

## **THE RELATIONSHIP OF REMITTANCE WITH THE LEVEL OF WELFARE OF HOUSEHOLD INDONESIAN OVERSEAS WORKERS IN TULUNGAGUNG VILLAGE**

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### **ABSTRACT**

This research aims to analyze the relationship between remittances and the level of welfare of overseas migrant worker households in Tulungagung Village, Kertasemaya District. This research uses a descriptive analysis method using a quantitative approach, data quality tests such as validation, reliability, normality, r square and correlation tests. The research results show that remittances have a relationship with the level of welfare of overseas migrant worker households Tulungagung Village, Kertasemaya District, Indramayu Regency. The results of the correlation analysis of the closeness of the relationship showed that the value of  $R_{xy} = 0.581 = 58\%$  means that the closeness of the relationship between remittances and the welfare of overseas migrant worker households is moderate.

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## **INTRODUCTION**

Community welfare is one of the main goals of the Indonesian State as stated in the 1945 Constitution and the State Principles of Pancasila. Society is a subject and object that plays a basic role in welfare. Humans themselves are the true wealth of a country or nation, so that the target and main actor of welfare itself is society. People's welfare is realized so that people can live a decent life so that they can develop themselves so that they can carry out their social functions well. A prosperous society means that society experiences prosperity. This welfare can be measured by looking at health, the economic condition of the community, perceived happiness and a decent quality of life.

Becoming a prosperous human being is certainly one of the goals of life, but prosperity cannot be achieved just like that. There are many ways and sacrifices that must be made to achieve the prosperity that each individual dreams of, for example by working. As stated (Sumarnonugroho, 1984) that meeting needs can be achieved through education or through the learning process. When working, individuals will experience a learning process within themselves because individuals will gain a lot of experience, knowledge and skills. This can develop individual potential and help individuals to achieve prosperity as explained by Amartya Sen (in Chamsyah, 2008) that prosperous individuals are individuals who can develop their potential optimally and can fulfill life's needs such as food, drink, security and opportunities. choose to achieve a decent life. Individuals who want to achieve prosperity by working have the opportunity to choose work that suits them.

To meet their living needs and improve economic welfare, some residents choose to become Indonesian Migrant Workers (TKI) abroad or what is usually called International Migration. By becoming a migrant worker abroad, it is hoped that the household needs or subsistence needs of the migrant worker's family who still live in their area of origin will be met with a certain amount of wages sent to the migrant worker's family. The amount sent from migrant workers abroad can be called remittances.

Remittances are one of the largest sources of income for developing countries. Remittances are believed to have an important role in national development and a country's inclusive economy. Remittances are a huge source of income for developing countries. Migration activities can be categorized as a process that helps in carrying out remittances to increase financial inclusion in developing countries such as Indonesia, for example (Inclusive Finance, Bank Indonesia, 2019).

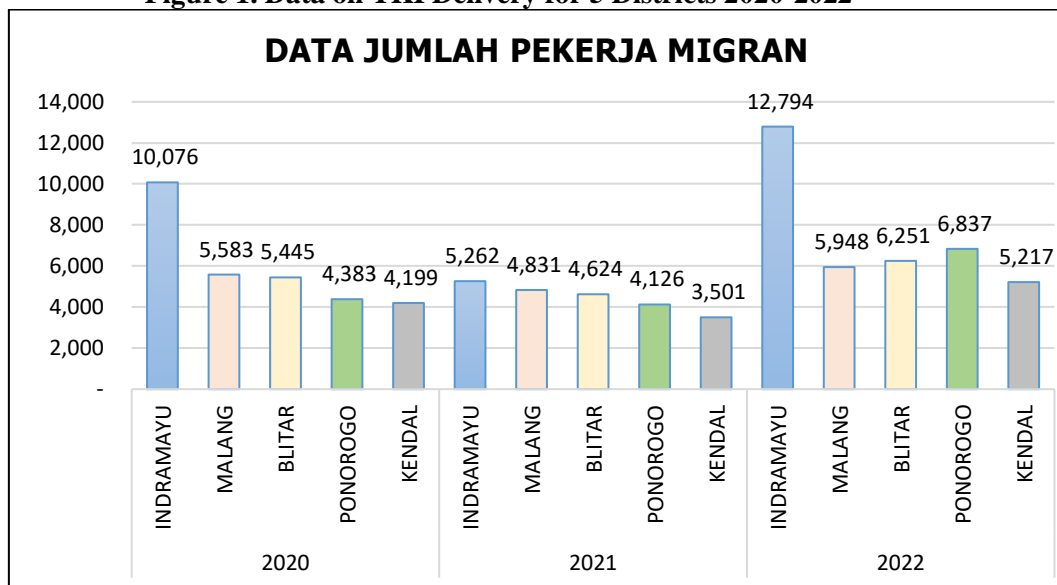
According to the definition of Bank Indonesia (2009), remittances are part of the salaries of migrant workers who enter Indonesia via shipping routes or are brought directly when they return to Indonesia. Remittances can be in the form of money or goods. The International Monetary Funds (IMF) defines remittances into 3 categories, namely remittances in the form of transfers or cash to families in the area of origin, cash income paid to individuals who work in other countries officially, and money transfers from foreigners as capital transfers.

