

# **Remittances of the Indonesian Migrant Workers on the Improvement of Family Welfare in their Home Village**

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## **ABSTRACT**

In the economics point of view, phenomenon of the Indonesian migrant worker (TKI) has more positive impact than the negative one. It influenced positively, among other things, because of their remittance which was sent frequently to their family in the home village. This research would like to know the contribution of remittance on the family prosperity level as well as the proportion of those on their total household income in home village. The research was conducted in Dungmanten village, Tulungagung, East-Java, Indonesia. The method used in this research was one-tail and two-tails tables with primary and secondary data analysis. Those are 70 families who at least one of their members has been an Indonesian migrant worker in the foreign countries, were choose purposely as a respondent.

Frequently the migrant workers send something to their family in the home village, especially money. Amount of those remittance were depended on many factors. Remittance which was sent from Taiwan, Hongkong, Korea and Kuwait were higher than those from the other countries. The legal migrant workers have been able to send remittance more than the illegal ones. The research has also shown that remittance from the migrant workers who have lower education level could be higher than the high school education graduated. The research showed that there were a positive relationship between remittance and the increasing of migrant workers family prosperity level in the home village. Many things were able to buy in relation to agriculture, such as farm land, cows and buffalos, and modern agriculture equipment. Those remittances take a big place on the proportion of total household income.

*Key words: Remittance, Indonesian Migrant Worker (TKI), Agriculture Development*

## **1. INTRODUCTION**

International mobility of the population is currently increasing frequency. This is understandable because the international mobility of people is seen as an activity to improve the standard life for residents of rural areas with less economically developed (Fuller, 1980). According to McGee (2002) the increased flow of overseas workers, especially in developing countries like in Indonesia is very much determined by the driving factor in the region of origin, particularly the difficulty factor of the economy. Meanwhile, according to Goma (2003) increased migration to other countries, particularly Malaysia, because of pull factors, namely high wages in the destination than the wage jobs in the area of origin.

The number of Indonesian workers abroad in the respective destination countries varies widely, but recent data indicate that the country of Malaysia is still the main destination countries for Indonesian workers. The large number of Indonesian workers abroad to give foreign exchange

amounting to \$ 1,122 U.S. per one person TKI. Now the number is expected more. The economic aspect of labor migrants abroad is remittance or money and or goods from abroad into Indonesia.

The amount of remittances to the region of origin varies greatly, and depending on the circulation (Goma, 1995). Remittances sent by Indonesian workers (TKI) abroad for his family in the area of origin are the main source of income. Remittances by Indonesian workers abroad are materially impact, utilized by families in the area of origin generally varies, include the fulfillment of daily needs, purchase of land or paddy fields, debt payments, children's education, invests capital and savings (Wini, 1999).

International migration generally aims to improve household welfare and poverty. For that migrant workers trying to send remittances to their hometown as much as possible, by trying to maximize revenues and make savings in expenditures for the destination country. Household welfare workers in the area of origin would be associated with total household income. Total household income depending on the size of the remittances. For TKI's family who are still in poor condition, remittances are the main source of income for her family. If that is the case, then the welfare of households in the area of origin of migrant workers will greatly depend on the amount of remittances sent by migrants.

The concept of remittance much discussed and is identical to the closeness of relationships, both socially and economically between migrants and their families in the area of origin. Curson (1981) showed in his analysis that remittances are not simple, because in studying remittances at least eight things:

- a. Problem of most studies is not much give a detailed data what proportion of remittances compared to income, or what the motives that determine the flow of remittances that.
- b. The conventional definition that would impose all forms of exchange such as money transfers and payment of receivables, gifts, transfers of goods, services, and profit sharing as remittances.
- c. Remittances flow pattern is complex, because of the diversity of institutions and channels involved in the exchange process.
- d. Remittances also reflect the nature and stage of the migration process, whether it is a non-permanent migration or permanent, and migration of the individual or family ties linked with the obligations and responsibilities.
- e. Remittances also depend on the relationship between migrants with relatives and families.
- f. Remittances are very sensitive to changes in circumstances,
- g. Utilization of remittances in different areas often shows variations according to geographical circumstances.
- h. The existence of a strong emotional element among migrants with relatives and families.

In relation with the use of remittances, Connell (1976) stated that the use of remittances by migrant families who live in the village is a reflection of poverty. Rarely encountered remittances used to meet increased agricultural production and it contributes less to the improvement of rural economy. Curson (1981) also argued that the use of remittances can be formulated into six main objectives of sending remittances, as follows: to help the family, warning purposes of life cycle, helping potential migrants, paying off debt, investing, and retirement planning.

The phenomenon of foreign migrants who pushed by economic reasons, also take a place on the research areas in Dungmanten Village, Tulungagung regency, East Java Province, Indonesia. Tulungagung district is largely a relatively barren area. Most of the population working in

agriculture, dryland farming. Income population in the agricultural sector is low. On the other hand a larger wage work overseas is a factor of attraction for locals. These push and pull factors seems to make Tulungagung District be the largest Labor Indonesia sending overseas compared with other districts in East Java province. This study aims to determine the effect of remittances sent by Indonesian migrant workers, the welfare of farm families as well as the proportion of total family income, as well as their role in agricultural development in the area of origin.

