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Local Institutional Quality and Return Migration: Evidence from Viet Nam

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ABSTRACT

This article examines the link between local institutional quality in the home country and locational choices of international return migrants. We scrutinize the locational choices of Vietnamese return migrants to the south central and the south regions of Viet Nam in 2014. Binary and multinomial regression models are fitted to identify the influence of migrants' individual attributes and the characteristics of regional destinations within Viet Nam. Our analysis reveals that both individual-specific and region-specific variables are significantly related to Vietnamese return migrants' choices when registering for permanent residency back in their home country. More remarkably, we provide compelling evidence of the positive role of institutional quality at the local level in these migration decisions. Moreover, the effect of institutional quality differs with the characteristics of migrants: regions with better institutional quality are more attractive both to younger return migrants and to those who returned from host countries with better institutional quality.

INTRODUCTION

Migration is a complex and often repeated process. During an international migrant's life course, there can be re-migration to another destination country or return migration to the country of birth, and migration sequences can be repeated several times (OECD, 2008).[1] The movement of emigrants back to their home countries can be either temporary or permanent but return migration typically refers to migrants who return home to settle permanently.

The quality of political, economic, and other institutions is recognized as one of the many determinants of migration decisions (Borjas, 1989; Rowlands, 1999; Karemera et al., 2000; Vogler & Rotte, 2000; Bertocchi & Strozzi, 2008; Ashby, 2010; Hatton & Williamson, 2011; Cooray & Schneider, 2016; Ariu et al., 2016). On the other hand, there is also evidence of potential impacts of international migration on the institutional quality of the home country (Ammassari, 2004; Spilimbergo, 2009; Batista & Vicente, 2011; Pfutze, 2012; Beine & Sekkat, 2013; Chauvet & Mercier, 2014; Docquier et al., 2016; Li et al., 2016; Barsbai et al., 2017).

Despite its potential importance, the role of institutional quality in return migration has not been properly assessed at the level of individual migrants' decisions. Work done so far in this research domain has been mostly at the macro level, which provides average generalized results across countries. However, when making migration decisions, migrants must also consider specific locations at which to reside in the chosen destination country, and must take local conditions into account. Hence, the question arises whether local institutional quality in the home country affects

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the locational choices of return migrants. In the extant literature, evidence that addresses this question is limited. Although regional or provincial indicators of institutional quality are available in many countries, these have been under-utilized in analysing migration decisions. In this article, therefore, we endeavour to enrich the migration literature by investigating the role of local institutional quality in migration decisions, specifically in the case of return migration.

In net migration terms, Viet Nam is a sending country which offers a case study of particular interest given its considerable international migrant stock living worldwide and the heterogeneous composition of its emigration flows. According to the Ministry of Foreign Affairs of Viet Nam (2012), there were roughly 4 million Vietnamese migrants and their descendants living in more than 100 host countries in 2012.[2] However, empirical evidence on return migration to Viet Nam is still sparse. To the best of our knowledge, there has been no previous analysis that sheds light on the sub-national locational choice decisions of Vietnamese return migrants. Therefore, our article provides the first empirical evidence of the linkage between local institutional quality in the home country and the locational choices of Vietnamese return migrants. In the extant literature, good institutional quality is known as a "pull" factor for migration (Bertocchi & Strozzi, 2008; Poprawe, 2015; Ariu et al., 2016; Nejad & Young, 2016) and our findings derived from a Conditional Logit Model are consistent with the *a priori* perception of the attractor role of institutional quality in migration decisions. We find that regions with better local institutional quality are indeed more likely to attract return migrants.

Naturally, migrants are heterogeneous in terms of their demographic attributes, education level, income, motivation for initial migration, duration of living abroad and migration experience, all of which might affect return migrants' locational choice in the home country. Additionally, such factors may also interact with the extent to which return migrants value institutional quality. Initially, we include age, gender and institutional quality in logistic regression models as determinants of the locational choices. We find significant evidence that older and male returnees are more likely to locate *away* from the big central city (Ho Chi Minh City).

Migrants at different stages of their life course might return to their country of birth for different purposes. Depending on the motivation to return, they might place different weights on the contextual conditions in their home country. We find that local institutional quality in the home country matters more for younger returnees, who are more likely to return for motivations other than retirement. Additionally, living abroad can expose migrants to good institutional quality in developed host countries. The process of integration may affect migrants' perceptions of good institutional quality, and this might be reflected in their expectation for the region of residency after returning to the home country. As we would expect, migration experience acquired in host countries with a high degree of freedom steers the returnees to regions characterized by relatively good institutional quality. Whereas having lived in a democratic host country has already been shown to have a positive impact on the likelihood of returnees participating in elections (Batista & Vicente, 2011; Pfutze, 2012; Chauvet & Mercier, 2014; Barsbai et al., 2017), we show that migration experience also matters for the extent to which return migrants take institutional quality in the home country at the local level into account in their locational choices.

