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Master's Degree in International Studies(International Area Studies)

**Underlying Causes of International Migration Case of  
Mongolian Migrants in Korea**

August, 2015

Program in International Development Policy

Graduate School of International Studies

Seoul National University

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Department of International Development Policy

In partial fulfillment of the requirements for the Degree of Master of

International Studies(International Area Studies)

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**Seoul National University**

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## **DEDICATION**

I dedicate this work to my grandmother Genden Dariijav (deceased) and mother Yarimpil Tsetsegmaa for their love and care which made me who I am today.

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## **ABBREVIATIONS AND ACRONYMS**

EU European Union

OECD ORGANISATION FOR ECONOMIC COOPERATION AND  
DEVELOPMENT

PWPS Professional Work Permit System

ITS Industrial Training System

EMS Employment Management System

EPS Employment Permit System

KFSMB Business associations like the Korea Federation of Small and Medium  
Business

ILO International Labour Organisation

MOU Memorandum of Understanding

GDP Gross Domestic Product

SME Small and medium enterprises

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## Abstract

It has been almost 24 years since Mongolia started the transition to a democratic society based on a market economy, with the adoption of the new (1992) Constitution of Mongolia whose critical component of these changes was freedom of movement within the country as well as freedom to travel abroad. However, during the transition period, unemployment increased sharply, salary rating decreased, and the state was not able to regulate employment. Thus, Mongolians chose migrate overseas in search of higher paid jobs and a better quality of life for themselves and their families. This paper will show that there are several economic factors that pushed Mongolians to migrate and also pull them towards South Korea. These factors have also been specified between after the transition and after 2000 when Mongolian had fully transited from a socialist country. To find out Mongolian international migration causes, we have conducted survey whose result proves that economic factor is still major influential factor of Mongolian migration to Korea. This paper therefore seeks to find out the underlying causes of Mongolian international migration to Korea.

**KEY WORDS:** Migration; Push factor; Pull factor; Migrant worker; Low-skilled worker

## **CHAPTER 1. INTRODUCTION**

### **1.1 BACKGROUND**

As 2006 U.N. report shows that the number of people who live and work outside their countries of birth has doubled over the last 35 years to 191 million in 2005 (U.N. 2006; International Organization for Migration 2005) Migration is a topic everyone ranging from politicians to shopkeepers has an opinion on and it is among the most discussed issues. People are interested in migration because almost everyone is affected by migration, directly or indirectly. Migration affects all areas of life – social, economic and political – which makes the analysis of migration extremely relevant as well as more complicated. It is believed that it is very difficult to find any single family which has never experienced international migration. That shows how we are affected by migration and how it became a hot debate among Mongolians recently.

Mongolia is a sparsely populated country with huge land and rich of mineral resource however migration, in particular international migration to other country has been always at the center of public attention due to its lack of human resource. Currently there are 2.9 million Mongolians are living in an area of 1,566,500 sq. km [World Bank, 1996]. In 1990, Mongolia established democratic society based on market economy after 70 years of centrally planned economy under the control of Soviet system. A critical component of these

changes was freedom of movement within the country as well as freedom to travel abroad. However this study will focus on Mongolians movements towards abroad. After the transition Mongolia experienced the dramatic decrease in economic as well as social situation due to cancellation of economic aid from Soviet Union specifically from Russia. So the past two decades have witnessed record numbers of Mongolians moving abroad. Since the transition, 24 years have already passed, so the economic and social situation has been improving gradually relative to early period of transition. Specifically, after 2004 Mongolia experienced high economic growth due to its mineral resource exploitation. However, regardless of this economic improvement, people are still likely to migrate abroad more. In terms of number of Mongolian migrants, Korea has outranked, where 23 percent of Mongolians are residing in (NSO 2010).

The above reasons motivated me to study about the Mongolian international migration towards Korea. This research seeks to find out the underlying causes of Mongolian migration.

## **1.2 Purpose of the study**

Objective of this research is to find out underlying causes of Mongolian migration. The main focus will be on the migration causes after 2000 when Mongolia started experiencing high economic growth. Underlying causes will be classified in to 2 factors in consistent with push and pull factor theory.

### **1.3 Research question**

In consistent with the objective, this research seeks to pose the following question; Why Mongolians are likely to migrate regardless of improvement in economic situation? Why record numbers of Mongolians are likely to migrate to Korea? What are the difficulties they have faced after migration?

This research hypothesize that economic factor is still very much influential to people's migratory decision although the economic situation has greatly improved in Mongolia. However its important to note political, social and environmental factors influence migratory decision to a smaller extent.

## **CHAPTER 2. LITERATURE REVIEW**

### **2.1 Theoretical perspective of international migration**

A variety of theoretical models has been proposed to explain why international migration begins and although each ultimately seeks to explain the same thing, they employ radically different concepts, assumptions, and frames of reference.

Neoclassical economics focuses on differentials in wages and employment conditions between countries, and on migration costs; it generally conceives of movement as an individual decision for income maximization. The "new economics of migration," in contrast, considers conditions in a variety of markets, not just labor markets. It views migration as a household decision

taken to minimize risks to family income or to overcome capital constraints on family production activities. Dual labor market theory and world systems theory generally ignore such micro level decision processes, focusing instead on forces operating at much higher levels of aggregation. The former links immigration to the structural requirements of modern industrial economies, while the latter sees immigration as a natural consequence of economic globalization and market penetration across national boundaries.

Given the fact that theories conceptualize causal processes at such different levels of analysis-the individual, the household, the national, and the inter- national-they cannot be assumed, a priori to be inherently incompatible. It is quite possible, for example, that individuals act to maximize income while families minimize risk, and that the context within which both decisions are made is shaped by structural forces operating at the national and international levels

This study is mainly going to focus on economic literature and theories of migration causes. According to Jessica Hagen Zanker [2010] migration is the temporary or permanent move of individuals or groups of people from one geographic location to another for various reasons ranging from better employment possibilities to persecution. She classified migration theories into 3 main types in accordance with their level of analysis. The first one is micro-level theories which basically consider that individual's desire and expectations to improve life push them to make the decision to migrate. The main theories

are push-pull factor theory, neoclassical micro-migration theory and among others. The second one is macro-level theories which look at the overall migration trends and try to explain the trends with macro level reasoning. The main theories are new economics of labor migration and social capital theory. The final one is meso-level theories which can explain micro as well as macro level migration reasoning on household or community level and even give explanation both causes and perpetuation of migration. Basically, latter ones focus on economic structure, income and employment opportunity differentials in sending and destination countries. The main theories are dual labor market theory, world system theory, neoclassical macro migration theory and among others.

Lee (1966) was the first to formulate migration in a push-pull framework on an individual level, looking both at the supply and demand side of migration. According to Naresh Kumar and A.S.Sidhu, push factors are the factors that compel a person, to leave that place of birth and go to some other place due to different reasons including unemployment, poor economic condition, lack of opportunities of advancement and among others; [Naresh Kumar and A.S.Sidhu 2005]. Pull factors refer to those factors which attract the migrants to an area, such as opportunities for better employment, higher wages, better working condition among others. [Naresh Kumar and A.S.Sidhu 2005]. In other words the factors that attract individuals in destination country and the factors that forced

them to leave their own countries are called push and pull factors that cause people to migrate. They are hindered by intervening factors, e.g. migration laws and are affected by personal factors, e.g. how the migrant perceives the factors. He makes a number of predictions, for example that greater diversity among people leads to more migration and for this reason there are high rates of migration within the United States.

The Push-Pull theory of migration traced out the economic factors of migration in the sending country as well as in the receiving country. The factors of migration include but not limited to demographic pressure, high unemployment and low living standards in the home country. These factors were identified as push-factors. The factors of migration in the receiving country included the demand for labour, promising economic opportunities, and political freedom and these factors were identified as pull factors. Migration, any type, whether documented or undocumented, forced or voluntary, can be explained in terms of push-pull factors (Datta, 1998). Push factors attribute to the negative characteristics operating at the center of origin whereas pull factors identify the positive characteristics (Datta, 2002) at the center of destination. This is barely a theory it is more a grouping of factors affecting migration, without considering the exact causal mechanisms. Considering the latter fact, we will deploy Neo-classical theory and dual (segmented) labor market theory that explain reason for migration.

Piore's (1979) "dual labor market theory" explains that international migration is caused by a permanent demand for immigrant labor that is inherent to the economic structure of developed nations. Theoretical predictions of migration flows are first made in the dual-economy models of Lewis in the 1950/60s, in which migration occurs as a result of differences in the supply and demand of labor between the rural and urban sector. According to OECD definition, *low-skilled* worker may be based on the education, wage, or skill level required for a job (OECD, 2009). Dual labor market theory puts an interest on the demand of labor in industrial sector, including low-skilled, semi-skilled, and high-skilled worker, rather than the interest in individual and family level. Piore (1979 cited from Castles and Miller, 2009) indicated that international migration is caused by a structural demand within advanced economy for both high-skilled and low-skilled worker to carry out production tasks and to staff service enterprises. According to him a division of primary and secondary market emerges, while the most dynamic global cities are marked by economic polarization – highly paid worker and poorly paid workers.

The workers in primary market sectors are selected on the basis of human capital, whereas those in secondary markets are disadvantaged by lack of education. A division of such market is influenced by economic dualism and labor supply in two different countries or areas. Consequently, segmented labor market theory helps explain the important role of employers and governments in

international migration and the persistence of migration even when international wage differentials decline.

Neo-classical economic theories explain the correlation of migrant worker and economic development in accordance to the concept of push and pull factors, known as “push-pull theory”.

According to UN definition, *migrant worker* refers to a person who is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national (UN). The causes of migration lie in a combination of “push factor” are driving people to move out their place of origin and “pull factors” attracting people into a place of destination. Push factors include demographic growth, low living standards, lack of economic opportunities and political repression (Castles and Miller, 2009). This make migrants who encounter the impacts need to move out from their place.

Therefore, pull factors include demand for labor, availability of land, good economic opportunities and political freedom. Pull factor basically takes place at the place of destination, where it is attractive and persuasive to migrants to move in. Neo-classical theory assumes that migrants have a perfect knowledge of wage and employment opportunities and their decisions are overwhelmingly based on these economic factors.

Moreover, the main concept of neo-classical theory involves human capital that people decide to invest in migration and will migrate if the expected rate of return from higher wages in the country. Apart from high wage, neo-

classical ideas indicated that reason destination for selecting a new place of destination would involve the difference of Growth National Product in country of origin and destination.

New economics of labor migration views the mobility a lot more complicated. This theory concerns more about social factors in relation to economic condition. The new economics of migration argued that migratory decisions are not made by isolated by individuals, but by families, households or even communities. Such group may decide that one or more of their members should migrate, not just to get high wages, but also to diversify income source and to provide sources for investment in existing activities, such as the family farm. The unit of approach in new economic of labor migration is not the individual, but the social group. The new economic of labor migration is the only migration theory that explicitly links the migration decision to the impacts of migration, with remittances being this link (Taylor & Fletcher, 2001). According to the theory household maximizes joint income, status and A minimizes risks. All three aspects contribute to the migration decision of the household.

The World System theory as a macro level analysis tries to provide an explanation for supply and demand sides of the labor migration. In keeping with this theory, international migration is derived from the construction of the world market that has developed and extended (Massey *et al*,1993:444).According to Bhattarai (2005:25) the international processes are reciprocally dependent and

the developments in one part of the world have an impact at the systemic level in a different part of the world. As a result, the worldwide labour movement is less prejudiced by dissimilarity in salaries or employment levels in receiving and sending states than on the interface of internal and external pressures in addition to foreign investments and worldwide flows of capital into the countrywide economy. This eventually adapts the entire economic scheme (Bhattarai, 2005: 25).

Perpetuation of migration: As Massey (1990) argues the factors that influence migration to start could be very different from the conditions that make migration continue, i.e. perpetuate. After an initial phase of pioneer migration, migration becomes more common in the community, with more and more people following current migrants and being helped by them until migration becomes self-sustaining. Thomas Faist, a sociologist, emphasizes the meso-level of migration (1997, 2000). By studying the meso-level, he links the rational individual migration decision models to the structural macro migration models. Social relations and social capital in households, neighborhoods, communities and more formal organizations help migrants in the migration decision and adaptation process, so they are both a resource and an integrating device. Social capital can be seen as a resource that is acquired as a result of different kinds of relationships (Bourdieu&Wacquant, 1992 in Massey et al.,

1998) and can be converted into other types of capital (e.g. borrowing money for migration from your neighbor).

## **2.2. Determining factors of international migration**

Migration is not a new phenomenon: Most countries have had pre-modern patterns of temporary mobility for agricultural, trade, cultural and religious purposes, and of more permanent movement as a result of warfare, environmental factors or economic change.[Stephen Castles, 2007].

According to Adepaju, (1998) economic considerations are of primary importance in decisions to migrate, in that people migrate ultimately to improve their economic well-being. Mayda (2007) investigated the determinants of migration inflows into fourteen OECD countries by country of origin, between 1980 and 1995. The effect of average income and income dispersion in destination and origin countries on migration was analyzed. The impact of geographical, cultural, and demographic factors as well as the role played by changes in destination countries' migration policies was captured in the study. Walsh (1974) estimated the determinants of migration in the Ireland. The results showed that Irish net migration was responsive to relative labour market conditions in Ireland and Britain. The wage differentials and unemployment differentials were found significant determinants of the net migration from Ireland. Gabriela Wojakowska studied root cause and consequences of Polish labor migration to Netherland using theories through four perspectives such as

economic, social, political and environmental. His result shows that all motives combined however, he highlighted economic reason which was the most formulating for Poles to migrate to Holland.

Rotte and Vogler (1998) examine migration flows from least developing countries to Germany and find income differentials, political situation of the origin country, and migration networks have a significant impact on the inflows. Their work is noteworthy for including trade relations between Germany and origin countries as one of the determinants of migration, although the effects of trade appear heterogeneous across different geographic regions. In their analysis of the effects of macroeconomic conditions on the net immigration to Germany during 1964-1988, Karras and Chiswick (1999) find that year-to-year changes in migrant flows are affected by cyclical economic conditions; that is, growth rates in the destination country and long-run trends are determined by income convergence in standards of living.

The idea that migration is driven by the income differentials can be traced back to Harris and Todaro (1970). In their article, they concluded that migration flows from rural to urban areas will continue as long as expected marginal returns (urban income) is higher than the real agricultural product. Using an econometrical approach and a model developed by Grogger and Hanson (2008), Ortega and Peri (2009) conclude that the expected income per person and the immigration laws of the receiving country are the most important determinants of emigration. Reducing immigration restrictions in OECD

countries would increase immigration from 5 to 9% (Ortega and Peri, 2009). Assessing the impact of income on the immigration decision in the U.S., Clark et al. (2007), discovered that a 10% increase in the source country would reduce emigration by 4.4%. Still, they note the importance of income and poverty, because an increase in income could generate an increase in migration, depending on the initial level of poverty in the sending country. Most authors agree with the inverse U-shape relationship between income and migration rates (Docquier, Rapoport, 2005; Clark et al 2007, Pedersen et al 2008). The reason is that individuals from the low end of the income distribution, although willing to migrate, lack the necessary financial resources.

Besides the income differences between sending and receiving countries, factors as distance (used as a proxy for migration costs), language, colonial ties with the host country and network effects have been analyzed in the literature (Mayda, 2008; Pedersen et al., 2008; Katseli et al., 2006). Regardless of the method, countries analyzed or the other factors used in the model, all these empirical papers reached the same conclusions: there is a negative relationship between distance and migration, and a positive relationship between migration and language, colonial ties and social networks.

The other influential factor in the decision to migrate is geographic differences in wages or income levels between the origin and destination, factoring in migration costs (Sjaastad 1962; Borjas 1987). The relative income of the potential migrant in the source country compared to in the destination

captures the differences in returns to human capital. Migration costs are usually captured by geographic distance, often accompanied by cultural and linguistic distances. Here migration costs include not only transportation, but ex-post costs involving job search and settlement. An important factor in this regard is the assistance of previous migrants from the same source country, otherwise known as migrant network effects, because previous migration lowers migration costs significantly by reducing information and adaptation costs. In addition to income (or wage) levels in the source and destination countries, distance variables, and migrant networks, other factors, including income distribution, human capital, unemployment, demographic factors, and macroeconomic conditions for both origin and host countries also matter (Clark *et al.* 2002; Karras and Chiswick 1999; Mayda 2010; Mitchell *et al.* 2011).

Mayda (2010) studies the determinants of bilateral migration to multiple destination countries. In her analysis of panel data of 14 OECD countries for 26 years, she finds that income, distance, common language, and demographic factors are important determinants, yet their effects are strongly conditioned by immigration policies at the destination. In a more general treatment of the topic, Freeman (2006) suggests that immigration will increase due to aging populations and low birthrates in developed countries, income disparities, and increased education in developing countries.

Migration policy also plays an important role in shaping migration patterns because it significantly affects the migration costs borne by potential

migrants. Hatton (2004) and Mayda (2010) empirically find that economic and demographic forces are less significant when strict immigration policies are instituted in host countries. Numerical restrictions (quotas), visa requirements, and strong immigration enforcement indicate a more restrictive immigration policy

In their recent study of bilateral migration flows from 120 sending countries to 15 OECD countries over the period 1980-2006, Ortega and Peri (2013) also find that destination income levels and immigration policies are highly important in determining migration flows. They report that the effects of destination income and immigration policies differ for migration within the European Union(EU) and migration from outside the EU. Their analysis is particularly aided by a new panel dataset containing information on the restrictiveness of immigration policies for main destinations.

### **2.3 Determining factors of Mongolian migration**

Three specific phenomena largely affected international migration patterns in Europe in the second half of the 20th century. Labor shortages in Northern and Western Europe, European decolonization, and the rise and subsequent collapse of the communist bloc in Central and Eastern Europe all had significant impacts.(Jennissenet al., 2001).

Same as the abovementioned quote, collapse of communism in 1990 affected Mongolian migration pattern. During the socialist years (1924-1990),

before Mongolia changed from a centrally-planned economy to a market-driven economy -in 1990, travel to and from Mongolia was restricted, especially for persons from western countries (IOM report 2008).

International migration started in Mongolia after Soviet system collapse due to mainly economic reasons as mentioned in previous section. According to Adepoju, (1998) economic considerations are of primary importance in decisions to migrate, in that people migrate ultimately to improve their economic well-being. Cancellation of economic aid from former Soviet Union has heavily affected Mongolian economy which led to real GDP fell by 9.2% in 1991 and by 9.5% in 1992, leading to a significant decline in Mongolian living standards.

Above all manufacturing sector in particular experienced a dramatic process of downsizing in the mid-1990s and unemployment sharply increased and salary dramatically decreased and state has not been able to determine labor cost and to regulate employment. Financial incentives act as a pull factor for immigrants as well. If private benefits of migration exceed private costs of migration then individuals migrate. The differences in wage levels between countries lead people to migrate. Variations in taxation and welfare systems between nations lead people to migrate. [NomazuluSibanda, 2008]

At the same time, Constitution of Mongolia newly approved in 1992 secured human rights and freedoms to travel freely. More so the Law on Travel and Immigration of Mongolian Citizens for Private Business was passed on 24

December 1993 to regulate the mass outflow and inflow of migrants (Batbayar, 2005). This law gives Mongolian citizens the right to travel overseas personally and stay there for longer period. The law also regulates procedures concerning the approval and issuance of national passports as well as the rights and obligations of citizens travelling abroad.

As a result of these fundamental factors international migration intensified during late 1990s and early 2000. Starting from the mid-transitional period, international migration intensified, assuming a more organized form. Especially, the number of people who migrated for long- and short-term labor abroad, officially or privately, increased dramatically within the last few years.

Taking this opportunity, many people who studied in Western European countries started to settle in their destination countries for work and to live. Solongo [2007] noted in her research that many new young students started to travel abroad, and later, some persuaded their family members, relatives and friends to join them. Moreover, with the opening of the world through media, there were more channels for people to receive information about foreign countries.

Lately, the “Law on Sending Labor Force Abroad and Receiving Labor Force and Specialists from Abroad” was passed in 2001 and its aim is to

promote conditions of official foreign employment, protect workers' rights and advance overseas employment management.

Recent patterns of international migration in Mongolia commenced at the beginning of the transition period when many Mongolians started to travel to the Russian Federation and the People's Republic of China for short-term petty trade.

Today, increasing numbers of Mongolians are also leaving for the United States, Europe (mainly Germany, Czech Republic and the United Kingdom) and Asian countries (Republic of Korea and Japan) for better education, well-paid jobs, and marriage to foreigners and higher standards of living.

A key feature of the official channel of the regulation of international labor outmigration in Mongolia is that it is destination country specific, namely the government grants labor-sending agents country-specific licenses. Mongolia has signed bilateral agreements with a series of countries such as Japan, South Korea, Taiwan, Czech Republic for labor migration, and the government has put in place management systems/methods according to the agreements reached with the particular country (MSWL).

In 2005 about 9000 Mongolians live in the United States and over 100 in Canada. The majority of migrants are illegally residing in the United States, and

are doing hard labor in small private companies, stores, restaurants of foreign immigrants (MPDA&UNFPA, 2005). Most of them possess relatively high education. Initially, 60% of them enter the United States on student visa, 34% on tourist visa and merely 3% on working visa. 47% of those working in the United States live with their family members. Lately, Mongolian citizens living and working in America are giving birth in US where the babies are granted US citizenship. So far about 300 Mongolian children have been born in the United States and it is estimated by the Mongolian Embassy in the United States that this number could grow to 2000 by 2015. 50-70 people come for visa interview every day at the Embassy of the United States in Mongolia (MOFA, 2006). But by 2010, number of Mongolian migrating to USA already reached 27.000. This shows that the number of Mongolians interested in migrating to the United States would remain high for times to come.

## **2.4 Chapter conclusion**

International migration is dealt with large arrays of subjects including underlying causes of the migration. There are several theories that explain migration causes among others pull and push factor theory is main theory that classify those causes into push and pull factors. Chapter reviews on general migration theories, determining factors of international migration and Mongolian migration in general. These reviews show us that economic factor is the most important factor economic considerations are of primary importance in

decisions to migrate, in that people migrate ultimately to improve their economic well-being. Basing on the review we found that economic downturn which is created in Mongolia after transition to democracy has flourished international migration. These fact are consistent with economic downturn due to cancellation of mainly economic assistance. We have reviewed several migration theories that support our argument. More so we revealed that collapse of Soviet Union in 1990 affects the most to Mongolian migration outflow towards other countries due to dramatic increase in unemployment and decrease salary and among others. Basing on the review, we have extensively shown push-pull factor theory, Dual labor market theory, and neo-classic economic theories as the main framework of our analysis.

However it is important to note that push pull factor theory is main theory to frame our analysis in accordance with following structure.

**Table : General framework of the research**

Main theories	Main content	Push factors	Pull factors
Neo-classical economic theories	Explain the correlation of migrant worker and economic development in accordance to the concept of push and pull factors, known as “push-pull theory”. Push factors include demographic growth, low living standards, lack of economic opportunities and political repression (Castles and Miller, 2009)	Poverty	High wage
		Low wage	High employment rate
		Natural disaster	Good environment
		Air pollution	Clean environment
		Political instability	Political stability
		Government suppression	

<b>Dual labor market theory</b>	Explain that international migration is caused by a permanent demand for immigrant labor that is inherent to the economic structure of developed nations.	Low demand in labor market	High demand for low and semi-skilled jobs in labor market
		Bad medical service	Good medical service
		Social inequality	Social equality
		Social-status raising	Equal social status

**Table 1: General framework of research based on pull push factor theory1: General framework of the research based on push pull factor**

*Source: Jessica Hagen-Zanker and own elaboration*

Considering the facts reviewed in previous section, now it is clear that there are considerable number of push and pull factors of Mongolian international migration. So following sections are going to investigate those factors in detailed.

## **CHAPTER 3.ECONOMIC FACTORS FOR MONGOLIAN MIGRAITONTO KOREA**

### **3.1 Overview of Mongolian migration**

After 70 years of Soviet political and administration culture, Mongolia established a democratic multi-party system in 1992 and began the transition from planned to market economy. A critical component of these changes was freedom of movement within the country as well as freedom to travel abroad. The past two decades has witnessed record numbers of Mongolians choosing to a move either within Mongolia or abroad with profound consequences for the

political, social and economic fabric of the country. Mongolians are choosing to migrate overseas in search of higher paid jobs and a better quality of life for themselves and their families. Mongolian migrants, most of whom are male, are mainly traveling to the Republic of Korea, the Czech Republic and the United States.

Starting from the mid-transitional period, international migration intensified, assuming a more organized form in Mongolia. Especially, the number of people who migrated for long- and short-term labor abroad, officially or privately, increased dramatically within the last few years. Large number of Mongolians resides in countries such as South Korea, China and Japan. South Korea outranks the other countries in terms of accommodating Mongolian migrants.

By official statistics of National Statistic Office (2010) of Mongolia, 107140 Mongolians are residing abroad.

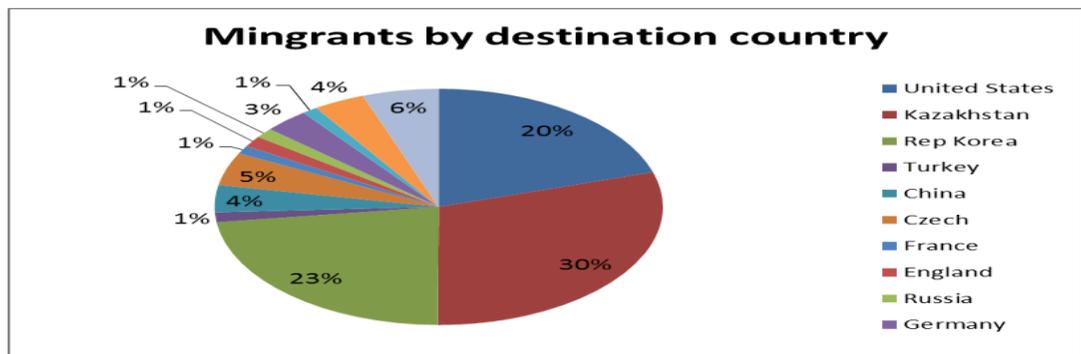


Figure 2: Migrants by destination country

NSO 2010: Population and Household survey

Above graph shows distribution of Mongolian migrants abroad. Major receiving countries are Republic of Korea, Kazakhstan, United States and Japan, Czech Republic and Germany follow.

Regarding migration towards Kazakhstan, to begin with severe restriction placed on travel abroad for Mongolian citizens have been relaxed, and because of the effect on employment of the economic crises, there is not much concern as previously with respect to eventual labor shortages as a result of emigration. This change of attitude is reflected in the migration of large number of Mongolian citizens of Kazakh descent left Mongolia. By the 2010 estimation of Ministry of Foreign Affairs, approximately 40,000 of Kazakh changed their citizenship to Republic of Kazakhstan.

The above graph shows us that Korea is second biggest recipient country of Mongolian migrants. So it definitely calls our interest to study the reason why Mongolians are likely come to Korea. Moreover this research is going to focus on Mongolian migrants in Republic of Korea.

### **3.2 Mongolian migration to Korea**

Korea is definitely number one receiving country of Mongolian migrants. Due to the economic downturn during the transition period, Mongolians started looking for well -paid job opportunities not only internally but also externally. At the same time, domestic laws has guaranteed people's long-term and short-term movement and more so they have more channels to receive information

about foreign countries though the opening of world through media. The most possible and geographically closest destination was Republic of Korea. It is considered that Mongolians started migrating of Korea during late-1990s after unemployment and salary decrease due to mainly manufacture sector downsizing. During mid and late 1990s, at early stage of migration, there was no official channel to intermediate people to South Korea and people were going there through private channels. As time passes, number of migrants increased and there was great demand to manage this flow of people by official channels.

