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Overseas Filipino Workers, Remittances and  
Sustainability: A Study of Filipino Migrant Workers in  
Papua New Guinea

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## Abstract

The chronic economic problems of the Philippines have resulted in the underdevelopment of that country compared to many of its Asian neighbours, forcing millions of its citizens to seek work abroad. Insufficient employment and economic opportunities await returnee migrants once their foreign contracts have expired, meaning that a significant number of migrants revert back to subsistence living upon returning to their home communities. When they have exhausted their savings in meeting the families' basic needs, they often find no alternative means to source an income. This desperate situation causes many returnee migrants to endure more poverty and desolation or to migrate once more.

This thesis is a study of the Filipino migrant workers in Papua New Guinea. The primary objective of this research is to identify the measures adopted by the Filipino migrant workers to ward off the potential effects of unemployment and economic hardship which may bring poverty and desolation when workers eventually return to live in their home communities. This study aims to establish how the migrants manage their remittances to make these sustainable in terms of providing income generating opportunities at home. In particular, the study examines whether part of their remittances are transformed into new forms of income-generating schemes that may deliver the same or similar levels of income when workers return to live in their home country.

This research also explores the different factors that influence people's decision to migrate. Typical migration movement is from the poorer Third World countries to the wealthier industrialized First World countries. This study, however, was a Third World-Third World migration relationship which is different from the conventional migration movement. The reason for this movement - why Filipino workers migrate to PNG, a Third World country, in search for employment is also examined.

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## Abbreviations

BOI	Bureau of Investment
CVs	Curriculum Vitae
DFA	Department of Foreign Affairs
DOLE	Department of Labor and Employment
EO	Executive Order
GDP	Gross Domestic Product
ILO	International Labour Organization
LOI	Letter of Instruction
NGOs	Non-Government Organizations
NICs	Newly Industrializing Countries
NSB	National Seamen's Board
NZ	New Zealand
OCWs	Overseas Contract Workers
OEDB	Overseas Employment Development Board
OFs	Overseas Filipinos
OFWs	Overseas Filipino Workers
OWWA	Overseas Workers Welfare Administration
Php	Philippine Peso (currency unit)
PNG	Papua New Guinea
POEA	Philippine Overseas Employment Administration
PRA	Participatory Rural Appraisal
TFC	The Filipino Channel

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## Chapter 1. Introduction

The concept of sustainability in this research is defined as the transformation of the economic benefit received overseas by the migrant workers into a new form of income-generating activity that would deliver a similar level of income to the migrant and his family. This research project argues that engaging in economic activity is the mechanism by which migrants could make their remittances sustainable so that there would be a continued flow of income for the family. This study will explore the thesis question: "Do Filipino migrant workers transform part of their remittances into some form of economic activity in their home country to make the economic benefit from working overseas sustainable?" The study will centre on Filipino migrant workers in Papua New Guinea (PNG). The objective of the research is to determine whether the Filipino migrant workers have initiated processes to convert part of their remittances into creating income-generating schemes while they were still working overseas to ensure the continuity of the economic benefits upon their return to their home country.

Through the evaluation and analysis of the migrants' questionnaire responses and group discussions, this thesis will show the different mechanisms put in place by the migrant workers that ensure sustainability of their remittances.

The increasing flow of labour migrants to international labour destinations has spawned numerous researches on the causes and outcome of international labour migration (e.g. Semyonov and Gorodzeisky, 2004; Massey et al, 1993; Piore, 1979; Lee, 1966). However, while the study and literature on the subject has grown considerably, very little, if any, research has been conducted on the sustainability of migrants' remittances. For example, a study to identify the mechanisms put in place by migrants to establish a means for an alternative income source, to form new income streams to make their benefits received overseas grow, is difficult to find. This research attempts to fill the gap by conducting a study on the measures adopted by migrant workers to ensure a sufficient flow of income is maintained when they return to live back in their country.