Aprilliana (2013) said that Indonesia has a larger productive population compared to other ASEAN countries. This is not in line with the number of job opportunities provided by the state. Working income is also low while taxes collected are high. Conditions like this make productive residents in Indonesia look for work or move to work as Indonesian workers or female workers abroad. In essence, the higher the productivity of people working outside the country, the higher the remittances received by the Indonesian state.

Remittances also have an impact on economic growth. There are various conflicting perspectives regarding the impact of remittances on economic growth (Tolcha and Rao, 2016). The optimistic group believes that remittances have a positive impact on economic growth. Remittances generated by migrants have the potential to increase state income and increase financial sector development, thereby encouraging economic growth. The pessimistic group believes that remittances have a negative effect on economic growth (Haas, 2007). Remittances in developing countries tend to increase family consumption for spending on imported goods, so that inflation increases and can distort economic growth (Belmimoun, 2014).

The high availability of job opportunities and relatively high wages abroad have attracted the interest of migrant workers (both men and women), especially people from Indramayu, to work as migrant workers in other countries. According to Migrant Care data, there has been an increase in the number of migrant workers abroad and most of them are female migrant workers. So it is natural that many migrant workers are still looking for economic land abroad because there is not enough and sufficient employment in the country itself, besides the wages offered abroad are greater (Sarwono and Mainarno, 2009).

**Figure 1. Data on TKI Delivery for 5 Districts 2020-2022**



Source: BP2MI (Indonesian Migrant Worker Protection Agency), 2023.

Based on the graphic image above, it is known that Indramayu Regency is the largest contributor of migrant workers seen from data on the placement of Indonesian migrant workers by

Regency/City for the period 2020~2022 according to the data source BP2MI (Indonesian Migrant Worker Protection Agency 2023).

Every year, due to the lack of job opportunities, the people of Tulungagung Village, Kertasemaya District, Indramayu Regency prefer to complain about their fate as Indonesian workers abroad, with various destinations in different countries such as Japan, Korea, Taiwan, Hong Kong or the Middle East. For the people of Tuluangagung village, this has now become a tradition. The phenomenon of becoming a migrant worker continues to increase every year, not only men but women also choose to migrate and become migrant workers abroad. For women, the conditions for being able to work abroad are not too difficult, only general requirements such as attaching a KTP (Resident Identification Card), KK (Family Card), a health certificate from a health center or hospital and a permission letter from parents or husbands for those who have Marry. There is no age limit and there are not too many costs involved in working abroad, making women interested in working to help the family economy or improve their family's standard of living.

Based on the background above, the researcher is committed to conducting research on The Relationship between Remittances and the Level of Welfare of Indonesian Overseas Migrant Workers (TKI) Households in Tulungagung Village, Kertasemaya District, Indramayu Regency, West Java Province.

### METHOD

The location of this research was Indramayu Regency, West Java Province. In this research, the Independent variable is Level of Welfare of Indonesian Worker Households. Meanwhile, the independent variable is Remittance.

