International Human Resource Issues: Discussion

By

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This session presents a potpourri of topics in migration, family labor, fertility, and macroeconomics models in international settings. Zavarce, Pagliacci, and Espinoza challenge results that many consider axioms in economic theory (Lucas 1973). Saila-Ngita, Bravo-Ureta, and Perez-Escamilla make a contribution to the empirical literature in the economics of fertility or demand for children. Lohmar, Zhao, and Rozelle shed light on factors influencing migration and labor mobility in the transitional Chinese economy, while Kimhi and Nachlieli model the decision making behavior of subjects involved in intergenerational succession of Israeli family farms.

Zavarce, Pagliacci, and Espinoza (hereafter ZPE) use a panel data approach for a set of countries to test empirically a hypothesis from the Lucas model (1972) that the output-inflation tradeoff is lower for economies with higher variability of aggregate demand shocks. Their finding, contrary to Lucas (1973) and Alberro (1981), is that the above relationship does not hold. ZPE indicate that the gain in efficiency from pooling the countries outweighs the differences arising from the individual country parameter estimation. This implies that the variability of the demand shocks does not provide enough evidence to account for differences in the tradeoff parameters across countries as suggested by Lucas and other authors. While using a standardized series of real GDP across countries, a common set of prices and a common currency, the international dollar, corrects the problem of differently constructed data sets for different countries, it is not very clear what prompted ZPE to assume that the shocks that affect the cyclical output through time have the same distribution for all countries, and that there exists endogeneity in the model probably caused by the existence of individual effects. This paper represents an interesting deviation from the currently accepted theory in this area, and it would be interesting to
see further work that would confirm or disapprove these findings.

Saila-Ngita, Bravo-Ureta, and Perez-Escamilla (hereafter SBP) analyze the determinants of fertility desire using Demographic and Health Survey II data from Senegal. Since some 17 percent of the participants in the survey report non-numeric answers to a question relative to fertility desire, the authors’ major concern is whether excluding non-numeric answers from regression model will produce biased parameter estimates. Their finding is that excluding non-numeric answers from regression model will actually produce biased parameter estimates and may produce conclusions that are misleading. SBP show that the corrected regression model, *i.e.*, one that considers non-numeric answers, shows that place of residency (rural vs. urban) is not an important factor, while the uncorrected model suggests that it is a significant determinant of fertility desire. This conclusion is interesting because most previous studies suggested that rural women have a stronger desire to have a large family. The authors determine that formal education and the knowledge of contraceptive methods strongly affect ideal family size: more education and better knowledge of contraceptive methods lead to a desire for a smaller family. Another rather expected conclusion is that the older the woman, the lower the desire for a large family. This may suggest that it is important to intervene early in order to make mothers aware of the responsibility of childbearing. The most interesting conclusion to me is that a very high percentage of women continue to desire large families and a few are using contraception methods. The reasons for that are primarily religion and the fact that most women would like to have another child. Thus, the discrepancy between the level of desire and actual family size is small. Then the question becomes what should be the target of programs that deal with fertility issues? It seems that best results would be achieved if they are focused on parent responsibility and
undesirable childbearing. The tradition and religion will likely continue to play important roles in couples’ decisions concerning ideal family size in near future.

Lohmar, Zhao, and Rozelle (hereafter LZR) look at new trends in rural labor mobility in China. This is an interesting paper because it gives a different prospective on recent rural labor mobility in China from most other published works. While most other researchers examine a rural-urban movement and local rural off-farm employment growth, they put stress on rural labor force which finds off-farm employment in rural areas other than their home village. This issue is of great interest since it has been the perceived behavior of a substantial part of the rural labor force. They notice that migration into rural areas increased over last decade. Opportunities in cities for new-coming female and the less-educated workforce from rural China are somewhat limited due to the nature of jobs available (heavy industry, constructions) and legislation (jobs available to local residents first). These workers have been able to find more off-farm working opportunities in rural areas away from their villages. This is primarily due to fact that most of light and other labor intensive industries in villages are privately owned, and low-skilled factory labor is much needed. LZR also observe that even rural collective enterprises do not favor local workers as they did previously due to the more competitive nature of rural enterprises. One of the very interesting issues addressed in this paper is that the growth in village resident worker’s non-farm employment opportunities stagnated with the arrival of non-village workers. They conclude that in-migrant labor does not adversely affect off-farm employment for local residents. Villages that had an increase in the percentage of in-migrant workers simply generated more off-farm employment opportunities than villages that had no increase in in-migration, i.e., they were able to absorb both local labor and in-migrant labor.
Kimhi and Nachlieli (hereafter KN) discuss the issue of the intergenerational succession in Israeli family farms. This is an important issue since family farming is Israel’s main source of food supply and export revenue, and represents an important factor in national security. The decision making process of choosing a successor in Israeli family farms is very different from those in western economies or less developed economies. Parents (owners) of the farm have the exclusive right of nominating a succeeding child who may or may not agree with that decision. Issues such as when the final ownership transfer will be made and what will be the rights and obligations of each side are the important part of that decision making process. KN model this process as bargaining between the generations. They identify several significant attributes that affect the bargaining process according to the economic theory. The most significant factors that increase the probability of having a successor are the age of the owner(s), level of education, and the age of the oldest child. Farm location, i.e., farms located in the north of the country, and farm type, i.e., fruit and vegetable farms, also increase the probability of having a successor. Surprisingly, at least according to my intuition, the probability of having a successor is lowered if farms are inherited from an older generation. Also somewhat surprisingly the results indicate that the number of children and the parents’ off-farm work status do not have significant influence on the probability of succession. It would seem reasonable to expect that a farm that has been in a family for more than a generation, given relative importance of family farming in Israeli society, and represents some kind of family pride (notice that KN state on p.1: “Past experience has shown that even when farming cannot provide the family with adequate living, farmers stick to their farm holdings and try to supplement income by other sources...”) would be able to nominate a successor who will agree with the decision. The other two arguments seem to be self-
explanatory. It would be interesting to compare, as the authors acknowledge, these results with results of similar studies in other countries to see if there are economic factors affecting intergenerational succession due to the specific institutional environment in Israel or whether it is a general phenomenon.

References:

