

## **Work-related Migration Intentions of Youth in Nepal: An Empirical Analysis**

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### **Introduction**

A high youth unemployment rate as well as a high labor migration rate in Nepal has caused much debate in recent times both in policy circles and academia. Migration is in an increasing trend and unemployment trend is largely the same. Annual Household Survey of 2013 showed that the unemployment rate was 3.3 percent whereas time-related unemployment was 13.4 percent and labor underutilization rate was about 27.8 percent. This depicts the problem of unemployment and underemployment in Nepal's labor market (CBS, 2015). If we look for the corresponding figures for youth (age15-29), the unemployment rate is 19.2 percent and if we consider the relaxed definition of unemployment, this figure reaches 28.9 percent (Serrière, 2014). The youth unemployment rate is even higher among the highly educated.

The labor market in Nepal is characterized by a large informal sector within a low productivity agriculture based economy. The problem of underemployment, inadequate earnings and skill mismatch are features of the employed in Nepal. Afram and Del Pero (2012) point to rigid labor market regulations and unionization as obstacles to job creation and the hiring of workers through formal contracts. Lower productivity in the agriculture sector and lower wage rates are pushing youth to seek alternative employment options. Labor migration has emerged in a great way as the means of securing employment. Those youth who are employed are also mostly employed in informal sectors with little or no social protection (Serrière, 2014). Like in other developing countries, the youth in Nepal take

a long time to get “decent jobs” and the issue of youth (un)employment has been incorporated in the National Youth Policy 2010. The lack of “desirable” employment (in terms of employment opportunities and well-remunerated jobs), (real or perceived) low returns to education, desire for family’s economic well-being, etc. are often cited as the main reasons for migration (Sijapati et al. 2017). Though Nepal is predominately an agricultural economy, reluctance to work in the (subsistence) agriculture sector and considering it as “dirty job” is another reason which has both promoted unemployment and migration among youths in Nepal (Gartaula et al. 2012). Since agriculture in Nepal is a subsistence livelihood it may not fulfill the aspirations of the young. While there is high unemployment among youth in Nepal, enterprises looking for employees find difficulties in finding applicants with the right skills and competencies (Serrière, 2014). In this way, the problem of (un)employment and youth migration in Nepal are interlinked.

### **Objectives**

In this paper, we examine determinants of work-related migration intentions among the youth in Nepal. This paper examines their willingness to move for work and its relation with labor market indicators for both employed and unemployed youth. Both employment and unemployment are not homogenous categories. Employment rate or unemployment rate alone cannot explain variability in labor market conditions. We explore how specific labor market situations may affect migration aspirations. Using intention data has certain advantages. First, studies have shown that intended migration is a predictor of actual migration though there are exceptions. Second, intention data should be seen as potential migration rather than actual migration and this gives the mirror image of the future prospects of the country.

### **Methodology**

We use data from the School-to-work-transition (SWTS) survey for Nepal conducted by the International Labour Organization (ILO) in 2013, covering 15-29 year-olds. The survey contains information on various aspects of labour market conditions, history of economic activities and perceptions and aspirations of youth. The survey is nationally representative and the sample

size is 3584. We use a sub-sample of 1932 from 3584 including only those youths who are either employed or available for work (relaxed unemployment). Those who are still in education or undergoing training and not seeking to work are not included in the analysis. We apply survey weights to make it nationally representative. We also employ multinomial logistic regression to analyze the various determinants of the work-related youth migration intentions. We analyze a baseline model for the whole sample including both employed and unemployed youths and two separate analyses for the employed and unemployed youths.

## **Results and Discussion**

The focus was on effects of labor market conditions on migration intentions. Our analysis highlighted the importance of employment status (in terms of (un)employment as well as quality of (un)employment) in migration intentions. The result shows that gender plays a significant role in explaining migration intentions. Females have a lower intention for migration as compared to males. This result mirrors the real migration trends where most of the migrants are male. Income level of household is significant for internal migration only. Those who are poor are more likely to migrate internally. Those having an education at or below primary level have a higher intention of international migration as compared to those having secondary level education. Youths in rural area mostly intend to migrate internally whereas youths in urban areas have higher aspirations for international migration.

Compared to employed youth, unemployed youth show higher aspirations for migrating both internally and internationally. Employed youth can be categorized into two groups: those transited and those who are still in transition. Unemployment is also categorized as unemployed and inactive. This shows that youths having temporary or unsatisfactory employment (not transited) are more likely to have higher migration intentions as compared to those having stable employment. This highlights the importance of quality of employment in explaining migration trends in Nepal. This demands further analysis on the indicators quality of employment. We have extended analysis to employed and unemployed youths separately.

Youths employed in informal employment are more likely to have higher migration intentions as compared to those employed in formal employments. Similarly, those working as employees are more likely to have higher migration intentions. This indicates the bleak labor market prospects. Youths who want to change their employment see migration as the feasible option indicating problem in local labor market prospects. Youths in agriculture sectors are more likely to have international migration aspirations compared to those employed in the service sector. Similarly, youths having higher level of skills have a higher intention of international migration indicating “brain-drain”. Poor labor market prospects are not able to hold skilled labor in the domestic labor market.

Youths who are not in the labor market and who have a preference for a minimum income level (below which they don't work) have higher aspirations for international migration. Similarly, those who have applied for jobs before but are unemployed till now are more likely to have aspirations for both internal and international migration. This, again, portrays the poor local labor market conditions. Demand side constraints in finding jobs have significant effects on determining internal migration.

## **Conclusion**

Our analysis highlights that there is significant role played by quantity as well as quality of labor market conditions in explaining the present migration trend in Nepal. Though intention/aspirations data do not directly explain the real migration situation, it gives an indication of the potential problems in the domestic labor market. Quality of employment matters in explaining migration aspirations. So, focusing on employment alone without focusing on the quality of employment cannot explain the migration pattern in Nepal. Informal employment in informal sectors is constraining youths to realize their potentials and aspirations. One probable problem is the low income as compared to their potential level. The overall bleak labor market prospects in Nepal are compelling youths to migrate in search of jobs both domestically and internationally. Though our analysis is only of push factors and does not consider pull factors of migration, we can sufficiently conclude that the push factors in terms of poor labor market conditions is causing migration in Nepal.

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