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REVISTA DE ECONOMÍA REGIONAL Y SECTORIAL

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Paradigma Económico revista semestral de la Facultad de Economía de la Universidad Autónoma del Estado de México, aborda temas relacionados con la economía regional y sectorial, y está abierta a diferentes enfoques y metodologías. El Comité Editorial con el apoyo de una cartera de árbitros, nacionales e internacionales, dictamina anónimamente los trabajos recibidos para evaluar su publicación. El resultado es inapelable en todos los casos. El contenido de los artículos que aparecen en cada número es responsabilidad exclusiva de los autores y no expresa necesariamente la opinión de la institución. Los trabajos que se envíen a *Paradigma Económico* para su publicación deberán ser originales e inéditos, de carácter eminentemente académico y ajustarse de manera estricta a las normas editoriales que se indican en las instrucciones para colaboradores. *Paradigma Económico* está dirigida a especialistas en la economía regional y sectorial, estudiantes de posgrado y en general a interesados en los temas comunes de la revista. El objetivo de *Paradigma Económico* es consolidarse como un espacio de difusión y discusión de resultados de investigación que aborden algún tema teórico o empírico relacionado con la economía regional y sectorial, a nivel de entidades federativas, regiones o países.

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Paradigma económico REVISTA DE ECONOMÍA REGIONAL Y SECTORIAL FACULTAD DE ECONOMÍA DE LA UNIVERSIDAD AUTÓNOMA DEL ESTADO DE MÉXICO, Año 13, No. 3. Especial migración, julio-diciembre 2021, es una publicación semestral editada, publicada y distribuida por la Universidad Autónoma del Estado de México, a través de la Facultad de Economía. Cerro de Coatepec s/n, Ciudad Universitaria, C.P. 50100, Toluca, Estado de México. Tel. (722) 214 94 11 y 213 13 74 ext. 164, paradigmaeconomico@uaemex.mx. Editor responsable: Leobardo de Jesús Almonte. Reserva de Derechos al Uso Exclusivo No. 04-2020-022516451800-102, ISSN: 2007-3062, ambos otorgados por el Instituto Nacional del Derecho de Autor. Licitud de Título y Contenido No. 14988 otorgado por la Comisión Calificadora de Publicaciones y Revistas Ilustradas de la Secretaría de Gobernación. Impresa por Litho Kolor, S.A. de C.V. Vialidad las Torres No. 605, Colonia Santa María de las Rosas, C.P. 50140, Toluca, Estado de México, este número se terminó de imprimir el 17 de julio de 2021 con un tiraje de 300 ejemplares. Las opiniones expresadas por los autores no necesariamente reflejan la postura del editor de la publicación. Se autoriza la reproducción y/o utilización de los materiales haciendo mención de la fuente.

Editorial

Return migration, entrepreneurship and transit migration: Empirical and Policy Implications

**ALFREDO CUECUECHA MENDOZA, ALFONSO MENDOZA VELÁZQUEZ AND
MIGUEL CRUZ VASQUEZ (SPECIAL ISSUE COORDINATORS)**

Return migration has been named as one of the causes behind the change observed since 2008 in the historical pattern of Mexico-US immigration (Passel, Cohn and González-Barrera, 2012). Many academic meetings have been organized trying to understand its implications for theoretical, empirical and policy studies. This special issue contains some of the research presented in meetings organized at Universidad Popular Autónoma del Estado de Puebla (UPAEP) in 2017 and 2019. Because the different investigations presented at the two conferences keep a similar focus on migration and its ramifications into return migration, remittances and entrepreneurship, but presented multiple views and methods from the Social Sciences and Humanities, about topics related to regional and sectorial studies, it was decided jointly by the group of specialists that worked in these topics that a collective work should be published in a peer reviewed journal that would allow us to present the work as close as it was planned. Paradigma Económico is the journal that allowed us to present our collective work as close as it was originally presented in the conferences, at the same time that each paper went through a rigorous double blinded process. Because of this, we give special thanks to Leobardo de Jesús Almonte for its encouragement and support to go through all the lengthy process of editing a peer reviewed special number.

The focus of the 2017 meeting was Entrepreneurship and Return Migration, since many opinion studies had found by that time that individuals were returning voluntarily to the country (Passel, Cohn and González-Barrera, 2012). In that meeting, different research projects were presented that attempted to study the importance of entrepreneurship among returnees. The first meeting was financed jointly by Univer-

sidad Popular Autónoma del Estado de Puebla (UPAEP) and El Colegio de Tlaxcala, A.C.

The focus of the 2019 meeting were the changing characteristics of the migratory flow. The data showed the flow of Mexicans entering the US as stable or not changing, while the flow of Central Americans was rising (Passel, Cohn and González-Barrera, 2012). The meeting also allowed to see the progress of many of the research projects about entrepreneurship and return migration that started in 2017, and that by 2019 were obtaining many interesting results.

This second meeting was financed jointly by Universidad Popular Autónoma del Estado de Puebla (UPAEP), the Centro de Investigación e Inteligencia Económica (CIIE) UPAEP, the Center for International Policy Studies (CIPS) from Fordham University, and the Latin American and Latino Studies (LALS) from the City College, City University of New York (CCNY-CUNY).

Since the occurrence of the two meetings, an important event has taken place. In October 2019, the first Caravana Migrante took place which generated very important changes in Mexico's migratory policy. These very important policy changes conform a new paradigm in the understanding of migration, which is analyzed in the first paper presented in this special issue, called "The sharp turn of Mexican migration policies: an inquisitive assessment", authored by Francisco Alba. The author analyzes the meaning of the sharp change, in mid-2019, of migration policy in Mexico. The purpose of the change was to exert greater control of migrants and borders. The paper starts by contrasting this change to initial positions of President López Obrador administration, positions more attuned to humanitarian and human rights perspectives. Then, it explores short-term effects and potential long-term implications, in terms of opportunities and challenges, of said change and it scouts future directions of Mexican migration policy in the context of a new U.S. administration.

The second paper in this special issue, Miguel Angel Corona Jimenez shows his paper "Return Migration, Labor Reintegration and Expectancies: Guidelines for Development Policies". The author studies the conditions of economic reintegration of the returning migrants from United States applying a survey to returning migrants with the objective to collect information that allow us to identify and determine four types of mobility. The four types of mobility are: sectorial, labor,

income, and job position, considering a before and after the migration experience. The results show the integration has not been easy in the majority of cases. As a matter of fact, most of the households improved their economic situation compared to their condition before migrating. Additionally, most of them still have the expectation to come back to the US or wish their children can study and live there. Therefore, these migrants were not completely pleased with their economic reintegration process. In the end, the author proposes some guidelines for public policy in economic development and economic reintegration.

In the third paper, Alfredo Cuecuecha Mendoza, Patricia Meneses Ortíz, Arturo Vasquez Corona, and Gerardo Suarez Gonzalez present a paper called “Financial Inclusion, Remittances and Entrepreneurship: An Experiment in the State of Tlaxcala, Mexico”. The authors present a Randomized Control Treatment (RCT) that consisted in providing smartphones, training in business skills and financial education to individuals in the State of Tlaxcala, Mexico to study its impact on measures of Financial Inclusion and other household outcomes in the period 2011-14. The results show statistically significant effects in measures of usage and quality, but not in measures of depth or stability of financial services. The results also show positive effects on micro business activities and wealth, but no effects on household income and expenditures. All effects are found to be smaller for households that receive remittances. These results show that, in the presence of low-cost financial services, households prefer to invest their savings in micro business activities or real assets and confirm that households that receive remittances relax their credit constraints.

The fourth paper authored by Miguel Cruz Vasquez and Renato Alfaro, is called “The role of financial, human and social capital on the entrepreneurial decision of returned migrants in municipalities of the state of Mexico, Mexico”, and investigates the importance of the financial, human and social capital of the returned migrants on the entrepreneurship decision of these returnees. For this end, they use data from a survey applied to returned migrants who live in urban and rural municipalities of the state of Mexico, Mexico, which were analyzed through descriptive statistics and the estimation of a nonlinear regression model. The results show that the main determinant of the entrepreneurship of these returnees is the investment in the construction of houses. Another important determinant is the gender of these returnees.

The fifth paper, authored by Erik Tapia Mejia, Iris Escarlet Betanzos Medina and Beatriz Pico Gonzalez, is called “Implications of the Theory of Planned Behavior in the Returned Migrant’s Entrepreneurial Intention”, and analyzes the application of the Theory of Planned Behavior (TPB) in the Entrepreneurial Intention of the return migrant applying a Systematic Literature Review. The results identified a lack of research focused on the application of the TPB for knowledge of the entrepreneurial intention in the returnee migrant. Finally, no empirical evidence was found related to the application of TPB and Entrepreneurial Intention in returning migrants, so it is recommended that future research be carried out applying TPB in returning migrants, considering that this segment of people reveals highly entrepreneurial characteristics.

In the sixth paper, Renato Salas Alfaro presents a study called “International Return Migration and Poverty in the Estado de Mexico”. The paper presents a qualitative analysis based on in depth interviews with return migrants living in the Estado de Mexico. The results show that migrants accumulated assets and productive capacities, and that nine out of ten perceive they live better after the return, however, only one in five have certainty that they managed to build a stable long-term livelihood. The conclusions point out that at least among the migrants interviewed, migration plays an important role so that most migrant can live better on return, but it also contributes to build long-term stable livelihoods, although this last effect is much smaller.

In the seventh paper, “Are Migrants and Their Families Happier After Migration?” authored by Martijn Hendriks, a comparison between migrants to matched potential migrants and other stayers in the country of origin using Gallup World Poll data is carried out. Migrants are estimated to globally evaluate the quality of their lives on average 9% higher following migration. They also experience approximately 5% more positive affect and 7% less negative affect due to migration. Most of these happiness gains are experienced within the first five years after migration. Families left behind generally evaluate their lives more positively but frequently experience more negative affect.

Finally, the eighth paper shows that return migration and entrepreneurship is not a new phenomenon. In fact, the paper shows that one of the iconic figures of the Mexican movie industry of the twentieth century was a successful returnee. The paper is called “Dolores Del Río: return migration and successful entrepreneurship in Mexico, 1904-

1983”, and the author is Raul Bringas Nosti. Bringas Nosti argues that Dolores Del Río was the first Mexican woman to succeed in the United States and that her condition as returned migrant has received only marginal attention. In the 1940s, she applied some of the most valuable skills of the American film industry, such as innovation, knowledge of the market and a powerful work ethic. Her life experience reveals how return migration can nurture successful entrepreneurship in Mexico. The author concludes that her success shows that personal features, and not macrosocial conditions, are the central factor behind successful return migration.

The migratory flows that transit from Mexico to the United States have been historically complex. Examples of returnees that came back with knowledge, experience and financial capital exist at least since the last century. Different studies show that returnees experience less acute credit constraints and that they improve their welfare, as compared to their previous situation. They achieve this by building their houses, and some become entrepreneurs. However, some of them wish that their children would have the same opportunity to migrate to the US, to study and live there.

Recent changes in migration flows have also prompted sharp changes in the migratory policy of Mexico, going from a very relaxed look at Central American flows to a sharper application of the migratory rules.

The recent Covid 19 pandemic is, once more, changing the rules of the game, with very recent migratory flows from Mexico, Honduras, El Salvador and Guatemala rising to levels not seen since 2007. These changes make clear the need to keep dynamic research on the area in order to inform policy makers over better ways to achieve an orderly and secure movement of people in the Northern Triangle area.

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The sharp turn of Mexican migration policies: an inquisitive assessment

FRANCISCO ALBA*

ABSTRACT

This paper examines the meaning of the sharp change of migration policy in Mexico in mid-2019. The purpose of the change was to exert greater control of migrants and borders. The paper starts by contrasting this change with the initial positions of President López Obrador's government; positions close to humanitarian and human rights perspectives. Then, it explores short-term effects and potential long-term implications, in terms of opportunities and challenges of such a change, it also examines future directions of Mexican migration policy in the context of a new government in the United States.

Keywords: Governability, migration policy, mature migration policies, Mexico-U.S. relations.

JEL Classification: F22, J61, F59.

RESUMEN

El giro brusco de las políticas migratorias mexicanas: una evaluación inquisitiva

Se examina el significado del viraje, a mediados de 2019, de la política migratoria de México. El propósito del cambio fue ejercer un mayor control sobre migrantes y fronteras. El trabajo comienza por contrastar ese cambio con las posturas iniciales del gobierno del Presidente López Obrador; posturas cercanas a perspectivas humanitarias y de derechos humanos. Se explora, por un lado, los efectos a corto plazo y las implicaciones a largo plazo, en términos de oportunidades y retos, de tal cambio y, por otro, posibles derroteros de la política migratoria mexicana en el contexto de un nuevo gobierno en Estados Unidos.

* Professor-researcher at El Colegio de México, México. E-mail: falba@colmex.mx.

Palabras clave: Gobernabilidad, política migratoria, políticas migratorias maduras, relaciones México-EE. UU.

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INTRODUCTION

In a surprise move, in June 2019, Mexico's National Gard was deployed along its Southern and Northern borders in an attempt to control transit migration. Later on, the government stated "Mexico is not a country of transit ". These were important and significant changes, a sharp turn (viraje) of migration policies from those of the past, mostly traditional and rhetoric or declaratory, moving de facto the country's migration policies into a new direction. The paper seeks to interpret these policies within their context and explore opportunities and challenges that could be encountered by this new direction from the perspective of migration governability.

Most countries, prominently among them Mexico, currently have as their goal to reach an acceptable state of migration governability as embodied in the Global Compact for a Safe, Orderly, and Regular Migration by the international community since 2018. The Global Compact functions as the analytical framework from whose perspective recent change in Mexican migration policy is analyzed.

To sense the magnitude of the change in migration policies, it is useful to review briefly past Mexican migration policies, before Andrés Manuel López Obrador (AMLO)'s presidency and during his administration prior to this turn. Equally important is to review the context of regional migration policies, particularly the US context, specifically that of the Trump presidency since early 2017. Similarly, it also is convenient to review past migration trends and tendencies as well as the conjuncture of the migratory phenomena in the region.

Let's start by reviewing trends and the migration situation. Current Mexican migration to the United States is a decades-long phenomenon dating back to WWII and the Bracero Program. Over the years, this migration, however, has gone through profound changes. It started and lasted for a long period as a temporary, seasonal, and circular movement of workers. It was, and continues to be, predominantly an economic driven phenomenon. However, over time, migration networks were established not only laying foundations sustaining these flows apart to

some degree from economic forces, but also gradually changing the nature of this phenomenon, from migration of workers to one also of families, and from a temporary and circular migration to one more permanent and settled in the United States.¹

Migration originates in nearly every corner of the country, currently the characteristics of migrants resemble, although skewedly, those of the overall population. Migration has also spread throughout the United States. Mexicans settling there approached the half million mark yearly in the early 2000s, and by the same years Mexican population residing in that country—more than 11 million—represented around a tenth of the total Mexican population. According with those trends, the numbers of Mexican-American have been growing steadily, to the point that population of Mexican descent has amply reached the mark of 25 million in the late 2010s.

Over the years, these flows and patterns have had the feature of being authorized and non-authorized, namely the *indocumentados*. The proportion of each group has certainly changed through time. Around half of the flows cross without authorization and around half of Mexicans residing in the United States do not have legal status. Due in part to this feature of the migration phenomenon—particularly after September 11, the economic recession of 2008-2009, and the deportation measures under the Obama and Trump presidencies—return migration to Mexico, of non-voluntary but also voluntary nature, as is the case of those retiring to Mexico, has been on the rise.

However, the economic and political factors in place in the U.S. in the last two decades have greatly influenced the dynamics of Mexican migration. Since the recession and the intensification of the immigration enforcement practices, the number of crossings is on the decline and for many years returns are more numerous than exits. Returns are voluntary—often for retirement purposes—as well as non-voluntary, from individuals and families, including children—many of them U.S. citizens, who have not socialized in Mexico and with scant knowledge

¹ For a general review of Mexican migration to the United States, see Durand (2016).

of Spanish-, whose return is often not to their places of origin. Nevertheless, this does not mean that there is no movement of migrants between the two countries. This movement continues at the same time experiencing changes in its patterns. Around the year 2000, entries by legal temporary workers began to climb, what had been a system of circular undocumented migration is been replaced by a growing system based on the circulation of documented laborers.

Civil wars in the 1980's in Central America meant that many displaced transited through Mexico to seek asylum or a job in the United States. Transit migration has gained importance, particularly after 2001, as the U.S. reinforced security at its borders. The number of transit migrants, without papers and authorization, increased so did the returns and deportations from Mexico, at the same time transit became hazardous and migrants vulnerable and victims. Transit migration of Central Americans -particularly from Guatemala, El Salvador and Honduras- has been an individual and family phenomenon, most recently joined by non-accompanied children and by huge groups of *caravanas* intensified under dire economic, social and political conditions, as well as the ambition of *hacer la América* during the Trump administration.

To sum it up, steadily Mexican and Central American migration flows, coupled with reverse flows from the United States and Canada to Mexico and Central America, have created a regional migration system that stretches from Central America to Canada; system that slowly but surely has become more and more complex (Alba, 2016; Giorguli, García and Masferrer, 2016).

Immigration into Mexico has been historically rather small, although also always present. Entry of refugees, except for a few notorious cases, has also been meager. Foreign-born population in the country comprised in 2020 a little less than 1 percent of its total population. In addition, the 2010 and 2020 censuses revealed that among foreign-born population around two thirds are U.S.-born immigrants, and out of them, the majority are children under the age of 15.

Regarding migration policies in the region, and their overall general context, Mexican migration policies are reviewed first. Since the times of the Bracero Program, Mexico made for decades defense of their migrants -regardless of their legal status—a migration policy priority, and almost its unique priority (Alba, 2010). Mexico's attitude -government and society— towards emigration of its nationals aboard

has been mixed and ambiguous, from disappointment and denunciation, regretting its departure but not limiting it, certainly not openly encouraging it, to rather recently animating its integration into American economy and society. Acknowledging that there is not much that can be done to alter the strong economic forces –neighboring countries with tremendous economic, social and institutional differences and conditions-- that drive Mexico-U.S. migration, the country has accepted this phenomenon as a fact of life, seeking respect of migrants rights, taking advantage of remittances sent back and promoting a sort of transnationalism –reinforcing strong ties to Mexico-- among its migrants and Mexican-origin population abroad.

However, gradually the country engaged in the process of reshaping its migration policies considering the changing faces of migration phenomena. A declining emigration and an increasing return in the context of a former U.S. permeable border to a mounting fortified one, a transit migration that from been rather inoffensive -a non-issue- became a dangerous and vulnerable -a big issue-, and an emerging demand for refuge from those in need, poor and hopeless at home. Out of this process emerged the current legal framework for migration policy, the new 2011 Migration Law and the Law on Refugees, Complementary Protection and Political Asylum (*Ley sobre Refugiados, Protección complementaria y Asilo político*) also of 2011. Within this legal framework Mexico has to perform as a country of emigration, return, and transit, not yet as a country of destination and refuge.

With the 2011 Migration Law the country attempted to create a new migration narrative (Alba, 2013), considering emigration concerns, transit challenges, and immigration opportunities. The Law is unambiguous in the defense of rights of all migrants, irrespective of their legal status. The Law also aims to facilitate international mobility of people, and promotes immigrants' integration. The 2011 Law on Refugees also contemplates full recognition of rights of refugees and asylees. However, the Law is rather procedural and does not particularly specify its purposes and objectives.

The revision of the regional context encompasses mainly the one in the US and the one in Central America. On the U.S. context, the Immigration Reform and Control Act (IRCA) meant the beginning, in 1986, of serious attempts of U.S. administrations to curb the non-authorized flows of migrants. Paradoxically this law also offered a path

to consolidate these flows by introducing a generous regularization program that allowed the establishment in that country of several million migrants and their families. Since then, the attempts to curtail these flows have been on the rise: in 1993-1994, the first “Operations” appeared along the U.S.-Mexico border and the beginning of the construction of the wall; after September 11, 2001, it followed the emphasis on security at the national level and at the borders; recently, the Trump era with his “America First” and anti-immigrant rhetoric, epitomized by “The Wall” discourse, the “zero tolerance” and the separation of families (Alba, 2020).

The Central American context characterizes as one of widespread poverty, violence, insecurity, and inequality, as well as weak public administration and limited institutionalization of migration policies, which also lack specificity. In general, migration law provisions are “standard”. El Salvador is the only country that has relatively well-developed border controls. To advance regional integration, since 2004 the nationals of four countries –Guatemala, Honduras, El Salvador, and Nicaragua— have the right to move freely throughout the CA-4 countries with only an ID -no passport-. However, they have no right to work. Mexico has signed agreements with the CA-4 counties for a secure and orderly repatriation of nationals of those countries (Alba and Castillo, 2012).

These are the inheritances and the context that President López Obrador faced at the start of his administration. Having made these revisions, the paper describes the meaning of the “new migration policies” under the AMLO administration, and explores its short-term effects and long-term implications.

The remainder of the paper is organized as follows. First, a revision of the early migration postures and policies of the AMLO administration. Second, the sharp turn on borders and transit management, occurred by mid-2019, is described. Third, the short-term effects of this migration policy turn are analyzed. Forth, the long-term opportunities and challenges of this turn are surveyed. Finally, as concluding comments, the future prospects of the direction migration policy might take in a new American context are explored.

1. EARLY MIGRATION POLICIES: IN LINE WITH TRADITIONAL POSITIONS

The Andrés Manuel López Obrador government started his term stating that his migration policies were new, just as he claimed that most of his policies were. However, his initial migration policies were not as new, and little he knew at that moment that the “newness” of Mexican migration policies laid ahead, not too far in time. To have a sense of the magnitude and profoundness of the sharp shift (*viraje*) in these policies, a prerequisite is to know with certain detail, and from a historical perspective, the initial migration positions of the current administration.

These initial positions have come to constitute what I consider, from a “historical perspective”, the first phase, or stance, of the Mexican migration policies under AMLO’s administration. Five main features characterized this phase. This new policy is claimed as a Sovereign Policy; it is based on a Human Rights Perspective; it intends to achieve Flexibility in Transit Conditions; it places faith on Development as Solution to Migration Trends and Issues; it relies as guidance on the Global Compact for Safe, Orderly, and Regular Migration.² In addition, the AMLO administration maintains that it will prevail, in general, a non-confrontational attitude vis-à-vis US initiatives and actions.

The “Sovereign Policy” feature carries an innuendo, perhaps, that sovereignty was not equally important in the past. However, most probably, it was just a manifestation of an inward-looking world vision of the new administration. The attribute of sovereignty, however, is nothing new; past Mexican migration policies have also been predicated on this assumption and it is well known that migration policy is widely considered by most countries as one of the few remaining domains of sovereignty.

The Human Rights Perspective is grounded on the full respect of human rights of migrants and on the centrality of the migrant as a person. The actions envisaged under this perspective have been granting humanitarian visas -with a greater saliency-, the openness to asylum and refuge –that has been more vocal-, the acceptance of asylum peti-

² The features of the “new migration policies” are freely extracted and summarized from the Unidad de Política Migratoria (2019), Secretaría de Gobernación, and from other government statements. Similar features were already present in the Programa Político de Morena (Morena, 2018), AMLO’s political party.

tioners to the US to remain in Mexico while their petition is processed in that country –this action is certainly new–, and the protection of Mexican migrants in the US –this responsibility, including the *indocumentados*, has been a long-time endeavor of Mexican governments–. Short, respect of migrants’ rights has been traditional tenet of Mexican migration policy.

The Flexibility of Transit Conditions and the declarations on free mobility as a right are new initiatives. Actually, in the first months of the administration the numbers of Temporary Visas (*Tarjeta Visitante Temporal*) for humanitarian visas increased sensibly, and there were also handed out an important number of *salvoconductos*, to the point that, to many observers, these initiatives acted as incentives that fueled migration flows to the Southern Mexican border to cross the country to try to reach the US. Indeed, this instance shows that policies have effects and implications.

The apparent novelty on promoting development to diminish emigration pressures is nothing new. *The Plan de Desarrollo Integral del Sureste Mexicano, Guatemala, Honduras y El Salvador*, presented in May 2019, is an approach that has already been tried on many occasions and circumstances. Most prominently, by example, with Plan Puebla Panamá to accelerate the development of Central America and Southern Mexico, and with NAFTA to develop Mexico under the premise of “trade vs migration”. Incidentally, the delimitation of this international regional entity is interesting, comprising parts of Mexico and the Northern Triangle of Central America.

The Global Compact for Safe, Orderly, and Regular Migration is in many respects an achievement of the previous administration of Peña Nieto when Mexico played an important role as one of the two countries that acted as facilitators in the international negotiations that ultimately reached quite important agreements on migration governance principles under this international instrument.

The non-confrontational attitude vis-à-vis the US perhaps could be considered “surprising” coming from the AMLO administration, but it is nothing new. What is new is that this attitude is openly embraced, while in the past such an attitude was a tacit assumption given the notorious asymmetry of power between the two countries. Probably, since the 1930’s an attitude of understanding and “good neighbors” has prevail, with only a few episodes of confrontation.

Thus, most of the discourse, principles, actions and initiatives in this first phase related to migration policy were very much in line with traditional Mexican positions and narrative. These initial positions were presented as a different, new migration policy, they constituted, instead, what I call “a naive stance”, and what a respected analyst signaled as “the errors of December” (Durand, 2019).

2. THE SHARP TURN ON BORDERS AND TRANSIT MANAGEMENT

The actual novelty in migration policy came just a little more than half a year after AMLO's inauguration as President of Mexico, under mounting border crossings and intense US pressure, there was a sharp turn of migration policy precisely in those areas where resided its newest features, namely the flexibility in transit conditions and some components of migrants' human rights perspective. This turn was accomplished in two steps. First, a very significant action was undertaken and, second, a “rationale” for that action was found. In June 2019, Mexico's “Guardia Nacional” (National Gard) was deployed along its Southern and Northern borders in an attempt to contain transit migration. Later on, the government provided the rationale for that action. Olga Sánchez Cordero, Minister of Interior, in mid-January 2020, declared, in the context of an imminent arrival of a *caravana*, that Mexico is not a lawless territory to migrants, that it does not deliver transit visas nor *salvoconductos* (in other words, that “Mexico is not a transit country”), that it is not uniquely a country of transit, but one open to immigrants and refugees. These were important and significant changes that caused a sharp turn (*viraje*) of migration policies that moved the country into a new direction. This was also a sort of “about-face” from former mostly traditional, welcoming migratory postures in line with a humanitarian and human rights perspective.

Multiple motives played in the deployment of the National Gard.³ One of these motives, probably a non-insignificant one, was the coming to terms of the strong structural forces pushing migrants out of their Central American countries –despair, violence and insecurity–, but also

³ I doubt that the initial reference to the sovereignty of migration policy, at the start of López Obrador administration, was a motive for this shift.

the migration realities of the changing dynamics of regional migration—family migration and social networks—that increasingly sustain these flows. Another motive was, surely, the awareness of the unintended implications of the policies of the naïve stance that acted as incentives, as an invitation to cross the border and the country to reach the desired US destination (Durand, 2019). The number of Central Americans presented to Mexican migratory authorities roughly tripled between January and June 2020, from more than 7 thousand to more than 26 thousand (dropping thereafter). Similarly, on a year to year basis, Central American aliens apprehended in the U.S. more than doubled between 2018 and 2019, from 272 thousand to more than 668 thousand (that was not the case with Mexicans apprehended, whose number remained almost unaltered around a quarter of a million).

However, perhaps the most “persuasive” motive were US pressures for Mexico to put obstacles to transit migration. Prominent among those pressures was the threat to impose high tariffs on Mexican exports. A sign of the decisive role played by those pressures in the Mexican decision to deploy the National Guard along the border is that this action steamed out of the Mexico-US Accords of June 7, 2019. In this case, the “action-reaction” framework developed by the *Binational Study on Migration between Mexico and the United States* (Commission on Immigration Reform and Secretaría de Relaciones Exteriores, 1997) to analyze the interplay of Mexican-US migration policies did not prepare us to understand the “compliance” of the Mexican government to US demands for containing transit flows.

Before the “shocking” deployment of the National Guard, there had been another instance, in May 2019, where the “action-reaction” framework could also serve as analytical tool. The “relative compliance” to US demands and pressures by accepting, on grounds of upholding the human rights of migrants, the *Migrant Protection Protocol* program, also known as the “Remain in Mexico” program, by which those applying for asylum in the US should remain in Mexico while their applications are processed.⁴

As already mentioned, about half a year later in early 2020, a discourse took shape somehow serving to provide substantive prin-

⁴ The Mexican Migration Protocol was an alternative to Mexico’s refusal to accept the Third Safe Country status.

ciples to actions undertaken to contain transit migration flows and better control the borders. This discourse has two components; first, the country's laws have to be respected, including the migrants, and Mexico does not provide transit visas, and, second, besides the country being a country of transit, it is open to immigrants and refugees. It seems as if this second component intended to compensate the harshness of the first.

The meaning that the laws of the country have to be respected signals that there is not anymore a tacit "open borders" posture. Those who want to cross have to identify themselves, show the migration authorities appropriate papers, and do it in an orderly manner. This declaration clearly wiped out the ambivalences of the past, when over the years, former Mexican governments and during the first months of AMLO's administration had adopted an accommodating stance versus migratory realities, by not enforcing nor being able to enforce existing laws and dispositions, which made of Mexico a *de facto* "transit country".

The meaning and the intention of the statement that the country is not only a country of transit, but is also open to immigrants and refugees is less clear as well as less concrete. In any event, those actions and the accompanying discourse send a very clear message. There would no longer be conditions for an almost free and relaxed transit for mass migration or for migrants' *caravanas*. This message, indirectly, also played down the expectations for an easy access to labor markets in Mexico —nor even in Southeastern Mexico. Clearly, this was a "pragmatic posture" taken, on the one side, under mounting border crossings and, on the other, intense US pressure. It was also a realistic one, in terms of real *politik*, namely in terms of the freedoms and limitations contextualizing Mexican policies.⁵

I have labeled these measures steps toward "mature migration policies" because, irrespective of the motivations that triggered them and of their unpremeditated implementation, they ended up addressing real issues (Alba, 2021). Namely: on one side, the lack of controls, order, and security at the borders as well as the dire conditions of migrants; on another, the solidification of a barrier at the U.S. border as well as an increasing vulnerability of migrants in their transit through Mexico;

⁵ On this point, see Ojeda (1976) who referred to the limits of Mexican foreign policy.

and also, mounting demands for transit, refuge and immigration. The deployment of the National Guard as well as statements on the rule of the law were a step to address some of the above issues. These were concrete actions –not mere rhetoric–, tacitly addressing objectives, costly, difficult and controversial –obviously not to the liking of many important migration actors–. I underline that I consider these measures as steps in the direction of mature migration policies; although, not fully mature policies. Policy formation is, besides, an ongoing process.

In any event, this big shift (*viraje*) of migration policy was, obviously, a pressured decision, ideologically difficult, costly and, of course, controversial.⁶ However, this shift was also a step, certainly improvable, in the right direction –toward a safe, orderly and regular migration–, charged, as it were, with plenty of opportunities and challenges as discussed ahead. Those actions and declarations had important short-term effects and could have potentially profound implications on the longer-term.

3. SHORT-TERM EFFECTS

The shift of migration policy that took place in June 2019 produced almost immediate effects. In fact, short-term effects of the second phase of Mexican migration policies, the pragmatic phase, can almost entirely be attributed to the deployment of the National Guard and the clear message it sent, as well as the notice of no more transit visas. These immediate effects relate to migration trends and patterns of those trying to cross the Southern border in an unordered and irregular manner, and of those trying to transit through the country in a similar manner. There were also diverse short-term effects in various realms, such as in US-Mexico migration relations as well as in reactions and perceptions within Mexico.

The contention strategy worked and migrants' *caravanas* were almost completely deactivated. There was an inflexion and reduction of Central American migrants –specifically from Honduras, Guatemala and El Salvador– along the Mexico-Guatemala border and along the

⁶ It is alluring to suggest that given the extraordinary nature of this shift it was only possible because President López Obrador had enormous political capital and credentials –as a man of the left and progressive– to embark upon a new migration direction with no major opposition nor damage. Probably, no other president, if embarked upon such a shift, could have survived intact out of the “tariffs-migration accord”.

U.S.-Mexico border. On the Mexican side, there was nearly 80% reduction of Central Americans presented before a migration authority in the June-December 2019 period, from more than 26 thousand to less than 6 thousand. On the U.S. side, there was a 75% reduction of total apprehensions –of Central Americans, Mexicans and other nationalities- in six months, between May and December 2019, from around 133 thousand, the highest point, to around 32 thousand.

However, irregular entries and transits through the country did not end. Certainly, after the sharp drop in the attempts to enter forcefully into Mexico using caravans, irregular transit migration continued along its previous traditional patterns -individually, by family members, and small groups-, although it lost somewhat its dynamics of previous years. The number of Central Americans presented to Mexican migratory authorities in 2020 was similar to the number in 2017, somewhat below 81 thousand.

On another front, the decision to send the National Guard to the borders affected the US-Mexico migratory relation. The former relationship overwhelmed by “pressure” changed into one of “appreciation”. US pressures on Mexico began to subside to the point that President Trump praised on several occasions President López Obrador for his collaboration on curbing down the numbers of migrants trying to reach the US. Most significant was the reference to the President of Mexico in Trump’s very last visit to the Wall on January 12, 2021 (White House, 2021). The Central American countries, given their uncomfortable position, remained mostly silent. On this side, President López Obrador continued to state that the U.S. relationship was of respect.

Domestically, quite understandably, there were reactions of rejection and disbelief that such a decision could have been taken, mostly by migrants’ defenders and advocates, but not exclusively by them. The tariffs-migration trade-off was heavily criticized as was amply seen that with this action the country was doing “the dirty work” for Trump and for the U.S. At the same time, there is the perception that a tacit acceptance exists for relying on the National Guard to intercept the caravans and to attempt to exercise control along the Southern border.⁷ This acceptance, however, probably was not different from the

⁷ The tacit acceptance of the use of the National Guard in this case was probably also related to the perception that the country was “this time” doing something to tackle the transit migration issue.

generalized tacit acceptance of the utilization of the National Guard in many other instances of insecurity and violence in the country, since this public security and law enforcement body was created under the AMLO administration. The acceptance of the tariffs-migration agreement was also generally considered as something inevitable, given the economic asymmetry between the two countries, specifically Mexican dependence of exports to the U.S.⁸

It would also seem that the AMLO administration prefers silence on this action. No more congratulatory speeches on migration policy, like those at the beginning on the “new migratory policy”. There is hardly any mention to the *de facto* new policy, although in the *Informes* there are references to the National Guard operatives. Revealingly enough, the sharp shift in migratory policy is ignored in the *mañaneras*, AMLO’s morning press conferences.

The short-term regional effects –in the Southeast- of this interference at the border are not known in general. It seems, however, that these effects have been rather weak or almost inexistent. This can be assumed given the fact that the contention strategy focused on transit migrants –specifically the caravans. It seems that this action does not particularly affect the economic activities of the region. Commerce does not seem to have suffered either. There is no information to suggest that the patterns of customary transborder migration, temporal and sectorial, have been particularly altered. This interference, instead, could have brought some relief to diverse social and political activities, as those related to the provision of services to satisfy migrants’ demands for assistance and protection. Even, it might have diminished manifestations of friction between diverse sectors of society.

4. OPPORTUNITIES AND CHALLENGES AHEAD

Beyond short-term effects that the actions and declarations related to the turn in migration policy have had so far, those actions and declarations could also have on the longer-term profound implications. The sharp turn meant a substantial shift from a “principled” discursive

⁸ For an example of different reactions and points of view on this agreement and the decision to use the National Guard see, Martínez and García-Palafox (2019: 39-40).

and rhetoric posturing of Mexican migration policies toward concrete actions and positions. This shift towards concrete and specific policies offers plenty of opportunities, which also convey challenges. In fact, there will also be serious challenges in the process of concretion of principles and of further advancement of actions already undertaken. In many respects, opportunities and challenges are intertwined; they are like two sides of the same coin.

Opportunities are defined here in relation to achieving an expanded degree of migration governability in terms of allowing for a safe, orderly and regular migration. Opportunities are then occasions to move towards that end, towards those objectives. This is not an easy task, and there is a multitude of challenges on the way. Moreover, most of the time, the policies and measures designed to the advancement of those objectives imply difficult decisions, having to choose among varied options and conflictive demands, realities and obligations (Alba, 2019). This is the reason why I have labeled said policies “mature migration policies”. They are labeled “mature” because they aim, consciously or unconsciously, to reach balances and equilibria between, on the one side, principles and objectives, on other, realities and limits, and, on yet another side, norms and obligations. Not an easy road because decisions of a mature policy usually are difficult, painful. One has to choose between different options, limited possibilities, and conflictive demands. By example: questions on migrants’ selectivity; objectives for immigration; its volume; accommodation and integration.

In the second section, dealing with “the sharp turn on borders and transit migration management”, I wrote that the deployment of the National Guard and governmental declarations, stating that Mexico is not only a country of transit but one also open to immigrants and refugees, were steps in the direction of mature migration policies. I underline that those actions and declarations were steps in the direction of mature migration policies, in the right direction. However, to advance in this direction it is necessary to take additional steps and develop additional mature policies. Again, not an easy task, because the development of those mature policies confronts opportunities -to be realized- and challenges -to be overcome-.

Exploration ahead of opportunities and challenges relates to the main domains of the new Mexican migratory policy introduced by the AMLO administration in 2019-2020. There certainly are also oppor-

tunities and challenges related to other migration policy domains not directly affected by this new migration policy. However, those are barely explored here, in a document that is focused on the sharp turn of migration policy.

While exploring opportunities and challenges, I will rely on a few guiding ideas or concepts that could help in the delicate process of upholding principles and objectives, of building institutions and infrastructure, and of keeping up to norms and obligations. These ideas or concepts are meant specifically to each one of the four domains of interest here. Regarding the use of the National Guard to manage borders and migrants the concepts are *substitution*, *institutionalization*, and *complement measures*. Regarding Mexico as a country of transit *flexibility* and *negotiations* could be the guiding ideas; *convenience* and *contribution regarding immigration*; *generosity* and *humanitarian reception* regarding refuge.

Regarding the use of the National Guard to control the borders, key concepts are *substitution*, *institutionalization*, and *complement measures*. Most observers have questioned the use of the National Guard for purposes of borders and migrants' control, thus the opportunity presents itself to transcend the use of the National Guard for that function. However, once deployed, the opportunity and the challenge into the future are its substitution, its "phasing out", by another security body specialized in borders control, and to monitor the entry and exit of persons –nationals and non-nationals- into and out of the territory. The purpose is not to seal borders, but to have a reasonable control of them as to have the availability of exercising sovereignty over the territory.

In this process of phasing out the National Guard, there would be many opportunities to shape appropriately the new body for migration control and supervision functions. This substitution or phase out process is also an institution building process, which if successful could have long-lasting positive implications. The *institutionalization* process extends itself into a full professionalization of personnel to perform control and related administrative functions as well as the building of physical infrastructure to house and carry out all migration related functions and administrative activities.

The deployment of the National Guard at the borders was certainly a shocking event. Paradoxically, this action can also be seen as a step toward a "mature policy" in as much as it aimed to contain mass migra-

tion and put borders under own control. However, this step has to be followed and accompanied by many other steps in order to secure a safe, orderly and regular migration. Prominent among these other additional steps are the *complement measures* that have to do with the implementation of laws, particularly of Migration Law, regarding the migrants' situation and conditions at borders.⁹ Entries into the country and transit migration have to be orderly and regular events, but also safe. The opportunities to redress those conditions are huge. However, the challenges are also great, given the dire conditions of "the rule of law" in the country.

These accompanying measures need to address respect of legal guaranties of migrants and of their human rights, and, in terms of principles, the world lives in an era that prioritizes the binding nature and the respect of human rights to all persons. Mexico should continue along its long traditional path of defense of those rights to all migrants -national migrants and non-national migrants-, no matter their legal situation. Of course, care has to be taken also overseeing the correct application of laws and of migrants' obligations, as well as of their rights.

At the end, the decision to deploy the National Guard at the borders could end up having positive long-term implications if said deployment is transformed and institutionalized, and at the same time, complemented and accompanied by additional measures attending concerns related to migrants' conditions and rights. Additionally, administrative and personnel professionalization as well as physical infrastructure building would be required and would extend to the other three domains –not a country of transit, immigration, and refuge. The need to enhance institutionalization should be an overarching concern to the country.

To sum up, specialized institutional building epitomizes the areas where most of the opportunities and challenges reside. It relates directly and immediately to the substitution by another body of the National Guard at the borders, and indirectly and on a longer-term relates to future avenues to transform the legal apparatus and administration of immigration and refuge.

⁹ Mexico is quite "advanced" regarding its laws, and quite "laggard" regarding their implementation.

By geography, Mexico is a country of transit. Thus, declaring that Mexico is a country of transit calls for *flexibility* and *negotiations* if one wants to explore the opportunities and challenges regarding transit through the country. One of the most difficult challenges is allowing some degrees of flexibility on migrants' migratory status to be able to become a country of transit, in a safe, orderly, and regular manner, without becoming "a transit country".

