

# Migrants Earning at Overseas Job and Extent of Remittances Transferred to their Families in Pakistan

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## ABSTRACT

Remittances is a kind of transfer to income or money which is transferred by the migrant workers to their household that affects household income. These may be domestic remittances or foreign remittances. Domestic remittances results from internal migration while foreign or overseas remittances refer to migrants who migrate outside country for earning. This paper deals with the foreign remittances. The study was conducted to investigate the overseas workers earning at overseas job and resulting remittances transfer to their families in Pakistan. The primary data was collected through field survey in three villages of union council Derya Gali, Tehsil Murree. Migrant workers and returned migrants constituted the experimental group while non-migrant workers formed the control group. Migrant workers earned manifold higher during overseas job and household income increased significantly as a result of high remittances transfer. Education of the migrant workers, their age at migration, professional category and length of overseas stay emerged as important variables which influence the income during migration and remittances transfer.

**Key Words:** Migrants; Non-migrants; Returned migrants; Remittances

## INTRODUCTION

The lack of domestic gainful employment opportunities and low per capita income motivated Pakistani work force to look for overseas jobs. During 1975-82 Pakistan experienced large scale labour migration to the countries experiencing rapid economic growth particularly to the Middle East. Before migration about half of these workers from rural and urban areas alike were engaged in lowly paid jobs in the production sector (Arif, 1995). They left their home country with the major objective to improve their income by exploiting better work opportunities abroad. The migrant workers earned three times higher. A significant increase in the migrants' household income was predicted when remittances were included and substantial decrease when remittances were excluded (Adam & Richard, 1992). The professional workers earnings were substantially higher than non-professional. These workers regularly transferred a major share of their income to the families left behind in Pakistan because they largely depend for their livelihood on remittances and eagerly waited every month. Migrants have successfully transferred about three quarters of their earnings as remittances to their home country (Gilani *et al.*, 1981; Addleton, 1992). The remitting behaviour of Pakistani migrant workers was closely linked to a number of factors such as education at the time of migration, marital status, sources of financing visa and associated costs, length of stay at overseas job and migrant saving at overseas. Studies in Asian labour exporting countries indicated that most migrants borrowed money from relatives and friends and

sold their assets to obtain overseas employment (Eelens & Speckmann, 1992). During 1982-83 and onward a declining trend in remittances had slow down the GNP growth rate. The falling of oil prices and competition from other labour exporting countries resulted in the stream of return migration. This posed many problems to the labour exporting countries including Pakistan. By 1990-91, the inflow of remittances declined to US \$ 1848 million which reduced the share of Middle East from 86 to 67% in 1983-84. Although in 1996-97 the Middle East share rose to 73% but the total remittances fall to the level of Rs.1409 million (Government of Pakistan, 1997-98). In Pakistan, remittances which was the major source of foreign exchange, suffered a shock casting negative effects on almost all the sectors of economy like, balance of payments, imports, development, employment etc. The fall of remittances transfer not only affected the national economy, but the individual returnees also came under dark clouds. Semi-skilled and unskilled return migrants with limited savings remained jobless for longer period. The study attempted to estimate the overseas workers earning before and during migration and extent of resulting remittances transfer to their communities in home country. An effort is also made to study the effect of different variables i.e. age and education of the workers at the time of migration, his profession during migration and length of stay at overseas job on the level of income and remittances. On the basis of results, conclusions are drawn for possible Government intervention.

## MATERIALS AND METHODS

The study was based on the primary data collected through interview schedule from the three type of respondents; migrant workers, returned migrants and non-migrant workers. Migrant workers and returned migrants with three or more stay at overseas constituted the experimental group while non-migrant workers with same length of practical career in Pakistan formed control group. The universe of the study was limited to three villages of Union Council Derya Gali of Tehsil Murree, namely; Massoot (Upper Massoot/Lower Massoot), Chitradonga, and Derya Gali. In addition to migrant life profile the study explored important variables such as household income and expenditure before and after migration, sources of meeting visa cost, extent of remittances transfer, investment patterns, social consequences of overseas migration etc. Both univariate and bivariate analyses were employed for the interpretation of results. Chi-square test was used to examine the association between variables and regression analysis to find out the extent of variation explained by the independent variables.