The remainder of this article is organized as follows. Section 2 reviews the role of institutions in migration decisions. Section 3 presents the methods used to investigate the links between local institutional quality and return migrants' locational choice. Section 4 describes the data. Section 5 reports the results of our analysis and Section 6 concludes.

THE SALIENCE OF INSTITUTIONS IN MIGRATION DECISIONS

The classic theoretical model of migration developed by Sjaastad (1962) mainly focuses on economic incentives as the sole determinants of migration decisions. Migration theorists have also suggested a variety of non-economic motivations for the spatial movement of people, such as

amenities, kinship, migration networks, taxes, welfare, immigration policies, institutions, etc. (see e.g. Bodvarsson et al., 2015, for a recent survey). The importance of individual perceptions of contextual factors in explaining the currents of human mobility has been embodied in migration theory since the early 1960s. Initiated by the push-pull model of Lee (1966), this strand of literature examines inherent factors in receiving and sending places that might affect the volume of migration between the two places. Each place is characterized by push factors that constitute incentives to leave, pull factors that attract and retain migrants, and neutral factors. Decision-makers are thought to take into account push and pull factors pertaining to pairs of places when engaging in spatial movement. In recent years, institutions have been included as major factors that act as both push and pull forces.

Douglass C. North (1991, p. 97) defined institutions as "*the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights).*" Authors of the institutionalist approach have developed different typologies of institutions that are not limited to the traditional distinction between formal and informal institutions as mentioned in North's definition. Combining the typologies established by Rodrik and Subramanian (2003) and Acemoglu et al. (2005), Baudassé et al. (2017) suggested a two-level typology. The first level distinguishes between political, economic and social institutions, which at the second level can be either formal or informal.

An emerging body of literature underlines the role of institutions, with abundant empirical evidence showing that institutions of various types explain migration decisions. Since institutions are not observed, a wide range of measures have been developed to capture institutional quality. Political institutions may be measured by indices of political freedom, civil liberties, political stability, totalitarianism, or governance. Economic freedom and corruption indices are conventional proxies for economic institutions.

The extant empirical works are mostly econometric studies investigating the impacts of various institutions at the national level on migration measured as either stock or flows of migrants to explore the pull and/or push mechanism(s) at play. Better institutions in host countries appeal to immigrants (Bertocchi & Strozzi, 2008; Poprawe, 2015; Ariu et al., 2016; Nejad & Young, 2016). Worse institutions in home countries foster emigration pressure (Rowlands, 1999; Dutta & Roy, 2011; Ariu et al., 2016), but may also deter the exit possibility of potential migrants through constraints imposed on political and civil freedoms (Karemera et al., 2000). More specifically, skilled migrants appear to be more sensitive than unskilled migrants to the prevalence of corruption, a significant push factor (Dimant et al., 2013; Cooray & Schneider, 2016). By contrast, better institutions in home countries are considered to have the opposite effect on the volume of emigration, by simultaneously reducing incentives to exit and loosening restrictions on the migration of residents (Rowlands, 1999; Vogler & Rotte, 2000).

At the local level, institutions are known for their key roles in shaping socio-economic development (Charron et al., 2014), economic performance (Rodríguez-Pose & Garcilazo, 2015), or innovative capacity (Rodríguez-Pose & Di Cataldo, 2015). A recent study by Ketterer and Rodríguez-Pose (2015), which is of relevance for the current article in terms of investigating the role of local institutional quality in migration decisions, employed a new sub-national data set of institutional quality to estimate the impact of local government quality on the regional attractiveness for migrants of 254 European regions. Their panel analysis posited that local institutional quality matters for attracting immigrants to European regions.

Institutional quality clearly matters for migration decisions, but the question of whether it matters for return migration specifically remains under-researched. The extant literature on the determinants of return migration identifies four main theories: (i) return as failure; (ii) preference for home consumption; (iii) achieving savings goals and returning to invest; and (iv) human capital accumulation (OECD, 2008). The dominant arguments of these theories underpinning the motivations for return

migration centre on the success versus failure experience, which solely embraces individual decisions of the returnees themselves without accounting for individual perceptions of contextual conditions. While there is evidence that institutions matter for emigrants, they also matter for return migrants. If individuals choose to emigrate in part because they are disappointed with the institutional quality in their home countries, an appropriate improvement in institutional quality back home may induce them to return. Furthermore, institutions in home countries are important to the re-integration process of return migrants, especially for those migrants who are at the early stages of their life course and return with capital acquired from abroad. As argued by Cerase (1974), apart from individualistic motivations for repatriation, it is crucial to understand the economic forces that push migrants to return as well as the problems they will face to re-adapt in the home country. Gmelch (1980) claimed that pull factors in home countries have more influence on return decisions than push factors in host countries. However, there has to date been insufficient research that considers the association between local institutional quality and return migration. By bridging this gap, our article not only provides a novel contribution to the literature on the link between institutional quality and migration, especially return migration, but also accentuates the salience of institutions as a driving force for international migration.

