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Effects of Labor Migration on the Economic Well-Being of Migrant-Sending Households: Case Study of Kyike Kaw Village in Mon State

Thiri Tun





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## **Mekong Institute**

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# Effects of Labor Migration on the Economic Well-Being of Migrant-Sending Households: Case Study of Kyike Kaw Village in Mon State

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#### Abstract

Labor migration has become a very important way of life for the Myanmar people living in rural areas, since 1990. This paper investigates the causes of migration and to what extent the economic well-being of migrant-sending households has improved after migration. Data for the analysis was drawn from the author's survey and interviews conducted in Mon State, Myanmar. The data reveals that unemployment and low income are two of the factors causing the migration. The analysis compares household assets before and after migration, and investigates the perception of change in economic well-being and level of poverty as compared to five years ago, prior to the migration of a household member. The data reveals that remittances can significantly increase the total income of migrant-sending households. However, such households cannot solely depend on remittances to improve economic well-being. The economic well-being of households with more than one source of income has improved significantly when compared to five years ago.

#### 1. Introduction

#### 1.1. Overview

International migration from Myanmar flows primarily to other Asian countries including Thailand, Malaysia, Singapore, Bangladesh, Republic of Korea and Japan. According to empirical studies, out-migration from Myanmar to Thailand accounts for the largest migration flow within the Greater Mekong Sub-region (GMS), (Andy, 2012). Cross-border migration between Myanmar and Thailand has occurred for centuries and in 2012, a total number of 1,186,805 Myanmar migrants were estimated to be present in Thailand as regular (legal) migrants and irregular (illegal/undocumented) migrants (Chantavanich & Vungsiriphisal, 2012)

Temporary work permits were granted to Myanmar workers in 10 key sectors in 2012; they were employed in labor intensive jobs in industries such as agriculture, animal husbandry, trade and services (Chantavanich & Vungsiriphisal, 2012).

An International Organization for Migration (IOM) report published in 2013 suggests that up to 10 percent of the population of Myanmar migrates internationally. While channels for 'regular' migration exist, a large proportion of migrants remain 'irregular'. A mixture of push and pull factors play a critical role in the decision-making process of migrants. The main push factors are related to limited livelihood opportunities, poor socio-economic conditions, and insecurity created by prolonged conflicts in source communities. Higher wages and a demand for less skilled labor in neighboring countries act as pull factors (IOM, 2013). It is estimated that 2.3 million Myanmar migrants are currently living and working in Thailand (IOM, 2014). According to the most recent census conducted in Myanmar in 2014, approximately two million people are living abroad. The census reports that up to 70 percent of all persons living abroad had migrated to Thailand (Republic, The & Of, 2015). The statistics on Myanmar's international migration flows are based on estimations, as population data from Myanmar and from the destination countries within Asia only weakly measure migration. For this reason, figures measuring migration often vary depending on the source, as demonstrated above. In addition, many migrants from Myanmar travel irregularly to work outside of the country so the numbers involved are unclear (Andy, 2012).

Men and women from developing countries are increasingly helping to meet the demand for skilled and semi-skilled or low-skilled labor in more developed economies. Many migrants, regardless of their skill level, take lower-skilled and lower-paid jobs that are unattractive to nationals (DFID, n.d.). The income gained is often sent home to family members in the form of remittances. According to one World Bank publication (WB, 2014), there were 232 million international migrants in 2013, up from 175 million in 2000. Based on sources from the International Monetary Fund (IMF) and the central bank, the level of remittances sent to developing countries is estimated to have reached USD 404 billion in 2013.

Remittances from migrants are an important and growing source of foreign funds for several developing countries. At present, these flows more than double the official development aid received by developing countries. Furthermore, remittances have been associated with increased household investment in education, health and entrepreneurship - all of which have a high social return in most contexts. For example, studies in EI Salvador and Sri Lanka based on household survey data show increased spending on private tuition for children in remittance receiving households, and children in these households have a lower school dropout rate. In Sri Lanka, children in remittance receiving households also have a higher birth weight. Studies indicate that remittances provide capital for small entrepreneurs, reduce credit constraints, and increase entrepreneurship (UNDP, n.d.). In many parts of the developing world, remittances have proven to be an important source of income and poverty reduction for labor migrants, their families, and their communities of origin (Arif, n.d.; Piotrowski, 2009; Siddiqui, 2003).

#### 1.2. Research Rationale

Myanmar is a lower middle-income country with a total population of 53.44 million in 2014, according to a World Bank report. In 2014, Myanmar's gross domestic product (GDP) reached USD 64.33 billion. Based on IMF balance of payments data, the World Bank has estimated that in 2013 Myanmar received USD 229,419,845 in remittances (World Bank, n.d.). Remittances from migrants have played and will continue to play a significant role in poverty reduction for the people of Myanmar, and could play a central role in Myanmar's development (Andy, 2012).

Some scholars, however, have found that remittances from migrant workers do not play a significant role in bolstering the local economy. While a portion of remittances are spent on household necessities, such as housing and means of transport, relatively large sums of money are spent in ways that do not necessarily improve the economic situation of the household. Recipient households in the rural areas of Cambodia, Lao People's Democratic Republic (PDR) and Myanmar lack the opportunity and the capacity to invest remitted money productively, whether in education, business or agriculture. Without good investment opportunities, households and communities miss the chance to create a future source of income and develop the local economy (Linda & Pracha, 2010).

In the case of Myanmar, migrant-sending households overwhelmingly use remittances for food, shelter, clothing and other basic needs (Sandar, 2011). Remittances contribute to a household's expenditure significantly, and are likely to be used to smooth out consumption expenses rather than as investment for future profit (Lin, 2011).

According to Lin (2011), labor migration can even have a negative impact on the education status of both members of migrant-sending households of origin and migrant workers themselves. Because migrant workers are seeking out unskilled-labor work rather than investing in their education, this a negatively impacts the development of human capital (Linn, 2011).

Remittances are often the most straightforward link between migration and welfare of the households in the country of origin. According to the new economic of labor migration (NELM) theory, migration is part of a household strategy to overcome market failures such as flawed credit and insurance markets. Remittances that provide households with an income not correlated with farm income can loosen production and investment constraints and finance new production technologies and input. Apart from the direct effects of remittances, there can also be multiplier effects on income, employment and production in the migration sending country (Taylor, 1999).

Since in many developing countries remittances constitute a larger and more stable source of foreign exchange than trade, investment or aid, a vast and growing literature on the topic has emerged. However, there has not yet been any major study undertaken with respect to the question of migrant remittances to Myanmar (Turnell, Vicary, & Bradford, n.d.).