The data collection techniques used in this research are:

a. Surveys

Cohen and Nomion (Sukardi, 2003: 193) states that survey research is an activity to collect data with several objectives, including describing the current situation, identifying the current situation for comparison, and determining a relationship. The survey method used in this research was by visiting the research site in Tulungagung village, Kertasemaya subdistrict, Indramayu Regency and by identifying which households were overseas migrant workers.

b. Questionnaire

According to Sugiyono (2011: 142), a questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents for them to answer. The technique used by researchers in collecting data through questionnaires is that researchers distribute questionnaires in the form of statements to respondents selected as research samples.

c. Interview

An interview is a question and answer process in research that takes place orally with two or more people, listening directly to information or information. Interviews are a form of direct communication between research and respondents. This method is used to obtain data by meeting directly with respondents. According to Moelong (2012: 186), an interview is a conversation with a specific purpose. The conversation is carried out by two parties, namely the interviewer who asks questions and the interviewee who provides answers to those questions.

Interviews were used by researchers to obtain additional information regarding the process of migrant workers leaving abroad, descriptions of life abroad, income earned from working abroad and the use of remittance money received by overseas migrant workers in Tulungagung Village, Kertasemaya District, Indramayu Regency.

d. Literature review

According to Sugiyono (2016:291), library studies are related to theoretical studies and other references related to the values, culture and norms that develop in the social situation being studied. Apart from that, library studies are very important in conducting research, this is because research cannot be separated from scientific literature. Data is obtained from data that is relevant to the problem to be researched by conducting other literature studies such as books, journals, articles and previous researchers.

Through literature study, researchers collected data by quoting theories from books, journals and previous research related to the research material.

The research method used in this research is quantitative research. Quantitative research is data obtained and realized in the form of numbers and analyzed using statistics. According to

Kasiram (2008) quantitative research is a research method that uses data processes in the form of numbers as a tool for analyzing and conducting research studies, especially regarding what has been researched. Based on the method, the research was carried out using a quantitative descriptive method, which is research that aims to describe a phenomenon, event, symptom and incident factually, systematically and accurately.

Sugiyono (2008) explains that quantitative research methods are a scientific approach that views reality as concrete, observable and measurable, the variable relationships are causal in nature where the research data is in the form of numbers and uses statistical analysis.

**RESULTS AND DISCUSSION**

**1. T test**

**Table 1. T Test Results**

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.977	.618		3.199	.003		
Remiten	.523	.148	.523	3.522	.001	1.000	1.000

a. Dependent Variable: Kesejahteraan

Source: SPSS 23 Data Processing Results

The hypothesis that has been determined will be tested based on the areas of acceptance and areas of rejection which are determined as follows:

- a) If t count < t table, or sig value > α (0.05) then H0 is rejected
- b) If t count > t table, or sig value < α (0.05) then Ha is accepted

Prob value. tThe calculation of the independent variable remittance is 0.001 which is smaller than 0.05 so that the independent variable remittance has a significant effect on the household welfare of Indonesian workers (TKI) abroad.

**2. F Test**

**Table 2. F Test Results**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.718	1	1.718	12.407	.001 <sup>b</sup>
	Residual	4.568	33	.138		
	Total	6.286	34			

a. Dependent Variable: Kesejahteraan

b. Predictors: (Constant), Remiten

Source: SPSS 23 Data Processing Results

The step in making a decision for the F test is if the Sig value.  $F < \alpha = 0.05$  ( $0.000 < 0.05$ ). Prob value. The calculated F (sig.) in the table above is 0.001, which is smaller than the significance level of 0.05, so it can be concluded that the remittance variable has an influence on the dependent variable on the welfare of Indonesian migrant workers (TKI) households in Tulungagung Village, Kertasemaya District.

### 3. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.523 <sup>a</sup>	.273	.251	.37206	.273	12.407	1	33	.001	2.021

a. Predictors: (Constant), Remiten

b. Dependent Variable: Kesejahteraan

Source: SPSS 23 Data Processing Results

If we look at the R-Square value, which is 0.273, it shows that the proportion of influence of the remittance variable on the welfare variable is 27.3%. This means that remittances to the household welfare of Indonesian overseas workers are 27.3% while the remaining 72.7% (100% - 27.3%) is influenced by other variables that are not in the linear regression model.