RESEARCH METHOD

This article examines the impacts of individual attributes of Vietnamese return migrants and characteristics of regional destinations in Viet Nam on the locational choices of Vietnamese returnees by applying binary and multinomial regression models. The locational choices of Vietnamese migrants who returned in 2014 to the south central and the south regions of Viet Nam are used as the dependent variable in our models.

First, a logistic regression model is fitted to identify the impacts of individual-specific variables on the choices of returning to Ho Chi Minh City (the largest city in Viet Nam) versus somewhere else in the south central or south of Viet Nam. In most countries, migrants are disproportionally drawn to the largest city, which tends to have the best international connectivity as well as the largest labour market. The model can be written as:

$$\frac{P_i}{1-P_i} = e^{X_i\beta} \tag{1}$$

where $\frac{P_i}{1-P_i}$ is the odds ratio in favour of choosing a destination other than Ho Chi Minh City for return migrant i, X_i is a vector of individual-specific variables (age, gender and institutional quality of the host country), and β is a vector of coefficients to be estimated. Taking the natural logarithm of Equation (1), we obtain the log odds ratio, which is a linear function of the migrant's characteristics:

$$ln\left(\frac{P_i}{1-P_i}\right) = X_i\beta \tag{2}$$

By estimating Equation (2), we aim to determine what makes a migrant choose a destination other than Ho Chi Minh City.

Second, as a robustness check, we re-examine the impacts of individual-specific variables using a Multinomial Logit Model (MLM), with locational choices based on four geographical regions – South Central Coast, Central Highlands, South East Region, and Mekong River Delta – with Ho Chi Minh City again as the "default" choice. Technically, Ho Chi Minh City is a part of the South

East Region. However, more than 40 per cent of the return migrants selected Ho Chi Minh City as their destination. There is no doubt that Ho Chi Minh City should be treated as an important alternative for the returnees to choose against other regions. The MLM can be written as:

$$\pi_{ij} = \frac{e^{\gamma_j + \delta_j X_i}}{\sum_{j=1}^{5} e^{\gamma_j + \delta_j X_i}} \tag{3}$$

where π_{ij} is the probability that return migrant i chooses region j. In order to estimate the probability of choosing a particular region, Ho Chi Minh City is again chosen as the base region. The model can alternatively be expressed as the log of odds ratios for the odds of each region versus the base region:

$$ln\left(\frac{P_{ij}}{P_{i5}}\right) = \gamma_j + \delta_j X_i \tag{4}$$

Third, we fitted a Conditional Logit Model (CLM) to additionally examine the impacts of region-specific variables, including local institutional quality. We fit the CLM with the five regions defined for the MLM described above. The CLM can be written as:

$$\pi_{ij} = \frac{e^{\varphi + \omega Z_{ij}}}{\sum_{j=1}^{5} e^{\varphi + \omega Z_{ij}}} \tag{5}$$

where π_{ij} is the probability that return migrant i chooses region j and Z_{ij} contains values of region-specific independent variables (local institutional quality, population size, physical distance to Ho Chi Minh City) that determine the probability migrant i chooses destination j (as in the logistic and MLM models, the actual observation for any individual is simply "1" if a particular destination has been selected, and "0" otherwise). Local institutional quality is the key variable of interest. Additionally, population size and physical distance to Ho Chi Minh City enter the model, as suggested by the gravity model of migration. Analogous to Newton's gravitational force concept, Zipf (1946) hypothesized that the migration volume between pairs of communities is positively related to the product of the two communities' population sizes and negatively related to the distance between the origin and destination communities. The population sizes represent the opportunities faced by potential migrants, while distance is used as a proxy for migration costs. These two variables have also been employed as key indicators of agglomeration that potentially have influence on the locational choices of decision makers (see e.g. Ciccone & Hall, 1996; De Groot et al., 2016). Zipf's idea inspired the later empirical work of other migration researchers (see e.g. Poot et al., 2016 for a recent review). As a result, the extended gravity model nowadays includes other variables representing socio-economic, political, cultural, and demographic characteristics of both the origin and destination communities (Karemera et al., 2000; Clark et al., 2007; Lewer & Van den Berg, 2008; Morettini et al., 2012; Fitzgerald et al., 2014; Cameron, 2018). Basically, migration flows between pairs of countries are inversely related to the socio-economic, political, and cultural distances between countries.

The CLM can alternatively be expressed as the log of odds ratios for the odds of region j versus region k:

$$ln\left(\frac{P_{ij}}{P_{ik}}\right) = (Z_{ij} - Z_{ik})'\omega \tag{6}$$

In this case, ω represents a vector of coefficients that demonstrates the effects of region-specific variables on the log of odds-ratios for the odds of selecting region j versus region k. Furthermore,

we endeavour to demonstrate the link between individual attributes and regional characteristics through the use of two interaction terms in Equation (6), i.e. through defining $Z_{ij} = X_i Y_j$ in which X_i is a characteristic of individual i and Y_j is a characteristic of destination j. The first interaction term is between age and local institutional quality. Migrants at different states of their working lives are known to have different motivations for return and, therefore, the impacts of region-specific factors – local institutional quality in particular – in the home country on locational choices upon return are expected to be age dependent. The second interaction term is between institutional quality in the host country and local institutional quality in the home country. This idea emerges from the gravity theory, suggesting that the migration flow from country o to country d is impaired not only by physical distance but also by socio-economic, political or cultural distance. This interaction term is employed to capture this non-physical distance. Accordingly, migrants from a host country with higher institutional quality are expected to be more likely to choose a region upon return that has higher local institutional quality. Therefore, our *a priori* expectation is that this interaction should have a positive sign.