This study investigated the changes in the households' facilities, perceived poverty status and economic situation in the pre-and post- migration period by conducting a household survey and interviews. The use of a survey is necessary in the context of Myanmar since information and data scarcely exist in any other form (Turnell et al., n.d.). By analyzing the information gathered pre- and post- migration, this study aims to examine the change in economic well-being that households experience after migration.

#### 1.3. Research Objectives

- To identify the causes of labor migration in Kyike Kaw village
- To investigate the effects of labor migration on the economic well-being of migrant households in Kyike Kaw village.

#### 1.4. Research Questions

- What are the causes of labor migration in Kyike Kaw village?
- To what extent have the economic well-being of migrant households in Kyike Kaw village changed after migration?

#### 1.5. Hypothesis

Lack of employment opportunity and low income are factors influencing people's decision to migrate and the economic well-being of migrant households will improve after migration.

#### 1.6. Scope and Limitation

All the households selected for the sample met the following criteria: the households contain migrants and have received remittances for the last three years. Households that contain migrants but have received remittances for less than three years were not included in the sample.

#### 2. Literature Review

#### 2.1. Labor Migration, Remittances and Development

Neoclassical economic theory states that the main cause of labor migration is the difference in wage levels between two geographic locations. The wage levels are usually linked to the geography of the supply and demand of labor. On the other hand, dual labor market theory states that the pull factors in more developed countries are the main cause of migration. This theory assumes that the labor markets in developed countries consist of two segments: primary, which requires high-skilled labor, and secondary, which is very labor-intensive but requires low-skilled workers. Migration from less developed countries into more developed countries is a result of the pull created by the demand for labor in the developed countries in their secondary market (Wikipedia, n.d.).

Neoclassical economists had optimistic views on migration, and believed that overall migration had a positive effect by contributing to the development of sending countries. As of the late 1960s, these optimistic views were increasingly challenged due to the combined influence of a paradigm shift in social sciences towards structuralist views and an increasing number of empirical studies that often did not support these optimistic views on migration and development. The 'migration pessimists' on the other had has argued that migration provokes the withdrawal of human capital and the breakdown of traditional, stable village communities and their economies. However, the scholars of the new economics of labor migration (NELM) argue that migration plays a vital role in providing a potential source of investment capital which is especially important in the context of the flawed credit (capital) and risk (insurance) markets that prevail in most developing countries (Haas, 2007).

Migration and development research and policies have been booming since 2001 with generally positive views of the impact of migration on developing countries (Haas, 2007). Labor migration has been viewed as a rational economic strategy utilized by household units in order to increase the flows of income and to improve the economic well-being of household members in less developed countries. Substantial portions of earning are remitted to family members in the countries of origin (Semyonov & Gorodzeisky, 2008). Semyonov and Gorodzeisky examined the role remittances play in increasing household income and improving the standard of living of households in the Philippines by comparing Filipino

households with and without overseas migrant workers to estimate the extent to which remittances explain disparities in household income and standard of living. The authors confirm that because of remittances households with overseas migrant workers have higher incomes and enjoy a higher living standard. Another study assessed the economic and social impacts of remittances on migrant-sending households in Pakistan. G.M Arif examined the change in overall economic status of households and found that there is a marked difference in the perception of pre-and post-migration economic status (Arif, n.d.). SahaAkash and Adhikary also investigated the effects of the labor migration process on occupational distribution, family facilities and livelihoods. They concluded that labor migration has a positive impact on migrant's standard of living (Akash, Adhikary, Bengal, & Bengal, 2015).

Remittances are often the most straightforward link between migration and the welfare of households in the origin country. According to the NELM, migration is part of a household strategy to overcome market failures such as flawed credit and insurance markets (Lisa, 2012). Remittance payments directly alleviate the poverty of the individuals and households that receive them. Unlike other financial flows to developing countries that stream through government agencies and non-governmental organizations (NGOs), remittance payments are precisely targeted to the needs and desires of their receivers. Typically, for low-income households and recipients, remittance payments are used for basic survival, consumption, housing, health and education. Once these are met, however, remittances can be 'invested' into income generating activities whereupon they provide 'second round' impacts upon poverty in the future (Turnell *et al.*, n.d.).

#### 2.2. Definitions and Concept of Economic Well-being

Despite the absence of a single definition of 'well-being' the Organisation for Economic Cooperation and Development (OECD) (2011) has identified three pillars for understanding and measuring people's well-being:

- Material living conditions (or economic well-being), which determines people's consumption possibilities and their command over resources.
- Quality of life, which is defined as the set of non-monetary attributes of individuals that shapes their opportunities and life chances, and has intrinsic value within different cultures and contexts.

• The *sustainability* of the socio-economic and natural systems where people live and work, which is important for well-being over time.

Economic well-being is a critical factor for overall well-being, and the importance of economic well-being to overall well-being has been recognized by almost all the institutions that produce measures of well-being. Economists have tended to argue that there is no meaningful way to make comparisons of welfare between different people, as there is no metric for comparing "utilities". However, the most commonly used proxy has been an economic variable, i.e. real income. Real income constrains a household's consumption possibilities while, for nations, production of both consumers and investment goods contributes to the well-being of households today and in the future. The notion of household economic well-being is multi-dimensional, and is better understood by looking simultaneously at household income, consumption expenditure and wealth (OECD, 2013).

Economic well-being is a person's or family's standard of living based primarily on how well they are doing financially ("What is economic well-being \_ Ask," n.d.), Koc & Onan, (2004) and Itzigsohn, (1995) confirmed that the economic standing (measured by total income and by standard of living) of households that receive remittances is higher than the economic standing of households without labor migrants (cited in Semyonov & Gorodzeisky, 2008). In a study conducted in India, economic well-being is measured in terms of monthly per capita consumer expenditure (MPCE) and pattern of household spending on food, education, health and consumer durables. The study concludes that economic conditions of remittance receiving households are better than that of non-remittance households, and that remittances are used in the formation of human capital and consumer durables (Mohanty & Dubey, n.d.).

Economic well- being is measured by two indicators: household assets (asset index strategy) and household subjective well-being (rating of its economic well-being). Subjective well-being has received very little attention in previous studies related to the effects of remittances on the welfare of households left behind. A study by Semyonov and Gorodzeisky (2006) uses a subjective measure of well-being to investigate the link between remittances and household welfare in the origin country. In that study, Semyonov and Gorodzeiky derive their measure of subjective well-being from a combination of two measures; the households' own evaluation of its capability in meeting its everyday basic needs and its self-assessed relative position compared to the average Filipino family. The study finds that most of the differences

in standard of living between households with overseas workers and those without are attributed to remittances (cited in Lisa, 2012).

