

# Employment Protection and Migration

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DEMIG Conference,  
24th of September 2014

# 2022 FIFA WORLD CUP



*"We were working on an empty stomach for 24 hours; 12 hours' work and then no food all night," said Ram Kumar Mahara, 27. "When I complained, my manager assaulted me, kicked me out of the labour camp I lived in and refused to pay me anything. I had to beg for food from other workers."*

**100 Billions USD should be spent on infrastructure: airports, hotels, stadiums, roads**

Abuses of migrant workers' right:

- Evidence of forced labour on World Cup project
- No salary since many months
- Salary less than agreed (45p/ hour)
- Hazardous working conditions cause accidents
- Poor living conditions

**Since January 2012: Approx. 1,000 deaths among Nepalese and Indians (The Guardian, 2013 & 2014)**



# Employment Protection

## Other aspects of welfare states

- Can employment protection legislations affect the choice to migrate?  
How, it is possible?
  - Channels of transmission
  - Which migrants are much more affected? Low or Highly skilled?

## Employment Protection in Origin side

- Does the origin side matter?

# Employment Protection

**Definition:** *“Employment laws regulate the individual employment relation, including (1) the alternatives to standard employment contract, (2) the flexibility of working conditions, and (3,4) the termination of employment”* **Botero, Djankov, La Porta, De Silanes and Shleifer in Quarterly Journal of Economics (2004)**

## **Sub-components in the index:**

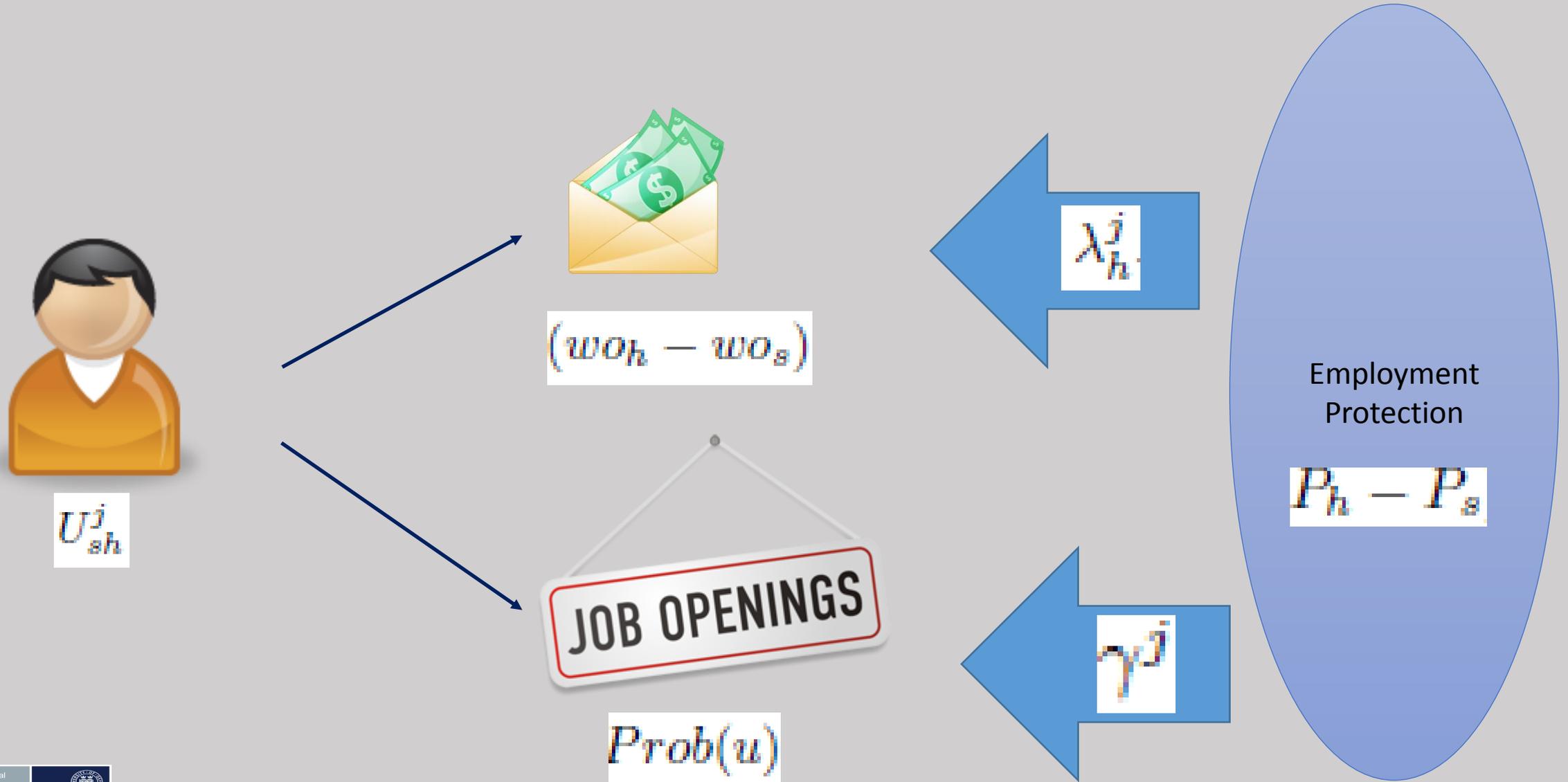
1. Protection on part-time and temporary contract
2. Cost of increasing hours worked
3. Cost of firing workers
4. Dismissal procedures.