## RESULTS AND DISCUSSION

**Workers' income.** Table I shows that before migration, 58% of the respondents were having annual income less Rs.24001 whereas during migration the majority i.e. 55% were earning Rs.120001 to 240000 per annum. The table also reflects that 60% of the workers were earning five times more during overseas employment when compared with their annual income in home country.

**Migrants' earning by profession.** Before labour migration to Middle East, majority of families in rural areas were living in a poor economic conditions. Rural workers were engaged in poorly paid jobs. Seventy

**Table I. Comparative account of migrants annual income**

Before Migration		During Migration	
Rupees	%	Rupees	%
<24001	58.3	<120001	21.7
24001-48000	15.0	120001-240000	55.0
Above 48000	26.7	Above 240000	23.3
Total	100.0 (60)	Total	100.0 (60)

percent of Pakistanis who went abroad during 1994 and 1995 were production workers (Akhtar, 1997).

The data in Table II present annual income of the workers by profession at overseas job. This table indicates the migrants' occupational composition and extent of earning at overseas job. The occupations were categorized as (1) Labour; (2) Skilled Workers; and (3) Supervisory Group The labour included mess worker

(waiter, mess helper), daily paid manual workers while skilled workers included driver, mechanic, electrician, carpenter, and mason. The supervisory group included migrants working in supervisory capacity, managerial position and few respondents engaged in business activities.

The data shows that 20% of the respondents were unskilled, 33% were working as skilled workers while majority (47%) were working in the supervisory occupational group. Regarding income, results shows that 55% of the respondents were in middle income group while 23% had annual income above Rs. 240000.

**Table II. Annual income of overseas workers by occupation during migration**

Occupations	Annual income (Rs.)			Total
	Less 120001	120001-240000	+240000	
	Low	Middle	High	
Labour	58.3	41.7	0.00	20.0(12)
Skill worker	30.0	55.0	15.0	33.3(20)
Supervisory	0.0	60.7	39.3	46.7(28)
Total	21.7(13)	55.0(33)	23.3(14)	100.0(60)

Chi square: 21.15694\*\*\*; df: 4; Significance level: 1%

In the study association between the occupational status and the level of income has been emerged explaining that higher level of income is linked with the higher level of occupation. None of the respondents with labour occupation had higher level of income while 15% of skilled workers and 39% of the respondents with supervisory occupation had higher level of income i.e. above Rs. 240000 per annum. This indicates direct relationship between occupational status of the respondents and their level of income. Chi square test has been applied to examine the association between occupation and income level. The value of chi square is significant at 1% level of significance and has established strong association between these two variables.

**Patterns of remittance transfer.** Migrant workers adopted different pattern of remittances transfer to their families in Pakistan. These patterns reflect the financial background of migrant workers. Table III shows that 37% and 53% migrants and returned migrants transfer remittances to their families on monthly basis. The high trend of monthly transfer in returned migrant exhibited the weak financial background and lack of any other source of income in their families. However the monthly

**Table III. Time taken to transfer remittances**

Time	Migrant (%)	Returned Migrant (%)
Every Month	36.7	53.3
Within 2 Months	33.3	13.3
After 2 Months	30.0	33.3
Total:-	100.0(30)	100.0 (30)

transfer is high in returned migrants whereas a good number of migrant workers (30-33%) also transferred their remittances within two and after two months. It implied that migrant workers were in better financial position and their families did not entirely depend upon remittance income. However these different patterns of transfers made it difficult to calculate the exact amount of monthly or yearly remittances transferred to the dependent families.

**Remittances transferred.** Table IV shows the amount of remittances transfer by the migrant workers and returned migrants through the banking channel during migration and on permanent return stages. The majority of respondents both migrants and returned migrants (73% & 70% respectively) transferred less than Rs.>300,000 during migration. Similarly, on permanent return, the returnees' majority (83%) fell in this category. It was these remittances transfers which provided significant support to the national economy by increasing foreign exchange reserves, relieving burden of debt servicing, promoting developmental activities, reducing rural poverty and increasing over-all standard of living in migrants' family.

