



# Family migration and relative earnings potentials<sup>☆</sup>



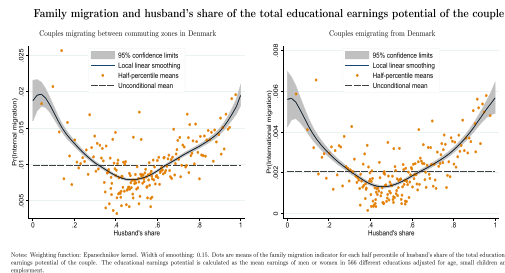
Mette Foged

University of Copenhagen, Copenhagen K DK-1353, Denmark

## HIGHLIGHTS

- A considerable prior literature finds an asymmetric response of family migration to husbands' and wives' characteristics.
- I formulate a model of family migration encompassing human capital theory and gender role theory.
- The model predictions are tested empirically using data on internal and international migration of couples.
- Overall, the findings are consistent with gender neutral migration.
- Gender identity norms may play a role when the intra-household differences in earnings potential are small.

## GRAPHICAL ABSTRACT



Note: Weighting function: Epanechnikov kernel. Width of smoothing: 0.15. Dots are means of the family migration indicator for each half percentile of husband's share of the total educational earnings potential of the couple. The educational earnings potential is calculated as the mean earnings of sons or wives in 5th–9th education adjusted for age, small children and employment.

## ARTICLE INFO

### Article history:

Received 14 January 2015  
 Received in revised form 12 August 2016  
 Accepted 18 August 2016  
 Available online 26 August 2016

### JEL classification:

F22  
 D19  
 J16  
 J61

### Keywords:

International migration  
 Family migration  
 Gender identity norms  
 Selection

## ABSTRACT

A unitarian model of family migration in which families may discount wives' private gains is used to derive testable predictions regarding the type of couples that select into migrating. The empirical tests show that gender neutral family migration cannot be rejected against the alternative of husband centered migration. Couples are more likely to migrate if household earnings potential is disproportionately due to one partner, and families react equally strongly to a male and a female relative advantage in educational earnings potential. These results are driven by households with a strong relative advantage to one of the partners while results are less clear for small dissimilarities within the couple, suggesting that gender identity norms may play a role when the opportunity costs of adhering to them are small.

© 2016 Elsevier B.V. All rights reserved.

<sup>☆</sup> This project benefitted from discussions with Jakob Roland Munch, Søren Leth-Petersen, Anders Milhøj, Thomas Jørgensen, Miriam Gensowski, Martin Browning, Panu Poutvaara, and Martin Munk. Bernt Bratsberg, Albrecht Glitz, Bertel Schjerning, Giovanni Peri, Robert Pollak, Rasmus Søndergaard Pedersen and anonymous referees provided helpful comments that improved the paper. The project was carried out as part of my PhD funded by the University of Copenhagen.  
 E-mail address: [Mette.Foged@econ.ku.dk](mailto:Mette.Foged@econ.ku.dk) (M. Foged).

## 1. Introduction

Female labor force participation rates have risen in most developed countries since the 1960s and dual-earner households have become the norm. Economic rationality prescribes that the dual-earner households consider the earnings potentials of both partners in migration decisions whereas single-earner households naturally follow the earnings prospects of the breadwinner. The early studies of the 1970s and the 1980s document that working wives inhibit the mobility of families, consistent with the idea that job opportunities of both partners matter.<sup>1</sup> Many studies using education or occupation as a measure of the potential return to migration have, however, found substantial asymmetries with respect to partners' characteristics in family migration equations, thereby inferring asymmetric weighting by gender in families' location decisions.<sup>2</sup>

Social costs (embarrassment) associated with the husband earning less than the wife or traditional gender role beliefs within the couple could make couples value an additional dollar brought in by the man more than an additional dollar brought in by the woman. This paper provides a micro-economic model of families' location decisions incorporating the possibility that families discount women's private returns. I assume that the return to migration is proportional to the earnings potential of the individual and predict how migration propensities vary with the relative earnings potential in the household, conditional on overall household earnings potential. Migration propensities are lowest in couples with equal earnings potential and increase symmetrically in the intra-household dissimilarity if couples are gender neutral when making location decisions. The least migratory couples are instead those where the husband has the lowest earnings potential if couples discount women's private returns.

