

Economic Rationality, Regulatory Focus Theory, and Risk Tolerance in Migration Decisions

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Lay Summary

Are immigrants more risk-seeking than people who do not migrate? The answer to this question matters both theoretically and for policy reasons. High tolerance to risk is associated with various behaviors, some positive and some negative. On the one hand, entrepreneurs people with high tolerance to risk; thus immigrants may be well suited to become entrepreneurs. Public policy may incentivize immigrants to develop new businesses which could be beneficial for society as a whole. On the other hand, high risk tolerance is associated with unwanted behaviors such as gambling, reckless driving, or inattention to health problems. Is it likely that immigrants are more tolerant to risk than native born individuals and thus may be more susceptible to undesirable behaviors? Very little is known about the psychology of migratory decisions. Economic theories of migration treat immigrant high risk tolerance as a given (Chiswick 1978; Massey and Garcia-Espana 1987), while anthropologists argue that migrants partake in a risk-encouraging culture (Sheridan 2009). Scholars in social science have argued that high risk tolerance is what explains the migration decision (Chiswick 1978).

The assumption that immigrants have an *innate* high risk tolerance is both theoretically and empirically problematic. From a theoretical perspective, social science has used migration as evidence of risk tolerance in migrants, thus engaging in circular logic. This perspective does not allow us to predict who may decide to migrate independent of the migration decision. On the empirical side, studies that have sought to assess differences in risk tolerance between migrants and natives have been inconclusive (Conroy 2009; Stark and Levhari 1982; Zabin and Hughes 1995; Jaeger et al. 2008). This suggests that 1) there may not be a direct relationship between innate risk tolerance and migratory decisions; 2) that risk tolerance may not be constant across a person's life; and/or 3) that risk propensity varies situationally. However, variability in risk tolerance is inconsistent with economic theories of decision-making which assume a constant tolerance to risk, with sociological theories of cumulative causation, and with anthropological theories that privilege the culture of origin as the driver of risk orientations.

This study seeks to develop a new representative internet-based survey in which we will pit existing explanations of migration decisions (expected utility) against an alternative account developed in psychology (regulatory focus theory, Higgins, 1997). This theory suggests that migration is driven primarily by situational circumstances rather than by stable individual differences in risk tolerance. According to this perspective, circumstances cause people to approach decisions with an orientation towards safety (prevention focus) or towards accomplishment (promotion focus). Each of these orientations can generate "risky behaviors" such as migration, albeit under different circumstances (Higgins 1997 ; Molden 2008; Boldero and Higgins 2011). For example, a person who finds herself exposed to a safety threat (e.g., violence; loss of income), can take high risks, including making the decision to migrate, in order to ensure safety. Similarly, lucrative opportunities can cause a person to migrate driven by an orientation towards accomplishment. Expected utility theory does not distinguish between different motivational orientations, or how they (and their influence on decisions) fluctuate in response to situational circumstances. As a consequence, it fails to consider situational factors that may better account for migration decisions. In this project, measures developed to test regulatory focus theory will be compared with measures of risk propensity in order to ascertain the relative explanatory power of each perspective. In doing so, this project represents an innovative interdisciplinary approach to the question of migrant "exceptionalism" which seeks to determine the comparative merit of theories from political science/sociology/economics and psychology.