



## **An Analysis of Determinants of Filipino Migrants' Remittances\***

**Jeah Jung**

Donguk University, Korea

**Chang Hyon Jo**

IPAID, Yonsei University, Korea

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The purpose of this research is to analyze determinants of remittance amount sent by Filipino migrants in the United States and Saudi Arabia for finding immigrant policy implications in the host and the home countries. Based on the transnationalism perspective, we tried to verify a more integral view of determinants of migrant's remittances for effective future policy making. Through OLS regression and Blinder-Oaxaca decomposition analysis about Filipino migrants, we found that there exist differences in correlation of migrants' individual, family characteristics, socio-economic, structural, and regional factors, with the amount of remittance from the host country (the United States or Saudi Arabia). Conclusively, this research provides an example of comprehensive understanding of remittance behavior, as well as prompting the need for redistribution policy by the home country on social inequity with remittances, and the need of policy attention by host countries on immigrants' family relations in home countries.

[Key Words: Migrant Remittance, Transnationalism, International Migration, Poverty, Transnational Family]

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## I . INTRODUCTION

Migrants' remittances, as an important financial resource for economic development of home countries such as Southeast Asian developing countries including the Philippines, generate policy implications in light of their socioeconomic effect. Governments of these countries make effort in policy making for vitalizing migrant's remittances. It is because migrant's remittances are not only a solution for poverty due to unemployment or other problems, but also have positive effects on national or local economic development through invigorating consumption by each household.

In addition, the host countries continuously accepting short-term laborers with economic reasons are deeply interested in policy implication of migrants' remittance in the following respects: *what effects remittances can have on economic and local development in the home countries as developing countries, how forms of remittance differ by the host countries, and migrants' likelihood of settlement and its relationship to the amount of the remittances.*

These concerns of policy implication of migrant's remittances have given rise to discussion about determinants of them. The discussion has focused on motives of remittances. In other words, it has been on the perspective of remittances from migrants' altruistic motive for family welfare, self-interest of the migrant for future economic activities in the home country, or an interactive combination of these two motives. However, these discussions focused on motives of remittances are based on the premise that migrants are only actors having their identity determined by home countries despite living in the host countries. For example, it is assumed that Filipino migrants are devoted to their lives and economic activities in the Philippines rather than them in their host country, regardless of their foreign lives.

However, discussion about migrant remittances, viewed as strategic activities considering institutions and environments in the home country and the host country, have recently emerged in light of discussions on motives of remittances.

According to the argument, transnationalism is pursued as the strategy of migrants reconstituting their identities and intending economic interest beyond national borders, rather than only being dependent on the society of home countries. That is, migrants attach a great importance not only to the life in the home country, but also to the life in the host country, and their economic strategies can be constituted through consideration of both countries.

When viewing migrants' remittances as a transnational activity, it can be said that determinants of remittances are not limited to either the home country or the host country. Thus, it can be expected that limitations of existing researches focused on only one country out of the home country and the host country can be overcome with the perspective of transnationalism. In this regard, this research will examine the utility of transnationalism in migrant remittance research through analyzing cases of Filipino immigrants who had lived or are living in the United States or Saudi Arabia.

The reason for the social consequences of migrant's remittances is that remittances are used as tools for traditional welfare of migrants' family. Altruistic perspectives on motives of migrants' remittances expect that remittances can be a solution of poverty problems from unemployment or diseases, and even ease off social inequity. However, if migrants' remittances are strategic activity, not only altruistic activity, social consequences from remittances would be expected as more complicated. In other words, another purpose of this research is examining whether there is positive effect of migrants' remittances on alleviating poverty in the home country, or negative effect of aggravating existing social inequity.

Characteristics and effect of immigration policy is closely related with migrants' remittances. Especially, since forms of remittances by short-term immigrants is one indicator of their choice as settlement on the host country or return to the home country for economic activities, the forms have been analyzed to identify shortcomings in the immigration policy of the host country. However, there could be limitations if the remittances are related to factors of the home country, not only institutional or environmental factors. Moreover, it could be

more logical to compare remittance patterns of different countries having different immigration policies. By comparing remittance patterns of two host countries, we can find out several implications for future reforms of immigration policy of those countries through discerning effects of immigration policy on migrants' remittances.

For these purposes, this research analyzed the remittances by Filipino immigrants in the United States and Saudi Arabia to their families left behind. As remarked above, if remittances are influenced by the socioeconomic environment facing immigrants, immigration policy, and immigrants' status in the host country can be factors affecting the remittances. As is well known, the United States and Saudi Arabia are countries implementing very different immigration policy. The United States has a relatively generous policy about immigrants' settlement and acquisition of citizenship compared to other countries, while Saudi Arabia imposes many more limitations. Therefore, in the United States, Filipino immigrants are living in various conditions (from permanent residence through to short-term residence), whereas most are living as short-term resident in Saudi Arabia. Furthermore, Filipinos in the United States tend to work in a relatively unfettered range of occupations, but in Saudi Arabia, they have job restrictions by gender. Most men work in constructions, but most women in household labor, such as childcarers or as housemaids.

Due to historical experience—the colonization of the Philippines and ensuing cultural assimilation—the United States can provide Filipinos with an environment for easier settlement and economic activities in religion, language, and culture. However, Saudi Arabia has little common ground for Filipinos in this respect. Especially, Saudi Arabia, as a Muslim country, has an unfavorable environment for long-term residence of Filipinos with Catholic backgrounds. These differences of residential environment for Filipinos in the United States and Saudi Arabia could be extended to different institutional and societal environment for Filipinos' remittances from the two countries.

This research is structured into three parts. First, structural determinants of

migrants' remittances will be discussed through reviewing existing research and arguments, subsequently, research questions for this paper will be suggested. Second, empirical analysis of structural determinants of Filipinos' remittances from the host country to the home country will be conducted through comparing cases of Filipinos in the United States and Saudi Arabia. Lastly, we will discuss the policy implications of these Filipino cases on the host country and the home country regarding economic development through migrants' remittances, and summarize the contribution of this research to the theoretical discussions about migrants' remittances.

## **II. REVIEW OF EXISTING RESEARCH ON MIGRANTS' REMITTANCES AND THEORETICAL FRAMEWORK**

Migrants' remittances research of various immigrant groups are conducted in many fields of social sciences such as political science, sociology, and economics. These research generally have focused on motives for remittances. Thus, patterns of migrants' remittances research can be classified by social science disciplines on what demographic attributes affect motives of remittances— family, region, immigrant community, or the state.

First, migrants' remittances are thought to stem from decisions made by family relations of the sender. The work of Lucas and Stark (1985) is an example of that. They view migrants' remittances as grounded in both altruistic motives for supporting family and self-interested motives for economic gains. The former cases can be seen as strategic economic activities on the family level for effective use of family resources, not on a personal level. The latter cases are generally for keeping parents' concerns to the migrant with remittances because the parents have economic resources that may be inherited to them in the near future.

If decisions on remittances by immigrants are affected by family relations, as in

the argument by Lucas and Stark (1985), and the remittances have forms of private transfer for improving family welfare, we are prompted to identify the determinants of enforcing the strategic use of family resources. Some researchers view the cause of enforcing the family's role of welfare provider as undeveloped public welfare institutions failing to replace family in the society, or as traditional family values that emphasize solidarity among family members. As seen in the discussion of "informal security regime" by Wood (Wood, 2004), remittances by overseas members of a family can be more essential to family welfare resources in a society that is lacking an effective public welfare system because family or kinship network are the only viable family resources such societies. This perspective are mostly interested in the relationship between the remittances and family characteristics. For example, the status of remitting person in the family (child, parent, etc.), educational background of the immigrant, social class of the family, the region where the family resides (urban, rural, etc.), and length of overseas residence of the immigrant are discussed as the determinants (Vargas-Silva, 2006 Heath and Ridge, 1983 Carling, 2008a).

Another perspective exists as to which migrants' remittances are affected by the characteristics of the immigrants' hometown or ethnic community in the host country. Immigrants (especially, short-term immigrants) often plan to return to their hometowns and settle there, therefore they need to maintain their ties to the hometown communities (Massey and Basem, 1992). In other words, the immigrants remit to their families to reinforce the fact that they are also community members, maintaining values and norms of the communities (Carling, 2008b; Hage, 2002). Therefore, if remittances are economic activity-based on family obligation and dominant values, and if the family of immigrants resides an economically backward region, their remittances can not help to be more economically significant than other immigrants' having family residing in richer region.

The worse the economic situation of a migrant's family or of the region where the family lives is, the stronger the motive for the migrant's remittances can be. In

addition, paternalism shared by the family and community ethics of the region can be internalized in the motive of remittances. With a similar perspective, there are remittances research focusing on the relationship of the ethnic community characteristics in the host country with migrants' remittances. If there are, in the host country, some ethnic communities that are closely related with the home country economically or culturally, and if their strong connection with the home country is maintained, migrants' remittances could become more frequent.

Furthermore, immigrants can remit more easily because there are unofficial means of ethnic remittance agents or middlemen in the ethnic community. On the contrary, there are also other arguments to the effect that the existence of ethnic community is not always positively correlated with migrants' remittances. For instance, it is proposed that some migration groups, having a well developed ethnic community in the host country, are in economic hardship more than other groups (Clark and Drinkwater, 1998). Migrant groups in economic hardship can have a greater possibility of doing ethnic business dependent on the ethnic community, which can have negative effect on the size and frequency of remittances. This region or community perspective tends to focus on moral motive in remittances and economic situation of remitting or remitted person, similarly with the perspective of family perspective above.

Lastly, there is also other argument, which highlights migrants' remittances' relation with the home country or the host country of the migrant. On top of that, as seen above, research on remittance and the home country focus on the economic situation of developing countries, overseas migrant remittance policy, and remittance behavior (Carling, 2008a). Developing countries without sound industrial infrastructure tend to solve social problems from high unemployment rate through exporting labor (Ruiz, 2006). Particularly, The Philippines is implementing policy as utilizing migrants' remittances as resources for economic development and is solving unemployment problems of the highly educated through encouraging oversea employment of citizens (Choi, 2010). For these reasons, Filipino migrants can get the designation of "national hero" by The

Philippine government even agencies for managing them are established (Kwon, 2005). The home country praising oversea migration as patriotic activity, as in The Philippines, seems to have a significant positive impact on migrants' remittances.

Besides, many researchers report that the situation of the host country can affect migrants' remittances. First of all, remittances can be affected by the immigration policy of the host country. When policy of the host country that is unfavorable to long-term residence of immigrants exists, undocumented immigrants, who cannot carry on stable economic activities, remit more than legal immigrants to the home country (Amuedo-Dorantes and Pozo, 2006; Fairchild and Simpson, 2004). On the contrary, immigrants who reside for long periods and have a proper institutional environment for stable economic activities in the host country may remit less than others. Moreover, general economic conditions of the host country, immigrants' status in the labor market, and attitude of the home country citizens to the immigrants can affect migrants' remittances.