Therefore, according to unofficial information from Ministry of Population Development and Social Protection, two countries government signed inter-governmental agreement on industrial trainee in 2000. And further two governments established Employment contract agreement in 2004. And furthermore, two countries governments signed Memorandum of Understanding in 2005. This legalization process provides official channel for Mongolians to come to Korea to work and moreover it induced massive increase in number of Mongolian migrants towards Korea after 2000.

South Korea outranked among country in terms of number of Mongolians residing in as mentioned earlier. Mongolian immigrants compose 2.2 percent of South Korean foreign population which led it to rank at 14<sup>th</sup> among the sending countries. According to the statistics from Embassy of Mongolia 2013, 26370

Mongolians are residing in South Korea 2013. Out of them 18132 are legal and 8238 are illegally staying in Korea. Illegal migrants are still very much so it might be mostly the result of industrial trainee policy.

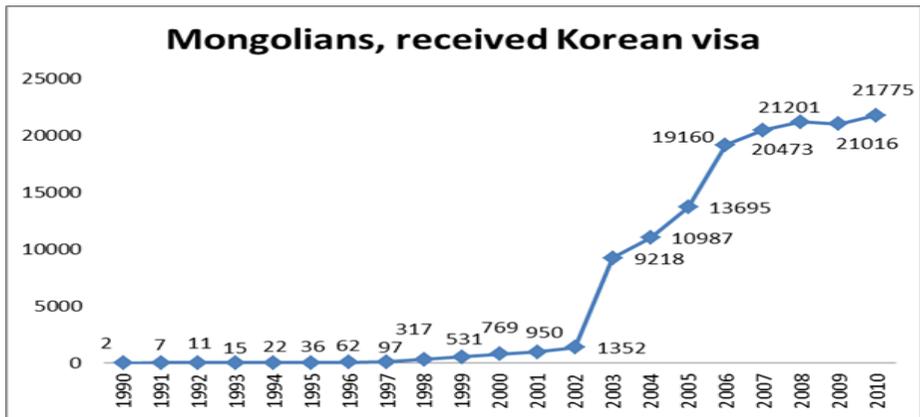


Figure 3: Mongolian migration outflow to Korea since 1990

Source: Korean Immigration Office

Above graph provides us information on Mongolians who received Korean visa since 1990. From this graph we can see there was dramatic increase in Mongolian migration towards Korea after 2000. In Mongolia, labor migration is expanding under several national legal documents such as Rules of Sending Labor Force Abroad and Receiving Labor Force from Abroad (1994), Rules of Awarding Official Authorization for Agencies and Individuals Engaged in Mongolian Labor Force Export (1995), and Law on Sending Labor Force Abroad and Receiving Labor Force and Specialists from Abroad (2001). Mongolia received a quota for 500 factory trainees in 1997 and 400 in 1998 from the Korean Federation of Small and Medium Business. Then

Mongolian workers started legally to work as factory trainees. ZagCo. Ltd sent 983 workers in 1998, Mongol News Co. Ltd., sent 6,000 workers in 2003, and the National Association of the Agricultural Corporative sent 457 workers to work at the SMEs of the Republic of Korea. In accordance with the Memorandum of Understanding of 2004, concluded between the Ministry of Labor of the Republic of Korea and the Ministry of Social Welfare and Labour of Mongolia, Mediating Bureau Co. Ltd, was in charge of coordinating this in 2004-2006.9) Under an amendment to the memorandum of understanding between the ministries of labor of the two countries in 2006, a state property company, the Center for Sending Work Force Overseas, started to export Mongolian citizens to the Republic of Korea in May 2007. There is high demand for male migrant workers from the SMEs in South Korea. For instance, among the total Mongolian new migrant workers in 2004, 84 percent were male; in 2010, 89.8 percent of the Mongolian emigrants were male.

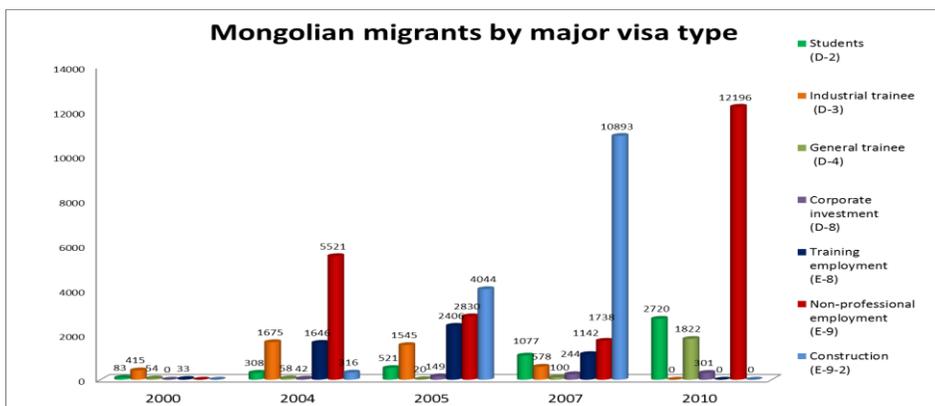


Figure 4: Mongolian migrants by major visa type

Source: Korean Immigration Office

Above graph shows Mongolian migrants by major visa type since 2000. From here, we can observe the major visa type that Mongolian likely to hold is Non-professional employment (E-9) and construction industry visa (E-9-2), students visa (D-2), general trainee (D-4), corporate investment (D-8) and training employment (E-8). Even though we still can find some student visa holders, in general majority of Mongolians are holding unskilled worker visa due to intergovernmental agreement. We find some major increases in non-professional visa type holders during the years of 2004 and 2010 while construction industry visa holders during the year of 2005 and 2007. According to the Korean visa guideline by Korean Immigration Service, Ministry of Justice 2014, these two visas categories are included in Employment Permit System which is the fundamental legal framework of two governments' agreement in 2004. There is a reason why this increase happened during these years. Right after establishment of agreement in 2004, we witness the sharp increase in non-professional visa holders however, we can see starting from right next years, and there is a decrease in same visa holders and increase in construction industry visa holders. In Korean part, there was external factor that affects this increase. Due to oil price increase during 2005, 2006 and 2007, demand for construction massively accelerated in Middle East where South Korean construction companies are being hired to build the refineries, petro chemical plants, offices, and infrastructure.

According to Steven Mufson [2007] oil consumers are paying \$4 billion to \$5 billion more for crude oil every day than they did just five years ago, pumping more than \$2 trillion into the coffers of oil companies and oil-producing nations this year alone. Due to this price increase, there was overwhelming demand in building new refineries, petrochemical plants, offices, and infrastructure springing up around the Middle East in which South Korean companies are being hired to build all those facilities and infrastructures there. So Korean construction companies won billions of dollars which is almost same thing happened during 1960s and 70s. Due this dramatic increase in demand at international construction market, Korean companies might send their Korean workers abroad for higher salary and started recruiting massive number of foreign workers including Mongolians during this period. This might be very possible explanation because after 2007, no one received that type of visa. The decrease in non-professional visa holders during this period might be very much related to this explanation. However, in 2010 we can see huge increase in non-professional visa holders. Although, in general we can see there is sharp increase in overall number. This increase might happened due to bad timing in Mongolian economy due to economic crisis of 2009, as shown earlier in the graph, Mongolian economy has experienced minus growth rate (-1.3) in 2009.

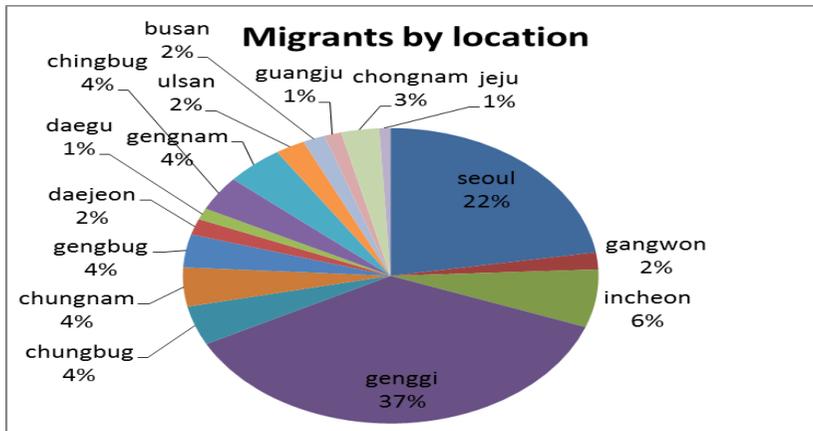


Figure 5: Mongolian migrants in Korea by location

Source: Embassy of Mongolia to Korea 2013.

This graph shows us Mongolian migrants residing in Korea by location. From this graph we can see 37 percent of them are in Genggi and 22 percent of them are in Seoul and other are scattered in various cities. Few years ago, Mongolians young girls tended to marry with Korean, however now this trend has decreased still girls are marrying with Koreans. According to the Embassy statistics, by 2013, total 798 Mongolians have legally naturalized to Korean citizenship and out of total, 733 are women and 65 are men. Out of them, 605 are naturalized on the basis of marriage and 602 are women and 3 are men.

### 3.3 Economic push factor of Mongolian migration to Korea

#### 3.3.1 Economic push factors in Mongolia right after transition

Push factors in Mongolian can be divided into 2 parts in terms of period, right after transition period and after 2000 when Mongolia started experiencing high economic growth.

Early period of the transition from socialist system based on planned economy to democratic society based on market discipline created huge change in Mongolia. The political change brought some very positive aspects in people's life, specifically providing freedoms such as freedom to speech, freedom to worship and freedom to travel which are secured by the adoption of new 1992 Constitution of Mongolia. However, economic and social change brought some very negative consequence in people's life specifically during the early period such as dramatic increase in unemployment and decrease in salary etc. The following section explains is what went on during that time mostly in the economic as well as political aspects.

Many of the countries specifically East Asian countries have started their transition to democracy in 1990, after Cold War. Mongolia followed same pattern as well. Before 1990 Mongolia was a part of Soviet Union, with centrally planned economy, and everything was under strong state control. However, the approach that Mongolia has adopted towards Democracy wasn't same as Asian gradual approach that is driven by economic consideration approach.

Rana (1995) says that the process of creating a market economy in former socialist countries has proved to be complex and the social costs of transition have been higher than anticipated. Further he highlighted Mongolia has followed the pattern of abrupt transition seen in Eastern European countries and Russia rather than the gradualist approach of Asian centrally-planned

economies in transition such as Lao PDR, Myanmar, China and Vietnam. Further he noted that whereas the changes in Asian transitional economies appear to be motivated primarily by economic considerations, Mongolia's sudden political changes have been driven by dramatic economic shocks, external and internal.

Further he mentioned the high social cost became very big burden on peoples' shoulder. This burden has accelerated when the parliament has issues Decree #20 on price liberalization. And this decree brought so huge change in social as well as people's life. As a result price doubled and money has devalued. The money on people's hand became less worthy.

During the early period of transition, daily life goods became very rare and many shops closed the door and rests were serving on only card basis. People did not have money on the hand. As UNDP report mentioned (2000), Mongolia used to receive subsidy from Russia annually equivalent to 30 percent of GDP. The aid from former Soviet Union, mostly from Russia was cut. So it causes excessive demand for money and daily life necessities. It shows how this breakdown affected Mongolian economy. It brought about the abrupt collapse of the system that underpinned Mongolia's social and economic infrastructure and activities. In addition, Mongolia lost its guaranteed markets with the dismantling of CMEA.

According to UNDFW report (2001) the response to this crisis was what has become known as the "shock therapy" of transition and the rupture with the

regime forged over nearly seven decades between 1921-1990 was abrupt, in the economic, the social and political fronts. When huge amount of aid was cut, the production could not be sustained under the new conditions, and moreover state was not able to provide subsidies all the industries in order to run them. Further the formal state sector shrunk dramatically through closures, retrenchment and privatization. The main feature of shock therapy is policy measures which triggered a rapid process of market liberalization and privatization of state-held assets—mainly livestock, and state industrial and agricultural enterprises—as well as macroeconomic stabilization measures. Before transition all the livestock were owned by state under the collectivism and all the industries were run by state and general public has no property on their own including livestock and prices were strongly controlled by government. After the transition due to the shock therapy prices were liberalized and a majority of the factories and livestock privatized. Due to the import substitution policy, all the formerly protected industries further exposed to the rigors of foreign competition.

Due to cancellation of economic aid from former Soviet Union, Mongolian economy has experienced dramatic downturn specially manufacturing sector experienced a dramatic process of downsizing in the mid-1990's and more so unemployment increased sharply, salary rating decreased, and the state has not been able to determine labor cost and to regulate employment. This cancellation had a severe impact on Mongolia's economy, which had employed Soviet-style economic policies. The report on Mongolian

poverty assessment in transition (1996) has brought out this severe impact with significant indicators. As mentioned in that report after Soviet aid ended, real GDP fell by 9.2% in 1991 and by 9.5% in 1992, leading to a significant decline in Mongolian living standards. Subsequently, the central government moved to privatize its state-owned economy and adopt other free market reforms. The social consequences of the transition were adverse, unemployment and poverty tended to increase while the severe inequality in income distribution and the prevailing socioeconomic situation led to low salary and income levels.

B. Robinson and A. Solongo (2000) stated that the social costs have been borne unevenly by different groups within Mongolia's population and social inequality is growing. They further highlighted one dimension of difference in this transition relates to gender. However Mongolia is doing good on women empowerment recently, there is still a lot need to be improved specifically enforcement of the implementation of laws related to gender issues. In this regards, one of the major point is employment issue. As below graph shows us, we can see women unemployment was always higher than man. There can be many reasons to interpret this graph however, one of the major reasons is public mindset. Due to cultural as well religious influence, society is still very much man dominant. General public specifically employers still cannot fully accept women role in decision making as well as in employment. It is very much related to the view on women role in household works and child

caring. These reasons force women to make the decision to migrate internally as well as externally.

