments over the past decades have occurred with exceptional intensity but are emblematic for globalization processes taking place in the region. Temporal migration within the European Union is a big part of these processes (Castles and Miller 2009: Ch. 5; Ruspini and Eade 2014; Triandafyllidou 2006: Ch. 10).

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International Experience and Success: Theoretical Arguments

I argue that international experience, operationalized in this chapter as living abroad for minimum two months, should have a positive impact on peoples' economic well-being, other things equal, because it enriches their human capital, and, possibly, their economic capital. I use the framework of the human capital effects in accordance with a classic Mincerian formulation (Mincer 1958), developed further by Schulz (1963) and Becker (1964). It is assumed that additional investment in human capital has similar effects to additional investment in "physical means of production" in a sense of yielding additional output.

Living abroad for a substantive period adds to people's existing human capital built through education and in-country work experience. During their unmediated experience of foreign countries and cultures, people encounter a range of values and expectations, and of labor market conditions, that can become part of their personal repertoire. They gain transnational human capital – knowledge of foreign labor markets, institutions and legal systems (Gerhards and Hans 2013: 100–101 for example), cultural adaptability – that make them more attractive on the job market. It follows that:

> H1: People who at time *t* gathered international experience, defined as living abroad for at least two months, should, at time *t+1*, have higher income compared to people without this resource, *ceteris paribus*.

Entrepreneurial behavior is another sphere where international experience should have a measurable positive impact. The human capital perspective lets us infer that part of the knowledge accumulated abroad should aid entrepreneurship.[1] Greater inter-personal skills is one example of such knowledge. Business know-how, including awareness of market needs and business niches in the country of origin is another: when abroad, people come across a variety of business types, which they can use as reference frame for possible investment options at home. At the same time, research shows that people put aside money from their overseas earnings,

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[1] In the human capital approach it is conceived that "entrepreneurial ability" is a form of human capital. Like other forms of human capital, this ability can be increased by experience, including international experience (Klein and Cook 2006).

at least part of which could be used toward starting a business in the home country (Durand et al. 1996; Grieco 2004; Cohen and Rodriguez 2005; Cuc, Lundbäck, and Ruggiero 2006). Ma (2002) shows that in China, rural-to-urban migrants who return to their rural-area home tend to become entrepreneurs, and that migration brings more than just financial gains, as it enhances migrants' skills. Clearly, traditional determinants of stratification, in particular education, shape people's chances to succeed economically, but my hypothesis is that international experience will exert a significant influence net of their impact.

Empirical research on labor market returns to temporary migration supports the expectation that living and working in another country can be a valuable monetary and human capital resource (see Arif and Irfan 1997; Ilahi 1999; McCormick and Wahba 2003; Dustmann and Kirschkamp 2002; Ma 2002; Carletto and Kilic 2009), although there are also problematic outcomes of migration, such as dependency relations (Reichert 1981), or the inability of return migrants to find work in countries such as India, Pakistan, Bangladesh, the Philippines and Sri-Lanka (Stahl 2003). Cohen (2005) provides a comprehensive discussion of positive and negative remittance outcomes and migration.

Some studies point to gender specific effects of returns to migration: in Ireland, male temporary workers enjoy wage benefits after returning, but women not necessarily so (Barrett and O'Connell 2000), while the opposite emerges in Hungary (Co, Gang, and Yun 2000). Qualitative and case studies on Albanian migrants show that return migrants use savings earned abroad to finance micro-enterprises and buy equipment for enhancing the productivity in activities that already existed. Also, return migrants appear to use the experience abroad as a learning opportunity, to enhance the skills that will allow them to replicate in Albania the businesses in which they worked when in a different country (Nicholson 2001 and 2002; Labrianidis and Hatziprokopiou 2006 as cited by Carletto and Kilic 2009: 3).