In a world of increased mobility, people transit through countries on a routine basis. Opportunities to enable order into that movement pass through the negotiations of regional mobility accords as well as regional migration cooperation agreements. It is no easy task; at play are interests, quite diverse, of the countries involved. The governability of migration requires most of the time government flexibility to make some multilateral concessions. Moreover, it also calls for a well-developed legal, institutional, and operational infrastructure to adequately monitor transit conditions, its temporality, its rights and obligations.

Regarding the statement that the country is open to immigrants and refugees, I wrote toward the end of the section on "the sharp turn on borders and transit migration management" that its meaning and the intention of the country being open to immigrants and refugees lacks on concreteness. Thus, in this case, the opportunities and challenges rest on the process of their concreteness.

Regarding immigration, the guiding principles and criteria should be convenience and contribution. The criterion of "*convenience* and *contribution*" is in accordance with Hollifield's (2004) analytical framework of "the migration state" in which the fledging countries are the ones profiting of increased mobility of populations, by being open to people, facilitating movement, and attracting those most able to contribute to the economy and society of the state.

To open the country to immigration means to attract immigrants, even to invite in those that can contribute to national development objectives. However, in this process, the country faces difficult decisions because to be open to immigrants does not have to mean an indiscriminate opening, but a selective one according to defined and precise objectives. Opening the country to immigration requires a legal, institutional and administrative infrastructure to deal with selecting immigrants, to evaluate the capacities of labor markets to absorb them, and to accom-

pany their economic and social integration.¹⁰ Of course, convenience and contribution could and should not be the only criteria. For example, there should be openness to and latitude on “family reunification”.

Regarding refuge and asylum, the supporting elements should be *generosity* and *humanitarian reception*. Generosity and humanitarian reception should be as ample as possible. However, in terms of governability, there should also be a founded and orderly adjudication process in the reception of refugees and asylees. Moreover, the generosity cannot be unlimited, some limits are unavoidable to bring that process to a manageable level, given the availabilities of resources, from financial to a wide range of indispensable facilities, as well as restrictions and constraints regarding personnel and infrastructure. Thus, in the process of concretion of principles and the materialization of opportunities there will be serious challenges to the opportunities for the country to exhibit its generosity and humanitarianism in a commensurate manner to potential needs.

Last but not least, declaring that the country is open to immigrants and refugees, must also advance concrete measures to make sure that migrants and refugees have the possibility to fully integrate into the economic, social and political life of the country. This objective also calls for quite targeted specialized institutional building, from a positive narrative regarding non-nationals to avoiding discriminating them and actively promoting their integration.

Opportunities and challenges will exist in other migratory domains that are not explored here because they have not been the object of this sharp turn in migration policy. Some of those domains also form part of the migratory agenda of the AMLO government. Prominent among them is the defense of Mexican migrants abroad -particularly in the United States where numerous reside or work without authorization-, the development migration nexus, where upon if development occurs people would not migrate out of necessity. Related to this domain, is the search to develop Central America, and Southern Mexico, ambitiously relying on multilateral cooperation. On this regard, there is space for “shared responsibilities” by cooperating, particularly with the U.S. and

¹⁰ Canada is usually considered one of the best cases, if not the best case, to observe and follow regarding its quite successful process of selective immigration. Over the years, that country has developed rules of admission based, in many respects, on the principle of “contribution”.

Central America, on financially founding and technically assisting the economic, social, and political “reformation” of the region, specifically Guatemala, Honduras, and El Salvador -the so-called Northern Triangle countries of Central America.

In addition, there are other domains missing in the migration government agenda, like the implications of migration on –mostly via remittances— or the necessity of engaging on regional mobility accords and institutionalizing regional migration cooperation, or return migration. On this last domain, policies and measures should be implemented to ensure that there is a full reinsertion into the country’s life of migrants returning to the county, voluntary or non-voluntarily, on equal footing with nationals living in the country.

The above exploration on opportunities and challenges regarding these four migration policy areas means also to scout on the extent of the potential long-term implications of the sharp turn on migration policy. What are the chances that the country moves along those lines in the years ahead; not only in the remaining years of this administration, but also future ones. The task ahead is a continuum and never-ending process that stretches over very long periods. The concluding comments attempt to address this question.

CONCLUDING COMMENTS: PROSPECTS FOR ADVANCEMENT

I conclude this exploration of the redirection of migration policy by considering the prospects for advancing on this new direction, changing course or returning to the past in face of the new context with the arrival of Biden to the Presidency of the United States. In my view, there is no clear indication of the future direction of migration policy. The López Obrador administration is really divided between two quite different forces and tendencies. On the one side, the profound legacy of former traditional -“principist”, abstract, and even moralist- policies and attitudes. On the other, the also persistent reactive nature of migration policy. Torn between these two powerful forces, future courses of action are not easy to envisage. An additional element of uncertainty is the fact that migration has not been a subject of particular interest in the AMLO administration. Of the 18 sections of the government program of López Obrador political party, Morena, none has migration in its heading (Morena, 2018). Thus, it is doubtful that the country might

move forward in the process of institutionalization of measures and infrastructure building in the various domains surveyed.

The arrival of a new administration in the United States, however, potentially offers innumerable opportunities to advance in the direction of building mature migration policies. However, there would also be challenges in the reshaping process of the bilateral relationship (Alba, 2021). The Biden administration has from day one embarked on undoing a series of Trump's measures and policy orientation. Biden's agenda goes further, he envisages to reform immigration legislation, grant a road to legalization—even eventual citizenship—to resident non-authorized population, and support development in Central America. His administration promises to create a rather different regional context. However, most probably, it will also safeguard national security and it is unlikely that he deviates from the old aim to stem non-authorized migration and to foster orderly and regular migration.

Thus, in face of a complex context, both domestic and international, there is an opportunity -and a challenge- to show Mexico's resolve, by own conviction and not as a conjunctural episode, to continue working towards a reasonable control of its borders and the institutionalization of migration management, including transit, as well as immigration and refugee admissions and integration. Mexico could also advance instances of migration cooperation and agreements with the United States—similar to the USMCA—while at the same time pursuing its own objectives towards the viability of the long-term endeavor of forging a mature migration apparatus. The chances for advancement along these lines increase significantly under the new Biden administration in the United States, but the temptations to drop them, to slow down or return to the past are not negligible.

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Return Migration, Labor Reintegration and Expectancies. Guidelines for Development Policies

MIGUEL ÁNGEL CORONA JIMÉNEZ*

ABSTRACT

In this paper, we study the conditions of economic reintegration of returning migrants from United States, which is one of the greatest challenges they face returning to Mexico. To analyze and evaluate the process of economic reintegration, a survey was applied to returned migrants with the objective of collecting information to identify and determine four types of mobility. The four types of mobility are: sectoral, labor, income, and job position, considering a before and after the migration experience. The results show the reintegration has not been easy in most cases. In fact, most households improved their economic situation in comparison with their condition before migrating. Additionally, most have expectations of returning to the US, or want their children to study and live there. Therefore, these migrants were not completely satisfied with their economic reintegration process. In the end, we propose some guidelines for public policy in economic development and economic reintegration.

Keywords: US-Mexico migration, returning migration, labor reintegration, gender, development policy.

JEL Classification: J15

* Professor-researcher at Social Science Department, Universidad Iberoamericana, Puebla, México. E-mail: miguelangel.corona@iberopuebla.mx.

RESUMEN

Migración de retorno, reintegración laboral y expectativas. Pautas para políticas de desarrollo

En este trabajo, se estudian las condiciones de reintegración económica de los migrantes en retorno de los EEUU, que es uno de los grandes retos que enfrentan al regresar a México. Para analizar y evaluar el proceso de reintegración se aplicó una encuesta a migrantes retornados con el objetivo de obtener información que permitiera identificar y determinar cuatro tipos de movilidades. Los cuatro tipos de movilidades son: sectorial, laboral, en el ingreso y en la posición en el trabajo, considerando un antes y un después de la experiencia migratoria. Los resultados muestran que no ha sido fácil su reintegración en la mayoría de los casos. De hecho, la mayoría de los hogares mejoró con respecto a su situación antes de migrar. Adicionalmente, la mayoría tiene expectativas de regresar a los EEUU o desearían que sus hijos estudiaran y vivieran allá. Por lo tanto, estos migrantes no estaban completamente satisfechos con su proceso de reintegración económica. Al final, proponemos pautas para políticas públicas en desarrollo y reintegración económica.

Palabras clave: migración, retorno, reintegración laboral, género, políticas desarrollo.

Clasificación JEL: J15

INTRODUCTION. RETURN MIGRATION'S CONTEXT IN MEXICO AND PUEBLA

Migration is the mobility of the population, product of the inequality of the living conditions between two places or regions that can be in the same country or two different ones, therefore, it is determined by the economic, social, cultural, political, religious and even environmental conditions, mainly. In 2019, there were more than 272 million of persons in the world who live outside their country of origin. This represents 3.2% of the world population (OIM, 2019:21). It is estimated that almost two thirds have migrated for labor purposes (OIT, 2018).

However, migration shows specific characteristics depending on the places and their historic evolution, in the case of migration from Mexico towards the United States, the economic factors have been

the most important ones and after those, the development of social networks (Durand & Massey, 2003). Indeed, the conditions of inequality and the lack of advancement in the country have forced a great number of Mexicans to look for progress opportunities in the country of the north, such mobility has been favored by the contacts and relationships they have with relatives and friends somewhere in the United States. By 2019, the population of Mexican descent (second and third generation) surpassed 39 million. Furthermore, the number of migrants without authorization to work or permanent residency in the USA were 4.9 million persons. (BBV-Conapo, 2020)

On the Mexican side, immigration has also been rising for the past 38 years, product of the economic crises, the Mexican peso's devaluation, inequality and social underdevelopment, that have not only caused bigger unemployment rates but also have drastically reduced the purchasing power of wages, through which the wage differential with the United States has broadened and continues to grow. This has, naturally, affected every State in the country, including the State of Puebla, where immigration has extended to almost every municipality in 2010 (Corona, Ortiz & Corona, 2014). Also, this migration has continued by 2020 at an increasing rate (INEGI, 2020a).

From this perspective, other factors have influenced the natural return of migrants to Mexico, such as the 9/11 terrorist attack. This event changed the migration policy in the USA, now focused on national security to stop terrorism. Therefore, the vigilance increased on the Mexican border with more military presence. Moreover, many states passed anti-migration laws such as the Arizona law. This law criminalizes undocumented migrants and punishes any person who hires them. The federal government enforced deportation legislation. However, the event that boosted the exit of migrants from the USA was the 2008 financial crisis. The reason was that a lot of migrants lost their jobs and they suffered harassment from migration authorities during this time. Hence, they decided to return to their communities in Mexico. (Gandini, et al., 2015:11).

Certainly, the economic recovery in the labor market where migrants work was slow and following the rhythm of the American economy (BBVA-CONAPO, 2015). This has severe consequences. For instance, the US uses migration to regulate its labor markets; therefore, an economic recession means that there is a surplus of labor and

it should be removed. As a result, the number of deportations increased noticeably. In fact, when the US economy recovered to its pre-crisis levels in 2014 more than 2.4 million persons had been deported. Most of them were from Mexican origin (PEW, 2014). As expected, once the labor market had recovered, the return of migrants diminished, and more individuals decided to migrate to the US. But, the conditions became more dangerous and costly for migrants (Cruz, 2019:58).

During the Trump administration these tendencies changed. The migration increased at a low rate but the returning migration did not decreased (Canales y Meza, 2018:132; BBV-CONAPO 2019:66). As a matter of fact, the voluntary returns and forced deportations cases grew (INM, 2019). According to the 2018 Encuesta Nacional de Dinámica Demográfica, 286,761 migrants have returned, which confirms the importance of the returning migrants in Mexico (ENADID 2018).

In Puebla's case, as it was mentioned, immigration extended throughout most of the State's municipalities and it was even bigger than emigration, proportionately; in other words: many more people came in than the ones that left in 2010 and in 2020. According to the 2010 data, the one available to the date when we write this paper, the ratio of homes with returning migrants increased over three times, from 0.66 to 2.08 during the five-year periods 1995-2000 and 2005-2010 (INEGI, 2011). Meanwhile, in Cuautlancingo, our case study, these proportions increased 4.7 times, from 0.39 to 1.86 (INEGI, 2011). These numbers show an upward trend in returning migration since 2010 until now.

This, without a doubt, must stand out because it represents an important number of people that can contribute to that municipality's development, which has grown in its drive through urbanization and in industrial activity in the past 17 years (INEGI, 2019), it is one of the most prosperous municipalities surrounding the city of Puebla, capital city of the State which has a strategic location between Mexico city and Veracruz. Currently, its economic profile is molded by activities that are closely related to globalization, even though there are still semi-rural activities to be found there. The automotive industry has its main settlement with the Volkswagen plant and the supply park FINSA, its automotive related exports and other industrial exports are benchmarks in the State (INEGI, 2020b), notwithstanding migration keeps occurring both in and out of the municipality which represents a challenge for governing authorities, politicians and society.

This paper attempts to analyze the process of economic reintegration of the returning migrants in Cuautlancingo, considering the use of remittances and savings as a mean for labor reintegration, occupational mobility, income and working position improvement; it is complemented with the identification of the obstacles and necessary conditions for the returning migrants reintegration, which will allow a better focus of public policy recommendations, which is what the paper addresses at the end. It is worth stressing that this study conducted a desegregation of the data by gender with the purpose of incorporating the variant of gender to the analysis.

1. RETURN MIGRATION. CONCEPT AND THEORY CONSIDERATIONS

The international return migration is a natural movement of population that returns to their country of origin after living outside for a time in a destination country. It is linked to the labor life cycle of the migrant (Castillo, 1997). Its historical analysis has generated classifications to distinguish them based on the returning conditions. These conditions will make their reintegration process more easy or difficult (Durand, 2006). Following Durand's theory, we identify returning migrants with achieved goals and a successful return story. They become role models in their communities. They are heroes that conquered all obstacles. Their achievements are evident because they own houses, cars, land. Their reintegration is resolved because they have enough savings and new income sources due to the investment of their remittances.

Another group is composed by migrants with unaccomplished goals. These migrants interrupted their migration experience abruptly. They return voluntarily, involuntary or by force. In the first case, they return voluntarily because it is the best decision under their circumstances. The most common cause to return are family emergencies not just for this case, but it also applies to the other two as consolation. In the second case, they return involuntarily because they lost their job, they could not adapt, or they developed a health problem, among other motives. It is important to mention that the first and second cases hope to migrate again. In the third case, the migrants were forced to return by law. In other words, they were deported because they commit some fault in the destination country and they are expelled or banned

from reentry. They are stigmatized in their communities if they did not send enough remittances to improve their living conditions. For these individuals, the reintegration conditions are very diverse because this process will depend on the economic foundation they built with their remittances or their savings.

During the seventies, from the perspective of reintegration processes analysis, we can start to visualize the reintegration problems associated with economic behavior, entrepreneurship, gender condition, and the obstacles to reintegrate. In the early years of this century, the analysis focused on the returning migrant as an agent of development derived from two effects. The first effect emerges from the productive use of remittances (Batista et al., 2014), which goes beyond the basic needs consumption or the purchase of real state. The second effect occurs because the migrants themselves own their human capital. In other terms, they have accrued knowledge, information, work discipline and ethics during their migration experience. They also learn the institutional rules and culture of the destination country. Undeniably, the level of human capital is a key determinant of the reintegration process (Wang, 2015).

In the recent years, with Globalization expanding along with its efficiency culture, the returning migrant is considered as a transmitter of innovation and technology, who can contribute to the progress of their country of origin (Klagge and Klein-Hitpab, 2010). Likewise, the returning migrants are considered as entrepreneurs with a vision that surpasses self-employment because they create new jobs for their local economy (Zelekha, 2013).

Once we incorporate these conceptual considerations, we can improve our comprehension of the reintegration process, especially in the workforce, that returning migrants endure inexorably.

2. HOW IS RETURNING MIGRATION STUDIED FROM AN ECONOMIC PERSPECTIVE?

The immigrant left in search of opportunities for progress which can be synthesized in the search of income that is nowhere to be found in his or her environment because even while holding a job, the wage was so low that it wouldn't allow, in many cases, the settlement of the minimum necessary for his or her livelihood or even saving for his or

her personal or family development, or start-up a business and build assets. Certainly, the scarcity of gainful employment in the communities or inside the country plus the network of relationships he or she has, practically left this person, either individually or with a family, without a choice but to emigrate (Durand & Massey, 2003). The immigrant, during his or her stay in the United States, generally sends remittances to the family, and depending on the situation this person lives there, the activities performed, capacity, skills and attitudes this person can acquire, the use of those remittances and his or her expectations, the choice of staying or leaving will begin to be planned (Durand, 2004; Corona, 2008).

What happens when the migrant returns?

The return of a migrant should be a cause for celebration, most return after having sent remittances, learnt from that culture (about law and savings), with attitudes and expectations that are driven by the destination's culture, many of them with savings and desire to progress in their community (García y Del Valle, 2016:7). In other words, the person who left is not the same that returns and surely the family conditions they find at the time of their return have also evolved, however, the economic and social conditions of the community and the country, not so much, and in many cases they have become worse, which can represent a great obstacle for the returnees (Corona & De Ávila, 2017).

Certainly, studies about returning migrants have found that their reintegration has not been completely achieved and it is full of challenges. The case of Veracruz (Mestries, 2013); as well as in other states like Zacatecas, Michoacán, Guerrero, Puebla, Oaxaca, and Chiapas (García y Del Valle, 2016:2; Cruz, 2019:72) are well documented. In the case of Mexico City, some testimonies of bad experiences during reintegration are described by Meza (2017:144). According to a report from BBVA a big portion of returning migrants work on informal jobs (BBVA, 2015:46). Unfortunately, this trend has continued because the economic conditions of the municipalities where they return have not improved substantially.

Then what is the main challenge of returning migrants? The readjustment to their former environment, which includes a reintegration process to family and community, labor reintegration and harnessing what was acquired during their migratory experience, but Will it be easy, and will it be the same for men and women? To research about

their economic reintegration, the study of returning migrants in the municipality of Cuautlancingo, Puebla is addressed.

3. METHODOLOGY

We applied a survey in the municipality of Cuautlancingo, Puebla to collect information from returning migrants. Seventy-two persons who had a migration experience larger than six months answered the survey. Indeed, returning migrants prefer to be anonymous for economic and safety reasons. We could interview them via recommendation. As expected, returning migrants that were deported or did not bring enough money are stigmatized by their community. On the other hand, returning migrants with money are asked to give loans to family or they can get robbed. Consequently, it is more difficult to collect information from them. However, we could complete the surveys following three conditions. First, Cuautlancingo is a large municipality and it is part of the metropolitan area of the city of Puebla. Second, we had contacts with social organizers in the municipality. Third, we guaranteed confidentiality and safety to our interviewers.

It is important to mention that this paper is part of the Returning Migration in the State of Puebla project. This project is a collaboration between Universidad Iberoamericana and the Benemérita Autónoma de Puebla. Both institutions formed research teams who participated in seminars and field work collectively to collect the data in Cuautlancingo.

As we mentioned before, the instrument to gather the data was a questionnaire with questions about the daily activities of the returning migrants. A section of the questionnaire focused on their economic reintegration and their future households' expectations. Furthermore, we analyzed the sections of migration experience; migration economy; remittances and savings; employment reintegration; and expectations for the future. This analysis allows us to propose public policy to support returning migrants. We built a database that we processed with SPSS (Statistical Package for the Social Sciences) software to obtain our statistical analysis.

Our main objective was to analyze the process of employment reintegration in the local economy and markets. After obtaining a diagnosis, we identify four types of mobility and we measured them. The four types of mobility are sectoral, occupational, income, and job position.

Our goal is to compare each household's labor conditions before migrating with its current labor situation after returning to their hometown communities. We believe the main contribution of this paper is the dynamic analysis of the returning migrant's employment situation.

4. RESULTS REPORT¹

4.1. *Particulars of the sample*

For the conducting of this report, a convenience sample was carried out, with a snowball sampling technique to 72 returning migrants from the municipality of Cuautlancingo during the first semester of 2016, 57 surveys were conducted on men and 15 on women, each representing 79% and 21% of the sample's population respectively. From this point forward, we will refer to percentage proportions to facilitate understanding of this report's results.

The great majority was married or in a domestic partnership (couples who are not legally married), from the women (W) 66.7%, and men (M) 78-9%. Almost every M, 98% were head of family, whilst on the side of the W, 53% were wives and 40% head of family. It is important to mention that a significant portion of women (40%) have the obligations and responsibilities of both parents, at the same time without a partner, adding challenges to their reintegration.

In relation with level of education, the greater proportion corresponded to junior high school, 60% of women and 40% of men; then the high school level followed for the women, 20%, and elementary school followed for the men, almost 23%; less than 9% were college graduates of both genders. With regard to their academic performances, both women and men claimed that it was good, although the proportion for the former was 57% and 46% for the latter. The results indicate that the returning women migrants had a higher education level and performance than the men.

The households of the returning migrants obtained their economic resources, mainly, in the local and regional environment, through a job or community work (64%), through entrepreneurship (18%) or through a working position in a nearby city (10%). In relation to the income

¹ The collaboration of Rocío del C. Osorno Vázquez in data processing is appreciated.

level, 41% of homes drew between 1 and 3 minimum wages (MW), 30% between more than 3 up to 5 MW, 10% between more than 5 until 7 MW, and another 10% over 7 MW. This means that the great majority of returning migrant's homes found themselves far away from what the migrant was earning in the USA, and therefore living an almost impossibility to save, to continue building assets and to guarantee a progressive well-being for their families in Mexico.

4.2. *The conditions of migration*

According to the survey and table 1, the average age in which both W and M migrated was around 30. The duration of their migratory experience was 5.6 years for M and 3.1 years for W, a short migratory experience on average taking into consideration other returnees from different municipalities but more than enough to acquire job skills and part of the culture of the place of destination (Corona & Ortiz, 2016).

It is important to add that almost half of the respondents from both genders returned during the American economic crisis (2008-2013), after the last year of said crisis, more M than W returned (19.4% and 13.4% respectively).

All these results coincide with studies in other central and southeastern states of Mexico (García y del Valle, 2016), where apparently the condition of returnee makes them share characteristics of the migration experience.

TABLE 1
GENERAL CHARACTERISTICS OF THE RETURN MIGRATION SAMPLE IN CUAUTLANCINGO

Characteristics	V	MEN (M)	Women (W)	Total
Returnee migrants	F	57	15	72
Gender	%	79.2	20.8	100
Age of exit	Years	30.02	29.87	29.99
Age of return	Years	35.74	32.93	35.15
Duration of migration	Years	5.642	3.07	5.11

Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo.

The main reasons why they migrated were: a) to gather money and buy goods (33%), b) unemployment (15%), c) debt (14%). On the other hand, the main reasons for their return were related to: a) personal reasons (46%), b) deportation (22%), c) recent unemployment (4%). It is important to specify that deportation affected M more and disease W.

The preferred destinations for 40% of the respondents was New York, for 28% California and 10% Illinois; 78% of the respondents went to one of those 3 States. It is worth noting that over 75% of the migrants loaned money from a family member or a friend for the trip to cross the border, also known as “la pasada”. Therefore debt shadowed them, but it is also an indicator of the power that social capital has, and family and community networks.

4.3. The migratory working experience

Most of the migrants in the USA worked in the service sector, mainly at restaurants, small businesses, personal care, childcare and others; another part of them worked in construction, mainly the men, and another few in field related work. The type of work, in general, wasn't manual and had low qualification level.

The income that most of them earned weekly, M and W, was about 200 to 400 dollars, in this group the W had a bigger percentage; after that, the group that earned between 401 and 600 dollars a week, following the previous group, although in lesser proportion, was the one between 601 and 800 per week, in both previous groups the M had a bigger percentage, which shows that even in the country in the north, W tend to obtain lesser income than the M. The 3 groups mentioned accommodate 88% of the respondents.

To an extent, most of the W (80%) and of the M (91%) saved a portion of their income, furthermore 33% of the surveyed group even had a bank account in the USA. Regarding labor benefits, only 13% of the W and 19% of M had them, perhaps some days off or some help due to sickness if they were lucky.

During their work stay, 47% of W and 49% of M acquired capabilities and abilities to perform their jobs better and increase, through that, their productivity, that was also shown by the level of income they achieved. Additionally, there were more M that learned English, speaking and understanding of it, than W (81% and 33% respectively), this probably granted them a broader range of mobility in labor markets and the opportunity to improve their income.

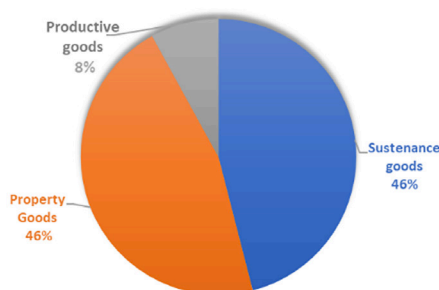
Other important data was: over 70% of M and W obtained their jobs in the USA through a friend or family member, which confirms that social networks are powerful in terms of migration; regarding investments, very few W and M had acquired properties in the USA,

however, before returning, the women sold their bought goods but not the men. It seems women accepted the irreversibility of their return.

4.4. Migration's use of resources: remittances

In relation to the main purpose of their migration, more than 80% of men and women sent remittances to their families in Mexico. Studies made about the use of remittances have coincided showing that over 80% of them are used for consumption, the purchase of sustenance goods. However, the longer the migration period lasts, the income improves and the type of job of the migrant, the family will funnel more and more for: a) property purposes like remodeling, construction or purchase of a house, b) productive purposes like entrepreneurship or consolidation of a business, c) human capital like education and health, mainly.

GRAPH 1
GENERAL USE OF REMITTANCES



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

In general, the remittances of the returnees of Cuautlancingo (see Graph 1), were used for sustenance goods in almost half the cases, property goods were acquired at the same rate and only 8% were invested in productive goods, which is very normal because remittances are part of wages that would be used in the same way by any family, the difference resides in the international component of those particular wages. By gender, the M averaged a spending of 30% on consumer goods, 19% for housing and 8% for education for their children. While the W spent 40% of remittances on consumption goods, 29% for the education of

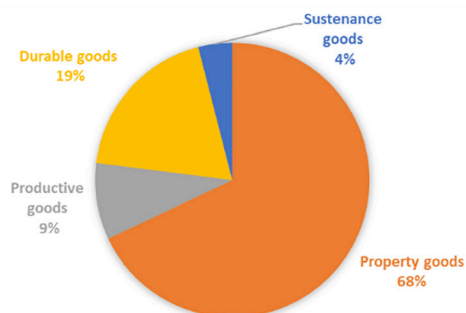
their offspring and 14% for housing. It is important to clarify that the use of remittances, and economic resources in general, depends on the meeting of primary and urgent needs, and only afterwards advancing towards the secondary needs.

According to the spending results, it seems that women were more interested in educating their children. Furthermore, it can be deduced that nearly half of the returnees could increase their property goods, which has helped reduce economic pressure in their labor reintegration process.

4.5. Migration's use of resources: savings

At the time of the return, the use of savings can have the same aims but not the same proportions because it would be expected that the least amount of them would be destined for consumption, again conditioned by the aforementioned migratory experience, that would allow them to accumulate more savings, and also by the use of remittances that families would have made (see Graph 2).

GRAPH 2
USE OF SAVINGS



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

Considering the results of the survey in relation to savings, 34% of migrants returned with an average saving of \$250,000; 18% with an average saved of \$75,000; 14% with \$37,500, and 16% with \$15,000 Mexican pesos at constant prices. Particularly, the 14% returned with over \$500,000 and only 6% with less than \$6,000. It's worth to highlight that the proportions of W were greater than those of the M within the

groups that saved less, the group that saved \$250.000 on average, and the group that exceeds one million.

Regarding the use of savings, as it was to be expected, the use of savings for sustenance goods only represented 4%, whilst its use for property goods was reflected on 68% of the cases, followed by durable goods such as cars, appliances and devices with 19% while only 8% was mainly used for productive purposes. This shows that the economic behavior of the returning migrants is consistent with the objective of having left their land to work in the USA in the first place, obtaining a better income to acquire more goods while at the same time depending on the economic life cycle of the family which would guide the final purpose of their expenditures or savings.

From the results, it is deduced that a good part of the returnees had the opportunity to invest their savings in the improvement of their estate and the equipping of their homes, which not only did it represent an increased standard of living but also boosted their economic capacity to deal with the labor reintegration process.

4.6. The experience of return from an economic perspective

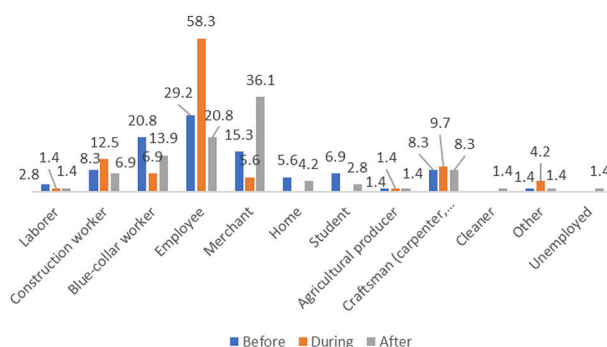
The main challenge of return migration is the process of reintegration to the family, to the community, labor reintegration, which is what allows to build a foundation of their economic stability in their new destination. Labor reintegration consists in retaking an activity that allows them to receive an income to buy consumer goods, which also involves four main parameters. According to our research, these parameters are the economic sector where the persons works, the type of activity to undertake, the income that is obtained and the position performed at work. In the case of the return, its valuation is made considering the migratory experience, comparing labor parameters before and after the original migration took place, so we can determine changes in labor mobility.

Sectorial labor mobility: occupation before, during and after

This analysis observes the working continuity within the economic sectors in the country of destination, subsequently in the original country for the return. In the case of the returning migrants from Cuautlancingo (See Graph 3), before migrating most of them were employees (29%), followed by laborers, merchants, craftsmen by trade, and masons in construction, of course there were students, housewives, day laborers,

and farmers but in minor proportions. In the USA, the proportion of employees increased to 58%, followed far away by craftsmen by trade, construction workers and merchants and even farther away the ones who worked the fields. At the point of return, the biggest proportion was merchants (36%), followed by employees and laborers, even lower craftsmen, masons and housewives, and the others far below.

GRAPH 3
LABOR OCCUPATION BEFORE, DURING AND AFTER THE MIGRATORY EXPERIENCE



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

On graph 3, it is observed that before departing, migrants were in a predominantly tertiary sectoral labor structure, characterized by abundant manual labor and low productivity. By becoming employed in the USA they settle in and mold a tertiary labor structure too, primarily oriented towards services, offering less manual labor, a certain amount of qualification, higher productivity, and higher income. After returning to Cuautlancingo, the majority of activities, undertaken by migrants to generate an income, are equally from the tertiary sector where trade activities predominate, underqualified manual labor that suffers from low productivity and low incomes; those who manage to procure a job do so under precarious conditions, when that isn't possible they become small merchants whose majority operates informally, very much in the style of that which has happened to the returnees in the national scope.

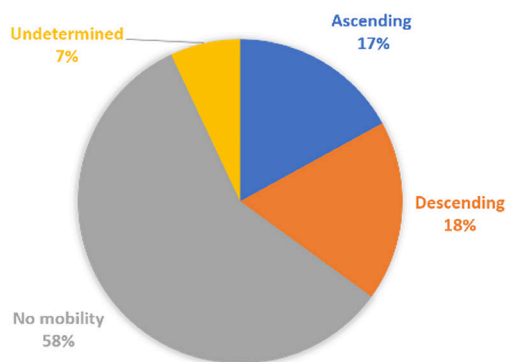
In a nutshell, sectoral labor mobility of returning migrants continues following the sectoral structure of the local economy, the difference is found in the opportunities that the American economy offers, because even though they return to Mexico with better qualifications,

opportunities are scarce, thus few of them progress when they return. The solution therefore isn't to be found in migration or return migration but in the development of the economy to generate opportunities for progress for the people in their places of origin, that's nothing new but it has now been proven.

Occupational mobility

One of the most important parameters is the occupational mobility, which can be referred to as the capacity to have a better job or occupation than the one that was had before migrating from the place of origin, this can be ascending, descending or without mobility (Cobo, S., 2008). In the particular case of returning migrants from Cuautlancingo (see Graph 4), the results indicated that the majority, 58%, didn't show mobility between the work performed before migrating and after it, they continued doing underqualified manual labor; while only 17% showed an ascending occupational mobility which, again, demonstrates that migration can be used to increase the income level of the people involved, but it is very limited for improving the structural conditions of the functioning of the economy, which is a job better left for government authorities and firms, mainly.

GRAPH 4
OCCUPATIONAL MOBILITY AFTER THE RETURN



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

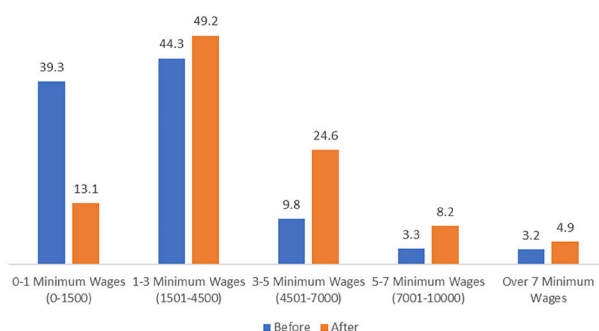
Income before and after migrating

The other parameter of labor reintegration is the mobility of the income before and after migrating. Even though this calculation is board-based,

it displays whether the people's level of income improved. According to the data from the survey conducted in Cuautlancingo, the results showed an improvement in the people's income level, since, as it is shown on Graph 5, the distribution changed significantly after the return, the ones who earned up to 1 minimum wage of income dropped from 39% to 13%, those who earned over 1 minimum wage up to 3 minimum wages rose from 44% to 49%, those who earned over 3 up to 5 minimum wages rose from 10% to 25%, the same happened to those who earned over 5 minimum wages up to 7 minimum wages going from 3% to 8% and the same goes for those who earned over 7 minimum wages, rising from 3% to 5%.

By gender, most of both M and W earned a higher income than the one they had before migrating, however, it still was too low in comparison to what they used to earn during their migratory experience, that's why 53% of M and 47% of W wouldn't save. The majority of the few returnees that could save would do so in proportions that would represent 10 to 15% of their income, being the M the ones that saved the most. It is worth noting that the savings accounts of the M increased almost 4 times, while the W's accounts only increased 40%, this explains why M returned with bigger savings than the W. Notwithstanding, the group of M's is the one that needs to access loans after migrating. It is also observed a low usage of mortgages loans and an increased proportion of returning migrants from both genders that know how to use their savings, 75% of M and 67% of W.

GRAPH 5
INCOME IN MEXICO, BEFORE AND AFTER MIGRATING



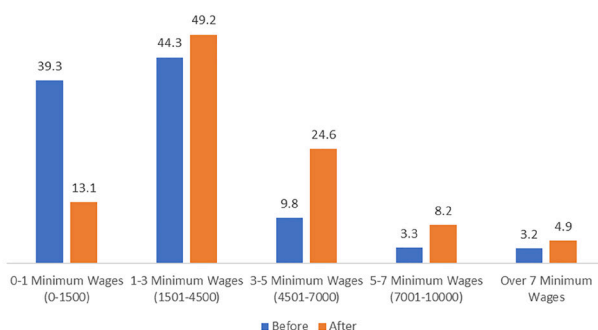
Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

Work position

The fourth proposed parameter for labor reintegration is the work position, in the case of the returnees of Cuautlancingo, some people improved it since the proportion of employers rose from 11% to 17% after returning, the same happened with self-employed people whose proportion increased from 15 to 35%, under this category it is necessary to consider that those who are engaged in commerce are included. The category of public servants had also a small increase moving from 9% to 12% (see Graph 6).

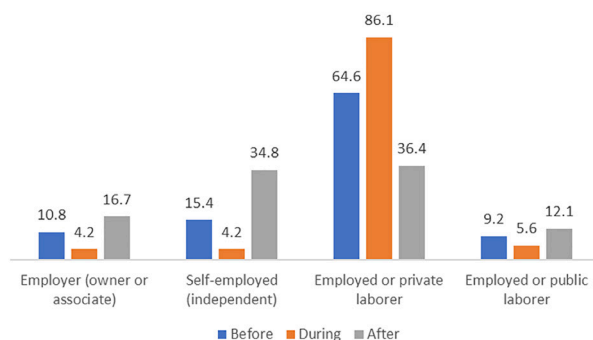
The categories that compensated those increases were employees and private laborers whose proportion decreased substantially from 64% to 36%. The previously mentioned means that the migratory experience helped improve many people's work position, some who became owners or associates in firms and those who became self-employed, it is necessary to clarify on self-employed people which may include informal commerce activities with irregular income, without any benefits, as previously mentioned in this text.

GRAPH 5
INCOME IN MEXICO, BEFORE AND AFTER MIGRATING



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

GRAPH 6
WORK POSITION OF RETURNEES



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

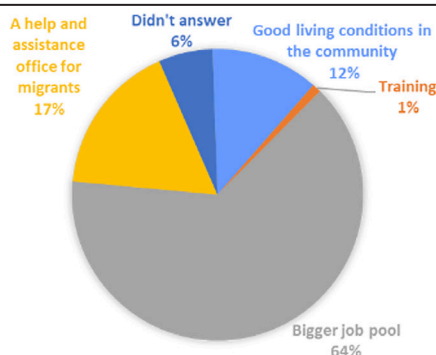
Once the process of labor reintegration has been studied, it can be concluded that migration can solve economic problems in an individual or family level, but its reach is very limited to solve problems within the economic structures of the communities of origin, even more so for the national economy.

Conditions and obstacles for economic reintegration

One of the most important aspects of return migration refers to the conditions of reintegration itself, because this would be what would allow them to lay the foundation for a stable stay, at least economically. In this tenor, according to 64% of the respondents, what's missing is jobs which is one of the main reasons for migration and the return itself that limits strongly their economic reintegration.

Similarly, 17% of respondents considered important the creation of an agency that offers both attention and help for migrants, so they could access clear and appropriate information of what they are able to do or request, to which public or private institutions are they able to resort to, since a big interest of them was the certification of their working skills and training, these institutional challenges were also identify by Manchinelly and Morales (2019:50). Another 12% emphasized the importance of good living conditions in the community, including security, since this exactly came to be a part of their life during their migratory experience (See Graph 7).

GRAPH 7
REINTEGRATION CONDITIONS

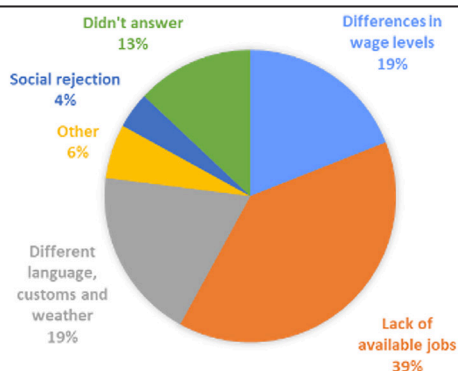


Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

Since a significant group of returnees is in a productive age, several of those conditions for labor reintegration are related with the capability to access formal employment and social benefits, as well as access to work training, competencies certifications or credits and monetary support for the financing of productive projects.

Now, to be able to have the full landscape of the process of reintegration that returnees from Cuautlancingo live, it is convenient to complement it with the obstacles that they themselves observed along the way (see Graph 8). From their own perspective, the main hurdle was the lack of available jobs for 39% of the respondents; followed by two other important obstacles, one was the wage differential between Mexico and the USA, something that was strongly felt by those who earned over 10 times more in said country, and the other one was the conditions of the environment such as language, weather and customs, both with 19%. In this same list of hurdles, social rejection followed, something that is barely recognized in Mexico, but it's something that is practiced frequently, plus other less frequent obstacles.

GRAPH 8
REINTEGRATION OBSTACLES



Source: Results of a sample of 72 returning migrants surveyed in the municipality of Cuautlancingo

With those answers, it is clear that returning migrants face severe problems of labor reintegration, mainly due to the poor functioning of the economy at the national and regional level, plus the social deterioration that comes along in terms of poverty and inequality. In this fashion, it is observed that the returnees can have more expertise, better skills and attitudes acquired during their migratory experience, but it seems that the majority can't find the best employment opportunities to take advantage of those qualities in their new destination, thus they work wherever they can find work which generally translates to a low income. That situation brings along feelings of frustration that will shine over their expectancies of permanence, which will be explained hereafter.

4.7. Expectancies for the return

Among their expectancies, the majority planned to open a business, following the aspiration they had before migrating which was acquiring real estate properties and establishing a business, a genuinely economic aim. In the results, those who reached their goals of migration are mostly M rather than W, although not in many cases, since most of the returnees went back home without achieving them, since 65% of the respondents planned to reside in the USA for up to 5 years before returning, which accumulates frustration.

The answers that crown the satisfaction or dissatisfaction of the returnees in their current residence are related with their plans or future expectations. On one hand, 73% of W and 54% of M would like to send their children to the USA to live and study, which means that the greater majority doesn't trust the current conditions at Mexico and in their place of origin for the development of their children. On the other hand, 53% of W and 45% of M planned to return to the USA sooner or later. Regardless of their success in their strategy, those plans reveal that for the majority of M and almost half of the W the reintegration, mostly economic, hasn't been satisfactory.

Due to all the above, it is urgent that the authorities of all levels and most of all the municipal authorities tend to the issues that returning migrants face, people that can be agents of change and progress if they are seen and treated as a vision of the future.

Otherwise, while reintegrating themselves to the community without recognition or opportunities, their work experience and expertise will continue being squandered and they could instead become one more problem for the communities by not having a more favorable environment for their adaptation process.

Guidelines for the design of development policies

First, considering the analysis previously conducted, it is important to generate a change in the way in which returning migrants are seen. As they themselves expressed through the survey, they require opportunities to access better living conditions in their communities and attention towards some of the obstacles that returning migrants encounter, such as social rejection. It must be considered that returning migrants are persons worthy of respect and admiration, because they decided to look for opportunities of progress in a foreign country, enduring distancing themselves from their families, loneliness and nostalgia for their homeland, accepting risk and confronting dangers. Now that they have returned, they should be true agents of change, persons who can aid the progress of the municipality because they brought knowledge, skills, and attitudes with them, both new and different but complementary at the same time.

Returning migrants aren't the same people they were before leaving long ago, through their migratory experience, they lived part of the society's culture of the country of destination, in the USA institutions

are strong and they condition the behavior of the social agents in most of the cases, through which respect of law, freedom, authority and citizenry are fundamental. Isn't this something that we are lacking and need urgently? Returning migrants have lived it and the greater part of them recognize that as something that can be taught in their community, they are the men and women that can spearhead a change of attitude and social behavior. It is recommended that the municipality invites them to participate and tends to them.

Second, even though returnees have the same condition and face similar problems, because of the conducted analysis it is advisable that policies and programs integrate a gender perspective that engages in the development of disaggregated information by gender, that promotes and drives actions of awareness, orientation, attention and planning. The lack of attention to that perspective can continue to lead to further exacerbation of stereotypes, discriminatory practices and inequality in the work environment, reinforcing wage gaps and the continuous reproduction of double or triple shifts a day for women, mainly.

Third, considering that the conundrum that returning migrants face is very complex, since it encompasses all spheres of family and community life and the economic reintegration, the design, planning and execution of actions and strategies for their attention must have a comprehensive focus, in order to avoid partial practices that may foster inequality and delve in other issues.

The best way to address the problem of migration is attacking its causes, if there is no leaving there won't be any returning either, hence it is recommended that municipal policies be focused on local development with a comprehensive focus to achieve entrenchment that prevents emigration and offers opportunities of progress for those who return.

It is important that community development returns, the restoring of the social tissue and the integration of local productive facilities, based on regional resources and the consumption of what is produced in the community. Defending and experiencing the local culture is crucial for achieving an economic insertion that is both selective and strategic for the globalized world. Cuautlancingo has, within its economy, globalization, big companies and centers of consumption, however, they aren't enough to offer progress opportunities to all of those who need and will need a job or a gainful entrepreneurship.

It is also the opportunity to internationalize solutions, summoning Cuautlancingo natives that have made a fortune living in the USA so that they can bring financial and social capital to invest in businesses and help their people. This is, naturally, not easy or free, confidence in government authorities must set a precedent which will only be mustered with honesty, transparency, accountability and a climate of security.

Fourth, it is important to strengthen the bonds of trust and communication with other levels of government and non-State actors to bolster the mechanisms of joint responsibility and collaboration towards those themes. At a local level, it is critical that authorities engage their communities, in knowledge and execution of strategies and actions framed within the Special Migration Program (known in Spanish as PEM), as the strategy to communicate, sensitize and promote respect and appreciation of migrants and also as a strategy to broadcast such programs that bring attention to returning migrants, searching the opening of spaces of cooperation, dialogue and collaboration for the development and implementation of diverse projects of a productive, financial and social nature.

Fifth, the true solution for the problems starts by listening to the affected people. In this paper, there is an attempt to diagnose some of the issues of return migration precisely by asking questions to the people. They are the ones who are better aware of their own necessities and, for the most part, how to meet them, that's why the government authorities in the municipality must be up to the challenge of creating the proper conditions for dialogue, participation and collaboration.

As a result, participation from local authorities, collaboration with the different non-governmental actors such as companies, ONG's, academia and, mainly, returning migrants by means of dialogue becomes vitally essential for the development of support strategies that foster the reintegration of the returnees.

The best solutions are the ones that accept the participation of the affected people, there for it's recommended:

The role of the returnees

The returnees must communicate and organize, together they can achieve more than by themselves; social networks can be a great tool for establishment, linkage, and communication. For that effect, it is

necessary to consolidate community managers and network experts to connect them. That will prove useful for the establishment of community firms, caring aid, and even political protesting whenever necessary.

The role of the municipality

He who governs should listen to the governed (returnees) to pose the best solutions within a comprehensive perspective of regional strategic development. For this purpose, they will have to orient and use public spending to dynamize the local economy, which at the same time will encourage investment and the generation of new entrepreneurships. This is possible in Cuautlancingo because it is found in a prime location, with an economic structure - although not as integrated locally - that is a great generator of industrial production, especially in the stream of globalization. But it was already mentioned that confidence is fundamental, therefore the authorities must work hard to reestablish it, by being honest and congruent with a sense of social justice and environmental commitment.

The role of the community

The members of society must recognize that migrants and returnees are valuable, trustworthy persons. Employers must acknowledge them as capable of performing high-responsibility task, as well as support decidedly those who wish to become entrepreneurs. Members of the community must shelter and aid those who need it most. For that, churches can play a very dynamic and important role. Members of the media must utilize their channels to inform about migrants, their necessities, their achievements, and their contributions to the society in which they reside. Universities can also contribute their talents for the deployment of the municipal dynamic.

In a nutshell, the solution invites almost everyone, it will depend on how public the government wants their development policies to be, because it is up to them to create the conditions to generate the alliances and accords to address this and other social and local issues.

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Financial Inclusion, Remittances and Entrepreneurship: an experiment in the state of Tlaxcala, Mexico

ALFREDO CUECUECHA MENDOZA*, PATRICIA MENESES ORTÍZ**, ARTURO VASQUEZ CORONA** AND GERARDO SUÁREZ GONZÁLEZ***

ABSTRACT

This paper presents a Randomized Control Treatment (RCT) that consisted in providing smartphones, training in business skills and financial education to individuals in the State of Tlaxcala, Mexico to study its impact on measures of Financial Inclusion and other household outcomes in the period 2011-14. The results show statistically significant effects in measures of usage and quality, but not in measures of depth or stability of financial services. The results also show positive effects on micro business activities and wealth, but no effects on household income and expenditures. All effects are found to be smaller for households that receive remittances. These results show that, in the presence of low-cost financial services, households prefer to invest their savings in micro business activities or real assets and confirm that households that receive remittances relax their credit constraints.

Keywords: Financial Inclusion, Household Demand for Financial Services, Randomized Control Experiments.

JEL classification: O16, C93, D14.

* Centro de Investigación e Inteligencia Económicas, Universidad Popular Autónoma del Estado de Puebla, México. Correo: alfredo.cuecuecha@upaep.mx. The leading author acknowledges financial support by Consejo Nacional de Ciencia y Tecnología (Conacyt) project TLAX-2012-CO1-193725, project CB-2016-288946-S, and UPAEP project “Tecnología móvil, habilidades empresariales y acceso a los servicios financieros”.

** Universidad Autónoma de Tlaxcala, México. Correos: estudiosocial@hotmail.com y arturo-vac@yahoo.com.mx respectivamente.

*** El Colegio de Tlaxcala, A.C., México Correo: gerarsuaovis@hotmail.com.

RESUMEN

Inclusión Financiera, Remesas y Emprendurismo: un experimento en el estado de Tlaxcala, México

Se estudia un Tratamiento Controlado Aleatorizado (RCT) consistente en proveer celulares, capacitación empresarial y educación financiera a individuos en Tlaxcala, México, para analizar su impacto sobre medidas de Inclusión Financiera en el periodo 2011-14. Se encuentran resultados significativos en las medidas de inclusión financiera relacionadas al uso y calidad, pero no en las medidas de profundidad o estabilidad. Se encuentran resultados positivos sobre actividades de micro negocios y en índices de riqueza, pero no sobre los ingresos o los gastos. Todos los efectos son menores para hogares que reciben remesas. Estos resultados demuestran que, en presencia de servicios financieros a un costo bajo, los hogares prefieren invertir sus ahorros en actividades de micro negocios o en activos reales y confirman que los hogares receptores de remesas enfrentan menores restricciones de crédito.

Palabras clave: Inclusión financiera, Demanda de los Hogares por Servicios Financieros, Experimentos Controlados Aleatorizados.

Clasificación JEL: O16, C93, D14.

INTRODUCTION

Financial inclusion is considered nowadays a key element for the financial system to generate positive effects on economic development (Ang, 2010; Pinar, Imboden and Latortue, 2013). Financial inclusion has been shown in the literature as positively related with economic growth and reductions in income inequality (Demirguc-Kunt and Levine, 2005; Ang, 2010).

In 2017, Mexico had 37% of its population 15 years and older with an account in a financial institution, while the average for Latin American countries and the Caribbean was 58% (World Bank, 2017). The reasons behind the low level of financial development for Mexican households in Mexico are found both in the demand and supply of financial services. On the supply side, authors have argued the lack of competition at local level and for specific market segments (Honohan, 2014), as well as the weakness in institutions that make very hard for

banks to recover non-performing loans (Hernandez, 2010). Traditional banking technology has also been blamed for the low level of development of the financial system in Latin America in general (Portocarrero, Tarazona and Westley, 2006). On the demand side, cultural reasons rooted on mistrust for banks are said to be the culprit (Beck and De la Torre, 2007).

Mexico has a high reception of remittances, which has been argued can generate opportunities for financial development (Cuecuecha, 2014) that, however, may be hindered because the informal financial markets (Ambrosius & Cuecuecha, 2016) are also used by households that receive remittances.

This paper contributes to the discussion about the different causes behind the low level of financial development observed in Mexico. It uses a randomized control trial (RCT) to study whether training on financial education, entrepreneurial skills as well as access to new technologies can increase financial inclusion in Mexico, and whether it can have impacts on entrepreneurial activities, household income and wealth. RCT's are characterized for assigning randomly individuals into treatments, which ensures that, after controlling for observable characteristics, any difference in observed behavior can be attributed to the treatment (Banerjee and Duflo, 2011). The RCT took place in the Mexican state of Tlaxcala during the period 2013 and 2016, among communities with high and low reception of remittances to explore the relation of the RCT with the reception of remittances.

Smart phones with access to bank accounts were provided to a treatment group, together with training about how to use the technology, financial education and entrepreneurial skills. The intention was to reduce the cost of access to the bank, since the treatment provided the smartphone, the data service, and the basic knowledge to install and operate the application.

The treatment provided training in financial education and entrepreneurial skills with the expectation that if the households engage in micro business activities, they may obtain higher benefits in using the banking app. The only caveat, is that if micro business activities are performed outside the financial system, providing entrepreneurial skills in Mexico could lead to a limited use of the formal financial system.

The final net benefits of using the banking app, however, depend on the financial products offered by the banks to the clients. In other

words, even if the access to bank accounts is provided at no cost, other financial inclusion indicators still depend on the household's expected benefits of using those banking services.

According to Gould, Melecky and Panterov (2016) the measures that allow the study of the development of the financial system in macroeconomic analysis are: (i) the intensive margin (depth—measured by credit/GDP), (ii) the extensive margin (financial inclusion—measured by either access or usage), (iii) efficiency (measured by the Lerner index or other measures of financial efficiency), and (iv) stability (measured by nonperforming loans or other measures of systemic risk).

For other authors, financial inclusion is thought as an ideal state of nature under which the access to the different products offered by the financial system is universal (Roa, 2015), and not only the extensive margin in the development of the financial sector. The different measures of financial inclusion that are used under this approach measure the level of advancement in achieving that ideal state, under different dimensions, which are: (i) access (measured for example by bank branches per ten thousand people), (ii) usage (measured for example by percentage of households with bank accounts), (iii) depth (measured for example by credit/GDP), and (iv) quality, which is supposed to be achieved whenever households' financial needs are covered without generating systemic risk in the financial industry (Roa, 2015). Pinar, Imboden and Latortue (2012) argue that the dimensions of financial inclusion ought to include access, usage, depth and stability (measured by percentage of nonperforming loans).

Given that this paper applies the concept of financial inclusion in a household survey for one single Mexican state, it was decided that the best measures to apply in this context were: (i) usage (measured by access to any type of bank account), (ii) depth (measured by the account balance), (iii) stability (measured by an index of missed payments in outstanding credits) and (iv) quality (measured by an index of the complexity of the bank account used). The paper also shows results on whether the RCT had impacts on entrepreneurial activity, household income, household expenditure and household wealth.

The Mexican state of Tlaxcala is located 150 kilometres east of Mexico City. It is the smallest state by geographical size and the 28th, out of 32, in GDP per capita in 2015 (INEGI, 2016). It occupied the

last place in financial access in Mexico in 2011 (CNBV, 2011). Consequently, it was considered that the experiment would provide an important description to achieve financial inclusion under an environment of weak supply of financial services.

The RCT presented in this paper is the first of its kind in Mexico. It is related to other studies done to study attempts to increase financial inclusion, financial literacy and entrepreneurial skills in other parts of the world. Karlan and Valdivia (2011) designed an RCT where entrepreneurial classes were provided to clients from Micro finance institutions (MFI) in Peru, which found that individuals stayed as MFI's clients but did not report effects on income or profits. Ashraf, et. al. (2015) performed an RCT with Salvadorian migrants in the US where individuals received traditional bank accounts with different degree of control over the money they remit to El Salvador, and also financial literacy. They found that migrants that can control their savings accounts in their origin countries send more remittances and increase their savings. The RCT presented in this paper innovates over those studies in two aspects: with respect to Karlan and Valdivia (2011) the RCT provides mobile banking and not traditional MFI's accounts. Over the RCT developed by Ashraf, et. al. (2015) the RCT provides mobile banking and not traditional banking as well as entrepreneurial skills and not only financial literacy.

The results of this paper show that the use of training on entrepreneurial skills, financial literacy and new technology increased measures of usage and quality but did not have effects on measures of stability or depth. It also shows that such positive changes are also accompanied by increases in entrepreneurial activity and wealth, but not by increases in household income or expenditure. This is evidence that households changed the composition of its expenditure. The paper also shows evidence that there exists a negative relation between the reception of remittances and the results of the RCT. We interpret this result as showing evidence that households that do not receive remittances face more stringent credit constraints.

The rest of the paper is organized as follows, the first part summarizes the relevant literature on financial inclusion, its determinants and its relation with remittances; the second part, presents the institutional context under which the experiment took place, as well as introduces the experiment carried out in the Mexican state of Tlaxcala;

the third part, presents the empirical implementation of the RCT and its results; the fourth part concludes.

1. THEORETICAL CONSIDERATIONS

1.1 Financial inclusion: Definitions and Interrelations

Financial inclusion is defined as achieved whenever all the adult population has an effective access to financial services including savings, credit, payments and insurances (Roa, 2015). For Roa (2015) it is measured by: access (Bank branches or ATM's per 10,000 inhabitants), usage (deposit bank accounts per 1000 adults) and quality of services. This later dimension is achieved whenever households' financial needs are covered without generating systemic risk in the financial industry (Roa, 2015). For others, (Pinar, Imboden and Latortue, 2013) it has to be measured over four dimensions: access, usage, depth (private domestic credit over GDP) and stability (unpaid credits over total credit).

This paper focuses on the measurement of usage, depth, stability and quality adapting those measures to a household survey. Usage is measured by an indicator variable that takes the value of 1 if the household has any type of bank account, while it takes the value of zero on any other case. Depth is measured by measuring credit balances, as reported by households in the survey. Stability is measured by an index based on two questions of the survey: on the household expenditure module it was asked if they have made payments for outstanding credits, while in the financial module of the questionnaire it was asked if they have a credit with a bank. The variable takes the value of 1 if the household answered yes to have a credit balance with a bank and reported no payments made; it takes the value of zero if the household reported having no credit balances; while it takes the value of 2 if the household reports having made a payment and having a credit balance with a bank. While this measure is not perfect of whether or not the household is late on its payments, it imperfectly measures such state of nature. Quality is measured by a variable that takes the value of zero if the household has no bank account, it takes the value of 1 if it has only a debit account, it takes the value of 2 if the household reports to have a debit card and a savings account, while it takes the value of 3 if the account represents access to any type of credit. It is not a perfect measure of quality since the survey did not ask directly to the households about their perception

about the quality of service being provided to them, it simply measures the complexity of the account that the household has access.

Usage, depth, stability and quality are all different dimensions of financial inclusion, which has been shown in the literature as positively related with economic growth and reductions in income inequality (Demirguc-Kunt and Levine, 2005; Ang, 2010). The measures of access, usage, depth and stability are correlated positively with less inequality (Pinar, Imboden and Latortue, 2013). Similarly, it has been shown that a greater access to the financial system is positively correlated with a greater usage and depth. However, it has not been shown that greater access is related to greater stability, which remains an issue to be further studied (Pinar, Imboden and Latortue, 2013). There may be different reasons as to why greater access is not linked positively with stability. In the literature, it is mentioned that to a large extent the increase in access, usage and depth are linked to the growth of non-bank financial actors, such as credit unions and micro credit institutions. These agents are not necessarily equally regulated as banks which can generate non-stability of the system. For example, in India the microfinance sector had an unorganized growth which led to social unrest and this forced regulators to enact law that put an end to micro finance institutions in certain regions (Kaur and Dey, 2013).

1.2 The determinants of financial inclusion

Currently, Mexico under performs in the development of its financial system compared to other Latin American countries. In terms of access, it had 6.84 branches for each 1000 thousand inhabitants in 2014, which is below the average of Latin America at 13.27 branches (IMF, 2015). This statistic does not include banking associates, because they provide only limited access to banking services. In the dimension of usage, 37% of the population aged 15 and above have access to some type of bank account in 2017, which is below the average for Latin American Countries and the Caribbean that was 58% for the same year (World Bank, 2017). As for depth, Mexico had a credit/GDP ratio of 30% in 2014, below the Latin American average of 46% (World Bank, 2016). In the case of quality, in 2014 accumulated 11.52 complaints for each 1000 inhabitants, a growth of 16% since 2010 (CONDUSEF, 2015). Only in the dimension of stability the Mexican financial system is strong since Mexico has the third lowest risk weighted assets / total assets ratio in

LA, as well as three banks among the top ten LA banks with the largest amount of Tier 1 capital (The Banker Dataset, 2016).

The low level of financial development observed in Mexico and Latin America has been linked to both supply and demand factors. In the case of demand factors, culture and trust for banks (or the lack of) have been considered two important elements that limit financial inclusion (Beck and De la Torre, 2007; López-Rodríguez and Lima-Velázquez, 2015). For some authors, in the case of remittance receiver households the mistrust it is not only for banks, it is also about the final use that those savings may have in the receiving end of the transnational households (Ashraf, et. al., 2015). However, recent research shows that even people living in extreme poverty do use financial strategies to survive, using real assets and the informal financial sector (Collins, Rutherford, Morduch and Ruthven, 2009), which casts doubts on the extent at which self-chosen financial exclusion does not reveal a market failure or a lack of competitive behaviour in the supply of financial services. For other authors, the mistrust of individuals in the financial industry also reveals the need for financial education that will raise awareness among clients of micro finance institutions about their consumer rights (Roa, 2015).

In the case of supply factors, Honohan (2014) argues that non-competitive behaviour observed in the banking industry and information barriers help to explain the relatively reduced financial inclusion that exists in Latin American countries. Hernández (2010) argues that the high entry costs of the industry are linked more to the institutional weakness found in the judicial system than to the costs of capital, at least for the case of Mexico, since the weakness in the judicial system makes hard for banks to recover defaulted loans.

Technology is also a factor that has been argued can deter or foster financial inclusion. Portocarrero, Tarazona and Westley (2006) argue that operating costs for traditional banking technology are very large to cater for small savers. If the financially excluded are characterized by having small accounts, those authors conclude that under the traditional technology used by the banking system it is not profitable for banks to cater for such clients. Moreover, technology innovations in the form of ATM's (Westley and Martín-Palomas, 2010) and mobile banking (Mbiti and Weil, 2011; Plyler, Haas and Nagarajan, 2010) have been documented to increase financial inclusion, through direct and exter-

nality effects, with effects that cover direct users and non-users of the financial system.

1.3 Financial inclusion among households that receive remittances

As of 2019, Mexico received 36.4 billion dollars (Banxico, 2020a). These large amounts of money have been argued that represent an opportunity for financial development in Mexico (Cuecuecha, 2014). In absolute terms, the State of Tlaxcala occupies the 26th place in remittance reception (Banxico, 2020b). However, the 256 million dollars that are received by Tlaxcala, still represent an important fraction of the local economy (Cuecuecha, 2017).

In general, the literature has shown that households that receive remittances while they may have more bank accounts, they may not necessarily use them to invest. Ashraf, et. al. (2015) using an RCT with Salvadorian migrants in the US found that Salvadorians in the US increased their savings when they were offered the control over the resources they sent to El Salvador. Moreover, other studies have also shown that households that receive remittances in Mexico while they have more bank accounts, they do not receive more credit from formal sources, instead it seems that they receive more credit from informal sources (Ambrosius & Cuecuecha, 2016). Whether this credit reception was self-selected, or it shows the existence of credit constraints or credit rationing is something that has to be further studied.

2. THE MOBILE BANKING REFORM IN MEXICO AND ITS APPLICATION IN THE STATE OF TLAXCALA

2.1 Changes in financial regulation related to financial inclusion

Financial sector regulations have experienced continuous change over at least the last 16 years previous to 2016 because Mexican authorities are aware of the low level of financial inclusion that exists in Mexico (CNBV, 2010; 2011).

TABLE 1
MAIN CHANGES IN LAW AFFECTING LOW-COST ACCESS TO BANKING IN MEXICO,
2000-2014

Change in Law	Date	Main innovation
Internet banking	2000	Allows use of web portals for banking services
Electronic transfers	2005	Allows use of electronic transfers
Basic accounts	2007	Forces banks to offer zero cost accounts
Banking associates	2008	Allows third parties to offer certain financial services to bank clients
Mobile banking	2011	Allows the use of mobile apps in banking services
Debit accounts for wage or pensions reception	2012	Allows individuals to open zero cost accounts to receive wages or subsidies from the federal government
Association between debit accounts and cell phone number	2014	Not all banks allowed the use of mobile banking in basic accounts. This regulation allows any type of bank account to use mobile banking.
Financial Reform	2014	Strengthen government banks, strengthen institutions related to the financial industry, increase competition, strengthen prudential regulation

Source: Comisión Nacional Bancaria y de Valores (CNBV, 2016), Presidencia de la República (2014)

Table 1 shows the main changes in regulation that took place during the mentioned period. It is important to mention that one of those changes is a general change in the regulation which has been called the financial reform aimed to strengthen banks owned by the government, to facilitate the recovery of credits and the guarantees that commercial banks can use to insure credits, to strengthen competition and to strengthen prudential measures that will ensure the stability of the financial system in Mexico (Presidencia de la República, 2014). The table shows that after 2011 the financial regulators allowed Mexican banks to offer mobile banking services (CNBV, 2011). This in principle could allow for the use of quasi- experimental techniques. However, the total number of other changes occurring at the same time, particularly the general financial reform that took place in 2013, suggests the need for RCT techniques with panel data methodologies (Banerjee and Duflo, 2011).

TABLE 2
BANKS BY SEGMENT IN MEXICO (2010) AND THE STATE OF TLAXCALA (2014)

Market Segment	Number of banks available nationally (2010)	Number of banks available in Tlaxcala (2014)
Corporate and wholesale	18	7
Specialized Commercial banks	19	7
Commercial banks high end clients	11	8
Banks specialized in electronic payments	8	7
Banks specialized in services	10	6
Commercial banks low end clients	8	5

Source: Hernández (2010) and Cuecuecha and Montalvo (2014)

Table 2 shows a classification of banks in six categories, proposed by Hernández (2010). It shows how the different segments in the Mexican economy are covered by banking services, and also includes the same classification using data from the 2014 Financial Census carried out by Cuecuecha and Montalvo (2014) in the state of Tlaxcala. This classification is important in order to understand the context under which the experiment was carried out. It is important to mention that the experiment needed to offer mobile banking at zero cost, which at first it was believed could be provided by any of the banks that serve the low end of the commercial banks working in the state of Tlaxcala, given the 2007 law that forced all banks to offer zero cost accounts, called basic accounts. Under this assumption it was believed that at least five banks would be available to us to carry out the experiment. However, in practice not all banks offer basic accounts at their branches, as a team of simulated customers witnessed it. They visited bank branches in Tlaxcala during 2013 requesting to open basic accounts that would allow them to use mobile banking. Sometimes the banks denied the existence of basic accounts, until the simulated customer showed the website of the bank that offered the particular service. Then, bank executives conditioned the access to mobile banking to open accounts with relatively large minimum balances. It was specifically told to them that if such balances were not hold account fees would start to be imposed on the accounts.

During the first two years of the study described in this paper only two banks offered basic accounts with mobile banking services. The

identity of the banks will not be disclosed since as far as this research is concerned; it is only interested in reporting their business behaviour. Bank A started offering the basic accounts with possibility of mobile banking services during 2012. Bank B started offering the basic accounts with possibility of mobile banking during 2013.

2.2 The experiment

At the beginning of 2013, 180 households received 10 sessions of training about basic financial literacy and entrepreneurial skills. Households were provided training about how to use the smartphones and the mobile bank app, as well as training sessions about financial education and entrepreneurial skills. The training consisted in ten sessions that were designed following other models of training (Monares, Monares and Bustamante, 2001; Bauer, Finnegan and Haspels, 2004) that were simplified to take into account that in the treated households there is a heterogeneous population in terms of education levels. Training manuals are available upon request.

Households were told that they would receive a smartphone with a bank account at the end of the 10th session. The smartphone was provided along with bank accounts at Bank A, which it was more known to households than Bank B. The smart phone was provided with mobile and data services during the time of the treatment.

There was an unexpected shock during the implementation that was generated by the fact that the calendar of training sessions had to be adjusted to the schedule of some of the households. This ended up generating a time lag in the training sessions, with a group of 54 households finishing their training three months before a second group of 126 households started their training. During the described lag, the first 54 households reported that Bank A was changing the terms of contract and withholding the balances deposited in the accounts. Bank A argued that changes in regulation made for them impossible to continue offering the basic accounts free of charge and they condition households to deposit a large amount of money (10,000 pesos) to maintain their accounts open. It was decided to offer all households the possibility of switching bank accounts towards Bank B, but this generated that the 126 households that were waiting to open an account would not accept to open an account during this round of the experiment. These house-

holds did open accounts until the second wave of the experiment that took place at the end of 2014.

This episode in the RCT reveals that mistrust for banks is not only a cultural aspect, since it is also based on business practices used by banks. These business practices are clearly strategies to induce self-selection of individuals, which is known to occur under competitive and non-competitive scenarios (Nicholson & Snyder, 2014: 641), consequently its existence does not show evidence of a lack of competition. This behavior, however, does generate negative effects on the welfare of individuals. In our experiment we were able to control the damage generated by the behavior of Bank A because we attended the complaints immediately and offered our households an immediate solution. However, when the participants in our study complained before the Mexican authority that protects consumers (CONDUSEF), they were provided with a very complicated procedure, which represented large opportunity costs for them. Additional research into how to improve the procedures of CONDUSEF is beyond the scope of this research.

In terms of the RCT, it was decided that no separation of the two groups could be made in estimation because the individuals chose not to receive the bank accounts. Therefore, results from the RCT are better interpreted as being the result of the training in entrepreneurial skills, financial literacy and the provision of the smart phone, since this was provided to all 180 households.

Another obstacle faced in the RCT was the strength of signal to handle data. All households received the smartphones and the training about using them in the City of Tlaxcala, which had a good access to data signal. However, many households complained about the availability of signal in their communities. At the time of the experiment, antennas were being installed in all municipality capitals that provided access to wifi signal. Households were taught about how to use wifi signal from their smartphones, which solved the problem partially. Households revealed in focus groups that they use the smart phone looking for the signal while they are in route to other activities in larger municipalities with access to signal (Cuecuecha, 2017). While our households were taught to use wifi signals that at the moment of the RCT were being installed in some of their communities, this solution did not work for all households since some communities do not have such antennas. Moreover, this solution is nowadays not recommended

due to security concerns, unless additional security measures are taken (OSI, 2020). Consequently, in practice, communities with bad signal do not have a secure way to access financial apps.

This aspect reveals that while mobile technology has opened up, for the first time in history, the possibility of making accessible the financial system universally; it also opens very important infrastructure challenges in Mexico, in order to establish the capabilities to offer mobile services universally. This last aspect also is related to the competition in the telecommunication industry, which at time of the RCT described in the paper observed very important changes in behavior, prices and services being offered in response to changes produced by the 2014 telecommunications reform. In terms of the RCT, this obstacle is controlled by using fixed effects, whenever that was feasible.

The experiment was designed to be representative of the state of Tlaxcala following a strategy in which households were selected following a stratification of the state into 10 cells, that were obtained by splitting the municipalities of the state into two levels of poverty (high and low), three levels of population (high, medium, low) and two levels of remittance reception intensity (high, low). Later on, municipalities in the mentioned stratus were selected at random, and households within those municipalities were chosen randomly. In the case of households with migrants they are oversampled once they were found in a given municipality trying to reach a ratio of 1:3, between households with US migrants and households without US migrants for the entire sample. This was done to ensure a sufficiently large number of remittance receiver households in the treated and control groups. Consequently, the sample probability becomes municipality specific and endogenous to the migration status. In order to obtain the standard errors of our estimations we follow two approaches: first we take into account the sample design following the literature on choice-based sampling, which uses weighted estimations (Cuecuecha, 2017) or we use bootstrapped standard errors that estimate empirically the mean and variance from an unknown probability distribution using a non-parametric method known as bootstrapping (Efron, 1979).

The size of the sample is obtained based on the distribution of a discrete random variable, which in this case was the proportion of households that receive remittances in the state of Tlaxcala, which according to ENIGH was about 6% during the 2000-2010 periods.

Following a procedure described in Valdivieso-Taborga, et. al. (2011) and Cuecuecha (2017), given a sample error of 2.1%, an interval confidence of 95%, and an expected attrition of households of around 8% the total sample size for the survey carried over in the paper is 529 households.

3. IMPLEMENTATION OF THE RCT

3.1 Empirical models

For each outcome variable y_{it} , the following linear fixed effect panel data model is estimated:

$$y_{it} = \beta_1 + \delta T_{it} + \beta_2 educ_{it} + \beta_3 age_{it} + \beta_4 minors_{it} + \beta_5 adults_{it} + \beta_6 Hpop_{it} + \beta_7 Hrem_{it} + \beta_8 Hpov_{it} + \beta_9 Bank2000_{it} + \alpha_i + u_{it} \quad (1)$$

The linear fixed effect methodology is used to implement the doble difference approach and obtain the exogenous effect of the treatment (Wooldridge, 2018). The specification used in Equation (1) follows empirical models of technology adoption for panel data (Besley and Case, 1993), and empirical models for demand of financial services (Levine, 1997). The treatment relevant variable is T_{it} . The household level characteristics are the education years of the head of household, the age of the head of household, the number of minors in the household (individuals below 18 years old), and the number of adults in the household (individuals above 18 and below 65). These variables attempt to measure the household's expenditure and saving needs and therefore the household's demand for bank accounts. In preliminary work, income, expenditure or wealth indicators turned out to be highly endogenous and we decided not to use them as control variables. We introduced the following municipality level characteristics, which are dummy variables: *Hpop* measures if the municipality has thirty thousand inhabitants or more, *Hrem* measures if the household lives in a municipality with high reception of remittances because it is well known that such households have a higher probability of owning financial accounts (Ambrosius and Cuecuecha, 2016), *Hpov* measures if the household lives in a municipality with a high poverty ratio, and *Bank2000* measures the number of banks that are located within 2 kilometers of the cabecera municipal. All the municipality level variables are multiplied by the

square of the age of the head of household in order to obtain variation at the household level.

The δ parameter measures both the benefits that the adoption of the new technology represents for the household currently and in the expected future (Besley and Case, 1993). Because the treatment includes the introduction of training on entrepreneurial skills and financial literacy it is also the case that the parameter includes the benefits that come from those new knowledges acquired.

To better model the different non-linearities that exist for the measures of financial inclusion and other household outcomes studied, appropriate non-linear models were obtained for each outcome.

The probability of having a bank account (*Bank*) is modelled as:

$$P(Bank_{it} = 1 | X) = \varphi (\beta_1 + \delta T_{it} + \beta_2 educ_{it} + \beta_3 age_{it} + \beta_4 minors_{it} + \beta_5 adults_{it} + \beta_6 Hpop_{it} + \beta_7 Hrem_{it} + \beta_8 Hpov_{it} + \beta_9 Bank2000_{it}) \quad (2)$$

In the case of the dimension of depth, the dependent variable is the household's credit balance with banks in pesos (C_i). Since this variable takes zero values for households that have a zero balance or do not have an account with banks, the appropriate model to apply is a type I Tobit model (Amemiya, 1985) applied to panel data, as follows:

$$C_i = \begin{cases} C_i^* & \text{if } C_i > 0 \\ 0 & \text{if } C_i \leq 0 \end{cases} \quad (3)$$

and the equation for C_i^* is given by:

$$C_{it}^* = \beta_1 + \delta T_{it} + \beta_2 educ_{it} + \beta_3 age_{it} + \beta_4 minors_{it} + \beta_5 adults_{it} + \beta_6 Hpop_{it} + \beta_7 Hrem_{it} + \beta_8 Hpov_{it} + \beta_9 Bank2000_{it} \quad (4)$$

As it is clear, the variables chosen for the dimension of depth are similar to those used for the dimension of usage.

In the case of the dimension of stability, the dependent variable is measured by an index of stability (S_i) based on two questions of the survey: (1) whether the household made payments for outstanding credits, and (2) whether the household has a credit with a bank. The variable takes the value of 1 if the household answered yes to have a credit balance with a bank and reported payments not made; it takes

the value of zero if the household reported having no credit balances; while it takes the value of 2 if the household reports having made a payment and having a credit balance with a bank. While this measure is not perfect of whether or not the household is late on its payments, it imperfectly measures such state of nature. The model is then estimated using an ordered Probit panel model where S_{it}^* assumed to follow the next ordering:

$$S_{it} = \begin{cases} 2 & \text{if } S_{it}^* > \mu_1 \\ 1 & \text{if } \mu_0 < S_{it}^* \leq \mu_1 \\ 0 & \text{if } S_{it}^* \leq \mu_0 \end{cases} \quad (5)$$

and the equation for S_{it}^* is assumed to be given by a similar equation to (4).

In the case of the dimension of quality, the dependent variable is measured by an index of account complexity (Q_i) that takes the value of zero if the household has no bank account, it takes the value of 1 if it has only a debit account, it takes the value of 2 if the household has a savings account, and it takes the value of 3 if the account provides access to any type of credit. It is not a perfect measure of quality since that concept depends on the customer satisfaction or perception about the service just provided to her. The model is then estimated using an ordered Probit panel model where Q_{it} assumed to follow the next ordering:

$$Q_{it} = \begin{cases} 3 & \text{if } Q_{it}^* > \mu_2 \\ 2 & \text{if } \mu_1 < Q_{it}^* \leq \mu_2 \\ 1 & \text{if } \mu_0 < Q_{it}^* \leq \mu_1 \\ 0 & \text{if } Q_{it}^* \leq \mu_0 \end{cases} \quad (6)$$

The equation for Q_{it}^* is also a similar to equation (4).

In the case of the equations estimated for household income and household expenditures a Tobit model is implemented, since certain households did not declare expenditure or income. The model implemented in both cases is similar to the one presented in equations (2) and (3).

In the case of household wealth, a linear fixed effects panel data model is implemented for a normalized log linear index of wealth. The index of wealth (wealth) is based on a set of variables measured in the survey which are: the construction materials of the house in which the

household lives, the services that the house has, the total number of rooms, the ownership status, and the total number of land and housing assets that the household reports to have.¹ The index is normalized as a proportion of the maximum value observed in level, so that the index varies between -1 and 1. Then, a logarithmic transformation is performed adding 1 to the normalized wealth index. The fixed effect linear model estimated is similar to equation (1) shown before.

In the case of microbusiness activities (*MB*) a probit panel data model is implemented for the probability of owning a micro-business. The estimated equation is similar to that described in Equation (2).

Finally, all estimations were carried out for the sample of remittance receiving households and households with no remittances, and estimations were compared between the two populations.

3.2 Data

All data comes from the 2011 and 2014 waves of the Financial Inclusion and Level of Income and Expenditure of Households of the State of Tlaxcala (ESIFIGHT, by its acronym in Spanish). Table 3 shows mean values for the four measures of financial inclusion that are being studied in this paper.

In 2011, 31% of households had access to some type of bank account, while for 2014 such proportion had risen to 39%. In 2011, the average account balance was 1845 pesos (97 dollars at 2017 exchange rate) and increased to 1880 pesos in 2014 (98 dollars at 2017 exchange rate). The index of stability was -.06 in 2011, and it increased to -.04 points in 2014. The index of quality (complexity) of account went from .39 in 2011 to .49 in 2014. These numbers show an increase in all measures of financial inclusion, including a reduction in the risk of non-payment of credits.

¹ The wealth index was constructed using principal components analysis, the three first components are used in order to achieve an explained variance of 68%, and an orthogonal rotation is used. Results for this analysis are available upon request.

TABLE 3
MEAN VALUES FOR DEPENDENT VARIABLES AND HOUSEHOLD LEVEL CONTROL VARIABLES

	2011				2014			
	All	Control (a)	Treated (b)	Diff (a) (b)	All	Control (a)	Treated (b)	Diff (a) (b)
Bank account	0.31	0.41	0.12	Yes***	0.39	0.41	0.34	No
	(0.46)	(0.49)	(0.32)		(0.49)	(0.49)	(0.48)	
Account balance	1845	2739	111	No	1880	2690	309	No
	(18414)	(22620)	(933)		(18419)	(22625)	(1327)	
Stability index	-0.06	-0.08	-0.01	No	-0.04	-0.05	-0.02	No
	(0.39)	(0.40)	(0.35)		(0.33)	(0.37)	(0.26)	
Quality index	0.39	0.50	0.16	Yes**	0.49	0.50	0.45	No
	(0.66)	(0.71)	(0.46)		(0.71)	(0.71)	(0.71)	
Monthly Expenditure	4138.94	4562	3318	Yes***	4329.83	4663	3684	Yes***
	(2032.78)	(2081)	(1656)		(2507)	(2218)	(2889)	
Monthly Income	4701.51	5073	3981	Yes**	5133.08	5337	4738	No
	(2350.83)	(2378)	(2124)		(4152)	(2635)	(6092)	
Wealth index	-1.03	-0.55	-1.96	Yes***	1.03	1.27	0.57	Yes***
	(1.99)	(1.85)	(1.93)		(1.68)	(1.66)	(1.60)	
School years head of household	10.00	10.36	9.29	Yes***	10.00	10.37	9.29	Yes***
	(3.60)	(3.80)	(3.05)		(3.6)	(3.8)	(3.05)	
Age head of household	36.80	36.71	36.97	No	38.70	38.73	38.63	No
	(14.30)	(14.16)	(14.60)		(14.7)	(14.1)	(15.91)	
Minors	0.91	0.85	1.03	No	0.91	0.85	1.04	Yes**
	(1.00)	(0.99)	(1.02)		(1.01)	(0.99)	(1.03)	
Adult	1.41	1.46	1.32	Yes***	1.41	1.46	1.31	Yes***
	(1.22)	(1.25)	(1.16)		(1.22)	(1.25)	(1.16)	
Households with remittances	0.17	0.13	0.26	No	0.17	0.13	0.27	No
	(0.37)	(0.33)	(0.44)		(0.38)	(0.33)	(0.44)	
N	529	349	180		529	349	180	

Source: ESIFIGHT, 2011 & 2014.

Table 3 also shows these numbers for the group of treated households. The Table shows that treated households had less likelihood of having

a bank account in 2011, since only 12% of such households had a bank account. By 2014, the treated group reduces the gap with the rest of the population since 34% of the treated households had opened accounts by that year. The difference with respect to the control group is statistically significant in 2011, but it becomes insignificant in 2014.

In the case of account balances, treated households show an average balance of 111 pesos in 2011 (approximately 8 dollars) and an average balance of 309 pesos in 2014 (approximately 17 dollars). The difference in account balance between the treated and nontreated households is not statistically significant in either year.

In the case of the index of stability, treated households show an average index of stability of -.01 in 2011, and an average of -.02 in 2014. The differences with respect to the nontreated households is not statistically significant.

In the case of the index of quality, treated households show an average of .16 in 2011, and an index of .45 in 2014. The difference with respect to the control group in 2011 is statistically significant but is not significant in 2014.

All of these differences are presented only as illustrative comparisons since the paper will later show a formal test for their significance.

