

Motivation to Go Home, Motivation to Remit: Evidence from Thai Migrant Workers

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The return migration is a phenomenon that the migrants return to their home countries after spending some time in the hosting countries. The return migration and the behavior of returnees have important social and economic implications on remittances, labor supply, and social assistance provision. Although there is a large body of literature focusing on the pattern of the return migration in Europe, Americas, and some African countries, the pattern or even the size of return migration in Asia is largely unknown, in part due to the absence of data for return migrants.

Thailand might be an interesting case study for the phenomenon of return migration. During the 1970s, Thailand started to send a large amount of workers to the Middle East. The destination countries shifted to countries in East Asia and Southeast Asia since 1980s. Over the past decade, the number of Thai migrants abroad increased substantially in large part due to increasing globalization. However, it is unknown that how many people returned home and what has been the motivation to remit or to return home. These issues started to draw large attention from Thai government, in large part because some of the returnees faced the problem of reintegration to their home country when they returned home. Unfortunately little has known for characteristics of returning Thai migrants. This is a motivation for further study.

We examine factors affecting the return migration using the 2002 survey on migrants abroad, conducted by the Asian Research Center for Migration at the Institute of Asian studies at Chulalongkorn University in collaboration with Thai government. The data collects information from those who had been working abroad in six major destination countries including information on remittance and return-migration behavior.

Using the data, we test two competing hypothesis of return migration. The two competing theories are called the Neoclassical Economics view (NE, or disappointment theory) vs. the New Economics of Labor Migration view (NELM, or target income theory) (Constant and Massey 2002, Cuecuecha 2006). There are fundamental differences in their views of return migration. Disappointment theory views return migration as a failure of initial immigration. Under this framework, international migration is the outcome of an individual's lifetime earnings maximization; migrants maximize expected net lifetime earnings and move in response to higher wage in destination country. Even in the absence of a reduction in wage differentials, return migration will occur if a migrant's expectations for higher net earnings are not met for reasons, such as a reduction in wages, unemployment, underemployment, or unexpected physic cost. On the other hand, target income theory views return migrants as target income earners. The target income earners migrate, responding to the worsening domestic labor market condition, and once their target earnings have been achieved, they return home. Thus, migrants will migrate abroad temporarily for a limited period in order to save in anticipation to return home from the beginning. Once the earning targets have been met, they will return home.

Most previous studies ignore the correlation between remittance and the probability to return home. The theoretical model addressing the issue of simultaneity between remittance and return migration is proposed first by Lucas and Stark (1985). They state that intention to return home can be viewed as a self-interest motive to remit. It implies that migrants are more likely to remit if they have already planned to return home after finishing jobs abroad. It means migrants are more likely to remit if they have already planned to return to home after finishing jobs abroad. Thus, the motivation to return and the motivation to remit are simultaneously determined. However, most studies treat those behavior separately. The survey data set we utilize contains information on both return migration and remittance behavior. Thus, we can estimate the remittance and return-migration equation simultaneously using the bivariate probit model, in which the correlation between the unobserved heterogeneity (residuals) in two behaviors, return migration and remittance, are controlled.

Our results generally suggest that Thai migrant workers (at least from these samples) adopt mainly the maximizing lifetime earning strategy of NE framework. However, after including remittance into the return migration model with accounting to the endogeneity of remittance by using bivariate probit model, the results show that remittance is an important variable determining the probability to return. This may be due to the fact that Thai migrant workers are mostly individual migrants, not family migrants. An individual migrant prefers the family members staying in Thailand, rather than emigrating abroad. An individual migrant chooses remittance as a source of income distribution in order to support the family at home and satisfy his altruistic feeling.

References

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