## 2. METHODOLOGY

As the research area is Dungmanten village on Tulungagung District, East Java, Indonesia. Dungmanten taken as a study area, the municipal elections conducted using a purposive technique. Purposively sampling area was basically over a number of considerations. As population is all households which one or more members of the family was a TKI migrant worker. Based on records from five local RT (neighborhood), until the time of the preliminary survey recorded 70 persons is a TKI migrant worker. Respondent's retrieval techniques used in this study is a research or study population census.

The main data used for analysis of research later, in the form of quantitative data. Data collected in the form of primary data and secondary data. Before the data analysis, it conducted in advance of editing, coding and tabulation. This study analyzed, a single tabulation analysis, cross tabulation of two variables, and correlation analysis

## 3. RESULTS AND DISCUSSION

The study explains that the mobility of foreign actors have a distribution of age groups mostly on the age group 25-29 years, i.e 31.4%, while the lowest percentage of age group occurred in the age group 35-39 years and the age group 40 years and over, who respectively only 10%, as presented in the following histogram. This has been known that the age group 25-29 years was the most man productive ages.

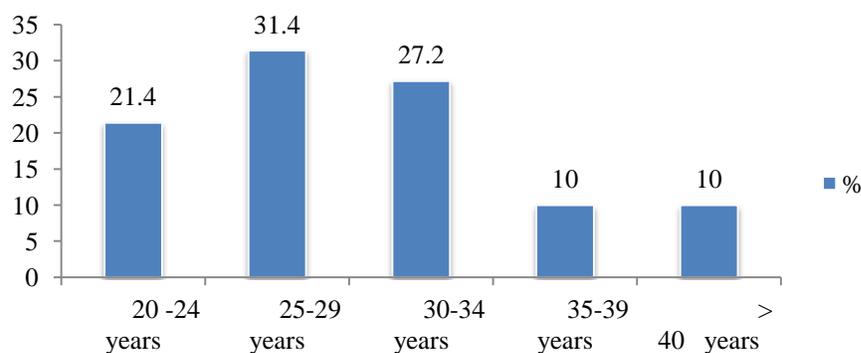


Figure 1. Age of Indonesian Migrant Worker

From sex offender mobility shows that over half (58.6%) perpetrators were male mobility and the balance of 41.4% were women. The large number of male perpetrators of mobility is very reasonable because of the culture of the male (husband) should be responsible to the family. Besides,

working abroad is took great risks, especially for long distance relationship, and can not at any time come home to their homevillage. More detail can be seen in the following figure.

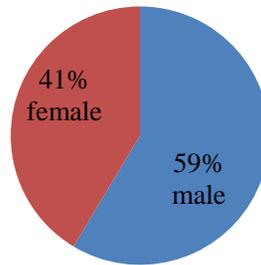


Figure 2. Sex proportion of Indonesian Migrant Worker

The research results showed that the lowest educational level of workers mobility actors are complete primary school, and the highest education level is college. For more details about the education level of migrants can be seen in the figure below.

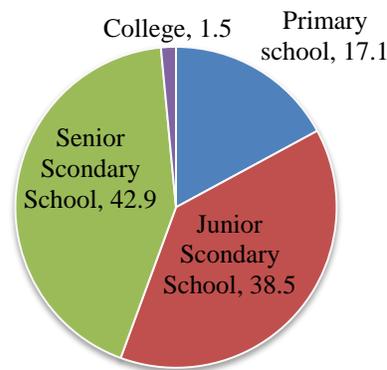


Figure 2. Proportion of the Indonesian Migrant Worker's education level

From the figure above, the education levels illustrated that 17.1% TKI completed education in primary school. The lowest percentage of TKI's education level are in the level of college education, only 1.5% and the largest percentage occurred at the level of senior secondary education, which amounted to 42.9%. When viewed from the amount of remittances that are sent, the results showed that it was an irregular delivery times of remittances sent to their hometown. Sometimes it was twice in one year or may be three or four times a year remittance to be sent. At the moment there are huge money needs in the home village, such as *Idul Fitri*, a Moslem holyday; their children have to back to school, wedding and circumcision parties, etc. Those are common events that migrants have to send money to meet those needs. The number of submissions received by the highest families in the home-village is 57 million rupiahs, and the lowest amount of remittances is 1.3 million rupiahs. The results also showed that migrants send remittances to the home-village were more than 25 million rupiahs, or 32.9%. The lowest amount of remittances is less than 5 million rupiahs or 14.3%. For more details can be seen in the following figure.