Table 3 also shows the mean values for the household level characteristics. The monthly expenditures for the average household in 2011 are 4138 pesos (approximately 217 dollars), while for the treated households is 3318 pesos (approximately 186 dollars), this difference is statistically significant at the 1% level. In 2014, the monthly expenditures for the entire sample are 4329 pesos (approximately 227 dollars) while for the treated households it is 3684 pesos (approximately 192 dollars), a difference that is also significant at the 1% level.

The monthly income for the entire sample was 4700 pesos in 2011 and 5133 pesos in 2014. For treated households it was 3986 pesos in 2011 and it was 4738 pesos in 2014. The difference in income in 2011 is statistically significant, while the difference in income in 2014 is not.

The Wealth index for the entire population is -1.03 in 2011 and rises to 1.03 in 2014. In the case of treated households, the wealth index is -1.96 in 2011 and it rises to .57 in 2014. The differences between treated households and nontreated households is statistically significant at the 1% level.

In the case of the schooling years of the head of household the Table shows that the average household is more educated than the average head of household from the treated households. Such differences are statistically significant at the 1% level.

The age of the head of household is on average 36 years in 2011 and 38 years in 2014. This variable is found to be statistically identical between treated and nontreated households.

The number of minors is .91 in 2011 and .91 in 2014. Among treated households, the number of minors is 1.03 in 2011 and 1.04 in 2014. The difference with respect to treated households is not statistically significant in 2011 and it is significant in 2014.

In the case of adults, Table 3 reveals that there are 1.41 in 2011 and 2014. Among treated households, the number of adults is 1.32 in 2011 and 1.31 in 2014. Differences are statistically significant.

It is shown that while the reception of remittances is more prevalent in the treated households, the difference with respect to the nontreated households in this variable is not statistically significant. It is important to mention that the average reception of remittances shown in the sample is 17%, which is above the average number of households that in Tlaxcala receive remittances. This was purposely induced in the sample since the study over represents households that receive remittances. The consequence of this overrepresentation requires the use of special weights as suggested by Manski and Lerman (1977).

TABLE 4
MEAN VALUES FOR MUNICIPALITY LEVEL CONTROL VARIABLES

Source	Variable	All households	Treated households	Difference
1	Number of Banks within 2 kilometres of cabecera municipal	3.8187 [4.0092]	3.7324 [3.6073]	No
2	Proportion of municipalities with high intensity of remittance reception	13% [0.3371]	16% [0.3749]	Yes**
3	Proportion of municipalities with more than 30 thousand people	69% [0.4589]	48% [0.5029]	Yes***
3	Proportion of municipalities with high poverty	65% [0.4755]	66% [0.4742]	No
N		529	84	

Significant at 5%. *Significant at 1%.

Sources: 1. Cuecuecha and Montalvo (2014); 2. CONAPO (2013); 3. CONAPO (2016)

In the case of the information at the municipality level they are obtained from different sources: All information in the study will be presented at 2014 constant pesos. Information about bank branches comes from the Census of Access points to the financial industry in Tlaxcala (Cuecuecha and Montalvo, 2014). Information about migration intensity and poverty at the municipality level comes from CONAPO (2013; 2016). Information about Population at the municipality level comes from INEGI (2010).

Table 4 shows the mean values for these additional control variables. The number of branches per ten thousand people within 2 kilometres of the cabecera municipal is 3.8 in the entire sample. There are no statistically significant differences with the municipalities where treated households live. The percentage of households that live in municipalities with high reception of remittances is 13% in the entire sample, while 16% of households that participated in the RCT live in municipalities with a high reception of remittances. The difference is statistically significant at the 5% level. 69% of the sample lives in municipalities with more than 30 thousand people, while 48% of households that participated in the RCT live in similar municipalities. The difference is statistically significant at the 1% level. The percentage of households that live in municipalities with high poverty is 65% in the entire sample and there are no differences with the treated households.

3.3. RESULTS

3.3.1. Financial Inclusion: Linear models

Table 5 shows the results for the estimations done for all financial inclusion indicators using the linear fixed effect specification. This specification eliminates all unobserved heterogeneity that is fixed over time and applying the difference between treated and non-treated households obtains the double difference ATT estimator (Wooldridge, 2018). It identifies only the sign of the treatment, since it does not model the non-linearity of the specification. This non-linear nature is explored in our next subsection.

The first column of Table 5 shows the estimation for the linear probability of having a bank account. The treatment increased the linear probability of having a bank account in .23 points. The effect is significant at the 1% level. The second column of Table 5 shows that the log of

the credit balance increased .55 points and the effect is significant at the five percent level. The third column of Table 5 shows that the treatment reduced in .08 points the stability index, an effect that is significant at the 10% level. The fourth column of Table 5 shows that the treatment increased the quality index in .29 points, and that the change is significant at the 1% level.

These results, however, must be taken with caution since they may be subject to specification bias, given the non-linearities found in all the dependent variables.

TABLE 5
FIXED EFFECTS ESTIMATION FOR LINEAR SPECIFICATIONS

Outcome	Bank account	Credit Balance	Stability index	Quality index
Treatment	0.23***	0.55**	-0.08*	0.34***
(s.e.)	(0.03)	(0.17)	(0.04)	(0.04)
Household controls	Yes	Yes	Yes	Yes
Municipality controls	Yes	Yes	Yes	Yes
Weighted estimation	Yes	Yes	Yes	Yes
N	1058	1058	1058	1058
R ²	1%	4%	2%	17%

*Significant at 10%; ** Significant at 5%; ***Significant at 1%.

Source: ESIFIGHT (2011, 2014). Own calculations.

3.3.2 Financial Inclusion: Non-Linear specifications

Table 6 presents the marginal effects for Random effects estimations done for each of the financial inclusion outcomes. Column 1 in Table 6 shows that the treatment increased 12.7% the probability of having a bank account, the effect is significant at the five percent level of significance. One additional year of education of the head of household increases 3.8% the probability of having a bank account. The above results imply that the effect found for the treatment is relatively large compared to the effect of other exogenous variables.

Column 2 in Table 6 shows that the treatment increased 5.2% the account balance held at the bank, an effect that is significant at the 5% level of significance. One more year of education, increases 1% the account balance and it is statistically significant at the 10% level. These results also show that the treatment generates a relatively large effect on

the account balances held at the bank, the treatment increased 5% the account balance. It is important to clarify that the weighted estimation for the Account Balance generated a non-significant effect, which is different from what is found with the linear model. Because this change in significance may indicate that the estimation is losing precision probably from potential heteroskedasticity and the number of observations, we decided to use bootstrapped standard errors, that can help to ameliorate those effects. The significant estimation shown is obtained using bootstrapped standard errors.

TABLE 6
RANDOM EFFECTS ESTIMATION FOR NON LINEAR SPECIFICATIONS

Outcome	Bank account	Account Balance (log units)	Stability index	Quality
Model	Probit	Tobit	Ordered Logit (Y=2)	Ordered
Logit (Y=3)	(0.03)	(0.17)	(0.04)	(0.04)
Treatment	0.127**	0.052**	0.001	0.023
	(0.053)	(0.021)	(0.010)	(0.066)
Education	0.038***	0.008*	-0.002	0.005
	(0.012)	(0.004)	(0.002)	(0.015)
Age	0.001	0.001	-0.0004	0.0004
	(0.004)	(0.001)	(0.001)	(0.001)
Minors	-0.022	-0.007	-0.001	-0.002
	(0.042)	(0.014)	(0.004)	(0.007)
Adults	-0.030	-0.020	0.004	-0.004
	(0.040)	(0.013)	(0.004)	(0.011)
Community level controls	Yes	Yes	Yes	Yes
Weighted estimation	Yes	No	No	No
Bootstrapped se	No	Yes	Yes	Yes
N	1058	1058	1058	1058

*Significant at 10%; ** Significant at 5%; ***Significant at 1%.

Source: ESIFIGHT (2011, 2014). Own calculations.

Columns 3 and 4 in Table 6 show that the results for the stability and quality indexes are not statistically significant, which contrasts with the linear model result. These results may indicate that the number of observations is not enough to obtain a precise estimation when the

non-linear models are applied, or they can also imply that the results obtained in the linear model were biased due to the model specification. Bootstrapped standard errors were used in both cases, however, the non-significance of the estimated coefficients persisted. Consequently, we conclude that the evidence indicates that there is no effect of the treatment on the stability and quality indexes.

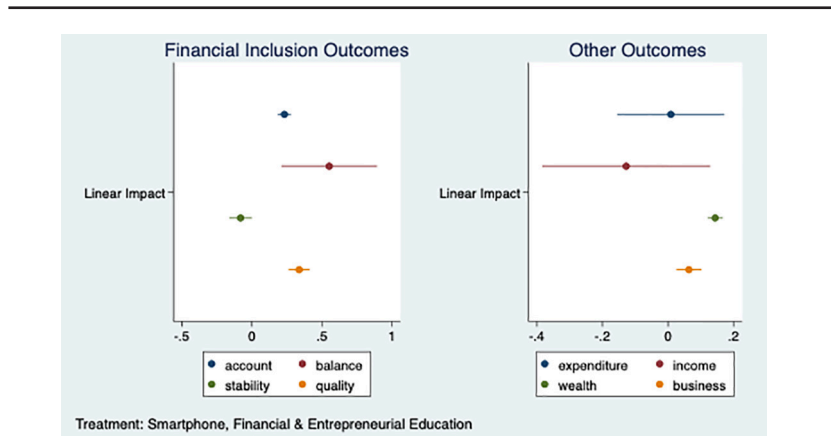
3.3.3 Results for other household outcomes

Figure 1 presents the results of the treatment for all linear models explained for financial inclusion outcomes in section 3.3.1 and the linear version of the models for expenditure, income, wealth and micro-business. As explained before, all linear effects for financial inclusion outcomes are significant and all are positive, with the exception of the effect on stability.

The effects for income and expenditure are non-significant while the effects for wealth and micro-business are positive and significant. All the estimations for linear models are only shown graphically and the tables for such results are available upon request.

Table 7 presents the estimations for different household outcomes, specifically expenditure and income per capita, the normalized wealth index in log units and the microbusiness activities. If non-linear estimations were required, they were implemented.

FIGURE 1. EFFECT OF TREATMENT
TLAXCALA 2011-2014, 95% CONFIDENCE INTERVALS



Columns 1 and 2 show that the effect of the treatment on the expenditure and income per capita is non-significant. This was found also in the linear versions of the model, and consequently no bootstrapped estimations were attempted.

Column 3 presents the results for the wealth index. The treatment generated an increase of 14% in the wealth index indicator. Considering that the wealth index measures investments that the household carries out in real assets, like renovations to their houses or the purchase of durable goods, and that no effect is found in total expenditure or income, this result indicates that households changed the composition of their expenditure, carrying out investments in real assets or durable goods. This result confirms results by other authors who have found that in less developed economies households invest in real assets or durable goods (Osili, 2004). Column 3 also shows that one more year of age increases wealth in 1% and that households with more minors have 22% more wealth.

TABLE 7
ESTIMATIONS FOR DIFFERENT HOUSEHOLD OUTCOMES, TLAXCALA, 2011-2014

Outcome	Expenditure per capita (log units)	Income per capita (log units)	Wealth Index (normalized log units)	Microbusiness activity
Model	Tobit	Tobit	Fixed Effect	Probit
Estimation	Marginal Effects	Marginal Effects	Coefficients	Marginal Effects
Treatment	-0.038 (0.047)	-0.085 (0.076)	0.144*** (0.012)	0.066*** (0.017)
Education	0.006 (0.016)	0.010 (0.020)	0.017 (0.013)	0.010*** (0.003)
Age	-0.0007 (0.004)	-0.002 (0.005)	0.009*** (0.001)	0.002** (0.001)
Minors	0.111 (0.055)	0.141 (0.066)	0.218** (0.087)	0.014* (0.008)
Adults	0.188 (0.049)	0.203 (0.058)	-0.024 (0.061)	0.001 (0.007)
Community level controls	Yes	Yes	Yes	Yes
Weighted estimation	Yes	Yes	Yes	No
Boot strapped se	No	No	No	Yes
N	1058	1058	1058	1058

*Significant at 10%; ** Significant at 5%; ***Significant at 1%.

Source: ESIFIGHT (2011, 2014). Own calculations.

Column 4 in Table 7 presents the results for microbusiness activities. The treatment increased 6.6% this activity. One more year of education increases in 1% the microbusiness activities, one more year of age increases microbusiness activities in .2% and having minors in the household increases microbusiness activities in 1.4%. These results imply that the treatment has a relatively large impact. It is important to emphasize that linear estimations of this probability also found a significant effect and that the weighted estimation did not generated significant results, consequently we look for the bootstrapped estimation which generates the results shown.

3.3.4 Robustness checks: the role of remittance reception

Table 8 presents alternative estimations for Tables 6 and 7. The estimations are performed for subsamples of households according to their remittance reception. In the case of the probability of having a bank account, the table shows that for households that receive remittance, the treatment is not statistically significant while for households that receive remittances the treatment increases 10% the probability of owning a bank account. The table also shows the 95% confidence intervals, which clearly show that the estimated treatment effect for households with remittances is smaller than the estimated treatment effect for household with no remittances, zero lies outside the 95% confidence interval.

TABLE 8
COMPARISONS OF TREATMENT EFFECTS, INTERACTIONS WITH REMITTANCE RECEPTION

	Remittances= 1		Remittances= 0	
	Treatment effect	95% confidence interval	Coefficient for treatment	95% confidence interval
Bank account	.34	[-.39, 1.04]	.10***	[.04, .15]
Account balance	.04	[-.96, 1.04]	.05**	[.001, .10]
Stability index	-.02	[-.09, .05]	.002	[-.02, .02]
Quality index	.06	[-.20, .31]	.01	[-.02, .05]
Log Income	.05	[-.08, .19]	-.11	[-.28, .11]
Log Expenditure	0.02	[-.05, .09]	-.05	[-.15, .11]
Wealth index	.12***	[.08, .16]	.14***	[.11, .16]
Micro business	.04	[-.22, .30]	.04*	[-.01, .10]

Notes: All results show similar estimations to those shown in Tables 7 and 8. *Significant at 10%; ** Significant at 5%; ***Significant at 1%.

Table 8 shows that the treatment has no effect in the account balance for households that receive remittances, while the treatment increases 5% the account balance among households that receive no remittances.

Table 8 confirms that the treatment has no effects on the stability and quality indexes for both types of households. A similar finding is obtained for income and expenditure.

Table 8 shows that the treatment increased 12% the index of wealth among households that received remittances, while it increased 14% among households that do not receive remittances. This result is interesting, revealing that the treatment affected the composition of expenditures for households.

Finally, Table 8 shows that microbusiness activities are increased 4% among households that receive no remittances, while it has no effect in that margin for households that receive remittances.

These results, however, must be taken with caution since remittance reception is endogenous and consequently, causality cannot be established. However, we certainly say that there exists an inverse relation between remittance reception and the estimated effects, namely households that receive remittances present lower effects than households that do not receive those resources. These results are consistent with the idea that households that receive remittances are able to reduce credit constraints as compared with households without remittances (Mackenzie & Rapoport, 2007).

3.3.5 Relation to literature

Ashraf, *et. al.* (2015) provided financial education and different types of bank accounts to migrant Salvadorian households in the USA. They report increases in bank account ownership and savings. No study was done about micro business activities or household income. They claim that account ownership was only increased if the household in the US had the control over the use of funds in the US. In the RCT presented in this paper, positive effects are found in bank account ownership and in account balances, as well as on wealth and micro business activity. The different results probably obey to structural differences in the countries studied, pertaining to differences in labour markets (i.e. the US labour market is more productive and therefore pays higher wages), as well as in institutions for financial markets (i.e. in the USA competition and consumer protection foster savings and consumer rights). The combi-

nation of those two structural differences probably generates the result that in Mexico whenever a household generates savings it immediately looks for investment opportunities that materialize in the form of micro-business or indicators associated to house construction. Compared to their intervention that provided accounts and financial literacy, the RCT presented in this paper provided also mobile technology and entrepreneurial training. The RCT presented here improves in two aspects the RCT performed by Ashraf, et al. (2015); first by supplying mobile technology, it provided households with a way to verify the use of their funds, as well as with all the conveniences of mobile banking over traditional banking, as well as the capabilities that mobile technology gives for households to access information in a very convenient way; second, by providing entrepreneurial skills complemented the lessons learned with the financial literacy because households can see a clear way to apply the knowledge learned in activities that directly benefit their welfare. It is clear that teaching entrepreneurship and financial literacy dominates to the strategy of only providing financial literacy. However, further research is needed to establish this fact.

Karlan and Valdivia (2011) provided entrepreneurial skills to individuals with traditional MFI's accounts in Peru. They report that households retained their accounts, but they did not increase income or profits. Our results also found no effect of the treatment on income, however, contrasts with their results because we found positive effects on wealth and microbusiness. We believe that this reveals that households prefer to start micro business, and invest in their houses, rather than saving in banks. Compared to their intervention, the RCT presented in this paper provided a new technology in banking services. It is clear that providing mobile banking technology is clearly a dominant strategy over MFI's accounts since it generates complementarities with entrepreneurial activities, which ended up increasing micro business activities and wealth in the treated households.

3.3.6 Limitations of the study

The RCT implemented in Tlaxcala faced two important challenges: the first was a change in contract terms by Bank A that held the household's accounts and the second one was the weak or lack of signal that some of our households faced in their communities. As far as the RCT is concerned, this was solved by not separating between households that

received the entire treatment and households that receive a partial part of it, which included the training and the cell phones. As far as the recommendations of policy are concerned, these two problems that were faced and solved during the RCT, reveal the need for large investments in infrastructure as well as changes needed in consumer protection regulation in order to achieve a universal coverage of mobile and banking services.

The RCT also faced two very important structural reforms that changed incentives for all households, including the control group. They are the Financial and Telecommunications reforms that took place in 2014. The first one allowed the entrance of more competitors in financial services and the second one reduced prices and increased services provided by telecommunications companies. As far as the RCT presented in this paper is concerned, the panel data methodology allows for general changes occurring at the same time of the treatment, whenever fixed effects were feasible.

CONCLUSIONS

Mexico underperforms in the levels of financial inclusion when compared to other Latin American countries (Honohan, 2004; Hernández, 2010; Cuecuecha, 2017). The reasons behind this lack of financial inclusion have been named in the literature to be both supply and demand based.

In this paper, an RCT is implemented in the State of Tlaxcala, Mexico to study how technology and training on financial education (TFE) and entrepreneurial skills (TES) relate to different dimensions of financial inclusion. Smart phones, TFE and TES were provided at no cost to 180 households.

Results show that among treated households, the probability of having a bank account increases 12% and account balances increase 5%. No effect is found in the stability or quality of the accounts held. The RCT did not generated changes in household income or household expenditure. However, the RCT increased the wealth index 14% and the microbusiness activities 6%. This shows evidence that the RCT affected the composition of expenditures of households, which led them to invest in microbusiness, and in the construction of their houses. This is evidence that households rather than save in the bank, preferred to carry out investments in real assets and small business.

The results imply that costs of accessing to financial services are important since when those costs are reduced, bank accounts increase. However, the results also show that services provided by the financial sector do not satisfy entirely the needs of the studied households, since account balances grew less than proportionally to the increase in account holding, and there is evidence that households change the composition of its expenditure investing in micro business and in real assets, rather than in savings or the use of bank credit.

The paper also presents evidence that the effects of the treatment have a negative relation with the reception of remittances. Households that receive remittances present lower effects than those found among households that do not receive remittances. This result is consistent with the idea that households that receive remittances are able to reduce credit constraints (Mackenzie and Rapoport, 2007), and consequently respond less to this type of intervention. However, the study found that the main effect of the treatment on this type of households was an increase of wealth of 12%, which shows evidence that the TFE and TES help them to change the composition of their expenditures, increasing their investments in real assets.

Further studies are required to better understand how TFE, TES and technology, if provided separately would generate similar results.

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The role of financial, human and social capital on the entrepreneurial decision of returned migrants in municipalities of the state of Mexico, Mexico

MIGUEL CRUZ VÁSQUEZ* AND RENATO SALAS ALFARO**

ABSTRACT

This paper aims to investigate the importance of the financial, human and social capital of returned migrants on the entrepreneurship decision of these returnees. For this end we use data from a survey applied to returned migrants living in urban and rural municipalities of the State of Mexico, which were analyzed using descriptive statistics and estimating a regression regression model. The results show that the main determinant of the entrepreneurship of these returnees is the investment in the construction of houses. Another important determinant is the gender of these returnees.

Keywords: Returned migrants, State of Mexico, Entrepreneurship, Financial capital, human and social capital.

JEL classification: F22.

* Professor-researcher at Universidad Popular Autónoma del Estado de Puebla, Mexico. E-mail: miguel.cruz@upaep.mx.

** Professor-researcher at Centro de Investigación en Ciencias Sociales y Humanidades de la Universidad Autónoma del Estado de México, Mexico. E-mail: rnt@hotmail.com.

RESUMEN

El papel del capital financiero, humano y social sobre la decisión emprendedora de los migrantes retornados en municipios del estado de México, México

Este artículo tiene el objetivo de investigar la importancia del capital financiero, humano y social de los migrantes retornados sobre la decisión de emprendimiento de estos retornados. Para este fin utilizamos datos de una encuesta aplicada a migrantes retornados que viven en municipios urbanos y rurales del estado de México, México, que fueron analizados mediante estadística descriptiva y la estimación de un modelo de regresión curvilineal. Los resultados muestran que el principal determinante del emprendimiento de estos retornados es la inversión que realizan en la construcción de casas. Otro determinante importante del emprendimiento es el género de estos retornados.

Palabras claves: Migrantes retornados, Estado de México, emprendimiento, capital financiero, capital humano y social.

Clasificación JEL: F22.

INTRODUCTION

According to Izquierdo (2011), since 1970 it is increasingly common that world immigration be an installation plan and not a temporary establishment, since in many receiving countries, immigrants no longer make an effort as hard as the previous generations in saving to be able to return to their country of origin and instead try to settle permanently in the destination nation, what have had an impact on their propensity to save and to invest.

On the other hand, according to Tovar and Victoria (2013), the majority of papers that analyze the relation between entrepreneurship and return migration refer to African countries (Tunisia, Morocco, Algeria, Ghana, Cote D'Ivoire, Egypt and Mozambique), and some to European countries (Albania, Norway, Ireland and Hungary), and Latin American ones (Colombia and Mexico) and Asian ones (Pakistan and Turkey).

With regard to the determinants of the entrepreneurial decision of the returned migrants, Newland and Tanaka (2010) mention that the success of entrepreneurship depends on factors such as the economic,

cultural, political and institutional environment where they develop; in particular, that there is a strong and stable economy, an adequate stock of human and social capital, an environment of high institutional quality and easy access to financing; likewise that the cultural perception of the entrepreneurship and the government policies are very important to encourage or hinder the creation of small business.

In what corresponds to the type of entrepreneurship of the returned migrants, descriptive studies such as Black *et al.* (2003) about Ghana mention that many of the respondents were described themselves as directors or managers, or as travel agents, pharmacists, bar owners, designers, cement distributors, beauticians, teachers, owners of appliance stores, electronic technicians, magazine producers, electrical contractors and hairdressers; or Batista *et al.* (2010) that found that the type of business of who returned to Mozambique concentrated in the retail trade and agriculture and that some of them were engaged in restaurant and industry services; or McCormick and Wahba (2004) that showed that the return migration to Egypt promoted the creation of small family business, specially in urban zones.

In Mexico the relationship between return migration and entrepreneurship has been little studied even though there is the perception that returned migrants are likely to undertake productive projects or microenterprises when returning, and that for studies like Meza (2017) having been able to cross the border and face the difficulties of migration, converts returned migrants in candidates for self-employment (for the least aversion to risk), but what in many cases they require government support to establish a business and that the federal government did not have until mid-2014 a support plan so that the returned migrants can establish a business.

But nevertheless, a study by El Colegio de Mexico (2018) notes that in our country the data show that 70% of returning migrants men and women who work, they do it in a salaried way (employees, pawns or helpers with payment), as it happens with the non-migrant population. However, that study also recognizes that self-employment is more frequent among returnees than among non-migrants, although it has been observed a decline in this type of employment during the period from 2000 to 2015 (from 35% to 26%) and a relative increase in formal salaried work among returnees, since one in four of these work as formal salaried employees.

In general, according to Tovar and Victoria (2013) there is certain consensus that the possible determinants of that the returned migrants become entrepreneurs, include the accumulated capital both financial and human or social; the migratory experience (that usually includes the last one); the wage gap between the returned migrants and non-migrants; and other factors as the gender, the occupation before migrating and other.

In this paper we only deal with the role played by financial capital, human capital and social capital on the decision of returned migrants to become entrepreneurs. For this, we rely on data obtained from a survey applied to 334 returned migrants who live in 14 municipalities of the state of Mexico, Mexico and we estimate a regression model.

The paper consists of the introduction, the international and national literature review, the methodology, the results and discussion, and finally the conclusions.

1. LITERATURE REVIEW

1.1 Review of the international literature

1.1.1 The financial capital

For authors as Paulson and Townsend (2005) the entrepreneurs have severe problems to access to the credit markets making it difficult their investments in new business or in the improvement of business that already work, as these authors assert for the cases of Thailand and the United States, where two third parts of the startup investments in the small enterprises come from savings and funds from family and friends. This difficulty can be attended in a better way by the homes with migrant or returnee members, as Tovar and Victoria (2013) assure.

For other authors as Kilic *et al.* (2007), migration is a channel to reduce poverty and to promote growth through the improvement of the positions of the assets and of the productivity levels of the poor families, either through remittances or savings or accumulated human capital for migrants; this study refers that returned migrants in Albania face liquidity restrictions, so that the savings accumulated abroad and remittances permit them to spend and to invest in activities that otherwise would be impossible to do without those cash flows. These same authors point that a considerable number of studies that analyze

the impact of the return migration on the development process in the countries of origin have produced a virtual consensus about the positive relation between the return migration and the self-employment, because the migration contributes to the relaxation of the credit and assurance restrictions, encouraging the productive investment.

Among the studies that find a positive relationship between return migration and entrepreneurship are the papers of Ilahi (1999) and Dustmann and Kirchkamp (2002) which used data of returned migrants to Turkey and Pakistan respectively to find that the savings obtained abroad are a critical determinant of the activity at which the returned migrants are dedicated and that when these ones have high savings they opt for self-employment, while those who have low savings levels they opt for salaried employment and that the migrants who waiting to change their occupation to a non-farm self-employment upon his return, save more from their temporary high wage than those do not wait to change their farm employment; the papers of Nicholson (2001, 2002) and Labriandis and Hatziprokopiou (2006) which give evidence that returned migrants use their savings obtained abroad to finance microenterprises and to buy equipment that increases the productivity of existing activities; and the study of Murphy (2000) which finds that returned migrants to two counties of China are introducing a capitalist dynamics in their communities of origin, using their experiences and resources obtained in their destination cities, to improve local state enterprises, to start their own businesses and make communities of origin more conducive to business.

On the other hand, Woodruff and Zenteno (2002) enhance the importance of the remittances for the development of the urban microenterprises in their study of 6,000 micro-enterprises in Mexico; Black *et al.* (2003) point for Ghana and Cote D'Ivoire that the propensity that returned migrants have had is to consume domestically and that where the productive investment has happened, this has implied microenterprises that contribute very little to the reduction of the poverty, likewise, that migration and return can be seen as mechanisms to provide the capital for the development of small enterprises, particularly among the poorest and less qualified migrants; McCormick and Wahba (2004) found for Egypt that the savings generate a high probability that returned migrant invest in business projects, both farm and non-farm; Mesnard (2004) also model the migration as a way to overweight

the credit restrictions in the presence of capital market failures, and he shows that most of business projects started by Tunisians returned migrants were financed through their savings obtained abroad.

Likewise, Black and Castaldo (2009) point in their study about Ghana and Cote D'Ivoire that the accumulated savings, the reasons for return and the frequency of visits to home are significant factors to explain the decision to undertake a business by migrants. They found that the impact of the savings greater than 5,000 dollars obtained abroad on the decision of entrepreneurship is positive and statistically significant for these countries; Gubert and Nordman (2011) found for the Arabian Maghreb countries that remittances affect positively the probability of being entrepreneur; Tovar et al. (2018) found that have saved money abroad increases the probability of being entrepreneur for the case of Colombia; Alarcón and Ordóñez (2015) found for Ecuador that the wages obtained abroad (proxy of self-financing and savings capacity) affect positively the probability of being entrepreneur.

1.1.2 The human capital

Mc-Cormick and Wahba (2004) studied two of the determinants of the conversion of returnees into entrepreneurs for the case of Egypt, the human capital and the financial capital. Considering the characteristics of migrants before migration and their experience accumulated abroad, they found that the savings were more important than the acquisition of human capital in the probability to become entrepreneur for the returned illiterate, while the education and the savings were determinants for the entrepreneurship of the educated returnees; in terms of human capital transference, Black *et al.* (2003) note that the returned migrants to Ghana who were self-employed valued notably their job experience acquired abroad, while that very little "employed" or "not employed" reported having won labor experience while were abroad; similarly, Nicholson (2001, 2002), Labriniadis and Kazazi (2006) and Labrianidis and Hatziprokopiou (2006) show evidence that to work abroad is a learning opportunity to improve the migrants abilities, so that back home, replicate the enterprises in which they worked abroad.

Kilic *et al* (2007) point that the abilities acquired by migrants in the destination countries can be used for their productive use upon his return; Medina and Posso (2009) studied the relation between education and qualification for work levels with the decision to go back home

by Colombian and South-American migrants in the United States, and they pose the hypothesis that during the period of migration, the repatriates acquire experience and general and specific competences that can contribute to the development of the countries of origin if they are empowered and used in self-employment and entrepreneurship activities. On the other hand, it is usually assumed that the migrants can acquire knowledges and abilities abroad, which after the return they can make available to the countries of origin to enable them for the creation of small business (Tovar and Victoria, 2013); Black and Castaldo (2009) found that have completed their studies before migration impacts the decision of entrepreneurship in a positive and significant statistically way for returned migrants to Ghana and Cote D'Ivoire, while their studies done during their migratory stay didn't influence their entrepreneurship decision; although they watch that their networks, contacts and wider experiences at work may be as much or more important than the money saved and that the work experience acquired abroad is the most significant predictor of the business activity among the respondent returned migrants.

Gubert and Nordman (2011) found for some countries of the Great Arabian Magreb (Tunisia, Morocco and Algeria), that have received profesional training abroad, have better educational level, have been entrepreneur before the migration, affect positively the probability of entrepreneurship in some of these countries; Alarcón and Ordóñez (2015) found for Ecuador that the demographic characteristics that affect more on the probability of being entrepreneur in that country are the age and the university education, likewise, that have been business owner abroad affect positively the probability to be entrepreneur; Tovar et al. (2018) found that the probability that a Colombian returned migrant become entrepreneur is associated with the self-confidence that he has to start a business, the educational level and have done contacts abroad that might be partners or suppliers of their enterprises in Colombia.

1.1.3 The social capital

Some papers that choose the migratory experience as explanatory variable clarify that this include the probability that returned migrants have accumulated savings, acquired abilities and knowledges or built social networks abroad. A study about Pakistan performed by Mansuri (2007), found that return migration has a positive effect on the amount

that the households have invested in non-farm enterprises, farm assets (as tractors) and the purchase of land in the last ten years, although the estimated effect is significant only for the investment in enterprises. Other authors as Kilic *et al.* (2007) appraised the impact of the migratory experience on the probability that returned migrants become owners of non-farm business and they found a positive relation between these variables; and Batista *et al.* (2010) found in four provinces of Mozambique, that the probability to create a business increases in 54 percent when a member of the household would had returned and that the effect was greater on the entrepreneurship in the regions with greater migratory experience.

1.2 Review of the national literature

1.2.1 The financial capital

The study of Espinosa-Marquez and González-Ramírez (2016) doing an analysis of interviews applied in the town of Atencingo, located in the municipality of Chietla to the south of the state of Puebla, in the Izúcar Valley, point out that the duration of the migratory period in the country of destination greater than three years facilitated the establishment of businesses for returning migrants and the success of them, through remittances sent to relatives and for community activities, which kept returning migrants active and current in the networks of the locality.

Other authors like Papail (2002) in his study on the investment that returned migrants make at the end of their migratory cycle in the United States, also emphasize the importance of remittances to explain the entrepreneurship decision of the returned migrants since remittances are very important to potentiate productive investments, that over time they make it easier for these people to become microentrepreneurs, especially in the central-western area of Mexico; while other authors are skeptical about the theme like Canales (2008) who argues that remittances act as any other work yield, so it is not possible for them to boost growth and economic development very different from salaries and wages paid in the national territory; Yúnez, *et al.* (2000), who claim that in rural areas remittances are invested in livestock and other liquid ways of saving; and Peláez, *et al.* (2013), who point out that despite the fact that remittances tend to replace remuneration for work that house-

holds stop receiving when some of its members moving abroad, in the short term a significant part of remittances is destined to saving and that remittances neither reduce poverty nor help the social mobility, but they are mostly received for non-poor households; likewise, that receiving households do not have different spending patterns that non-recipients, that leads them out of poverty.

For its part, Barbosa and Aguirre (2011) investigate schemes from which Mexican second generation migrants¹ in the United States, could be interested in making investments in capital and knowledge in the place of origin in the framework of a transgenerational return migration, or from the return of their parents or relatives, without needing to remain definitively in them, in which second generation migrants are incorporated in investment schemes to promote the development of migrant localities.

Some more optimistic authors about the entrepreneurial spirit of returned migrants such as Barbosa and Aguirre (2011) found that migrants returned to the municipality of Santiago Tangamandapio, Michoacan, upon reintegration to their community, normally they finish their agricultural activities and are dedicated to family businesses, diversifying their local productive activities additional to agricultural work, such as trade, crafts, saddlery, weaving and embroidery of gauges, shawl, socks and cravat, as well as the processing of food; in the case of the municipality of Huandacareo, Michoacán, they found that those who returned definitively, participated in the reconfiguration of the economic elites and in business multiplication (spas, grocery stores, ironworks, fruit stores, etc.), which had an impact on the economy of the municipality, the employment generation, the change in consumption patterns and the improvement in education of the population; and in the case of the municipalities of Ameca and Tepatitlán in the state of Jalisco, Acámbaro and Silao in the state of Guanajuato and Tlaltenango and Jerez in the state of Zacatecas, they found that 77% of returnees were sending remittances during their migratory stay in the nineties to their homes, that were primarily intended for family support

¹ Second generation migrants are the individuals born and socialized in the receiving countries, who are children of parents born abroad (for the case of Mexico, they are the Mexican's children born and socialized in the United States), Rumbaut (2006).

(alimentation, clothing, rent housing, health, education, transport, etc.), the savings and the purchase of houses or land.

Other authors like Pelaez, *et al.* (2003), note the close relationship between remittances and the entrepreneurship of migrants and recognize that although the immediate use that households give to remittances is fundamentally savings, that is to say, that are income that in principle are not consumed or invested, which, however, are not reversed either in productive activities, which coincides with what Mendoza and Díaz (2008) found that “most of the families who receive remittances have a female head of household as substitute boss, which indicates that it is about of families divided by the migratory phenomenon where the availability to undertake productive activities is practically nullified by the weight of domestic tasks and the care of the children”. These authors also find that revenues per business are percentageally higher in households who do not receive remittances and that households with remittances are more likely to have business, although most of these are agricultural holdings for self-consumption and the sale of some surplus.

1.2.2 The human capital

Espinosa-Marquez and González-Ramírez (2016) point out that because of his young age the returnees of Atencingo, Puebla, who spent less than three years in the destination country, accumulated more human and social capital, what facilitated them grow quickly in jobs during their migratory experience, especially in the field of food and drink services, although upon his return, the skills acquired at the destination were not served to work in their place of origin; while the returnees who spent more than three years in the destination country claimed to have found utility to the capacities and abilities acquired during the migratory experience and that the undertakings that they carried out, made sense and were successful due to the experience acquired during the migration.

By his side, Barbosa and Aguirre (2011) point out that the migrant not only can contribute capital for local economies, but given his work experience and acquired knowledge, they have accumulated an important human capital that can lead to technology transfer and favor innovation and even the development of technology in the country, as well as new habits and discipline that can positively influence societies on their return; in the same way, Montoya, *et al.* (2011) found under a

qualitative approach that the technical and personal abilities acquired during the migratory process improve the confidence of the returned in what they do and it gives them more clarity about the technical and financial supports that they require for their productive activities.

In the same way, among the factors that explain the incidence of entrepreneurship or salaried work among returned migrants in the local labor market are the local context and the possibility of applying acquired human capital as you see right away: a) The greater the lag of the communities of origin, the lower the presence of salaried work among returnees; b) the lower the lag of the communities of origin, the greater the presence of the returnees, both men and women employed formally; c) among the returned women migrants, self-employment in municipalities with greater lag increased from 28.6% to 37.2% between 2000 and 2015; d) the labor strategies of the returnees vary according to their relation to the possibility to transfer skills, not necessarily of formal education, acquired after the migratory experience to the new labor context, what it seems that women do better than men (El Colegio de México, 2018).

The propensity to entrepreneurship of the returnees within the informal sector also manifests in studies like that of Mestries (2013), which found that returning migrants suffer to find stable and remunerative jobs, so the majority of those who manage to get work on their return (70% of the total), they do it in the informal sector and earn up to a minimum wage, and 80% of them do not have social security (Garduño, 2012).

1.2.3 The social capital

Espinosa-Marquez and González Ramírez (2016) investigated the relationship between the length of the migration period and the decision of entrepreneurship of returning migrants, finding that for those who spent less than three years in the country of destination has been easier to reintegrate in the country of origin, but it's also been easier for them to save for a new illegal crossing that investing that capital in an individual venture in Mexico; while those who passed in the country of destination more than three years faced more discrimination to reintegrate themselves into the local labor market and they referred having used their savings as economic capital to establish a business or to invest in the agricultural sector of the locality and manifested in all cases to have

obtained help for the start of these ventures on behalf of their families, whether they are parents, grandparents, older siblings, parents in law and brothers in law, besides that for them was extremely complex and difficult to keep afloat in Mexico a small or micro company so their knowledge and social networks were very important for their success as entrepreneurs.

In the same way, Barbosa and Aguirre (2013) under the theory of networks postulate that the creation and consolidation of networks of returned migrants in the country of origin can be an influential factor in the return option, as it can count on support groups to ensure a stable stay upon return, even in the option of entrepreneurship.

2. METHODOLOGY

The data used in this paper come from 334 in-depth interviews applied to migrants returned from abroad to the state of Mexico, which were located by snowball in rural and urban localities of the following municipalities: Acambay de Ruiz Castañeda, Temascalcingo, Jocotitlán, Morelos, Toluca, Coatepec Harinas, Tejupilco, Zacazonapan, Otzoloapan, Santo Tomás, Tlatlaya, Tecámac, Nopaltepec and Otumba.

The entrepreneurial return migrant was conceived as that person of legal age who was in the United States at least one year for work reasons and who has invested money obtained abroad in small businesses and animals on his return. Although the returnees surveyed do not constitute a random sample due to the nature of the study, the selection of migrants and the implementation of the guide, allow to identify among others the variables that determine the conversion of returned migrants into entrepreneurs. The fieldwork ended in January 2013, for which it was used a guide of interview, with the intention of obtaining information about the migration process, the previous economic and social conditions that they had, the objectives of the migration and how they spent the resources obtained during their migratory stay abroad.

The dependent variable used in the model of this work is the dollars spent on production assets such as small productive businesses and animals. The independent variables of the model are the following: as proxies of financial capital are used the remittances sent monthly to their families and the saving accumulated in dollars; as proxies of human capital are used the studies completed by migrants in the country

of origin, Mexico, in the levels of primary school, secondary school, high school and bachelor's degree, as well as the studies completed by migrants in the destination country, the United States; as proxies of social capital are used the antiquity of first migration and the number of trips to the United States.

2.1 *Econometric model*

We try to identify returning migrants who become entrepreneurs, which are those who have invested money obtained abroad in small businesses and animals on his return. The decision to undertake is represented in this paper by a regression model with logarithmic specification for the dependent variable and for the financial capital variables, while the human capital and social capital variables as well as gender were measured by dummy variables in which 1 is yes and 0 is no, which has the following form. Where subscript i indicates.

$$\log y_i = a + b \log B_i + c C_i + d D_i + e \text{Sex}_i + u_i$$

The variable y is the logarithm of the investment in businesses by the migrant returned measured in thousands of current dollars. a is the intercept of the model, and the explanatory variables are grouped in the blocks of financial capital, human capital and social capital, to which the variable sex was added through a dummy variable with a value of 1 for male and 0 for female.

It should be noted that in the regression model only the variables that showed the highest correlation with investment in businesses of returned migrants were included in table number 2 of correlations. The term u_i represents the model error.

(B_i) is the vector of variables of financial capital of the returned migrants, what includes: 1) investment made in houses by returned migrants, measured in thousands of current dollars and 2) the remittances sent by the returned migrants to their families settled in their community of origin, measured in thousands of current dollars.