This study investigates the effects of migration on Kyike Kaw village by conducting a survey and four unstructured interviews. The questionnaire used in the survey is organized into six parts: demographics, household income, and financial situation, housing conditions, expenditure, loan and savings. An asset index strategy is used to measure the change in ownership of items before and after migration. The study also applied the household subjective well-being strategy in which the households assess their economic situation and poverty rate before and after migration.

#### 2.3. Related Studies in Myanmar

Migration across the borders of Myanmar is long-standing. Reasons for out-migration from Myanmar include relative poverty, lack of employment opportunities, inability to earn enough to support an adequate standard of living, as well as political and/or ethnic conflict (Andy, 2012). The International Organization for Migration (IOM) estimated that official worker remittances to Myanmar totaled USD 127 million in 2013 (2013). According to Turnell et al., informal remittances were three to four times higher than formal remittances (Turnell et al., n.d.). Many studies such as Osaki, K (2003), Punpuing et al. (2006), Khine (2007), Turnells (n.d.), indicate that remittances are an important source of income for the families of migrants in Myanmar. This income can be used to pay back the debt migrants borrowed to cover their emigration expenses, for their families' daily consumption, education for siblings or children and for future investment (Chantavanich & Vungsiriphisal, 2012). The remittances Myanmar workers send from Thailand are overwhelmingly used to assist their families with basic survival (Turnell et al., n.d.). Chantavanich and Vnngsiriphisal confirmed that remittances are another important aspect of labor migration as most workers sent a significant amount of money back home. The remittance was mainly for daily consumption by their families in Myanmar. If workers return, the remittances will disappear, and migrant households will need to find another source of income (Chantavanich & Vungsiriphisal, 2012). In a study of remittance flows from Thailand to Mawlamyine, Myanmar, undertaken by Nwet Kay Khine, it was found that the higher the number of migrants, the greater the sum of remittances the household is likely to receive. Though the volume of remittances they send is varied and dependent on the legal status of migrants and

the working conditions, the amount migrant workers are sending is still greater than the wages they earned in previous jobs. Furthermore for those who were previously unemployed migration can yield sizable earnings (Khine, n.d.). Schmitt-Degenhardt (2013) stated in "A Regional Perspective on Poverty in Myanmar" that at the national level, remittances make up about 57 percent of overall household expenditures (or 1.1 million Kyat per year), with 75percent for rural and 45 percent for urban households.

#### 3. Research Methodology

#### 3.1. Research Methodology

This study compared the status of households before and after migration. By focusing on households that began receiving remittances three to five years ago, outcomes are measured in terms of change in household assets, income, and expenditures on education, health, donation and travel. The study also investigated changes in the perception of the economic status of households and their housing conditions prior to and following migration. This study applied the strategy of subjective well-being in which households rate their economic situation and poverty level before and after migration.

#### 3.2. Profile of Study Area

The study was undertaken in the Kyike Kaw village in Mon State. Mon State is located in South-eastern Myanmar and it shares a short border with Thailand in the east. It is one of the most significant migrant-sending areas in Myanmar. The 2014 census shows that Mon State has the highest number of reported migrants with the total of 426,586. Mon women in particular prefer to migrate to Thailand because it is easier for them to return home to their villages, even though the wages in Thailand are lower than those in Malaysia (Linn, 2011).

Kyike Kaw is a 'ward' (an administrative area in an urban zone) of Thu Wanna Witty Sub-Township in northern Mon State. Thu Wanna Witty was established in combination with Kyike Kaw village, Thain Sate village and Ywa Gyar village in 2015. It is twelve miles from Tha Hton, the former capitol of the ancient Mon kingdom.

Kyike Kaw village was established as a ward in 2015, due to its rapid development since 2012. The village recently gained access to electricity and the conditions of roads and streets have improved.

#### 3.3. Sample Size

Kyike Kaw village has a population of 8,724 and is divided into twelve zones. The total number of households is 1692. The study was limited to six of the twelve zones because the number of households with migrant workers is not significant in the other six. According to informal interviews with the administrative clerk and people in Kyike Kaw, two thirds of the total households in the selected zones have migrant workers.

A significant number of people in the selected zones migrated into Thailand during the past five years because of the limited employment opportunities and low wages in Kyike Kaw village. In order to measure the effect of migration, data was collected from those households containing migrants that had migrated three to five years ago. The total number of households in the selected zones is 1144, and the number of households containing migrants that had migrated three to five years ago is 226. Utilizing the snowball method, 122 households from these zones were selected as the overall sample size (See Table 1).

Table 1: Description of Sample

Kyike Kaw Ward					
No.	Name of Zones	Total number of households	Number of households with migrants who migrated three to five years ago	Number of sample	
1	Ta Man Gyi	400	54	27	
2	ThaYat Taw	200	31	19	
3	Ba Go Su	166	42	29	
4	Out Gyin	140	44	24	
5	Ah Pyin Nan Gone	150	33	11	
6	Hti Pone Su	88	22	12	
		1144	226	122	

Kyil	Kyike Kaw Ward				
No.	Name of Zones	Total number of households	Number of households with migrants who migrated three to five years ago	Number of sample	
7	ShweHinThar	146	Not Significant		
8	Pyi Taw Aye	103	Not Significant		
9	Ah Paw Tan	100	Not Significant		
10	Pyi Taw Thar	78	Not Significant		
11	ZayYatKwat Su	65	Not Significant		
12	Ah Twin Nan Gone	56	Not Significant		
Tota	l Number of househ	nolds	1692		
in K	yike Kaw Ward				

#### 3.4. Data Collection

The data for this research was collected from primary and secondary sources. A questionnaire was used to collect quantitative data such as level of income, expenditures, assets, the perception of improvement of economic situation, and the poverty rate. Interviews were also conducted in order to gather the perception of the effect of migration on economic well-being.