**Impact of age, education and duration of stay on the level of income and remittances transfer.** Table V presents the results of regression analysis using annual income at overseas as dependent variable. The independent variables included in the model were education of the respondents, age at migration, and length of stay at overseas. All the independent variables bear positive sign and were significant at 1% level. The value of R square indicates that 51% of the variations are explained by the independent variable used in the model, whereas 49% variation is due to other factors which have not been included in the model. The increase in annual income with the increase in age at migration indicated

**Table IV. Extent of remittances transferred**

Amount (Rs)	During migration		On permanent return
	Migrant workers %	Returned migrants %	Returned migrants %
< 150001	46.7	56.7	43.3
150001-300000	26.6	13.3	40.0
>300000	26.7	30.0	16.7
Total	100.0(30)	100.0(30)	100.0(30)

that those who were more experienced at the time of migration were able to earn more than those having less experienced or had just started their practical career. But the values of coefficients for the variables included in the model revealed education at the time of migration and duration of stay at overseas job are more important than

**Table V. Results of regression analysis using annual income as dependent variable**

Dependent Variable = NEWV13PY (Income per annum at overseas)	
Variables	Model
Constant	-231213.11 (-2.663)***
V2EDU	0.39 (3.99)***
V3AGEM	0.24 (2.45)***
V52TSPND	0.58 (6.14)***
R2	0.51
F	19.12***

NEWV13PY:  $-23123.11+0.39V2EDU+0.24V3AGEM+0.58V52TSPND$ .  
 V2AGEM: Age of respondent at the time of migration; V2EDU: Education of the respondent in years of schooling; V52TSPND: Time spent at overseas job in years; R2: Value of R square; F: Value of F statistics; \*\*\*: Significant at 1% level; \*\*: Significant at 5% level; \*: Significant at 10% level; ( ): Figures in parenthesis represent value of "t" statistics

age at migration.

This is may be due to the fact that workers with higher education were able to get better income and more secured job as compared to those with low education or illiterate. The positive contribution of longer stay abroad may be attributed to the fact that it contributed towards improvement in salary package through periodical increases. The longer stay may also

**Table VI. Results of regression analysis using total remittances transfer as dependent variable**

Dependent Variable = NEWV13AT (Total Money transfer during Migration)	
Variables	Model
Constant	8955911.90 (-3.93)***
V2EDU	0.18 (2.19)**
V3AGEM	0.20 (2.36)**
V52TSPND	0.78 (9.65)***

R<sup>2</sup>: 0.64; F:33.77\*\*\*; NEWV13AT:  $8955911.90 + 0.18V2EDU + 0.20V3AGEM + 0.78V52TSPND$ .

lead to the improvement in skill and experience which consequently contribute in the improvement of income.

Table VI presents the results of regression analysis using total remittances transfer to home country as dependent variable. Although all the three independent variables used in the model i.e. education of the respondent, age at migration and length of stay at overseas bear positive sign but education and age are significant at 5% level of significance whereas length of stay at overseas job is significant at 1% level of significance. The value of R square in the model reveals that 64% of the variations in the dependent variable were explained by these three independent variables.

The coefficient of education (0.18) indicated that

effect of education on the remittances is weaker as compared to its effect on the level of income at overseas job (see Table V where education co-efficient is 0.39). On the other hand the co-efficient of duration or length of stay at overseas job (0.78) indicated its stronger impact as compared to other two variables in the model. The variable, duration of stay at overseas job appeared to be the most important variable as it also exhibited a strong influence on the level of income (see Table V), extent of remittances transfer and other economic and social spheres of migrants and their families.

## CONCLUSIONS

Educational attainments, age of the migrant workers at the time of migration and duration of stay at overseas job emerged to be the most important variables which contributed positively towards annual income abroad and total remittances transfer to home country. The statistical test chi-square indicated highly significant association of the income of the migrant worker with profession at overseas job. But the variables like education, age at migration and duration of stay abroad during linear regression analysis reduced the impact of profession.

The study revealed that the young and energetic labour force left the country for earning more and comforts of life through overseas job. Migrant workers were slightly better than returned migrants in educational attainments as majority of the former were matriculate while latter possessed middle level education at the time of migration. The pattern of remittances transferred to the families left behind were observed as monthly transfer, transfer within two months and after two months. All three type of transfers had equal representation in percentage. High increase in household income has been observed during migration.

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