### 4. Pearson Correlation Test

The Pearson Correlation Test is intended to determine whether there is a relationship between two variables and to see the level of closeness of the relationship between the two variables.

Information :

H0: There is no relationship between remittances and welfare.

H1: There is a relationship between Remittances and welfare.

With a significance value of  $\sigma = 0.05$

Table 4. Pearson Correlation Test Results

		Remitansi	Kesejahteraan Rumah Tangga TKI Luar Negeri
Remitansi	Pearson Correlation	1	.581**
	Sig. (2-tailed)		.000
	N	35	35
Kesejahteraan Rumah Tangga TKI Luar Negeri	Pearson Correlation	.581**	1
	Sig. (2-tailed)	.000	
	N	35	35

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS 23 Data Processing Results

The level of closeness of the relationship can be seen from the Pearson Correlation ( $r$ ) value. If the value of  $r$  approaches 1, the relationship becomes stronger, if the value of  $r$  approaches 0, the relationship becomes weaker. The value obtained is 0.581, meaning that the relationship between remittances and welfare is moderately correlated.

Sig value. (2-tailed) or P Value =  $0.000/2 = 0.000 < 0.05$ , then H0 is rejected, so the conclusion is that H1 is accepted. There is a relationship between Remittances and the Household Welfare of Foreign Migrant Workers with a moderate level of closeness.

### Discussion

By observing the research results, it is clear that remittances have a moderate level of relationship with the welfare of the households of Indonesian workers abroad. It can be seen from the results of the research test above that variable X is related to variable Y, which means that remittances are related to the welfare of overseas migrant workers' homes. Seen in the results of the Correlation Analysis (Pearson Correlation) sig value. (2-tailed) or P Value =  $0.000/2 = 0.000 < 0.05$ , then H0 is rejected, so the conclusion is that H1 is accepted. There is a relationship between Remittances and the Domestic Welfare of Foreign Migrant Workers with a moderate level of

closeness which can be seen from the Pearsons Correlation ( $r$ ) analysis which shows a value of 0.581 or a closeness of 58.1%. It can be concluded that the greater the remittances sent by overseas migrant workers, the more the overseas workers' households in their hometowns will also experience economic improvements.

The level of welfare of overseas migrant worker households in Tulungagung Village, Kertasemaya District is included in the moderately prosperous category. This level of welfare is measured using indicators from interviews conducted by researchers. Most respondents thought that working abroad could improve the family's economic level, meet primary needs and provide higher education for their family. Both for their own children, or their younger siblings who still live with their parents in their hometown. The indicators used are household expenditure, household income, access to health and housing and the environment.

The majority of income for overseas migrant workers in Japan and Korea is IDR. 15,000,000 to Rp. 30,000,000 per month. while the amount of remittances sent is between Rp. 5,000,000 to Rp. 15,000,000 per month. And for other Asian countries such as Taiwan, Hong Kong, Singapore and Middle Eastern countries, the majority of income is IDR. 5,000,000 to Rp. 15,000,000 per month. Meanwhile, the amount of remittances sent is between Rp. 2,500,000 to Rp. 10,000,000 per month. Monthly results differ between countries, but the income received per month is still greater than that obtained domestically with the same profession or job.

Furthermore, for household health access, TKI workers use community health centers or health workers to treat illnesses. This includes seeking treatment from doctors and other health centers such as hospitals. The majority of respondents were of the opinion that if someone in their family is sick, they can immediately go to a doctor or health center without thinking too much about the cost of treatment.

The remittances received by TKI in Tulungagung village from working abroad can build the house they want, capital for business and buy a motor vehicle. Remittances in the form of expertise or skills can be used as capital to work in foreign companies such as Japanese companies which are now spread across several regions in Indonesia, most of which are in the Bekasi, Tangerang and Karawang Regencies.

Finally, with the opportunity to work abroad, apart from the results in the form of material / remittances you can also gain experience and expertise. This is also useful for former migrant workers to be able to compete in the world of work in the country.

### CONCLUSION

Based on the data analysis and discussions that have been carried out in the previous chapters, it can be concluded that the results of research regarding the relationship between remittances and the level of welfare of overseas migrant worker households Tulungagung Village, Kertasemaya District, Indramayu Regency has a relationship with a medium level of closeness.

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