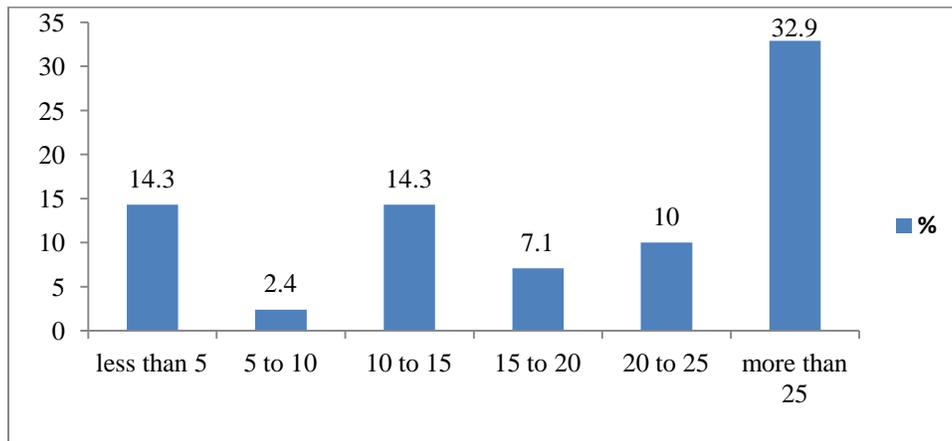


Figure 3. Presentation of Total Remittances per Year

To view income workers in the area of origin, it is known that most earn less than 5 hundred rupiahs per month, amounting to 47.3%, and family workers who earn more than one million rupiahs is only 7.1%. Respondents' family who earn more than 1 million rupiahs are respondents principally business activities rather than as a farmer, for example, junior elementary teachers, teachers of religion, and furniture business.

The highest percentage of families who earn less than 5 hundred rupiahs is understandable because the Dungmanten is dry land and for families who work primarily as farm laborers. Low income is also happening to families whose husband worked as a migrant worker and his wife worked at a chicken farm with a payment of ten thousand rupiahs per day.

Furthermore, after knowing the size of remittances and family income, will be explored how much the role of remittances on household income, one way to find out the proportion of remittances to total income families. Assessing the proportion of remittances to total income of the family is indispensable. To determine the proportion of remittances in total income was done by dividing the amount of remittances with total income multiplied by one hundred percent. Further details can be assessed in the following figure.

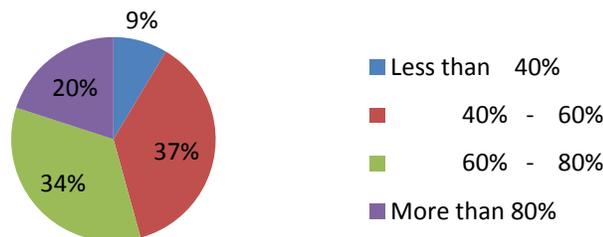


Figure 4. Proportion of Total Remittances on Total Household Income

From the table, it can be seen that as many as 26 respondents stated that 40% - 60% of total family income comes from remittances, and only 6 respondents who stated that their family's total income comes from remittances, less than 40%. A total of 14 respondents said more than 80% of total family income comes from remittances. Overall, more than half (38 respondents) stated that the total family income of more than 60% came from remittances. Therefore apparent that the

shipment remittances by migrant workers affects the total family income. These results were confirmed in fact that some respondents noted that they were able to have a better house, buying a motorcycle, electronics, land investment, etc. by TKI's remittances funding.

In this research note that remittances benefit the families in the region of origin, not just to meet daily basic needs, but more than it is in the development of investment in agriculture. As many as 40% of the total beneficiaries of remittances, is used for investment in the agricultural sector, with the proportion of each use can be specified as follows:

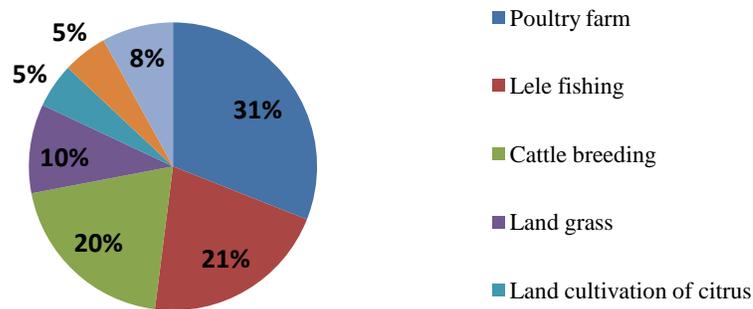


Figure 5. Beneficiations of Remittance on Home-village Agriculture Development

The results of this study showed that TKI's remittances can be used on many field in their home-village, especially to expand the field of agriculture. This was originally only dry land farming is now extended to the field of fisheries and livestock. Even some modern agricultural equipment is also one of investment goods, including hand tractors and rice milling machine. Investment in agriculture is, indirectly, been able to increase activity and agricultural development in the area of origin.

#### 4. CONCLUSION

1. Age characteristics of migrants mostly younger than 35 years. There is no striking difference between male workers with women. Education workers have been largely completed secondary school, both junior and senior secondary school.
2. Remittances sent by migrants are generally irregular. Half of the TKI send remittances of less than 15 million rupiahs and half more than 15 million rupiahs per year. Remittances by TKI have changed especially in the Dungmanten appearance of the house. This is reinforced by the results of research that most remittances are used for home renovation.
3. There is a tendency of a positive relationship between remittances and family welfare. Most respondents stated that most of the total family income comes from remittances.
4. Remittances have succeeded in developing agriculture in the area of origin

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