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# Migrant Workers' Economic and Social Remittance's Impact on their Entrepreneurship

Sri Wijayanti, Nurul Azizah Zayzda, Agus Haryanto, Tundjung Linggarwati, Arif Darmawan, Muhammad Yamin

## Abstract.

Economic and social remittance potentially change migrant workers and families' life depending on how they treat these forms of remittance. This paper aims to discuss the migrant workers' use of their economic and social remittance in terms of their entrepreneurship. By use of economic remittance, we refer to the ways they manage their income, and social remittance refers particularly to ideas or skills and social capital brought home by the migrant workers. This research studied four former migrant workers who have been or who had run small or medium enterprises after their return to Banyumas, Indonesia. From this research it is found that in relation to founding new enterprises, economic remittance management and direct use of skills and social capital were influenced by factors external to migrants. They are pre-migration planning about income and remittance management as well as future economy plans, family expectations, and post-migration economic needs and opportunities. In addition, we paid attention to the prior skills and social capital that influence the formation of social remittances. From the cases that were studied through in-depth interview, these factors took place differently and influence the decision related to running enterprises, when they began doing it, and the kinds of enterprises they made. This study means to represent cases of transnational families as well as highlights the urgency of politics of migration to treat migrant workers not merely as the needed elements of industry, but also as individuals with dignity whose own development are equally important.

**Keywords:** *migrant workers, economic and social remittance, entrepreneurship*

## 1 INTRODUCTION

Migrant workers' remittance has been studied both in its economic and social forms. Remittance is commonly understood as money transferred by migrant workers from the countries they work back home. This transfer of money

has been argued to help the economy in developing or least developed country where the migrants are originally from. Indonesian migrant workers had been claimed to send back as many as USD \$2.711 billion in the third quarter of

2018, with highest host countries were Saudi Arabia, Malaysia, Hong Kong and Taiwan (Remittance made by Indonesian migrant workers, 2019). This money had commonly been used to meet the family daily needs, pay for education, renovate their houses, pay off debts, purchase new properties, and build a new business (Diyantoro, B., & Alie, M. M., 2014, h. 322).

The social remittance of migrant workers refers to the more abstract forms of modalities that the migrants brings home for themselves and their communities, namely ideas, behaviors and social capital (Levitt, 1998, p. 926; Levitt and Lamba-Nieves, 2011). Indonesian migrant workers social remittances have been studied in a number of works for example by Wulan, T. R., Kolopaking, L. M., Wahyuni, E. S., & Abdullah, I. (2009), Rosalinda (2013) and Wijayanti and Zayzda (2020). These works point out how the social remittances change or influence the migrants' life after the migration. Another study analyses the impact of both economic and social remittance by Octaviani (2015).

This paper is interested in explaining the impact of economic and social remittance with particular focus on the former migrant workers' productive economy. By paying attention on the former migrant workers' experience in making their own business, this

paper acknowledges the opportunities, the economic and social capital as well as the decision-making process, including on not to work overseas and stay to make the business venture. It is learned how the pattern of sending back money and the grasp of ideas, behavior and the maintain contacts as forms of social capital inspire and influence their decision in founding enterprises. Shapero (as cited in Bercovitz, Martens and Savage, 2013) argue that one's decision to be an entrepreneur is influenced by the perceptions shaped by their past observations as migrant workers on enterprises whether or not they were involved in the activities. Bercovitz, Martens and Savage (2013) found that the former migrant workers in Mexico who managed to be entrepreneurs overcome the obstacles in capitals, hard and business skills as well as support for their efforts. Another study by McCormick and Wahba (2001) shows that former Egyptian migrant workers have more opportunities in entrepreneurship because of the skills and ideas they absorbed while working abroad.

The discussion on the economic and social remittance's impact on former migrant workers' productive economy after their migration could contribute to the studies on transnational families of migrant workers as well as politics of migration. On the one side,

their experiences as discussed here demonstrates the multifaceted life of transnational families, which to some extent are influenced by the common expectations of family and community on economic remittance. This paper captures the ways that these migrant workers manage their income and decide how much to keep for their business or future economic planning and how much goes to improve daily and social life at home. Besides, it is also highlighted the unique ways that they absorb new skills that they deem to be useful in the future. In terms of politics of migration, this paper attempts to stress the importance of policy makers and other stakeholders as well as employer that while labor international migration is endorsed to meet industrial needs, their transnational family should be treated as equally important. While the case studies show that some of the migrant workers unintentionally learn new things and manage their income with considerations, the treatments of migrant workers with dignity and as active agency in sustainable development needs to be a new norm. There should be no more people who migrate due to destitution or treated as cheap labor and their self-development need to be supported.

## 2 METHOD

This research used qualitative method through in-depth interview with a number of former migrant workers in Banyumas Regency Indonesia. The Banyumas regency itself is one of the regions in Indonesia a which high number of Indonesian migrant workers are originally from. As of BP2MI data in 2019, Banyumas Regency ranked 17 in Indonesia as the origin region of Indonesian migrant workers. The former migrant workers being interviewed are selected based on their current economic activities, where they run or work at small and medium businesses in the similar field to their former job or were influenced by their experiences while working abroad.

