Effect of Length of Stay Abroad and the Salary Level to the Total of Remittances of Migrant Workers

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ABSTRACT

This study aims to describe the effect of length of stay abroad and income level partially and simultaneously to the number of remittances sent to the village of migrant workers. The research method used is an ex-post-facto method. The research was conducted in Pidada Village, South Rawajitu District, and Sukabakti Village, Aji Baru Building, Tulang Bawang Regency, Lampung Province in January-April 2016. Based on the research result it can be concluded that, 1) there is significant influence between the length of stay abroad of the number of remittances sent to the village of migrant workers, 2) there is a significant influence between the level of income abroad on the number of remittances sent to the to the village of migrant workers. 3) there is a significant influence between the length of stay abroad and the level of income together against the number of remittances sent to the village of migrant workers.

Keywords: Length of stay abroad, Income level, Remittance, Migrant worker.

JEL Classification: D00; D10; D14.

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Highlights of this paper

- The objects of this study is to describe the effect of length of stay abroad and income level partially and simultaneously to the number of remittances sent to the village of migrant workers.
- The study is used an ex-post-facto method.

1. INTRODUCTION

The purpose of this study is to describe: 1) the effect of length of stay abroad on the number of remittances sent to their country; 2) the effect of income level on the number of remittances sent to their country; and 3) the simultaneous influence between the length of stay abroad and the level of income on the number of remittances sent to the country.

This research is motivated by the number of Indonesian workers, especially those from Tulang Bawang Barat Regency, Lampung Province who cannot save even though they have worked overseas for many years. This is in contrast to the amount of expenses they have incurred for administrative costs, the cost of staying in the shelter, other fees withdrawn by labor sending services, the fees deducted from their salaries.

They are forced to become migrant workers because of the geographical condition in Lampung Province which is the majority of plantations (not rice fields), causing women workers to be less empowered. Likewise with the limited number of companies in the region, causing limited employment for women workers. As a result, the unemployment rate for productive female workers is increasing.

Other problems that have been faced by the migrant workers who send remittances to their homes, among others, remittances abused by many members of his family such as living in luxury, buying a variety of electronic goods that do not sell for sale, and other activities that are not productive.

Through ex post facto research it is expected to see the effect of long working abroad and income level on the remittance level either partially or simultaneously. The results were found to have a significant influence between the length of work abroad and the level of income to the level of remittance either partially or simultaneously.

2. LITERATURE REVIEW

Hagen-Zinker and Siegel (2007) in their study concluded that determinants such as are income, gender, age, marital status, years in emigration and other characteristics of the emigrants rely on these three main motivations to remit. Referring the literature, most papers find a positive relationship for the effect of the migrant income on remittances (SELA, 2004).

Menurut Nikoloski (2012) remittances along side other forms of labour market adjustment significantly contribute to the wellbeing of the unemployed workers. Djajić (1989) model assumes an institutionally determined length of stay, an assumption found to be inconsistent with empirical evidence. Djajić and Milbourne (1988) relax this assumption by examining the joint optimal determination of the length of stay abroad and the savings rate.

Elbadawi and Rocha (1992) such a review suggests that a useful empirical model for the determination of official remittances must include as determinantst the stock of workers (or population) abroad, the level of income in the host country, a proxy for the length of stay, domestic inflation in the sending country, the exchange rate premium in the parallel market (or the interest rate differential between the host and the home country), in addition to indicators of special incentive schemes designed to attract remittance.

The length of time migrant workers work abroad is how time has been overtaken by migrant workers while working abroad. The length of stay is the length of time Indonesian migrant workers work abroad. The length of time migrant are manifested in a matter of years. Many Indonesian migrant workers work abroad more than one contract (2-3 years), some even more than three times the contract (6-9 years).

The length of time migrant workers work abroad is influenced by many factors, among others, family support, comfort and security in the destination country, the amount of income received, the competence of the work, the confidence, motivation of work, and others. When family support is high, comfort levels and workplace security are guaranteed, income earned, competencies are high, including self-confidence and motivation too high, they will feel at home and will always extend their contract, length of stay abroad becomes long.

Furthermore, the length of time for Indonesian migrant workers to work abroad will be able to improve their work experience, the number of remittances sent to their hometown, the amount of savings they have, the ability to overcome the problems of work in other countries, the language skills of the destination countries, and the emotional maturity of the labor migrants.