(C_i) is the vector of variables of human capital of the returned migrants, what includes 1) studies completed in the United States by the returned migrants during their immigration stay in the United States, and 2) the national work experience of returned migrants, both

measured through dummy variables with a value of 1 for yes and 0 for no.

(D_i) is the vector of variables of social capital of the returned migrants, was included the number of trips to the United States, which was measured by a dummy variable that adopted the value of 1 for more than one trip and 0 for a single trip.

Table 1 shows the descriptive statistics of the variables previously described. In order to identify characteristics that distinguish between entrepreneurs returnees and non-entrepreneurs returnees, the sample of surveyed returnees was divided into those who made some productive investment on their return (the entrepreneurs), and those who did not make any productive investment on their return (no entrepreneurs).

TABLE 1
DESCRIPTIVE STATISTICS OF THE ENTIRE SAMPLE

	μ^a	X^b	σ^c	Min^d	Max^e	S^f	K^g	N^h	$\rho^{i1/}$
Complete sample (n=334)									
Investment in business (dls.)	4,022.45	0	10,332.76	0	100,000.00	5.21	38.71	334	1.00
Financial capital									
Monthly remittances (dls.)	659.34	600	487.12	0	4,000.00	1.55	9.74	334	0.19*
Saving (dls.)	1,801.49	0	5,311.30	0	60,000.00	6.26	56.2	334	
Human capital									
Elementary education	0.27	0	0.44	0	1	0.98	1.97	334	
Secondary education	0.38	0	0.48	0	1	0.23	1.23	334	-0.09*
High school education	0.24	0	0.43	0	1	1.18	2.39	334	
Bachelor's degree	0.08	0	0.26	0	1	3.15	2.39	334	
Studies in the United States	0.29	0	0.45	0	1	0.9	1.82	334	
Social capital									
Antiquity of first migration (years)	20.14	19	8.11	6	53	1.2	0.17*	334	0.17*
Number of trips to the United States	0.52	1	0.5	0	1	-0.095	0.13*	334	0.14*

a = arithmetic mean; b = median; c = standard deviation; d = minimum; e = maximum; f = bias; g = Kurtosis; h = number of observations; i = correlation coefficient between the investment in business and each of the remaining variables. 1/All of the correlation coefficients ρ^* have significant values at 95% and are marked with asterisk.

Correlations that are not statistically significant appear empty.

Source: own elaboration on based on data taken from the Table 1 of the paper of Cruz, Salas and Pico (2018).

TABLE 2
DESCRIPTIVE STATISTICS OF THE SUB-SAMPLES OF ENTREPRENEURS AND NON-ENTREPRENEURS

Group A: Entrepreneurs (n= 130)	μ^a	χ^b	σ^c	Min^d	Max^e	Sf	K^g	N^h	ρ^i
Investment in business (dls.)	10334.62	5,000.00	14,486.74	300	10,000.00	3.53	18.6	130	1.00
Financial capital									
Monthly remittances (dls.)	712.84	700	436.77	0	2,000.00	0.66	3.53	130	0.30*
Saving (dls.)	1,142.30	0	3,027.16	0	20,000.00	3.42	16.51	130	
Human capital									
Elementary education	0.26	0	0.44	0	1	1.08	2.17	130	
Secondary education	0.34	0	0.47	0	1	0.64	1.41	130	
High school education	0.33*	0	0.47	0	1	0.71	1.51	130	
Bachelor's degree	0.03*	0	0.19	0	1	4.8	24.04	130	
Studies in the United States	0.35	0	0.48	0	1	0.61	1.37	130	
Social capital									
Antiquity of first migration (years)	21.13	19	8.31	8	52	1.16	4.7	130	0.22*
Number of trips to the United States	0.63*	1	0.48	0	1	-0.57	1.33	130	
Group B: No entrepreneurs (n= 204)									
Investment in business (dls.)	0	0	0	0	0	-	-	204	-
Financial capital									
Monthly remittances (dls.)	625.24	600	514.79	0	4,000.00	1.95	12.03	204	-
Saving (dls.)	2,221.56	0	6,324.29	0	60,000.00	5.69	43.95	204	-
Human capital									
Elementary education	0.28	0	0.45	0	1	0.92	1.86	204	-
Secondary education	0.4	0	0.49	0	1	0.37	1.14	204	-
High school education	0.19	0	0.39	0	1	1.53	3.34	204	-
Bachelor's degree	0.1	0	0.3	0	1	2.63	7.82	204	-
Studies in the United States	0.25	0	0.43	0	1	1.12	2.26	204	-
Social capital									
Antiquity of first migration (years)	19.51	18	7.94	6	53	1.23	4.61	204	-
Number of trips to the United States	0.45	0	0.49	0	1	0.19	1.03	204	-

a = arithmetic mean; b = median; c = standard deviation; d = minium; e = maximun; f = bias; g = Kurtosis; h = number of observations; i = correction coefficient between the investment in business and each of the remaining variables. 1/All of the correlation coefficients p* have significan values at 95% and are marked with asterisk.

Correlations that are not stadistically significant appearemtly.

Source: own elaboration on based on data taken from the Table 1 of the paper of Cruz, Salas and Pico (2018).

3. Results and discussion

3.1 Descriptive statistics

Regarding the correlation between the entrepreneurship of returned migrants and the variables of financial, human and social capital for the entire sample, as we see in the last column of Table 1, we find positives and statistically significant correlations only between investment in business and monthly remittances, secondary education, antiquity of first migration, and the number of trips to the United States, while the correlations between investment in business and the rest of variables in our analysis are not significant.

The above implies that only some variables of financial, human and social capital are clearly linearly related to investment in business, so that it is not possible to conclusively identify the factors of financial,

human and social capital that are mostly related to investment in small businesses by returned migrants.

On the other hand, in Table 3 a mean difference test was performed for the model variables between the values of the variables of financial, human and social capital of entrepreneurs and the values of the variables of financial, human and social capital of non-entrepreneurs, finding no statistically significant difference between the two data groups for the majority of the variables: remittances, saving, education levels of primary school and secondary school, studies completed in the United States, number of trips to the United States, and years of antiquity from first migration. In contrast, for the variables levels of high school and undergraduate education and the number of the trips to the United States, a statistically significant difference was found, so it can be affirmed that differences between entrepreneurs and non-entrepreneurs are only found in some levels of education and the number of trips to the United States.⁴

These last results imply that is not possible to conclusively identify the factors of financial, human and social capital that differentiate entrepreneurs from non-entrepreneurs, so that the estimation of a regression is necessary

To build the regression model, first obtained the correlations between the variables included in the analysis, whose results are presented in Table 3. As we see in this table, the values of the correlations between the independent variables of the regression model are relatively low and the high correlations are rather scarce, such as, primary studies with secondary studies with a value of 0.4897, that of secondary with high school with a value of 0.4402, that of seniority of the first migration and the number of trips to the United States with a value of 0.4605 and that of primary education with preparatory education with a value of 0.3469.

To test the difference in means of the financial, human and social capital between entrepreneurs and non-entrepreneurs, indicated in the first column of Table 1, a hypothesis test was carried out in which the null hypothesis indicated that there was no difference in means and the alternative hypothesis that stated otherwise. For this, the t test for comparison of means was used, resulting in p-value values of 0.0968, 0.0374, 0.5811, 0.2641, 0.0163, 0.0185, 0.1224, 0.0788 and 0.0004 for the variables remittances, savings, primary, secondary, preparatory, Bachelor's degree, studies in the United States, length of first migration and number of trips to the United States.

TABLE 3
CORRELATIONS BETWEEN VARIABLES

	Inbusiness	remit	savings	primary	secondary	high school	bachelor	studiese	antiquity1m	numtrips	sex	invest houses	work experience
Inbusiness	1.0000												
remit	0.1911**	1.0000											
savings	-0.0547	0.1921**	1.0000										
primary	0.0082	-0.0023	-0.0613	1.0000									
secondary	-0.0981*	-0.0022	0.0341	-0.4897**	1.0000								
highschool	0.0499	0.0507	0.0074	-0.3469**	-0.4402**	1.0000							
bachelor	-0.0602	-0.094*	0.0355	-0.1805**	-0.2290**	-0.1622**	1.0000						
studiese	0.0703	-0.1017*	0.0057	-0.1533**	0.0437	0.0647	0.1105**	1.0000					
antiquity1m	0.1733**	-0.1042*	0.0860	0.1813**	-0.0275	-0.1392**	-0.0633	0.0842	1.0000				
numtrips	0.1389**	0.0014	0.0190	0.1564	0.0362	-0.1254**	-0.0993	0.2710**	0.4605**	1.0000			
sex	0.1131**	0.1437*	0.0212	-0.0694	0.0857	-0.0421	0.0216	0.0119	0.1062*	0.1080**	1.0000		
investhouses	0.4865	0.2277	-0.0133	0.1627	-0.1824	-0.0727	-0.0620	0.2069	0.1339	0.1696	0.0521	1.0000	
work experience	0.0821	0.0745	0.0830	0.089	0.0786	-0.2006	0.0476	-0.0248	-0.0356	-0.0437	0.1207	-0.0844	1.0000

Note: The asterisks indicate that the coefficients are significant at 10% (*), 5% (**) and 1% (***). In all cases, the sample size, N, is 334.

Source: own elaboration based on the survey.

3.2 Results of the regression model and discussion.

The results of the estimation of the regression model are presented in the Table 4.

TABLE 4
CORRELATIONS BETWEEN VARIABLES

Regression for the log of investment in business					
	Variable	Coefficient	Robust standard error	T stat	Probabilidad
Financial capital	In Investment in houses	0.6299***	0.1302	4.83	0.000
	In Remittances	0.0861	0.2261	0.38	0.704
	Studies in USA	-0.1392	0.2001	-0.70	0.489
Human capital	National work experience	0.2474	0.2621	0.94	0.348
Social capital	Number of trips to USA	-0.1003	0.1987	-0.5	0.615
Other	Sex	0.5531***	0.2155	2.57	0.012
Statistics for Model					
Adjusted R squared		0.3380			
N		89			
F(6,8 82)		7.77			
Prob>F		0.0000			

Note: The asterisks indicate that the coefficients are significant at 10% (*), 5% (**) and 1% (***). The coefficients presented are standardized..

Source: Own elaboration based on data obtained from the survey

The goodness of fit measurement of the regression model, adjusted R^2 , indicates that the independent variables of the model together, are able to explain much of the entrepreneurial decision of returned migrants. The R^2 adjusted, obtained in the model, of 0.33, indicates that the variables included in the model as a whole explain 33 percent of the variations in the variable that represents the amount of investment in business by returned migrants. This value is similar to the goodness of fit obtained in other similar studies for Latin America like the one of Alarcón and Ordóñez (2015) that obtained a value of 0.54 for migrants from Ecuador to Spain, and the one of Cruz *et al.* (2018) that obtained 0.23 for migrants from the state of Mexico to the United States. In the same way, it is similar to the value obtained in studies carried out for other regions of the world, such as that of Gubert and Nordman (2011), which obtained 0.29, 0.30 and 0.35 for migrants from Algeria, Morocco and Tunisia to Europe, and that of Black and Castaldo (2009) who obtained 0.28 and 0.58 for migrants from Ghana and Cote d'Ivoire to Europe.

Regarding the impact of financial capital on entrepreneurship, we find a positive and statistically significant impact of investment in houses on investment in businesses, with a coefficient of 0.62, indicating an elasticity of 0.62, which is an increase of 0.62% in investment in businesses for every 1% increase in home investment. This result is similar to those found for other cultures, such as those of Kilic *et al* (2007) for migrants from Albania, Ilahi (1999) for migrants from Pakistan, Dustman and Kirchkamp (2002) for migrants from Turkey, Nicholson (2001, 2002) for migrants from Albania, McCormick and Wahba (2004) for migrants from Egypt, and Mesnard (2004) for migrants from Tunisia, although these measure the impact of savings and not precisely that of investment in houses.

On the other hand, the value of the coefficient found for the impact of gender on investment in business, of 0.55, implies that men are 55% more likely than women to start businesses, keeping the other factors constant, a result that contrasts with the one obtained in the similar work by Alarcón and Ordóñez (2015) that did not find the impact of gender for migrants from Ecuador to Spain. But instead, it is similar to the results obtained for migrants from North Africa to Europe, such as those of Gubert and Nordman (2011) for Morocco and Tunisia, in which the probability of entrepreneurship is 25% and 34% lower in

women respectively, and those of McCormick and Wahba (2004) who find for Egypt a 16% higher probability of entrepreneurship in men.

Regarding the impact of the human capital variables on entrepreneurship, we did not find statistically significant impact of education and work experience on the entrepreneurship of returned migrants, a result that does not agree with those found in the work of Alarcón and Ordóñez (2015), and Tovar et al (2018), who do find a positive impact of education on entrepreneurship for migrants from Ecuador to Spain and from Colombia to the United States, respectively. Likewise, it contrasts with the results of the works by McCormick and Wahba (2004) for migrants from Egypt, Black and Castaldo (2009) for migrants from Ghana and Cote d'Ivoire, and Gubert and Nordman (2011) for Morocco and Tunisia, which find positive impact of education on entrepreneurship of returnees from Europe.

Regarding the variable that represents social capital, which is the number of trips to the United States, this also does not present a statistically significant impact on investment in businesses by returned migrants in our research, a result that contrasts with that found in Cruz and Salas (2018) for Mexico, in which the number of trips to the United States has a positive impact on the entrepreneurship of returned migrants.

CONCLUSIONS

In the literature we find that financial, human and social capital are important factors to explain the entrepreneurship decision for returned migrants, in particular that have a positive impact on the entrepreneurial decision of the returnees.

In the case of the fourteen urban and rural municipalities of the State of Mexico included in our sample, we find that one of the main factors that explain the business investment of the returnees is the investment made by the returnees in the construction and remodeling of houses, which allows them to have the necessary resources to invest in businesses. Likewise, we find that remittances do not have a significant impact on entrepreneurship, perhaps because they are used more for consumption. The explanation for the above is perhaps that in Mexico, as in all countries that send migrants abroad, returned migrants need financial capital to start a business, and emigration allows them to accu-

multate savings, which in the case of our country, is mainly intended for the construction and remodeling of houses.

Also, we find that the variables used as proxies of human capital, primary education, secondary education and Bachelor's degree as well as the education received in the United States and the work experience in Mexico, they have no significant impact on investment in business, which contrasts with the findings of the literature about the positive impact of education on entrepreneurship. This may be due to the fact that Mexican migrants in the United States, mainly those who come from rural communities, have a low educational level, so that when they return, education is not a factor that helps them make entrepreneurial decisions and neither does they are going to be trained in the country of destination to train as entrepreneurs; what it happens with migrants from some countries on the African continent, who have among their motivations to migrate to train as entrepreneurs in Europe and return to start their own business in Africa. On the other hand, it is necessary to recognize that in Mexico the culture of entrepreneurship is scarce, so that investment in businesses by returned migrants is more of a self-employment alternative than a business one, since returned migrants with a higher educational level prefer to seek a salaried employment than one of entrepreneurship.

Likewise, the prevalence of belonging to the male gender on the entrepreneurial decision of returned migrants in our country stands out, similar to what happened in some countries in North Africa and the Middle East; although we must recognize a significant difference, because while in Mexico this may be due to the fact that in Mexico the majority of returned migrants are men, in North Africa and the Middle East, it may be religious and cultural reasons that limit women's entrepreneurial decisions.

Regarding the social capital variables considered in this study, such as the number of trips to the United States, no significant effect was found on the entrepreneurial decision, perhaps because the type of variables included in our work do not agree with the social networks that the returnees keep in their communities of origin, which allow them to establish businesses.

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Implications of the Theory of Planned Behavior in the returned migrant's entrepreneurial intention

ERIK TAPIA MEJÍA*, BEATRIZ PICO GONZÁLEZ**
AND IRIS ESCARLET BETANZOS MEDINA***

ABSTRACT

The objective of this research was to analyze the application of the Theory of Planned Behavior (TPB) in the Entrepreneurial Intention of the returned migrant applying a Systematic Literature Review. The results identified a lack of research focused on the application of the TPB for knowledge of the entrepreneurial intention in the returnee migrant. Finally, no empirical evidence was found related to the application of TPB and Entrepreneurial Intention in returning migrants, so it is recommended that future research be carried out applying TPB in returning migrants, considering that this segment of people reveals highly entrepreneurial characteristics.

Keywords: International Migration, Entrepreneurship, New Firms.

JEL Classification: F22, L26, M13.

* Instituto de Educación Digital del Estado de Puebla (IEDEP), México. Correo electrónico: erik.tapia.mejia@iedep.edu.mx.

** Universidad Popular Autónoma del Estado de Puebla (UPAEP), México. Correo electrónico: beatriz.pico@upaep.mx.

*** Universidad Popular Autónoma del Estado de Puebla (UPAEP), México. Correo electrónico: irisescarlet.betanzos@upaep.edu.mx.

RESUMEN

Implicaciones de la teoría del comportamiento planificado en la intención empresarial del migrante retornado

El objetivo de esta investigación fue analizar la aplicación de la Teoría del Comportamiento Planificado (TCP) en la Intención Emprendedora del migrante retornado aplicando una Revisión Sistemática de la Literatura. Los resultados identificaron una falta de investigación centrada en la aplicación de la TCP para el conocimiento de la intención empresarial en el migrante retornado. Finalmente, no se encontró evidencia empírica relacionada con la aplicación del TCP y la intención empresarial en los migrantes retornados, por lo que se recomienda que en el futuro se realicen investigaciones que apliquen el TCP en los migrantes retornados, considerando que este segmento de personas revela características altamente emprendedoras.

Palabras Claves: Migración internacional, Emprendimiento, Creación de nuevas empresas.

Clasificación JEL: F22, L26, M13.

INTRODUCTION

Over the last hundred years, Mexico has gained the number-two ranking, after India, of migrants in the world. In this regard, around thirteen million Mexicans live outside of Mexico with most living in the United States. If in addition to this figure we include second and third-generation Mexicans, the population of people of Mexican Origin in the U.S. rises to 37.5 million (CONAPO & BBVA, 2018). This immigration phenomenon highlights the effect of the voluntary or involuntary return of Mexicans with foreign-born children that has been escalating since the 2008 and 2009 financial crisis, generating 1.4 million returned and 2.2 million deported between 2009 and 2016. This opens up the likely possibility that this returned-immigrant phenomenon continues increasing. The above presents a challenge for Mexico inasmuch as it has a limited tradition in terms of welcoming back migrants (CONAPO & BBVA, 2015, 2018).

The increasing number of returned Mexican migrants that return to their place of origin causes that immigration ceases to act as alternative labor in the context of Mexico (García and Del Valle, 2016). In

this respect, immigrants who returned or who were deported from the United States can likely be included in this statistic of the Mexican unemployment rate, which corresponds to 3.3% equivalent to 1.0 million people (INEGI, 2018). This same phenomenon of an increase in the labor market was observed in the recent economic depression in Greece, which particularly affected the population of Albanian immigrants, stimulating a migratory return that increased the Albanian workforce by 5% in less than four years (Hausmann & Nedelkoska, 2018).

Parallel to the problems of unemployment and returned migrants, entrepreneurship emerges as an alternative that is considered a development strategy (Tapia, 2018). This is due to the fact that entrepreneurship is the ability to identify an opportunity and the ability to identify, accumulate and control resources (Varela, 2010) that can materialize in self-employment or in the generation of a company. Therefore, entrepreneurship is an action, activity or behavior to carry out an individual or group initiative of an economic, social or political nature inside or outside an organization assuming economic and social risks. With this in mind, entrepreneurship attracts the interest of diverse researchers and leaders from developed and developing countries (Da Cruz, 2018, Cataño and Morales, 2015) with the purpose of generating strategies that can encourage entrepreneurial intention that materializes in self-employment or that generates new business units, thus contributing to the solution of unemployment problems generated in recent years.

In this context, entrepreneurship acquires an importance that triggers diverse research focused on analyzing how migrants who return to different nations with a high migratory tradition generate or could develop a productive project in their place of origin after their migratory experience. On the Asian continent, Peng and Du, (2018) analyze the relationships between social capital, the acquisition of resources and entrepreneurial performance of returned, farmer migrants in China, identifying a significant positive effect on a farmer's entrepreneurial performance by social capital, the strength of the links having the greatest effect. In the case of Europa Gittins, Lang, & Sass (2015) analyze how the social capital acquired in the destination country as well as the establishment and companies in the place of origin of migrants returning to Central and Eastern Europe influence the spirit of business, organizational human capital, and the internationalization of Small and

Medium Enterprises (SMEs), providing a basis for a more in-depth empirical research on the transformative effect of migrant entrepreneurs who return to their place of origin.

On the African continent Batista, Calder and Vicente, (2017) explore the way in which returnees contribute to the creation of new businesses in Mozambique, making a contribution regarding the negative self-selection that is not observable in migration stages. This results in an underestimation of the effects of return migration on business results. In Morocco, Hamdouch and Wahba (2015) studied the determinants of business behavior among returned migrants. Their main findings identify that the migration experience plays a significant role beyond the role played by savings and resources captured by the length of migration. In this same country with a high migratory tradition, Dokou, Philippart, & Karbouai (2018) analyze and compare the level of potential of the returned migrant entrepreneur and the local entrepreneur, identifying that the level of potential of the returned migrant entrepreneur is higher than that of the local businessman.

On the other hand, in Asia, Paasche (2016) studies from two angles how corruption affects the psychosocial and economic reintegration of the Iraqi Kurds returning from Norway and the United Kingdom; first, from the psychosocial point of view, corruption in these returned migrants undermines the sense of belonging and creates insecurity; second, from an economic point of view, the entrepreneurial spirit hinders and conditions their employability, concluding that corruption is a great challenge for their own reintegration.

In the American continent, Vega (2016) analyzes the strategies carried out by a group of men and women on their return to Ecuador after a migratory period of more than a decade in Spain. These returned migrants are beneficiaries of the Cucayo subsidy provided by the Ecuadorian State to facilitate their self-employment. A priority identified in the study is to consider the individual and family aspects of the migrant's experience in the strategies promoted by the National Ministry of Migration of Ecuador to start a business. Analyzing the same subjects of study of the previous research but from a different approach in Ecuador, Mercier et al. (2016) analyze the factors of reintegration such as: the migratory experience and the characteristics of before and after migration are correlated with the results of migrants

upon return, identifying the need to facilitate the integration of returned migrants with foreign education in the Ecuadorian labor market.

Continuing with the same line of research in the same continent, Alarcón and Ordoñez (2015) study the factors related to the decision to undertake ventures started by returned migrants in Loja, Ecuador. They identified different variables that increase the probability of entrepreneurship such as: entrepreneurial experience during migration, voluntary return, as well as having worked in the agricultural industry and hotel trade in the place of destination. In Colombia, Tovar et al. (2018) analyze various factors that determine whether or not a Colombian migrant who returns to his country becomes an entrepreneur. They identified main elements as variables that modify the probability of being an entrepreneur, such as: having reference models and the perception of having the skills and abilities to undertake entrepreneurial activities, having higher education, having savings and establishing contacts with partners or suppliers.

In Mexico, the research scenario in relation to the analysis of the returned migrant, the factors and forms that could trigger an entrepreneurial behavior and / or the generation of a company is very scarce and almost non-existent, only research on the labor insertion of returned migrants has been addressed. In this context Becerra, Montes & Meza, (2018) analyze the factors that could allow the insertion of migrants returning from the United States of America in the tourist developments of the state of Nayarit, estimating the probability that a migrant could respond effectively to a retention workforce. Along this same line of research, Sánchez et al. (2018) study the labor expectations of ex-migrants from central Mexico. They identify that the search for employment is determined by the perception of information related to employment opportunities, occupational risks, and personal abilities.

The research analyzed above, emphasizes the importance of the migration experience for the labor market insertion and the creation of companies. They analyze this social phenomenon from different perspectives in different contexts with the purpose of identifying the processes of creation and distribution of the acquired knowledge in the migratory experience that favor business creation, economic growth, and employment; In this context, the returnee migrant is considered as a person who acquired knowledge, skills and migration experience

during his or her stay in the destination country and often brings financial capital to his or her place of origin. This segment of people whose strengths are generated by their migratory experience can provide different resources that contribute to local development, introduce innovations, generate employment, or promote new forms of organization (Alarcón and Ordóñez, 2015) in their places of origin.

Two main elements of this research (entrepreneurship and return migrants) have been mentioned and analyzed up to this point. However, it is necessary to introduce a third innovative element in the field of migration analysis, which corresponds to The Theory of Planned Behavior (TPB), developed in 1985 based mainly on the Theory of Reasoned Action; currently, it is one of the most widely used theoretical models in social and behavioral psychology for understanding human behavior. The application of this theory has diversified in the last decades giving it use in different areas of science such as biology, education, medicine, etc. to analyze, understand and modify different behaviors. In the field of biology, Reid (2016) analyzed the behavior of a group of people regarding the control of a species of bats; in the field of Psychology, it was used to understand the behavior of helping colleagues suffering from depression (Lee, Choi, & Park, 2015) and for predicting the use of bicycles (Milković & Štambuk, 2015); in the medical field, Cheung, Rosenberg, & Vaillancourt (2014) analyzed the factors associated with the use of the IVs, Jiang *et al.* (2013) investigated behaviors and health habits and Jalambadani, Garmarodi, & Tavousi (2017) studied factors related to sex education.

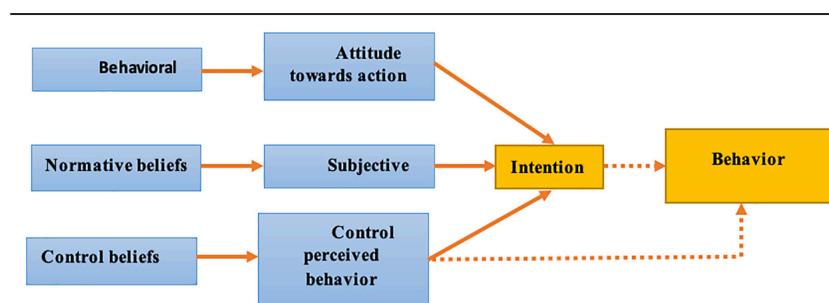
TPB argues that the considered actions of an individual are preceded by conscious decisions to act in a certain way. These intentions are the result of the attitudes formulated through life experiences. The personal characteristics and the perceptions extracted from these previous experiences can be found in Ajzen (1991). Ajzen's work is based on the premise that behavior requires a certain amount of planning that can predict the intention to adopt such behavior, and that this behavior is also based on certain beliefs that are important premises that determine attitude, intention and therefore, the behavior of a person.

This theory indicates that the behavior of the individual is prescribed by his or her intentions; This intention that precedes the behavior is influenced by three phases: attitude towards the behavior, subjective norm, and perceived control (see figure 1).

In the first phase, attitude toward behavior is an evaluation that can be favorable or unfavorable by the individual. This phase links the behavior of interests to the expected results. The subjective probability that the behavior adopted will produce an expected result is seen in this light (Ajzen, 2006).

Second phase: the subjective norm refers to the perceived behavioral expectations of important individuals or groups such as family, friends and are a function of the population and the context (Ajzen, 2006).

FIGURE 1
THEORY OF PLANNED BEHAVIOR



Source: Ajzen (1991,2006)

The last phase is Perceived control. This phase is composed of the control beliefs which refer to the perceived presence of factors that can facilitate or impede the performance of a behavior. These control beliefs in combination with the perceived ability of each factor of control determine the control of perceived behavior (Ajzen, 2010). According to this Theory of Planned Behavior, these three components (attitude, subjective norm, and perceived control) comprise the most relevant information about the determinants of a behavior (Ajzen, 2010).

Much of the research in the world mentioned above emphasize and analyze the importance of the returned migrant, their insertion into the workforce (Becerra, Montes & Meza, 2018; Sánchez *et al.* 2018), and the creation of businesses (Peng and Du, 2018; Batista, Calder & Vicente, 2017; Dokou, Philippart, & Karbouai, 2018) from different perspectives in different contexts.

However, it becomes necessary to raise a reflective element in the face of a possible bifurcation of entrepreneurship¹. The first, unfolds in a scenario of cyclical crises of the global economic system, as well as saturation of the labor supply of the formal market; main elements that trigger the research mentioned in previous paragraphs, where entrepreneurship stands as a redeemer of the need and opportunity of the domestic economy, its activity champions as an engine of self-sustainability and projector of the local economy; In this sense, the uncritical introduction of the conception and praxis of entrepreneurship has been very debatable in recent years, since the role of the entrepreneur has been largely consented only as a protagonist of the labor crisis, in a lack of review and critical reflection; although this is not the place to delve into this topic.

The second opens the debate on the role of the entrepreneur within the labor and human endeavor. For the above, it is necessary to reflect on the main purpose promoted by the ideology of entrepreneurship, which is to promote the idea in the subjects of their sovereign quality of decision and action; the particularity of this phenomenon is concentrated in the extent to which the dominated assume as their own the hegemonic ideologies; such subjects are, above all, the labor force that has not been absorbed by the labor market.

Based on the above, governments have found in entrepreneurship the solution to the labor needs and aspirations of a broad segment of society, introducing the motivating anxiety of becoming entrepreneurs themselves, incorporating a profile stimulated by creation, innovation, irrigation and leadership. In this way, entrepreneurship as an economic-material resource, achieves its best effects in self-employment and in obtaining capital, but as a powerful mobilizer of behaviors, its achievement unfolds in the entrepreneur's own configuration of himself; ideology that leaves the weight of its successes or failures on the individual; consequently, hiding the market-government responsibility in the economy; highlighting what, in the discourse of entrepreneurship, is deployed to give identity to the qualification, classicism and modeling to the entrepreneur's profile, establishing the necessary codes to configure the social or personal behavior of the entrepreneur (Charaudeau,

¹ The conceptual reductionism of entrepreneurship -in its neoliberal version- as an economic material motivation, has been stripped of its social and cultural attributes.

2003); in this context, the construction of this ideological type, harbors the use of certain narrative devices, configured to represent certain categories that tie in with the neoliberal model in its individualistic condition, of rational choice and values.

For the development of this research, entrepreneurship is considered as an action, activity or behavior to carry out an individual or group initiative of economic, social or political type inside or outside an organization, assuming economic and social risks. At the same time, TPB is considered as a model that identifies behavior focused on knowledge, understanding and modification of human behavior and as a tool that should analyze entrepreneurial behavior in the returned emigrant to understand and trigger an entrepreneurial intention in this group of people.

Therefore, this research has the objective of analyzing the application of the Theory of Planned Behavior in the entrepreneurial intention of the returned migrant by applying a systematic review of literature considering the field of knowledge, geographical location of the research, and its objective.

1. METHODOLOGY

Systematic literature review (SLR) is intended to summarize, compile, critique and synthesize existing research on a thematic area or phenomenon of interest using a search, cataloging, ordering, analysis, critique and synthesis process (Suter, 2013). In this sense, SLR can clarify the state of art, identify research trends, provide support for new research, identify important variables, and establish the importance of a research problem or phenomenon of interest (Velásquez, 2014).

For the present article a SLR was carried out (see table 1), based on the methodology proposed by Medina, et al. (2010) and Gómez, et al (2014); which was developed in the following stages: 1) Identifying the field of study; 2) Selecting information sources; 3) Carrying out the search; 4) Managing and debugging the results and 5) Analyzing the results.

The methodology used in this investigation consisted first in the identification of the field of study where the objective of the research was defined, which is focused on analyzing the application of the Theory of Planned Behavior in the entrepreneurial intention of the returned

migrant applying a systematic review of literature considering the area of knowledge, geographical location of the research and the purpose for which the research was conducted; the period to be analyzed was then concretized, which was 2012-2018, because six years were considered as a relevant range to analyze the implications that the TPB has had at present.

TABLE 1

Identification of field of study	Source selections	Search implementation	Results management and refinement	Result Analysis
Objective	Time period to analyze			
Analyze the application of the TCP in the entrepreneurial intention of the return migrant applying a systematic review of literature	2012-2018	Keywords: -Theory of Planned Behavior -Entrepreneurial intention -Returned migrant Articles with related themes: -Entrepreneurship -Entrepreneurial spirit -Behavior -Motivation and attitude Exclusion: Articles with a single keyword. Determined syntax: And; Or; Not.	-Review found items Classification: Selected. -False positive. Doubtful. -Development of categorical matrix.	Application area Objective Geographical

Source: Prepared by the author; supported by the methodology proposed by Medina, *et al.* (2010) and Gómez, *et al* (2014)

Subsequently, the sources of information were selected, considering the publications found mainly in different specialized databases in the areas of social and economic-administrative sciences. Once the field of study was identified, the period of time to be analyzed and the sources of information selected, our search performance was established, wherein

the criteria to be used and the search method proposed by Medina, et al. Was to be used.

Identifying the most outstanding characteristics for fulfilling the search, the criteria was carried out manually and automatically. The criteria that were followed to establish the manual search method was, first of all, the revision of articles related to keywords (Theory of Planned Behavior, Entrepreneurial Intent, and Returned Migrant); as well as to consider articles related to this research, where subjects such as Entrepreneurship, Entrepreneurial Spirit, Behavior, Motivation and Attitude were contemplated. In addition, literature references that only considered one keyword were excluded. For this research, articles containing the keyword entrepreneurial intent were excluded without being linked to the TPB; that is, investigations that did not match the search conditions specified above.

The criteria that were used to perform the automatic search method were similar to the manual search criteria, converting the search criteria into instructions interpretable by the searchers of the databases termed syntax. The basic operators of the syntax were And, Or and Not. And combined the search terms so that each selected reference contained them all. Or combined the search terms so that the selected references contained at least one of them and finally, Not excluded terms, so that no selected reference could contain them.

For the development of the management and refinement of search results, we proceeded to examine references found in 315 articles. In this sense, the name of the research was reviewed, the key words identified, and the summary of each identified work was reviewed. With this information it was classified in one of the following three categories: 1) Selected: the work is of our interest, 2) False positive: the work has been selected according to the established search strategy, but, in spite of this, it does not correspond the real purpose of the search and is not of our interest; and, 3) Doubtful: it is not clear to the researcher whether the work is of interest or not and considers that it is necessary to perform a more detailed analysis of it for its classification. It should be noted that in the research we had access to in this investigation, we only considered research relevant to our interest. Subsequently, once the search conditions were determined the selected works were exported to a categorical matrix with the intention of having greater flexibility when processing the obtained references.

The SLR that was elaborated in this research ended with the results analysis phase, where a critical analysis was carried out in each of the selected works and exported to the categorical matrix. The following are the analyzed implications: 1) The knowledge area of research application; 2) The approach of the proposed objectives in the scientific research and 3) The geographical Area where the research was carried out. The following section presents the results, which correspond to the last stage of the methodology used in the development of the SLR of this research.

2. RESULTS AND DISCUSSION

After selecting the established search criteria from the methodology mentioned in the previous section, 50 articles were selected in English and Spanish that fulfilled the search characteristics. The same articles were analyzed considering the implications (Application area, Geographic Area and Objective of research) considered in this research.

The area of application of the selected research can be seen in Table 2. The area where a greater number of investigations are carried out that use the Theory of Planned Behavior as a foundation is the academic one, registering 34%. These investigations are focused on analyzing the intentions and entrepreneurial behavior of university students. This reinforces the arguments that support the idea that young university students contribute significantly to being involved in decisions of behavior change and entrepreneurial intentions by the type of career they are studying (Maluk, 2014, Rodríguez & Prieto, 2009).

In this same analysis of the application of the TPB by field of knowledge, articles focused on health care issues concentrate the second position with 14%; and very close behind is the commercial area where the TPB is applied to identify behaviors and purchase behaviors of different products with 12%. On the other hand, the rest of the percentage of investigations regarding the TPB applied in other fields of knowledge with the purpose of identifying or modifying different behaviors was minimal. Some of these areas were gender, hygiene, sex education, and the environment.

The results expressed in Table 2 also show the absence of research oriented to the application of the TPB and the Entrepreneurial Intention (EI) directed to the segment of returned migrants. In fact, at the time

of carrying out the search, we did not find a single study with these three related keywords. This allows us to identify a new research trend, emphasizing the need to carry out research that links TPB and EI with the Returned Migrant (RM).

TABLE 2
ARTICLES GROUPED BY FIELD OF KNOWLEDGE

Focus	# of articles	Percentage
Academic	17	34%
Health	7	14%
Sport	4	8%
Business	4	8%
Commercial	6	12%
Road Safety	3	6%
Sexual	3	6%
Social	3	6%
Gender	1	2%
Hygiene	1	2%
Environment	1	2%
Returned Migrants	0	0%
Total	50	100%

Source: Prepared by the author

Different research investigations throughout the world analyze the RM from different perspectives (Espinoza & González, 2016; Koolhaas, 2016; Alarcón & Ordóñez, 2015; Anguiano, Cruz & Garbey, 2013; Nieto, 2012). They have shown that these types of people acquire and develop different entrepreneurial skills and behaviors from their migratory experience. At the time of their return, migrants are shown to possess knowledge, competencies, abilities, and skills that could likely make them important social actors in their place of origin, thus arguing that entrepreneurship emerges as a necessary means of inserting these people in the workforce, where it is expected, according to Whaba and Zenou (2012) that the returnees become entrepreneurs. This, in turn, reflects the success of a migratory experience in which human capital is accumulated after years of residence in the destination country.

The results found in relation to the geographic area of research development analyzed in this article, were found by means of a segmentation by continent (see table 3). We found that from the total

of selected articles, the majority (40%), were researched in countries of the Americas, followed by Europe, which represent 32% of the total number of articles found.

International migration currently represents 3.3% of the world population, where the main destination regions are Europe, with 23.5%, and North America, with 22.4% of international migrants (Yearbook, 2017). These same geographic regions are those that currently register the largest number of scientific publications that use the TPB to predict or change some behavior in humans in different fields of knowledge (see table 3). It should be noted that the returned migrant is not a subject of study in this research.

The five main countries of migrant origin compared are India (6.4%), Mexico (5.1%), Russia (4.3%), China (3.9%) and Bangladesh (3.0%) (Yearbook, 2017). With the results of geographical publication found in this research, we could infer the necessity of the Asian continent in the scientific production of research that analyzes the entrepreneurial intention of the low return migrant using the TPB approach.

TABLE 3
ARTICLES GROUPED BY CONTINENT

Continent	# of articles	Percentage
America	20	40%
Europa	16	32%
Asia	9	18%
Europe and Africa	3	6%
Africa	2	4%
Total	50	100%
Cientes	63.76	26.27
Seguridad	0.81	0.39
Utilidad	11733.69	6295.58

Source: Prepared by the author

In relation to the results regarding the objective sought in the selected research, three main characteristic features stand out. 46% of the research seeks to predict the behavior, while 34% seeks to know what the motivational processes of the study subjects are, and the third-party searches for all kinds of relevant information in order to generate awareness campaigns to prevent diseases or bad habits (see table 4).

TABLE 4
ARTICLES OBJECTIVE

Objective	# of articles	Percentage
Prediction of behavior	23	46%
Motivational processes	17	34%
Awareness campaign	10	20%
Total	50	100%

Source: Prepared by the author

If the venture is considered an action, activity, or behavior to carry out an individual or group initiative of an economic, social, or political nature, within or outside of an organization where economic and social risks are assumed, then the need to carry out scientific research arises that helps to know and predict the returned migrant's entrepreneurial conduct, in order to generate awareness campaigns in the returned migrants that can potentiate an entrepreneurial behavior, since according to Azjen (1991), the TPB is based on the premise that the behavior needs a certain amount of planning that can predict the intention of adopting such behavior.

As part of the results identified and described in previous paragraphs, it can be seen that the entrepreneurial subject has been qualified - by its own apologists - as an agent of social change, conceiving entrepreneurship as an incubator of successful actors, which has made invisible its invasive character as a builder of behaviors and attitudes, which responds to an ideological interest, since these ideologies essentially aim at the justification and continuity of market logics and appeal to the legitimization of the hegemonic political status quo (Laclau and Mouffe, 2001). In this scenario, the entrepreneur has empathized with the idea of modern man and with the flexibilization of labor, but its results do not always point to the particular or common welfare, in this last sense Sennett (2000) emphasizes that the flexibilization of this type of enterprises does not necessarily produce greater grace in profits, since its ideology is not manifested in a reflexive way.

In this sense, entrepreneurship adopts risk as a main characteristic, where its economic units are formed on a flexible economic model and under the parameters of a risk society (these two aspects being reproduced as the normalizing measures for its exercise), leaving behind

the institutional securities of the State's stewardship and regulation of employment, economy, welfare and social security, to move to a scenario of uncertainty, which has flexibility and risk as its norm. Thus, risk - in entrepreneurship - is seen as an opportunity and motivation.

CONCLUSIONS

The only field where a greater number of researches is developed that uses the Theory of Planned Behavior as a foundation to analyze intentions and entrepreneurial behavior, is the academic field, having university students, mainly from economic administrative fields, as the main subjects of study. In this context, the application of the TPB has great expectations that behavior that can show / modify university students. Nevertheless, it is necessary to mention that it's possible these students still do not belong to the labor market and do not present / display the necessary maturity that the entrepreneur needs. This is interpreted as a negative attitude towards entrepreneurial intention. For this reason, it prevails that there are entrepreneurship policies that encourage entrepreneurial activity with the intention of reducing fear and uncertainty in order to undertake and encourage entrepreneurial motivation in each of them.