It has been almost 24 years since Mongolia started the transition to a democratic society based on a market economy, with the adoption of the new (1992) Constitution of Mongolia that secured free choices and rights of work for all Mongolians, wherever they desire to work. As mentioned earlier, the manufacturing sector in particular started decreasing during early transition period and this downsizing process intensified in the mid-1990s. The rapid price liberalization and privatization and the curtailment of economic aid was economic as well social shock. Moreover, during the period, unemployment increased sharply, salary rating decreased, and the state has not been able to determine labor cost and to regulate employment. Thus, people have started looking for better, higher-paying jobs and opportunities. Consequently, both internal migration from rural to urban areas and international migration to seek for labor have increased. Moreover people started looking for channels better paying job, and better living standards abroad.

### **3.3.2. Economic push factor after 2000**

Mongolia somehow successfully managed the transition quite well relative to most other countries in similar circumstances. Within this short period, Mongolia has made much progress in undertaking fundamental economic reforms centered on price liberalization, privatization and the

establishment of market institutions. Even though these changes were very abrupt at that time, as time passes these efforts are reflected in the growth performance of the Mongolian economy. Moreover this transition brought structural change in Mongolian economy. However, this transition generated disparity among people in accessing to national benefits. Due to the privatization, people started having own properties and some succeeded doing own business and some failed to do so. This situation led to widening of the opportunity gap and an intensification of social inequality as some social groups experienced declining livelihoods through increasing unemployment, with the consequence of entrenchment in poverty.

Mongolian economy has started showing positive signs of economic growth as proving recovery and the unstable transition period is merging to development period. We can see this positive signs by looking at the indicators measured by the Gross Domestic Product (GDP).

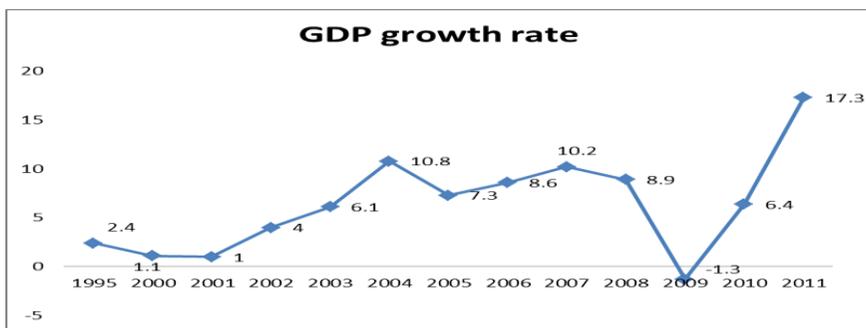


Figure 6: GDP growth rate

Source: NSO statistical annual book 2000-2011

From this graph we can see after 2002 Mongolian economy has sharply increased in general, however there were ups and downs. The graph shows there was a decrease in 2001. This decrease happened due to progressive natural disaster that occurred in summer and winter of 2000 and 2001. As mentioned earlier Mongolia is very rich of livestock, more so animal husbandry contributed around 20 percent of Mongolian GDP. However, Mongolian animal husbandry is not farm-style; it is dependent on natural condition. This natural disaster affected Mongolia economy negatively and many cattle keepers lost their livestock. Moreover it forced many of Mongolians to move internally as well as externally in search of employment opportunity and income source.

From this graph we also can observe general increasing trend of GDP growth rate except 2009 in which world economic crisis has occurred. However this increase was mainly driven by mining exploitation. Mongolia started intensively exploiting its mineral resources during this period. Certainly other sectors contributed to this economic growth, however, mining sector contribution was tremendous. Traditionally, the main economic activity in Mongolia has been based on agriculture, industries for processing of raw materials, and provision of services. In 2005, these activities accounted for approximately 22 percent, 33 percent and 55 percent of the GDP respectively (NSO 2005).

According to NSO statistics 2006, in general, the secondary sector has also performed relatively well during the recent period, averaging real increases of 7.7 percent a year during 2001-2004. Much of this overall positive performance has been due to the rapidly expanding mining sector which posted increases of 34.3 percent and 11.3 percent, respectively, during 2001-2004 and 2005. The increase in mining value added is a result both of new activities and projects coming on stream as well as the recent run up in global commodity prices. In 2005, mining accounted for 25 percent of GDP, 71 percent of Mongolia's exports and 13 percent of government revenue. The manufacturing sub-sector expanded at an annual rate averaging 8 percent during 2001-2004 this growth coming from a number of areas including food and non-food production.

After the transition, inflation has sharply increased due to price liberalization. So the inflation pressures remain persistent. The collapse of the former system has accompanied by huge increase in inflation during 1990-1992, which spiked at over 300 percent in 1992. This was caused by the price deregulation reforms of early 1991. During 1993-1994 inflation was on a declining trend but remained persistently around 50 percent during 1994-1996, partly because of ongoing adjustments in relative prices, such as the energy price adjustments of late 1996. Government was taking some measures including implementation of a new round for comprehensive reforms started in

late 1996 and focused on restructuring of the banking system, higher domestic interest rates, and tight fiscal policy succeeded in reducing inflation progressively and for the first time to single digit levels in 1998.

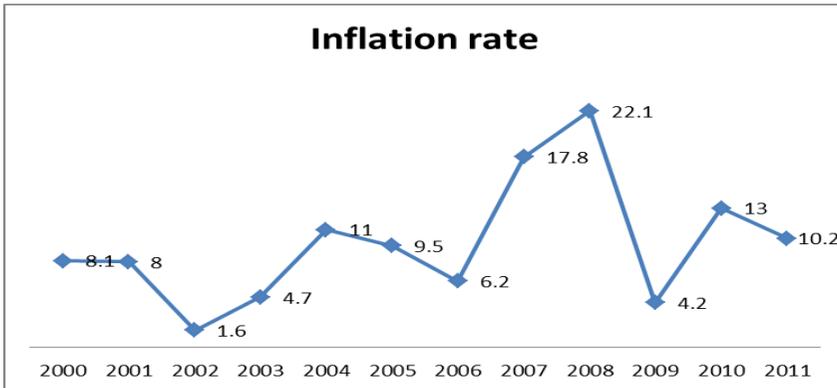


Figure 7: Inflation rate

Source: NSO annual statistic report 2000-2011

Thereafter, inflation was on a declining trend until 2002. Inflationary pressures re-emerged in mid-2004 as food and fuel prices rose rapidly, and increased again in 2005. Up until now, inflation remains still very high as shown in the above graph. This high inflation devalued the high economic growth and more so it reduced income level drastically.

At the same the interesting question is that what is the reflection of economic growth on people's life. International experience has demonstrated that there is no automatic link between growth and poverty reduction and that expansion of decent work [Employment and Poverty report 2007].

Unfortunately, Mongolia seems to prove this international experience. In recent years, however economic growth is accelerated sharply the job creation process has slowed down relatively. According to the above mentioned report, after 2003 the pace of job creation slowed by nearly 30 percent with only 83 thousands of net new job being created in 2003-2006 compared 118 thousand in 2000-2003. However, at the same time, due to natural disaster, number of herders fell by 43 thousands. During this period, 39 percent of new job were in low-paying wholesale and retail trade sector. The most effective job creation occurred during 200-2003. Construction and mining sectors are the growing sectors however those sectors created only 27 and 13 percent of jobs respectively. And due to Mongolian continental extreme weather, the latter sectors are not able to run activities during winter season. And more so the most growing and high paying mining as well as construction sectors are capital intensive however, low-paying service and agriculture sectors are labor intensive. We can see however, majority of the jobs are created in service sector, the salary is too low.

At the same time, there is a huge number of working age people due to high fertility rate during 1960, 1970 and 1980s. Table 1 shows us the main functional age groups for Mongolia from 2000-2020. It gives us the information on large portion of working age people and their pressure on labor market. On the other hand there is not enough employment opportunities to accommodate

them in labor market and at the same salary is too low and inflation is too high. Those reasons push specifically active working age people to look for better opportunities.

Table1 1: Selected functional age groups, Mongolia, 2000, 2010, and 2020

Functional age groups	Age (years)	Percentage (as of total population)		
		2000	2010	2020
Infants	0-1	2.0	1.8	1.6
Children	1-4	8.3	7.6	6.5
Primary school age	8-11	10.4	7.1	6.2
Secondary school age	12-18	17.0	13.6	11.7
Working age	15-59	55.4	61.6	59.1
Females in reproductive age	15-49	27.2	29.9	28.2
Males in HH formation age	22-18	6.6	7.1	6.0
Aged	65+	3.5	4.0	4.8

Table 2: Selected functional age group, Mongolia

Source: NSO, 2002. "Population Projection of Mongolia: Analysis based on the 2000 census."

It is considered that one of the major reasons that pushed Mongolian to migrate is pursuing higher education abroad. According to John C. Weidman, and Brian Yoder (2010), before 1990, there was Soviet-style educational systems with highly specialized curricula designed to prepare students for jobs in a command economy in Mongolia. Expenditure for social welfare and education was highly dependent on economic aid from Russia. After the transition, there was no longer that much subsidy towards education sector and Mongolian government is doing some good progressive reforms in education sector. Some of the challenges are infrastructure for education in urban areas is still inadequate and deficient. The limited capacity and poor condition of school facilities—which continue to deteriorate—are major constraints to increasing enrollment and retention, and to improving the quality of education services. In order to improve the quality of education, school period is expanded by 2 years—from 10 year to 12 years system in 2008- will require reform of the curriculum framework and development of new education standards linked to the curriculum. (John C. Weidman, and Brian Yoder,2010). However, there is a long way to go;

In general now we can see Mongolian high economic growth not much reflected in improvement of peoples' life. As mentioned earlier, all those factors high inflation, low job opportunity and low wage leads to huge income

inequality, and moreover they motivate people to look for better and high paid job opportunities.

### **3.4 Economic pull factors of Mongolian migration to Korea**

#### **3.4.1. Pull factors in Korea**

Many studies have talked about Korean experience on transformation from manpower exporting country to manpower importing country. They said that this is a result of miracle of Korean rapid economic development. Korea used to be a labor force sending country from early 1960s to late 1980s, particularly to Germany, when miners and nurses were migrating for job. During the construction boom of 1970s and early 1980s in the Middle East, thousands of Koreans were sent to work for Korean construction companies (Andrew Eungi Kim, 2010). Since the late 1980s, Korea is said to have undergone a “migration transition” from a labor-sending nation to a labor-importing nation (Park 1994).

Quite a lot number of literatures explained reason why Korea needed foreign labor force is sharp wage increase for local workers. The sharp increment of the domestic labor wages has forced many small and medium enterprises to look for another alternative by recruiting the cheaper foreign labor from the neighboring countries. On the other hand, the good salary was also one of the reason to attracts foreign workers to Korea. This has transformed Korea

from a labor exporting country to a labor importing country starting from 1990s. The reason for this turnaround was the serious labor shortage for small-and medium-sized manufacturing firms.

As Andrew Eungi Kim mentioned in his work there are several reasons that caused Korean labor shortage. Since the mid-1980s, Korea has experienced a deceleration in the growth of the labor force as the rural labor surplus became exhausted and the participation rate of youth (15-19 age group) in the labor force declined significantly due to longer schooling. This labor shortage was also caused by booming housing construction which attracted Korean worker who used to work for low-paying factory jobs to high paying construction sector. Another major reason for labor shortage is that large companies started to make sub-contract with small firms to cope with increasing international competition. In 1991, the overall deficiency of manufacturing workers was up to 9.6 percent.

The shortage in labor-intensive industries was particularly serious, for example the shortfall of 12.5 percent in the textile industry. Employers who suffered from a severe manpower shortage but could not afford to move their production lines overseas pressured the government to legalize the employment of foreigners. Business associations like the Korea Federation of Small and Medium Business (KFSMB) had frequently asked the government to import foreign laborers and, as a result, Korea finally decided to open its labor market in October 1991.

One more important cause for this labor shortage was relatively better-educated, more status-conscious, and wealthier Koreans began to turn away from low-paying and less prestigious manual jobs, particularly those deemed 3-D (Dirty, Dangerous, Difficult) jobs. To mitigate the labor shortage in unskilled, manual jobs, Korean government started taken some measures. Tan Soo Kee noted that labor market demand for the low-skilled foreign workers has increased substantially in the past two decades after the Korean government opened the market and revised the labor law. The amendment of the Korean labor law in late of 1987 gave a big impact in the domestic labor cost. In a series of article on the benefit of immigration, Peri studied about the reason Americans win from immigration. (see Peri, 2007). He argues that immigrant's and native's skills are not perfectly substitutable. Therefore, it creates the incentive for natives to specialize in more intellectual jobs (communication and language tasks) and let the immigrants to do the manual tasks (Peri and Sparber, 2009). Further his finding is quite consistent with other researcher's findings on immigration that show immigration does not crowd out natives and that it increases employment one for one and also investment (Ortega and Peri, 2009), while total factor productivity is increased by optimizing the task specialization and by encouraging the adoption of unskilled-efficient technologies (Peri 2009). This explanation might be applicable for Korean case since recently they are more focusing on high education these days.

And also Kil-Sang Yoo (2005) explained about reason that this reversal in the inflow of labor was caused by higher income and elevated educational level and lowered birth rate among Korean nationals. Further he says that until recently Korea imported only skilled foreign labor as employees, but introduced low-skilled foreigners as trainees. However later they realized it is a problematic to employ migrant workers as a trainee, and more so to tackle the chronic labor shortage, Korea introduced the Employment Permit system in 2004 which allows foreign low-skilled workers can be employed as a employees.

Definitely one of the factors that South Korea needs to import labor force is demographic (ageing) and social (high education) change. Due to strong propaganda from government, total fertility rate started dramatically decreasing during 1970s and 1980s. Korea is one of the most rapidly aging societies in the world and its fertility rate is falling at a record pace to a level well below the replacement rate of 2.1. Korea became an “aging society,” in which the elderly (those 65 years or older) comprised seven percent of the population in 2000. If the current population trends continue, the country will make a transition to an “aged society” in 2019, whereby 14 percent of the Korean population will consist of the elderly. Korea will then become a “super-aged society” by 2026, when the elderly will make up 20 percent of the population (Lee 1999).. This fertility decline posits Korea as one of the lowest fertility country among OECD countries and now figure for South Korea are alarming in regard to low fertility and rapid ageing society.