## 3 DISCUSSION

### 3.1 The intertwining of economic and social remittance

This part identifies from the cases the economic and social remittances separately, while the following part analyses them altogether as factors influencing the returned migrant workers' enterprises development. It was found that economic remittances have been used both in productive and non-productive manners. The decision regarding their income can be traced back to their planning prior to migration, their future vision being formulated

during migration and the circumstances they face after their return. The social remittances, in terms of ideas and hard as well as soft skills were developed both intentionally and accidentally. Nevertheless, once developed, they greatly influence the future of the migrant workers being researched. The 'intentional' social remittance acquiring belong to those who work abroad in the resembling field as their former activities prior to their migration. In addition to these, social capitals have also played some roles in the development of their business. When discussing social capitals as a form of social remittance, we refer to those created and built during their migration. However, in this paper, social capital that are built at home before and after are also discussed as they influence the ways that ideas, skills and economic remittances are transformed into new productive economies at home.

The story of Supriyati represents how social remittance could be obtained given the opportunities to learn. She left Indonesia to work in Taiwan as a domestic worker for three years. The training that she got during pre-departure programs all related to the needs of working as a household assistant. Her employer in Taiwan was an owner of beauty and hair salon. She liked to spend her spare times in the salon. Due to her interest and eagerness, she learned from her owner the techniques of make-ups and

hair treatments, i.e. hair washing and massaging, doing face foundations, shading, and so on. This unexpected experience provided her with a necessary skill for running a beauty salon or service in the future.

The second case study is of Elis who developed her skills in clothing productions. She had worked in a convection in Jakarta before her migration to Malaysia; therefore, garment works was not entirely new to her. She worked in the garment industry in Malaysia for 3 years. In both jobs, she worked in sewing using big machines. Nonetheless, she claimed to have learned more on effective sewing given the more sophisticated tools in Malaysia and the working condition in the garment industry that demanded her to work a lot.

The experience of Halim, the third former migrant worker, was marked by circular migration. He left to work abroad immediately after graduated from high school. Therefore, he did not necessarily have a working experience. He had returned to Indonesia and again to Malaysia for a couple of times for 15 years. In those years of working in Malaysia, he worked in a number of sectors, including construction projects, farming, plantations, poultry, and dairy industry. Therefore, upon his return for good, he was already resourceful in many areas.

The last respondent was Sugeng who worked as construction worker in Malaysia for 2 years. He also worked in construction projects in Jakarta before migrating. He was already a supervisor yet he still wanted to go to Malaysia for more experiences. The differences of working in construction in Indonesia and Malaysia, he claimed, was that construction works in Malaysia utilized more tools, while construction works in Indonesia were more manually based. Therefore, by working in Malaysia, he learned new skills like operating excavators and flooring machine.

Aside from the 'hard skills' or the improvement in specific capabilities in doing hard labours, these former migrant workers also demonstrate how their working experiences shape their work ethics and motivation. Supriyati's new skill in beauty treatment encouraged her to pursue this area after her return to Indonesia. Elis' experiences of working in the garment industry helped her develop management skill in clothing industry. She noticed that in a garment industry, higher level of efficiency was made possible with thorough division of labours, where a worker did one part of the process, i.e. cutting, sewing, packaging, etc as opposed to the model where a person does more than one job descriptions. She has also been more capable of managing human resources. As she had

been more skilled and experienced, she gained more trust from the society in her village. For example, her proposal of a sewing training program for women to the village government was immediately accepted. She then encouraged the villagers to join the program in which they followed her lead. As for Halim, in terms of soft skill, he developed a number of qualities of a businessman, Halim was sharp in identifying business opportunities, growing consumer's trust, working promptly with deadlines and giving out guarantees which are unlikely in construction business. In addition to the skills related to building construction, Sugeng also developed his managerial skills, including leading a group of workers and formulating budgets.

The case studies have also disclosed how social capital interact with the other aspects of social remittances. The most apparent use of personal relations and networks in their life as returnee was in the case of Elis. Not only did she maintained close contacts with fellow former Indonesian workers, but her contacts with relatives and friends have helped her paved her way to her business. Her life after returning from working overseas was a search for a new venture. She travelled to some places in Indonesia and with the help of those personal contacts, she got a job along the way. When she in the end came

back to Banyumas, together with some of her relatives, they decided to start a convection business.

None of the other respondents informed the existence or significance of social capital formed while working abroad in their life after migration, yet their old or new social capital at home were important factors in their success in building a new life. As he began his light steel business, Halim gained trust from one teacher, to a school, and then to wider public. Sugeng build a new personal network with other construction workers in the area. Supriyati had casually started doing make ups for other people in the local art communities, although only more than ten years after that she began formally learning the skill and put herself into the business. The relations that she had built for years with the communities as well as the help of her relatives help her to find demands for her service. Finally, she also joined the Indonesian make-up artists association (HARPI) which landed her a lot of jobs at events.