Most of the research that applies TPB were carried out in countries in the Americas (40%), followed by Europe, which represent 32% of the total of the articles found. The application of this TPB focuses on different fields of knowledge by analyzing study subjects that do not correspond to returned migrants.

Three main characteristics stand out in the analyzed research. First and foremost, they seek to predict the behavior of the subject of study. Secondly, they seek to know what the motivational processes are that induce the subject of study to a specific behavior. And, thirdly, they seek all kinds of relevant information to generate awareness campaigns to prevent diseases or bad habits.

On the other hand, the results found did not show empirical evidence related to the application of TPB and IE in returned migrants; therefore, a call is made to conduct multi-, trans-, and inter-disciplinary research that can generate knowledge about entrepreneurial intention in returned migrants in sending countries and in immigrants in receiving countries, considering that this segment of people reveals highly entrepreneur-

rial characteristics Tovar *et al.* (2018); Mercier *et al.* (2016); Dokou, Philippart, & Karbouai, (2018); Vega (2016) and Mendoza (2013).

For the above, Fishbein and Ajzen (2010) suggest the following steps to apply TPB to an investigation; First, Defining the Behavior: Before any work can begin, the behavior of interest must be clearly defined in terms of its target, action, context, and time elements; Second, Specifying the Research Population: The population of interest to the investigators also must be clearly defined; third, Formulating Items for Reflective (Direct) Measures: Five to six items are formulated to assess each of the theory's major constructs, Attitude, subjective norm, perceived behavioral control, and intention. Seven-point bipolar adjective scales are typically employed; fourth, Eliciting Salient Beliefs: A small sample of individuals representative of the research population is used to elicit readily accessible behavioral outcomes, normative referents, and control factors. Although the participants can be assembled in groups, the elicitation is done individually in a free-response format; fifth, Constructing Sets of Modal Salient Beliefs: A content analysis of the responses to the above questions results in lists of modal salient outcomes, referents, and control factors. These lists are used to construct items to be included in the final questionnaire; sixth, Selecting Reflective (Direct) Items: The pilot questionnaire, in addition to eliciting salient outcomes and experiences, normative referents, and control factors also includes the items that were formulated to obtain direct measures of attitude toward the behavior, subjective norm, and perceived behavioral control. The data obtained are used to select reliable and valid items for use in the final questionnaire. Each set of items designed to directly assess a given construct should have a high degree of internal consistency (e.g., a high alpha coefficient), and the measures of the different constructs should exhibit discriminant validity. To achieve these aims, one or two items may have to be dropped for each construct. Confirmatory factor analysis is one means of evaluating the quality of the scales to be included. Finally, the pilot questionnaire also includes measures of any background factors or other variables the investigator believes may be interest for the behavior under investigation. These could be demographic characteristics (age, gender, ethnicity, level of education, income), personality characteristics (e.g., conscientiousness) or other individual difference variables (e.g., self-esteem, sensation seeking), social structure variables (e.g., rural vs. urban residence), and so forth.

Finally, the role of entrepreneurship as an economic unit is not questioned in this research, but on the contrary, it is analyzed as an essential resource for the economy at various levels, since there is a set of data and information on the benevolences of this force, but in parallel we propose that a critique and review should be made of the part that corresponds to the stereotypes and values that generate behaviors and attitudes around entrepreneurship, since these create adverse circumstances in the sociological, psychological and anthropological categories.

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International Return Migration and Poverty in the State of Mexico

RENATO SALAS ALFARO*

ABSTRACT

This paper analyzes how migrants perceive that international migration and some assets (physical and productive assets, labor knowledge) support them to get out of poverty. The methodology consisted of in-depth interviews with returned migrants living in the State of Mexico. The analysis is qualitative and based on their testimonies but is reinforced by group statistics. The results show that migrants accumulated assets and capacities, even nine out of ten perceive that in return, they live better. However, only one out of five is confident of achieving a stable long-term living environment. The conclusions point out that, at least among the migrants interviewed, migration plays an essential role in improving living conditions on their return. It also contributes to the building of long-term stable livelihoods, although this last effect is much smaller.

Keywords: assets, capabilities, international migration, life conditions, livelstyle.

JEL Classification: D12, D13, F22.

* Centro de Investigación en Ciencias Sociales y Humanidades at Universidad Autónoma del Estado de México, Mexico. E-mail: rnt13@hotmail.com, rsalasa@uamex.mx.

RESUMEN

MIGRACIÓN INTERNACIONAL DE RETORNO Y POBREZA EN EL ESTADO DE MÉXICO

El objetivo es analizar cómo los migrantes perciben que la migración internacional y algunos activos (activos físicos y productivos, conocimientos laborales), los apoyan para salir de la pobreza. La metodología consistió en entrevistar en profundidad a migrantes retornados que viven en el Estado de México. El análisis es cualitativo y basado en sus testimonios, pero se refuerza con estadísticas de grupo. Los resultados muestran que los migrantes acumularon activos y capacidades productivas, incluso nueve de cada diez perciben que al retorno viven mejor, sin embargo, sólo uno de cada cinco tiene certeza de que logró construir un medio de vida estable a largo plazo. Las conclusiones señalan que al menos entre los migrantes entrevistados, la migración juega un papel importante para que la mayoría de ellos puedan vivir mejor al retorno, pero también contribuye a construir medios de vida estables a largo plazo, aunque este último efecto es mucho menor.

Palabras Claves: activos, capacidades, migración internacional, condiciones de vida, modo de vida.

Clasificación JEL: D12, D13, F22.

INTRODUCTION

The Estado de Mexico is the most populated State in Mexico. It has 17 million inhabitants. On average, it has the second largest contribution to the National Gross Domestic Product. It also has a significant industrial plant and service sector. Both absorb almost 95 percent of the total occupied population; the rest work in the agricultural sector. This State is also the first national place in the food and manufacturing industry (textile, chemical-pharmaceutical, automotive, metalworking). But it is also notorious that this economic strength has generated diverse problems and poverty. For example, the majority of the productive, political and social development activities (health, education, housing, museums) agglutinate in areas surrounding Mexico City. There, almost 80 percent of the state population is concentrated. Jobs are created but are of low remuneration, 35 percent of the employed population

receives two minimum wages, and no more than half of the occupied population receives three monthly salaries. By contrast, a food basket costs two-thirds of a minimum monthly salary per person.

The last report by CONEVAL (2016) shows that 47.9 percent of Mexiquenses live in poverty (41.8 percent moderate, 6.1 percent extreme), which implies up to 8.2 million inhabitants, of which one million lives in extreme poverty. Likewise, 85 of the 125 municipalities that integrate the State have more than half of their population living in this condition. In contrast, those who have a majority of the indigenous people have 75 to 100 percent of their population living in poverty.

However, the evidence shows that poverty is not homogeneous. Although most people remain trapped for generations, at least a small part manages to get out of poverty (Perlman, 2008; Krishna, 2008; Dercon and Shapiro, 2008), or get social mobility and improve their livelihoods (Cárdenas and Malo, 2010). The last work was carried out in Mexico and estimates that less than three poor people in ten mainly manage to get better livelihoods and sometimes manage to get out of poverty. Likewise, on average, in a society, a small fraction of the population concentrates on production and wealth, but an intermediate group exists between rich and poor. In Mexico, 39 percent of the population lives between the poor and rich. Middle-income groups have more schooling, income, and access to opportunities than the poor, representing half of the current expenditure of the domestic market in the country (INEGI, 2013). The classification of population groups is diffuse, nevertheless more or less, it is replicated in the local societies, so it is possible to infer that in the Estado de Mexico, in addition to the poor population, there is another small fraction that is rich. Another significant group integrated for population neither poor, nor rich. The important thing about the intermediate group is that at least a small part came from poor people and managed to get out of poverty. Thereby, this group verifies the existence of exits to poverty. The odds of jumping from the poor to middle or affluent sectors are very low, but they exist, and poor people can see it in the intermediate population. Then, it is important to explore which ones could work.

Studies conducted in rural and urban environments emphasize that quality productive resources (land, livestock, irrigation, knowledge) favor the way out of poverty (Perlman, 2008, Krishna, 2008, Dercon and Shapiro, 2008, Gomes, Petersen, Galvao, 2008). When people have

personal aspirations to get out of poverty, they perform non-agricultural activities and look for new horizons, establish new social and political relationships with actors better positioned and others. This practice could allow migrants to accumulate assets (business, workshops, trades), capabilities (languages, labor knowledge, culture, habits), social relations and others. Migration leads to a better life, provides access to food, educates children, builds a house, buys material things, saves money, and sets up a business. Then, international migration could help to live better than before, or in some cases, to create stable long-term livelihoods.

The evidence of how migration helps to get out of poverty is weak. Some studies indicate that migration does not reduce poverty because it benefits non-poor households (Canales, 2008, Peláez, Martínez and García, 2013). Other studies point out that remittances do not help either to get out of poverty but cause a slight improvement in income distribution, so people living in poverty improve (Olivié, Ponce and Onofa, 2008). As well is pointed out that remittances reduce poverty slightly in areas of greater poverty, experience and migratory tradition, but very little or nothing in places where the poorest live (Hernández, 2008). On the other hand, studies conducted at the community level and through interviews have found that international migration could reduce poverty (Ayvar and Ochoa, 2015) because migration improve some components of development in the households: health, food, education, clothing, housing, savings, small business and house construction. A study carried out in a Zapotec community (Alvarado, 2017) found that although most external remittances arrive at households of higher incomes, food poverty and welfare poverty are reduced in the community. Another study conducted in Oaxaca shows that the remittances come from lower-income families. Food poverty and capabilities poverty were reduced in the community (Espinosa, García, Hernández and Santiago, 2014). Other evidence confirms that migrants invest in assets (livestock, land, implements, small businesses, workshops). They are self-employed, generate income, and savings (Yúnez, Taylor and Becerril, 2000, Massey and Parrado, 1997). When migrants return, they could live on what they learned. Still, this way is more restricted because the environments lack complements to use (lack of employment, violence, support for entrepreneurship, discrimination),

and the returned migrants could demotivate and emigrate again (Espinoza, 1998; Salas, 2016; Zwania, 2013; Leco, 2009; Asis, 2007).

In this sense, this research analyses how international migration supports migrants to get out of poverty. The work is based on migrant testimonies and their perceptions of how they live on return and how they lived before migrating. The study analyzes how the personal aspects, labor knowledge, and diverse assets help them escape poverty and build a stable long-term livelihood. It should be noted that their testimonies have been translated, respecting the sense of the narrative.

1. INTERNATIONAL MIGRATION AND EXITS TO POVERTY

By 2010, there were one billion poor people in the world (World Bank, 2016). Poverty occurs in different forms and times, but a big part of the poor people are born and dies in poverty. The other ones are in and out constantly; they come from the middle class and sometimes from the affluent class. The explanations of why poverty occurs and why it is so persistent, and the proposals to get out of poverty, include macro, micro and personal perspectives, which depend on how poverty is perceived and who specifically tries to reduce it.

In the World Bank perspective (2005), regional, local and individual characteristics produce poverty: geographic isolation, lack of natural resources, corruption, weak citizen participation, lack of productive infrastructure and essential services (electricity, water, schools and health), the size and the head of the households. The proposal is to promote economic growth and improve the environment, boost social participation, reduce corruption. Other institutions conceive that the economic system produced poverty, allowing labor markets to pauperize jobs without obtaining social and labor benefits, rights, and stability. In this sense, it is proposed decent work (with benefits, social security, job expectations) as a solution (OIT, 2003). From a cultural outlook, poverty results from the lack of economic, social and political values that boost the development in society: trust between people and authorities; promote the effort, cooperation, hard work and education; reducing illiteracy; socializing and fostering a good competence among enterprises and individuals, the citizen participation; encouraging innovation and entrepreneurship, as well the science (Peyrefitte, 1997, Landes, 2001).

Explanations at the micro-level show that the population could escape poverty with effort and some help. They emphasize that owning assets and developing capabilities (economic, social, physical, human) in reasonable quantity and quality could allow poor people to build stable livelihoods in the long term. With assets and capabilities, poor people could access opportunities in society. Otherwise, they remain marginalized, and the economic growth could be captured by those who own assets (Chenery *et al*, 1979). Poor people could perform productive, social and cultural tasks by expanding the possession of assets and capabilities. Also, personal aspects and productive, cultural, political and other capacities (Life, Health, Integrity, Senses, Emotions, Reason, Affiliation, Work, Play, Laugh), so that (Nussbaum, 2012). The main idea is that through public policies of education, provision of services, credit, and land, the poor improve their skills and assets and the other features in their life and use them in productive tasks.

In this research, we consider that poverty can occur due to external events: inflation, corruption, economic policy changes, economic crises, lack of growth, plagues in rural homes, unforeseen weather, weak institutions, but mainly we consider that this occurs by lack of productive assets and personal capabilities in the present but in the past too. Thereby, as Chambers and Conway (1992) have pointed out, we assume that a livelihood includes all the capabilities of the home (material and social), the activities that their members carry out with them. Tangible and intangible assets include five (capital: social, human, physical, financial and natural), each one has components with different endowments and quality, so some assets have more strength than others and some can be used more in the local or external settings (political, institutional, other restrictions). Thus, households' strategies and livelihoods depend on their assets and how they use them, including the external environment. Families with low quality or no assets could build a weak livelihood with shortages. Instead, if they accumulate enough assets of good quality and use them, they could get out of poverty, at least in theory. This happens when households build long-term stable livelihood, without significant variation in their resources, when facing economic crises and other shocks and even improving their assets and capabilities (Chambers and Conway, 1992, World Bank, 2001).

It is possible to hope that international migration helped migrants to accumulate assets (livestock, businesses, workshops, tools, land),

acquire knowledge (management of tools and machines, language, trades, schooling), and personal skills (attitudes, values, habits). Migration could help them live better than before migrating or get a long-term stable livelihood. Moreover, we think that the livelihood they have upon his return can reflect the effects of international migration.

2. METHOD

We conducted three hundred thirty-four in-depth interviews with persons of legal age who emigrated and returned from abroad to the Estado de Mexico. It was not a random sample, and the actors were located by snowball method in rural and urban localities. The fieldwork was carried out from the end of 2012 to 2013. The interviews were conducted in Spanish, and their testimonies have been translated. The delimitation of returned migrants consisted of choosing that person of legal age in the United States for at least one year continued for working reasons. The voice of the returnee and his experiences and personal appraisals are the basis of this exploration. However, statistics corroborate the influence of migration.

Based on their assessments, they compare their livelihood before migrating against what they have as returnees. Direct questioning is performed with a second and even third question to delimit and reassess how stable their livelihood is on return. In this study, the actors could respond by referring to their family or themselves. Several studies have pointed out a bias to underestimate that people have when asked to self-evaluate their economic situation or when trying to self-evaluate their place within a hierarchical ordering of income or wealth (Krozer, 2018, Palomar, 2005). This study is based directly on the migrant testimonies because they know most about their migration, experiences, and consequences and benefits. They are actors and have a lot to say about themselves. As Long (2007) points out, the actors can process and systematize experiences, associate with actors, formulate strategies and achieve objectives. They can influence the environment and receive influences from there. Having the actor as a direct reference is adequate because, even when the actor is pushed to do an action by external forces, in the end, the actor has capabilities and manages to process and take advantage of them (Long, 2007).

3. RESULTS

The analysis is composed of two sections and final comments. The first one, checks out the situation before the migration of the interviewees, living conditions they had, reasons to migrate abroad. The second one analyses their self-assessments on the economic and productive improvements they had with migration. In a second and third round, they were asked to assess whether their gains were stable enough to get out of their previous poverty.

3.1. Life in the Estado de Mexico before migrating

The sample of returnees consists of 62 women and 272 men; 18.6 and 81.4 percent. In this state, the international migration began in the 1940s, in this specific sample migration before 1991, was only 17 percent, while 83 percent migrated abroad between 1992 through 2012. Women started their international migration in the 1990s and other new urban actors, technicians, professionals, small entrepreneurs, teachers, merchants, and employees. These migrants were part of the new wave of urban migration in the country that began in recent decades. They carried higher qualifications, work experience and schooling, urban life, than rural and indigenous people who started the migration in this State. The new features could be a drain on resources, but as specialists point out (Cohen and Levinthal, 1990, Biggs, 2004, Iskander and Lowe, 2010), these features are also capabilities that could allow them to learn and develop other abilities.

The life before migrating. - The previous social, economic and emotional conditions created the reasons and the objectives to migrate. Seventy-four percent of interviewees describe their previous situation as poor with severe economic shortages that included lack of income, job instability, barely live economically and just surviving. The rest of the interviewees (professors, university students, employees of government companies, small entrepreneurs) refer to family problems, violence, meet with the couple, want to improve his life, adventure.

The migration of the interviewees occurred at 23.3 years of age on average (23.2 men and 23.8 women). They had higher education than other migrants in the country, nine years of schooling on average, and almost a third of them already had high school and university studies; moreover, only 12 percent did not have previous work experience. In

their words, the migration occurred due to the poor quality of their jobs, low salaries, lack of expectations and stability, and other personal and environmental problems. It is also remarkable that some migrants wanted to survive, others wished to accumulate assets, some had clear to what they were going, and others wanted adventures. Some of them travelled with their partners or parents (children, wife, sister). As one interviewee points out: "...There was nothing here, there was no work, I used to go to the masonry in Mexico City. I want to work to get some money because my kids are at school. I work on the fields to harvest corn, just that..." (José, interviewed in Temascalcingo). Others had intentions to save, buy things, "... I dedicated myself to sales, agriculture and livestock, my father had a store. I helped him. He also performed agricultural labor farming, raised cows and goats. I migrated to make myself a house, bring a car. My wishes were to go and bring money, to start a little business of my own, I was only an employee of my father" (Manuel, interviewed in San Mateo).

Those with a good economy point out other pressures. One interviewee comments, "I lived well here. My family did not want me to go, they told me to study, but nobody studies here. Forty-five of us graduated from primary school, and everyone went to the E.U... the returnees said it was easy, you arrive and work, everyone brought their car, that pulls you... I wanted to bring a car and money. Here it takes a long time to own things..." (Jesus, interviewed in Acambay).

Family problems and the intervention of additional actors also was detected. One actor points out, "... I was a seamstress, I worked in a textile underwear factory, I studied children's educator, but I had a daughter, and I had many heavy expenses... I lived with my parents, I got along well with my mom, but my dad was very aggressive... Yes, it was sad to leave my daughter, but my brothers convinced my mom. They said it was for my good..." (Dianey, interviewed in Temascalcingo). Another returnee had fantasies: "... I was 17 years old, I was a little confused about what I wanted. I was a year away from finishing high school. Then when I returned, I was able to finish it. Some friends who had been migrants shared with me their experiences. They got money, learned carpentry, masonry, plumbing. They knew how to do it, my boyfriend was one of them, we had been dating for three years, and his family knew me, then I told them I wanted to go. Maybe his parents thought we had plans to marry, and they supported me, I only saved

five thousand pesos, and they put the rest ..." (Abigail, interviewed in Tianguistenco).

The features of the interviewees show the extraction of resources, actors with different levels of life, education and work experience, with specific intentions that push and pull them abroad. It is valid to expect that these same resources they brought serve to adapt to the adversities of the journey, settle abroad, obtain employment, assimilate knowledge, develop skills and others that can bring with them and use to live on their return (Cohen and Levinthal, 1990, Biggs, 2004, Iskander and Lowe, 2010).

3.2. International migration and the poverty of migrants)

As already mentioned, having a long-term stable livelihood is the criterion used to define who lives outside poverty (Chambers and Conway, 1992). This criterion distinguishes whether migrants' perception of their livelihood corresponds to one out of poverty, or only they live better than before migrating. The results illustrate what happens when migrants return to their original places, the livelihoods they manage to build, the problems they face, and how they perceive that migration helped them to live better or get out of poverty.

Improvements. At first, interviewees compare their livelihood upon return with those they had before migrating and evaluate whether migration had helped them and in what aspects. The results are in Table 1.

TABLE 1
IMPROVEMENTS WITH MIGRATION, IN ABSOLUTE NUMBERS

Improvements	Fo*	Shortages	Not poor
Economy, business, material things	119 (35.6)	99	20
Have a house, improvements, family welfare	91 (27.2)	83	8
Communication, personal maturity, self-sufficient	73 (21.8)	55	18
The sons, siblings, could study	12 (3.6)	10	2
Diverse apprenticeships, language, labour trades, labour pension	13 (3.9)	9	4
Nothing, family separation	26 (7.8)	18	8
Total	334 (100)	274	60

Source: own elaboration

*percentage of interviewees in parentheses

Remarkably, 308 interviewees (92 percent) consider that abroad migration helped them have economic and family improvements. The others (7.8 percent) complain about family disintegration, vices and others. In this case, a more significant percentage of those who were not previously poor accentuate more the personal improvements, labor and cultural learnings and language, on the other hand, those who had economic deprivation before migrating emphasize more the economic and material progress. The results are consistent with the literature on migration, which has detected visible and non-visible economic improvements in the initial stages of international migration, which in some way attracts more migrants to this practice.

This first response was automatic, but the migrants have their ways of comparing their livelihood, and although they do not clarify all the things they use to reach, they know their circumstances. A returnee illustrates how he perceives his improvements and the personal, economic and other aspects he takes into account: "... I have improved my economic stability, I have more intellectual openness, knowledge and experience. At first, I helped my parents in the field. Then the Electoral Institute hired me. This type of work helps me socialize, know how to contact other people, know how to organize and direct them, and know how to calm and motivate them. Before migrating, I was a closed mind. Now it is easy for me to socialize. I have implemented projects with my father. I can solve my financial needs" (Alberto, interviewed in Temascalcingo).

A housewife, who had economic shortages and significantly improved but still faces economic hardships, says: "Well, we improved. It was good to have what I wanted, to build my house, my children to be abroad and learn English and a new culture" (Margarita, interviewed in Acambay). Another actor, who received social benefits with migration, points out that family events obstruct him from achieving a better than before. He says: "...as a person I improved, I did many things that I thought I would never do...My daughters still ask for my help. The oldest tells me that I should support her at every expense, in her graduation, her masters' degree. My wife asked me to divorce her. It is sad. You come and think you have family, but no, you do not know what happened in your absence. I had to assimilate. I had difficult times. Now people ask me for trips (land, stones) with the dump truck, and that's where the money comes from" (Andrés, interviewed in Zacazonapan).

Long-term improvements. People assign different worth to family, economic and personal aspects, according to their mood, perception, way of approaching problems, and solving in the local environment. To avoid over and underestimating the effects of migration, a second and even third round of questions about improvements was carried out. The returnees were asked once more to assess the importance of their physical and productive assets (business, workshops, trades, tools, studies). They were also asked about their labor knowledge and the application they were given upon their return, jobs they had, and principally to assess the stability of their long-term income. The idea was they could see themselves in long-term and could determine if they lived outside of poverty, whether their domestic economies were stable, or if only they lived better than before migrating.

The results are in table 2. It is appreciated that after the same question but emphasizing the long-run, the self-assessments were reconsidered widely. According to the new testimonies, three groups of migrants were shaped, each one includes the livelihood they have had since their return. The first one consists of those who affirm they have had a long-term stable livelihood. Here, 66 migrants (19.7 percent) have not had severe fluctuations in their domestic economies and consider they live out of poverty. Another 214 interviewees (64 percent) assessed that they have had a much better life than before migrating. They have savings and some assets, semi-stable jobs and other strengths. However, they also said they still had economic shortages in their livelihood. The rest (16 percent) indicated that they always had financial deficits throughout the year. They defined themselves as inferior. In this last group predominate those who have had family problems, vices, debts, illnesses and others.

In this case, of the 66 interviewees who say they have had a stable livelihood since their return, 44 lived poor before migrating, the other 22 did not define themselves as poor at that time. These 44 migrants constitute 17.8 percent of the 247 interviewees who were poor before migrating. That is, with the assets and capabilities that they managed to accumulate with migration, and other real and subjective features that they take into account, we can say that only two migrants in each eleven who were poor before migrating managed to get out of poverty with the migration. It is a low proportion, but it verifies that international migration is a long-term solution to poverty, at least in some migrant house-

TABLE 2
LIVELIHOODS, TO LONG-TERM, ABSOLUTE NUMBERS

Return and livelihoods	Stables	Shortages in all year	Always shortages
Not suffer, it has established	55	43	0
Lack of work, lack of money...	0	60	45
The end of year, the gifts, expenses...	6	54	2
Sales, income variability	1	30	1
School expenses, diseases...	3	18	6
Live alone, the wife/husband lives abroad	1	6	0
Agricultural labour expenses	0	3	0
Total	66 (19.7)	214 (64.1)	54 (16.1)

Source: own elaborations

holds, not in all of them, nor all communities. Moreover, according to the specialists and the ways of evaluating it, we can say that these few migrants who managed to get out of the swamp ratify that the accumulation of productive assets, knowledge and skills, allows building long-term stable livelihoods, this is equivalent to get out of poverty (Chambers and Conway, 1992, World Bank, 2001). The 18 share is indeed meager, but this is in the average that previous studies have found in different localities (Ayvar and Ochoa, 2015; Alvarado, 2017; Espinosa, García, Hernández and Santiago, 2014), which reinforces how difficult it is to get out of poverty despite having diverse assets.

A returnee with a stable livelihood underlines the importance of bringing qualified labor knowledge, having personal aspirations and others, "right now I work in an American company dedicated to the agricultural industry. It is not exactly my career [obtained in U.S.]. Still, it is related, I use measuring instruments, electronic things, welding, an inspection of machines and equipment. It helps me know English. I can modify car computers, but I cannot do that here. Electronic parts of machines come from abroad..." (Héctor, interviewed in Acambay). Another perspective is exposed by a returnee who has a business, works in construction and applies his knowledge, "when I returned, I started working in industrial mechanics on my own. I was looking for clients, I made them some works, and they paid me, so I spent almost eight months, afterward, I took this construction work, here I have stayed two

and a half years. All the plumbing I did, blessed be God, I learned many labor things, here I live from them, and I am doing well" (Wilfrido, interviewed in Santo Tomas).

On the other hand, the results similarly imply that 247 interviewees who lived poor before migrating, the majority (82 percent) did not manage to get out of poverty. However, upon return, they only live better. Of this large group of interviewees, one in five still fight with substantial economic shortages during the year. The other four in five believe they live much better than before migrating. Still, they face little financial needs, especially these last migrants mention that they have economic improvements but insufficient and themselves do not feel stable in the long term. These results cannot be generalized. It is not a random sample. It is a study based on perceptions and not on direct measurements of assets and wealth or income. Also, as other works have pointed out, people are not very assertive in locating themselves in their proper income level. People tend to underestimate their economic situation, especially among the richer (Krozer, 2018). In other cases, the poor could overestimate their income to get away from other poor (Palomar, 2015). All this restricts the generalization too. But somehow, this small sample provides an approximate picture of what happens with the migrants when they return. Now, abroad migration facilitates the migrants to accumulate diverse assets and capabilities (as in Table 1). The majority of interviewees achieve to live better than before upon their return. Almost one in six thought they live worse. In a certain way, verify that effectively there is a very low probability of getting out of poverty, as other studies have pointed out (Perlman, 2008, Krishna, 2008, Cárdenas and Malo, 2010).

The difficulty to leave the swamp is aggravated because, within the group that lives better but does not feel out of poverty, they also have productive assets, skills and labor knowledge. In the second and third similar questions, some businesses provide income but are not enough. Also, their small investments carry risks and reinvestments, some returnees fail to meet these needs in their business, and they feel deprived. In other cases, they have small businesses, and these produce unstable income. The migrants declared lack of knowledge in personal finances, mix the company with the home, family separation, vices, discouragement, these circumstances influence the assessment of unstable livelihood that they mention.

In this sense, having quality assets and good quantity help but does not guarantee getting out of poverty. But as the interviewees show, upon return, most migrants can live much better than before. They have better houses, businesses, furniture, cars, animals, plots, stores, income, and other material and immaterial benefits. In some cases, the benefits could be temporary or negatives, but in at least a few migrants, the benefits were enough to build a long-term stable livelihood. Everyone believes that assets and capabilities accumulated could have a more significant effect on their lives. However, there is a lack of options to use them in productive tasks. Almost all migrants do not feel supported with adequate jobs to their labor knowledge. They do not see entrepreneurship support, mention paperwork, corruption, want the reduction of violence, some miss the North, and pointed out other options.

The transition. To get out of poverty is almost a utopia. This is so, with and without international migration. Few people managed to get out of poverty, and a big part succeeded in getting better livelihoods in this sample.

Table 3 shows some features of the transition between being poor and have a stable livelihood in return. It can see that in productive investment, migrants who lived regularly and were previously poor (beforePoor, Ret_stable) spent \$ 9,407 on average in their businesses. In contrast, those who have a stable livelihood and once lived well (beforeNopoor_Ret_stable) spent \$ 10,859. It can be seen that not all migrants invested in productive remittances, but the percentage of those who have a stable livelihood that supported productively outweighs the other groups. Whereas in welfare goods (cars, house, furniture), the average expenditure of remittances is more significant among those who have a stable livelihood on return (17.2 and 18.7 thousand dollars), than the other groups of migrants.

Likewise, the percentage of returnees who have a stable livelihood and had a job promotion abroad is higher than the other groups (36 and 45 percent); the other groups had too job promotions but in a smaller proportion. A job promotion abroad indicates the obtention of qualified formal and tacit labor knowledge, attitudes, language. However, this specific group has not managed to generate stable income with their learning. The third round of interviewees had job promotions in the total sample. Still, on average, half of them do not productively apply

any of their knowledge and no doubt this restricts them to live better in their return.

TABLE 3
CONDITION TO THE RETURN AND INVESTMENT OF REMITTANCES

	beforePoor_ Ret_ shortages	beforePoor_ Ret_regular	beforePoor_ Ret_stable	beforeNopoor_ Ret_shortages	beforeNopoor_ Ret_regular	beforeNopoor_ Ret_stable
Fo*	40	163	44	14	51	22
Investment	average: 3,985	average: 6,849	average: 9,407	average: 4,306	average: 10,051	average: 10,859
Production***	% investor: 30.0	% investor: 28.0	% investor: 57.0	% investor: 57.0	% investor: 51.0	% investor: 77.0
Investment	average: 14,125	average: 16,221	average: 17,200	average: 6,214	average: 13,710	average: 18,768
welfare	% investor: 65.0	% investor: 40.0	% investor: 66.0	% investor: 57.0	% investor: 58.8	% investor: 81.8
Apply****	Promotions: 30.0	Promotion: 30.0	Promotion: 36.0	Promotion: 21.0	Promotion: 35.0	Promotion: 45.0
	beforePoor_ Ret_ shortages	beforePoor_ Ret_regular	beforePoor_ Ret_stable	beforeNopoor_ Ret_shortages	beforeNopoor_ Ret_regular	beforeNopoor_ Ret_stable
Fo*	40	163	44	14	51	22
knowledge	No apply: 65.0	No apply: 49.0	No apply: 52.0	No apply: 57.3	No apply: 53.0	No apply: 41.3
Buy assets**	20	34.3	73.3	14	35.2	59

Source: own elaboration

*absolute numbers of interviewees

**percentage of interviewees who have been able to buy assets on return: motorcycles, cars, houses, apartments, business, animals, other

***average investment in dollars in each group, the % investor refers to the interviewees who invested remittances in productive assets in each group. Business include: sewing workshops, blacksmithing, welding, groceries, regional and international food, restaurant, computers, agrochemicals, building materials, public transport units, butcheries, mechanics, carpentry, other

****percentage of interviewees from each group who obtained work promotion abroad, and percentage of interviewees who fail to apply their labor knowledge. The promotions occurred in areas: kitchen, construction, business managers, and industrial machine operator, sales, others.

Something positive is that those who live stable on return use their labor knowledge in productive tasks (48 and 59 percent), which helps their income and long-term stability. Public action could promote and link labor knowledge and assets with local opportunities and collateral supports.

Finally, it is appreciated that a more significant proportion of migrants who, in return, live stable can buy assets with the income generated in Mexico (73 and 59 percent), much more than the other groups (almost double). How they say this strengthens their perception of long-term

stability. Another essential variable is education. The increase of schooling through migration in the sample is almost zero. Still, five migrants studied a professional career abroad, two completed their elementary school, eleven interviewees studied secondary and high school, others took courses in trades and crafts in churches and community centers. In this case, the migrants who live stable have eleven years of schooling, which is higher than the 8.87 years, with those who only live better and much higher than the 7.4 school years still have severe economic shortages. In general, 32 percent of stable migrants have 17 and more years of schooling (professional career and postgraduate studies). In comparison, 2.8 percent of those who live only better have 17 years of education, and between migrants with economic lacks, none has this level of education.

CONCLUSIONS

Based on the interviewed migrants, we can verify that a mixture of causes pushes and pull their international migration. In this case, personal and family problems, being taken by relatives, escaping some violence, the dreams of the North and others, despite the economic needs, the shortcomings at home, constitute the main force. On the other hand, anti-immigrant laws, unemployment, family constraints, stress, loneliness, and dislike of that life have met the goals, motivated the return, and brought them back home. In both movements participate his family, different actors and events that interact and influence the reasons and intentions of the migrants. While the interviewees were abroad, most of them sent remittances home, and accumulated goods of welfare (home, furniture) and productive assets (business, animals, workshops), brought their learning, behavior, personal skills, learned another language studied abroad.

It is noteworthy that almost 18 percent of interviewees (who before migrating were poor) consider that international migration helps them to get a long-term stable livelihood, and now they no longer think of themselves as poor, nor have severe financial shortages. When we add those actors who were not poor before migrating, upon return is almost 20 percent of the total sample, who feel they have a long-term stable livelihood. This group points out that upon their return, the key was to use their assets and capabilities productively, even if they do not use

everything they know or everything they own. We can also say that two-thirds of interviewees have a better livelihood than before but do not recognize that they have economic stability.

This sample is not random or representative, but we can contrast the results against other studies even with this weakness. For example, migrants who live stable upon return are almost 20 percent, one in five. They are few, but verify that accumulating productive assets and capacities allows them to generate income, face adversities, and get out of poverty. As other studies on poverty detected, the accumulation of quality productive resources (land, livestock, irrigation), potential constructive knowledge, personal aspirations, as well as performing non-agricultural or higher income activities, constitute the pillars to get out of poverty (Perlman, 2008, Krishna, 2008, Dercon and Shapiro, 2008, Gomes, Petersen, Galvao, 2008). In the benchmark sample, these aspects have also been vital among those who now have a long-term stable livelihood. In addition to migration, other forces intervene in this improvement process, such as the influence of the environment, family support, the efforts of migrants, their achievement motivations, the imitation of family examples, among others.

Additionally, this sample also verifies how difficult it is to get out of poverty. As previously stated, 80 percent of interviewees did not manage to build a stable livelihood on return. Still, at least nine in ten managed to accumulate assets and brought labor knowledge, but they only managed to live better than before migrating and facing slight economic shortages. In this way, more migrants remain in weak livelihoods, even having remittances, assets and knowledge, schooling (less), jobs (irregulars). The study confirms that poverty is persistent, and the probability of falling and remaining in it is much greater than to get out from poverty (Perlman, 2008; Krishna, 2008). More migrants can get out of poverty or earn better livelihoods with international migration. Still, the local and regional environment can have good options to reinforce and finance their projects and use their labor knowledge, ideas, and others. For example, about half of them, and much more of those who still have economic shortages, still have underemployed and wasted their knowledge. Some businesses have failed by lack diverse supports. The complaints include that there is nowhere to apply their knowledge, the small salaries, lack of technology, scholar certificates, lack of financial and advisory support for entrepreneurship, violence

and corruption. In this sense, public programs that generate jobs related to migrant knowledge can be stimulated: entrepreneurs (chefs, agricultural workers, mechanics, diverse trades) can obtain financial support, advising, and management venture opportunities. Advice to manage and link their ventures and others. It is necessary to boost the capabilities, knowledge and assets of migrants with options appropriate to their knowledge, intentions and savings. As other specialists point out, the capital, education and expertise that could induce local structural changes are sub-used when it lacks collateral support (Zoltan and Storey, 2004).

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Are migrants and their families happier after migration?

MARTIJN HENDRIKS*

ABSTRACT

By comparing migrants to matched potential migrants with similar characteristics of their country of origin using Gallup World Poll data, it is estimated that migrants worldwide assess the quality of their lives on average 9% more positive after migration. They also experience approximately 5% more positive emotions and 7% less negative emotions due to migration. Most of these happiness gains are experienced within the first five years after migration. Families left behind generally evaluate their lives more positively, but frequently experience more negative emotions.

Keywords: International migration, Happiness, Subjective well-being, Affect.

JEL Classification: I31, F22, J15.

RESUMEN

Los migrantes y sus familias ¿son más felices después de la migración?

Comparando al migrante con migrantes potenciales con las mismas características de su país de origen usando los datos Gallup World Poll, es estimado que migrantes los a nivel mundial evalúan la calidad de sus vidas en promedio un 9% más positivo después de la migración. También experimentan aproximadamente un 5% de emociones más positivas y un 7% menos de emociones negativas debido a la migra-

* Assistant Professor at Erasmus Happiness Economics Research Organisation (EHERO) & Department of Applied Economics, Erasmus University Rotterdam. Email: hendriks@ese.eur.nl
ORCID: <https://orcid.org/0000-0002-9528-0871>.

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ción. La mayoría de estas ganancias de felicidad se experimentan dentro de los primeros cinco años después de la migración. Las familias que quedan atrás generalmente evalúan sus vidas de manera más positiva, pero con frecuencia experimentan más emociones negativas.

Palabras Claves: activos, capacidades, migración internacional, condiciones de vida, modo de vida.

Clasificación JEL: D12, D13, F22.

INTRODUCTION

The considerable happiness differences between countries suggest that migrating to another country provides for many people a major opportunity to obtain a happier life (Helliwell and Wang, 2012). However, negative migrant experiences are common, including exploitation (IOM, 2015), social exclusion, homesickness (Dreby, 2010), and unsuccessful socioeconomic assimilation (Portes and Zhou, 1993). This raises important questions in our globalizing world, where more than 700 million people currently say they would like to move permanently to another country if they had the opportunity (Esipova *et al.*, 2017), and where the migrant population is expected to increase from the current 250 million to an estimated 400 million people in 2050 (United Nations, 2015). Do migrants generally gain happiness from moving to another country? In what specific migration flows do migrants gain happiness from moving abroad? Do the short-term and long-term impacts of migration on migrants' happiness differ? What is the impact of migration on the happiness of families left behind?

We assess these questions in a global context using Gallup World Poll data including more than 29,000 first-generation migrants from over 150 countries. By addressing these questions empirically, this chapter is intended to develop globally comparable information about how migration affects the happiness of migrants and their families. The outcomes in both the affective and cognitive dimensions of happiness will be considered. The affective dimension refers to the frequency of experiencing pleasant moods and emotions as opposed to unpleasant ones, whereas the cognitive dimension refers to a person's contentment and satisfaction with life (Diener *et al.*, 1999).

Approximately 10% of international migrants are considered refugees who were forced to migrate by external circumstances such as war, persecution, or natural disasters (UNHCR, 2017). The other 90% of international migrants are believed to move largely voluntarily. Voluntary migrants mention a variety of motives for migration, including economic gain, career or study opportunities, living closer to family, or a more liveable or suitable environment (e.g., more religious or political freedom). On the most general level, however, these concrete motives are different ways migrants attempt to improve their own or their families' lives (Ottonelli and Torresi, 2013). Empirical research shows that, when making important decisions such as migration decisions, most people tend to choose the option they think will make them or their families happiest (Benjamin et al., 2014). This suggests that migrants move particularly to improve their own or their families' lives in terms of happiness, with the exception of refugees who move primarily to secure their lives. Conceptually, then, happiness, which is often used synonymously with subjective well-being, provides valuable information about the impact of migration on well-being (Hendriks and Bartram, 2019).

The above considerations imply that voluntary migrants anticipate that migration will lead to improved well-being for themselves and/or their families. Many migrants will surely experience considerable happiness gains, particularly those who meet basic subsistence needs by migrating, as basic needs such as economic security and safety are vital conditions for happiness. Migrants moving to more developed countries may also experience major gains in other important well-being domains, such as freedom, education, and economic welfare (Nikolova and Graham 2015; Zuccotti *et al.*, 2017).

It should come as no surprise, however, to find that some migrants have not become happier following migration. Migration is associated with severe costs in other critical well-being domains, particularly those relating to social and esteem needs. Separation from friends and family, social exclusion in the host country (e.g., discrimination), and decreased social participation due to linguistic and cultural barriers are typical social costs of migration that frequently result in experiences of social isolation, loneliness, and impaired social support among migrants (Morosan, 2013; Hendriks and Bartram, 2016). Migration also often entails a lower position in the social hierarchy, a sense of dislocation,

and acculturative stress (Berry, 2006). Additionally, happiness gains may falter over time because people tend to adapt more to the typical benefits of migration, such as improvements in economic welfare, than to migration's typical costs, such as leaving behind one's social and cultural environment (Frey and Stutzer, 2014).