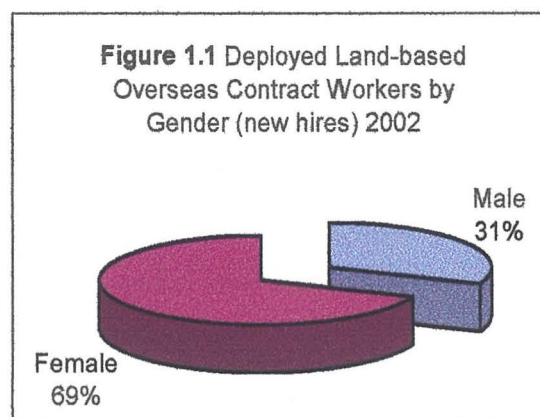
## 1.1 Setting the Scene for the Research

The flow of Philippine labour migration, since the first labour movement to Hawaii in the 1900s, has gained considerable importance to the Philippine economy, even to the present day. Because of the large scale flow of Filipino labour to international destinations, with an average 2,440<sup>1</sup> workers deployed every day (POEA, 2002), labour migration has helped reduce the pressure on the unemployment situation in the local economy. Initially, labour deployment was made up of mostly men destined to work in the construction and agricultural sectors, but since the labour potential of women was recognized and demanded overseas, the number of Filipino women migrant workers increased considerably, and now reaches 69% of the total migrants deployed (Figure 1.1).

Filipino migrant workers also play a significant part in the stability of the Philippine economy through their contribution to providing hard currencies needed in the home country through foreign currency remittances. In fact, during the

Philippine economic upheaval in the late 1980s which was caused by an unstable political situation and through the 1997 Asian financial crisis, the Filipino migrants' foreign currency remittances cushioned the Philippine economy against the effect of market shock, helping to stabilize the economy and keep it afloat (Commission on Filipino Overseas, 2000:13). Today, the Philippine Government considers the Filipino migrant workers as the "new heroes" because of the important contributions they provide for the betterment of the Philippine economy.

At the micro level, the massive inflow of hard currencies into the country indicates that for each migrant family, foreign currency remittances bring economic benefits and enhances the well-being of many families. However, certain economic



Source: POEA, 2005

<sup>1</sup> This figure was calculated from POEA data: Total 2002 migrant workers deployed of 891,908 divided by 365 days.

problems often arise when the migrants return to live in their home country. The returnee Filipino migrants must confront the harsh reality that in most cases, there are no employment or economic opportunities waiting for them in their home communities (Sison, 2002; Asian Migrants, 2005). Up till now the economic growth strategies the Philippine Government has implemented have failed to advance the economy to its full potential. This has attributed to the slow, or rather stalled, economic development that the Philippines is experiencing. The reality of insufficient employment opportunities at home creates a bleak certainty that there would be no means for returning migrants to generate income to sustain the day to day needs of the family. Statistics show that a significant number of migrant workers return to their original subsistence living when all their savings have been exhausted because their only source of income was the economic benefits they were receiving from overseas (Asian Migrants, 2005). This prospect of a dismal future for returnee migrants and their families is so real and widespread that a considerable number of returnee migrants have fallen victim to poverty and desolation. Other migrants resolve this kind of problem by deciding to re-migrate to create a renewed means of income stream for their families. Although the re-migration decision may be economically beneficial, the trade-off is hefty in terms of lack of social contacts particularly with the children. With a father or a mother re-migrating, family are once again left behind and the children grow up without close physical ties to that parent. This prolonged family separation impacts significantly on the psychological and emotional balance of the Filipino migrants particularly in maintaining the social values of a unified family unit. This, however, is the trade-off families have to bear in their desire to benefit from better opportunities abroad.