As in the discussions above, determinants of migrants' remittances can be diversely examined by their levels among family, group, region, or state. Thus, research about the relationship of migrants' remittances and about specific determinants can sometimes report very different results. The need for considering all the aspects of levels remarked above for figuring out determinants of remittances, characterizing remittances, or generalizing them has been increased. In recent years, transnationalism has provided a theoretical basis of fulfilling new needs for migrants' remittances research. Portes et al., who are representative advocates of transnationalism, define transnationalism as "a human activity that includes all interactions amongst individuals, their social network, the community that they live in, the community of the host country, the government of the host country, and the government of the home country." (Portes, Guarnizo, and Landolt, 1999) Therefore, researchers who support transnationalism suggest an integrated view of immigrants' activities affected by their circumstances as their communities, regions, or states, not just one of them. For example, immigrants'



transnational activities can be categorized by their political, economic, and socio-cultural characteristics, and by their level of institutionalization (Portes, Guarnizo, and Landolt, 1999). Transnationalism researchers can be said to regard migrants' remittances not only as transnational economic activities, but also as closely related with these levels and characteristics.

From the perspective of economic transnationalism, migrants' remittances are defined as the continuous activities for the purpose of maximizing his or her economic interests between 'here' and 'there' during the life in the foreign country (Portes, 1999). Transnationalism researchers understand migrants' remittances as sustained and institutionalized forms of bottom-up capital flow, which is different from typical capital flow by transnational corporations, and as a response to economic globalization by corporations or states. Moreover, according to this viewpoint, migrants' remittances as transnational activity are dependent on their transnational network, and the network is made and maintained by interactions with reality and economic background, not only by ethical motives. Furthermore, migrants' remittances are not wholly structured by national policy, but develop on the dimension of the migrants' responses to policies implemented by the home country or host country. The economic condition of the home country, and migrants' and their families' economic strategies can be other factors involved in the interaction (Portes, Guarnizo, and Landolt, 1999). To summarize, from the perspective of transnationalism, migrants' remittances are activity embedded in the structure affected by various personal and structural factors. This gives rise to a need to evolve amore meticulous analytical framework for examining determinants of migrants' remittances.

As a result of discussion on existing research about migrants' remittances and the theoretical argument on transnationalism, we adopt three levels of analytical factors—family, region, and country—for comparing the characteristics of Filipino immigrants residing in the United States and Saudi Arabia. Landolt, who studied Salvadoran immigrants in the United States from the transnationalist perspective, posits that there are determinants of migrants' transnational activity

on the micro level—such as their kinship and social capital—with their related communities, and on the macro level, such as government policy. Interaction between the structural factors surrounding migrants and their economic motives creates migrants’ transnational activity in this view (Landolt, 2001). Regarding this, we will analyze determinants of Filipino migrants’ remittances systemically on the basis of considering the three levels.

On top of that, relations between family factors and migrants’ remittances, the non-structural factor on the lowest level, will be analyzed concerning controlling region and country factors. As in Lucas and Stark (1985), family factors of migrants’ remittances can be the migrants’ educational background for understanding educational investment using family resources, length of overseas residence related with the investment, and the migrant’s position in his or her family. Among the factors, length of residence in foreign country is a widely used variable in migrants’ remittances research. According to the research, longer foreign residency reduces the amount of remittance to the migrants’ parents or families predicated on returning resources invested for his or her education. Length of foreign residency is also reported as related with expectation of settlement in the host country from the perspective of motives of remittance. Regarding altruistic motives, motives for supporting family through remittance can be weakened with less emotional communication with family as a result of longer foreign residence. Regarding self-interest motives, a greater possibility of long-term economic activity in the host country can cause economic resources be used for economic activities in the host country rather than being remitted home country (Vargas-Silva, 2006). In other words, length of foreign residence has a negative relation with migrants’ remittances, due to both altruistic and self-interest motives.

When controlling family characteristics, it will be possible to figure out the relationship between institutional settings—like economic conditions in the home country or immigrant policy of the host country—and migrants’ remittance. In the case of the Philippines, from the point of view of the same effect on Filipino

migrants of economic conditions in the home country and government policy in the host country (regardless of which countries), economic conditions in the host country can affect them differently. Table 1 summarizes these discussions.

As remarked above, if migrants' remittances can be seen as activity embedded in the institutional settings and economic conditions in the home and host country (adopting the viewpoint of transnationalism), ideal features of migrants' remittances can be designed. This can consider concurrently the home country factors – like economic conditions of migrants' hometowns – and the host country factors such as institutional settings, like immigration policy or the existence of a relevant ethnic community<Table 1>.

Economic conditions in the hometown can show not only the migrant's family's economic situation indirectly, but show the situation in the migrant's arena of future economic activity after returning to the hometown. If the economic condition of a migrant's hometown is good, it means that economic environment for the migrant is also good for his or her employment or business after coming back – if not, it will not. Economic hardship in a migrant's hometown means that his or her economic help for the family is needed. If the family lives in a relatively rich town, it means that they are likely able to live without help from the migrant as a family member. To summarize, while ethical obligation of a migrant as a family member or local community member can strongly affect migrants' remittances, self-interest motives as future investment to hometown can be stronger than ethical obligation when the migrant's family live in a relatively affluent region.

Secondly, surrounding conditions for immigrants in the host country are closely related with the possibility of settlement. If the conditions are favorable to the immigrants, they can save income or use it for economic activities in the host country rather than remit most of their income to the home country. On the contrary, if the conditions are not favorable, they can remit the income to the home country as preparation for economic activities after coming back in the future.

Considering these structural conditions in the host country and the home country, we can expect the inclination of remittances by Filipino immigrants to reflect the United States having favorable conditions, and of Saudi Arabia having unfavorable conditions. As suggested above, we premises that migrants are not passively subordinated to the host or home country, but intend to maximize economic interests of themselves and their families with limited resources in light of the host or home countries' situations.

First, Filipinos residing in the United States with favorable conditions for them will remit more to The Philippines for maximizing their economic effectiveness if their families live in richer region than if in poorer regions ( $1 > 3$ ). It is because Filipinos' utilizing limited resources for economic activities in the host country is economically more advantageous to the remitter than remitting the resources to their families when their possibility of settlement in the United States is high. However, Filipinos residing in Saudi Arabia will not have much difference in the amount of remittances, regardless of whether their families live in affluent regions or not ( $2 \approx 4$ ). Since Saudi Arabia is not a favorable place for settlement and long-term economic activities, Filipinos can not help but choose the remittance of most of their income to their families in the home country.

Secondly, comparing Filipino immigrant groups in the United States and Saudi Arabia by their families' regions, expectation of their economic activities after returning from the host country will be relatively positive if their families live in richer regions. In this case, remittances can be similar regardless of families' regions ( $1 \approx 2$ ). On the contrary, if economic situations in families' regions are poor, Filipino migrants in unfavorable host countries for immigrants can make larger remittances than them in those in favorable host countries ( $3 < 4$ ). This difference can be said to come from the possibility of choices of continuous residence and economic activities in the host country instead of the home country. In the next section, we will conduct statistical analysis with data provided by The Philippine government for verifying these expectations.

Table 1. Structural Embeddedness of Migrant' s Remittances

		Environment of the Host Country (Immigrant Policy, Existence of Ethnic Community)	
		Favorable	Unfavorable
Economic Conditions of Family's Hometwon	Positive	1	2
	Negative	3	4

### III. DATA AND METHOD

The dataset to be used in this research is the 2003 *Survey on Overseas Filipinos* (SOF), conducted by the Philippine government. According to Philippines' National Statistics Office (2007), the survey is "a nationwide survey that seeks to gather information on Filipino citizens including overseas workers who left abroad during the last five years" and remittance data uses "the past six months reference period." The purpose of the survey is to measure the number of overseas contracts workers and to estimate their contribution to the national economy (PNSO, 2007). The SOF uses samples from the master sample, which uses a multi-stage sampling design to represent private households in all provinces of the country as Primary Sampling Units (PSUs). Therefore, cases of the 2003 SOF are from PSUs in the 2003 master sample. Among 2,888 cases of the 2003 SOF, the numbers of cases from Filipinos residing in the United States and Saudi Arabia are 299 and 645, respectively.

To analyze the amount of remittance based on individual characteristics and context of host and receiving country, we first employ Ordinary Least Square (OLS) regression with Huber-White standard errors for analyzing the effect of family characteristics of immigrants by each host country and situations of the families' regions on the people who conducted remittance. Since the data also contains people who don't conduct remittance, we measure Heckman's two-step estimation for correcting selectivity bias of data between people who conducted

remittance and who don't. However, Heckman's two-step estimation has indicated that selectivity bias is not present in our dataset. Therefore, we simply limit our analysis to the people who sent remittance. In addition, many dummy variables in the analysis may cause heteroskedasticity in error terms. We correct this possibility by using Huber-White standard errors. Since Huber-white standard errors adjust correlations of error terms across cases, it is more robust than normal standard errors (Green, 2002).

After conducting OLS regression, we will use Oaxaca-Blind decomposition analysis (Blinder, 1973; Oaxaca, 1973) for differentiating compositional effects of people in our dataset and structural effect of each country. Along with OLS regression results, the decomposition analysis is expected to return specific information about amount of remittance conducted i.e., whether people who are heads of family in Saudi Arabia remit larger amounts than those in the United States. We will discuss the result of the decomposition analysis to substantiate interpretation of our OLS regression analysis. Changes of remittances in the case of controlling region and host country variable will be examined as well through both OLS and Oaxaca-Blind decomposition analysis.

In our analysis, the dependent variable is the total amount of migrant remittance in Philippine Pesos that Filipino migrants send to their families. Independent variables differentiate into three categories and are shown in Table 2. The rationale of differentiating variables is to examine contextual impacts on remittance before and after migration. In Table 2, educational background is scaled from one to five (no education, primary, secondary, post-secondary, and college education, respectively). In the case of occupational status, the collected dataset from the Filipino government includes occupational information of respondents based on the International Standard Classification of Occupation (ISCO).

The ISCO scheme ranks job status from the highest status (1) to the lowest status (10) in order of skill levels (ILO, 1999). ISCO bases classification on two criteria: the level of skills requires for an occupation and the degree of

specialization of those skills (Iversen and Soskice, 2002). Second, marital status, sender's position in the family, and sending method are classified into four categories (Table 3). Lastly, the variable of region classifies 16 geographical regions in the SOF into four categories and ranks them on a scale of one to four according to their average income (Table 4). The scheme of this classification lies in measuring effects of regional economic circumstances to workers that limit migrants' economic activities when they return home.

Table 2. List of Independent Variable

Description	Independent Variables
Individual characteristics (Control variables)	Age, Gender*
Family characteristics	Marital status, Educational background, Number of months spent abroad, Sender's position in family*,
Context of host country	Sending method*, Occupation
Context of receiving	Receiving region (by income level)*

Table 3. Categories of three variables

Variable	Classification
Marital Status	Single, Married, Widowed, Separated/Divorced
Sender's position in family	Head, Husband/Wife, Son/Daughter, Other relation
Sending Method	Bank Transfer, Agency/Local Office, Friend/Co-worker, Other method

Table 4. Regional Classification

Classification	Regions	Score
Region1 (<100)	Autonomous Region of Muslim Mindanao, Caraga, and Western Mindanao	1
Region2 (100 to 150)	Eastern Visayas, Western Visayas, Minaropa, Bicol, Northern Mindanao, Central Mindanao, Southern Mindanao, Central Visayas, Ilocos, and Cagayan Valley	2
Region3 (150 to 200)	Cordillera Administrative region, Central Luzon, and Calabarzon	3
Region 4 (over 200)	National Capital region	4

Source: Philippines National Statistics Office (2007), [www.census.gov.ph](http://www.census.gov.ph)

#### IV. RESULTS AND DISCUSSION

Filipinos residing in Saudi Arabia are subject to an unfavorable immigration policy, and those in the United States, which has favorable conditions for immigrant settlement and economic activities are good examples to be compared for answering the research question. Saudi Arabia is the country where the largest number of short-term Filipino migrants reside. According to the Philippine's 2006 statistics, newly migrated short-term Filipinos rank the highest in numbers (23,459 persons) among sample countries in the survey, while long-term migrants in Saudi Arabia are very scarce. On the other hand, the United States is the country chosen by most long-term Filipino migrants, and also has the biggest ethnic Filipino community. As seen in Table 5, these two countries, which have two distinctive characteristics in terms of destination choice, can provide a good case study for the purpose of this research. Whether the remittance pattern of Filipinos in these different countries also differs is the key question.



Table 5. Visa Status of Overseas Filipinos Who Are Employed in the Host Country  
(Unit: Person, Percent)

	Saudi Arabia	United States
Contract worker	633(98.1)	137(45.8)
Work with Philippine Embassy/Consulate abroad	-	1(0.3)
Worker other than contractual	4(0.6)	19(6.4)
Tourist	4(0.6)	49(16.4)
Student	-	2(0.7)
Immigrant	3(0.5)	80(26.8)
Others	1(0.2)	11(3.7)
Total	645(100)	299(100)

Source: A Survey on Overseas Filipinos 2003, PNSO

Table 6 shows the effect of factors concerning the amount of remittance from migrants in the United States and Saudi Arabia. According to the analysis, individual attributes of workers do influence the amount of remittance. Female workers tend to send less money than male workers, and an increase in the level of education also increases the amount of remittance, regardless of their country of residence. In the case of Saudi Arabia, it is noticeable that an increase in age also increases the amount of remittance. The result shows that educational background of Filipinos in both countries is significantly correlated with the amount of remittance. This result largely conforms to that of Lucas and Stark (1985). As Lucas and Stark (1985) argue, the higher the family's educational investment in a migrant is, the higher the possibility of compensation for the investment by the migrant is.

Second, regarding family characteristics, it is determined that married workers tend to send more remittance than single workers, which is significant only in Saudi Arabia. This result is the same as that of existing research, in which it is found that immigrants having families have to conduct remittance for supporting the families. However, it is interesting that marriage of Filipinos in Saudi Arabia has a bigger effect on the remittance than marriage of Filipinos in the United

States. Interpreting the result in the basis of Carling's (2008) argument, immigrants who bring their spouses abroad remit less than who do not. Considering Saudi Arabia's immigrant policy blocking Filipinos' settlement, it can hardly be expected that there are significant numbers of Filipinos with their spouses. This interpretation is persuasive because Filipinos residing in Saudi Arabia are mostly temporary contract workers, while those in the United States have a very diverse status range, from long-term to short-term immigrants.

It is well established that length of stay and amount of remittance has a negative relationship (Vargas-Silva, 2006). Statistical analysis on migrants in the United States reveals that length of stay is inversely related with the amount of remittance. That is, temporary migrants send more money than long-term migrants. In a same sense, Heath and Rigdge (1983) argue that temporary migrants have tendency to choose work that can have higher returns at a short period of time than work which commensurate with their experience. Nevertheless, as shown in Table 6, Filipinos' length of residence abroad shows a weaker-than-expected correlation with their remittance to the home country. The correlation is generally known as its relation with educational investment. It is not confirmed among Filipino immigrants' cases in the United States and Saudi Arabia that longer overseas residence decreases the amount of remittance, which is proposed by Lucas and Stark (1985). In spite of this, the results can be interpreted with reference to Amuedo-Dorantes and Pozo (2006). Correlation between length of residence abroad and remittance is not clearly found in their research, either. They posit an interpretation of the correlation, however, by how immigrants can have income in stable conditions in the host country. That is, immigrants with stable adaptation to the labor market of the host country can decrease remittance as length of foreign residence increases, but those who are without stable adaptation can not, despite longer residence. As an example, irregular migrants are more likely to make higher remittance than regular migrants are.

Fairchild and Simpson (2004) and Amuedo-Dorantes and Pozo (2006) reveal that irregular migrants tend to remit a larger portion of their income than regular

migrants do. More specifically, Fairchild and Simpson (2004) have empirically analyzed Mexican migrants who move to Pacific Northwest regions and conclude that illegal migrant workers send more money than their counterparts. Amuedo-Dorantes and Pozo (2006) also discover similar findings from analysis of Mexican migrants in the United States – that illegal migrants are more likely to transfer their money due to their uncertain situations and insecure status.

When considering these cases, it is necessary to find out whether migrants have stable employment and legal status in the host country when examining the correlation between length of residence and remittance. In the case of Filipinos in Saudi Arabia, the fact that most of them are temporary contract workers with an uncertain status in the labor market can be interpreted as the reason why those who remain longer send more money to the home country.