#### 3.5. Conceptual Framework

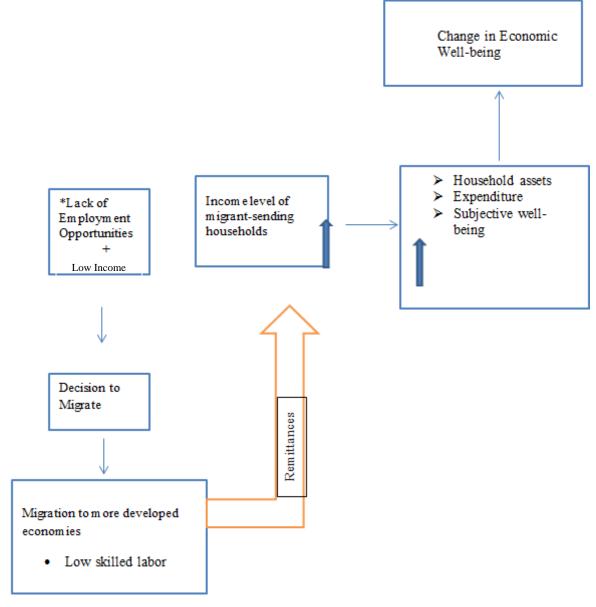


Figure 1: Conceptual Framework

#### 4. Results and Discussion

#### 4.1. Data and Descriptive Analysis

Data for estimating the effect of labor migration on economic well-being of migrant households was obtained from the household survey undertaken by the researcher. There are 310 migrant workers from 122 households, of which 153 are male and 157 are female. It was found that the number of migrant workers in a household ranges from one to six and the mode number is two. The data revealed that majority of migrants (218 migrants) fall within 18 and 30 year old age group (See Fig. 2).

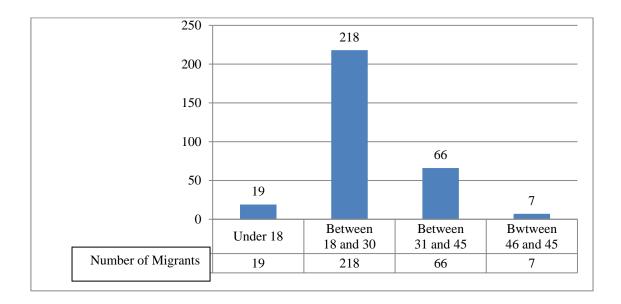


Figure 2: Age of Migrants

In the study area, there were only six heads of households that migrated to Thailand. Most of the heads of household were employed as casual workers in the village. The majority of the migrant workers, about 134, had primary level education and there was only one migrant worker with a graduate degree (See Fig. 3).

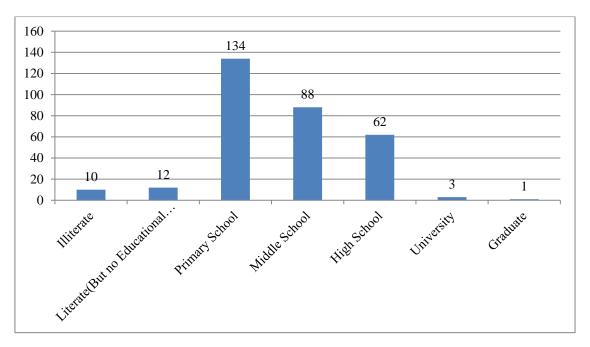


Figure 3: Education Level of Migrants

The migrants in the survey were employed as low skilled workers in Thailand as their education level was very low. Fig. 4 shows that 40 migrant workers were employed as domestic workers. The remaining migrant workers were employed across a number of industries including fisheries, agriculture (rubber harvesting in particular), construction, and garment factories. About half of the households did not know which sector their family members were employed in while abroad.

Most of the people living in the Kyike Kaw village are seasonal workers without regular work or income. Fig. 4 shows that the majority of migrants were working as casual laborers prior to migration, hired by farms in busy seasons such as harvesting and planting. In other seasons, they earned money by making bamboo baskets, digging sanitation holes, thatching huts, and sometimes, selling hand-made products. On the other hand, there were 43 migrants that were farmhands prior to migration and had been engaged for the entire year. However, the households reported that the wages or income from such jobs was not substantial enough to make a living.

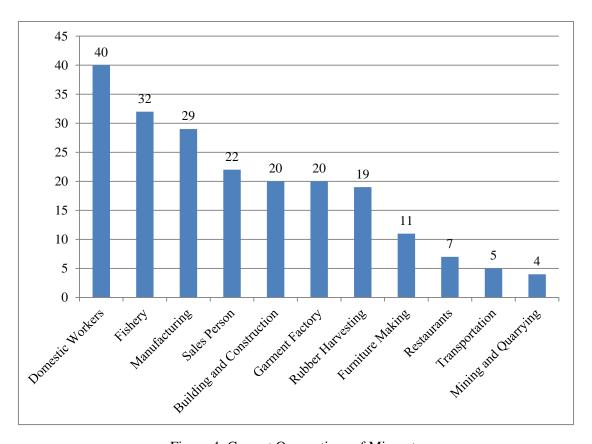


Figure 4: Current Occupations of Migrants

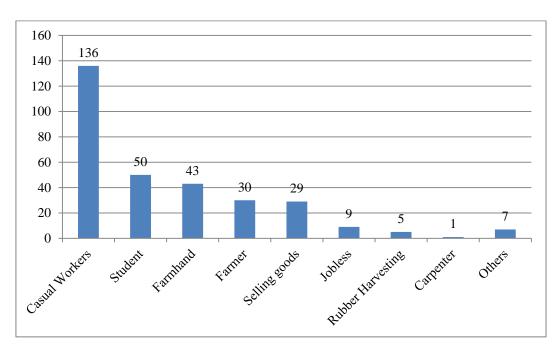


Figure 5: Former Occupations of Migrants

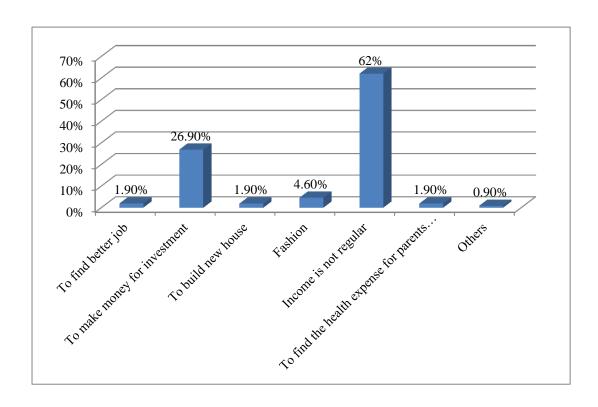


Figure 6: Reasons for Migration

As can be seen from Fig. 6, about 62 percent of the households indicated that their household member decided to migrate because they did not have a regular job or income in the village. About 26.9 percent mentioned the reason that household members migrated was to earn extra money, meaning to find money for investment. The percentage of people who decided to migrate to be part of a trend was just five percent.

A large majority of the households in the survey, about 96.7 percent, started receiving remittances during the past five years, which means that migration was a recent phenomenon in the study area. It was found that 87.7 percent of the households receive remittances regularly from migrant workers. In this study, about 94 households used the *hundi* remittance system, which is an informal money-transfer system in Myanmar. They have access to *hundi* dealers in their villages or nearby villages. The money-transfer fee charged by the *hundi* dealers is 500 Kyats for the amount of 100,000 Kyats (1 USD = 1,300 Kyats). If the dealers come to their house to deliver the money, 1,000 Kyats is charged for transportation fees. Only 17 households used banks such as the Myaweddy Bank or the Myanmar Livestock and Fishery Bank to receive remittances (See Fig. 7).

