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Rural-urban Migration in Vietnam: Do Households and Migrants Get Better Off?

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Abstract

Vietnam, considered to have undergone rapid economic and social development, has experienced an exponential increase in the movement of people from rural to urban area. Migration is one of the reasonable strategies to reduce poverty in place of origins and supply labour for industrialisation in urban areas. This paper investigates the interaction of migrants and their rural households in three provinces in the central region of Vietnam. It addresses three questions. (1) What motivates rural households to send their household members to urban areas? (2) Do migrants become better off in the destination area? (3) What is the effect of migration on rural household's income? The analysis is based on panel data of 2,200 households from rural areas in Central Vietnam covering the period 2007–2010, and on migrant survey data of 299 migrants traced in and around Ho Chi Minh City in 2010. The empirical evidence from a probit model shows that migration is an adaptation strategy for households that are exposed to social shocks. Else, migration is more likely to be observed among households with higher human and social capital endowments and among households that are financially better off. Through constructing the employment quality index, the study found that migrants perceive themselves to be better off at the place of destination. The results from difference in difference specifications with propensity score matching techniques suggest that migration has positive income growth effects and that these effects are more pronounced in provinces with fewer job opportunities. While migration thus aggravates income disparities within villages, it may reduce those between provinces.

Keywords: Difference in difference, employment quality index, impact assessment, migration, propensity score matching, remittance