The prospect of a lack of income stream because of inadequate employment and economic opportunities awaiting the returnee migrant workers became the catalyst for conducting this research. The study is expected to determine the measures adopted by migrant workers to prevent this problem from happening to them. The thesis of this study maintains that engaging in economic activity is the means by which migrants make their remittances sustainable. This is founded on the assumption that if the migrants transform part of their remittances earned abroad into some form of economic activity in their home country, then they will have a new means of income stream to rely on when they return to live in their community. What is required is the establishment of a means for a constant flow

of income for the family without resorting to re-migration. The creation of this scheme, however, necessitated that the economic activity is managed well and to be profitable so that future revenue will be maintained.

The conduct of the research is important in understanding how the migrant workers use their remittances, particularly how they prioritise their household expenditure. Will remittances be mainly used for improving the household consumption level (i.e., standard of living)? (Semyonov and Gorodzeisky, 2004: 8; Martin et al, 2004). Or will part of their remittances be saved for future engagement in economic activity? Or are there other means of making their remittances sustainable? It is of interest in the study to recognize the plans for which the remittances were to be expended by the migrants' families back home. But most importantly, the study will uncover the sustainability measures the migrants have adopted to ward against the potential future threat of unemployment and economic hardship when they return to live back in their community. The study was expected to explain the phenomena of labour remittances and uncover potentials for its sustainability.

This study started from the following key assumptions: that migrant workers desire the continued flow of their present level of economic benefits upon their return to their home country; that migrant workers desire the improvement in their family's quality of life; that migrant workers have definite plans for the usage of their remittances; and that migrant workers are the main breadwinners in their family.

In seeking the answer to the research question, a mixed method of enquiry was applied. One was the issuance of questionnaires to Filipino migrants and the other, a focus group discussion. About thirty-four (34) Filipino migrant workers working in various business sectors in Port Moresby participated in the questionnaire survey. The questionnaire responses were then summarized and analysed to obtain an understanding of the issues at hand. In conjunction with the questionnaire, five participants were selected to form a focus group for which more detailed and personal questions were asked. A list of mostly open-ended questions was presented to the group to stimulate conversation. A participatory rural appraisal (PRA) method of discussion was applied to encourage free flow of ideas and opinion from participants. The results of the focus group discussion was

transcribed and analysed together with the results obtained from the questionnaire. These are the empirical data of the research.

The research was expected to raise important issues in the socio-economic aspects of the migrant workers' lives, to understand why they migrate, how they used their remittances, the benefits the family received, and their plans for the future. The research was also expected to shed light on what the migrant workers considered as their greatest achievement since working overseas.

## 1.2 Presentation of this Study

The presentation of the study was arranged in such a way that a logical progression of the issues was obtained. Chapter 1 of the thesis sets the broad objectives of the study, defining the problem statement and presenting the research question, as well as presenting the aim of the thesis, its objectives and brief explanation of the methodology to be employed. It also states the key assumptions and the limitations of the study, as well as the importance of the thesis and what contribution to knowledge it would make. Chapter 2 builds the background to the thesis, discussing the social, economic, and legal context that influence migration. The significant prior research conducted on international migration and migrant workers, the effect of remittances and the socio-cultural and economic influences brought about by migration will be discussed in Chapter 3 while Chapter 4 introduces in detail the research methodology and techniques employed in gathering the empirical data; Chapter 5 presents the results of the study – the summary of data and the interpretation of the various responses from participants. Chapter 6 discusses the outcome of the study while Chapter 7 presents the conclusions of the research. These processes are presented in Figure 1.2 Venn Diagram.

Although the research was conducted with the Filipino workers in PNG, the study was limited to the Filipino contract workers that are legally working in PNG. The study also excludes Filipino workers with resident status in PNG or resident status in other countries such as Australia or New Zealand. This exclusion is based on the assumption that Filipinos with resident status in any country are not most likely to

go back and live in the Philippines; hence, there is no incentive for them to invest in economic activity in the Philippines.

Figure 1.2 Venn Diagram