The last independent variable showing family characteristics is immigrants' status in their families. In this research, the amount of remittance between family members is compared. The correlation of migrants' status in the family and remittance is shown as a different inclination in the case of Saudi Arabia and the United States. Having either the husband or wife position but not head of the family increases the amount of remittance compared to other positions in family, regardless of residence status. However, having head-of-family position for workers in Saudi Arabia also increases the amount of remittance, which is not the case with United States workers. The difference in the amount of remittances relative to family status is large for Filipinos in the United States, whereas the difference is small for Filipinos in Saudi Arabia. Specifically, the spouse of the breadwinner made the largest remittances among family members in a direct line in the case of Filipinos in the United States. The result is very different from the standard assumption that the head of the household would remit the most.

This result can be interpreted with the correlation above between marital status and remittances. Filipinos in the United States have a more favorable environment for residing with their families than those in Saudi Arabia. Thus, their family members in the home country can be less than those in the United States, even if

they are head of the household. For instance, Carling (2008) suggest that the amount of remittances is different deepening on the proportion of the family in the home country and the host country. If more family members of an immigrant are in the host country, the amount of remittance for the members in the home country could be less.

Another explanation about the reason of the greater remittance by spouses rather than by breadwinners can be individual immigrants' plans to return to their home countries. If a spouse leaves other family members, including the head, in the home country, he or she can have homecoming plans in near future. Migrant researchers report that if immigrants have homecoming plan in near future, they can remit more than others (Brown, 1998 Merkle and Zimmermann, 1992). However, when a remitter is the head of a household, he or she can continue economic activities in the host country. This interpretation can be supported by the result indicating that sons or daughters of a family tend to conduct less remittance to the family in the home country. The generalization of this kind of explanation, however, needs a more detailed analysis. Despite this, the differences show in the United States and Saudi Arabia for the correlation between Filipinos' status in the family and the amount of remittance can be suspected to come from the difference in prospects for settlement and economic activities in the two host countries.

Second, the effect of the host country's context is only significant in Saudi Arabia. Having a higher occupational status leads to a decrease in the amount of remittance. The result seems to be logical because most Filipinos residing in Saudi Arabia are short-term low-skilled laborers or care workers. Despite its statistical non-significance, lower occupational status leads to a marginal decrease in the amount of remittance in the case of United States.

One of interesting factors is sending methods. Choosing bank transfer as a sending method also increases the amount of remittance than other methods, while choosing friends or co-workers significantly reduces the amount of remittance in comparison. However, none of the sending methods is significantly different from

other method in the United States context. There is an inclination to understand the correlation of sending method and the amount of remittance in the relationship with ethnic communities in the host country (Carling, 2008a). If a robust ethnic community exists in the host country, and if an immigrant group does economic activities in close connections with the ethnic community, the group will be seen to conduct more remittance than other groups. This is because this group feels moral pressure more on the remittance, and there are many sending methods other than bank transactions (Carling, 2008a). As a result, it can be said that dependency on bank transactions is relatively stronger in Saudi Arabia (which is without a robust ethnic community with a long history) than that in the United States. This expectation can be easily identified in the statistical outcomes of our analysis in Table 6.

Lastly, reviewing the receiving country's context shows that there are common effects between United States and Saudi Arabia. The higher the regional average income is, the higher the amount of remittance conducted by workers in Saudi Arabia and in the United States is. As discussed above, this phenomenon can be explained by the difference of environment for immigrants' settlement in the United States and Saudi Arabia. Most Filipino workers in Saudi Arabia are temporary contract worker who have to leave in the near future, and thus cannot help but have only one option for the remittance of their income to their home country. However, workers in the United States can expect relatively more chances for long-term residence, so can have various options for remittance in accordance with economic condition of the region where their families live in The Philippines. This interpretation can be seen to be supported by Landolt's (2001) research about Salvadoran migrants in the United States. Salvadoran migrants concurrently consider economic situation of their hometown and the United States before using their economic resources for investing in more economically promising areas (Landolt, 2001).

Table 6. OLS Regression for log amount of remittance with Huber-White standard errors

	USA		Saudi Arabia	
	Coefficient	sig.	Coefficient	sig.
Age	0.007	(0.008)	0.011	(0.005) *
Female	-0.336	(0.158) *	-0.262	(0.089) **
Educational attainment (level)	0.155	(0.054) **	0.105	(0.025) ***
Number of Months abroad	0.003	(0.003)	0.006	(0.002) **
Marital Status				
Married	0.188	(0.199)	0.423	(0.153) **
Widowed	-0.403	(1.056)	0.564	(0.350)
Divorced/Separated	0.887	(0.770)	0.093	(0.285)
Occupation (level)	-0.042	(0.065)	0.120	(0.036) ***
Sending methods				
Bank Transfer	0.093	(0.181)	0.233	(0.077) **
Ethnic agent/Local Office	-0.163	(0.269)	0.063	(0.249)
Friend/Co-workers	-0.706	(0.586)	-1.232	(0.234) ***
Sender's position in family				
Head	0.174	(0.282)	0.323	(0.158) *
Spouse	0.622	(0.176) ***	0.273	(0.122) *
Son/Daughter	0.154	(0.231)	0.322	(0.175)
Receiving Region (Income level)	0.121	(0.082)	0.095	(0.046) *
Constant	8.970	(0.501) ***	8.079	(0.344) ***
F-value	5.37***		15.10***	
R-square	0.280		0.316	
Adjusted R-square	0.215		0.293	
N	180		482	

\* P&lt; .05 \*\* P&lt;0.01 \*\*\* P&lt;.001

- Base categories for dummy variables: Male (Gender), Single (Marital Status), Other relation (Sender's position), Other methods (Sending Methods)

We perform the Blinder-Oaxaca decomposition analysis for finding out how the amount of remittances by Filipinos in the United States and Saudi Arabia varied by country of residence. Blinder (1974) and Oxaca (1973) view that wage

difference between migrant workers occurs by discriminatory compensation systems of employers, and introduce a statistical model for detecting this effect. According to them, wages of workers are constituted of their own endowments, such as educational background or age, and other parts that cannot be explained with the endowments. They think that the latter are the effect of so-called discrimination in the labor market or its structure. Following their theory, difference in the amount of remittance by the host country, even if the migrants are all Filipinos, is partly because of higher endowments in the migrant group conducting remittance more than other groups. The difference, however, also occurs from migrants' inevitable conditions in the host country. That is, structural and enforceable aspects of remittance activity are stronger in the former group than the latter.

