Analysis of Remittance Patterns among Indonesian Migrant Workers from Jago Village, Central Lombok Regency

Algifari Rozak Firdaus 1*, St Maryam1, Helmi Fuadi1, Kevin Hewison2, Hazera-Tun-Nessa3

1 Ekonomi Pembangunan, Universitas Mataram, Indonesia.
2 Southeast Asia Research Centre, City University of Hong Kong, Hong Kong
3 Department of International Business, University of Dhaka, Dhaka, Bangladesh.

Abstract. The migration issue begins with the occurrence of development inequality, which results in high unemployment rates. One of the factors contributing to high unemployment is the limited capacity of a country’s economic growth to create new job opportunities, while the number of job seekers continues to rise, leading to the phenomenon of labor migration. This research aims to analyze the patterns of remittance utilization by Indonesian Migrant Workers’ (IMW) families from Jago Village, Central Lombok Regency. In this study, a quantitative descriptive research method was employed, and the analytical tool applied was percentage analysis to calculate the usage of remittances by IMW families in their home village. Primary data were obtained through questionnaires, interviews, and observations conducted on IMW families in Jago Village, Central Lombok Regency. The research findings indicate that the majority of remittance utilization by migrant families is dominated by consumption-oriented purposes. Approximately 70.5 percent of the respondents exhibited a pattern of using remittances for consumptive purposes, while 29.5 percent of the respondents used remittances for productive purposes.

Keywords: Indonesian Migrant Workers, Remittances, Use of Remittances.

A. INTRODUCTION

The migration issue begins with the occurrence of development inequality, which results in high unemployment rates [1]. One of the factors contributing to high unemployment is the limited capacity of a country’s economic growth to create new job opportunities, while the number of job seekers continues to rise, leading to the phenomenon of labor migration [2]. In this context, the migration of residents abroad to become migrant workers becomes an unavoidable alternative. In addition to the scarcity of employment opportunities available within the country or region, significant income disparities between regions and countries, particularly between poor countries, developing countries, and developed countries, also serve as the primary reasons for migration [3].

Migration, as defined by Adeseye, [4], is the phenomenon of relocating one’s place of residence horizontally, crossing administrative boundaries, moving to different administrative boundaries, villages, districts, cities, or countries. Migration can be categorized based on its geographical boundaries into internal migration and international migration [5]. Internal migration involves the movement of people within a country’s borders, while international migration involves the movement of individuals from their home country to a destination country. International migration typically occurs due to the scarcity of job opportunities in the home country [6].

International migrant workers in Indonesia are referred to as Indonesian Migrant Workers (IMW). IMWs are working-age individuals who work abroad and receive wages or salaries during
their employment for a specified period. Migrant workers choose to work abroad to improve their families’ welfare through higher-income employment opportunities in their chosen destination country [7]. The income earned by migrant workers abroad is subsequently sent back to their home families, and this money transfer is referred to as remittances. Remittances play a significant role in improving the well-being of both migrant families and their home regions [8].

Remittances from Indonesian migrant workers also contribute to the economic productivity of a country [1]. The high volume of remittances is closely related to the number of Indonesian Migrant Workers (IMW) employed abroad. In Indonesia, one well-known region for the placement of IMWs is the province of West Nusa Tenggara. According to the Indonesian Migrant Workers Protection Agency (BP2MI), West Nusa Tenggara is one of the provinces with the highest number of IMW placements [8]. West Nusa Tenggara is the fourth region with the most IMW placements after East Java, Central Java, and West Java. One of the districts/cities in West Nusa Tenggara that receives a significant amount of remittances is Central Lombok. Among the areas within Central Lombok, Jago Village in Praya District, Central Lombok, is noteworthy for having a substantial population of migrant workers. This aspect has piqued the interest of researchers, as higher migrant worker placements are expected to result in more remittances and potentially improve the well-being of the local community.