Migration decisions are complicated by major information constraints. Most prospective migrants have never been in their intended destination country. They necessarily resort to information from the media or their personal social network. However, these sources tend to provide limited and positively biased information; for example, migrants tend to be hesitant about revealing their disappointing migration outcomes to people in their home country (Mahler, 1995; Sayad, 2004; Mai, 2005). In essence, prospective migrants must make one of the most important and difficult decisions of their lives based on limited knowledge of its consequences. Imperfect decisions may also follow from inaccurately weighing the importance of the anticipated advantages and disadvantages of migrating. Placing disproportionate weight on certain aspects of the outcome may be common, since human susceptibility to deviations from a standard of rationality is well-documented in the social sciences (Schkade and Kahneman, 1998; Gilbert, 2006). Specifically, people are believed to put excessive weight on satisfying salient desires, most notably economic gain, at a cost to other needs such as social needs (Frey and Stutzer, 2014). These beliefs are inspired by the weak correlation between economic welfare and happiness for people who have sufficient money to make ends meet (Easterlin, 1974). Migration may thus be a misguided endeavour for some migrants who move in search of a better life (Bartram, 2013a; Olgiati *et al.*, 2013), which signals the need to evaluate whether migrants are truly better off after migration.

Evaluating the outcomes of migration is complicated, however, by the rarity of experimental studies and panel studies tracking international migrants across international borders. Existing work evaluating migrants' happiness outcomes is mostly limited to comparing the happiness of migrants with that of matched stayers, i.e., demographically similar people living in a migrant's home country (e.g., Mähönen *et al.*, 2013; Nikolova and Graham, 2015). The happiness of matched stayers reflects what the migrant's happiness would have been like had they not migrated, which implies that migrants benefit from migration if they

report higher happiness levels than matched stayers. This methodology has limited leverage in estimating the causal impact of migration because the non-random selection of people into migration is not fully captured by the comparison of demographically similar migrants and stayers. For example, compared with stayers, migrants tend to be less risk-averse, to have a higher achievement motivation and lower affiliation motivation, and to differ in terms of pre-migration skills and wealth (Boneva and Frieze, 2001; Jaeger et al., 2010; McKenzie et al., 2010). Moreover, people who are relatively unhappy given their socio-economic conditions are more willing to migrate (Graham and Markowitz, 2011; Cai *et al.*, 2014). Such unobserved pre-migration differences between migrants and stayers may bias the estimated impact of migration when using simple comparisons of migrants and stayers.

The current literature generally reports happiness gains for migrants moving to more developed countries, whereas non-positive happiness outcomes are observed particularly among migrants moving to less developed countries (Hendriks, 2015; Nikolova and Graham, 2015; IOM, 2013). However, there are notable exceptions to this general pattern. Convincing evidence comes from the only experimental data available, which concerns a migration lottery among Tongan residents hoping to move to New Zealand (Stillman *et al.*, 2015). Four years after migration, the ‘lucky’ Tongans who were allowed to migrate were less happy than the ‘unlucky’ Tongans who were forced to stay, even though the voluntary migrants enjoyed substantially better objective well-being, such as nearly triple their pre-migration income. Non-positive happiness outcomes are also reported among other migration flows to more developed countries, such as for Polish people moving to Western Europe (Bartram, 2013a) and in the context of internal migration, rural-urban migrants in China (Knight and Gunatilaka, 2010). The strong dependence of migration outcomes on where migrants come from and where they go highlights the unique characteristics of each migration flow and the importance of information on the well-being outcomes of migrants in specific migration flows.

One possible reason for non-positive outcomes among some migrants is that they have not yet fully reaped the benefits of migration. Most migrants perceive migration as an investment in their future; they typically expect their well-being to gradually improve over time after overcoming initial hurdles, such as learning the language and finding a

job. Conversely, as mentioned above, the initial effect of migration is weakened by migrants' adaptation to their lives in the host country that may follow from a shifting frame-of-reference (Hendriks and Burger, 2020). The migrant's length of stay may thus be important to consider when evaluating the well-being consequences of migration.

Another possible reason that some migrants may not become happier from migration is that they sacrifice some of their own happiness to support, via remittances, the well-being of family members and/or others who remain in the country of origin. The vast scope of worldwide bilateral remittance flows – exceeding an estimated \$600 billion in 2015 alone (Ratha *et al.*, 2016) – illustrates that moving abroad to improve the welfare of people back home is an established reason for migration, particularly among migrants moving from developing to developed countries, and highlights that migration is often a family decision rather than an individual one (Stark and Bloom, 1985). The receipt of remittances often results in significant economic gains and poverty alleviation for families left behind and thereby enables access to better health care, education for one's children, and other consumption opportunities that benefit happiness (Antman, 2013). However, family separation also has various negative consequences for family members who remain in the country of origin, such as impaired emotional support, psychological disconnection from the migrant, and a greater burden of responsibility for household chores and child nurturing (Dreby, 2010; Abrego, 2014). Do the advantages of having a family member abroad outweigh the disadvantages? Although the receipt of remittances is associated with greater happiness (Joarder *et al.*, 2017), having a household member abroad was not positively associated with life satisfaction among left-behind adult household members in an Ecuadorian community (Borraz *et al.*, 2010). Similarly, household members left behind in small Mexican and Bolivian communities do not evaluate their family happiness as having improved more than non-migrant households (Jones, 2014; 2015). In contrast, in a comprehensive set of Latin American countries, adult household members with relatives or friends abroad who they can count on evaluate their lives more positively than adults without such relatives or friends abroad (Cárdenas *et al.*, 2009). Causal evidence for emotional well-being and mental health is also mixed. For example, the emigration of a family member did not affect the emotional well-being of left-behind families in Tonga

and the elderly in Moldova but did negatively affect various aspects of emotional well-being among left-behind Mexican women and caregivers in Southeast Asia (Gibson et al., 2011; Böhme *et al.*, 2015; Nobles *et al.*, 2015). Hence, the happiness consequences of migration for those staying behind appear to be strongly context-dependent. Given that the current literature has predominantly focused on specific countries or communities, a global picture is missing of how migration affects the happiness of those staying behind and how it affects those staying behind in the various unexplored migration flows.

This chapter contributes to existing knowledge in three main ways. First, it covers the happiness outcomes of migrants in previously unexplored migration flows between world regions (e.g., from South Asia to Southeast Asia), within world regions (e.g., within sub-Saharan Africa), and between specific countries (e.g., Russians to Israel) using a methodology that allows for more accurate estimates of the happiness consequences of migration than is typically used in the literature. Second, while previous work predominantly evaluated migrants' cognitive happiness outcomes (life evaluations), this article explores migrants' happiness outcomes more comprehensively by additionally considering the impact of migration on the affective dimension of happiness (moods and emotions). Third, this article provides a global overview of the relationship between migration and the happiness of families left behind and examines the impact of migration on household members staying behind in various previously unexplored migration flows.

1. METHODOLOGY

To determine the impact of migration, we aim to compare the happiness of migrants to what their happiness would have been had they not migrated. The latter is unobserved. In the absence of large-scale experimental or panel data tracking migrants across international borders, we use pooled annual cross-sectional Gallup World Poll (GWP) data across more than 150 countries and territories spanning the period 2009-2016 to make this comparison. This data is collected by Gallup through yearly surveys with adult citizens. The adult sample

contains more than 36,000 first-generation migrants.¹ To mitigate the above discussed self-selection and reverse causality issues in the best possible way given our cross-sectional data, we use a more rigorous approach than a simple comparison of migrants and matched stayers, as has been typically done in the literature.² We first matched migrants to demographically similar people in their country of origin who desire to move permanently to another country, i.e., potential migrants. Given that emigration aspirations are found to be good predictors of subsequent migration behaviour (Van Dalen and Henkens, 2013; Creighton, 2013; Docquier *et al.*, 2014), potential migrants can be assumed to have similar unobserved characteristics (e.g., similar risk preferences and pre-migration wealth) as migrants had before they migrated. By using the happiness of potential migrants as a proxy for migrants' pre-migration happiness, we created a synthetic panel that allows us to estimate migrants' pre- versus post-migration change in happiness. The comparison of migrants and potential migrants captures a migrant's change in happiness but not how the happiness of migrants would have developed had they not migrated. We included a control group to capture this counterfactual. Specifically, we matched migrants with demographically similar stayers who expressed no desire to migrate (reflecting the happiness of stayers in the post-migration period) and we additionally matched potential migrants with demographically similar stayers who expressed no desire to migrate (reflecting the happiness of stayers in the pre-migration period). In the end, we have four groups: migrants after migration (group 1), migrants before migration (group 2), stayers in the post-migration period (group 3), and stayers in the pre-migration period (group 4). We calculated the impact of migration by comparing migrants' average pre- versus post-migration period change in happi-

¹ First-generation immigrants are those who are not born in their country of residence. Because of data limitations, immigrants' native-born children (the second generation) and later generations are beyond the scope of this article. Migrants originating from countries that are not covered by the GWP – predominantly sparsely populated countries and island states – are excluded from analysis because they could not be matched to stayers. Immigrants in Gulf Cooperation Council (GCC) countries are excluded because these countries lack sufficiently representative immigrant samples.

² Our empirical strategy is broadly in line with the empirical strategy used by Nikolova and Graham to explore the happiness consequences of migration for migrants from transition countries. For a more general discussion of this methodology, see Blundell and Costa Dias (2000).

ness to that of stayers (i.e., difference-in-differences). Our empirical strategy is described in more detail in Appendix A.

We ensured that our immigrant sample is as representative as possible for the true immigrant stock size of each country by virtue of a weighting variable using UN DESA (2015) data on each country's immigrant stock. In some analyses, the immigrant population is divided into newcomers and long-timers based on whether the immigrant has lived for more or fewer than five years in their country of residence to compare the short- and long-term impacts of migration. We consider three happiness indicators that together cover the cognitive and affective dimension of happiness:

1. Life evaluation – as measured by the Cantril ladder-of-life question that asks people to make a cognitive assessment of the quality of their lives on an 11-point ladder scale, with the bottom rung of the ladder (0) being the worst possible life for them and the top rung (10) being the best possible life.

2. Positive affect – as measured before 2012 by a three-item index asking respondents whether they frequently experienced (1) enjoyment, (2) laughter, and (3) happiness on the day before the survey. For the 2013-2016 period, a two-item index comprising the first two items was used because the latter item was not available for this period.

3. Negative affect – as measured by a three-item index asking respondents whether they frequently experienced (1) worry, (2) sadness, and (3) anger on the day before the survey.

We conduct separate analyses for each happiness indicator because, while positively correlated, outcomes can differ considerably between these dimensions (Kahneman and Deaton, 2010). To be consistent with the Cantril-ladder-of-life measure, both affect indexes were re-scaled to range from 0 to 10.

2. RESULTS

2.1. *The happiness outcomes of migrants*

The average happiness gains of the global immigrant population are presented in Figure 1. Immigrants across the globe evaluate their lives on average 0.47 points higher (on a 0-10 scale) after migration, which implies that migrants report approximately 9% higher life evaluations following migration.³ Migrants also experience 5% more positive affect (0.33 points on a 0-10 scale) and 7% less negative affect (0.23 points on a 0-10 scale) due to migration.⁴

The increased life evaluations of “newcomers”, and to a lesser extent their increased positive affect experiences, show that immigrants already achieve happiness gains during their first five years after migration.⁷ The happiness gains of long-timers are very similar to those of newcomers. This finding suggests that the happiness of immigrants does not improve much with their length of stay in the destination country, which is in line with previous research findings (e.g., Safi 2010).⁸ Table 1 shows the happiness outcomes in some of the largest migration flows within or between ten world regions: Latin America and the Caribbean (LAC), sub-Saharan Africa (SSA), the Middle East and North Africa (MENA), South Asia, Southeast Asia, East Asia, the Commonwealth of Independent States (CIS), Central and Eastern Europe (CEE), Western Europe, and finally, Northern America combined with Australia and New Zealand (NA & ANZ). We highlight the most important results.

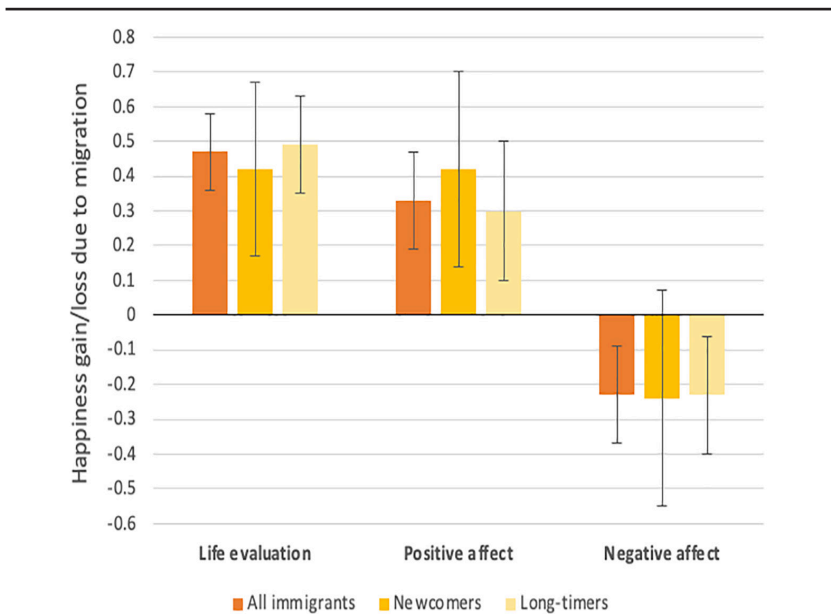
³ The percentage of the happiness gain is calculated by first solving equation 1 (using the sample means of groups 2-4) to find the sample mean of group 1 for which the happiness gain would be zero and subsequently calculating the absolute happiness gain as a percentage of that sample mean.

⁴ Our results are very similar when we would only compare migrants to potential migrants (groups 1 and 2), i.e., when we would exclude the counterfactual (groups 3 and 4). Specifically, we find a life evaluation gain of 0.49 points, a positive affect gain of 0.37 points, and a decrease in negative affect of 0.29 for the total immigrant sample.

⁵ In the main analysis, the reported happiness gains for newcomers and long-timers are based on the same weighting criteria (the migrant stock by destination country) to ensure that our assessment of the short- and long term impacts of migration is not driven by a different distribution of newcomers and long-timers over destination countries. We additionally calculated the happiness gains for “newcomers” using an alternative weighting variable that is more representative for countries’ migration inflows in recent years. This self-created weighting variable is based on each country’s migrant inflow in the period 2005-2010 as estimated by Abel and Sander (2014). When applying this alternative weighting variable, newcomers report 0.41 higher life evaluations after migration ($p < .01$), Newcomers also report 0.22 more positive affect and 0.08 less negative affect but these gains are not statistically significant.

⁶ Given our cross-sectional data, possible cohort effects may affect the relative happiness gains of newcomers versus long-timers. However, Hendriks and Burger (2020) did not find evidence for cohort effects among immigrants in Western Europe, and Stillman et al. (2015) found no improvement in happiness in the first years after migration using panel data. Hence, it is unlikely that cohort effects drive migrants’ non-improving happiness with their length of stay.

FIGURE 1
THE HAPPINESS GAINS/LOSSES OF THE GLOBAL IMMIGRANT POPULATION



Source: GWP 2009-2016.

Note: All measures have a 0-10 scale. 95% confidence interval bars shown. The sample contains 36,574 immigrants, including 6,499 newcomers and 30,075 long-timers.

Migrants in almost all reported migration flows evaluate their lives more positively after migration, including migrants moving within world regions (e.g., migrants within CIS), migrants moving to more developed world regions (e.g., from CEE to Western Europe), and migrants moving between similarly developed world regions (e.g., from Western Europe to Northern America & ANZ). At the same time, migrants do not experience less negative affect following migration in the majority of considered migration flows. Increased positive affect following migration is more common than reduced negative affect but less common than life evaluation gains. Taken together, improved contentment is more prevalent than improved affective experiences. Accordingly, migration positively impacts all three aspects of happiness (life evaluations, positive affect, and negative affect) in only four out of the 20 considered migration flows. These four migration flows include

migrants within the Commonwealth of Independent States, the Middle East and North Africa, Western Europe, and Central & Eastern Europe. Non-positive outcomes for all three happiness indicators are experienced by migrants within South Asia and within Northern America & ANZ. These findings highlight that migrants typically experience divergent outcomes in life evaluations, positive affect, and negative affect. Nevertheless, negative outcomes at the level of regional migration flows are uncommon; only migrants from CIS to MENA report increased negative affect and decreased positive affect. This migration flow mainly includes migrants to Israel. Finally, the results show that there is no strong relationship between the size of the migration flow and the size of migrants' happiness gains.

It should be noted that the happiness outcomes of migrants from a given source region to the various destination regions are not directly comparable. For example, the slightly higher happiness gains among migrants within LAC compared with Latin American migrants moving to Western Europe does not imply that those who moved to Western Europe would have been better off had they moved within LAC. One reason is that the considered migration flows often differ in the distribution of source countries. For example, compared with Argentinians, relatively more Nicaraguans move within Latin America and relatively fewer move to Western Europe. Another reason is that migrants in different migration flows may have different characteristics. For example, many migrants moving within regions do not have the financial resources to move to another world region and certain types of migrants (e.g., humanitarian migrants) are admitted in some destination countries/regions but not in others. Moreover, the achieved happiness gains are not indicative of the maximum possible happiness gain of a certain migration flow. For instance, most Latin American migrants in Western Europe live in Spain and Portugal, but they may have been happier had they moved to another Western European country.

We further test to what extent the happiness levels of migrants converge towards the average happiness level in the destination country by comparing a migrant's happiness gain with the happiness differential between the migrant's origin- and destination country. This origin-destination happiness differential is calculated by subtracting the average happiness level in the country of origin from that of the destination country's native-born population.

TABLE 1
MIGRANTS' HAPPINESS OUTCOMES BY REGIONAL MIGRATION FLOW

Migration flow	Life Evaluation	Positive affect	Negative affect	Size of migrant stock	N of migrants
Within regions					
Commonwealth of Independent States	+0.39** [0.28 - 0.49]	+0.43** [0.23 - 0.63]	-0.51** [-0.64 - -0.37]	22,092,847	4,176
Sub-Saharan Africa	+0.21** [0.06 - 0.35]	NS	NS	15,952,589	4,184
Middle East and North Africa	+0.44** [0.21 - 0.66]	+0.57** [0.18 - 0.96]	-0.95** [-1.36 - -0.54]	14,273,111	2,563
Western Europe	+0.45** [0.31 - 0.60]	+0.36** [0.12 - 0.60]	-0.31** [-0.53 - -0.09]	11,525,545	4,123
South Asia	NS	NS	NS	9,653,943	524
Southeast Asia	+1.08* [0.13 - 2.03]	NS	NS	7,044,470	607
Latin America & the Caribbean	+0.45** [0.24 - 0.66]	NS	NS	5,918,332	1,846
East Asia	+0.54** [0.23 - 0.84]	+0.85** [0.46 - 1.24]	NS	5,204,219	1,062
Central & Eastern Europe	+0.39** [0.26 - 0.52]	+0.51** [0.27 - 0.75]	-0.49** [-0.67 - -0.31]	3,064,126	3,517
Northern America & ANZ	NS	NS	NS	2,245,399	455
Between regions					
CEE → Western Europe	+0.78** [0.58 - 0.97]	+0.50** [0.15 - 0.85]	NS	11,296,274	1,609
MENA → Western Europe	+0.90** [0.64 - 1.17]	+0.86** [0.37 - 1.35]	NS	9,239,336	655
Western Europe → NA&ANZ	+0.84** [0.53 - 1.14]	+0.73* [0.14 - 1.32]	NS	6,785,656	1,627
LAC → Western Europe	+0.36** [0.15 - 0.56]	-0.37* [-0.70 - 0.04]	NS	4,627,262	734
SSA → Western Europe	+1.44** [1.03 - 1.86]	+0.87** [0.16 - 1.58]	NS	4,111,872	375
CIS → Western Europe	+0.59** [0.22 - 0.96]	NS	NS	4,053,523	396
CIS → CEE	+0.57** [0.26 - 0.88]	+0.69* [0.10 - 1.28]	NS	1,481,054	1,975
South Asia → Southeast Asia	+0.80* [0.08 - 1.51]	NS	-0.93* [-1.64 - -0.22]	1,219,086	308
Western Europe → CEE	NS	NS	NS	768,172	653
CIS → MENA	+1.11** [0.66 - 1.66]	NS	+1.11** [0.66 - 1.66]	461,174	908

Sources: GWP 2009-2016 and UN DESA (2015).

Notes: 95% confidence intervals in parentheses. * p<0.05, ** p<0.01, NS = not significant at the 5% level. Migration flows with fewer than 300 migrant-stayer matches are not reported.

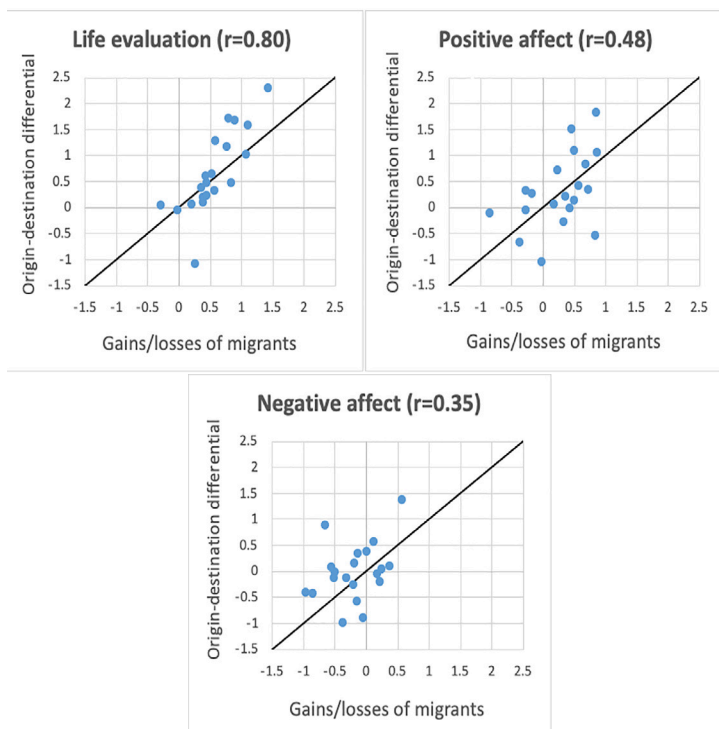
Figure 2 shows three scatter plots – one for each happiness indicator – of migrants' happiness gains/losses due to migration (as presented on the X-axis) and the corresponding origin-destination happiness differentials (as presented on the Y-axis). The data points represent the 20 regional migration flows as presented in Table 1. Migrants' happiness levels tend to become more similar to those of people in their destination country when there is a high positive correlation between migrants' happiness gains and the destination-origin happiness differential, i.e., when the points are closer to the 45-degree lines in each panel. Indeed, we find a strong positive correlation between the life evaluation gains of migrants and the life evaluation differentials between their origin- and destination countries ($r=0.80$). The correlations for positive affect ($r=0.48$) and negative affect ($r=0.35$) are also positive but more moderate. These results show that the happiness of migrants converges substantially – though not entirely – towards the average happiness level in the host country, particularly in terms of life evaluations. Migrant happiness thus strongly depends on the host country environment.

2.2. THE HAPPINESS OUTCOMES OF FAMILIES LEFT BEHIND

We estimate the happiness consequences of having a household member abroad by comparing the happiness of individuals with and without a household member abroad. For this purpose, we use global GWP data spanning the period 2007-2011. To account for the non-random selection of households into migration, we employ exact matching and compare only individuals with the same gender and education level, who are from the same country of residence and age group (maximum age difference of 5 years), and who live in a similar type of location (rural vs. urban).⁷

⁷ While immigrants in GCC countries were excluded in previous analyses, the analysis samples in this section include families left behind by immigrants in GCC countries. The analyses in this section are based on unweighted data because there are no precise data available on the number of left-behind migrant households by origin country or migration flow.

FIGURE 2
THE RELATIONSHIP BETWEEN MIGRANTS' HAPPINESS GAINS AND THE CORRESPONDING
ORIGIN-DESTINATION HAPPINESS DIFFERENTIAL



Source: GWP 2009-2016.

Notes: The interpretation of these graphs can be exemplified using the upper right data point in the "life evaluation" panel. This data point represents migrants from sub-Saharan Africa to Western Europe, and shows that these migrants evaluate their lives 1.44 higher due to migration (as presented on the X-axis) while the corresponding difference in life evaluations between the native populations of their host-and origin countries is 2.29 (as presented on the Y-axis). The origin-destination differential is weighted by the size of bilateral migration flows within these world regions to ensure accurate comparisons.

In a first model, we estimate how having one or multiple household members living abroad for under five years affects the happiness of left-behind household members across 144 countries. We do not have information on the exact relationship between the migrant and left-behind household member and the migrant's motive for migration. However, it is conceivable that one of the most common reasons for moving abroad without other household members is to improve the household's living standard by working abroad and sending back remittances.

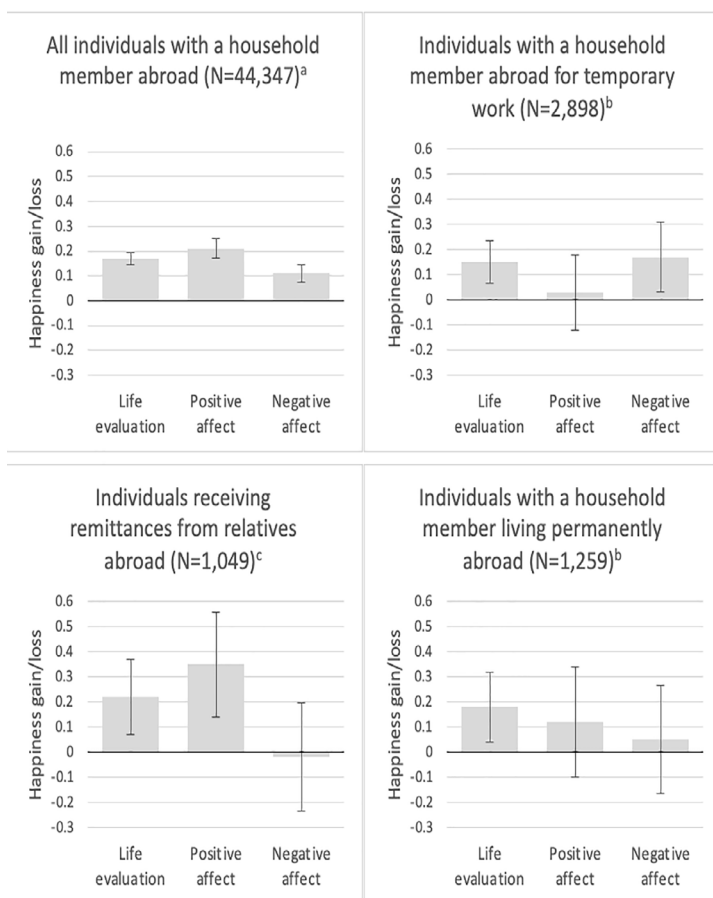
This group of migrant workers is characterized by great diversity, ranging from female nurses from the Philippines to male construction workers from Latin America. The household member abroad can, however, also be another family member (e.g., a child or sibling) or move for different reasons (e.g., for study purposes). Household members left behind are likely to be the migrant's spouse, children, parents, siblings, or other extended family members. The results, presented in the upper left panel of Figure 3, show that individuals with a household member abroad typically evaluate their lives more positively and experience more positive affect than their counterparts without a relative abroad. However, they also experience more negative affect. A plausible explanation for these mixed happiness outcomes is that the family's often significant economic gain from migration is more strongly related to cognitive assessments of quality of life (life evaluations) than affective experiences (Kahneman and Deaton, 2010), whereas those left behind may often suffer emotionally because they may experience increased sadness from being separated from the migrated household member and increased worry from communicating infrequently with the family member and being unable to share responsibilities such as child nurturing (Nobles et al., 2015; Abrego, 2014).

The two right panels of Figure 3 present the outcomes of household members left behind by household members who specifically moved abroad for temporary work or permanent residence, respectively. The analysis sample is limited to countries in Latin America and the Caribbean and countries of the former Soviet Union. Household members left behind by migrants moving for temporary work or to permanently live abroad evaluate their lives more positively than their counterparts without a household member abroad. However, they do not benefit from migration in terms of emotional well-being; most notably, individuals with a household member abroad for temporary work experience increased negative affect following migration. Similarly, as shown in the lower left panel, Latin Americans who receive remittances from relatives abroad evaluate their lives more positively and experience more positive affect but they do not experience less negative affect compared with non-migrant households.

Taken together, the results reported in Figure 3 suggest that migration generally improves the perceived quality of life of household members back home but not necessarily their emotional well-being. Particularly

interesting is that having a household member abroad generally does not reduce – and often even increases – negative affect experiences among the family back home. Hence, migration often requires trade-offs between different aspects of happiness for people staying behind.

FIGURE 3
THE RELATIONSHIP BETWEEN MIGRANTS' HAPPINESS GAINS AND THE CORRESPONDING
ORIGIN-DESTINATION HAPPINESS DIFFERENTIAL



Source: a Worldwide GWP 2007-2011 data. b GWP 2009 data covering all countries of the former Soviet Union, most Latin American countries, and some Caribbean countries. c GWP 2007 data covering most Latin American countries and the Dominican Republic.

Note: 95% confidence interval bars shown.

In Table 2, we present the impact of migration on left-behind household members for selected migration flows within or between world regions. The analysis sample contains all individuals with a household member abroad, i.e., the sample as in the upper left panel of Figure 3. There is considerable heterogeneity in outcomes between migration flows. The benefits in terms of life evaluations and positive affect are particularly large for individuals in the developing world who have a household member living in Western Europe, Northern America, Australia, or New Zealand. It is plausible that benefits are typically largest in these migration flows given that the large wage gaps between these origin-and destination countries allow for high remittances. However, in some cases, benefits are also present among families left behind in other types of migration flows, such as migrants moving within the Commonwealth of Independent States. In 8 out of 21 migration flows, non-positive outcomes are experienced for all three aspects of happiness. For example, household members left behind by migrants within MENA experience increased negative affect and no improvements in life evaluations or positive affect. Interestingly, there are no migration flows in which migration reduced negative affect experiences among families back home, which highlights the prevalence of a non-positive impact of migration on the negative affect experiences of those staying behind.

TABLE 2
THE IMPACT OF MIGRATION ON LEFT-BEHIND HOUSEHOLD MEMBERS BY REGIONAL
MIGRATION FLOW

Migration flow	Life Evaluation	Positive affect	Negative affect	N
Within regions				
Commonwealth of Independent States	+0.13** [0.06 - 0.20]	+0.29** [0.13 - 0.45]	NS	3,356
Sub-Saharan Africa	+0.12** [0.05 - 0.20]	+0.23** [0.06 - 0.39]	+0.23** [0.08 - 0.37]	3,354
Middle East and North Africa	NS	NS	+0.34** [0.11 - 0.57]	1,552
Latin America & the Caribbean	NS	NS	+0.37** [0.18 - 0.56]	1,776
Western Europe	NS	NS	NS	1,074
Central & Eastern Europe	NS	NS	NS	550
Southeast Asia	NS	NS	NS	309

East Asia	+0.26* [0.05 - 0.47]	NS	NS	304
Between regions				
LAC → NA & ANZ	+0.24** [0.16 - 0.33]	+0.29** [0.19 - 0.40]	NS	3,360
CEE → Western Europe	+0.12** [0.04 - 0.21]	NS	NS	3,311
SSA → Western Europe	+0.29** [0.21 - 0.37]	+0.34** [0.16 - 0.52]	NS	3,202
LAC → Western Europe	+0.28** [0.17 - 0.40]	+0.19* [0.02 - 0.36]	NS	1,806
SSA → NA & ANZ	+0.16** [0.04 - 0.28]	+0.54** [0.30 - 0.78]	NS	1,575
South Asia → MENA	+0.29** [0.15 - 0.42]	NS	NS	1,024
MENA → Western Europe	+0.22* [0.06 - 0.38]	NS	+0.32* [0.02 - 0.62]	834
SSA → MENA	NS	+0.42* [0.03 - 0.82]	NS	717
Southeast Asia → NA & ANZ	+0.21** [0.06 - 0.35]	+0.52** [0.20 - 0.84]	NS	705
CEE → NA & ANZ	+0.28** [0.07 - 0.49]	+0.47* [0.12 - 0.82]	NS	695
East Asia → NA & ANZ	NS	NS	NS	637
CIS → Western Europe	+0.51** [0.31 - 0.70]	+0.50** [0.13 - 0.86]	NS	604
Western Europe → NA & ANZ	+0.21* [0.00 - 0.42]	NS	NS	463

Source: GWP 2007-2011.

Notes: 95% confidence intervals in parentheses.* $p < 0.05$, ** $p < 0.01$. NS= not significant at the 5% level. Migration flows with fewer than 300 homestay matches are not reported.

3. ROBUSTNESS CHECKS AND LIMITATIONS

Some possible validity threats cannot be fully addressed in our cross-sectional study, which is typical of empirical literature estimating the impact of migration on migrants and families left behind.⁸

⁸ For example, the literature on migrants' income gains from migration emphasizes that cross-sectional studies have limited leverage in estimating the benefits of migration because self-selection biases cannot be fully eliminated (e.g., Borjas 1987, McKenzie et al. 2010).

In our analysis of migrant outcomes, we mitigated possible selection bias in terms of demographics, skills, ability, personality, and other characteristics to the extent possible by introducing potential migrants as a comparison group and by comparing migrants only to demographically similar stayers. Nevertheless, unobserved migrant-stayer differences in personal characteristics that affect happiness could remain present and may bias our results to some extent. To alleviate this concern, we conducted a robustness check in which potential migrants were replaced by a smaller sample of migrants with concrete plans to migrate within a year. The pre-migration characteristics of our migrant sample may be more similar to those of people with concrete migration plans than to those of people expressing only a willingness to migrate. A potential limitation of using migrants with concrete migration plans as a comparison group is that their anticipated migration may have affected their happiness. The results using this alternative comparison group are consistent with our main finding that migrants are better off after migration on all three happiness indicators. However, compared with our main results, migration has a somewhat weaker impact on positive affect and a stronger impact on negative affect.

Second, temporary migrants live for a shorter period in the host country compared with permanent migrants and thus have a smaller chance of being sampled in the host country. Therefore, temporary migrants are likely to be under-represented in our sample. This may bias the results if returnees achieve relatively better or worse happiness outcomes in the host country than permanent migrants. However, return migration is in many cases not primarily driven by the success of the migration experience (e.g., for refugees returning home), whereas in other cases return migration resulting from a disappointing migration experience is to some extent counterbalanced by return migration resulting from having successfully achieved one's migration goals (De Haas *et al.*, 2015). Nevertheless, non-causal evidence shows that returnees tend to be less happy than stayers in the home country and non-returned migrants, which may be either because return migrants were already relatively unhappy before moving abroad or because migrants with disappointing migration outcomes are more inclined to return home (Bartram, 2013b; Nikolova and Graham, 2015). Based on the current evidence, we cannot provide a reliable estimate of the extent and direction of the bias resulting from the underrepresentation of temporary migrants.

Third, our migrant sample excludes some migrant groups. First, migrants in Gulf Cooperation Council countries and sparsely populated countries and island states are excluded, representing altogether less than 8% of the world's migrant population (UN DESA, 2015). Aside from the exclusion of these groups, the analysis sample was made representative, to the extent possible, of each destination country's immigrant stock size by virtue of a weighting adjustment. By contrast, the sample is not fully representative of the migrant populations within host countries, since the GWP is not specifically designed to study migrants. More specifically, the analysis sample may under-represent undocumented migrants and excludes migrants in refugee camps, migrant children, and migrants who do not speak the host country's most common languages. The latter two groups are excluded because GWP respondents are aged 15+ and interviews are only held in each country's most common languages, respectively. Initial evidence suggests that proficiency in the host-country language may improve immigrant happiness (Angelini et al., 2015), whereas there is no specific research available on the happiness gains of the other excluded immigrant groups.⁹ We acknowledge that the exclusion of these immigrant groups could bias our results to some extent, and we ask the reader to keep this caveat in mind when interpreting our results.

CONCLUSIONS AND IMPLICATIONS

Using Gallup World Poll data, this chapter sheds light on the happiness consequences of migration for international migrants and families left behind across the globe. Three types of happiness outcomes were considered: life evaluations, positive affect (experiences of enjoyment, happiness, and laughter), and negative affect (experiences of worry, sadness, and anger).

⁹ Undocumented migrants and immigrants in refugee camps often face exploitation, discrimination, limited freedom and safety, and other negative circumstances. They may nevertheless have obtained considerable happiness gains because they move away from possibly even more deprived conditions in their home countries; many of these migrants were forced to move because they could not meet their basic subsistence needs back home.

By comparing migrants to matched potential migrants and other stayers, we estimate that migrants across the globe evaluate the quality of their lives on average 9% higher following migration. They also experience approximately 5% more positive affect and 7% less negative affect due to migration. Accordingly, the happiness levels of migrants converge substantially towards the average happiness level in the host country, particularly in terms of life evaluations. Most of these happiness gains are already experienced within the first five years after migration given that the happiness of international migrants generally does not further improve following those first five years.

A happiness gain in at least one of the three happiness indicators is not only the dominant outcome among migrants moving to more developed world regions (e.g., from Central and Eastern Europe to Western Europe) but also among migrants moving between similarly developed world regions (e.g., from Western Europe to Northern America & ANZ), or within world regions (e.g., migrants within Latin America and the Caribbean). Notable groups that have not become happier in some or all aspects of happiness by migrating include migrants within South Asia and migrants within Northern America & ANZ. These findings imply that despite the happiness gains achieved by a majority of migrants, there is a considerable group of international migrants who do not become happier from migration.

Migration also affects the happiness of possible household members who stay behind in the country of origin. Our results suggest that the migration of a household member has a mixed impact on the happiness of the family back home. Families left behind generally evaluate their lives more positively. A plausible reason for this positive impact is the receipt of remittances. However, they also experience on average more – or at least no reduced – negative affect. This suggests that the disadvantages of migration, such as impaired emotional support, are more related to affect, while the benefits of migration, such as an increased living standard, are more related to life evaluations. Not surprisingly, the greatest benefits are experienced by families in the developing world who have a household member living in a developed country.

Our findings suggest that it is likely that a portion of migrants who did not gain happiness from migration sacrificed happiness for the benefit of their family back home. However, for many other migrants who are less happy after migration, this reason may not apply. For instance, in

some migration flows in which non-positive outcomes are common, such as migration flows between developed countries, the entire household typically moves or the migrant does not specifically move to improve the lives of family members back home. One question that thus requires attention is why some migrants voluntarily move abroad if it benefited neither themselves nor their families back home. These non-positive happiness outcomes cannot be justified by the argument that one invests in one's own long-term happiness or the happiness of one's children because we do not find that happiness increases with the migrant's length of stay, while existing literature shows that the second generation is not happier than first-generation migrants (Safi, 2010). Migrants may trade off happiness for other goals, such as economic security, freedom, safety, and health. However, in most cases, positive outcomes in these other domains go together with greater happiness. For example, greater happiness often accompanies greater health and safety. A more worrisome but oft-mentioned potential cause of negative outcomes is migrants' excessive expectations about the destination country, which originate from inaccurate perceptions about what determines their happiness and inaccurate or incomplete information about the destination country (Schkade and Kahneman, 1998; Knight and Gunatilaka, 2010; Bartram, 2013a; Olgiati *et al.* 2013).

The opposite question also requires attention: Considering the substantial happiness gains experienced by most international migrants, why don't more than the current 250 million people (3.3% of the world population) live in a country other than where they were born? It seems likely that more people could benefit from migration, given the large happiness differences between countries and the benefits for the current international migrant population. Several other reasons may apply. First, many people are restricted from migration by personal constraints, such as financial, health, or family constraints. Second, many people cannot move to their preferred destination countries because of those countries' restrictive admission policies.¹⁰ Third, many people are locally oriented and moving abroad is simply not a salient pathway in people's long-term orientation toward improving their lives. Finally, according

¹⁰ Recent studies in Europe, however, show that if anything, immigrant influxes tend to slightly improve the happiness of the host countries' native populations, at least in Europe (Betz and Simpson 2013; Akay *et al.* 2014).

to prospect theory, the human tendency for risk- and loss aversion may cause people to stay in their home countries given that many people face great uncertainty about the outcomes of migration as they have little knowledge about life abroad (Morrison and Clark, 2016).

In sum, international migration is for many people a powerful instrument to improve their lives given that most migrants and families back home benefit considerably from migration. Nevertheless, not all migrants and families left behind gain happiness from migration, and the happiness of migrants does not increase over time as they acclimatize to their new country. Therefore, there is still much to be done, and much to be learned, to ensure lasting benefits for migrants and their families.

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Dolores Del Río: return migration and successful entrepreneurship in Mexico, 1904-1983

RAÚL BRINGAS NOSTTI*

ABSTRACT

Dolores Del Río was the first Mexican woman to succeed in the United States. Her condition as returned migrant has received only marginal attention. In the 1940s, she applied some of the most valuable skills of the American film industry, such as innovation, knowledge of the market and a powerful work ethic. Her life experience reveals how return migration can nurture successful entrepreneurship in Mexico. It also demonstrates, on a theoretical level, that personal qualities, and not social macro conditions, are the central factor behind successful return migration.