Theoretically, the longer the migrant worker is working abroad, the higher the number of remittances in both the savings owned and the number of remittances sent to their hometown. The average migrant workers who work abroad have their own savings in the country where they work. The money sent to his family in his hometown as they work, is only a fraction of his income. Some of the money they earn from overseas, and only taken when the contract period has been completed.

According Rokhman (2014) remittance is the amount of money received by migrant worker to members of his family in the village either on the way home or through delivery services. The amount of remittance that can be sent by migrant worker to the area of origin is greatly influenced by the small amount of income from the labor migrants in the destination area of work, the higher the 'achievement' the greater the number of remittances they can send to their families in the hometown. While the size of income from migrant worker is strongly influenced by each destination country where migrant works. This is because there are differences and each destination country of migrant worker in terms of employment policy that is applied, for example about the standard of payroll of migrant worker, the amount of tax to be borne by migrant worker, and so on, all different from one country to other country. In addition, the difference in income from each migrant worker is also due to the difference in currency exchange rates between one country with another country that the destination of migrant worker.

Furthermore, Rokhman (2014) explained that remittance has an impact on improving the quality of human resources of migrant workers' families in the regions of origin, particularly in education, health and economics. Changes in family education conditions for the better. Changes in family health conditions are also getting better. Changes in the economy that include food, clothing, and boards are also getting better.

Remittances are also often entrusted to friends working abroad who return home. This happens because of the remote location of work with Indonesian government representatives, the difficulty of working permit on the effective day. The number of remittances sent or deposited by others for the family, usually only exhausted for family consumption. Rarely remittance money sent is invested to buy productive assets. Most of the productive assets are purchased by Indonesian labor migrants when they return home, either on holidays or at the break of contract renewal.

3. METHODS

This study is a quantitative and qualitative research combined in order to obtain scientific truth in order to answer the problems that have been formulated. The data is taken by using questionnaires made by researchers who have been tested first and calculated the validity and reliability. A good questionnaire is then given and filled by the workers who happen to be returning to their hometown, or by former migrant workers who have settled in

Indonesia. The total population in Rawajitu, Mesuji Regency, Lampung Province as many as 208 people. The sampling technique used is proportional random sampling based on length of stay, sex, and education level. The sample is determined as much as 50%, amounting to 104 people consisting of men 5 people and 99 women. The level of education sample is as many as 10 people with elementary education, as many as 25 people educated junior high school, as many as 69 high school educated. Duration of working sample is less than 3 years as many as 14 people, between 3-5 years as many as 65 people, and more than 5 years as many as 25 people. After the coding process were only 100 complete and feasible to be analyzed. Data retrieval time is from August to September 2017. The data collected is analyzed. The unit of analysis is the Indonesian workers who are and have worked overseas. Requirement or assumption test used is test of normality, homogeneity, and linearity. After all assumptions are met, the analysis is done to test the hypothesis either partially or simultaneously by using regression test.

4. RESULT

Based on the results of the 1st hypothesis test by using regression analysis one predictor obtained coefficient F of 54.311 with significance level (p) 0,00. This significance level of less than 0.05 can thus be said to be significant. Likewise when viewed from the results of t test that shows the closeness of the effect obtained t coefficient of 6.256 with significance below 0.05 ie 0.000. Thus it can be said that H0 is rejected and Ha accepted. In other words, there is a significant influence between the lengths of stay of migrant workers working abroad (X-1) to remittance (Y). The longer the migrant workers work abroad, the higher the number of remittances brought to their hometown, and conversely, the shorter the length of time the migrant worker work abroad, the lower the number of remittances brought to their hometown. The magnitude of the influence of long-lived migrant worker variables (X-1) on the remittance level (Y) can be seen from the coefficient R2 of 0.403. Thus, the long-lived varieties of migrant workers working abroad can contribute to the remittance rate of 40.30%. While the rest is determined by other variables.

This means that to increase the number of remittances, the labor migrants should be able to extend the length of stay in the State of employment. In addition, labor migrants should be able to choose countries that provide higher salary standards, lower taxes, and various regulations that envisage the labor migrants.