Aside from being a source of foreign exchange for the country, remittances also serve as a tool for improving the economic and social conditions of rural communities. When utilized effectively, remittances can stimulate the economy at both the micro (family) and macro (regional/area) levels. This means that remittances should be used not only for consumption but also for other productive purposes [9]. According to Rudiarto et al. [10], in terms of the priority of use, there are two patterns of remittance utilization: productive remittance utilization and consumptive remittance utilization.

Based on the background outlined above, the pattern of remittance utilization is intriguing and worthy of further investigation and examination. The question to be explored in more depth is whether the utilization of remittances by Indonesian Migrant Workers (IMW) from Jago Village, Central Lombok Regency, tends to be consumptive or productive in nature.

B. METHOD

Conceptual Review

1 Migration

According to Hosan et al., [11], migration is the movement of people across the boundaries of their place of origin to a destination with the intention of settling there. Conversely, non-permanent population migration involves the movement of people from one area to another without the intention of settling in the destination area. Migration is categorized into two types: international migration and internal migration. International migration involves the movement of people across national borders [12]. The most common type of migration among rural populations is international migration, which refers to the relocation of people from one country to another. Internal migration, on the other hand, involves the movement of people within a country’s borders. Individuals who migrate abroad are commonly referred to as Indonesian Migrant Workers (IMWs) [13]. Migration can also be defined as a change in a person’s place of residence, whether permanent or semi-permanent, with no distance limitation on the change of residence [14].

Based on Everett S. Lee’s Theory of Migration, as referenced in the research by Anderson, [15], there are six factors that influence an individual’s decision to migrate, which ultimately affects the amount of remittances sent back to their place of origin. These factors include age, the highest level
of education completed, marital status, the number of dependents, occupation of the migrant, and the income earned.

Migration Theory According to Fong & Shibuya Fong & Shibuya, (2020), migration occurs in response to the difference between the expected income in one area and the actual income available. This theory explains that migration develops as a result of income disparities between rural and urban areas. It is based on the fundamental assumption that immigrants consider various job opportunities available to them and choose one that maximizes the benefits they expect from migration. Rudiarto et al. [10] states that an individual’s decision to migrate or not depends on whether the present value of the income expected from migration is positive or negative. Additionally, he suggests that the decision to migrate should be analyzed specifically according to the characteristics of potential migrants, including knowledge and skills, age, gender, capital ownership, and other relevant factors because income levels and probabilities are highly influenced by these characteristics [3].

Remittances The general understanding of remittances stems from the transfer, whether in cash or other forms, from a foreign individual to their family in their home country. Some previous research has indicated that remittances are not limited to money and goods alone; knowledge, ideas, and new experiences acquired while working abroad are also referred to as remittances [1]. Another definition of remittances, as per the World Bank cited in Rudiarto et al. [10], is cross-border payments from person to person with relatively small value, where in practice, these remittance transfers are repeatedly made by foreign workers to their families in their home regions.

Adeseye [4], divides remittances into two categories: economic remittances and social remittances. Economic remittances include the sending of money or goods to the home region, while social remittances encompass knowledge, ideas, and social capital acquired by IMWs while working abroad. The influx of remittances from abroad to rural areas increases economic activity within the community. The utilization of economic remittances can help distribute capital in rural areas, particularly increasing the income of individual IMWs and their families. On the other hand, social remittances enhance knowledge (language, modern tool operation, nutrition, health, sanitation, hygiene), work ethic, perspectives on education, family awareness of improving educational levels, socialization skills, and the formation of social networks, thus triggering changes in a region. From the definitions mentioned above, it can be concluded that IMW remittances consist of money, goods, as well as knowledge, skills, ideas, and social capital acquired while working abroad for the benefit of their families and communities in their home regions.

2 Remittance Usage Patterns

The usage pattern of remittances, as per Alif Dewi Cahyanti & Lilik Sugiharti [16], refers to the form or model of benefits provided through the sending of money, goods, and development ideas to the community in the hometown by migrants. Meanwhile, according to Sok & Yang [17], the patterns of remittance utilization can be categorized into two characteristic forms. Remittance characteristics are divided into two types: economic remittances and social remittances. Economic remittances consist of the sending of money or goods to the home country, while social remittances comprise knowledge, ideas, and social capital possessed by migrants during their work abroad. The pattern of economic remittance utilization can be further divided into two groups: productive remittances and consumptive remittances. Consumptive remittance patterns involve prioritizing the use related to the household needs of the migrant family itself. Usage is categorized as consumptive when the allocation of income cannot increase output and future income, such as spending on home renovation/repair and debt payments. On the other hand, productive remittance patterns occur
when the income allocation can increase output and income in the future or in the long term, such as land purchase, investment, and starting a business.