Keywords: Return migration, Mexico, United States, entrepreneurship, film industry.

JEL Classification: L26.

RESUMEN

Dolores Del Río: migración de retorno y emprendimiento exitoso en México, 1904-1983

Dolores Del Río fue la primera mexicana en triunfar en Estados Unidos. Su condición de migrante de retorno solo ha recibido una atención marginal. En la década de 1940 empleó algunas de las habilidades más

* Professor-researcher. Department of International Business Administration. Universidad de las Américas-Puebla, México. Email: raul.bringas@udlap.mx

valiosas de la industria cinematográfica estadounidense, como la innovación, el conocimiento del mercado y una poderosa ética de trabajo. Su experiencia revela cómo la migración de retorno puede nutrir el emprendimiento en México. También demuestra, a nivel teórico, que las características personales, y no las condiciones macro sociales, son el factor central detrás de los migrantes de retorno exitosos.

Palabras clave: Migración de retorno, México, Estados Unidos, emprendimiento, industria filmica.

Clasificación JEL: L26.

INTRODUCTION

Return migration to Mexico from the United States is not a new phenomenon. As a low-skilled labor force, Mexicans have been the first victims in periods of economic distress in the United States. When the labor market overflows with workers, Mexicans return home. Different moments in U.S. history attest to this reality. During the Great Depression of the 1930s, Mexicans were the forgotten victims of the huge economic catastrophe. Most sources estimated that one million Mexicans returned to their country. Mexico's press increased the figure up to two million (Balderrama and Rodríguez, 2006: 150-151). This returning process has been repeating itself for decades. The year 2008 witnessed the last great return migration to Mexico, when an economic crisis forced more than one million Mexicans back home. As always, most of them worked in low-skill sectors (OECD, 2017: 95).

Returned Mexican migrants carry with them significant experiences. After all, they return from the United States, a country that, since the beginning of the 20th century, has commanded the world in political influence, technology, cultural achievements and economic power (Panitch and Gindin, 2012). American innovation, competitiveness and entrepreneurship rule the world. The brightest and more diligent Mexican migrants absorb the Anglo-Saxon entrepreneurial vision and take it back to their home country. A returned gardener, for example, adopts new techniques and a renovated business mentality. Until the 1940s, not a single returned Mexican had applied his/her entrepreneur-

rial knowledge with such success as the famous actress¹ Dolores Del Río did. Her life experience is an extraordinary example of the valuable impact of American entrepreneurship acquired through migration.

For decades, Del Río was one of the most famous Mexicans all over the world. In present days, she shines like a legend. Del Río conquered Hollywood and became one its favorite socialites. Her life has been a constant reference in the history of Mexican cinema. Books, articles, films and television shows have narrated her story. However, none of them has focused in her experience as a returned migrant. It is a regrettable omission, since Del Río, like no other migrant, is the perfect case study about the relationship between migration and entrepreneurship. There are multiple reasons behind this assertion. Two shine above all of them. First, besides being the first famous returned migrant in Mexican history, she remains the most successful one. Second, her gender, in times of absolute male dominance, makes her achievement even worthier.

In order to understand Del Río's success and its impact on Mexico, it is essential to consider her personality, the nature of her migration, the process of adaptation to American society and, of course, her success in Hollywood, both as an actress and as a socialite. By doing so, it is possible to observe how her particular position in the film industry allowed her to acquire amazing entrepreneurial skills that she applied in Mexico. Her success experience was uniquely personal. It provides a strong argument in favor of theoretical concepts that consider the individual experience, and not the macrosocial framework, as the main factor behind migrant entrepreneurship and success.

This article examines how Del Río became a returned migrant and how her personal traits were the key to her achievements. Her presence at the right moment and time was an essential element in the consolidation of the Golden Age of Mexican cinema. Summarizing, the present article offers three main contributions to the academic literature. 1) It presents a biographical narrative about the first successful Mexican

¹ There is an ongoing debate on the use of the word "actress". Some experts in the English language argue that, both, the masculine and feminine forms, must be "actor". However, others contend that the feminine form is the right one. In this article, we opt for "actress", a term used by the Academy of Motion Picture Arts and Sciences in its Oscars awards. For a deeper discussion, please check out the arguments by Stephen Pritchard (2011).

returned entrepreneur. 2) It defends the individual experience and the personal merits as major explanations for entrepreneurial success in opposition to macrosocial justifications. 3) It expresses the relevance of imported entrepreneurship in the development of successful business experiences in less developed economies. To achieve its purpose, the present work has six biographical sections that represent turning points in Del Río's life. By analyzing her life and experience as a returned migrant, her entrepreneurial contribution to the Mexican film industry surfaces in its entire splendor.

1. METHODOLOGY AND THEORETICAL FOUNDATIONS.

In opposition to most return migration studies, this work does not have a sociological or economic nature. Its purpose is to reflect the power of a mere personal experience as an explanation for entrepreneur qualities and, eventually, business success. It does not use quantitative data for its main goal is to emphasize the prominence of the individual in the entrepreneurial realm. Its qualitative orientation relies on a biographical analysis. The review of Del Río's life reflects particularities inaccessible to macro and quantitative studies. Of course, this position does not dismiss or diminish the cardinal importance of quantitative studies. However, in this particular case, the qualitative-individual perspective provides a valuable deepness to understand Del Río's distinct approach to life and her strong entrepreneurship skills. This approach appears in entrepreneurship studies that consider the primacy of the personal experience as an explanation for success. The individual, not the society, creates his/her experience or "set of experiences", which in turn enrich his/her own experience (Morris, *et. al.*, 2012). Behind the entrepreneurial mind, there are four basic mechanisms, all of them the result of individual traits: the need for achievement, locus of control, a risk-taking propensity, and creativity (Sun, *et. al.*, 2020).

The role of the individual experience in success stories reflects the "migrant paradox", which attributes to particular migrants a strong desire to succeed and to overcome sociocultural limitations. In the specific case of education, this desire enhances their performance. Their disadvantage, which is a social condition of any migrant, leads them to individual success. Only a few of them will finally display extraordinary academic results (García Coll and Marks, 2012). Migrants may

use their social networks for success, as it is the case of Hispanics, who through connections improve their entrepreneurial goals. No matter how individualistic they are as persons, many Hispanic entrepreneurs base their success on a sociocultural structure (Pumar, 2012). However, it is quite interesting to notice that the community is one more of their tools to reach their individual goals. They relate to their ethnic community with the purpose of using its resources to favour their business (Gomez, *et. al.*, 2020).

Numerous academic works emphasize the relevance of the individual for successful entrepreneurship. An ample review of articles about immigrants with entrepreneurial abilities illustrates that, no matter their theoretical frameworks, the concept of the individual and his/her personal characteristics appears regularly as a force to consider (Dabic, *et. al.*, 2020). Among these articles, the pre-eminence of the individual over macrosocial conditions is a constant topic. Just to consider a single example of the orientation of this kind of works, Cillo and Caggiano (2014) explained the success stories of entrepreneur immigrants in Rome by a wide array of factors, all of them based on individual particularities. They revealed that successful immigrants were individually proactive, innovative, risk takers, motivated and had personal abilities to solve problems.

The force of the individual experience is quite relevant in the specific field of Mexican entrepreneurs in the United States, an area of study in constant growth since the 2000s. One of the most relevant works of that decade was the eclectic book published by Purdue University (Butler, Morales and Torres, 2009). Although the book has a macrosocial perspective, in its articles individual stories shape reality. Gradually, academics have been detailing the field. Salamanca (2017) has studied high-skilled Mexican migrant entrepreneurs, a social sector frequently ignored. Some works have analyzed particular entrepreneurial success stories and have tried to find common patterns among them (Bringas-Nostti, 2018). Although studies like these cover several subjects on Mexican entrepreneurship in the United States, works that deal with entrepreneurship among Mexican returned migrants are scarce. Among the few of them, it is worth mentioning the book edited by Cruz and Cuecuecha (2018). Returned migrant entrepreneurship studies are the last great frontier of the Mexican migrant experience in the United States.

Now that studies about entrepreneurship among returned migrants are coming to life, the story of Dolores Del Río, the first successful one, acquires a cardinal relevance. The fact that she was a woman makes her story even more valuable. From a theoretical point of view, her biographical experience may contribute “to stop treating or viewing entrepreneurs as a homogenous group” (Morris, *et. al.*, 2012: xi). Even in their individuality, they are different among themselves. Del Río’s story as a returned migrant is quite relevant for the two reasons already stated in this discussion. First, her biography upholds the pertinence of qualitative information to explain the personal migrant experience. Second, her condition as a disciplined, hard-working and goal-oriented person solidifies the theoretical narrative that explains successful entrepreneurship as the result of personal characteristics, and not of a macrosocial conditioning.

2. THE EARLY YEARS OF DOLORES DEL RÍO.

Dolores Asúnsolo and López-Negrete was born on August 3, 1904, in Durango, Mexico. She belonged to a family defined as “Porfirista”, because of its reverence to the Mexican dictator Porfirio Díaz. This “Mexican aristocrat” child enjoyed all kinds of luxuries and once met the King of Spain, Alfonso XIII (Gyurko, 2015: 175). Her father, Jesús Leonardo Asúnsolo, was a banker and a prosperous landowner. He became director of the Bank of Durango, a position that gave him a prominent place among the local elite. Nothing seemed to indicate that Dolores would migrate to the United States. Her early life was a fairy tale.

The Mexican Revolution of 1910 obliterated the perfect life of the Asúnsolo family. As a rich and white family, the revolutionaries labeled them enemies of the people. The Asúnsolo family paid the consequences of a privileged life. Revolutionary forces assassinated one of Dolores’s uncles. General Pancho Villa took possession of their ranch, bank and even the family home (Jenkins, 2007: 144). Suddenly, a nightmare fell upon the family. Uncertainty loomed in the air. Men were always the first victims of social revenge. To avoid reprisals from Villa’s followers, the father fled to the United States. Dolores and her mother remained in Durango, thinking that the revolutionaries would respect women. However, when Villa’s followers finally attacked the city, they showed

no mercy. Rapes and forced marriages became too frequent. Before it was too late, the mother placed Dolores in a basket and, disguised as a poor woman, took the last train to Mexico City (Hall, 2013: 25).

Mexico City was the ideal sanctuary for rich families. Violence engulfed rural Mexico. The Asúnsolo were among the many rich families that found in the capital a remnant of peace. Dolores's father returned to rejoin his family there. Provincial rich families established new relationships with the wealthy people of the capital. The Asúnsolo counted themselves among the luckiest ones. When Díaz's regime fell, they were not defenseless. On the contrary, the new president of Mexico, Francisco I. Madero, came from northern Mexico. He was the cousin of Dolores's mother. In the Mexican kinship system, he was Dolores's uncle. Years later, Dolores would remember how her mother took her to meet the Mexican president, who, affectionately, gave her a red balloon (Taibo, 1999: 23).

Victoriano Huerta, an ambitious general, betrayed Madero in 1913 and became a ruthless dictator. To strengthen his regime, Huerta made alliances with the prerevolutionary elite. For this reason, the Asúnsolo family's kinship with Madero did not affect them. As members of the former elite, they retained their comfortable life style, surrounded by new wealthy friends. Twice lucky, their position did not change when Huerta's regime crumbled down. The revolutionaries who deposed him admired former president Madero and knew that the Asúnsolo were his kinship. The family survived the revolutionary storm.

During the days of political chaos, Dolores received an enviable education, which included French lessons. Classical and Spanish dance classes were her favorite activity. At fifteen years old, Dolores had grown into an accomplished dancer. She had been taking lessons since she was seven (Ríos-Bustamante, 1991: 30). The upper-class circles celebrated her artistic abilities and she frequently performed her dance sets at social gatherings. She gained an unrivaled reputation as one of the finest tango dancers in the country, just in the years when tango reigned as the most popular dance among the elites (Beltrán, 2009: 22).

Performing at affluent parties became Dolores's favorite activity. In 1921, at a charity party, she met Jaime Martínez del Río y Viñet. He was a wealthy 34-year-old lawyer. He had saved part of his fortune from the swirl of the Mexican Revolution. His wealth, culture and knowledge of the world enticed a young and ambitious Dolores. After only two

months of courtship, Dolores accepted his marriage proposal. She was only sixteen. Based on a controversy related to her day of birth, some authors claim that she was only fifteen (Mora, 1989: 26). All of them, including her best biographer, agree that she was not an adult yet (Hall, 2013: 8).

With her marriage, Dolores became Dolores Asúnsolo de Del Río. Despite her social position, she did not stop performing as a dancer, even during her two-year European honeymoon. She danced for the Spanish soldiers wounded in the Colonial War of Morocco. After returning to Mexico, the couple resided briefly in their hacienda close to Durango, but, because of a persisting social unrest in the region, they decided to settle down in Mexico City. There, they maintained a very active social life. It seemed that Dolores and Jaime were destined to get older at their nice home.

3. MIGRATION TO THE UNITED STATES

In 1925, Edwin Carewe, a renowned director and producer of the Hollywood company *First National Films*, visited Mexico. He attended the Mexican wedding of the Hollywood actors Bert Lytell and Claire Wilson (Arbelaez and Martínez, 2017: 224). Carewe wanted to experience the way upper class Mexicans lived and longed to visit a nice traditional home. The best option was the splendid property of the Del Río family. A day after the wedding, a friend of Jaime took Carewe to the property. As they used to do at their meetings, Dolores danced to Spanish music while Jaime played the piano (Hall, 2013: 35). What Carewe saw profoundly impressed him.

Dolores's extraordinary beauty and dancing aptitudes seduced Carewe. The director knew right at that moment that he had to take her to Hollywood. She had the potential to be a star. As a woman who loved to perform and display her abilities, Dolores accepted immediately. She had in front of her the opportunity she had been dreaming about for years. Decades later, she declared that Carewe told her that she could turn into a "female Valentino", in reference to the Italian star Rodolfo Valentino, the most famous actor of the era (Valdivia, 2008: 33). Carewe convinced Jaime that there was a great future for him too, because "the film industry boasted much opportunity for young people of style and intelligence" (Parish, 1978: 15). Jaime pictured himself as a

Hollywood tycoon who earned millions by representing his wife. In this unexpected way, two affluent Mexicans became migrants.

Carewe was anxious to have Dolores in Hollywood as soon as possible. On the next day after their meeting, he sent her an enormous flower bouquet. He called her Lolita, an affectionate name only some of her closest friends used. After returning to Hollywood, Carewe kept imploring Dolores to migrate to the United States. He even sent her a script of her potential first appearance on the silver screen (Hall, 2013: 36). By then, the famous director had already been "taken by the outgoing and delightfully beautiful young Latina" (Rivera-Viruet y Resto, 2008: 23). Jaime and Dolores had to confront the opposition of their families. It was socially inconvenient for a well-positioned woman to be an actress (Monsiváis, 1997: 74). Migration in search for work opportunities was not a tradition among affluent Mexicans. They only migrated as refugees from civil wars or political prosecution. In this sense, the Del Río were innovators.

The couple left Mexico as no other migrants had done it before. They organized an elegant party, attended by some of the most imposing people in Mexico City. The invitations were on high demand and rumors said that some of the guests were selling them. One of the most affluent guests gave Dolores a gift from the Parisian house *Cartier*. Their journey by train to Los Angeles lasted five days. They arrived on August 25, 1925 (Hall, 2013: 41-42). During the trip, the ambitious Jaime wrote a movie script. He thought he could justify the decision to migrate if he succeeded as a writer, an activity enfolded by prestige. He would try to project the idea of a brilliant mind eager to develop his "literary inclinations" and, by doing so, to escape from an "environment that did not satisfy him" (Monsiváis, 1997: 74).

Because of the negative implications of their migration to their prestige, Dolores and Jaime justified everything they did with intricate arguments. In comparison with the tribulations of generations of Mexicans, their migration process was an easy one. They never suffered hunger or the lack of a decent roof. Since their first days in Los Angeles, they received the constant support of Carewe, who became the force behind the adaptation of Dolores to the American ambiance. He suggested her to change her name according to the conventions of the English language (Cote, 2004: 163). Thus, Dolores Asúnsolo got rid of her maiden name and Dolores Del Río was born.

Immediately after her arrival, Del Río had a brief five-minute debut in the film *Joanna*, directed by Carewe himself. In 1926, she appeared again in another Carewe film, *High Steppers*. Initially, Del Río immense beauty was the reason behind these coveted opportunities. However, her perseverance became as important as her beauty. Del Río swiftly familiarized herself with the requirements of a very demanding environment. Hollywood synthetized some of the basic features of American capitalism, such as a fierce individualism and an endless competition. Carewe, who became her “patron” and manager, introduced her to the strict contractual obligations that defined American businesses (Valdivia, 2008: 33). Just a few months after her arrival, Del Río was perfectly adapted to American society. Her adaptation was admirable because she achieved it without renouncing to her Mexican identity (Sanchez, 1993: 174).

4. A SUCCESSFUL MIGRANT

The 1926 film *Pals First* was Del Río’s first stellar role. She gave life to a woman of French origin who lived in Louisiana. In its review of the film, one of the most influential magazines did not see any artistic qualities in Del Río. Besides, it considered her ethnic type not to be the adequate to interpret a French aristocrat. It criticized her for having oriental eyes, an affirmation that denounced Indian blood (Hershfield, 2000: 13). After such a disappointing start, on the same year she filmed *What Price Glory?* Again, she interpreted a French woman, this time during the First World War. The movie was a great success and became one of the hits of 1926. The director, Raoul Walsh, sensed a promising future for Del Río. The following year, he directed her again in the film *The Loves of Carmen*, which some critics consider “the most iconoclastic” and “surprising” version of the literary character Carmen (Powrie, *et. al.*, 2007: 69).

Carewe contemplated how her investment had been an excellent one. He kept using Del Río in his own films and, at the same time, represented her when other directors requested her services. The good results the Mexican actress was delivering were the consequence of her tenacity and hard-working mentality. Besides, her beauty remained an extraordinary asset. Among her multiple starring roles, the one in the film *Ramona*, of 1928, was the most successful in terms of box-office

figures. Her achievements contrasted with her husband's failures. Jaime did not turn into the great scriptwriter he thought he would be. He grew tired of being just Dolores Del Río's husband (Woll, 1978: 33). The marriage was in crisis and a divorce process ensued. By then, rumors assumed that the actress had a love affair with Carewe, who was divorcing (Hershfield, 2000: 116). The Del Río's marriage finally ended in 1928. Jaime left for Europe, where he died six months later. Dolores kept her married name.

With her new freedom, Del Río moved around the film sets with absolute confidence. She did not have to consult her projects with anyone. Her adventurous spirit encouraged her to take new risks. She was one of the most successful artists to adapt her career to the new sound era in the film industry. This difficult process of adaptation destroyed numerous actors. *Ramona* had a soundtrack, although it did not include dialogue. *The Bad One*, of 1930, was her first film with dialogue. Del Río's English was far from perfect. Even when she sang, a heavy accent betrayed her (Woll, 1978: 32). Despite this, she was able to survive in the sound era by performing exotic roles, whether as a French woman or the typical Latina. In *The Bad One*, she gave life to Lita, a Spanish singer who worked in a French brothel and was an honorable woman (Valdivia, 2008: 42).

Del Río expressed her new confidence not only in the film industry, but also in her personal life. She became famous for conquering some of the most coveted men in Hollywood. Sometimes she could be quite cruel with men. The first victim of her magnetism was Carewe himself, who was deeply in love with her. They were planning to get married. Nevertheless, *United Artists* suggested Del Río to break ties with her protector. By doing so, she would promote her career. She did it. Carewe never recovered from her calculated dismissal. He tried to sue her, but *United Artists* protected Del Río and forced him to reach a deal with her (Shipman, 1970: 155). After repudiating Carewe, in 1930 she married Cedric Gibbons, one of the most influential men in the film industry. In 1928, Gibbons had designed the Oscar, the award that celebrated Hollywood's achievements. Gibbons himself would receive eleven Academy Awards and would be nominated twenty-nine times. The Mexican was no other than the wife of the "architect of Hollywood's Golden Age" (Wilson, 2000: 101). Thanks to her marriage to one of

the most innovative minds of Hollywood, Del Río understood the film industry as very few persons could.

Del Río and Gibbons were married for a decade. Before her divorce to Gibbons, she already had a relationship with one of the greatest geniuses in the history of cinema: the producer and director Orson Welles. This relationship would last four years. As it had happened with Gibbons, Del Río learned from Wells some of the best secrets in film production. During their relationship, Welles finished his masterpiece, *Citizen Kane*, considered by many to be the best film in Hollywood's history (Lebo, 2016: 248). The film introduced a new film style that combined the immediacy of theater with the most modern production techniques. *Citizen Kane* was the most "innovative" film in the first half of the 20th century (Schatz, 1999: 90). Wells demonstrated to Del Río how important it was to develop a powerful and unique film style. In just a few years, this would be a transcendental lesson for her success in the Mexican film industry.

Del Río's career in the United States was quite successful, but short. She appeared in thirty films. Her best moments went from 1926 to 1932. During the second half of the 1930s, her decline was evident. Although she had been able to make the transition to the sound era, there were not enough stellar exotic roles to keep her at the top of the film industry. At the end of the 1930s, it became clear that her best times in Hollywood were over. In addition, her personal life was not a promising one. She had had faith in her relationship with Welles. Del Río believed that it would relaunch her career. However, by 1942 this love affair was dying. After her divorce to Gibbons, a second failure in her love life was too much in psychological terms. In these circumstances, Mexico began to call her back.

5. DOLORES DEL RÍO BECOMES A RETURNED MIGRANT

Dolores Del Río had always controlled her men. She had been the dominating voice in all her relationships until Welles appeared in her life. For this reason, the breakup with Welles meant so much for her. Never before a man had hurt her in such a way. Every day, Welles seemed to care less about the Mexican beauty. This fact was a huge blow for her pride. Their marriage ended in the worst-case scenario for a proud and imposing woman. Wells left her for another Latin beauty:

Rita Hayworth, originally Rita Cansino. Hayworth was the daughter of a Spanish immigrant who had moved to Hollywood with his family and had tried hard to transform Rita into a great star (Sargeant, 1947: 90). Being Hayworth a woman that shared some traits with Del Río made things worse for the Mexican. A new Latina beauty had replaced the old goddess.

The end of her marriage was not just a sentimental tragedy for Del Río, but also a terrible blow for her career. By 1942, Welles was already one of the most influential men in Hollywood. She had seen Welles as some kind of “White Knight who would use his extraordinary talents to resurrect her professional life and guide it in a more dignified fashion” (Hall, 2013: 196). For this reason, the end of her relationship meant the impossibility of a resurrection in Hollywood. Doors were closing right in front of her. It was a sad irony, because Del Río had been the force behind Welles rise to fame. Del Río had used her prominence and influence to help an eleven-year younger Welles to succeed. He would not have had enough confidence in his daring film projects without Del Río’s support (Benamou, 2007: 153). By 1942, the roles had inverted. Welles had positioned himself as a Hollywood legend; meanwhile, the perception about Del Río was one of a falling star.

At the beginning of the 1940’s, two additional unfortunate events increased Del Río’s anxiety and became key factors for her return to Mexico. Edwin Carewe, who had been her mentor and the reason for her success in Hollywood, committed suicide. The Mexican actress remembered how she had cancelled her wedding plans just to favor her personal interests. Carewe had been depressed since Del Río’s refusal to marry. She felt she was somewhat guilty of his death. Although the press talked about a heart attack, Hollywood knew it had been a suicide (New York Times, 1940). Del Río had not yet recovered from Carewe’s death when she received more bad news, this time from Mexico. Her father died, leaving her mother alone. As the only child of the couple, she felt the obligation to be at her mother’s side. Their parents had imbued in her an aristocratic idea of the sacred unity of a privileged white family of Spanish lineage. Del Río “was raised as a princess and travelled with alleged official records documenting her aristocratic ancestry” (Arbelaez and Martínez, 2017: 224). A princess had to be at her mother’s side in times of trouble.

Del Río knew that Hollywood would no longer offer her stellar opportunities in high budget films. At the dawn of the sound era, she had been able to survive thanks to her “exotic” accent, which attracted multitudes (Woll, 1978: 40). However, this very same fact relegated her to Latina roles, which were gradually going out of fashion. Besides her collapsing career, for the first time in years she did not have a love relation that linked her to the United States. In addition, the thought of her grieving mother was a constant call to return. Push and pull factors were tempting her. The most significant pull factor was to relaunch her declining Hollywood career in Mexico. American film companies were beginning to invest south of the border and the government of the United States had a program to develop the Mexican film industry (Falicov, 2007: 24-25).

In 1942, Del Río sold her home in Hollywood and acquired the ranch La Escondida in Coyoacán, a suburban area in Mexico City. By doing so, she became a returned migrant. A famous picture, taken by the great photographer Héctor García, captured her posing in front of her beautiful Coyoacán home (Novo, 1946). Del Río lived there with her mother, relaxing from the tensions of her former Hollywood life and making plans for the rebirth of her filming career. As a returned migrant with an extraordinary insight about the American film industry, she had a valuable advantage over her fellow compatriots. Her entrepreneurial skills would be of great help to the promising Mexican film industry.

6. AMERICAN ENTREPRENEURSHIP IN THE MEXICAN FILM INDUSTRY

Dolores Del Río arrived at the perfect moment. She would be able to apply the vast entrepreneurial skills learned in the United States in her area of expertise. The film industry was in the process of establishing itself as an important sector of the Mexican economy. Thanks to the support of the state, film production would become the third largest economic activity in the country. In 1932, Mexico had produced only six films; by 1937, it released fifty-seven. Just six years later, seventy films came to life (Hershfield, 2000: 53). The industry was experimenting the birth of the Golden Age of the Mexican cinema.

The Golden Age was the result of multiple efforts by brilliant and hardworking minds. Since the early 1930s, some Mexican films had

demonstrated its quality and had enjoyed domestic popularity. The first one was *Santa*, released in 1932. Because of the use of synchronized sound and its box-office success, *Santa* became “the basis for the development of Mexican cinema” (Alfaro, 2003: 25). In 1935, the film *Vámonos con Pancho Villa* expressed the strong commitment of the Mexican government to the development of a film industry. President Lázaro Cárdenas subsidized the film as a way to portrait the Mexican Revolution and its social policies. He even ordered federal troops to participate in the battle scenes (O'Malley, 1986: 104). However, like many government sponsored business projects, the film was a box-office failure. The producer company *Cinematográfica Latino Americana*, S.A. went bankrupt.

The box-office failure of *Vámonos con Pancho Villa* denied it the honor of being the first film of the Golden Age. A 1936 movie, *Allá en el Rancho Grande*, received this historic distinction. It was the first Mexican international success. It won the prize for best photography at the Venice Film Festival. Thanks to United Artists, it secured distribution in the United States, with English subtitles (Gunckel, 2015: 141). The film would epitomize the start of a close relationship between the American and the Mexican film industries. During the first half of the 1940's, Mexico's industry received a constant support from Hollywood, out of commercial and political reasons. American expertise was behind the design of the most emblematic Mexican studios. Washington provided tax incentives to companies investing in Mexican films. Donations of American film equipment were common. The United States government hoped that Mexico would displace pro-fascist Argentina as the center of the Latin American film industry (Falicov, 2007: 24-25). The expeditious consolidation of the Mexican film industry was the result of American entrepreneurship.

The Golden Age of the Mexican film industry had already begun before Del Río became a returned migrant. Years after her return, she would declare that one of her main purposes in returning to Mexico had been to share her knowledge to boost the nascent national film industry (Telgen and Kamp, 1993: 131). This declaration did not match the facts of her life and it seemed to be a calculated effort to increase her reputation as the great force behind the birth of Mexico's film industry. Personal reasons had been the main motive behind her return. On the other side, her contribution to the development of the film industry in

Mexico was crucial, but not essential. The combination of American entrepreneurship with Mexican determination was already producing amazing results by the time she arrived. Del Río's entrepreneurship would propel those results to a new artistic level. Nevertheless, by 1942, the Mexican industry was already successful.

Del Río was a celebrity in Mexico. The country respected her as the first successful migrant woman. Her Hollywood movies were quite popular, especially *Ramona*, released in 1928. This film was the first *United Artists* product to offer synchronized score and sound effects. It included a very successful song, sung by Del Río herself (MacDonald, 2013: 13). In this sense, Del Río was among Hollywood's technological innovators. She had a deep knowledge about the newest film equipment, from cameras to editing devices. Del Río brought to Mexico an openness to innovation unmatched in the local film industry. She was willing to experiment new acting techniques and to defy basic conceptions about what was right or wrong. Del Río had already surprised the American audiences in 1932, with a nude swim sequence in the film *Birds of Paradise*. She had presented a "generous" "dorsal exposure" (Doherty, 1999: 119). The actress that returned to Mexico was well above conventionalisms.

Del Río brought to Mexico something even more valuable than innovation: the Anglo-Saxon work ethic. Since her early teens, she had been a perfectionist. Migration to the United States enhanced her natural discipline and diligence. Filming with some of the most demanding figures in Hollywood cemented her love for an impeccable organization and a hard work environment. She spent long hours in the filming set and did not leave it until she was completely satisfied with the product. Del Río was so involved in her films that, in 1933, *RKO Studios* gave her the right to approve her scripts (Rodríguez, 2004: 59). For many years, Mexican directors had been trying to convince Del Río to film in her home country. When they finally had her in the set, they were overwhelmed. She was some sort of dictator. Anglo-Saxon work ethic was the norm when she filmed. All of her directors knew that she did not need supervision. Del Río "was hard-working and professional". They accepted her martial discipline, which would give them great prestige (Hall, 2013: 223).

Mexico had prodigious filmmakers, but many of them lacked discipline. The best example was Emilio "El Indio" Fernández, who

would be the major figure of the Mexican nationalist cinema (Tierney, 2007). He had everything to be an outstanding filmmaker. However, Fernández was not reliable in the film set. He abused alcohol and loved fights. Fernández was a returned migrant, who did not bring to Mexico the Anglo-Saxon work ethic. Del Río recognized his crude artistic abilities. She thought that, with some discipline, Fernández could become the great director he would be. Under her strict guidance, he transformed himself into a hard-working professional. Del Río, who would have a more profound “cinematic vision” than Fernández, was decisive in his consolidation as an excellent filmmaker (Hall, 2013: 223). On the opposite side, Del Río loved to work with Gabriel Figueroa, an extraordinary photographer who was also a returned migrant. She saw in him a disciplined Mexican familiarized with the value of American entrepreneurship.

Possibly, the most important contribution Del Río made to the Mexican film industry was her conviction on the importance of “Mexicaness”. She romanticized Indian life in small rural communities. The Mexican industry had to create its own mythological identity, based on the political and social conditions of the post-revolutionary era. Mexicans should not be “embarrassed” by what they saw as scarcity or poverty, but proud about their identity. Del Río became the female figure of “cinematic nationalism” (Arbelaez and Martínez, 2017: 227). Of course, films like *Allá en el Rancho Grande* were already rescuing this very same concept. Nevertheless, with her experience in Hollywood, Del Río saw the commercial potential of the concept like no one did. She believed that a refined and artistic version of the Mexican identity could be a success around the world, not only in film festivals, but also at the box office.

7. DOLORES DEL RÍO: AN “AMERICAN” ENTREPRENEUR IN MEXICO

As a returned migrant, Del Río brought to Mexico three basic strengths that defined her personality as an entrepreneur: innovation, a solid work ethic and a profound knowledge of the market. She was not a mere actress, who performed in a movie, received a salary and returned home to live a relaxed life. In the Mexican film industry, Del Río became a genuine example of entrepreneurship. She got involved in all the film-

making process, from the financial constraints to the political obstacles. More than an actress, she was a combination of producer and director. Del Río's ideas enriched the marvelous cinematic concepts of Fernández and Figueroa. Her presence as one of the major Latin legends of Hollywood guaranteed the financing of the film productions. Back in the 1940's, the *New York Times* already perceived her decisive influence over the Mexican film industry. The newspaper affirmed that her fame in the United States was crucial to open the door of the American market to Mexican productions (Hall, 2013: 212-213).

Del Río's efforts facilitated technical, financial and artistic contacts between the American and Mexican film industries. It is quite possible that many negotiations between Hollywood and the Mexican government, attributed to bureaucrats and politicians, were the result of her persistence (Benamou, 2007: 153). She changed the aesthetics of Mexican cinema because she was an outsider with new ideas. The highest-paid and most popular Mexican film stars were domestic products. Names such as Sara García, Mario Moreno 'Cantinflas', Pedro Infante and Jorge Negrete were virtually unknown in the United States. Even Del Río's great domestic rival, María Félix, had no international experience (Hershfield, 2000: 54). Her films would be immensely popular, but not as innovative as the Del Río's were. There was a decisive factor behind the originality of Del Río's films: the American expertise.

Del Río became the innovator that Félix never was. Indeed, Félix would follow her path. Del Río presented, in a polished way, the concepts that were already emerging as the mark of the Golden Age of Mexican cinema. In fact, the most admired films by Félix were mere copies of the artistic conception that Del Río imposed to her film team. Before Del Río's arrival to Mexico, local filmmakers had tried to emulate American films. She convinced them to use Hollywood's techniques and cinematic narrative to represent the Mexican social and historical reality (Woll, 1978: 61). Del Río was the unifying force behind the production team that would later make Félix famous. She gave Figueroa and Fernández something that Félix, without experience in Hollywood, would never have provided them. The three outstanding Félix's films, *Enamorada* (1946), *Río Escondido* (1947) and *Maclovía* (1948), repeated the acting formula and aesthetics that Del Río displayed in her first two Mexican productions. Del Río knew what the interna-

tional market wanted to see from Mexico and how the critics could be seduced. Fernández himself was aware of this. For his great project of 1943, he chose Del Río over Félix. The former Hollywood star could get him the attention of the international film circles (Mora, 1989: 62).

The amazing results of Del Río's Hollywood skills were immediate. Never before, Mexican cinema had been among the darlings of international critics. Filming in her mother tongue was a new challenge for Del Río, but she solved the task with ease. Her first Mexican film, *Flor Silvestre*, produced in 1942 and released the next year, was a major accomplishment. Del Río, Fernández and Figueroa operated as a perfect unity. *Flor Silvestre* became the first great film of the Golden Age. It destroyed the old patterns of the Mexican melodramas and superficial comedies (Hershfield, 2000: 57). Her next film, *María Candelaria*, produced in 1943, is until today the greatest triumph of Mexican cinema. It depicts the story of a "poor Indian girl" murdered by her community. Some naive critics considered the movie as an honest representation of the authentic and poetic Mexico (Hedrick, 2003: 178). In 1946, it won the most prestigious award of the film industry: the *Palme d'Or* at the Cannes Film Festival. Until today, only two Latin American films boast that recognition; the other one, a Brazilian production. In 1961, the film *Viridiana* also received the *Palme d'Or*, an award credited to Mexico for political reasons. However, *Viridiana* was a Spanish production.

María Candelaria kept conquering audiences and critics alike. In 1947, it obtained multiple awards at the Locarno film festival in Switzerland (Schroeder-Rodríguez, 2016: 103). *Flor Silvestre* and *María Candelaria* were the beginning of a fruitful fifteen-year relationship between Fernández and Figueroa. They produced twenty-four films. Their first years, from 1943 to 1950, were their most successful ones, thanks to Del Río's market vision. In this precise period, the Mexican cinematic style flourished (Ramírez-Berg, 2015: 91). The impressive success of *María Candelaria* was not only the result of artistic merits. It came from a surprising knowledge of the mechanisms of capitalism. The movie received an intense promotional campaign in newspapers, magazines and theaters. It travelled through the commercial film circuit of the United States with its original Spanish dialogues. In 1946, an English version appeared, under the title *Portrait of Maria*. Mexican intellectuals, who considered the movie to be a false cinematic American vision of rural Mexico, harshly criticized it. It depicted not

the authentic Indians, but a Hollywood version of them (Tuñón, 2003: 49). Of course, the success of the film rested right there: in its awareness about the market. The entrepreneurial American vision of Del Río and her excellent contacts in Hollywood were making the job.

The Golden Age of the Mexican cinema was brief. During the second half of the 1950's, its agony began. Although some nationalist analysts prolong the Golden Age until the 1960's, the most credible academics do not go beyond the 1950's (Lahr-Vivaz, 2016: 8-9). At the end of this last decade, Del Río was filming second-rate movies, most of them melodramatic and commercial works. The artistic style that defined Mexican cinema gradually disappeared. Del Río's new films were popular in Mexico, but ignored by international critics. Nonetheless, just when her career began to fade away, she surprised the film industry with one great final achievement. As a recognition for her essential artistic and entrepreneurial role in the Golden Age of the Mexican cinema, in 1957 she became the first woman to be part of the jury at the Cannes Film Festival. Under the perspective of women's empowerment, this accomplishment surpassed everything that she had done. It expressed her enviable position among the "international intellectual and artistic elite" (Hall, 2013: 269).

Del Río's old glories never came back, but the United States did not go away from her mind. She longed for a return to Hollywood and made efforts to resurrect there. In the 1960's, she worked again in the American film industry. In one movie, she interpreted the mother of Elvis Presley, who played a rancher. Presley mentioned how honored he was to work with one of the "most respected legends" of Hollywood (Neibaur, 2014: 68). By then, she was just a myth without box-office impact. Although she was unable to revive her career, she kept her affection for the United States. Del Río recognized that Hollywood had given her the skills and mentality that allowed her to improve the Mexican film industry. She was grateful to be a returned migrant. She kept living between Mexico and the United States, where she died in 1983. Her experience demonstrated the possibilities of migration as a source of innovative ideas, ambitious projects and confidence on Mexico's potential.

CONCLUSION

Before Dolores Del Río homecoming in 1942, there was not a single case of a successful returned migrant in Mexico. It is possible that some returned migrants had arrived before her with enough energy and disposition to apply the entrepreneurial skills learned in the United States. However, their stories were and are anonymous for two reasons: they did not succeed or, if they did, their impact was quite limited. Del Río's case is extraordinary. Numerous circumstances convened at the right moment and at the right place, but, above all, they involved the right person. Her story deserves a privileged place in the history of Mexican return migration.

The successful use of Del Río's entrepreneurial skills was the result of a perfect sequential order, a condition quite difficult to replicate in another returned migrant. Del Río did not have to go through a traumatic adaptation process to American society. Her upper class condition and her perfectly planned journey as a migrant guaranteed her an easy transition. Del Río already had a strong discipline, a hard-work mentality and a robust individualism. These fundamental elements of Anglo-Saxon entrepreneurship were part of her personality. She enhanced them in the United States. Her success in Hollywood and her close relationship with the most influential minds of the era gave her information that would be inaccessible to others. Del Río absorbed the best secrets of the most advanced film industry in the world. Her expertise included technology, artistic notions and marketing strategies, among other concepts. It was like taking a long course on film entrepreneurship.

The perfect sequential order in Del Río's life continued in Mexico. She became a returned migrant right when the Golden Age of Mexican cinema was just beginning. Her immense first-hand knowledge on the American film industry gave her a vast influence. Everybody respected her as a person with state-of-the-art information. She was able to determine goals, strategies and even stylistic forms. Along with lesser-known returned migrants, she brought Anglo-Saxon discipline and individualism to the Mexican film industry. This fact released the great potential of some cinema figures, such as Emilio Fernández. Del Río's connections with Hollywood facilitated contacts between Mexican companies and their American counterparts. Del Río's knowledge about market strategies and audience's tastes increased the box-office prospects of

Mexican movies. It is quite probable that the Golden Age of Mexican cinema would not have been so fruitful without Del Río's participation.

Del Río summarized some of the most valuable traits that define a successful entrepreneur. Gradually, she incorporated those traits, thanks to her dynamic personality and life experience. Among the most cherished entrepreneurial personal traits, it is worth mentioning: innovativeness, risk taking, proactiveness, competitiveness, autonomy, self-efficacy and the ability to perceive opportunity (Wathanakom, Khlaisang and Songkram, 2020). Del Río excelled in all of them. She was always ready to take risks with remarkable autonomy and self-efficacy. This individual confidence propelled her proactiveness, which in turn reinforced her competitiveness, mostly based on her innovativeness. In this feedback process, the result was her talent to perceive opportunity, possibly the most valuable trait of a successful entrepreneur. Opportunities came to her through an amazing sense of timing. Her presence at the right time and place reflects this ability. She attempted a career during the silent film era in the United States and opted for a return when the first sparks of opportunity surfaced in Mexico.

Although the Golden Age of Mexican cinema was brief, it secured a significant chapter in the history of movies. Del Río's role in the Golden Age has a cardinal importance not only for cinema, but also for migration studies. She deserves an outstanding place as a successful case study in any academic work about Mexican return migration. The unique sequential order of her professional life in the United States and Mexico, together with her personal traits, is a strong argument in favor of theoretical concepts that place the individual experience as the central argument for successful entrepreneurship. Besides this, Del Río represents the origin of the fruitful relationship between return migration and entrepreneurship in Mexico. With great talent, she applied the concepts and mindset of Anglo-Saxon entrepreneurship in the nascent Mexican industry. With her understanding of American cinema, she gave Mexico the best moments of the Golden Age.

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