Based on result of second hypothesis test by using regression analysis one predictor obtained coefficient F equal to 51.505 with significance level (p) 0,00. This level of significance is less than 0.05 are significant. Likewise when viewed from the results of t tests that show the closeness of the effect obtained coefficient t of 5.252 with significance below 0.05 ie 0.000. Thus it can be said that H0 is rejected and Ha accepted. In other words, there is a significant influence between the income level of TKI on the number of remittances. The higher the number of TKI's incomes, the higher the remittances are brought back home, and vice versa, the lower the income level of TKI, the lower the number of remittances brought to their hometown. The amount of influence of the variable of TKI (X-2) income to the number of remittances (Y) can be seen from the coefficient of R2 that is 0409. Thus, the income level of TKI is able to contribute 40,9% of remittances. While the rest is determined by other variables.

This is to say that to increase the number of remittances, the TKI may choose a job sector that provides a higher income than being a domestic worker. TKI can also improve their skills or skills so they can earn higher income.

Multivariate test to test the third hypothesis. Based on the result of regression analysis with two predictors, the coefficients R, F, and 't' are as follows in Table 1-3.

Table-1. Coefficient R.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596ª	0.355	0.356	1.17651

Source: Research data is processed.

Table-2 Coeficient F

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	106.742	2	53.371	59.9435	.000a
	Residual	40.066	45	0.89		
	Total	146.808	47			
a. Predictors: (Constant), X2, X1						

b. Dependent Variable: Y

Source: Research data is processed.

Table-3. Coeficient t.

	Model		ndardized Ficients	Standardized Coefficients	t	Sig.
		В	Std. Error	Beta		
1	(Constant)	12.011	2.281		3.511	O
	Long stay X	0.261	0.214	0.102	1.201	0.213
	Income level X	0.203	0.212	0.265	1.617	0.054
a. Dependent Variable: Y						

Source: Research data is processed.

The 3rd Hypothesis states that: H0: There is no significant co-influence between the length of time the migrant worker is working abroad and the income level of the number of remittances brought to his hometown. Ha: There is a significant joint influence between the length of the migrant worker's residence working abroad and the level of income on the number of remittances brought to his hometown.

Based on result of regression analysis with two predictors coefficient F obtained equal to 59.943 with significance (p) equal to 0.000 h0 it can be said rejected and Ha accepted. Level of influence between variable length of stay (X-1) and income level (X-2) to the number of remittances sent to the hometown that is equal to 3.51 with significance level 0.000. it can be understood that there is a significant joint influence between the length of stay and the level of income on the number of remittances brought to the home.

The contribution of these two variables can be seen in R Square coefficient of 35.5%, thus the variable length of stay (X-1) and income level (X-2) contributes to remittance rate of 35.5% and the rest is determined by other variables not examined in this study.

The result of quantitative research above, if re-proved by qualitative method is not much different. Based on interviews with Ibu Suheni (38 years old), a former migrant worker who had worked in Saudi Arabia for 8 years (2003-1011) can be understood as follows. Suheni, left for Saudi Arabia in 2003 to work as a domestic helper with a contract period of 2 years (2003-2004). While working as a housekeeper, Suheni gets a salary of about Rp7-8 million. The cost of eating place and stay is borne by the employer. The cost of departure is free, but it is replaced with a pay cut system of Rp 3.5 million for 9 months. As long as the salary is deducted for the cost of departure, the salary received by Suheni is 5.5 million. The average length of the contract becomes a domestic helper that is for 2 years and can be extended as desired. During the contract, if the worker feels unfit to the employer, he can apply for change of employer. At that time every month, he is only able to send remittance to the mother and 1 child as much as Rp 2-3 million. At the time of the second contract extension (2005-2006), the third contract (2007-2008), and the fourth contract (2009-2011), Suheni chose to move to the Beauty Salon. While working at the beauty salon, Suheni get salary of about Rp15 million. Every month, he sends remittance to his biological mother and 1 piece of his heart as much as Rp 5 million.

According to ME (24 years old), one of the migrant workers working in a Taiwanese company earns a salary with a range of Rp 8-9 million. The salary does not include overtime, and if added soggy can reach Rp 12 million. While in Taiwan, the salary received will be deducted by Rp 1.9 million for 6 months. The cost of dormitory, meals, and other expenses borne by the TKI itself and may also depend on the contract. (such provisions apply to contracts for 3 years). By the time the first six months, because it still bears the money, ME is only able to send remittances of Rp 2-3 million / month, but after the piece was completed on average he was able to send remittances of 4-5 million. At the time of contract for the first 3 years he was able to bring money to the hometown of Rp 300 million rupiah, and at the time of the second contract, he did not know how much savings will be taken to the hometown, because it is currently keen-saving money, if not able to extend the contract when due to factors of saturation and age.