**Research Type**

The type of research used in this study is quantitative descriptive. The data used is primary data, sourced directly from the original source (not through intermediaries), namely the families of Indonesian Migrant Workers (IMWs) in Jago Village. Primary data can consist of the opinions of subjects (individuals).

**Data Analysis Technique**

The data analysis technique used is the descriptive analysis method with a quantitative approach. This method is used to examine and describe the variables in the study using a percentage analysis to calculate the average amount of remittance usage by migrant workers in their home families [18]. The percentage data analysis technique is used to determine the status of variables, i.e., to calculate how much of the remittance usage is consumptive and productive. The data analysis technique used is Percentage Analysis, utilizing the percentage formula. Subsequently, to determine the percentage falling into each aspect category, the formula adopted from Hm et al., [19] is applied.

To assess the extent of consumptive remittance usage using the formula:

\[ PA = \left( \frac{\sum x}{n} \right) \times 100\% \]  

To see the amount of use of Productive remittances using the formula:

\[ PB = \frac{\sum y}{n} \times 100\% \]

Information:
- \( PA \) = percentage of consumptive use of remittances
- \( PB \) = percentage of productive use of remittances
- \( x \) = number of respondents who use remittances consumptively
- \( y \) = number of respondents who use remittances productively
- \( n \) = number of total respondents

**C. RESULT AND DISCUSSION**

Based on the results of research on the use of remittances by respondents, there are several consumptive uses of remittances seen in Jago Village. Forms of using consumptive remittances which are used up immediately in the short term and productive remittances which are the use of remittances that can generate added value for the long term can be explained as follows.

**Table 1. Data on the Consumptive and Productive Use of Remittances by Indonesian Migrant Workers (PMI) from Jago Village**

<table>
<thead>
<tr>
<th>Remittance Usage Patterns</th>
<th>Number of respondents (n)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumptive (A)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>House renovation</td>
<td>10</td>
<td>12.8</td>
</tr>
<tr>
<td>Daily needs</td>
<td>15</td>
<td>19.2</td>
</tr>
<tr>
<td>Vehicle</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Electronic goods</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>Pay debt</td>
<td>27</td>
<td>34.6</td>
</tr>
<tr>
<td><strong>Amount</strong></td>
<td>55</td>
<td>70.5</td>
</tr>
</tbody>
</table>
The utilization patterns of economic remittances among Indonesian Migrant Workers (PMI) in Jago Village

Looking at the data on the patterns of remittance utilization received by the families of Indonesian Migrant Workers (PMI) from Jago Village, Praya Subdistrict, Central Lombok Regency as a whole, it is possible to determine the total amount used for consumptive purposes and the total amount used for productive purposes. To calculate the extent of consumptive remittance usage, you can use the following formula 1 and 2:

\[
PA = \frac{55}{78} \times 100\% \\
PA = 70.5\%
\]

To calculate the extent of productive remittance usage, you can use the following formula:

\[
PB = \frac{23}{78} \times 100\% \\
PB = 29.5\%
\]

From the results, it is evident that a significant portion of the remittances received by the families of Indonesian Migrant Workers (PMI) originating from Jago Village, Praya Subdistrict, Central Lombok Regency, in their hometowns, is predominantly utilized in consumptive ways. Approximately 70.5 percent of the respondents, out of the entire research population, utilize the remittances they receive for consumptive purposes, such as home renovations, daily needs, vehicles, electronic goods, and debt repayment. On the other hand, 29.5 percent of the respondents, also from the entire research population, use the remittances they receive for productive purposes, including land or field purchases, funding their children's education, investing in business capital, and saving or depositing money in banks.