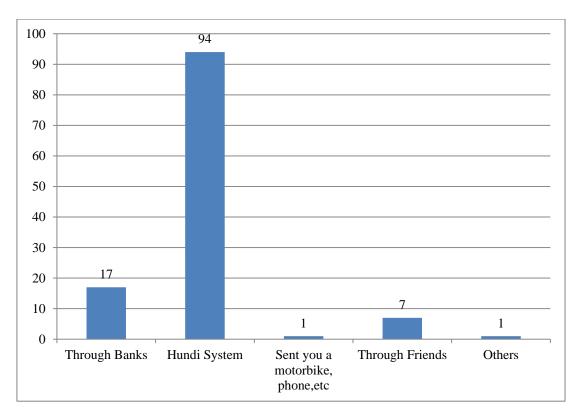


Figure 7: Methods of Transferring Remittances

About 40 percent of households in the survey indicated that the remittances sent by their members were currently their main source of income. Before migration, 45.1 percent of households indicated that their main source of income was daily wages. They received this income through employment as casual workers. After migration, only 23.8 percent of households nominated daily wages as their main source of income. As shown in Fig. 8, the percentage of households that depend on daily wages has decreased but the percentage of households dependent on income from sale of goods and farming/livestock has increased. It can thus be inferred from the evidence that the sampled households allocated more resources to income generating activities such as selling goods and livestock after receiving remittances.

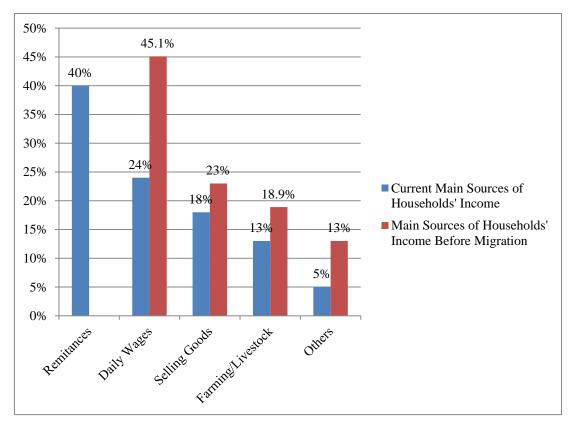


Figure 8: Main Source of Income

Source: Survey Data

If remittances were absent, however, 66.9 percent of the households responded that other sources of income would be the alternative means of funding including selling goods and employment as casual workers. Of the total households, 71.1 percent of households indicated that the remittances are mainly used for the household consumption of food (See Fig. 9).

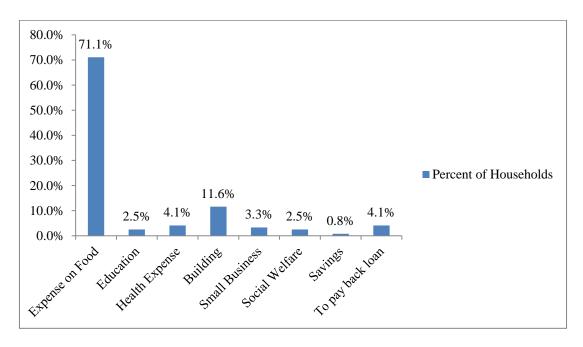


Figure 9: Main Use of Remittances

#### 4.1.1. Remittances, Households' Expenditure and Loan

In this study, 52.1 percent of migrant households had received remittances four to five times in the last 12 months. As can be seen in Fig. 10, only five percent of households reported that they did not receive remittances, with a total of 50 households receiving between 300,001 Kyats and 1,000,000 Kyats in remittances during the last year. The maximum amount remitted was between 5,000,001 Kyats and 7,000,000 Kyats, with only two households receiving this amount.

The figures show that of the various expenditures included in the survey, the highest number of households invested in education. The maximum amount of expenditure on education fees was 1,000,001 to 3,000,000 Kyats, with two households falling in this category. 50 households spent 50,001 Kyats to 300,000 Kyats on education. And approximately 35 households in the survey did not report any spending on education at all during the last year, as there were no school-age children in the household.

In the last year, a total of 78 households reported spending on health, and a total of 68 households indicated a donation had been made in an amount ranging from 5,000 Kyats to

5,000,000 Kyats. Approximately 30 households spent from 5001 Kyats to 1,000,000 Kyats, on travel and/or vacation during the previous twelve months.

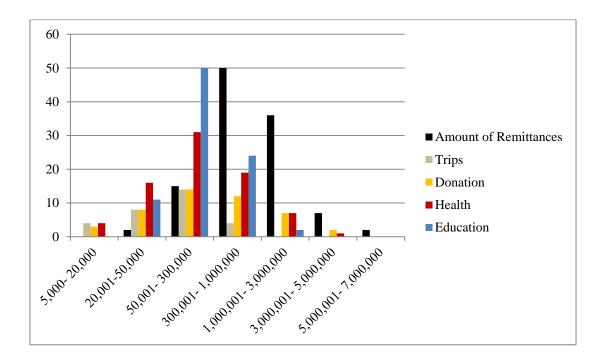


Figure 10: Remittances and Household's Expenditure on Education, Health, Trip and Donation

Source: Survey Data

Figure 11: Monthly Expenditure on Food

The households' monthly expenditure on food ranged from 5,000 Kyats to 500,000 Kyats. The majority of the households, 66, had a monthly expenditure of 100,001 Kyats to 200,000 Kyats on food. Another 30 households spent 50,001 Kyats to 100,000 Kyats on food (See Fig. 11).

In the survey, 47 households responded that their expenditures were higher than their income, meaning that despite having family members sending remittances, they still did not have enough income to support their living expenses. 21 households reported their expenditures were at the same level as their income, with only 21 households reporting that their income was higher than expenditures (See Fig. 12).

