Shared Value in Remittances Usage And its Implications on Post-Working Period Family Earnings Sustainability (Study on International Migrants from Bululawang District, Malang-Indonesia)

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Abstract

The international migrant workers contribute a great foreign exchange for the country through remittances that they sent to the family. In the economics concept, ‘the remittance’ is equal to income, especially ‘family earning’ concept. From this aspect, the analysis of its usage is identical to the discussion about the usage of family income. Many studies have been conducted to analyze the role of remittances. Most of these studies mainly focused on the role of remittances on income and family economic circumstances, or the role of remittances on welfare in an area, from the positivistic view. On the contrary, there are several studies that analyze the utilization of remittances with a non positivistic view; from the individual perspective, mainly on what aspects that shaped the behavior of individuals (and families) in the utilization of remittances. This study aims to explore and explain in depth about the shared value aspects that underlies on utilization (by individuals and families) and sustainability aspects of remittances family income from overseas with a non positivistic view. This research is conducted in Malang, by taking the sample (informants) international migrant workers (TKI) that have returned to their hometown and also of migrant families from the local origin of the migrants (TKI), which was conducted in the Bululawang District. Based on the research objectives, research methods used in this study was a qualitative method with a Symbolic Interactionism approach (SI). SI was chosen as the primary review in this study because it suits with institutional economics with the individual perspective where it is relevant with the characteristic of SI approach. The results showed that the aspects of shared value; consisting of the past, perspective and environment, are the aspects that underlie the behavior of individuals in the management of remittances, and subsequently determine the individual's perspective in terms of sustainability of the family income.

Keywords: Remittances, Income Allocation, Shared Value, Symbolic Interactionism

I. Introduction

The number of international labour migrants from Indonesia had been increased based on the data during the period 1983-2013 (from 9.500 to 512.168 person). This increase influences the total remittances send by migrant workers to their families at the area of origin. The data remittances inflows from the World Bank (www.siteresources.worldbank.org) showed that the total remittances reached; 6,794 million U.S. dollars in 2008, 6,793 million in 2009, 6,916 million in 2010, 6,924 in 2011 and in 2012 reached 7,180 million U.S. dollars. This number is quite large, especially if it is linked with the discussion on welfare of community. In line with this report, the study conducted by the International Fund for Agricultural Development (IFAD, 2008) stated that the productivity and incomes of migrants of nearly 200 million worldwide, is a powerful force for the alleviation of poverty through remittances role.
In IFAD’s terminology, these remittances are 'financial counterpart' which is 'the result' of migration from the financial side as well as a real contribution to the development of migrant at origin. Haas (2007) said that migration and remittances as the potential to improve the welfare (well-being), stimulate the economic growth and directly and indirectly reducing poverty.

In the economic concept, the remittance is a family income. As commonly in the economics, this income serves as one of supporting the economic sustainability of family or household economy. Such income will affect the consumption of the household. In the framework of aggregate economic analysis, this included in the discussion of the Marginal Propensity to Consume (MPC) and in the individual study, this income is identical with the discussion of the economic behaviour of households, mainly the concept of wealth (welfare) and utility (satisfaction). However, in the case of Indonesian, labour migrant (the so-called TKI), an overview of changes in consumption due to income, being little else. In many ways, TKI are often seen coming from the community with inadequate income (which is viewed from the economic aspect) which is often called the "poor". Thus, due to psychological conditions (i.e. poverty) in this group, when there is a rise in income earned from overseas with a nominal value significantly compared to when not working abroad, there will be a large increase in consumption. Increased revenues can be said to "leap" in nature, so that the characteristics of the increase in consumption also tends to a leap. In other words, the changes of his MPC, no longer smooth but spontaneous. Because of the large value of the MPC, it will depend on the assets held and also the existence of psychic background of poverty, the large increase in income, will be responded by the workers with a greater consumption.

Another interesting point that deserve scrutiny of the concept of income for workers this case is the reality that users can be assured that the income was not from her alone as an individual, but certainly regarding another individual, such as husband/wife, parent, child, or other family. Thus, if the study of the economic theory of income, decision-making use of income (consumption) based on individual considerations recipient of such income, then it does not apply to workers in question. It is own peculiarities which can be viewed as a differentiator between remittances with other types of income. Although they are equally as income, but because it is more complex and involves a lot of hand (with the family wishes or even cultural differences), "remittance" will certainly reveal many interesting and important reality to be studied further.

Furthermore, from the economic aspect, matters related to the management of remittances certainly related to the individual to decide how to use its earnings. Neoclassical economics explain this issue in the study of wealth and utility. As understood that classical/neoclassical economics is a science-centered (nexus) on rationality, individualism, and equilibrium.

