Labour market activity, occupational change and return migration: evidence on Indians in the Gulf

Mathias Czaika and María Villares Varela

International Migration Institute. University of Oxford

1. Introduction

This paper analyses the relationship between migration duration and occupational changes, using the case of Indian expatriates in the Gulf States. De jure, permanent migration to a Gulf state is almost impossible, leaving a (renewable) temporary work visa the only option available for Indian migrants. De facto, however, ‘temporary’ stay can last for years or even decades, and thus, questions about the factors influencing the timing of return become relevant. Migrants and their families are normally the main beneficiaries of labour migration. Better opportunities and higher wages enable them to live better lives in the present and to save more for the future. Staying abroad and earning higher salaries for as long as possible seems therefore to be a reasonable strategy in theory. In fact, most migrants in many different contexts do not stay permanently in their host country, either because they do not want to or because they are not allowed to. For most migrants in the Gulf countries, permanent immigration is not an option for various political and legal reasons, so temporary migration is the dominant form of migration in the region. The term ‘temporary’, though, is very elastic when it comes to (renewable) work visas for Gulf migrants, and many (Indian and other) ‘expatriates’ are staying for many years or sometimes decades in the region.

The central question we are asking in this study is: how long do temporary migrants stay in the Gulf region, and what determines the timing of return? To answer this question we focus on the occupations migrants were involved in before migration, while in the Gulf and after returning home. Besides many factors (economic, social, political) that obviously all play some role in influencing migration duration, we are particularly interested in the question of whether labour market participation and/or changes in occupation have a significant effect on the length of stay in a Gulf country. In particular, we investigate whether the length of stay in the Gulf depends on participation in the labour market (employed, unemployed or inactive) or the type of occupation (sector/category) the migrants had before, during, and after returning from the Gulf.

Return migration can be defined as a migratory movement when people return to their place of origin after spending a significant period of time in another country (King 2000). Although this definition involves clearly delimited spatial and temporary boundaries, the conceptualisation of return migration seems to be more complex, where return migration can also be attributed to different phenomena, also termed as counter-stream and retro-migration (King 2000). Return migration movements can also be embedded in broader processes of circular migration, and it is rather difficult to define analytically when return migrate on starts and ends. Theoretical debates have so far come up with some broader explanations for return migration processes, which may emphasise the role of policies (Gmelch 1980).

---

2 Idem.
economic factors (Bastia 2011)\(^4\), socio-cultural and life-cycle factors (King 1986)\(^5\), or changes in the labour market status and activities (Rhoades 1979)\(^6\). Human capital theory can explain how the gains achieved through migration such as skill-upgrading, education, ideas, professional training, and so on, affect the position a returnee can acquire in the labour structure of origin countries. Dustmann and Kirchkamp (2002)\(^7\) explore the relation between migration duration and activity choice for the case of Turkish returnees from Germany. Their study shows that Turkish returnees chose self-employment or non-employment, mostly linked to retirement from active life; and they uncover a strong negative relation between the level of education and the duration of the stay abroad. In their model, higher education is linked to better wages abroad, which will lead to an earlier return to the home country. This hypothesis also fits with the NELM theories to explain return migration. Education is also linked to the type of economic activities undertaken back in Turkey, where higher educational attainment is positively associated with the likelihood of being employed – and particularly self-employed (Dustmann and Kirchkamp 2002)\(^8\).

In this paper we explore this hypothesis further by looking at how changes in occupation and labour-market status might be a driver for return migration. The return migration of successfully employed workers from a country where wages and incomes are significantly higher than in the origin country questions migration as a rational calculation of economic costs and benefits, challenging the neoclassical model to explain migration drivers. However, this can be explained if we consider the better position that returnees might occupy in terms of occupational and social hierarchies in their home country than they did in the host country. Experiencing or having well-founded prospects of upward mobility in the labour market in the origin country might fulfil social mobility aspirations.

2. Data and empirical strategy

This analysis is based on two rounds of the Kerala Migration Survey (KMS 2008 and 2009)\(^9\). Our empirical strategy reflects the major steps of a migration trajectory; that is, the respective decisions about where to go, when to return, and, thus, how long to stay abroad. The empirical analysis, therefore, is designed to explore the relative importance of our set of determinants at different stages along the emigrate-stay-return trajectory.

At the first stage, and by using individual data on international migrants and returnees, we run a multinomial logit (MNL) model on the destination choice. The MNL model estimates the relative probability of migrating to one of the six Gulf states compared with another international destination. Thus, the probability of individual \( m_j \) migrating to Gulf state \( d \in D = \{1,6\} \) is estimated according to

---


\(^8\) Idem.

\(^9\) The Kerala Migration Survey (KMS) was conducted between August and December 2008 and there was a follow-up Return Migration Survey (RMS) in 2009 where all households of the 2008 survey were revisited. The 2008 survey collected representative information from about 15,000 households across all districts in Kerala. The questionnaire compiled questions on characteristics of entire migrant and non-migrant households as well as individual information on economic and non-economic characteristics of household members. Characteristics on other former household members were included whether they were at that time internal migrants, international migrants, or returnees.
\[
\text{Prob} \left( m_j = d \right) = \frac{\exp \left( Z_{dj} \right)}{1 + \sum_{d=1}^{D} \exp \left( Z_{dj} \right)}
\]

with \( Z_{dj} = (\beta' X' + \varepsilon) \) and \( d = 7 \) as the reference category for ‘other international destination’.