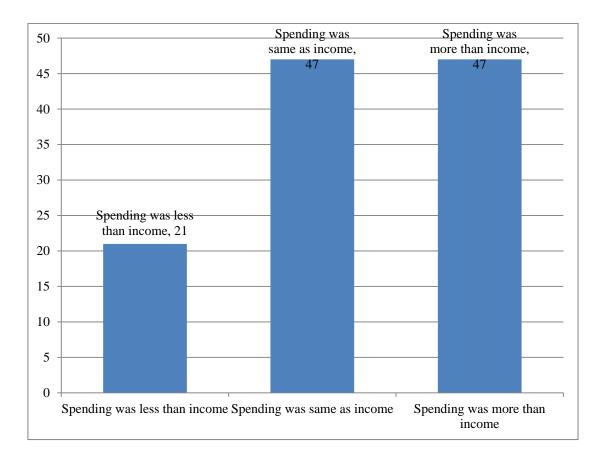


Figure 12: Spending and Income

Source: Survey Data

The study reveals that of the 120 households surveyed, a total of 72 had requested financial assistance for daily expenses because of a lack on income during the previous twelve months (See Fig. 13).

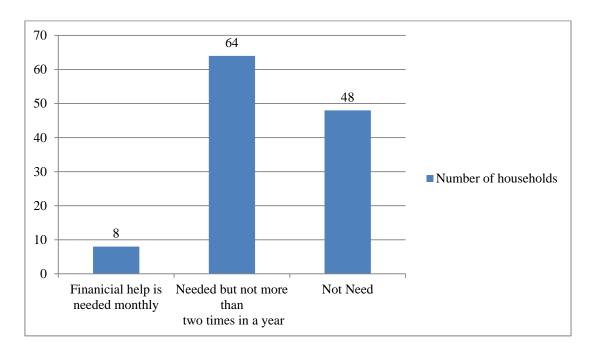


Figure 13: Financial Help for Daily Expense

As can be seen in Fig. 14, 71 households received loans for buildings, migration costs and other investments in the last five years.

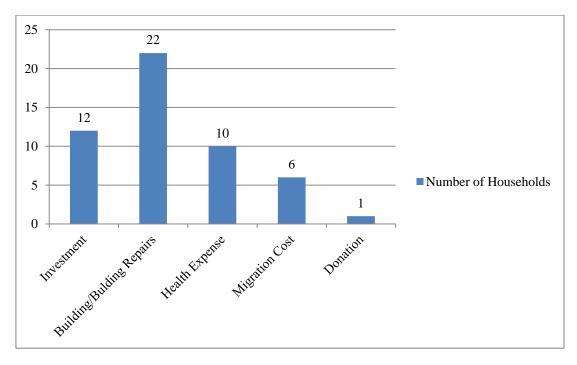


Figure 14: Purposes of Loan

The amount of the loans granted varied between a minimum of 20,000 Kyats and a maximum of 5,000,000 Kyats (See Fig. 15). The amount of interest varied from 1 percent to 20 percent.

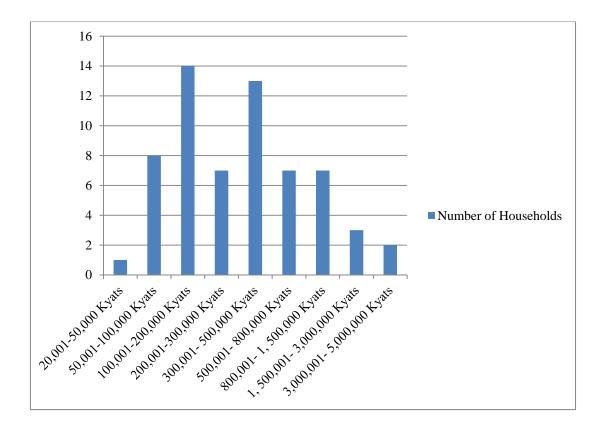


Figure 15: Amount of Loan

Source: Survey Data

#### 4.2. Perception of Migrants' Households on Improvement after Migration

As can be seen in Fig. 16, following the migration of a family member, 28 households responded their expenditure on education was higher than it was compared to five years ago. In addition to being sent to school, children were being sent for private tuition. And 33 households reported an increased spending on donations. The respondents stated the increase in expenditures was due to the improvement of their economic situation, not because of inflation. It can be concluded that an increased number of households had increased expenditures on education and donations as compared to five years ago. In addition, 14 households responded increased spending on vacation and/or travel compared to five years ago.

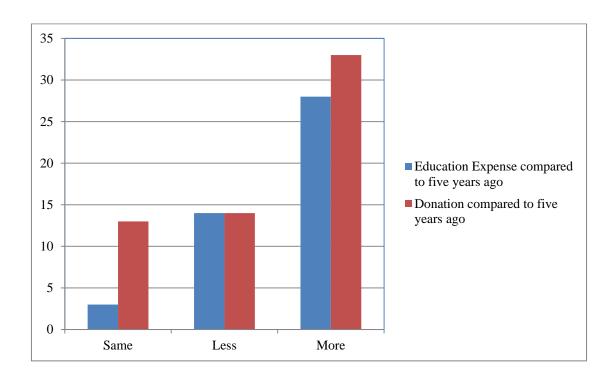


Figure 16: Perception of Education and Donation Expenses before and after Migration

#### 4.2.1. Change in Overall Economic Status of Households

Using a five-point scale where one means non-poor and five means absolute poor, the respondents ranked their overall economic status before the migration of their family members, and at the time of the survey. As shown in the Fig. 17, there is a difference in perception of economic status before and after migration. An increased percentage of households selected 'non-poor' when compared to five years ago. At the same time, the percentage of households which selected three (a little poor), four (very poor), and five (absolute poor) decreased when compared to five years ago.

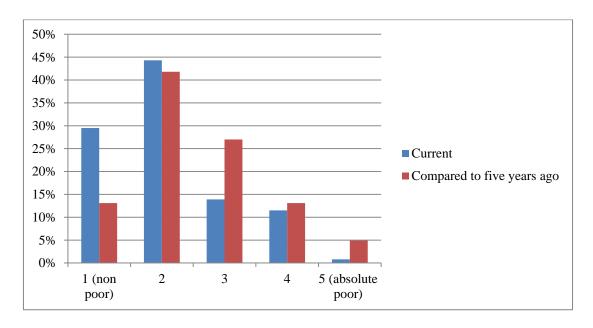


Figure 17: Change in Overall Economic Status of Households

In this study, 52.1 percent of households responded their overall economic situation had improved as compared to five years ago. However, 14.5 percent of households responded their economic situation had worsened as compared to five years ago, because family members did not send remittances regularly. To cover migration expenses, households had borrowed money and were in debt, or assets such as gold or their farms were sold to cover the migration costs (See Fig. 18).