The "economic rationality" can be understood as an act of personal interests in order to achieve maximum satisfaction (Zavirovski, 2003). On this basis, then the economic problems, the central assumption, is used to analyze about the rationality. Furthermore, this assumption is necessary to build a theory that has predictive power over human behavior to meet their needs.

Rationality later became the basis of all models in modern economic theory developed to date. Within the individual, "rationality" is embodied in the availability of knowledge or estimates (considerations) the result of something done. Furthermore, self-interest, become the point here. Economics literature explains in the concept of rationality, economic actors to act rationally if he did something that suits his self-interest.

The important thing to be emphasized in the view of conventional economics is that the concentration of the increase in utility "only" directed at the values of materialism (without touching the spiritual and ethical values) in community life. In fact, if traced further, sometimes there are also individual economic actions that are not backed by the aspects/economic considerations. Similarly, in terms of remittances issue; in its utilization, there are times when not merely an act against the backdrop of economic motives. In the reality, in the usage of remittances, there are other things outside of the economic factors that affect someone in the management of his remittance. Another thing is for example culture, in this case the attitude of worship, which is one of the family’s values. For example, according to Chow (2007), internal migration in China create unique opportunity to learn how to value traditional filial piety has required their offspring to make their income, partially or overall, it is used for support their families in place origin. Thus, it can be said that the management of income (remittances), its utilization decisions are not only motivated by purely economic motives (eg, desire to eat to achieve maximum utility and further define wealth) but also influenced by things other than economic considerations of the individual in question.
In further, as a consequence of the desire to analyze other dimensions in the problem of management of remittances, beside this research use its own basic neoclassical economic thinking also enrich the discussion by analysis through the view of other disciplines, in this case sociology (socio-economic). It is commonly understood, as Guillen (2011) noted, that neoclassical economics theory portrays economic actors in a quite atomistic fashion as if they were in a social vacuum, carefully weighting costs and benefits, and with an eye to promote their self-interests. But, if you look at economic problems with more holistic view that human beings are not viewed only as homoeconomicus but also homososiologicus, the economic measures something that could be not only due to the economic reason/motives alone. There are other things beyond economic variables that influence or in other words, economic consideration is equipped with motives other than economic.

As an example of how 'difference' point of view these two approaches in looking at one aspect of economic activity (eg consumption) is as follows: in the sociology of consumption is seen not as a mere fulfillment of the needs of the physical and biological nature of man, but related to the socio-cultural aspects. Consumption is related to a matter of taste, identity, or lifestyle.

If the 'economics' treats taste as a stable, focused on use values, formed individually and viewed as exogenous (outside the center of attention), the sociology consider taste as something that can be changed, is focused on the quality of goods and dependent symbolic the perception of the taste of others. Consumption of a good, according to Weber (in Damsar, 1997), is a picture of a certain lifestyle of a particular status group.

It is a common view, if the income of migrant workers working abroad is used for consumption activity (maximizing utility). Especially with regard to maximizing utility, standard rules of economics, explains the consumer' this individual to complete a series of variable "assumptions" that underlie individual decisions in decision-making. The concepts of rationality, consistency, transitivity, are assumptions that must be attached, to explain how individuals behave in utility maximizing activities. That such approach used for a long time is an approach to unravel the problem behavior and attitudes of man. So for the discussion about behavior and attitudes of individuals (in this discussion is the individual of TKI) relating to the management of his income for purposes of maximizing utility (in this case is the remittances) it should not escape the discussion of the individual value (human). Here then, it is necessary to complete the existing gaps in the discussion of the concept of income management that are not only based on economic assumptions (rationality, consistency, transitivity) but also equip it with topics that are also connected with the concept of value. Especially related to the remittance, one of the dimension value of the theory of basic human values that can be applied to explain behavior and their attitude is the application of shared values.

This research reveals, there is another motive (outside of the economic motive variables) is associated with shared value, which underlie their decision to use the income they earn from working abroad. This study wants to uncover, what ways (beyond economic motives variables) associated with shared value, which are the basis of their decision to use the income they earn from working abroad. Many studies have been done on the use of these remittances, most mapping in two aspects; consumptive or productive. Adams and Cuecuecha (2007) who conducted a study to analyze the impact of international remittances on poverty and household consumption and investment in Indonesia said that the poverty rate factor which will determine the consumptive use of remittances. This means that the poor international migrant workers, will likely increasingly consumptive in remittances management. For spur the development of human capital through investments in children, revealed that sex workers who migrate and gender of the recipient will determine the pattern of allocation of remittances. This study shows that migrant remittances sent by Dad will be managed productively for investment, primarily for human capital investment in children. Rosen (2007) through his study of remittances and risk-tolerance, uncovering the reality that perceptions of receiving remittances will affect the management of remittances for productive rather than consumptive.