For the empirical analysis, I construct an education-specific earnings potential by predicting the mean earnings for men and women in 566 distinct education categories adjusted for age, small children and employment. The empirical earnings potential accounts for more heterogeneity than the broad education categories often used in the literature and is allowed to differ between men and women since such differences could reflect discrimination in the labor market and pre-marital sorting by gender into subfields which should be distinguished from gender bias in the household. On the one hand, this approach carries detailed information on the earnings potential of the individual and at the same time it is more exogenous than actual earnings or occupation that may reflect decisions within the household and local labor market shocks correlated with migration. On the other hand, it excludes information on innate ability and motivation as well as the scope for mobility within occupations that also matter for migration decisions.

The theoretical model emphasizes the importance of capturing the combination of characteristics in the household, as opposed to only including absolute characteristics of husband and wife. The important paper by [Compton and Pollak \(2007\)](#) captured the joint education profile by focusing on a simple distinction between college and noncollege and including the interaction, both college. This approach becomes less tractable with more detailed categorical data and the earlier literature has therefore focused on absolute characteristics of the partners. The methodology of this paper makes progress on this issue by creating a one-dimensional measure of the potential return to migration and using quadratic and more flexible functions of husband's share to capture the joint migration potential of the household.

I find that the human capital model of family migration cannot be rejected against the alternative of husband centered migration, neither for internal nor for international migration of couples. The results are driven by families with a clear education difference between the partners. Households seem to favor the career of the husband when differences in earnings potentials are small. This could be because forgone household earnings associated with adhering to the norm that husbands are breadwinners are low for these households or because the difference in educational earnings potential is not big enough if households foresee future career interruptions for the woman due to childbearing.

The empirical analysis is based on husband-wife matched data from Danish registers. Denmark is an interesting case. First, it is a highly gender equal country with a female education level and a labor force participation rate among the highest in developed countries and other developed countries show trends in this direction. Second, Danes are relatively unhindered in their international mobility and thus the kind of international migrants we would like to study not to confound self-selection with the impacts of migration policies. Denmark is also relative unique in having data on international migration of its citizens. This allows me to link family migration to the literature on cross-border migration. The only other paper looking at emigration of families is [Junge et al. \(2013, 2014\)](#). I show that the same type of selection characterizes internal and international migration of couples but internationally migrating couples are more intensively selected on the intra-household earnings asymmetry, presumably due to worse prospects for the trailing spouse in foreign labor markets. Applying specifications from prior literature, I also show that internal and international migration appear husband centered using these approaches.

Migration policies prohibiting dependents from working will tend to intensify the selection of asymmetric couples in terms of the intra-household earnings potential.<sup>3</sup> Whether that is beneficial to the destination country is a complicated question beyond the scope of this paper. But the high share of accompanied migrants in the international skill flows suggests that this is a relevant question for further research. More than half of international labor migrants from Denmark are in a relationship.<sup>4</sup>

Section 2 contains the theoretical contribution of the paper and derives testable predictions that guide the empirical analysis. Sections 3 and 4 describe the data and the construction of educational earnings potentials. Results from prior empirical work are replicated and discussed in Section 5.1 before the results of this paper are presented in Sections 5.2 and 5.3. The final section concludes.

## 2. Theory

### 2.1. The general framework and existing theories

Human capital theory suggests that an individual migrates if improvements to lifetime earnings exceed migration costs ([Sjaastad, 1962](#)), and families are expected to migrate whenever the total gains to the household outweigh migration costs ([Mincer, 1978](#); [Sandell, 1977](#)). An alternative explanation of family migration is founded in gender role theory and argues that women are socialized to forgo own career opportunities in location decisions. The husband is the provider and families make location decisions with

<sup>3</sup> More than two thirds of pre-migration household income are due to one partner in 38% of Danish households emigrating to the US and 34% of households emigrating to other countries. US, UK, Greenland, Sweden and Germany are the five top destination countries for the Danish couples studied in this paper; together they attract 46% of the emigrating couples. US and UK alone stand for 22% of the emigration.

<sup>4</sup> Labor migrants are defined as those who have completed their education and been in the labor force at least two years prior to migrating.

<sup>1</sup> For example [Long \(1974\)](#), [Mincer \(1978\)](#), [Sandell \(1977\)](#) and [Lichter \(1980, 1982\)](#).

<sup>2</sup> Examples include [Bielby and Bielby \(1992\)](#), [Compton and Pollak \(2007\)](#), [Duncan and Perrucci \(1976\)](#), [Lichter \(1982\)](#), [McKinnish \(2008\)](#), [Nivalainen \(2004\)](#), [Shauman \(2010\)](#), [Shihadeh \(1991\)](#), [Tenn \(2010\)](#).

Download English Version:

<https://daneshyari.com/en/article/7371495>

Download Persian Version:

<https://daneshyari.com/article/7371495>

[Daneshyari.com](https://daneshyari.com)