Carletto and Kilic (2009) use the 2005 Albanian Living Standards Measurement Study Survey and ordered probit regression to estimate the impact of international migration experience on the occupational mobility of return migrants compared to working-age Albanian residents that never migrated. The degree of occupational mobility is calculated as the difference between occupational ranking in 2005 minus the initial occupational ranking (Carletto and Kilic 2009: 12). After controlling for selectivity into international migration and return, the authors find that

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past migration experience increases the likelihood of upward occupa-
tional mobility. Since such impact is likely to depend on differences in
earning potentials and opportunities for skill acquisition across destina-
tion countries, the authors explore the heterogeneity of impact by host
country: Greece on one hand, vs. Italy and other countries on the other.
They find that the positive effect of past migration experience on upward
occupational mobility is driven by past migration experience in Italy and
countries further afield, while past migration experience in Greece does
not exert any significant impact on mobility outcomes.

Studies of the consequences of the 1989 systemic change in CEE,
Poland included, demonstrate that the costs and benefits of the socio-
economic and political restructuring have been distributed differently
across social classes, justifying the distinction between "winners" and
"losers." Mangers, experts, and the new class of employers especial-
ly, have taken advantage of the business opportunities that the post-
1989 environment opened. In contrast, manual workers and farmers
are social classes that found themselves disproportionately among the
"losers." Supervisors, the self-employed, office workers, and sales and
service workers occupy the middle of the social hierarchy with respect
to benefits and costs of the restructuring that followed 1989 (Slom-
czynski, Janicka, Shabad, and Tomescu-Dubrow 2007; Heyns 2005;
Slomczynski 2002). With these findings in mind, I analyze the odds of
achieving the status of employer after the end of communism, depen-
dent on international experience and control variables. Specifically,

> H2: International experience has a positive effect on the odds of moving
> into the category of employers, *ceteris paribus*.

Data and Measurement

Data

Over-time changes in individuals' characteristics, their socio-economic
standing especially, are key to this chapter arguments. Hence, I conduct
my analyses on the 1988–2008 POLPAN panel subsample, that is, Poles
interviewed in each of the five survey waves (N = 933).

Measurement

Availability of respondents' history of employment allows me to model the expected effects of international experience on both relative income gains and entrepreneurship. In the first instance, the dependent variable is constructed as (a) the difference in income earnings between 2008 and 1988 when OLS regression is employed; and (b) time-varying income over the 1993–2008 period, in the panel regression procedure.[2]

For entrepreneurship, success is present if at time t people are employers, knowing that at $t-1$ this was not the case. Employers are owners who employ four or more non-family members. In Poland, they form a full-fledged social class that is distinct from the self-employed only after 1989.[3,4] The dependent variable under this specification is dichotomous, with employer status in a given wave from 1993 to 2008 =1; otherwise = 0.

POLPAN contains items that facilitate the measurement of international experience as time spent outside Poland. In the 1988 and 1993 waves, respondents were asked how often they travelled abroad during the past five years, and how long the trip lasted.[5] For this group, I assume

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[2] In all instances, I use the log form of income. This is a common procedure of expressing income in standard units over time; see Atkinson and Bourguignon (2000), especially introduction and the chapter by Derek Neal and Sherwin Rosen, for various forms of income transformation. I have also experimented with other transformation forms suggested in the literature, with very similar results to those performed on the logarithms of income.

[3] In Poland, in the 1980s "employers" existed in the second economy, or in special cases of so-called "Polonia enterprises," legalized in 1976. The term "Polonia enterprises" refers to the firms owned by Polish expatriates or foreigners of Polish background. Most of these firms were small limited crafts, domestic trade, restaurants, hotels, and other services (Maciejko 1991).

[4] The theoretical reason for measuring entrepreneurial success in terms of firms that employ four or more people outside of family members is the following: the social class of employers is, in terms of economic success (the outcome of interest in this study), significantly better off than the self-employed (see for e.g. Slomczynski and Shabad 1997). In a certain sense, once start-ups are successful, they turn into firms that hire more than family members. In the future, I intend to extend the analyses to family-operated business, too.