From studies that have been around, yet many key issues such as analyzing what 'social' variable that affects the management of remittances, before analyzing its impact on the welfare of migrants or migrant families back home. In addition, most of analysis of these studies is done with the positivistic view. Otherwise not many studies that analyze the utilization of remittances by the interpretive view, from an individual perspective, mainly in what aspects shape the behavior of individuals (and families) in the utilization of remittances.

The objective of this study is explore and explain in depth the issues underlying shared value (decision-making) of the utilization of remittances in the management of remittances with interpretive viewpoint.
Specifically, the research objectives of this study are to explore and explain in depth about the shared value aspects that underlies on utilization (by individuals and families) and sustainability aspects of remittances family income after home from overseas with a non-positivism view.

II. Framework Theory
Remittances; Between Neoclassical and Institutional Economics

The studies that have been done by Kawi (2006), Aimee (2009), Damon (2009), Malone (2007), Thapa (2007), Adams (2003, 2010), Ziesemer (2010), Freund (2007), Haas (2007) and others have shown that the achievement derived from remittances is to improve the welfare (well-being). Welfare analysis in economics is the outcome of any discussion of variable of economy. Included in the concept of wealth is an analysis of individual behavior and decision-making in order to optimize their well-being. Font (2011) that discussed the behavior or decisions of individuals in optimizing welfare, explaining that economic prosperity is the basis of normative economics. Indeed, the concept of welfare itself in conventional economics is a term synonymous with materialism perspective, so that an individual can be said to be prosperous when he has the 'material ability'. This is reflected in the views of conventional economic thinking in a variety of theories. This view is widely used, although denying the relevance of human needs with the spiritual elements and value. The basic things that it is most fundamental on this economic welfare theory is the overview of the competitive, efficient, balance achievement, the nature of perfect competition as well as has completed information of market allocation. In fact, the economic well-being is not easily achieved due to various problems which in turn led to obstacles in achieving welfare optimalizing. In this case Font (2011) noted the importance of the institutional approach in its analysis. Institutional design that is made will be helpful in explaining the behavior/decision making by economic actors. On the other hand, analyzing the issue of remittance utilization and management is basically the same as analyzing in revenue management problems. However, that is rather different from the concept of income that had been described by the standard economics, that in this type of course revenue management involves decision making, which is determined not by the individual concerned, but also by other individuals. In line with this, Haas (2007: iii) states:

"... Migration and remittances are generally part of risk-spreading and co-insurance livelihood strategies pursued by Households and families."

Remittance management issues, in essence economic measures, can be approximated by the neoclassical economic paradigm and institutional economics. From the neoclassical point of view, the detection of remittance management is the concept of rationality. Together with the consistency and transitivity, rationality has become an important assumption for the operation of economic analysis within the framework of neoclassical economic thought. More specifically, in this perspective, rationality is the primary basis for all economic analysis. The main assumption is that every economic agent has complete information (well-informed) on the market, it brings consequence that every producer and consumer will maximize their utility. In more extensive, it ignores the concept of rationality in the conduct of human capacity and determine alternative selection decisions beyond the background of economic motives. In short, it's an individual decision is driven only by economic considerations alone. Neoclassical paradigm leaves no room for allowing some people who decided against the backdrop of economic measures dimensions other than economic motives. In other languages, Guillen (2011) states that neoclassical economic theory describes economic actors in a way that is quite atomistic as if they are in a social vacuum, with the application of carefully weighting costs and benefits, and oversee their increased self-interest.

In other formulation, Maynard (2005) reveals that the dominant economic orthodoxy in economic analysis makes poor economic analysis tool itself so in the context of a more complex economy such as this is no longer able to explain all economic phenomena that are beyond the framework of Orthodox economic analysis. In these circumstances the role of institutional economics plays a very urgent to find a solution in solving economic problems.