From the discussion above, it could be argued that social remittances in the given cases were formed and transmitted back home through several process. First, formation of skills and social capital. Second, interaction of said skill and social capital with opportunities at home specifically in productive economy terms. Third, the use of the skill and

social capital for personal gain and/ or transfer them to their surroundings to grow as well, like in the case of Elis. While social remittances are created during the migration and influenced by the migrants' own modalities that they possess before then, these remittances do not only come back home as raw skills and networks, but also as a new quality inherent to the migrants which make them being looked up to in the community. Of course, like Levitt and Lamba-Nieves (2011) had reminded us that not all social remittances are good things or rather, culturally-acceptable behaviour. In this research, it is not the bad remittances that are being identified, but the availability of social remittance itself. It can be seen that all of them learned and brought home new skills and some, new acquaintances, and had eventually, despite different time spans, created economic opportunities for themselves.

The last aspect of remittance is the economic ones, namely the money sent home by the migrant workers. The question surrounding remittance is whether or not the migrant workers had planned ahead the future use of their hard-earned money. The subsequent question is if they did or they did not, did they make use of their income as the capital for their new enterprises. Some interesting notions surfaced; some of them managed not to send parts of their

money home so they could use them to buy necessary tools for the future business ventures they had in mind. Halim went some steps further whereas he purchased variety of tools starting from grass trimmer to construction work tools. The tools that he bought in Malaysia was hard to find back in hometown, hence the buying. Supriyati did the same by buying the make up equipment in Taiwan to bring home, as she began thinking of doing make-up services. The remittances in Halim's and the others' cases do not significantly go to the opening up new business. They used it for the common use of economic remittance; house renovation, land purchase and debt pay off. Economic and social remittance together opened up the new opportunities for former migrant workers.

### **3.2. Inspiration and Decision on Entrepreneurship among former migrant workers**

The experiences of migrant workers as explained above demonstrate the varying ways that social remittance is made and the varying use of economic remittance. The simultaneous development of the two have influenced the choices that the returned migrant workers made for their future productive economic activities as well as the ways they managed them. The factors external to economic and social remittances are

not being discussed in the similar depth, but the following discussion elaborates how the ideas, skills, money, and social capital directly and indirectly shape the returned migrant workers' life when they decide to stay.

Social remittances that are identified in this research comprise of skills and social capital. It has been also established that social remittance produces a certain image for the former migrant workers, when being worked out well. However, explaining how social and economic remittances actually manifested into the creation of small and medium enterprise require our attention on a number of other factors. The first is the pre-migration planning about future economy. Elis was the one with the strongest vision of the plan for post migration in terms of the kinds of works she would do in the future, whereas she had worked in clothing industry as well before. Halim, who worked abroad for 15 years developed this plan along the way although there was no specific kind of business in mind, but he did eventually plan several different business that he also executed later. Supriyati also developed her interest and dream after working for a while, so it was not necessarily designed in advance. Sugeng on the other hand had been working in the industry for a long time, so it was natural for him to go back to the works after.

The second factor is family or close relatives' expectations of their working abroad. Transnational families take various forms with different nuances. In some families, a father or a mother leaves and the children stay with other relatives, but in some cases, it is the grown-up children who leave. In these different families, the migrating members leave behind or rather leave with expectations of improving the family's livelihood, securing properties for future plans, and for some, paying-off family's debts. These considerations guided them to determine how much they should save and how much they should send back home to spend. The case studies show that they send back more than half of their income for the above needs. They keep the rest to secure the production tools like in the case of Halim and Supriyati, or to travel and explore other opportunities, in the case of Elis.

The third is the intertwining of economic needs and the personal or family decision whether or not to work abroad again. Halim stopped going back to Malaysia in 2016 because of family-related considerations. Therefore, he started a couple of small businesses he could think of. He offered goods with instalments, he opened up a motorcycle-wash, and runs a goat farm before finally sticking to light steel. The light steel business that is currently his

main income source was not initially planned out, but he started it given the interest of the people around him. He is still raising the goats on the side. Supriyati also did not work abroad for the second time despite her relatively good experience in Taiwan because she was concerned about her child. Elis did not go back to working in Malaysia but she travelled around Indonesia to work and eventually have children herself and decided to stay.

#### **4 CONCLUSION**

The case studies presented in this paper gave examples on how management of economic remittance and transmission of social remittance work particularly in making further economy decisions in migrant workers and their families' life. This paper does not suggest that all migrants do the same as the 'successful' migrant workers, yet pre-migration planning for income management as well as opportunities for migrants to absorb knowledge, skills and technology while working abroad are imperative. For decision makers especially in home countries like Indonesia, assistance for migrant workers' families are crucial and while now a number of programs are in place, they are still rooms for improvements.

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