Under the statistical assumptions, we operated the Blinder-Oaxaca decomposition analysis (Table 7). The general result of the analysis supports the interpretations in former regression models. First, 34.5% of the difference in the amount of remittance by Filipinos in the United States and Saudi Arabia is explained as by the difference in group endowments, and 61.5% is not explained by this. Remittance difference is better explained by residing country than by group endowments.

In demographic factors of Filipino migrants, the age variable appeared as being able to explain remittance-amount difference of in the two groups. Filipinos in Saudi Arabia show bigger difference in the amount of remittance by length of residence in the host country than those in the United States do. In addition, variables of education, status in the family, and marriage explain the difference of remitting amount of Filipinos in the two countries on the same level. In detail, the remitting amount difference is bigger among Filipinos in the United States.

Despite this, difference in educational background is shown as a significant variable. It is shown that Filipinos in the United States have generally higher educational background than those in Saudi Arabia do. As for the variable of marriage status, difference in remitting amount between people who have a

spouse and those who do not is bigger among Filipinos in Saudi Arabia than those in the United States. It can be guessed that the difference exists because Filipinos who are married and residing in the United States have a higher possibility of living with spouses than those in Saudi Arabia. Lastly, Filipinos' differences in remitting amount by status in the family are shown as bigger among Filipinos in the United States than those in Saudi Arabia are. It is unique that although Filipinos migrants with spouses are more common in Saudi Arabia than in the United States, those in the United States conduct remittance more. This may be because Filipinos in the United States can have various options, such as remittance to home, savings in the country of residence, or consumption, by the status in family or kinship network, but Filipinos in Saudi Arabia can have relatively fewer choices.

In the case of variables showing conditions of the host country, occupation of remitter shows significance for explaining differences between Filipino groups in the two countries. Remitting amount difference by occupational status among Filipinos in Saudi Arabia is much bigger than that in the United States. When it comes to the method of remittance, dependency on official methods of remittance, such as bank transfer, is higher among Filipinos in Saudi Arabia than among those in the United States. This means that there exist various methods of remittance other than official ones for Filipino in the United States.

Considering the correlation between remittance and regions, as focused on in this research, better economic condition in the hometown of migrants is shown as correlated with greater remittance among Filipinos residing in the United States. There are no differences in family hometown effect between Filipino groups residing in the United States and Saudi Arabia. However, remitters who have families in urban area, such as Manila City—an economically rich region—tend to remit more than those who have families in areas experiencing poverty or wars. This inclination is more apparent among Filipinos in the United States.



Table 7. Oaxaca–Blind Decomposition on log amount of remittance between United States and Saudi Arabia

	Decomposition of Coefficient Difference: (United States) – (Saudi Arabia)			
	Explained	%	Unexplained	%
Age	0.015	4.32%	-0.157	-45.18%
Female	-0.003	-0.87%	-0.021	-6.17%
Education (level)	0.090	25.99%	0.282	81.18%
Occupation (level)	0.016	4.64%	-0.575	-165.51%
Number of Months abroad	0.008	2.29%	-0.110	-31.78%
Marital Status				
Married	0.009	2.51%	-0.168	-48.27%
Widowed	-0.003	-0.96%	-0.015	-4.37%
Divorced/Separated	-0.002	-0.53%	0.032	9.28%
Sender's position in family				
Head	0.008	2.24%	-0.016	-4.70%
Spouse	-0.020	-5.64%	0.156	44.78%
Son/Daughter	-0.005	-1.31%	-0.049	-14.17%
Sending methods				
Bank Transfer	0.031	8.87%	-0.108	-31.14%
Agency/Local Office	0.000a)	-0.08%	-0.005	-1.48%
Friend/Co-workers	-0.011	-3.18%	0.008	2.34%
Receiving Region (Income level)				
	0.001	0.20%	0.070	20.10%
			0.891	256.58%
Difference	0.134	38.48%	0.214	61.52%
Overall Coefficient	10.869		10.521	

a) less than 0.000

b) Notes: (+) sign indicates an advantage for the Filipino group residing in the United States; (-) sign indicates an advantage for the Filipino group residing in Saudi Arabia.

c) This analysis is based on the regression model in Table 5.

Summarizing the result of the statistical analysis, family characteristics, and kinship network may affect remittance behavior of Filipino migrants. Family obligation is thought to be a factor that can affect remittance from the result that

heads of household and their spouses remit more than children, and that people with spouses send more money than those without spouses. The positive relationship between educational background and the amount of remittance, as remarked by Lucas and Stark (1985), is confirmed through this research and also supports the interpretation above. The effect of family obligation or kinship network, however, is found as a tendency of decreasing or expanding in accordance with the conditions of the host country. Therefore, effects of family relations or kinship network on migrants' remittance cannot be exactly estimated and interpreted without considering the conditions.