[5] In 1988 and 1993 POLPAN respondents were not asked directly whether they worked while outside Poland since "working abroad" was a sensitive issue. While one cannot reject the possibility that some respondents who declared being abroad for two or more months do not fit to the category of "working abroad," all research indicates that these would constitute a small number (Stola 2001a; Stola 2001b;

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that being abroad for at least two months gives a reasonable probability that the respondent has acquired transnational human capital (Gerhards and Hans 2013). The 2008 wave of POLPAN provides respondents' retrospective accounts of whether they worked abroad for at least three months, and, if yes, the year their job abroad ended. For the OLS regression of income changes 2008–1988, I combine these two types of information – living abroad and working abroad – into the variable "international experience," which is coded 1 if between 1983 and 2008 respondents have been in another country for two or more months, and 0 otherwise.[6] In the panel regression procedure (applied to both income and entrepreneurship), experience abroad is constructed as cumulative time-varying variable.

One issue related to the international experience variable warrants a comment. I combine two different lengths of time outside Poland: two or more months for the period 1983–1993, and three or more months for the 2008 retrospective question on working abroad. This is justified also by migration patterns of people from Poland: in the earlier time period, Poles used to go abroad for shorter intervals (Stola 2001b).

Respondents' years of education, gender and age constitute control variables.[7] The positive effect of education, as key human capital component, for stratification outcomes is extensively discussed in the literature (for an example of classic formulation, Blau and Duncan 1967).

Kaczmarczyk 2005; Kaczmarczyk and Okólski 2008). Analysis of job sequencing in the POLPAN data support the assumption that people, who in the period 1983-1993 went for at least two months to a different country, worked while abroad. Research claims that at least 80% of Polish migrants (staying abroad more than two months but shorter than one year) had some formal or informal jobs defined as a regular activity performed in exchange for payment (Kaczmarczyk 2005; Kaczmarczyk and Okólski 2008), while some additional per cents were engaged in income generating activities that do not qualify as "normal" jobs but involve work – betting on rare goods, occasional personal services, and financial dealings (Stola 2001b).

[6] It is possible to go back to 1983, since the 1988 questionnaire asked for retrospective information for the past five years.

[7] With multi-cohort panels, as is the case of the POLPAN study, one can investigate the effect of more than one time scale such as age. One could analyze age, cohort or period, or any of the two. For the purposes of this chapter, the substantive considerations for accounting for the effects of aging are strongly justified. Panel regression, in which income in time $t+1$ is considered as dependent on variables in time t, implicitly controls for periods. In this situation, an independent cohort variable would lead to co-linearity and provide biased estimates for age.

Regarding gender, it would be consistent with extant research that women earn less than men, and also have lower propensity to open a business (Osborn and Slomczynski 2005). With respect to age one could expect an inverted U-shape relation with income, and declining probability of opening a business. In addition, I also control for knowledge of foreign language, since this is an important variable from the point of view of human capital theory (Gerhards and Hans 2013; Byram 2008: 5–42). In 1993, POLPAN respondents were asked about their ability to communicate in foreign languages. The variable is coded 1 if respondent knows at least one foreign language, 0 otherwise.

Statistical Approach

There is a fundamental difference between estimating the impact of international experience in a given time point (when data are treated cross-sectional) and as a process in time (in the framework of panel regression). In the former we gain knowledge about effects in specific times and compare results for different periods. In the later, we consider a uniform effect through time with given time intervals. It is important to see if the effects of international experience are present in both time perspectives.

To deal with time explicitly, in part of the analysis (when the DV = change in income) I use lagged variables to capture the variables of interest at different states, while treating POLPAN as cross-sectional. OLS estimates for particular time-points, with correction for possible intra-group correlation, are the method of choice in this instance.

Panel data have multilevel structure. Each time point (wave) is nested within respondents (i = 1, 2, …n). From the hierarchical nature of the data we may expect that the measurements for the same respondents will be more similar to each other than across respondents, involving case-dependency (see Rabe-Hesketh and Skrondal 2008; Hox 2010: ch. 5). Two-level analyses enable estimating regression-like models that take this phenomenon into account.