According to Ida (29 years), since her first work in 2012 until now, she works as an auxiliary ladder in Taiwan. It works from morning until night at 23:00 and even up to 24.00. He earns a salary between 7-8 million. The income he earns is not fixed, as he often gets bonuses from male employers. Every month he is able to send remittances to treat his parents, the daily needs of his husband and children by 2-3 million. The rest he tube in the bang of Indonesia that is in the same. He saves when he returns to school with three of his employer's children. In fact, he often stroll first after delivering the school children's children, while buying food and snacks, because the dishes at home often cook meat foods that Muslims should not eat. Arriving at home he does not work right away, but can sleep first because the employer is not at home. Currently he has been working for five years with the amount of savings above Rp200 million.

Sri (35 years old) with the address of Sidomukti Village, with E-1 address, Tulang Bawang District, which when departed already have two children, can be said as the most successful TKI. He has been a domestic helper in Taiwan for 12 years. He has a chance to go home just during holiday. In 2016, he earns a monthly income of 8 million and various bonuses from his employer. Remitters sent home for 12 years working there are already used to build a house with excellent quality, equipped with 1 air condition in the main room, a very nice bathroom. Remittances are also used to buy Innova cars in 2014, Yamaha R-15 motorcycles, Honda Beat motorcycles, household goods with excellent quality, refrigerator, television, spring-bad, and buy 0.5 ha of land to make his son's home. Gold jewelry is worn too big. Every holiday always sends packets of clothes, food, and jars for themselves and their families. Remittances are also used to finance the education of their children through high school.

Uut (32 years old) is an Indonesian migrant worker from Sukabakti village, Aji Baru sub-district, Tulang Bawang district, is currently a female migrant worker in Korea. He earns a salary of approximately Rp 7-8 million. He sent remittances to his children, parents, and husbands between Rp 2-3 million but not every month. The money had to be saved-save, after the money had just been sent back. Uut admitted not too much when sending his money for fear of being squandered, while he worked in Korea is very heavy and very concerned. His six years' savings in working in Korea he has used to buy a 0.5 ha rubber garden, buy a motorcycle, some furniture. Uut has not had time to build a house despite buying land. Children's educational needs have not been too much because at this time his son just sitting in kindergarten.

Mis (32 years old) works to Korea as a housemaid. He left two children and his swam. Currently she has divorced her husband because of her husband (Pak Sisu) who at that time as the administration has a girlfriend again with the honorary teacher where he works, which both Pak Sisu and teacher has been spent from his school and now he is working odd jobs. Currently, Mis is still a female worker and always send remittance money for both children and grandmother (Mis parents) although not routine every month and the amount is not necessarily between Rp2-3 million. Savings for 6 years working as a housekeeper in Korea is able to buy a motorcycle, send his

son to primary school, make a house even though it is still red brick, buy TV, spring bed, HP son Samsung but HP second.

Based on the interviews with 6 migrant workers above, it can be understood that the longer the time of living abroad cumulatively, the more remittances are brought to their hometown, either by sending during work, or returning home. In addition, the higher the earning rate earned from both salary and bonuses, the more remittance money will be sent and taken home to the home. Thus, the results of quantitative research by spreading the questionnaire does not conflict with the results of in-depth data mining in a participatory field through interview techniques.

5. DISCUSSION

As explained above that the cause of society from Rawajitu, Mesuji District, Lampung Province is very enthusiastic to be TKI is due to economic reasons and limited employment. This is in accordance with the opinion of Rokhman (2014) who said that the imbalance between the provision of employment with the number of labor force causes unemployment. The agricultural sector, which initially absorbed many of the labor force, is now declining. The agricultural sector is no longer able to absorb labor. The low employment and income opportunities in the agricultural sector resulted in the sector being unattractive, resulting in millions of workers in agriculture subsequently shifting the profession to Indonesian labor (TKI).