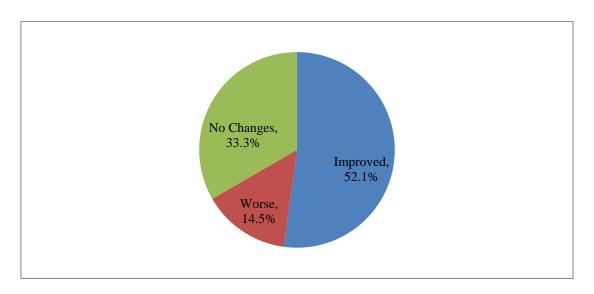


Figure 18: Economic Situation Compared to Five Years Ago

#### 4.3. Change in Housing Conditions

In a study by Arif (n.d.), a major change was found in the households' conditions before and after migration due to remittances enabling households to upgrade their homes. In the Kyike Kaw village case study, 122 households were requested to compare their housing situations at the time of the survey to the conditions prior to the migration of family members. As shown in Table 2, the greatest change observed was in access to electricity, which increased by almost 50 percent. Ownership of televisions and refrigerators also increased significantly after migration. The percentage of migrant households which owned brick and wooden houses increased by 9.1 and 5.7 percent respectively, whereas hut ownership decreased from 29.5 to 14.8 percent. Finally, there was also a moderate increase in the number of households that had access to improved sanitation facilities after migration, from 77 to 91.0 percent. [For the purposes of this study, improved toilet facilitation is defined as a flush toilet or a water seal (improved pit latrine) (Republic *et al.*, 2015)].

Table 2: Change in Housing Conditions

<b>Housing Conditions</b>	Before Migration	After Migration
Improved Sanitation Facilities (%)	77	91.0
Electricity (%)	23.0	72.1
TV (%)	11.5	65.6
Satellite (%)	1.6	46.7
Refrigerator (%)	5.7	23.8
Brick house (%)	13.9	23.0
Wooden house (%)	56.6	62.3
Hut (%)	29.5	14.8

Source: Author's Survey Data

The findings show that 29.5 percent of households built new houses between 2012 and 2014, and another 19.7 percent built new houses between 2009 and 2011. This can be contrasted with the percentage of households which built new houses between 2006 and 2008, which were only 9.0. In other words, the percentage of households building new homes increased over the past five years.

Table 3: The Percent of Households which Built New Houses

Year	Percent of Households (%)
2006	2.5
2007	4.9
2008	1.6
2009	4.1
2010	10.7
2011	4.9
2012	8.2
2013	11.5
2014	9.8

Source: Author's Survey Data

#### 4.4. Comparative Results

The survey revealed that 42 households engaged in agriculture or animal husbandry during the past five years. However, the number of households engaged in agriculture or animal husbandry at the time of the survey was 31. In the study, two means of households with income from agriculture or animal husbandry, and households without, were investigated. Zero is given to the households engaged in agriculture or animal husbandry and one is given to the household not engaged in either. As can be seen in Table 4, the mean income of households that receive income from agriculture or animal husbandry is 5.21 and mean income of the households without is 5.10.

It was also found that the mean income of households that indicated their main source of income comes from remittances is 5.08. The mean income of households that reported other income sources, such as agriculture, wages and sale of goods, is 5.19. It is noted that the mean income of the first group is lower than the second group.

The study revealed a fair and positive relationship between total income and the amount of remittances. In other words, if the amount of remittance increases, the total income will also increase.

Table 4: Mean Income between Households with Farming Activities and Households without Farming Activities

	<sub>A</sub> 1	N	Mean	Std. Deviation	Std. Error Mean
	YES	28	5.21	.787	.149
<sub>B</sub> 2	NO	83	5.10	.932	.102

Source: Author's Survey Data

Table 5: Correlation between Total Income and the Probability of Receiving Remittances

		С3	D4
С	Pearson Correlation	1	.434**
	Sig. (2-tailed)		.000
	N	112	108
D	Pearson Correlation	.434**	1
	Sig. (2-tailed)	.000	
	N	108	118

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

Source: Author's Survey Data

As can be seen in Table 6, the probability of receiving remittances is a weak and positive relationship with the number of migrants in each household. In other words, the greater the number of migrants in a household, the greater the sum of remittances the household received.

<sup>&</sup>lt;sup>1</sup>Currently, is your household doing any farming activities or raising animals?

<sup>&</sup>lt;sup>2</sup> In the past one year, how much was your total income? <sup>3</sup> In the past one year, how much was your total income?

<sup>&</sup>lt;sup>4</sup> How much did the person send in the last twelve months?

Table 6: Correlation between Number of Migrants in a Household and the Probability of Receiving Remittances

		С	E5
С	Pearson Correlation	1	.299**
	Sig. (2-tailed)		.001
	N	112	112
Е	Pearson Correlation	.299**	1
	Sig. (2-tailed)	.001	
	N	112	122

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed)

Source: Author's Survey Data

## 4.5. Interviews with Migrant-Sending Households

Interviews with migrant-sending households were conducted in order to identify the change in perception of their economic status before and after migration.

### An interview with a mother of migrants working in Thailand

A fifty-year-old mother of two female migrants explained their economic situation prior to the migration of her daughters as compared to the time of the research. The interview was conducted at her house at 11 a.m. on 25<sup>th</sup> April 2015. She explained,

Our family faced financial difficulties before migration. My husband is in poor health. My two daughters planted [rice] paddy in the growing season. But they had no job in other seasons. I had to harvest rubber for a living also. My elder daughter migrated into Thailand in 2010. We borrowed 350,000 Kyat to pay for her migration costs. After three or four months, we could pay back the loan through her remittances. At that time we had to pay back 600,000 Kyats to the lend dealer. In 2011, my second daughter followed her sister.

<sup>&</sup>lt;sup>5</sup> How many members of your households are now living outside of the country?

Now our economic situation has improved. We are able to spend money to improve my husband's health. I do not need to harvest rubber anymore, so I can look after my husband at home. My two daughters can make 8,000 Kyats each in Thailand. If they worked here, they would only get 3,000 Kyats each and the income was not regular. Now we are planning to repair our house since we have some savings.

# An interview with a father of migrants working in Thailand

A sixty-year-old widower with four children who lives with his elder daughter shared his story. His eldest daughter is a graduate but she does not work because of poor health. They built a new wooden house last year. Before that, they lived in a hut that was in poor condition. The interview was conducted in their house which is situated in Ta Man Gyi zone in Kyine Kaw village at approximately 1p.m. on 25<sup>th</sup> April 2015.

My eldest son migrated to Thailand in 2010. He has sent remittances since he left. He provides support for the educational expenses of his siblings. Now his young brother and sister have followed him. I do not need to work as a casual laborer since they send me remittances regularly.