Use of Consumptive Remittances

The utilization of remittances that are directly spent within a short period falls under consumptive remittance usage. Several forms of consumptive remittance usage observed in Jago Village include the following:

1. Home Renovation/Improvement:

Some respondents use remittances for the cost of building or renovating their homes. The renovation costs vary from one house to another, depending on the needs and capabilities of each household. The research results show that about 12.8 percent of the respondents allocate their remittances for home renovation. Physically, this is evident in Jago Village, where many IMWs/families of IMWs allocate their money for home construction, resulting in improved housing. The changes in the village, especially in the appearance of the houses of residents whose family members work as IMWs, are noticeable. The average building structure of respondents has transformed from simple structures like plywood walls and thatched roofs to modern houses. These modern houses have roofs consisting of two main sections, the right and left sides, or the front and back sections, as the main house, with an additional protruding roof used as the porch roof. All
household activities are carried out within the main house. The roofing material is made of tiles, with brick walls and ceramic floors. The rooms are divided into specific areas such as the living room, dining room, bedrooms, family room, and kitchen. The rooms are separated by walls, and the bathroom is located inside the main house. This condition shows that remittances have had an influence on changing the housing conditions of the village's residents.

This research is supported by previous studies, such as the research conducted by Prayoga et al. [20], which indicated that remittances allocated to home renovation result in improved and luxurious migrant homes. This condition demonstrates that remittances have an impact on changing the housing conditions of the residents and also on the village's infrastructure. The results of the research by Lei & Desai [21], also state that one of the changes when a family member goes abroad is the renovation of their home, making it better and more suitable, and this has a positive contribution to the development of the home region, especially in terms of village infrastructure.

2. Daily Needs

Whenever IMWs send money to their families in their hometown, the remittance money is not always allocated specifically for food expenses. Remittance usage for food expenses is used only when the family actually needs it. This is because for their daily food expenses, they can rely on the agricultural produce owned by the IMW’s family. The research results show that 19.2 percent of the respondents allocate their remittances for daily needs. This percentage indicates that one of the reasons why migrants choose to leave their home regions and seek employment abroad is economic difficulties, including the difficulty in meeting their daily needs. Remittances used specifically for food expenses are used when the agricultural produce does not yield enough for the family’s consumption. Meanwhile, the remittance usage for other primary needs, such as clothing purchases, is used by IMW families when they need to buy clothing, especially for their children. There is no specific allocation for clothing purchases every time there is a remittance.

The results of this research align with the findings of Feld [22], indicating that remittance usage is allocated for daily needs, which is one of the reasons why migrants seek employment to support their families, especially migrants with children and spouses.

3. Purchase of Vehicles and Electronic Goods

Some families of Indonesian Migrant Workers (PMI) in Jago Village use remittances to purchase motorcycles as assets for their families. The purchase of motorcycles primarily serves as a means of transportation to facilitate their mobility within the village. The accessibility in Jago Village, which is far from the city center, encourages some PMI families to use remittances to buy motorcycles. However, motorcycle purchases do not necessarily contribute to productivity because many respondents own more than one motor vehicle. Only 1 respondent, or approximately 1.3 percent, allocated remittance funds to purchase vehicles.

As for the purchase of electronic goods, most respondents tend to use remittances for consumptive purposes. Electronic goods are mostly allocated for consumption, accounting for 2.6 percent of remittance usage by migrant families. The majority of migrant families purchase electronic goods that are genuinely useful, such as washing machines and refrigerators. These findings are supported by previous research conducted by Kakhkharov & Ahunov [23]. Some migrant worker families utilize remittances to purchase transportation means, typically motorcycles. Additionally, the usage of remittances for electronic appliances surpasses that for motor vehicle purchases, as electronic goods tend to have more utility in daily life.

4. Debt Repayment
One of the reasons migrants decide to work abroad is economic hardship that leads to debt accumulation. Some migrants intentionally become overseas workers due to unresolved debts. Therefore, when sending remittances, the first allocation is often towards repaying these debts. Typically, the initial earnings for several months are dedicated to settling placement and departure costs. Only after this is done, remittance funds are allocated to other purposes.