Finally, we consider both sets of independent variables (individual-level and region-level) simultaneously by incorporating individual-specific variables in the CLM to create a Mixed Logit Model (MXL). Since the effect of age is captured in the first interaction term, we only control for gender by interacting this individual-specific variable with regional dummies excluding the base region (Ho Chi Minh City), and incorporating these interaction terms in the CLM. We use the MXL mainly as a robustness check, in terms of consistency with the results derived from other specifications.

DATA

To return permanently to Viet Nam, Vietnamese migrants have to apply for permanent residency. Records of Vietnamese returnees who have been granted the right of permanent residence are kept at relevant government authorities, such as Vietnamese Diplomatic Missions, Viet Nam Immigration Department and Overseas Vietnamese Committees. Data on the locational choices of Vietnamese return migrants used in the current article were obtained from the database of Vietnamese return migrants assembled by the Overseas Vietnamese Committee of Ho Chi Minh City. This data set records information on the date of birth, gender, host country and provincial destination choices of 654 Vietnamese migrants who returned to provinces and cities in the south central and the south of Viet Nam in 2014. The availability of host country information in the data set, which is unavailable in other national data sources such as Census or the Viet Nam Household Living Standards Survey (VHLSS), allows us to analyse the role of institutional quality in the returnees' former host countries. We remove some outliers from our analysis, such as returnees whose ages were recorded as being over 100 at the time of their return. We also remove those who were under age 18, because they were unlikely to have been the decision-maker in the migration decision. This leaves a sample of 628 Vietnamese returnees. A statistical summary across regions is presented in Table 1. Nearly 87 per cent of the Vietnamese returnees chose Ho Chi Minh City, the rest of the South East Region, or the Mekong River Delta to reside upon return, whereas the South Central Coast and the Central Highlands attracted just 13 per cent of the returnees.

Individual-specific independent variables in the data set include age, gender, and institutional quality in the host country. Age is calculated based on the reported date of birth. This variable appears in the models in natural logarithm (*lnage*). The mean age of Vietnamese returnees in the sample at the time of their return was roughly 60 years. Gender (*gender)* is a dummy variable taking the value of one if a return migrant is male, and zero otherwise. In regards to host country institutional quality, we employ the following five indicators reported by Freedom House, the

Fraser Institute, and the POLITY IV project, as alternative measures at the national level. The first indicator is the freedom status (*freedom_host)* of a country. This information is acquired from the *Freedom in the World* annual report on political rights and civil liberties by Freedom House,[3] where each country is classified into three categories: free, partly free, or not free. Freedom status enters our analysis as a dummy variable taking the value of one if a country's freedom status is "free", and zero otherwise. The next two indicators are the global political rights index (*pr_host*) and civil liberties index (*cl_host*); both also from the report published by Freedom House. In these measures, each country is rated by a score that ranges from one (the most free) to seven (the least free). This score is reverse coded for convenience in interpreting the results (with a higher value of each indicator corresponding to higher institutional quality). The fourth indicator is the Economic Freedom of the World Index (*efw_host*) calculated by the Fraser Institute.[4] This annual index is comprised of factors that make a country economically free, and is scored out of ten, with higher scores indicating a higher degree of freedom. The last indicator is the combined polity score (*polity2_host*) from the POLITY IV project, computed by subtracting the Institutionalized Democracy score from the Institutionalized Autocracy score to come up with a unified polity scale that ranges from +10 (strongly democratic) to -10 (strongly autocratic).[5] Table A1 in the Online Appendix provides summary statistics for these measures. Most of the returnees in our sample were from developed host countries with relatively high institutional quality.

Region-specific independent variables encompass regional institutional quality, regional population, and physical distance to Ho Chi Minh City (summary statistics are provided in Table A2 in the Online Appendix). Regional institutional quality is proxied by the population-weighted average of the Provincial Competitiveness Index (PCI – labelled *pci*).[6] This index, which has been published annually since 2005 by the Viet Nam Chamber of Commerce and Industry (VCCI) with the support of the United States Agency for International Development (USAID), measures the economic governance of provincial authorities in Viet Nam in creating a favourable business environment for the private sector (Malesky, 2013). PCI is constructed as the weighted mean of ten sub-indices, including: (1) entry costs; (2) land access and security of tenure; (3) transparency and access to information; (4) time costs and regulatory compliance; (5) informal charges; (6) policy bias; (7) proactivity of provincial leadership; (8) business support services; (9) labour and training; and (10) legal institutions. Each sub-index is built using business survey data (60 per cent) and published secondary data (40 per cent). PCI is a composite index scored out of 100, with higher scores representing a better quality of local economic institutions. Better local economic institutions might signal a positive local development future that matters for the locational choices of decision makers. Moreover, although institutions of various types have been identified as predictors of migration decisions, the significant influence of economic institutions appears to be more robust