The covariates that vary between clusters (i.e. panel respondents) only, such as education, foreign languages proficiency, belonging to the social class of self-employed in 1988, are very important for explaining people's economic well-being. Hence, I choose the random effects model specification rather than fixed effects models, which preclude estimation of between-coefficients. For the linear regression on time-varying income

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over 1993–2008, I first checked if international experience has the same within- and between-effects following Rabe-Hesketh's and Skrondal's approach (2008: 117–118). I fitted a random-intercept model with the cluster mean of international experience, as well as the unit-specific deviation from the cluster mean of international experience and tested the null hypothesis that the estimated between effect of international experience (coefficient of the cluster mean term) equals the estimated within effect of international experience (coefficient of the deviation term). Since the difference between the two coefficients was not significantly different from zero (results available upon request), I use a random intercept model as specified in the panel regression procedure of Stata in the average population form.[8] I also introduce an autocorrelation component – the correlation of income with its value in the previous period; methodologically, the model fits a first-order autocorrelation function to regression residuals. This corresponds to an AR(1) process according to the time series analysis framework formulated by Box and Jenkins (1970).

The second hypothesis postulates that people who have at least two months of international experience have greater odds of achieving status of employer, compared to Poles without such experience, other things equal. I use the population averaged logit model in Stata, with standard errors corrected for possible intra-group correlation and with within-group correlation structure specified as unstructured, to examine it.

Results

Descriptive information on international experience shows that relatively few respondents have this kind of experience. By 2008, of the 933 Poles interviewed in each of the five surveys, 147 (16%) had worked or lived abroad anytime between 1983 and 2008.[9] Most went to foreign countries after the end of state socialism, yet a sizable group, namely 36% of the 147 respondents, did so prior to 1989. An additional 19 persons, that is 2% of the full panel sample, were abroad at the time of the 2008 survey, and are not included in these analyses.

Knowing foreign languages is an important human capital resource and an investment which parents, the educational system and many

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[8] For linear regression, this is the same as a random-effects estimator.
[9] See note 6.

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workplaces encourage (Byram 2008). Increasingly, not only high-skills occupations, but middle and low-skilled service positions too, demand foreign language proficiency (see Gerhards and Hans 2013: 100). The data show that by 1993, 42% (392 people) of the Polish panel respondents knew at least one foreign language.[10] As expected, there is a positive and significant correlation between experience abroad and foreign languages ($r = 0.288$, $p < 0.001$), but this relation is not strong.

International Experience and Income Gains

Preliminary analyses using a continuous variable for experience abroad show a substantive and statistically significant impact of length of time spent out of Poland on later income (Figure 2.1).[11]
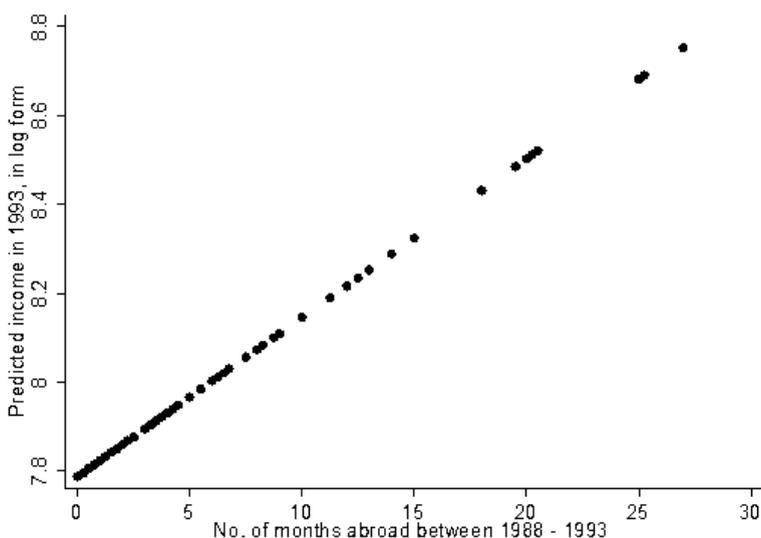
Figure 2.1. Impact of the Number of Months Abroad between 1988 and 1993 on Income in 1993

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[10] Given the increased prominence, in the last decade, of international labor relations and of English as the *lingua franca* in business and academia, it is likely that by 2008 the percentage would be higher. Unfortunately, the question on foreign languages was not asked after 1993.

[11] Predicted income in 1993 (in log form) = 7.787 + 0.036*Months of Travel Abroad; N = 705.

