



# Does the desire to remit foster integration? Evidence from migrants in Spain



Chiara Falco<sup>a</sup>, Kristin Göbel<sup>b,\*</sup>

<sup>a</sup> Department of Economics, University of Milano-Bicocca, Italy

<sup>b</sup> Department of Socioeconomics, University of Hamburg, Germany

## HIGHLIGHTS

- We study the relationship between remittances and integration at destination.
- We use changes in macroeconomic variables as instruments.
- The desire to send remittances intensifies social activities and hence social integration.

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## ABSTRACT

We enquire empirically how migrants' desire to send remittances back home fosters integration at destination. Starting from a model by Stark and Dorn (2013) in which the aspiration to remit is shown to induce migrants to acquire costly host-country specific social and human capital in order to obtain higher income, we measure migrants' integration effort by social participation. Our results confirm the theoretical model.

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## 1. Introduction and literature review

Spain received massive migration in the past decades. Upon opening up the economy after the Franco regime the proportion of foreign-born population rose from 1% in 1990 to over 12% in 2010. Hence, the integration of migrants into the host country is an important challenge for Spain as well as for other European countries. Taking into account that integration has several positive impacts for the migrants as well as for the receiving country, an important question is then: what fosters integration? Strong family ties to the home country are often considered to hamper integration. Migrants may perceive their stay in the host country as temporary, and consequently expend little effort to integrate

(Huntington, 2004; Stark and Dorn, 2013). However, these ties also increase the desire to send remittances. Stark and Dorn (2013) develop a framework in which the opportunity to send remittances induces migrants to generate more income. The incentives to build up host country specific social capital increase which fosters integration. The higher the level of altruism of the migrant, the greater the desire to remit, and hence the effort to acquire social capital. In fact, migration is often at least partly motivated by the desire to remit to household members.

Integration is an outcome of a process. An important determinant is intercultural contact which can be viewed as a measure of migrants' integration effort (Achakra and Leon-Gonzalez, 2015; Constant and Massey, 2002; Stinner and Van Loon, 2010; Danzer and Ulku, 2008). It involves interaction within public and private spheres and these activities foster personal and collective identities (Couton and Gaudet, 2008; Stark and Jakubek, 2013). Hence, it matches our understanding of integration as a process by which an immigrant acquires the culture and norms of the host country as well as destination specific social capital.

\* Corresponding author.

E-mail addresses: [c.falco@campus.unimib.it](mailto:c.falco@campus.unimib.it) (C. Falco), [Kristin.Goebel@wiso.uni-hamburg.de](mailto:Kristin.Goebel@wiso.uni-hamburg.de) (K. Göbel).

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**Table 1**  
Summary statistics by groups.

	Full sample		Social Part.		Remit	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
<i>Controls</i>						
Female	0.548	0.498	0.535	0.499	0.530*	0.499
Age	37.37	10.76	39.71*	11.05	35.51*	9.26
Secondary education	0.530	0.499	0.492*	0.500	0.556*	0.497
Tertiary education	0.219	0.413	0.383*	0.486	0.157*	0.364
Years Abroad	12.26	11.76	16.12*	13.28	6.84*	4.84
Married	0.552	0.497	0.572	0.495	0.536*	0.499
Income	734.7	785.6	881.6*	1036.2	752.2*	614.2
Spouse at origin	0.047	0.212	0.022*	0.147	0.096*	0.294
Child at origin	0.107	0.310	0.066*	0.249	0.193*	0.395
Mother at origin	0.528	0.499	0.418*	0.493	0.732*	0.443
Father at origin	0.414	0.493	0.330*	0.470	0.555*	0.497
Brother at origin	0.445	0.497	0.407*	0.491	0.559*	0.497
Number of children at home (Spain)	0.301	0.803	0.182*	0.638	0.551*	1.024
Employed	0.888	0.316	0.890	0.313	0.953*	0.213
<i>Instruments</i>						
Change in income	0.213	0.770	0.207	0.912	0.223	0.551
Change in unemployment	−0.084	0.087	−0.081	0.080	−0.088*	0.087
Number of Obs.	12 207		1724		4928	

\* Individuals belonging to the stated group (i.e. migrants who participate in the social activities or remit) are significantly different from those not belonging to these groups (two-sample *t* test, significance level 0.05).