TABLE 1

SUMMARY STATISTICS FOR LOCATIONAL CHOICES OF VIETNAMESE RETURN MIGRANTS, 2014

Region	Age (mean)	Number of returnees	Per cent	Cum. per cent
Non-Ho Chi Minh City	61.27	356	56.69	56.69
• *South Central Coast*	*64.72*	*67*	*10.67*	*10.67*
• *Central Highlands*	*69.53*	*15*	*2.39*	*13.06*
• *South East Region*	*59.52*	*61*	*9.71*	*22.77*
• *Mekong River Delta*	*60.10*	*213*	*33.92*	*56.69*
Ho Chi Minh City	59.02	272	43.31	100.00
Total	60.30	628	100.00	100.00

than that of political institutions (Ashby, 2010; Nejad & Young, 2016). Consequently, PCI is a valid proxy for local institutional quality in Viet Nam that fits the intention of our article.

Figure 1 maps the PCI scores of all provinces in Viet Nam. Some patterns in the south central and the south areas of Viet Nam are apparent. Although no province reached the threshold denoting excellent performance, not a single province was in the "mid-low" or "low" categories. Most of the high performers are located in the south central and the south areas. Nine out of 17 provinces in the Mekong Delta, which may be considered the most "dynamic" region, have the highest institutional quality. Meanwhile, there was no province in the "high" category found in the Central Highlands. PCI scores vary locally since provinces and cities in Viet Nam are heterogeneous in terms of economic, demographic and geographic factors. Those factors have been identified as determinants of institutional quality (Alesina et al., 2003; Rodrik et al., 2004; Acemoglu et al., 2008; Spilimbergo, 2009; Docquier et al., 2016).

As a robustness check, the Viet Nam Provincial Governance and Public Administration Performance Index (PAPI – labelled *papi*)[7] is used as an alternative measure to PCI. PAPI captures the quality of provincial governance by means of six dimensions, including: (1) participation; (2) transparency; (4) vertical accountability; (4) control of corruption; (5) public administrative procedures; and (6) public services. This index is constructed from data obtained through surveys and in-depth interviews. PCI and PAPI are the only two indices measuring local institutional quality in Viet Nam, but the former is more popular for its longer establishment and wider coverage of the performance of provincial governments.

Regional population (*lnpop*) is the natural logarithm of total provincial population in each region, measured in thousands of people, assembled from the database of the General Statistics Office of Viet Nam (GSO).[8] Inter-regional distance is defined as the population-weighted average of distance measured in kilometres of road travel from each region to Ho Chi Minh City, obtained from Google Maps. Because the value of distance associated with Ho Chi Minh City to itself is zero, this variable enters the models as the natural logarithm of one plus the distance (*lndistance*).

It is worth noting that Vietnamese migrants who decided to return permanently to Viet Nam have to first complete a permanent resident registration formality that takes a couple of years. Consequently, all the independent variables capturing the national and regional characteristics used in this article contain 2012 data (i.e. data that would have been available or potentially known to the return migrants at the time of their decision to migrate in 2014).