## **Sources**

- OECD Jobs Study (1994)
- International Encyclopaedia for Labor Law and Industrial Relations
- ILO’s Conditions of Work Digest (1994, 1995)
- U.S. Social Security Administration’s Social Security Programs Throughout the World

	Employment Protection				
Country	Average Index	(1) Alternatives contract	(2) Cost of Increasing hours	(3) Cost of Firing workers	(4) Dismissal procedure
Russia	0,83	0,84	1,00	0,61	0,86
Tunisia	0,82	0,88	1,00	0,67	0,71
Portugal	0,81	0,91	1,00	0,61	0,71
Mozambique	0,79	0,75	1,00	1,00	0,43
Georgia	0,77	0,66	1,00	0,57	0,86
Spain	0,74	0,91	1,00	0,36	0,71
France	0,74	0,69	1,00	0,43	0,86
Sweden	0,74	0,72	1,00	0,53	0,71
Finland	0,74	0,84	1,00	0,53	0,57
Netherlands	0,73	0,50	1,00	0,69	0,71
Germany	0,70	0,75	1,00	0,48	0,57
Jordan	0,70	0,75	1,00	0,61	0,43
Norway	0,69	0,50	1,00	0,53	0,71
Tanzania	0,68	0,38	1,00	0,65	0,71
Indonesia	0,68	0,91	0,42	0,68	0,71
Mali	0,67	0,69	1,00	0,55	0,43
Ukraine	0,66	0,75	0,47	0,57	0,86
Slovakia	0,66	0,41	1,00	0,65	0,57
Venezuela	0,65	0,94	1,00	0,67	0,00
Italy	0,65	0,72	1,00	0,45	0,43

# Theoretical hypothesis



# Empirical Model

$$\ln N_{sh}^j = \alpha[(wo_h - wo_s) + (\delta_h^j - \delta_s^j)] - \beta C_{sh}^j + (\alpha\lambda^j - \chi\gamma^j)(P_h - P_s) + A_h + A_s$$

- Dependent variable: Average bilateral migration inflows between 2000 and 2008 (OECD Data)
- Interested variable: Difference in Employment Protection Index in 2000 (Botero and al. 2004)
- Labour market controls: Wages (Grogger and Hanson 2011)  
GDP per capita (WDI)  
Informal economy & Social Benefits (Botero & al. 2004)
- Geographic controls: Distance proximity (CEPII)  
Diaspora in 1990 (Docquier and Marfouk 2005)  
Schengen area

# Results

	OLS	PPML	2SLS
	Average Inflows	Average Inflows	Average Inflows
	2000-2008	2000-2008	2000-2008
EPL (differential)	-3.264*** (0.611)	-3.520*** (0.822)	-1.092*** (0.419)

**Higher migration flows between countries where the employment protection is similar or lower at destination**

- IV estimation: instruments related to labour protection:
  - 1) legal right to go on strike because of political decision
  - 2) permission to go on strike for solidarity with another union or worker
  - 3) legal right to form an union

# Highly versus Low Skilled Migrants

	High OLS	High PPML	High 2SLS	Low OLS	Low PPML	Low 2SLS
EPL (differential)	-2.340*** (0.545)	-5.970*** (1.601)	-3.029*** (0.463)	4.239** (1.643)	4.474* (2.508)	-1.827*** (0.629)

## Highly skilled migrants move much more from protected to unprotected labour market

- Higher probability to find a job
- Higher wages premium
- Less preference for protection because of their education as insurance

## Low skilled migrants are searching for more protection

# Conclusion

- **Other aspects of welfare state matter:** Higher migration between countries which are similar in terms of employment protection
- **Highly skilled migrants are less sensitive to protection**
  - Skills as « protection »
  - Preference for flexible markets where skills are appreciated
  - Higher probability to get a job and a better wage
- **Low skilled migrants are looking for higher protection**
  - Preference for protection to the detriment of wage

# Thank you for your attention

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