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This finding is strengthened by results in Table 2.1.[12] Differences in earnings between 2008 and 1988 are regressed on the two indicators of human capital – international experience and foreign language proficiency – controlling for basic demographics. The unstandardized regression coefficients are estimated using the vce(cluster) option in Stata, which specifies that the standard errors allow for intra-group correlation.[13] Controlling for education and net of foreign language proficiency, international experience has a substantive and statistically significant effect on peoples' income gains, other things equal.

Table 2.1. OLS Regression of the Difference in Earnings 2008–1988 on International Experience, Foreign Language Proficiency, and Control Variables

Independent Variables	Model 1		
	Unstandardized Coefficients	Robust S.E.	Standardized Coefficients
Gender (male = 1)	0.100	0.108	0.055
Age 1988	-0.057**	0.008	-0.340
Age^2 1988	-0.002**	0.001	-0.208
Education (years), 1988	0.103**	0.015	0.367
International experience between 1983–2008 (yes = 1)	0.260*	0.111	0.117
Foreign Language(s) (yes = 1)	0.150+	0.087	0.083
Ln Earnings 1988	-0.786**	0.099	-0.458
Constant	4.592	0.510	
Fit Statistics	F = 31.75 (df = 7) R^2 = 0.402		

N = 309; ** $p < 0.01$; * $p < 0.05$; + $p < 0.10$

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[12] In Table 2.1 data are treated as cross-sectional.

[13] Estimating the models in Table 2.1 with the option vce(robust) as correction for standard error estimates yields identical coefficients and robust standard errors as the vce(cluster) option, as well as standardized coefficients. I used the former to obtain the standardized coefficients.
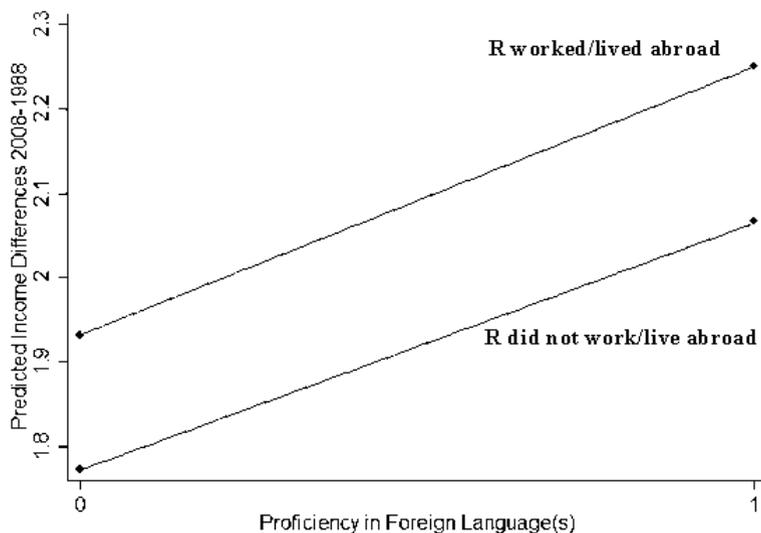
I find no gender differences in income change. Age, on the other hand, consistently matters. In agreement with the earnings function as it is considered in the human capital framework, results indicate an inverted U-shape relation between age and income (for classic formulation, see Mincer 1974).[14] To avoid problems of collinearity due to including age and age squared in the equation, the age variable is centred at the sample mean. The mean for age in 1988 = 40 years (for panel of 933 cases; the values of the centred variable range from –18 to 26).

Since there is less opportunity for large changes in earnings for those who are at the tail ends of the income distribution in the initial stage – that is, either made a lot or made very little money in 1988 – I control for respondents' income in 1988. Indeed, its effect is negative and significant. If the ceiling effect is not accounted for, the coefficient for gender is significant and negative (results available upon request). This shows that increase in income is smaller for men (who on the average earn more than women) than for women.

Figure 2.2 also contributes to the discussion about the economic gains that international experience confers. This graph shows that respondents who speak at least one foreign language are expected to be economically better off than those who do not, whether they had worked or lived abroad or not. It also shows the clear impact of experience in another country on predicted increase in earnings, including its enhancing the positive effect of foreign language proficiency.

