



Should I Stay or Should I Go?

**Geographic vs. Cultural Networks
in Migration Decisions**

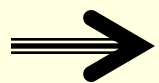
**Jinu Koola
Çaglar Özden**

**Development Research Group
The World Bank**

MOTIVATION



- (1) What is the **mechanism** by which migrant networks in Kerala operate?
- (2) What role does the **expectation** of emigration have on the labor of non-migrants?



Where and when the migrants decide to migrate?

CONTRIBUTION



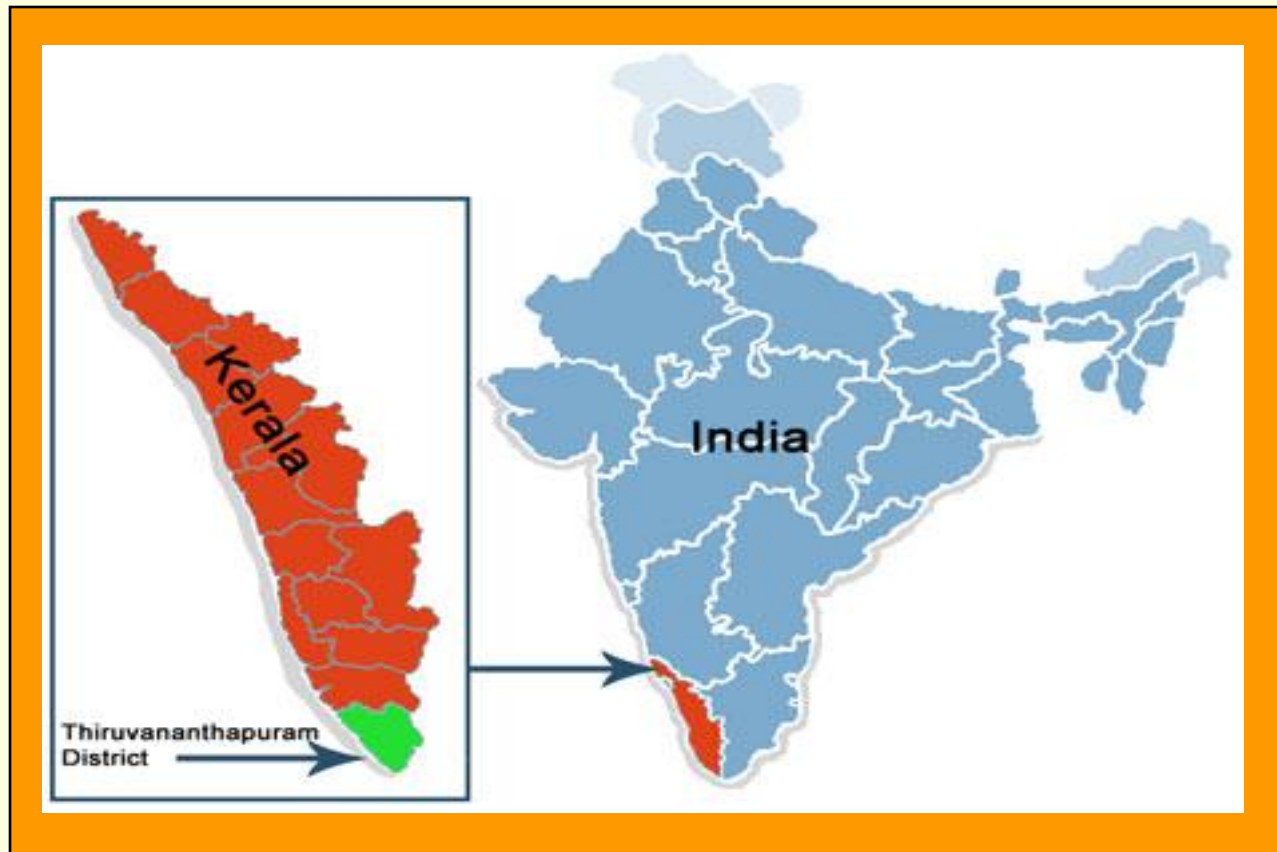
- Identifying role of external factors on migration decisions...
- A more specific definition of migrant networks based on exogenous religious identity
- Evidence of the role of networks in channeling migrants to specific destinations
- Impact of network effects on employment decisions of young people