These findings align with research by Hao & Tang [24], which suggests that higher overseas income is one of the reasons migrants work abroad to repay debts. Family income is often just enough for daily needs, while families also have debt obligations to fulfill.

**Productive Use of Remittances**

The use of remittances that can generate added value, both materially and non-materially, in the long term is considered productive remittance usage. Several forms of productive remittance usage observed in Jago Village include:

1. **Land/Field Purchase**

   The research results indicate that approximately 2.6 percent of respondents utilize remittances to purchase land or fields. The fertile agricultural characteristics of Jago Village have led to an increased interest in land acquisition, both in terms of land and fields. Many PMI families invest their money in land purchases. In Jago Village, the demand for land purchases has risen significantly, with many residents owning land in other villages. Most respondents use remittances to buy fields as an asset for agricultural investment since these fields can be used for growing rice and sugarcane. With these fields, they can meet their family’s consumption needs, especially daily meals. Large-scale field production can also be sold in the market.

   This finding is consistent with previous research by Ajefu & Ogebe [25], which suggests that buying fields is seen as a good investment for families, as many family members of migrants are farmers. This allows them to manage the fields themselves and use the yields for daily consumption. However, only a small number allocate remittances for land or field purchases because other needs take precedence.

2. **Business Investment**

   Remittance usage is classified as productive when the income generated from remittance can be used for activities that accumulate financial assets, thereby adding value or profits. About 6.4 percent of respondent families allocated remittances for this purpose. Some PMI families invested by opening small grocery stores that sell essential goods to the residents of Jago Village. This investment proves profitable as it provides additional income for PMI families.

   These research findings are in line with the study by Bailey [26], indicating that remittances are mostly used for consumption needs. To encourage PMI to allocate remittances for savings or business capital, financial literacy programs are necessary.

3. **Education**

   Using remittances for education expenses is a long-term plan that PMI and their families implement to improve the education of their children and family members. About 14.1 percent of respondents used remittances for education expenses. By sending their children to higher levels of education, they aim to advance education levels in the future. Education expenses can include purchasing school uniforms, textbooks, school fees (SPP), and pocket money for their children.

   This finding is consistent with the research conducted by Adhikari & Vince [27], which suggests that the probability of using remittances for children’s education increases with the rising amount of remittances sent by TKI to their families in their hometown. Conversely, if the amount of
remittances sent is lower, more remittances tend to be allocated for non-education activities (consumptive).

4 Savings

Using remittances for savings is not commonly practiced by Indonesian Migrant Workers (PMI). Only a few PMI set aside their earnings to be saved in banks. This is because most PMI consider their savings to be in the form of land ownership, which can generate income. Additionally, many PMI tend to use their remittances to pay off debts and for consumption, leaving no money for savings [28].

This research aligns with the findings of Ahmed et al. [29], indicating that the utilization pattern of remittances from Indonesian Migrant Workers (TKI) includes not only meeting daily needs, paying off debts, and other consumptive purposes but also productive assets such as savings.

D. CONCLUSION

The research findings indicate that the majority of remittance usage by migrant families in Jago Village is dominated by consumption-oriented expenditures. About 70.5 percent of respondents showed a pattern of using their remittances for consumptive purposes. The consumptive patterns observed among migrants in Jago Village include home renovation, meeting daily needs, purchasing vehicles, electronic goods, and settling debts. On the other hand, only a small portion of respondents, approximately 29.5 percent of the total, use remittances for productive purposes. Productive remittance usage by PMI in Jago Village includes land purchases, business investments, savings, and children’s education expenses. It is hoped that Indonesian MigrantWorkers (PMI) and their families will manage their income more productively. Additionally, it is important for the government to provide education and guidance to Indonesian Migrant Workers (PMI) and their families on the efficient utilization of remittances, encouraging them to allocate their earnings for purposes beyond consumptive needs. This can contribute to the long-term economic well-being and development of both PMI and their home communities.

E. REFERENCES


Author declaration

Author contributions and responsibilities
The authors made major contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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