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[14] In their *Economics of Earnings*, Polachek and Siebert (1993: 16) state: "The relationship between [age and earnings] is depicted by [a] concave graph. Earnings rise quickly at young ages, but growth tapers off so that a peak is reached at about age fifty-five, and then earnings decline." Although this view has been disputed (Thornton, Rodgers, and Brookkshire 1997), still it is reasonable to account for reverse U-shape relations since the results confirming or disconfirming this type of relationship depend on the population studied.

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Figure 2.2. Predicted Income Differences 2008-1988 Dependent on Knowledge of Foreign Languages for Respondents Who Have Experience Abroad and Those Who Do Not

Methodologically, it is important that international experience remains statistically significant if the problem is formulated in terms of panel regression. This approach takes into account the hierarchical nature of POLPAN, and accounts for problems of autocorrelation and of multicollinearity. The dependent variable is now time-varying income over the 1993–2008 period, that is, after the fall of communism. International experience is cumulative and time-varying; age also varies over time.[15] Results in Table 2.2 provide clear empirical support for my hypothesis: having lived outside Poland for at least two months has a positive effect on respondents' income, *ceteris paribus*. Under the panel regression specification, the effect of gender is statistically significant. Net of other factors, in Poland men are better off than women, a finding which is recurrent in social stratification research.[16]

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[15] The age variable is centred at the sample mean.

[16] I have also estimated the model with the interaction of international experience and foreign language proficiency. Its effect is not statistically significant.

Table 2.2. Panel Regression of Income on Working Abroad, Knowing Foreign Languages and other Controls

Independent Variables	Unstandardized Coefficients	Semi-robust S.E.	Standardized Coefficients[a]
Gender (male = 1)	0.093*	0.036	0.038
Age	0.005**	0.001	0.055
Age^2	-0.159**	0.010	-0.245
Education, 1988 (years)	0.037**	0.007	0.107
International experience (yes = 1)	0.127*	0.060	0.038
Foreign language(s) (yes = 1)	0.077+	0.043	0.031
Income, 1988 (ln form)	-0.011	0.163	-0.001
Constant	-0.572	0.672	
Fit Statistics	Wald Chi2 (df = 7) = 344.01		

Number of observations = 2,632; Number of groups = 783
** $p < 0.01$; * $p < 0.05$; + $p < 0.10$
[a] Obtained from panel regression with standardized variables

International Experience and Entrepreneurship

Under the second operationalization of success on the labor market – opening a business that employs four or more non-family members – the dependent variable is expressed as the odds that a person becomes an employer anytime after 1993, rather than taking on any other social class position.

Data from POLPAN show that, for studying occupational careers, there is a need to account for the significant structural changes that Poland, like the other countries of CEE, underwent after 1989. Table 2.3 illustrates this problem.[17] Note that at the beginning of the process (1989) there is no category of employers defined by a strict criterion of employing more than four people outside of family members. This is relevant here, since the following analyses include this group. The rationale lies in the fact that employers as a social class did not exist during state socialism, but emerged after its fall, once the private market economy took off.[18] At the same time, one can observe that, compared to members of different social classes,

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[17] Source: Slomczynski and Tomescu-Dubrow 2008.

[18] In the 1980s Poland, "employers" existed in the second economy or in special cases of so-called Polonia enterprises (see note 3). However, these heterogeneous groups did not constitute a social class as understood in this chapter.

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people who during state socialism were self-employed enjoy high odds of becoming entrepreneurs under the rules of the post-communist regime. I take this into account when analysing the impact of international experience on the odds of moving into the category of employers.

Table 2.3. Independent Rates r_{jk} of Transition from j Social Classes of the Communist Period to k Social Classes