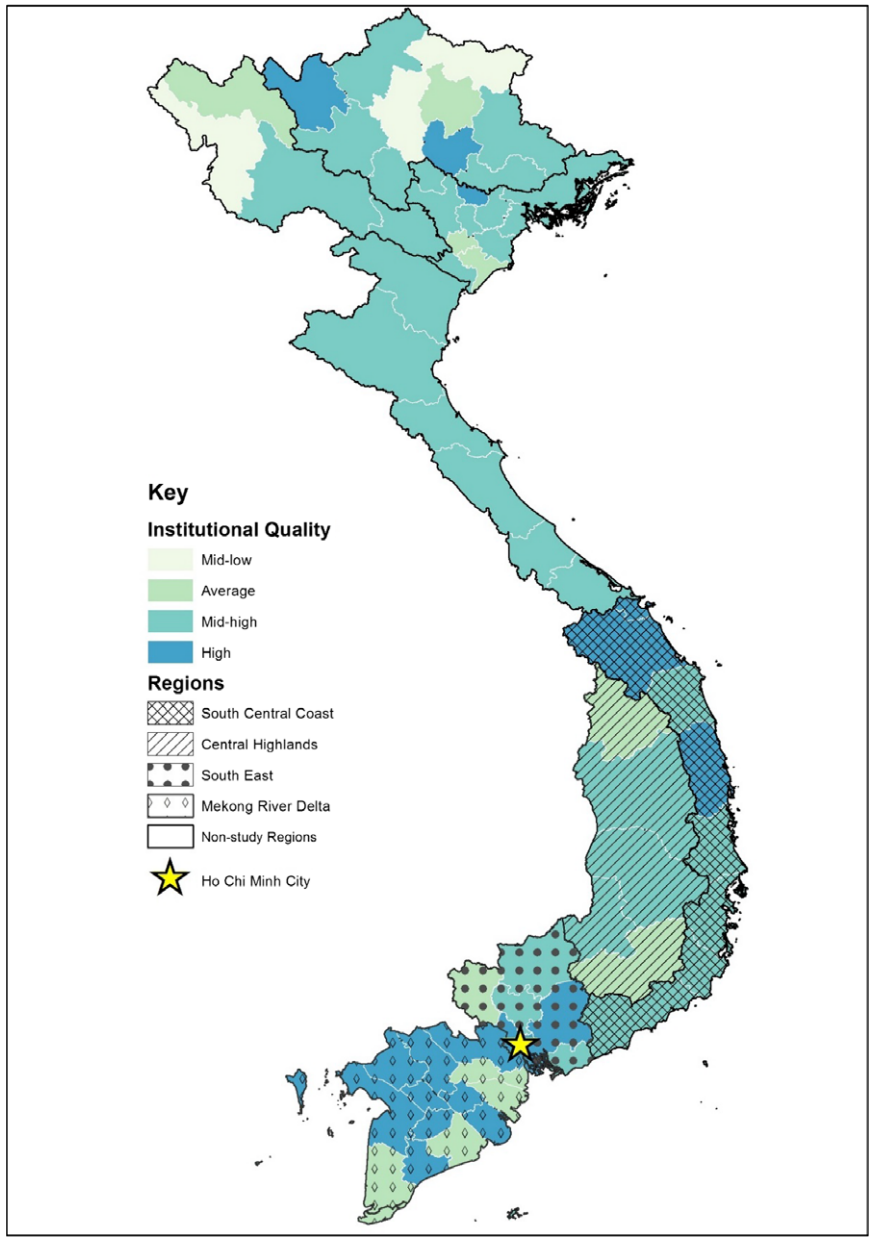
Finally, some limitations are worth noting. The data set is not nationwide, and is limited to a single year of data from return migrants in 2014. Other personal information, such as education level, income, ethnicity, birthplace, migration history and duration of stay in the host country, which could potentially contribute to the explanation of the return decisions of Vietnamese return migrants, are not available in the data set. These limitations are due to the unavailability of systematic migration data in Viet Nam, especially data on return migration. In regard to the measure of local institutional quality, it is acknowledged that PCI estimation is subject to measurement and sampling errors, despite being the most popular sub-national governance index in Viet Nam.

RESULTS AND DISCUSSION

Logit and Multinomial Logit Models with individual-specific variables

Table 2 displays the estimates corresponding to Equation (2), i.e. the logistic regression model. Each of the five regressions uses a different measure of host country institutional quality. The estimated coefficients for age are statistically significant in all models, suggesting that the locational choices of Vietnamese return migrants differ significantly by age. Since the values of the odds

FIGURE 1
PCI RANKING OF PROVINCES IN VIET NAM, 2012



Notes: PCI score for each tier: Excellent: PCI score ≥ 65; High: 60 ≤ PCI score < 65; Mid-high: 53 ≤ PCI score < 60; Average: 51 ≤ PCI score < 53; Mid-low: 45 ≤ PCI score < 51; Low: PCI score < 45.
Source: Malesky (2013)

ratios associated with age are greater than one, holding other variables constant, an increase in age is associated with lower odds of returning to Ho Chi Minh City (and higher odds of returning to other regions). In other words, while younger migrants were more likely to choose Ho Chi Minh City to reside in upon return, older migrants were more likely to prefer other destinations. This outcome might result from the variation in return motivations between different generations of migrants. Returnees who are at a later stage of their working lives at the time of their return might be attracted to locationally-fixed features in their original home towns, where they probably enjoy living near their relatives and benefit from higher utility gained from local consumption. Thus, it is plausible that large urban centres are possibly not their priority. In contrast, younger migrants are more likely to return to invest their capital acquired abroad. Thus, they tend to choose locations where more opportunities are available for them to develop their potential, as is the case in Ho Chi Minh City.

Likewise, we observe a significant difference between male and female migrants in their choices of return location. More specifically, all other things being equal, men were less likely to choose to return to Ho Chi Minh City than women. This result may be explained by the practice of ancestor worship in Vietnamese traditional culture. Almost every Vietnamese family has an altar to commemorate their ancestors and deceased family members. Beyond psychic beliefs, this is an important traditional value that strengthens the kinship among family members and relatives. Traditionally, men who are heads of families are responsible for taking care of ancestor worship. Therefore, it is understandable that Vietnamese male migrants (as well as older migrants) are more prone to returning to their original home towns where the worship practice takes place.