We control for migrant-specific characteristics of gender, educational attainment, religion, age at emigration, year of emigration, and emigration expenses to capture their effects on the pattern of Gulf destination choice. Our main variables of interest, however, are those related to the type of economic activity and labour-force status before emigration. We try to explore the existence of ‘occupational corridors’, which means that we try to identify some occupation-related linkages between India (Kerala) and the six Gulf destination countries.

After this, and based on information on returnees only, we apply a similar set of drivers in estimating the length of stay in the Gulf. For this stage, however, we use additional information from the follow-up survey in 2009, which allows the inclusion of a larger set of explanatory variables than before, including individual income gaps calculated as the difference between the migrant’s annual income in India before emigration and his or her (average) annual income while in the Gulf. Additionally, we control for reasons for return such as compulsory expulsion, poor working conditions, health problems, and problems at home. According to our analytical focus, we test separately for the influence of the labour-force status before emigration, while in the Gulf and after returning home to India, and focus on the role of changes in labour-force participation and status along the Gulf migration trajectory. Finally, we analyse various ‘occupational transition regimes’ and their effect on the length of stay the Gulf. Hereby, we estimate migration duration by focusing on the effect of various labour-market trajectories, i.e., changes in labour-market status and activities, along individual migration trajectories, i.e., before and after migration as well as during the stay in the Gulf.

3. Results

3.1. Migration duration and labour-market status

For our analysis of the effects of labour-market status and occupations on the migration duration we run separate models estimating the influence of labour-market related factors before emigration, during the Gulf stay, and after returning home to India. Those who were employed before emigrating to the Gulf stay about 10 months less than those not in any employment. A similar negative association on migration duration is detected for those who find employment after return, whereas those with expectations of becoming unemployed or who are planning to leave the labour force after return spend more time abroad. Disaggregation of the occupations into various categories of employment shows that migrants who were employed in the public sector before emigration or after return stay about two years less in the Gulf than those who were employed outside the public sector. Only those who were self-employed prior to emigration also stay a shorter period of time in the Gulf (see also Ilahi 1999). Employment in the private sector after return is associated with a longer stay in the Gulf, possibly implying that a successful transfer of those skills which are acquired in the Gulf and are necessary for a job in the formal private sector may require an extended time abroad.

3.2. Migration duration and transitions in labour-market status and occupations

Finally, we refine our analysis by focusing on changes in the labour-market status and occupational categories between two different stages of an individual migration trajectory, and their effects on the length of stay in the Gulf. We hypothesise that relative improvements in the labour-market status and occupation have a direct effect on the return decision. Migrants leaving public-sector employment in
India for a position outside the public sector in the Gulf stay – on average – more than two years less in the Gulf than those migrants without this particular occupational trajectory; migrants who were able to find employment in the public sector of a Gulf state although they were not employed in the public sector in India stay about two years and three months longer than other migrants.

These results provide evidence for the importance of higher status occupations and superior working conditions in the public sector both in India and in the Gulf. Public-sector employment is by and large a very attractive occupation since it comes along with various amenities including higher job security, better payment, health insurance and some fringe benefits. For other changes in the type of occupation held at emigration, we find a negative effect on migration duration for migrants who leave their self-employment for a dependent position in the Gulf. This effect of a transition out of self-employment seems to be perceived as a step backwards; although the position is often higher paid, it comes with less personal freedom and independence in the work-related part of life.

This interpretation is confirmed by the negative association on migration duration for those who become self-employed or find a public-sector occupation after returning home. These results show that upward occupational mobility after return migration is negatively associated to the duration of stay in the Gulf. Working in the public sector and self-employment activities improve working conditions and allow the returnees to enjoy a higher occupational and social status in the home country. Therefore, occupational changes at different stages of a migration trajectory prove to be an important factor in return migration decision-making. Obviously, not all occupational changes affect the length of stay in a Gulf country. Only public-sector work and self-employment seem to be the rather attractive employment options which, if available before or after migration, have a significant negative effect on the length of stay in the Gulf. Beyond this, we find that migrants from Kerala to the Gulf with the prospect of becoming unemployed after return, or who intend to leave the labour force (e.g. for retirement), stay significantly longer in the Gulf. In particular, the transition into unemployment prolongs the Gulf stay by more than one and a half years. We find an even stronger effect in the same direction if a migrant was employed before emigration but falls into unemployment afterwards, extending the stay in the Gulf by almost two years.

4. **Conclusions**

Our analysis has shown that return migration is linked to changes in occupations along migration trajectories between India and the six states of the Gulf Cooperation Council (GCC), and their specific effects on the migration duration. Our findings indicate that occupational change is not a predictor of return migration decision and the length of stay abroad in the Gulf per se. But our results show that the prospect of acquiring an occupation which entails upward social mobility seems to induce earlier return migration. Hereby, public-sector work and self-employment seem to be the most attractive employment options which, if available, seem to influence not only the decision to emigrate at all but also the (relatively short) duration of stay in the Gulf and the subsequent decision to return.

This interpretation is confirmed by the negative association between becoming self-employed or finding a public-sector job after returning and migration duration. These results suggest that the prospect of an upwards occupational mobility after return migration reduces the length of stay in the Gulf. Working in the public sector and self-employment improve working conditions and allow the returnees to enjoy a higher social and employment status in India (often including better salaries). Thus, experiencing a change in occupational status resulting in better positions in the labour-market structure in the country of origin might fulfil the goals of social mobility throughout the Gulf migration experience of Indian expatriates.