Another very important factor that Korea attract migrant worker is it high income. According to World bank Korea GDP per capita is constantly increasing. It was 17989 in 2004 and reached 23892 thousand in 2014. Migrants workers from less developed countries are mostly migrate due to economic reason as mentioned earlier.

Several researches have been conducted on the disconnection between the demand for blue-collar work, the kind of work that does not necessarily require a college degree, and the number of people who are willing to fill these positions. This is the result of the Korean people's tendency to demonize such kinds of work. The fact of the matter is that, as mentioned earlier, SMEs do suffer from a chronic shortage of workers, particularly for blue collar jobs. Due to the kinds of higher education that people prefer (with a tendency to prefer service-based jobs in *chaebol* companies) and their avoidance of other skill sets, such as welding or farming, this near nation-wide behavior has resulted in a skill gap; meaning that there are jobs that cannot be filled by Koreans. South Korea has experienced a spectacular expansion of higher education during the last five decades.

According to the Korean National statistics office, In 1950, the number of students enrolled in higher education institutions was only 11,358. In 2002, fifty-two years later, the enrollment increased to more than 3.5 million. Currently, more than 95% of eighteen-year-old children graduate from high

schools, and more than 70% of them advance to higher education institutions. Currently, Korea's enrollment rate in higher education is one of the highest in the world. According Phelps (2003) and Hayhoe(1995) in the mid-1970s, about 7% of age cohorts in Korea were enrolled in higher education institutions. Japan passed the same benchmark sometime in the 1950s, Taiwan in mid-1960s, and the U.S. in the 1930s. In 2002, more than 50% of high school graduates advanced to four-year universities, and this entry rate is higher than that of the U.S., Japan, or Taiwan (Phelps et. al 2003, Hayhoe 1995). Such a large-scale expansion of the higher education system inevitably brings about challenges to not only higher learning institutions but also to the social, economic, and political environment in which they are operating (Adams and Gottlieb 1993). These facts show us high education was one of the major reason SME started looking for another source of labor force that is recruiting foreign workers.

According to statistics of Korean Ministry of Justice, as of 2005, number of migrants workers in Korea reached 358 thousands comprising 1.5 % of total workforce and 2.5% of all wagedworkers in Korea. More so industrial trainees numbered at 26,516 or 7.6% of total migrants workers and trainees from overseas-invested companies numbered 7,352 persons, or 2.1%. The sum of these two groups of migrant workers is 33,868 persons, or 9.5% of the total number of migrant workers in Korea. Following graph reveals increasing trend

of foreign worker in Korea. We can see as time passes, the number of workers keep increasing.



Figure 8: Number of foreigners in Korea

Source: Korean Immigration Office

All of this leaves Korea with no choice but to import more foreign laborers, just to sustain the momentum of economic growth. The necessity to import cheap labor comes mainly from labor shortage due to Korean's aversion to low-paying manual jobs.

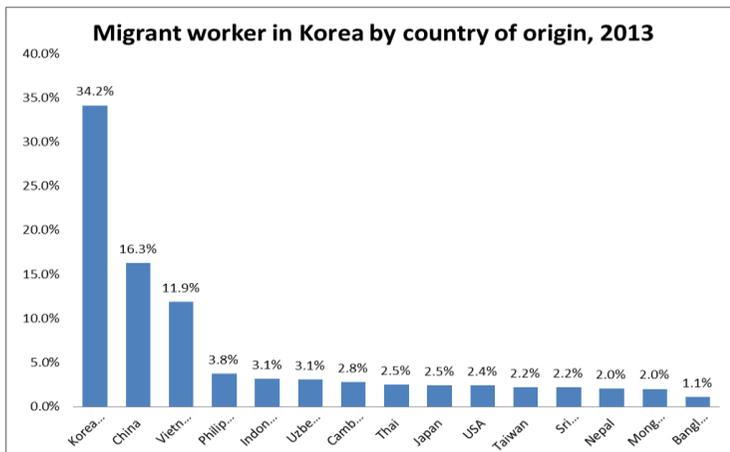


Figure 9: Migrant workers in Korea by country of origin

Source: Korean Immigration Office

The above graph shows us the share of each major labor force sending countries in Korean labor market by 2013. 2 percent out of over 1.5 million migrants workers is big number for such a sparsely populated small country, Mongolia.

### **3.4.2 Korean policy towards migrant workers:**

Korean policy on foreign worker has predominantly been about managing low-skilled Workers (Yoo and Lee, 2009). With the fundamental shortage of production labor in the Korean labor market since the late 1980s, industries continued to request that the employment of foreigners be approved, but for a long time, the employment of foreigners in Korea was limited to professional positions in specific job groups (Lee Kyu Yong, 2007). Kim (2008) has conducted research on Korean policy towards migrant workers. As he mentioned in his research, government introduced Industrial Trainee System in 1991 as a response to the growing demand for labor shortage in 3D (dirty, difficult and dangerous) work during late 1980s, which provides a opportunity for foreign labor that could work as a trainee for six months, with a possible six-month extension.

However, Tan Soo Kee noted that the employment of foreigners for manual labor was prohibited until migrant workers were employed as industrial trainees with the introduction of the Industrial Trainee Program for Foreign-Invested Firms in November 1991 and the Industrial Trainee Program in

November 1993. Since the mid-1990s, numerous attempts were made to implement the Employment Permit System in an effort to fundamentally solve the problems in the Industrial Trainee Program, but the implementation was not possible due to the opposition of industries for the consideration of labor cost.

Moreover, Tan Soo Kee noted that the Industrial Trainee Program that implemented from early 1990s are able to solve the labor shortage in domestic labor market but unable to protect the foreign worker's right. Under the trainee system, foreign workers received lower wage compared to market wage due to their "trainee" status. They are also not eligible for the legal labor right. The gap between welfare of "trainee" and "worker" is the main factor for causing the unauthorized leaved by many foreign trainees. The lower trainee wages had forced many of foreign workers seek for higher paid in other work place. This was the main factor for the rising number of undocumented workers.

Therefore Kim (2008) said that the system was further expanded in 2000 as the Training and Employment System, and it allowed for one year of employment after a two-year training period. Under ITS, various issues—including illegal residency and the human rights of foreign workers—were addressed, leading to the introduction in 2004 of EPS. EPS ensures the fundamental rights of labor for foreign employees and the right of employers to hire them. EPS incorporated ITS in 2007 and is currently the main foreign labor policy in Korea.

As Ministry of Labor of Republic of Korea informed, the government enacted the Post-Training Employment Program in April 2000, allowing industrial trainees to become employed as workers after fulfilling a certain period of time as trainees. At first, the timeframe was "two years as a trainee followed by a year of employment," but with the amendment of the Enforcement Decree (on April 18, 2002) and the Enforcement Regulation (on April 27, 2002) of the Immigration Control Act, the timeframe was adjusted to "one year as a trainee followed by two years of employment." The Post-Training Employment Program can, in fact, be said to possess the characteristics of an Employment Permit System for it opens the way for one or two years of employment as a laborer. The Employment Management System, which permits the employment of foreign national Koreans in the service industry, was introduced in December 2002. Lee Kyu Yong (2007) indicated that in order to relieve continuous labor shortages in production and establish a framework for a system to manage the employment of migrant workers, the need for the implementation of the Employment Permit System was voiced, and the "Act on the Employment of the Migrant Workers" was enacted on August 16, 2003, resulting in the Employment Permit System going into effect on August 17, 2004.

Further the Ministry informed that in The Employment Permit System granting foreign national Koreans the eligibility to reside as visitors was absorbed into and integrated with the Employment Permit System. The

Industrial Trainee Program was used along with the Employment Permit System until 2006, but was integrated into the Employment Permit System on January 1, 2007. In 2007, the Visitor Employment System for foreign national Koreans was introduced and is on the verge of full-fledged implementation.

Further Nora Hui-Jung Kim (2008) has summarized Korean policy towards migrant workers as saying that overseas Korean ethnic has been given priority and special treatment. This has made the Korean ethnic backgrounds benefit more than do other foreign workers. The table below summarizes migration policy changes for three different groups: 1) ethnic Koreans who mainly live in first-world countries; 2) ethnic Koreans who live in China and the former Soviet Union states (hereafter, the CIS states); and 3) non-Korean migrant workers. As shown in Table 2, Korean immigration policies have experienced three phases. Phase I (1987–1997) corresponds to the period before liberal economic consolidation, Phase II (1998–2002) to the period of economic transformation, and Phase III (2003–present) to the development of liberal and ethnic immigration policies.

**Table 2. Korean policy change in low-skilled migrants workers**

Phase	Period	Ethnic Koreans not from China and SIC states	Ethnic Koreans from China and COS states	Low-skilled Foreign Workers
I	1987-1989	Travel documents	Travel documents	Zero migration
	1990-1991	Mandating visa policy		Industrial trainee system (D-3 visa)
	1992-1997			
II	1998-2002	Overseas Koreans Act (F-4 visa)		Mandating visa
III	2003-2006	Overseas Koreans Act (F-4 visa)	Special work permit	Trainee-Employment system (E-8 visa) and Employment Permit system (E-9 visa)
	2007-2009	Overseas Koreans Act (F-4 visa)	Special work and residence permit (H-2 visa)	Employment Permit system (E-9 visa)

**Table 3: Korean policy change in low-skilled migrant workers**

*Source: Nora Hui-Jung Kim 2008.*

According to Kim (2004) and Lee (1997) there have been four different types of work permits in Korea to manage and control the influx of foreign workers: Professional Work Permit System (PWPS), Industrial Training System (ITS), Employment Management System (EMS) for less-skilled overseas

Koreans and Employment Permit System (EPS) for unskilled foreign workers (Kim 2004; Lee 1997). However, this paper will mostly focus on employment permit system since it is the official channel that Mongolian migrants are coming to work in Korea.

### **3.4.3 Employment permit system**

Ministry of Labor of Republic of Korea informed that government has introduced the Employment Permit System to manage foreign workers in an organized way as allowing employers who is in labor shortage to employ them legally. And moreover, the system provides the opportunities for foreign workers to hold E-9 visa which is for low-skilled workers and to have an employment contract with employer before to come to Korea and work in the small and medium sized manufactures which has less than 300 workers up to 3 years.

Moreover the Ministry highlighted that previously under the Foreign Employment Permit, foreign workers are allowed to work in only specific restricted sectors including manufacturing, construction, agriculture and stockbreeding (farm products cultivation, stockbreeding), fishing, service (refrigerated warehousing, restaurants, business support service, social welfare, sewage disposal, general repair services of motor vehicles, nursing, household service etc.). However the service and construction sectors are allowed to only to Korean ethnics.

Lee KyuYongn noted that Migrants Worker Policy Committee gives a permission recruitment of foreign workers including number, sector allocation, and selection of country. Majority of South East Asian workers are working in manufacturing industries.

According to Ministry of Labor, Korean employers who wish to employ migrant workers must prove that they are not able to find local workers despite the efforts of the job security agency; the employer may apply for a permit to employ migrant workers.

Furthermore Employment Support Center of the Ministry of Labor recommends a number of foreigners, who fit the requirements set by an employer, from the list of foreigners seeking jobs, and the employer selects the qualified people from those recommended. The Center issues the Migrant Worker Employment Permit with the name of the migrant workers selected. The length of the labor contract can be up to one year, and the contract may be renewed for up to three years.

However, from July 2008 onwards, foreign workers will be able to work for up to five straight years without having to make the obligatory one-month sojourn outside Korea to extend their job contracts (Asia Law. July/August 2008). This has benefited employers and worker itself by allowing employer to secure experienced foreign manpower and workers can easily adjust to Korean society and save more wages. In principle, migrant workers need to be employed at the workplace which received the permit to employ the migrant

worker in question. They are not allowed to change work place. However, in cases in which normal employment relations are difficult to maintain due to reasons such as temporary or permanent suspension of business, or the cancellation of the permit to employ migrant workers or restriction of the employment of migrant workers, migrant workers may be employed at other workplaces.

According to Lee Kyu Yong (2007) migrant workers are not to be discriminated against on the grounds of being migrant workers, and the Acts on labor relations such as the Labor Standard Act applies equally to migrant workers and Korean workers. Migrant workers are only allowed to change work place for up to three times during working in Korea. This regulation is one of the main problems for workers.

### **3.5. Chapter conclusion**

This chapter exclusively shows the overview of Mongolian migration in general how it has evolved over the years especially after the transition from communist regime by also highlighting the push factors behind Mongolians to leaving the country and pull factors that attracting people to come Korea. We can see Mongolian migration flow since 1990 has gradually increased from late 1990 and dramatically increased after 2002 and 2004 specifically. As we found that there were bilateral agreements between governments established in 2000 (Industrial trainee agreement) and in 2004 (Employment permit system). In

Korea, there has been a huge demand of low skilled workers due to several reasons in other words there was high employment opportunity so it was one of the main pull factors. Basing on these we may say that the main push and pull factors is economic factor. It also comprehensively showed the Korean migration policies that have been introduced over the years.

As the economy grew, ranking 10<sup>th</sup> in terms of GDP in 2004, Korea became one of the most attractive destinations for immigrants. Therefore as shown in the chapter this laid a background for the pull factors for the Mongolian migrants. However it is also important to note that transition from communism characterized by high inflation, low job opportunity and low wage leads to huge income inequality constitutes the push factors for Mongolians towards Korea to look for better and high paid job opportunities or better life. The following chapter is going to reveal the pull and push factors basing on the survey why Mongolians started migrating and why Korea is the main destination country.

## **CHAPTER. 4 FACTORS FOR MONGOLIAN MIGRAITON TO KROEA**

### **SURVEY ANALYSIS**

#### **4.1. Survey structure**

##### **4.1.1 Survey questionnaire**

This study deployed qualitative and quantitative approach. And the qualitative part will deploy push pull factor theory as a main analysis framework as based on Lee's (1966) push-pull framework which look both at the supply and demand side of migration.

To find out current Mongolian migration causes primary data were collected using questionnaire among Mongolian in Seoul, Korea. As mentioned earlier, push-pull theory is deployed as main framework of this research. According to theory there are push factors in sending country and pull factors in destination country. Survey was developed based on push and pull factors in order to find out root cause of migration and deployed Microsoft excel program. Population in this research was Mongolians residing in Seoul, Korea. The total sample size was 200 respondents.