MAIN FINDINGS

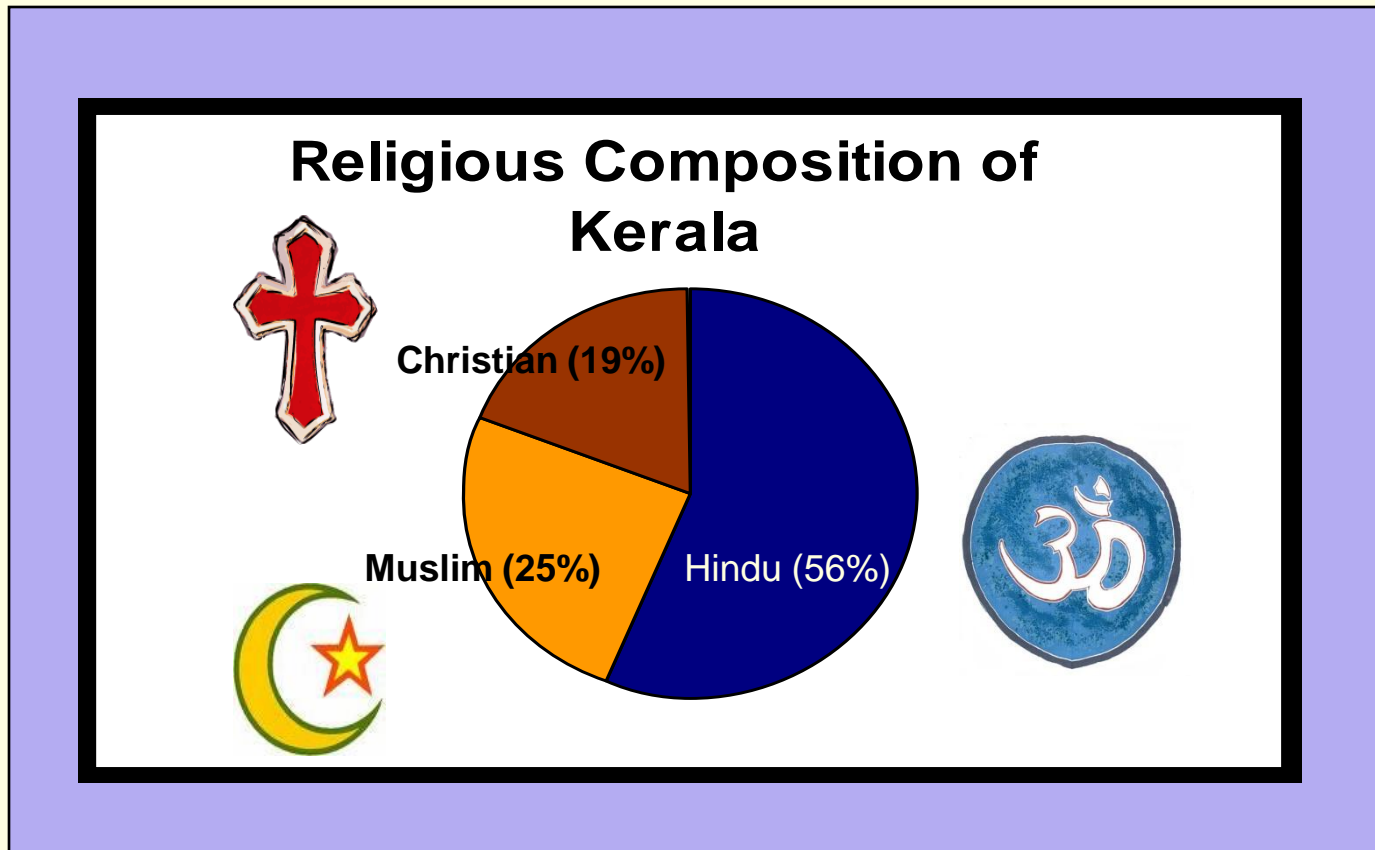


- The **own network effect** is **more powerful** in predicting emigration
- The network effect is destination specific – indicating it is primarily **informative** and **excludible**
- Decrease in labor supply is not due to increased communal migration but due to increased **expectation** of emigration.

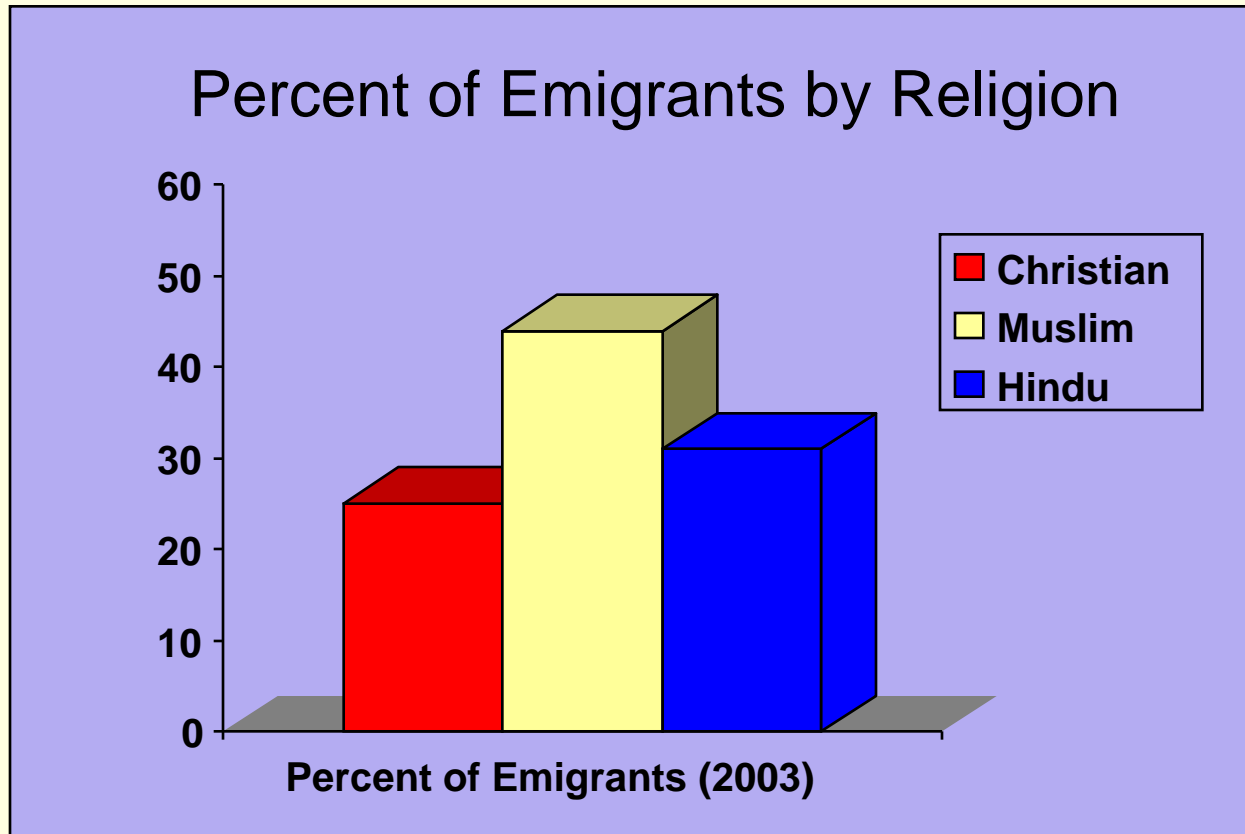
THE “LABORATORY”