Social Class Schema for **Communist** Period	Social-Class Schema for the **Post-1989** Period								
	Employers	Managers	Experts	Supervisors	Self-Employed	Technicians & Office workers	Skilled Manual	Unskilled Manual	Farmers
Nomen-klatura	2.96 * (2.18)	4.73 ** (4.39)	1.20 (0.30)	0.37 (-1.48)	1.36 (0.54)	1.00 (0.16)	0.00 (_a)	0.00 (_a)	0.00 (_a)
Non-Manual Employees	0.80 (-0.63)	4.34 ** (4.05)	21.37 ** (5.20)	6.44 ** (6.95)	0.58 + (-1.75)	3.58 ** (5.94)	0.09 ** (-7.33)	0.16 ** (-4.11)	0.08 ** (-5.93)
Core of the Working Class	0.31 * (-1.95)	0.03 ** (-3.43)	0.03 ** (-3.57)	0.51 * (-2.39)	0.66 (-1.21)	0.42 ** (-3.05)	11.34 ** (12.24)	1.90 * (2.18)	0.44 * (-2.52)
Peripheral Working Class	0.24 (-1.45)	0.00 (_a)	0.00 (_a)	0.00 (_a)	0.71 (-0.47)	1.27 (0.62)	1.83 ** (2.49)	10.47 ** (8.81)	0.18 + (-1.76)
Peasantry	0.30 + (-1.91)	0.18 + (-1.73)	0.00 (_a)	0.00 (_a)	0.62 (-1.00)	0.09 ** (-4.31)	0.12 ** (-4.76)	0.48 (-1.62)	17.95 ** (12.67)
Self-employed	8.77 ** (7.03)	0.36 (-1.03)	0.00 (_a)	0.00 (_a)	7.49 ** (6.85)	0.17 ** (-2.56)	0.39 (-1.50)	0.86 (-0.27)	0.34 (-1.40)

_a Not estimated; ** $p < 0.01$; * $p < 0.05$; + $p < 0.10$; Number of observations = 4,323; N clustered = 393

Note: Z-values in parentheses, POLPAN 1988–2003 Panel Sub-sample.
Source: Slomczynski and Tomescu-Dubrow 2008.

I estimate the following population-averaged logit models in Stata: the first assesses the effect of international experience without considering respondents' pre-1989 experience in the private sector (Table 2.4, model 1), while the second extends the analysis to account for the interaction effects of self-employed in 1988, and having worked and/or lived abroad (Table 2.4, model 2).[19]

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[19] Since there is no theoretical justification as to why foreign languages would matter for entrepreneurship in Poland, in estimating the odds of opening a business I leave this variable out.

Table 2.4. Panel Logistic Regression of Becoming Employer on International Experience and Control Variables

Independent Variables	Model 1		
	Coefficient	Semi-robust S.E.	Exp(B)
Gender (male = 1)	0.455	0.310	1.576
Age	-0.035*	0.015	0.966
Age^2	-0.312**	0.089	0.997
Education 1988 (years)	0.110**	0.039	1.116
International Experience (A)	0.884*	0.371	2.421
Self-employed 1988 (B)	-	-	-
Interaction A*B	-	-	-
Constant	-5.029	0.495	
Fit Statistics	Wald Chi2 (df = 5) = 41.93		

N observations = 3,732; N groups = 933

** $p < 0.01$; * $p < 0.05$

Table 2.4 – continued: Panel Logistic Regression of Becoming Employer on International Experience and Control Variables

Independent Variables	Model 2		
	Coefficient	Semi-robust S.E.	Exp(B)
Gender (male = 1)	0.271	0.313	1.312
Age	-0.036*	0.017	0.965
Age^2	-0.306**	0.101	0.997
Education (years),1988	0.126**	0.042	1.135
International experience (A)	0.196	0.499	1.217
Self-employed 1988 (B)	1.670**	0.524	5.312
Interaction A*B	1.595*	0.786	4.930
Constant	-5.275	0.523	
Fit Statistics	Wald Chi2 (df = 7) = 101.78		

N observations = 3,732; N groups = 933

** $p < 0.01$; * $p < 0.05$

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International experience brings clear gains to those who possess it. Compared to Poles who did not work and/or lived abroad, those who did are twice as likely to move into the class of entrepreneurs than to any other social class (Table 2.4, model 1), above and beyond the effect of education and other demographics. This is not to underplay the role of education: one year increase in schooling increases the odds of opening a business by 12%, other things equal. The effect of age is non-linear: it has an accelerating negative effect on entrepreneurship.