Institutional quality in the host country has an odds ratio of less than one, which implies that Vietnamese migrants who returned from the host countries with a high degree of freedom status or with a high score of institutional quality were more likely to choose Ho Chi Minh City. However, this coefficient is only statistically significant for one of the five measures of host country institutional quality. This may result from the fact that a small sample size of around 600 is

TABLE 2

ESTIMATES FOR LOGIT MODEL WITH INDIVIDUAL-SPECIFIC VARIABLES

Alternative measures of institutional quality in the host country	*freedom_host*	*pr_host*	*cl_host*	*efw_host*	*polity 2_host*
[lnage]	2.1108**	2.1113**	2.1525***	2.0959**	2.1041**
	(0.6199)	(0.6198)	(0.6348)	(0.6184)	(0.6179)
[gender]	1.5728***	1.5645***	1.5783***	1.5613***	1.5705***
	(0.2635)	(0.2618)	(0.2643)	(0.2607)	(0.2626)
[Institutional quality in the host country]	0.2543*	0.7998	0.8039	0.8284	0.9326
	(0.2007)	(0.1217)	(0.1320)	(0.2915)	(0.0642)
Log Likelihood	−421.5439	−422.1802	−422.4763	−423.3078	−422.8866

Notes: Factor change in odds of Non-Ho Chi Minh City versus Ho Chi Minh City. Exponentiated coefficients. Standard errors in parentheses. N = 628.
*p<0.1, **p<0.05, ***p<0.01.

underpowered to identify any effect when there are not large cross-country variations in the measures of institutional quality of host countries.

The estimates for Equation (4) are summarized in Table A3 in the Online Appendix. These results demonstrate that older return migrants prefer returning to the South Central Coast and Central Highlands regions over Ho Chi Minh City, while male migrants prefer the South East Region and the Mekong Delta. Host country institutional quality is only statistically significant for the South East Region, which explains the inconsistent results in Table 2. The differences in effects between regions suggest that region-specific variables are likely to be an important determinant of migrants' decisions, which we explore in the next sub-section.

Conditional Logit Models with region-specific variables

Table 3 summarizes the results of the Conditional Logit Models with region-specific variables. Table 3 reports the results using *freedom_host* as the measure of host country institutional quality, while Tables A4 and A5 in the Online Appendix provide full details of the results obtained with the alternative measures of host country institutional quality. Column (1) of Table 3 presents the estimates for Equation (6). All of the coefficients are statistically significant, and the *p*-value of the log likelihood chi-square statistic indicates that our model fits the data well. The estimates reveal a positive link between local institutional quality in the home country and the locational choices of Vietnamese return migrants. More specifically, increasing the PCI score for any of the regions would increase the odds of returning to that region, holding the PCI scores of the other regions as well as other variables constant. This result provides convincing empirical support for the role of institutional quality at the local level as a "pull factor" for migration decisions. The direction of the effects of population and distance is consistent with the predictions from gravity models of migration. The larger the population size, the more inviting the region. The significant odds ratio of distance of less than one suggests that Vietnamese return migrants are less likely to choose to locate in a region the further it is from Ho Chi Minh City.

In column (2) we report results that include interaction terms between local institutional quality and both age and institutional quality in the host country. The inclusion of these interaction terms not only reinforces the impacts of the key region-specific variables, but also reveals some interesting insights about these impacts. First, the significant odds ratio on the interaction term between PCI and age shows that the higher the age, the less positive the effect of PCI on the locational choices of returnees. Specifically, older migrants are less concerned about the local institutional quality than are younger migrants. This is probably because of differences in motivation for return migration between older and younger migrants, with older migrants returning to their home village for retirement, while younger migrants return to Ho Chi Minh City for investment purposes. Second, those who returned from a country with higher institutional quality were more likely to choose a region with a higher PCI score. This finding demonstrates the link between international migration and institutional quality in the home country through the return channel. Specifically, migrants who have experienced higher quality institutions in the host country may be more likely to value higher quality institutions on their return to Viet Nam.

Column (3) of Table 3 shows the results of the Mixed Logit Model fitted to include both individual-specific and region-specific variables. After controlling for gender, the estimates for the region-specific variables and the interaction terms remain consistent with those of the Conditional Logit Models in Columns (1) and (2). Moreover, the estimates for the interaction terms between gender and region dummies are also consistent with those of the Multinomial Logit Model in Table A3 in the Online Appendix.

The results obtained from different specifications discussed in this sub-section are strongly robust across different measures of institutional quality in the host country (see Tables A4 and A5 in the

TABLE 3

ESTIMATES FOR CONDITIONAL LOGIT MODEL WITH REGION-SPECIFIC VARIABLES AND MIXED LOGIT MODEL WITH BOTH INDIVIDUAL-SPECIFIC AND REGION-SPECIFIC VARIABLES

	(1) Conditional Logit Model	(2) Conditional Logit Model with Interactions	(3) Mixed Logit Model
[pci]	1.2878***	5.2278***	6.0562***
	(0.1232)	(3.0369)	(3.7543)
[lnpop]	2.6670***	2.4282***	2.8523**
	(0.7544)	(0.6972)	(1.4411)
[lndistance]	0.8469***	0.8662***	0.8146**
	(0.0450)	(0.0472)	(0.0783)
[lnage]x[pci]		0.6652***	0.6408***
		(0.0881)	(0.0877)
[freedom_host]x[pci]		1.3737*	1.4031*
		(0.2416)	(0.2464)
[gender]x[South Central Coast]			1.9868**
			(0.5462)
[gender]x[Central Highlands]			2.2834
			(1.3506)
[gender]x[South East Region]			1.5465*
			(0.3600)
[gender]x[Mekong River Delta]			1.3828*
			(0.2591)
Log Likelihood	−807.0541	−801.0016	−796.7043

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors in parentheses. N = 628.
*p<0.1, **p<0.05, ***p<0.01.