KERALA'S RELIGIONS



THEIR RELIGION



KERALA to PERSIAN GULF



- Began in 1973
- Accounts for 90% of emigration
- Exclusively temporary
- Almost all male (95%)
- Represents 8% of the state's labor force
- Over half of Indian migrants in the Gulf are from Kerala

DATA DESCRIPTION



Kerala Migration Study (KMS) in 1998

- 9,995 Households
- 200 Panchayats from all 14 districts
- Individual data for each household member

South Asia Migration Study (SMS) in 2003

- 10,012 Households
- 5,000 households re-surveyed—**providing a panel**

NETWORK DEFINITIONS

All Panchayat Specific



Variable

EMI Network =

$$\frac{\text{\# of Male Emigrants}}{\text{Total \# of Adult Males}}$$

Religious Network =

$$\frac{\text{\# of Male Emigrants of Religious Group } r}{\text{Total \# of Adult Males of Religious Group } r}$$

Religious-Destination
Network =

$$\frac{\text{\# of Male Emigrants of Religious Group } r \text{ in Country } j}{\text{Total \# of Adult Males of Religious Group } r}$$

WHO ARE EMIGRANTS?



1998						
<i>Status</i>	Total Persons	Male	Mean Age	Education	Married	Unemployed
EMI	2,099	91%	26.7*	8.7*	49%*	26%*
NMI	26,560	45%	34.9	7.5	67%	9%
Total	52,544					
2003						
<i>Status</i>	Total Persons	Male	Mean Age	Education	Married	Unemployed
EMI	2,694	83%	25.2	9.7*	41%*	33%*
NMI	27,273	45%	35.2	8.2	65%	14%
Total	52057					

WHERE DO THEY GO?



Percentage of EMI in Destination Countries

<i>Destination Countries</i>	1998	2003
Saudi Arabia	38%	27%
United Arab Emirates	31%	36%
Oman	10%	8%
Kuwait	5%	6%
Bahrain	5%	6%
Qatar	5%	5%
United States of America	2%	5%
Other	4%	7%
<i>Total Gulf</i>	94%	88%
<i>Total Other Region</i>	6%	12%

THE INVESTMENT



<i>Expenses</i>	Mean Cost
Ticket Costs	Rs. 12,263 (\$299)*
Visa Costs	Rs. 26,005 (\$634)
Agent Costs	Rs. 1,990 (\$49)
Cheating	Rs. 581 (\$14)
Total	Rs. 41,752 (\$1,013)
<i>Per-Capita Income</i>	Rs. 27,901 (\$680)

<i>Resources Reported</i>	
Savings	27%
Family Support	48%
Loan (Bank/Friends/Family)	58%
Sold Gold	40%
Sold Land	10%
Other Finances or Assets	5%

UNEMPLOYMENT & EMIGRANT HH



Unemployment Rate of Males by Household Emigration Status (Ages 15-60)

<i>HH Emigration</i>	1998	2003	1998	2003
NMI Household	14.5	23	9.6	13.5
EMI Household	28.2	26.5	17.7	27.2

UNEMPLOYMENT & NUMBER OF EMIGRANTS



Unemployment Rate by Number of Emigrants from the Household (Ages 15-60)

<i>Number of EMI</i>	Total Population		Male Population	
	1998	2003	1998	2003
0	10.4	14.5	12	14.6
1	14.6	20	20	24.4
2	19.9	24	28.5	29.6

JOB SEEKING & EMIGRANT HH



Job Seeking of Males by Emigration Status of Household

	Ages 15-29		Ages 30-60	
	1998	2003	1998	2003
<i>HH Migration</i>				
NMI hh	16.9	21.6	5.6	10.3
EMI hh	26	24.8	14.2	24.4