Questionnaires were used as a main tool in the quantitative research methods in order to ask for perception and attitudes on push –pull factors as well as condition of living condition and difficulties that have faced in Korea. Questions focused on the same aspects in both Korea and Mongolia and

individual discussion was followed accordingly basing on respondents willingness. Otherwise, Mongolian migration factors were divided into three main factors such as economic factor, social factor and environmental factor in accordance with Lee's (1966) "Push pull" factor theory of migration.

Types of questions were open-ended with multiple choices and rating scale questions. Therefore, the entire questionnaires were classified into 4 part as follows:

Part 1: Characteristics of general information

Part 2: Reasons pushed Mongolians to migrate

Part 3: Reasons pulled Mongolian migrants to Korea

Part 4: Living condition and difficulties that have faced in Korea

In the last part of the questionnaire includes a question any plan to go back Mongolian near future in which the near future represents 5 years. And the question on resident status includes an answer "other" which represents illegal migrants. Also in same question, the answer "work on contract" represent migrant worker under Employment Permit System, while long term visa holders covers other longer term visa including accompanying spouses and training. Sector of activity includes 3 main sectors such as service sector, agriculture sector, and industrial and manufacture sector.

Moreover, majority of the respondents are Christian church members in order to raise considerable number of respondents I went to church worship

service gathering. While taking the survey, discussions were going on in accordingly. Results from the questionnaires would be used to draw a conclusion in connection with literature review and effect of migration on source country.

#### **4.1 Characteristics of survey respondents**

According to the research finding, this section would be presented in four main results. The first part deals with the general information of respondents from questionnaires. The second part includes the factors that push Mongolians decide to migrate abroad. The third part would involve factors that pulled Mongolian migrants to Korea. And the last part would deal with living difficulties that faced by Mongolians in Korea.

The total number of respondents constitutes of 200 Mongolians in Seoul, Korea. Majority of the respondents were active working age people, outnumbered 85 percent, aged between 18-49 years old (Graph 1). As mentioned earlier, due to the high fertility rate during 1960s, 1970s and 1980s as well, young and active working age people are outnumbered in Mongolia. Moreover there was a huge demand of working age people in Korea. And more so Korean policy is to bring active working age people to Korea due to its labor shortage. According to the research, conducted by UNDP Mongolia and Ministry of Social Welfare and Labor in 2004, this trend was very similar. Majority of the respondents were active working age people.

And also majority of the respondents was female that constitute 58 percent and aged between 18-39 years old (71 percent of total female, graph 2). As we saw earlier women could not equally enjoy all the right specifically related to employment in Mongolia. However, if we look at the age distribution considerable number of them (32 %) is very young girls aged 18-29 year old. It might be related to Korean policy due to shortage of young girls in rural area.

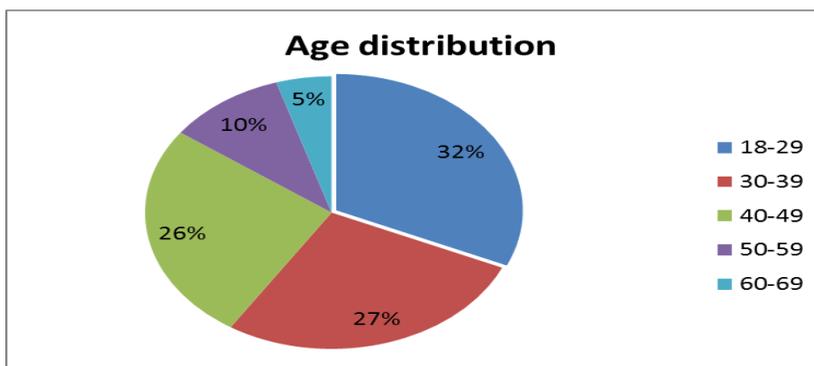


Figure 10: Age structure of respondents

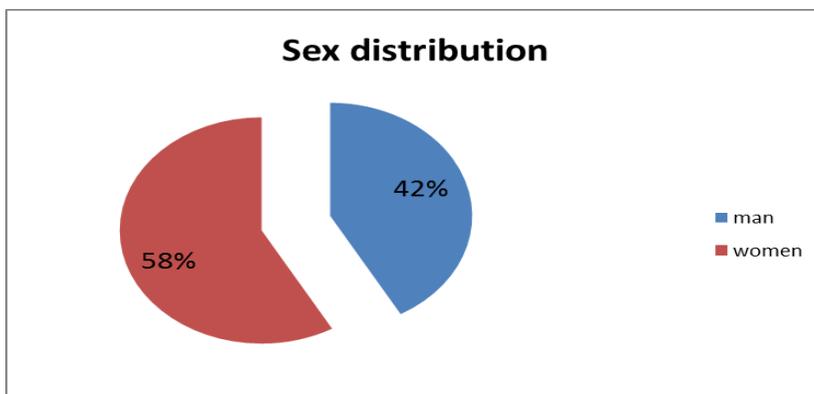


Figure 11: Sex distribution of respondents

Regarding respondents' marital status, we can see there is a difference depending on the age. Graph 3 shows us as much as age increases divorce and unrecognized marriage somehow tend to increases. It shows that 70 percent of

young people aged 18-29 are single, little more than 40 percent of people aged 30-39 are still single and 47 percent married. We found divorce in age group of 30-39 and 40-49, unrecognized marriage in age group of 40-49 and 60-69. We found 0.3 percent divorce rate. Marriage is highest for age group of 40-49. Traditionally, divorce is considered not that good thing. It represents unstable behavior and less capability to manage family life and other things, so people tend to hide the truth about their divorce. This is quite critical issue. *During a discussion with one of the respondent, he said that unrecognized marriage is very common among migrants in Korea. When they are far from their family for long period, there is a high possibility to get divorced.*

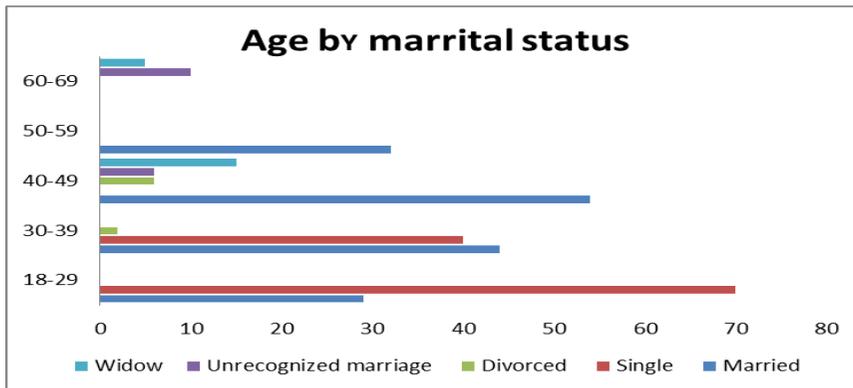


Figure 12: Marital status of respondents

If we look at the respondent education level (please refer to Graph15 and Graph 16), we can find different result depending on age and duration of stay. We can see in general the respondents are likely to be highly educated. More specifically 30-40 percent of respondents at the age groups from 18 to 49 are

tertiary educated and those who stayed in Korea up to 5 years, they are more likely to be tertiary educated relative to other people. Overall respondents are well educated , we didn't find anyone who has no education at all. Primary educated people more likely found at the age group of 18-29 and 30-39 and among those who stayed in Korea more than 5 years, however they constitute less than 25 percent of total respondents. In general we found majority of the respondents are tertiary educated. So this high portion of outflow of highly educated people can be explained by increase in number of university students in Mongolia. According to the S.Batbileg [2013] who conducted research on high education in Mongolia in order to assess the current situation of supply and demand of Mongolian high education. As mentioned in his work, between 2002-2012, the number of university student increased by 100 percent. So it shows the dramatic increase in university degree holders.

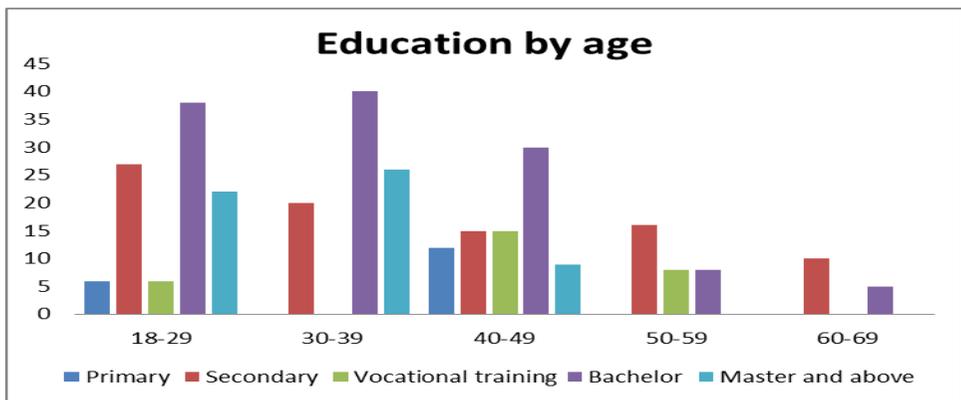


Figure 13: Education level of the respondents by age

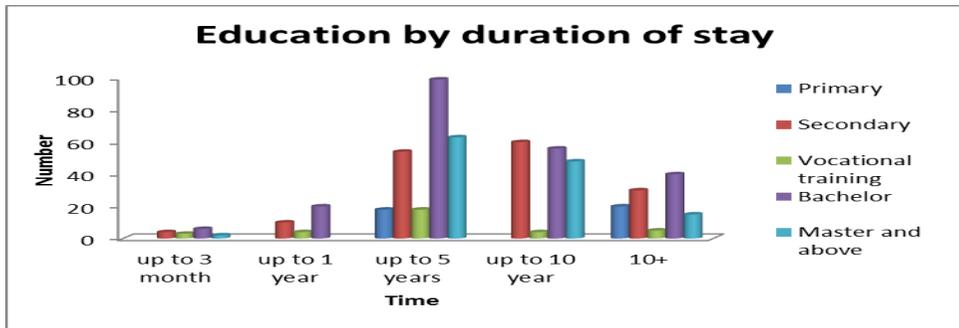


Figure 14: Education level of the respondents by duration of stay

Above graph 17 provides us information on resident status of the respondents. Surprisingly the finding shows that 60 percent of the respondents are illegal migrants staying in Korea, 17 percent are accompanying their spouses and 9 percent are students. And graph 18 shows us resident status by duration of stay. From these graphs, we can see that majority of the illegal migrants stayed more than 5 and 10 years in Korea. As mentioned earlier, due to shortcomings of Industrial trainee program, which is implemented by Korean government up until 2007, so many of the industrial trainees left the official program for higher wage and more employment opportunities or overstayed in Korea after the program period ends. So Mongolia took part of this program since 2000 and so the huge part of program participants might overstayed in Korea if we look at the duration of stay of the respondents.

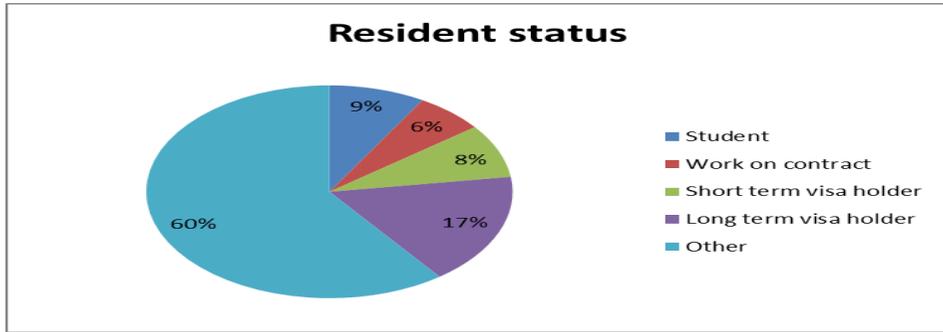


Figure 15: Resident status of respondents

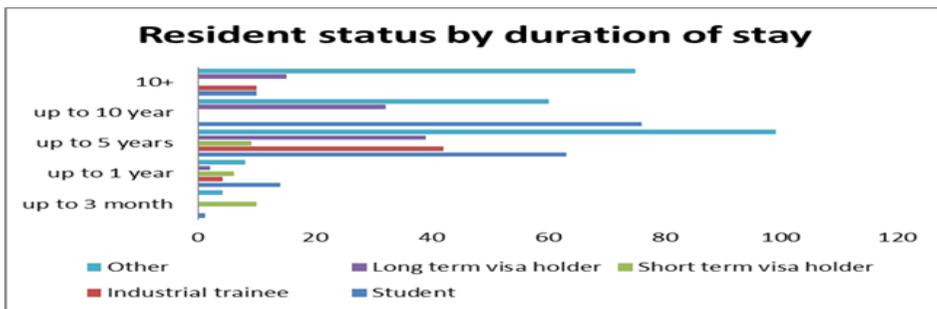


Figure 16: Resident status by duration of stay

## 4.2. Survey results

### 4.2.1 Push factors

Graph 19 shows us the push factors of Mongolian migration by duration of stay. From this graph we can see economic push factor is very much dominant over the time. This result is very much consistent with our review in the literature. We can see also very few number of respondents stayed over 10 years which is quite consistent with the literature as mentioned international migration has intensified from mid and late 1990s.

The graph shows us that the other factors including social, environmental and political factors increasingly influence migratory factor to certain extent. However, it is evidently shown that economic factor is still the most influential factor to Mongolians migratory decision.

Solongo Alagaa (2013) indicated that the wage of migrant workers was nearly four times greater than those who worked in Mongolia. This is related to the fact that very low salary or income is one of the leading push factors of emigration.