The regional effect of the home country where the family resides and conditions of the host country, as another focus in this research, can be understood as a determining aspect of migrants' economic strategies. As remarked above, first, Filipinos in the United States having relatively more favorable conditions for long-term settlement are likely to remit more to their hometown that are in relatively rich region and offer prospective future residence of them, than to other regions that are. For effective use of resources, if their hometown in the home country does not have an adequate environment for economic activities in the future, Filipino migrants can save or consume their income more. On the contrary, the strategy cannot be applied for Filipinos in Saudi Arabia, because they do not have the range of options enjoyed by those in the United States.

Second, if a Filipino migrant's family lives in a rich urban area like Manila City, remittances will not differ much between migrants in the United States or in Saudi Arabia. However, if the family lives in an area in worse economic condition, they can get more remittance by family members in Saudi Arabia than those in the United States. This result can be interpreted as a projection of a greater possibility of worse social inequality remitting migrants face in the environment in the host country, by their family's residential area, or by economic conditions. In other words, on the assumption that remittance is a large portion of family income, total family income will not differ by the country where remitter resides if the family lives in a rich area, but social inequality between remitters'

families would be worse if the family lives in a poor area.

## V. CONCLUSION

This research analyze determinants of remittance behavior by Filipino migrants in the United States and Saudi Arabia with the purpose of finding immigration policy implications for the two countries. From the perspective of transnationalism in migration research, we tried to verify a more integral view of determinants of migrants' remittances and effectiveness of the view in future policy making in the home and host countries.

From the results of OLS regression and Blinder-Oaxaca decomposition analysis regarding Filipino migrants, we find that there exist several differences in correlation of migrants' individual and family characteristics, and socio-economic structural and regional factors, with the amount of remittance by the host countries (the United States and Saudi Arabia). Individual attributes of Filipino migrants as human capital, including education attainments, affect remittance to the home country in both the United States and Saudi Arabia. However, family characteristics, such as marriage, length of residence, or location in the family, show differences in remittance by residing country, with the exception of their relation with immigrant policy of the host country. Moreover, residential status of migrant in the host country and economic condition of original hometown where the migrant's family resides also affect the amount of remittance by the host country in light of migrants' economic strategies.

In summary, this research can provide the sending country or receiving country of migrants with policy implications due to the findings that determinants of remittance behavior by migrants cannot be understood as affected by single or a few separated factors of migrants themselves or from the environment surrounding them. Furthermore, this research also can prompt home country attention to redistribution policy aimed at resolving social inequity in hometowns

of migrants, which is derived from remittance inequality between migrants. In addition, the need for being interested in immigrants' relation with their families in home countries (not only with their own situation in the country they reside) can be noted as a policy implication for the host country through this research. As scholars supporting transnationalism suggest, more research is needed based on multi-dimensional and integral viewpoints of the reality of international migration, which can be the basis for better migration policy in migrants' home or host country.

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**Jeaaah Jung** has been conferred a Doctoral degree in Sociology from University of Oxford. She is working at Donguk University. Her research fields include Population, Ageing and Family policy.

**Chang Hyon Jo** has been conferred a Doctoral degree in Public Administration from Yonsei University. He is working at Institute for Poverty Alleviation and International Development (IPAID), Yonsei University as a Professional Researcher. His research interests cover Organizational innovation of Public enterprise(Privatization), Learning Organization of Public Organization, PSM(Public Service Motivation), HRD(Human Resource Development) & Career Development, Social enterprise and Social Capital, Poverty Alleviation and Public Policy.



국문초록

## 필리핀 이민 노동자 송금액의 결정요인 분석

정지아  
동국대학교

조창현  
연세대학교 민문문계국제개발연구원

본 논문의 목적은 미국과 사우디아라비아에 거주하는 필리핀 이주 노동자들이 보낸 송금액을 결정하는 요인들을 분석하고, 본국과 거주국의 이민 정책의 함의를 찾고자 한다. 초국가주의적 관점에 근거하여, 본 연구는 효과적인 미래 정책 결정을 위한 이주 노동자의 송금액 결정요인을 통합적인 관점에서 증명하고자 노력하였다. 본 연구는 필리핀 이주 노동자에 대한 회귀분석과 Blinder-Oaxaca 분석을 통하여, 미국 또는 사우디아라비아로부터 보내준 송금액에 대해서 이주 노동자의 개인, 가족적 특성, 사회경제적 요인, 구조적 요인, 그리고 지역적 요인 간의 상관관계에서 유의미한 차이점들이 존재한다는 것을 밝혔다. 결론적으로, 본 연구는 송금 행태에 대해 포괄적으로 이해할 수 있는 사례를 제공하고 할 뿐만 아니라, 송금의 사회적 불평등에 대해서 본국의 재분배 정책의 필요성을 제시하며, 본국에 있는 이주 노동자들의 가족 관계에 대해 거주국의 정책적 관심의 필요성을 보여주고 있다.

[주제어: 이민자 송금, 초국가주의, 국제이주, 빈곤, 초국적 가족]

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제1저자(주저자): 정지아 (Jeaah Jung)  
소속 및 직위: 동국대학교, 교수  
주소: 서울시 중구 필동로 1길 30 동국대학교 교양교육원  
전화번호: (02) 2260-3881  
이메일: jeaah.jung@gmail.com

제2저자(교신저자): 조창현 (Chang Hyon Jo)  
소속 및 직위: 연세대학교 IPAID, 전문연구원  
주소: 강원도 원주시 흥업면 매지리 234 연세대학교 정의관 445호  
전화번호: (033) 760-2587  
이메일: joch21c@hanmail.net