Marginal Effect of Religious Networks on Emigration



Dependent Variable: Emigration

		<i>First-time</i>		<i>First-time</i>
Muslim Network	0.004 [0.02]	-0.006 [0.02]	-0.001 [0.02]	0.003 [0.01]
Muslim Network*Muslim	0.31 [0.04]***	0.21 [0.03]***	0.28 [0.05]***	0.16 [0.03]***
Christian Network	0.02 [0.02]	0.01 [0.02]	0.03 [0.03]	0.02 [0.02]
Christian Network*Christian	0.59 [0.08]***	0.34 [0.06]***	0.47 [0.06]***	0.2 [0.04]***
Hindu Network	0.05 [0.04]	0.02 [0.03]	0.005 [0.06]	-0.03 [0.05]
Hindu Network*Hindu	0.74 [0.09]***	0.49 [0.05]***	0.75 [0.10]***	0.37 [0.05]***
Muslim	0.1 [0.01]***	0.06 [0.01]***	0.13 [0.02]***	0.06 [0.01]***
Christian	0.01 [0.01]	0.008 [0.007]	0.01 [0.02]	0.009 [0.009]
Observations	13308	12573	12949	11916
R ²	0.3975	0.2687	0.4270	0.2504

Effect of Destination-Specific Networks on Destination



Dependent Variable: Destination Choice

	Saudi	UAE	Oman
	1998	1998	1998
<u>Saudi Networks</u>			
Muslim Network	1.07 [0.91]	-0.57 [1.08]	2.52 [1.32]*
Muslim Network*Muslim	9.64 [1.24]***	-0.39 [1.57]	-3.58 [2.71]
Christian Network	0.15 [2.31]	-8 [4.25]*	-1.52 [5.65]
Christian Network*Christian	25.09 [3.96]***	15.1 [6.47]**	7.02 [9.62]
Hindu Network	4.32 [1.81]**	3.05 [2.42]	4.46 [4.60]
Hindu Network*Hindu	28.84 [3.46]***	-6.9 [6.71]	-18.27 [9.24]**
Observations	13308	13308	13308
R2	0.3461	0.3461	0.3461

Marginal Effect of Migration on Unemployment



Dependent Variable: Unemployed

	Ages 15-60	Ages 15-29
EMI hh	0.05 [0.02]***	0.06 [0.03]**
EMI Network	0.09 [0.02]***	0.22 [0.08]***
EMI Network ²	0.34 [0.15]**	0.67 [0.34]*
REM	1.87 [0.98]*	2.304 [2.16]
Observations	13958	5350
Chi ²	841.96	341.55
Pseudo R ²	0.1851	0.1208

PANEL DATA: Effect of Previous Unemployment and Migration Status on Current Status



Males aged 15 to 29 years old

Dependent Variable:	Unemployed in 2003	External Emigrant in 2003
Unemployed (1998)	0.61 [0.228]***	-0.63 [0.401]
EMI household (1998)	-0.21 [0.35]	0.45 [0.35]
Unemployed*EMI hh	0.22 [0.65]	1.61 [0.64]**
EMI Network	1.44 [4.18]	20.62 [6.14]***
EMI Network ²	-19.44 [16.85]	-45.42 [19.05]**
REM (1998 or 2003)	-0.35 [0.63]	-0.04 [0.50]
Observations	2117	2117
Chi ²	187.65	187.65
Pseudo R ²	0.1241	0.1241

CONCLUSIONS



- The relevant network is **religious** – provides social support/information/services
- The network is important in determining **where** and **when** members migrate
- Network's role is **Destination-specific**, implying it is **informative** rather than financial
 - Information decays over time: Weaker effect of return-emigrant networks
 - 1998 networks have less effect for panel individuals

CONCLUSIONS



MIGRATION & LABOR SUPPLY

- Young males with an expectation of emigration are:
 - Unemployed while waiting to emigrate – not permanent status as opposed to literature
 - Job-seeking outside of the state.
- Total unemployment increased by 8 %
- Unemployment rate among highly educated increased by 15 %

CONCLUSIONS



Brain *Gain* for Kerala?

- Proportion of population with secondary or tertiary education increased by 3 %
- Emigrants are more educated
 - New immigration policies
 - Increasing demand for skilled and professional workers in the Gulf