**Table 2**  
Social participation by groups (in percent).

	(1)	(2)	(3)	(4)	(5)	SP
All migrants	3.70	2.20	3.68	5.03	2.80	14.12
Remitting migrants	2.31	2.37	2.08	2.82	1.90	9.74

For group definition see main text. SP is the aggregate variable of social participation.

Our work contributes to the integration and remittances literature by testing a new theory among the relationship between them. Using social participation as a measure of migrants' integration effort, and in accordance to the (Stark and Dorn, 2013) model, our hypotheses are that (1) social ties with the home country should decrease social participation generally, but (2) the desire to remit should increase it. To the best of our knowledge, we are the first to evaluate empirically a new channel that may foster integration, namely the desire to send remittances.

## 2. Data and descriptive statistics

We use the Spanish National Immigrant Survey 2007 (ENI) which is a retrospective micro database on non-native current residents of Spain (source: INE, [www.ine.es](http://www.ine.es)). After accounting for missing observations and restricting the sample to individuals aged 18–65 and to those who arrived in Spain before 2006 we end up with a sample of 12,207 migrants. Migrants are on average 37 years old, 75% have at least secondary education and 27% have obtained Spanish citizenship. Nevertheless, ties with the source country are strong. Almost 53 and 41% have left their mother or father, respectively, in the origin country, and 11% have at least one child left at home (Table 1).

The two main variables of interest are remittances and social participation. The former is a dichotomous variable equal to one if the migrant has sent remittance in the year preceding the survey and zero otherwise. The latter is an aggregate variable equal to one if any of the following questions is answered affirmative: “Do you participate in any of the following groups or associations that are not specifically dedicated to foreigners? (1) NGO; (2) religious groups; (3) educational/ cultural groups; (4) sporting associations; (5) other social groups” (see Table 2).

Migrants who participate in the social activities or who send remittances differ significantly from those that do not (Table 1 column 4 and 6). While the migrants belonging to the former group have spend on average a longer time in the host country and have less ties with the source country, the opposite holds true for remitting migrants.

## 3. Methodology

We seek to test an implication derived from Claim 1 in Stark and Dorn (2013): “A migrant who is altruistic enough to remit exerts more effort to assimilate than a non-remitting migrant”. Stark and Dorn (2013) propose to approximate integration<sup>1</sup> by the extent to which migrants learn and acquire the culture, norms, and customs of the host country, hence the extent of social participation. The baseline model is specified as follows:

$$SP_i^* = \beta X_i + \alpha R_i + \sigma_r + \varepsilon_i, \quad (1)$$

where  $X_i$  refers to migrant characteristics that may affect integration behaviour. The level of education has an important impact and its quality depends on the country of origin. Hence, we include dummy variables for secondary and tertiary education but also its interaction with the classification of the country of origin.<sup>2</sup> Moreover,  $X_i$  includes ties to the home country as dummy variables indicating whether the mother, the father, children, brothers live in the home country. The term  $R_i$  measures the likelihood to remit. The vector  $\sigma_r$  are region of origin fixed effects, and  $\varepsilon_i$  is the standard error term. The dependent variable  $SP_i^*$  measures the extent of social participation. We construct a dichotomous variable  $SP_i$  capturing all possible forms of social participation. The term  $SP_i^*$  is a continuous underlying or latent variable. We do not observe it directly, but it has an observable realization of one if  $SP_i$  takes on a positive value, and zero otherwise:

$$SP_i = \begin{cases} 1 & \text{if } SP_i^* > 0 \\ 0 & \text{if } SP_i^* \leq 0. \end{cases} \quad (2)$$

<sup>1</sup> I.e., assimilation in Stark and Dorn (2013).

<sup>2</sup> The countries are classified as follows: “Developed countries”, “Andean countries”, “other Latin American countries”, “Africa”, “Rest of Europe, Asia and Oceania”.

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