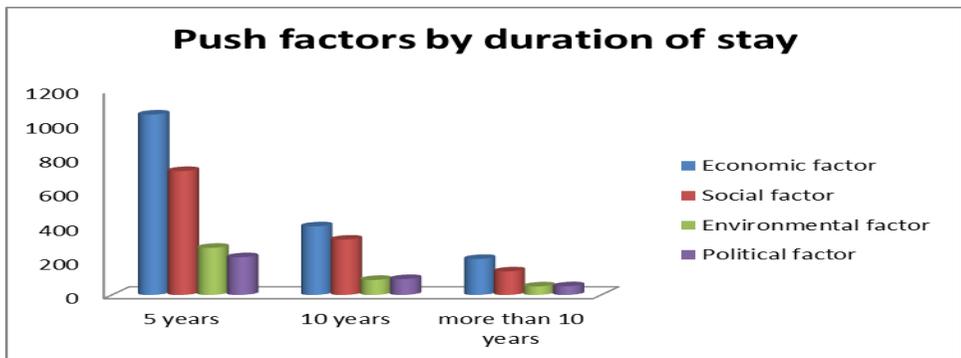


Figure 17: Push factor of respondents by duration of stay

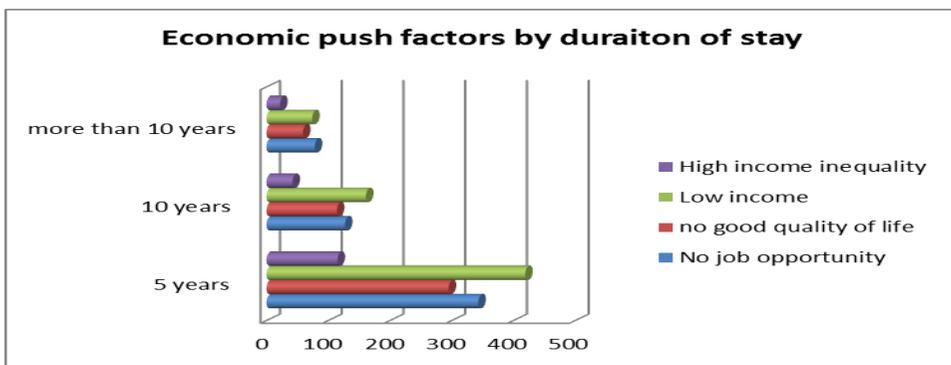


Figure 18: Economic push factor of migration

According to the findings from graph 20, we can see economic push factors are; too low income and no job opportunity, high income inequality and not good quality of life. However, we can see the major push factor is low income and no job opportunity. This is very consistent with our earlier review as the high economic growth is not reflecting people life due to high inflation and less job creation. Graph 19 indicates social, political and environmental factors of Mongolian migration. According to that graph, we found some significant influential factors that pushed Mongolians to migrate. For instance: to acquire new skill, not good education system, human right violation and natural disaster. The factors to acquire new skill and not good education system are very common to all duration of stay, however people migrate mostly for economic reason and they are usually willing to learn something new from the destination country. As mentioned earlier, after the transition Mongolian education system is still under reform progress, so it seems to have some effect on peoples' migratory decision. And we found the factor natural disaster in the duration of stay 10 years, more than 10 years and up to 5 years. As we reviewed in the literature, thousands of cattle keepers lost their livestock due to drastic natural disaster called Zud (which means heavy snowfall) during 2000-2002. This seems affected migration outflow during that time.

However If we look at the chart of major factors, we can see the economic factors are still very much predominant to push Mongolians to migrate.

## 4.2.2 Pull factors

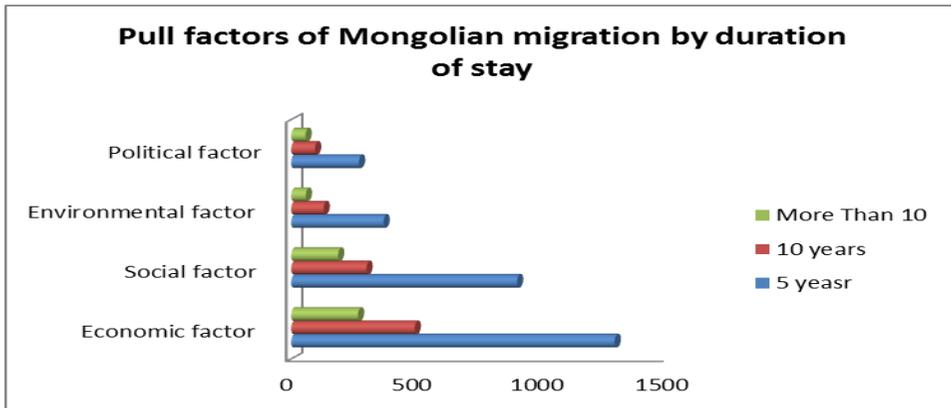


Figure 19: Pull factor of Mongolian migration by duration of stay

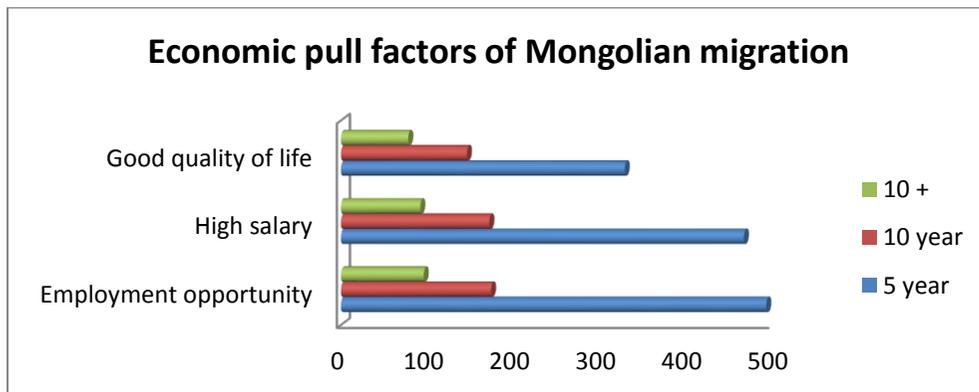


Figure 20: Economic pull factor of Mongolian migration towards Korea

Here we have graphs that show us economic and social pull factors of Mongolian migration towards Korea. Basing the graph 22 we can see the major economic pull factors, coming to Korea are high employment opportunity and high salary whereas graph 12 shows us social pull factors, and the major social factors which are good medical service and good infrastructure. As mentioned

earlier, there is a huge shortage of low-skilled labor in Korean small and medium sized enterprises due to its highly educated young generation, ageing society and increase in high wage for Korean workers. So due to this shortage Korean government introduced several policies and the last one is employment permit system which is the only official channel Mongolians can come to Korea to work. Then if we look at graph 13, we can see the major pull factor is economic factors that attract Mongolian migrants to work in Korea. As we mentioned earlier, after the two government signed MOU on sending labor force from Mongolia, number of those coming from Mongolia increased sharply. So there is a great impact of this official channel for Mongolians to come to Korea for employment. As Korea is a developed country, salary is considered quite high salary for workers from developing countries. Overall, we can see that economic factor is the main pull factor that attracts Mongolians to migrate.

#### **4.3 Specific finding unique to Korea**

We found some specific unique finding to Korea. Korean policy towards migrants is man dominant however we found more young women than man in our results. As we predicted it is because of the Korean policy to attract women in rural areas and sub urban areas. This is because most Korean women prefer the city to these sub urban and rural areas.

### 4.3.1 Income and duration of stay

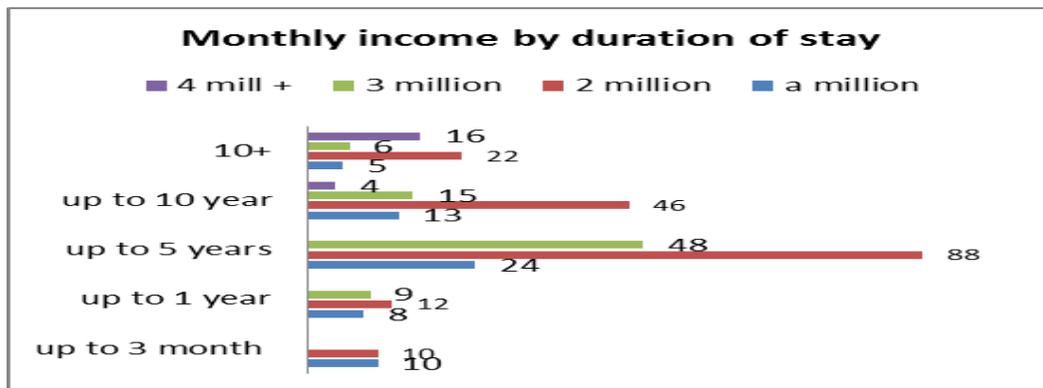


Figure 21: Monthly income by duration of stay

In some countries, emigration resulted into increased wages for skilled workers and possibly also for low-skilled construction and agricultural workers (ILO, 2011). Indeed, pay to migrant workers is often lower than that of native workers in similar positions, even when labor legislation prohibits this form of discrimination (Wickramasekara & Abella, 2003). If we look at the monthly wage distribution of migrant workers as illustrated in graph 23, the highest proportion of monthly wage is dominated by the wage group 2 million won. Wage was quite different by duration of stay, those who stayed in Korea for longer period tend to receive relative higher salary while new comers tend to receive lower salary (10000-1.500.000). It might be related to assimilation process because those who stayed there for longer, they gained experience of Korean labor market and learned Korean language. Amnesty International emphasized that in the Republic of Korea, employers routinely pay female migrant workers less

than malemigrants for equal work, even though pay discrimination between men and women is legally prohibited (ILO, 2011:76).

### 4.3.2 Remittance and duration of stay

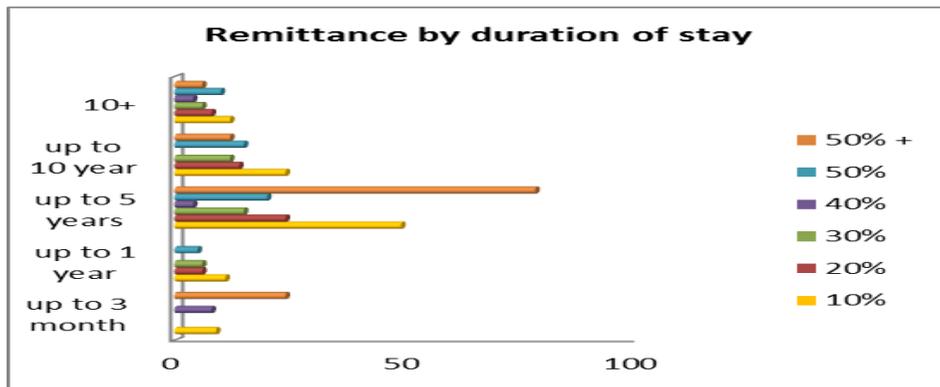


Figure 22: Remittance by duration of stay

Remittance is the most important contribution of overseas workers to their country development. The amount of the remittances sent to Mongolia tends to decline with the length of stay in South Korea. Migrants that have lived the longer in the country (more than ten years) send lower amounts to Mongolia. The literature on migrant remittances questions the hypothesis that remittances automatically decline over time due to progressive integration in the country of destination and weakening ties in the country of origin. Most studies on migrant integration suggest that the longer migrants stay, the more they become integrated into receiving societies, the more difficult it becomes to return in practice, and the more they are inclined to settle (de Haas & Fokkema, 2011). These patterns could ultimately affect the amount of remittances sent to the

country of origin. According to the results of this study (Graph 13), the average amount of remittances by length of living in South Korea was the highest for those who have lived for 5 years in the country (more than 50 % of monthly income) and the lowest for those who have lived for more than ten years in the country (less than 10 % of monthly income), confirming thus the findings of other studies.

### 4.3.3 Family member in Korea

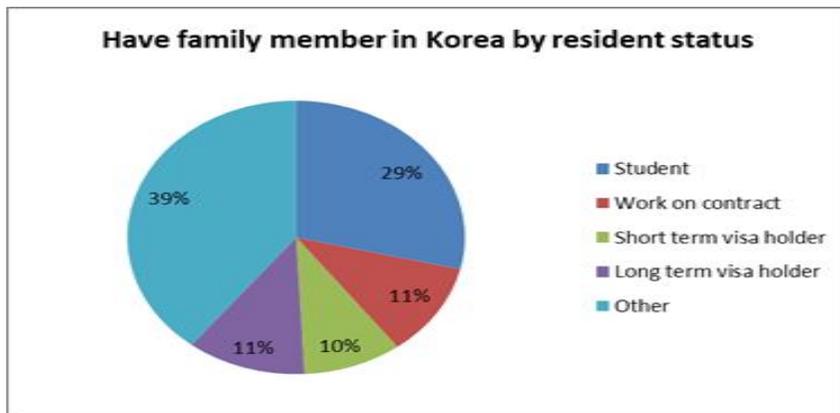


Figure 23: Have family member in Korea by resident status

Interestingly, many migrants (66 percent) live with their family and direct relatives in South Korea. The kinship network is quite strong in Mongolia and this is evidenced among the surveyed migrants too. For instance, many migrants (66 percent) lived with their family members and close relatives in South Korea. This was more frequent among the female migrants (66 percent). Nearly one out of three migrants resided with their family members. These facts show that

family unification is higher among the female migrants compared to that of males. If we look at graph 14, almost 40 percent of illegal migrants are staying with their family members in Korea. As mentioned earlier, massive huge percent of illegal migrants stayed more than 5, 10 years in Korea. And now another interesting thing has revealed they stayed with their family member and less likely to send their income back Mongolia except the case of 5 years migrants. One of the respondents said that *“Early stage of migration, people tend to remit much of their income and as time passes, especially if they succeed to bring their family member here, then they tend to remit less.”*