In Table 2.4 model 2 I consider the effect of international experience in the context of one's prior experience with entrepreneurial activities. I expect that business-oriented people will especially benefit from the resources embedded in international experience. As shown in Table 2.3, Poles who during state socialism were self-employed enjoy, compared to members of different social classes, high odds of becoming entrepreneurs under the new rules of the game. This makes intuitive sense: in the emerging capitalist environment those who already have business skills and networks should find it easier to operate a business. Since POLPAN contains detailed information on respondents' occupational histories, it is possible to construct the measure for self-employment in 1988. I estimate the combined impact of self-employment and international experience through their interaction term.

It is reassuring that the new model fits the data well (see model 2 in Table 2.4). Everything else equal, Poles who were self-employed in 1988 (but did not live abroad) are five times more likely to open their own business with four or more non-family employees than taking up any other occupation, compared to their peers who were not self-employed. Prior entrepreneurial behavior brings a clear advantage, and this advantage is greatly enhanced by international experience. Respondents who were self-employed before 1989 and who spent at least two months abroad are, compared to self-employed who do not have international experience, twenty six times more likely to achieve entrepreneur status than any other social position, everything else equal.[20]

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[20] Both components of the interaction term are dummies, which makes the values of the (exponentiated) coefficients readily interpretable. Respondents who were self-employed in 1988 and were abroad for min. two months receive the odds of 5.31* 4.93 = 26.18 in reference to respondents who were self-employed but did not have foreign experience.

Summary and Discussion

Empirical support for the hypothesis that international experience, gained by living in a foreign country for at least two months, aids individual success on the labor market is strong. This holds for both proposed manifestations of success, namely substantial increase in income and achieving the status of employer of four or more non-family members.

In the first case, I assumed that international experience contributes to the intangible pool of knowledge that renders its holders more attractive on the job market independently of other important assets, formal education especially. Results in both OLS and panel regressions show significant positive effects of international experience on success in the income dimension, net of other factors. The important result of this chapter is that the effects of international experience are present in both time perspectives: when the data are treated as cross-sectional and we gain knowledge about effects in specific times, comparing results for different periods, and in the framework of panel regression, when we consider a uniform effect through time with given time intervals.

I have proposed also a second dimension of stratification where positive consequences of international experience could be observed, and this is entrepreneurship. Working and/or living abroad fuels human capital through skills and knowledge relevant for business, recognizing market needs and investment opportunities, as well as economic capital, through savings. Indeed, I find that that the odds of becoming an employer, thus entering one of the economically most successful social classes in post-communist Poland, are significantly higher for people who have international experience than for those who do not, independent of other factors. This resource is especially valuable to Poles who have acquired basic entrepreneurial skills during state socialism, as members of the self-employed. While self-employment itself strongly impacts the odds of moving into the class of employers after the 1989 systemic change, this advantage is significantly larger for the self-employed who also worked and/or lived abroad.

Why do Poles return to Poland? POLPAN does not contain information about these reasons, but it is likely that people who voluntarily return because they perceive opportunities in their country of origin differ systematically from those who are forced back by circumstances out of their control. If so, international experience may bring greater gains to those individuals who return in pursuit of opportunities, and may matter less

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for "forced" returners. Since this chapter considers all respondents who worked and/or lived in a different country irrespective of the nature of their return, it provides a conservative test of the impact of international experience.

It would also be interesting to examine how types of international experience play out for individual success back in one's home country. Does it matter whether people enhance their transnational human capital *via* study abroad versus legal and/or illegal employment spells? Is there a compounded effect of having studied and worked abroad? How relevant is the site where one builds their transnational human capital? POLPAN does not allow for such investigations, but migration data might. Within the framework of migration studies, future research could further analyze how different stages of migration after Poland's joining the EU relate to Poles' reasons for migration, as well as the relations of migrants within the host countries.

Since the end of communism, millions of Central and East Europeans have travelled abroad seeking new insights, and oftentimes work and economic resources, that come with international experience. Many of these travellers come back. While the tales of making one's fortune abroad fill popular culture and the media, there are surprisingly few empirical studies on whether and how being in another country impacts peoples' social position. Part of the reason is that there are very few longitudinal data sets on representative national samples that document people's occupational trajectories, including episodes of being abroad. The case of Poland, via its unique panel data of POLPAN, suggests that international experience significantly matters for Central and East Europeans as they navigate the labor market of their home country.

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