The existing industrial sector also has not been able to absorb all the existing labor, so a lot of unemployment happen. The problem of prices of goods that continue to soar, while the wage of workers who are too small also become the push factor of migration abroad. This is in accordance with the opinion of Mantra (1998) which says that factors that encourage residents to leave the village, among others, because the income in the village is relatively low, the work in agriculture is relatively less and has no adequate land.

On the other hand, according to Rokhman (2014) the high income abroad (TKI), and the shadow of the high level of welfare can be a pool factor for the unemployed, especially in women. Working abroad will earn a better income, and can improve the family economy. Any work, and no matter how hard the job, as long as it is able to deliver satisfactory results will still be done. This is in accordance with the opinion of Subri (2003) a lot of factors that affect the population to migrate, but economic factors tend to play an important role.

The relationship of migrants to their hometowns remains strong, because their main purpose of migration is to earn income to be taken or delivered to their home country, ie, rural families (Taryana, 2000).

The results of this study also corroborate the findings of Manjola and Mancellari (2016) explaining that income is one of the most important determinants affecting remittances. Intention of returning home has also a positive effect on remittances.

The results of this study are in line with Rokhman (2014) in conducting research on "The impact of remittances of overseas migrant workers for the improvement of human resources in the regions of origin: Case studies in Sumuragung Village Sumberrejo District, Bojonegoro East Java concluded that the large amount of income from labor migrants sent to their citizens in the hometown will have an impact on the changing conditions of migrant workers' families in the area of origin both in social and economic terms. Most of the remittances of Indonesian labor migrants sent to Indonesia were used to pay the debts they used to finance their departure as migrant workers and make their families' economic condition better by being able to set aside funds for business capital, buying land, building houses, and others. The general facts that are felt are from an economic point of view, for example, there have been many new habitable houses, successful new entrepreneurs and inequality of communications and transportation infrastructure. In social terms, remittances from migrant workers have also

changed the pattern and lifestyle of migrant workers in their home regions, ranging from increasing their awareness of health and education to the beginning of the abandonment of agriculture-based employment sectors and shifting to other sectors such as trade, industry and services.

The results of this study also in accordance with the opinion of Carling (2008) states that migrant remittances are an essential element of labor migration. Some immigrants send much more money to their country of origin than others, it has implications for national economies and migration-related policy.

This research is also in accordance with the results of Bank Indonesia's survey shows that in quarter II-2016, the total transfer of funds (remittance) of workers through banks in Lampung was recorded at Rp 758 billion with the number of transactions totaling 107 thousand. So that the average amount of funds transferred through banks in quarter II-2016 is Rp 8.2 million per transaction. Transfers of migrant workers grew by 14% annually but relatively fell by 1% from the previous quarter. Meanwhile, the number of transactions during the three months of the report decreased by 7.2% compared to the previous period. Taking into account the 7.2% decrease in the number of transactions only decreases the total transfer of TKI funds by 1%, it is simple to know the average of funds transferred per transaction has increased from the previous quarter.

In terms of fund transfers, the largest proportion (51%) came from Asia Pacific, Middle East & Africa (33%), and America & Europe (16%). While only 4% are from Australia & other countries. Based on the country's origin, the largest fund transfer to Lampung comes from Saudi Arabia, Malaysia, USA, Taiwan, and Hongkong. In the report the transfer value from Saudi Arabia, Malaysia and the United States recorded respectively Rp 227 billion (share of 30% of total transfers), Rp 153 billion (2018% of total transfers), and Rp 135 billion of 19% transfer (Bank Indonesia, 2016).

The results of this study also fit (Djajić, 1989) which conclude that length of stay affects total remittances sent by migrants. Djajić and Milbourne (1988) also found that the length of stay abroad affects the amount of savings and remittances sent by migrants. Elbadawi and Rocha (1992) also concluded that the length of stay greatly affects remittances.

6. CONCLUSION

Based on the results of the study can be concluded that,

- 1) there is significant influence between the length of stay abroad of the total of remittances sent to the village of migrant workers, the longer the total of remittances sent to the migrant worker village is the more abroad,
- 2) there is a significant influence between the level of salary abroad on the total of remittances sent to the village of migrant workers. The higher the level of salary abroad the more the number of remittances sent by worker migrant.
- 3) there is a significant influence between the length of stay abroad and the level of salary together against the total of remittances sent to the village of migrant workers. The longer the time to live abroad and the higher the level of salary abroad the higher the total of remittances sent to the village of migrant workers.

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