#### 4.3.4 Difficulties experienced by Mongolian migrants in Korea

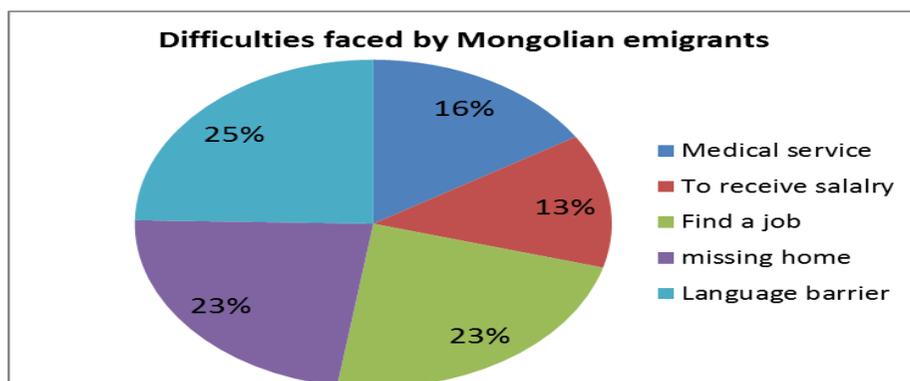


Figure 24: Difficulty afced by Mongolian migrants in Korea

Graph 16 shows us that 26 percent of the respondent faced language barrier, 23 percent said missing home was most difficult and another 23 percent said that finding a job. 16 percent and 13 percent respectively answered receiving medical service and salary was were difficult. Basing on a

respondent’s explanation, the foundation of all these difficulties is the language barrier except missing home. *“If we can’t speak Korean well and can’t express our self, we have problem in receiving medical service, getting salary from our employer and even in finding job because employers prefer to hire someone, who speaks Korean well. Especially, if the migrant status is illegal, they cannot receive medical service directly by themselves. They ask other legal migrants’ assistance to accept to have medical check-up on their own name. And also if they face the trouble of cant receive the salary. As mentioned earlier, majority of the respondents are illegal migrants. Some other difficulties that respondents have mentioned however, they could not weigh enough on chart and are; 1. Adjust in cultural difference, 2. Koreans’ communication problem with foreigners;3.Health insurance needs to be improved; 4. No leisure time; 5. Visa related issues specially when transfer from one place to another.*

#### 4.3.5 Living condition of Mongolian migrants in Korea

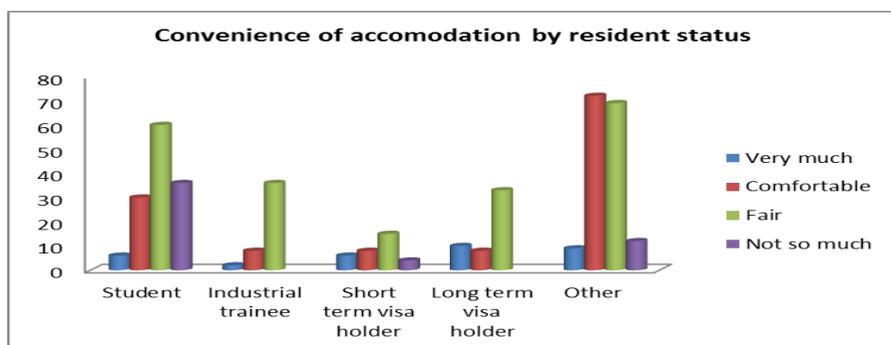


Figure 25: Convenience of accommodation

According to graph 27, we see can see majority of the respondents find their accommodation as fair in terms of convenience. We can see that illegal (other) migrants are more likely to be satisfied with their accommodation. As we have mentioned earlier, industrial trainee policy massively contributed to increase in illegal migrants. Majority of the industrial trainee participants came to Korea more than 10 or more than 10 years before. They have already gained enough experience on Korean labor market and Korean employee preference. So they have earned higher salary than late comers and they can enjoy more comfortable. And the illegal migrants seems really satisfied with their accommodation whereby they rent better accommodation due to their higher salary since they stayed in Korea long enough to gain experience and so hired in higher-paying jobs.

#### 4.3.6 Plan to go back Mongolia

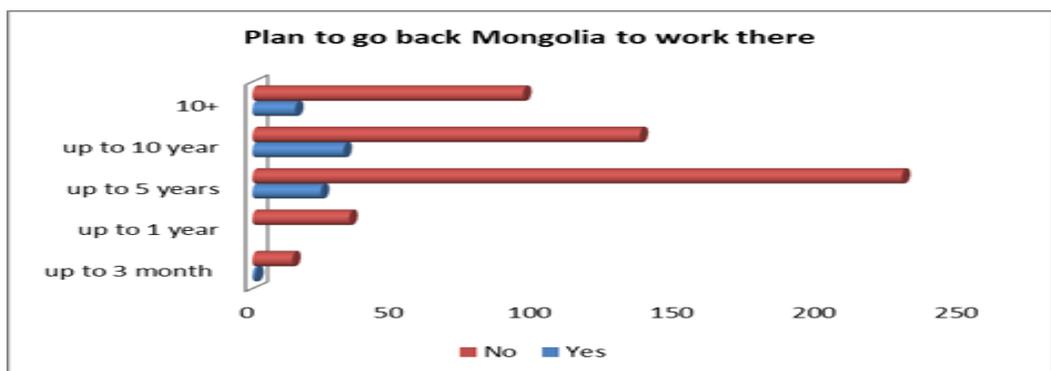


Figure 26: Plan to go back Mongolia within next 5 years

Another very interesting finding is massive majority of the respondents answered that they have no plan to back Mongolia within next 5 year at least. Of the surveyed Mongolian migrants in South Korea, 59 percent are not planning to return to Mongolia within next 5 years. The result is bit different by gender, male respondent likelihood to return back to the country of origin is higher than that of female respondents.

Specifically those who stayed in Korea more than 5 and 10 years, they don't know what to do if they go back. During the discussion with one respondent who stayed in Korea for 10 years, he said that *"I don't have very clear information about Mongolian current situation in Mongolia; I heard from others that life is not easy there, things are so expensive, no chance to make any business, salary is too low. So I have no any plan to go back Mongolia near future, however I m a Mongolian, one day I will go home, I don't know when"*.

#### **4.3.7. Chapter conclusion**

As earlier predicted in the earlier chapters, the economic factors outweighed the social and political factors in the survey whereby we can see economic push factors are; too low income and no job opportunity, high income inequality and not good quality of life. However, we can see the major push factor is low income and no job opportunity. The survey produced a unique finding where we saw 60 percent of the respondents are illegal migrants staying in Korea, 17 percent are accompanying their spouses . The survey also showed

most of the migrants are educated and are more likely to be unmarried as they spend more time in Korea. It also visible after Korean government introduced several policies especially employment permit system which is the only official channel Mongolians can come to Korea to work thus they have been able to come to Korea. It also quite surprising to find out that there were many more women coming to Korea than men who are settling in suburban and rural areas. And lastly more Mongolians don't feel the need to return to their country in the next five years due to the uncertainty of their future.

## **CHAPTER 5. CONCLUSION AND LIMITATION OF RESEARCH**

### **5.1 Overview of the main results**

This research aimed to find out root cause of Mongolian migration specifically after 2000 migration in the case of Mongolian migrants in Korea. As we reviewed in chapter 2 and chapter 3, there were several push and pull factor of Mongolian migration. Specifically, according to other scholars view, the early migration was purely driven by economic factors, however, this research find out recent migration cause.

Chapter 2 reviews on general migration theories and Mongolian migration in general and more so basing on it we have created our formation analysis framework. We have reviewed several migration theories that support our argument. And more so we revealed that collapse of Soviet Union in 1990

affects the most to Mongolian migration outflow towards other countries due to dramatic increase in unemployment and decrease salary and among others. Basing on the review, we have taken Lee (1966) push-pull factor theory and Piore's Dual labor market theory, and neo-classic economic theories as the main framework of our analysis.

In chapter 3, we reviewed on Mongolian migration towards Korea, and push pull factors of Mongolian migration. Regarding Mongolian migration towards Korea, this study revealed that the migration started in late 1990s and intensified after 2002. There were several push factors and one of the major push factors is intergovernmental agreements which were started with an agreement on sending Industrial trainee in 2000 and further it expanded as Employment permit system in 2004. We found sharp increase in 2004, 2007 and 2010. The increase in 2004 and 2007 has occurred because of high demand of workers in Korean construction sector due to oil price increase at global market. The increase in 2010 might happened due to bad timing in Mongolian economy due to minus growth (-1.3) because of global economic crises in 2009.

In accordance with our general framework, we classified Mongolian migration into push factors in Mongolia and pull factors in Korea. Regarding push factors we found different factors depending on timeframe. So then, we divided the push factors into 2 parts -right after transition and after 200 due to economic, environmental and other factors. The push factors, right after transition, mostly caused by the economic downturn due to cancellation of

economic assistance from former Soviet Union. It caused drastic unemployment and people started looking for better paying jobs abroad and starting late 1990s, out-migration intensified in Mongolia. However after 2000, economic situation has improved and Mongolia has experienced high economic growth up to 10.8 percent in 2004 and 10.2 percent in 2007 and 17.3 percent in 2011. However, on the other hand, this huge economic growth doesn't really reflect in people's life due to high inflation and less job creation and among others. At the same time, there was huge number of active working age people due to high fertility rate of 1960, 70s and 80s. All these factors push Mongolians to migrate for better paying jobs.

On the other hand, there were several pull factors in Korea. Korea has made incredible transformation from manpower exporting country to manpower importing country due to its rapid economic development. During the late 1980s, Korean small and medium sized enterprises were in shortage of low-skilled labor due to domestic workers wage increase. So, Korean government started implementing Industrial trainee program and further they expanded it into Employment Permit System and signed MOU with major labor force sending countries including Mongolia. Another reason why Korea needed migrant workers is relatively high-educated and status conscious young Korean are tend to turn away from low-paying and less prestigious manual work, so far called 3D works (dirty, dangerous and difficult). One more important reason why Korea needed migrant worker is because of its ageing society. Due to strong

government propaganda during 1970s and 1980s, Korean fertility rate drastically decreased which was considered even as world record. So these days Korea is ageing problem. In order to mitigate this this labor shortage, Korean government is implementing progressive policies and programs. However, we found some challenge in Korean policy towards migrant worker. For instance: migrant worker have no right to change their workplace otherwise/until the employer gives permission. And second one is Korean migration policy is bit gender biased, however, in our result, majority of the respondents are women, in general, Korean policy is gender-biased.

In chapter 4, we have done our analysis of the survey. In order to find out root cause of Mongolian migration, we carried out survey among Mongolians in Seoul, Korea. The total survey population was 200 and research tool was semi-structured questionnaire which was developed according to push pull factor theory -general framework of the research and individual discussion was following accordingly basing on individual willingness. To analyze our result, we deployed Microsoft excel program.

According to findings, majority (85 percent) of the respondents were active working age people and 60 percent of them are illegal migrants and mostly stayed in Korea more than 5 and 10 years. This result is quite consistent with the fact that there is huge number of active working age of people and number of illegal migrants increased due to shortcoming of Industrial Trainee program in which Mongolians started joining from 2000 to 2007. If we look at

the duration of stay, illegal migrants are usually those who stayed in Korea mostly more than 10 years some are more than 5 years. Majority of younger respondents are still single and majority of the respondents are tertiary educated. This might be due to the fact that number of private universities sharply increased over last decades and more so enrollment rate sharply increase.

According to the findings, majority of the respondents indicated their migration reason as no job opportunity and low income. Due to high inflation and other factors, the high economic growth rate is not really reflecting in peoples' life so people are migrating for higher paying jobs. However there were also other significant social factors such as not good education system and to acquire new skill. Due to the reforms in education system, people may not satisfy the result so far. However, I m sure this would be short run effect.

However, we found economic push factor seems to be still very much predominant reason that Mongolians decided to migrate. Environmental, political and social factors are not so much affecting migration decision; however the weight is somehow increasing relative to the early migration.

Findings reveal us major economic pull factors, coming to Korea are high employment opportunity and high salary and the major social factors are good medical service and good infrastructure. Due to shortage of low-skilled workers, Korea is importing huge number of migrant workers. So on the other hand, this provides migrants more job opportunities with higher salary –salary in developed country is relatively high due to its high cost. However, we found

some important social pull factors such as good infrastructure and good medical service which influenced Mongolian migrant decision to migrate Korea.

This research reveals that however, there was considerable influence of social factor to the migratory decision to Korea, the predominant main factor is still economic factors.

We found some very interesting findings in the section. The first one is income of the respondents, depending on duration of stay, migrants earn from one million to more than million won per months. As duration of stay increases they earn more due to their language proficiency and experience in Korean labor market.

The second interesting finding was about remittance. We found majority of the respondents remit 10 percent of their income except those who stayed up to 5 years and up to 3 months and some of them send more than 50 percent of their income back home. The reason behind why they remit less may be because majority of them live with their family member in Korea.

Next interesting finding is about difficulties migrants faced in Korea. According to their answer the major difficulties were language barrier, missing home, finding job, accessing medical service and receive salary. One of the respondents said that the foundation problem of these difficulties is language barrier except missing home. Majority of our respondents are illegal migrants, for them it would be very difficult to access medical service, sometimes receive salary and finding job due to their illegal status.

One more finding is about convenience of accommodation; in general, majority of the respondents said their accommodation is just fair in terms of convenience. However illegal migrants said the accommodation is comfortable. It is maybe because of their relatively higher salary.

The last finding is if migrants have any plan to go back Mongolia in near future. However the result was majority of the respondents answered that they have no plan to go Mongolia near future. One of the respondents said that economic situation is still not very good and salary is very low and there is not much job opportunity, so that is why I don't have plan to go back. However one day I will go back.

## 5.2 CONCLUSION

Finally, the research findings enables to conclude that mostly young working age people are likely to migrate due to mostly economic factors. According to the result economic factor is very dominant people to decide to migrate, despite other factors including political, social and environmental factors are not so much influential to migratory decision. However, majority of them remit less 10 percent of the income, they have no any plan to go back to Mongolian near future. Even though, there is a huge number of active working age people in Mongolia at this time, if you consider the fact Mongolians are only 2.9 million it is not the right phenomenon. Mongolia should try hard to create favorable economic situation that call back migrants back home as

learning lessons from other country experience such as Korea who boomed its manufacturing sector because Mongolia has all the natural resources.

As considering the facts, migrants remit less and they have no plan to go back Mongolia in near future, Government of Mongolia should focus their short-term migration policy on how to provide the opportunity for their overseas human capital to contribute on their source country development as learning other countries experiences. There are many countries who already succeeded in this regards such as Korea, Israel, China and more so.

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