#### An interview with a mother of migrants working in Thailand

The interviewee is a sixty-five year old woman with nine children, who looks after her grandchildren at home. Her husband is a motor-cycle driver but he only earns a small amount of income. The interview was conducted in her house at 10:00 a.m. on 26<sup>th</sup> April 2015. She said,

Two of my daughters and their husbands are working in Thailand and I have to look after their children. These two couples have six children between them. They send 400,000 Kyats a month. The amount is not enough for the family since our expenses are higher than the amount of remittances sent and we have no other source of income.

# An interview with a mother of migrants working in Thailand

A forty-six year old woman with three children who lives with her husband and nine year old daughter explained that they sold their house two years ago to pay off debts. Their current home is a hut in terrible condition. The interview was conducted in this tiny hut on 27<sup>th</sup> April 2015. She said,

Our family's economic situation has worsened since the migration. They have not sent any money since they left three years ago. If they were here, I could get their wages. They could pick up betel leaves here. Now our family only has income from my husband working as a casual laborer and we are also paying back the loan we took to cover the migration costs.

### 5. Conclusions

The objective of this study was to investigate the effects of labor migration on the economic well-being of migrant-sending households in Kyike Kaw village, Myanmar. The study also assessed the factors influencing the decision to migrate the characteristics of the migrants and migrant households, and the use of remittances. The findings demonstrate that lack of employment opportunities are a major push factor for many people to migrate out of the village.

An analysis of the data gathered reveals that following migration, the standard of living of migrant families show significant improvement. The number of households with access to the electricity and sanitation increased significantly. From the sample of households included in the survey, 72.1 percent had access to electricity after migration as compared to only 23 percent prior to migration. According to the latest census data, in Mon State the percentage of households using electricity is 36 (Republic *et al.*, 2015). Likewise, the percentage of households with improved sanitation after migration increased to 91 percent, which can be compared to the latest census data of 78.7 percent.

A significant increase in mobile phone ownership can also be observed in the post-migration period. Although most people in Myanmar were able to purchase mobile phones at a more economical price than compared to three years ago, they did not have the financial means to do so. It is clear that migration has increased the standard of living more for the majority of the households included in the sample. Another study in India on the effects of rural labor migration shares the findings that migration has a positive effect on the standard of living due to the improved facilities such as sanitation and telecommunications (Akash *et al.*, 2015).

Labor migration has made a substantial contribution towards enhancing the well-being of migrant households. It has also enabled increased expenditures on education and donations, and the perceived economic status of the households has increased.

Based on the research findings, it can be concluded that the level of poverty among these households is considerably lower than before migration. However, the relationship between migration and poverty reduction is complex and it requires baseline data on the poverty status of the households prior to migration. This type of information is rarely available as only longitudinal surveys covering longer periods of time can provide the necessary baseline information. Another method is to take a comparative approach between migrant and nonmigrant households in terms of the level of poverty and any other issues of interest (cited in Arif, n.d.). A 2013 UNDP report on poverty in Myanmar stated that remittance receiving households have a 6 percent higher consumption expenditure as those without, which ranges in the states/regions from 14 percent less (Taninthayi) to 30 percent more (Mandalay). But throughout Myanmar, food poverty, general poverty, and the poverty gap, is higher for remittance households than for non-receiving households. If correct, this would indicate that it is the poorest of the poor that send workers out for migration, and confirms the poverty alleviation function of migration and remittances. These 'poorest of the poor', however, are likely to be very low-skilled and only able to afford migration to the least favorable areas, thus being able to send only marginal amounts back home (Schmitt-Degenhardt, 2013).

The data presented by the analysis demonstrates that the probability of receiving remittances is positively correlated with the number of family members working abroad. Although the households with a high number of migrants, such as four or five, do not have other sources of income, their economic well-being is improved. If the migrants are single, they are able to send more money to their parents. This finding was also observed in a study on Senegalese migrants in France, noting that unmarried migrants tend to remit more than migrants who have their families with them (IFAD, n.d.).

According to survey data, the highest use of remittances was for daily consumption, which matches with other research done in Myanmar. The remittances sent from Thailand by migrant workers are overwhelmingly used to assist their families in basic survival- with little in the way of funds left over for investments and other 'productive' purposes that would maximize their development impact (Turnell *et al.*, n.d.). Linn (2011) also found that remittances are likely to be used to smooth out consumption expenses rather than as investment for future profit.

The study also noted the total income of the sampled households is positively correlated with the amount of remittances they receive. Khine (n.d.) indicated that remittances are raising the income level of the family members left in Myanmar because the amount being remitted is greater than the wages that were being earned by the migrants in their home country. Finally, the Department for International Development (n.d.) mentioned that migration can benefit individuals and their families, by increasing income, the development of skills, improved social status, building assets and improving the quality of life.

The analysis reveals that the households with access to income from agriculture and animal husbandry activities have a higher income than the households without. A study on the characteristics of migrant-sending households in southern Mon State noted that, for a migrant coming from an agricultural household, the remittances can contribute to not only supporting the household consumption but also to other income generation activities (Linn, 2011).

Labor migration can also have negative effects, in particular on households that received very low remittances from their members. In the sample, 14.5 percent of the households did not have other sources of livelihood, and their overall economic situation worsened after migration. It is also observed that almost half of the households, despite receiving remittances regularly, still face financial difficulties since the amount received was less than their household expenditure. Linn (2011) noted that although the income from remittances can be a contributing factor to increase the welfare of a household, it is an unstable and fragile factor as the stability of migrants' income from working overseas is dependent on the rules and regulations of their destination countries.

According to the survey and qualitative interviews, most of the workers had only attained a low level of education - the majority had only completed primary level education. Graduates tend to work in government sectors or with private companies in urban areas. Thus it is the people with low levels of education that migrate into Thailand as low skilled workers. A recent phenomenon in the village is 'the practice of parcel child'. This refers to young workers that get married in Thailand and have babies; at one month of age the babies are sent to live with their grandparents in Myanmar through friends or dealers.

A formal banking system through which villagers can receive remittances safely and with a reasonable transfer fee is a necessity in Myanmar. The majority of the migrant-sending

households currently receive remittances through the *hundi* system. Although senders cover the transfer costs on the sending side, all the surveyed households also reported that they incurred additional fees at the recipient side. These payments ranged from 1,000 to 2,000 Kyats, in order to receive an amount of 100,000 Kyats, which is equal to one to two percent of the total amount remitted. It can be concluded that the transfer charges are quite high since both sides are paying these fees. A study on migrant worker remittances from Thailand to Cambodia, Lao PDR and Myanmar noted that the development impact of remittances depends on the migrant workers' access to money transfer channels that are affordable and safe, and on the recipient households' capacity and opportunity to use the money for productive investment (Linda & Pracha, 2010). All stakeholders should promote the use of savings facilities through the establishment of village banks and savings groups.

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