Online Appendix). Importantly, the variable of interest – PCI – is positive and statistically significant unless we use *efw_host* as the indicator of host country institutional quality. Although the interaction term between PCI and institutional quality in the host country loses its significance when using measures of institutional quality other than freedom status, they are still consistent in terms of their direction.

Tables A6, A7 and A8 in the Online Appendix report the results of the CLM and MLM models using PAPI as an alternative measure to PCI. These results are qualitatively similar to those using PCI in terms of sign. However, only the coefficient associated with PAPI obtained from the simplest CLM model in Column (1) of Table A6 is statistically significant. The less robust significant influence of local institutional quality measured by PAPI thereby reinforces our choice of PCI as a measure of local institutional quality.

CONCLUSIONS

Earlier work has documented the role of institutional quality as a pull factor affecting the migration decisions of international migrants. This study is the first to extend this idea to the locational choices of return migrants. We use data on the locational choices of Vietnamese return migrants to investigate this issue. We found that younger and female returnees were more likely to choose to reside in Ho Chi Minh City rather than other regions, and that regions with better institutional quality attracted more returnees. In addition, the impact of local institutional quality on the locational

choices of Vietnamese return migrants is related to their age and their migration experience. While local institutional quality has a significant role in return decisions of Vietnamese return migrants, younger returnees appear to be more concerned about the institutional quality of the regions to which they were returning.

Most importantly, migrants from host countries with higher levels of institutional quality were more likely to choose to return to regions with higher local institutional quality. This finding not only reinforces the role of institutional quality as a determinant of migration decisions, but also contributes to the norm diffusion literature. Owing to the process of integration and assimilation, migrants are exposed to and adopt favourable attributes of institutional mechanisms in developed host countries, and they are expected to transfer their absorbed norms to the home country through *inter alia* the return channel (Batista & Vicente, 2011; Pfutze, 2012; Chauvet & Mercier, 2014; Barsbai et al., 2017). Norm diffusion derived from migration can be observed at different levels. As mapped out by Rüland et al. (2009), there are three pathways of norm diffusion: changes of attitudes at the individual level; collective action; and institutional change at the national and global levels. Our results provide convincing evidence of changes in attitudes at the individual level towards institutional quality reflected in the locational choices of Vietnamese return migrants upon returning to the home country. In particular, return migrants from host countries with higher institutional quality highly value local institutional quality.

Drawing from our findings, we observe a two-way relationship between migration and institutional quality. The locational choices of return migrants are shown to be dependent on local institutional quality. On the other hand, these choices intriguingly imply changes in return migrants' attitudes toward institutional quality. These attitudinal changes are of decisive importance in terms of underpinning the further potential of return migrants to act as norm remitting agents at higher levels that induce influences on institutional quality in the home country.

Our findings also suggest that better local institutional quality may attract return migrants, who have high potential to contribute to regional development. In regard to policy implications, our results provide compelling evidence for policymakers in Viet Nam (and potentially other similar developing countries that have large diasporas and large numbers of return migrants) that improving local institutional quality is a significant measure for attracting potential resources, especially human resources, from abroad.

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NOTES

1. The host country and the home country are interpreted from the viewpoint of a migrant who is making a return decision. The host country is where a return migrant comes from. The home country is where a return migrant goes to, and is also the country where they were born.
2. A brief review of the history of Viet Nam's international migration experience is available at https://ideas.repec.org/p/wai/econwp/17-10.html. (accessed 20 March 2018)
3. https://freedomhouse.org/report-types/freedom-world (accessed 20 March 2018)
4. https://www.fraserinstitute.org/economic-freedom/dataset (accessed 20 March 2018)
5. http://www.systemicpeace.org/inscrdata.html (accessed 20 March 2018)

6. http://orgeng.pcivietnam.vn/ (accessed 21 March 2018)
   Definitions of the PCI sub-indices are available in the PCI User Guide at http://orgeng.pcivietnam.vn/uploads/96646-PCI%20USER%20GUIDE_Final_Website.pdf (accessed 21 March 2018)
7. http://papi.org.vn/eng/ (accessed 20 March 2018)
8. http://www.gso.gov.vn/ (accessed 20 March 2018)

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SUPPORTING INFORMATION

Additional Supporting Information may be found online in the supporting information tab for this article:

APPENDIX: Tables A1-8 can be found online at https://www.dropbox.com/s/t1meaqscgro4in7/imig_12451_OnlineAppendix.pdf?dl=0.