In line, according to the Old Institutional Economics (OIE) pioneered by Commons and Veblen, institutions are keys in explaining and influencing economic behavior. But, this theory still has weakness, because in general its analysis is minimal and negates theoretical framework. OIE argument is out of the tradition of neoclassical economic theory and without quantitative footing. Broadly speaking, the OIE is the 'resistance' against neoclassical economic thought. While neoclassical economics itself, rejected the "passage" of the institution; economic agents are assumed to move in condition (almost) vacuum (Kherallah et. al., 2001).
Meanwhile, the New Institutional Economics (NIE) is a bridge that combines the old institutional economic theory that lack of basic theory, and the neoclassical economic theory that ignores the existence of the institution. NIE confirms the importance of the role of institutions. So, NIE try to work with the basic theory and institutions. In addition to an effort to 'fight' against the neoclassical, NIE is also a forum for the development of neoclassical economic ideas. In his view NIE argues that the analysis of institutions can use the framework of neoclassical economics. According to North (Maynard, 2005) one of the contribution of NIE in economics is it can change the neoclassical economic from static to the dynamic theory.

If the neoclassical economist specializing in calculus and optimization as well as support the free market, the institutional economists specializing in the historical-empirical study of economic democracy and support planning. Furthermore, contrary to the urgency of the limitations of institutional economics in the market mechanisms allocate resources efficiently.

According to Peukert (2001), although the NIE and OIE differ in views on the basic theories, they both have similar characteristic completing each other. The similarities are: they both take the distance to the assumption of perfect rationality, perfect foresight and zero transaction costs. On the other hand, Staveren (1999) reveals that the institutional economics, evolutionary economics in particular, has more attention in the analysis of the dynamic and static comparative analysis. In the institutional economic study, the economic changes emphasize more to the history and context, influenced by, and will shape the institutional. Indeed, it will be difficult if use a mathematical approach to the discussion that emphasizes the history and context. In this connection, it is necessary to consider the argument if a reality and phenomena are analogied with a structure of model then it seems as shape that has a lot of side/lot dimensions. Therefore, the use of mathematical models will appear as a "simplification" of a reality. With another says, behavior or attitude towards something of economic actors (decision) is certainly not driven by a single stimulus, eg economic motives.

Analysis of "Shared Values"

The previous descriptions have explained the argument that the reality and the phenomenon is like model of structure with a lot of hand/many dimensions and therefore the use of mathematical models will appear as a "simplification" of a reality. With another says, behavior or attitude towards something of economic actors (decision) is certainly not driven by a single stimulus, eg. economic motives. It is thus the study deemed it is necessary to complete the discussion with 'borrow' the sociology (in view of homosociologicus) as a perspective for analyzing institutional examined in this study. It is also based on the view of Font (2011) and Haas (2007) on the previous description, that to get skinning the remittances problem, it could not be done with only the single view 'blade'; economics alone. Moreover, as it has been understood that institutional economics is evolutionary, collective, interdisciplinary, and non-predictive (Yustika, 2006). If the standard model used by economists to assume that the agent's behavior is guided by measures aimed at maximizing the satisfaction function, then the standard model used by sociologists assume that the behavior of agents instructed by social norms. Homoeconomicus is something that is forward looking, intentional, and responsive to incentives, while homosociologicus is driven from quasi-inertial forces (powerlessness) (Elster, 1989) and follow the norms or social rules. The classic statement on the boundary between economics and sociology is: "economics is all about how people make choices; while sociology is all about why they do not have a choice to be made.

Furthermore, in analyzing the detail of the institutional (institutions), Williamson (Jaya, 2007) made four (4) social or institutional level of analysis, namely: Level 1 is the foundation of embeddedness or social or cultural, Level 2 is the basic institutional environmental, Level 3 is a governance institution, while Level 4 is a short-term resource allocation (neoclassical market economy). In summary, within the framework of this study, the discussion of the institutional economics institutions is on the first level; the foundation of embeddedness or social or cultural

In short, if in the perspective of neoclassical economics that individual economic action is fully backed by economic motives, thus, such was the case in the views of the management of remittances. However, if the economic issues with a more holistic view, that man is not just economic beings (homo-economicus) but also social beings (homo-sosiologicus), then it is definitely available the space for perspective and analysis, that the economic measures could not be only due consideration of economic motives alone.
Different consideration of shared values and the interaction between economic actors (in this study were workers and their families) with socio-culture environment in terms of utilization and management of income (remittances) will result the decision making by economic actors.

In short, if in the perspective of neoclassical economics that individual economic action is fully backed by economic motives, then so too should the views of the management of remittances. But, if you look at the economic issues with a more holistic view, that man is not just economic beings (homo-economicus) but also social beings (homo-sosiologicus), then it is definitely available the space for perspective and analysis, that the economic measures could not be only due consideration of economic motives alone. Different consideration of shared values and the interaction between economic actors (in this study were workers and their families) with socio-culture environment in terms of utilization and management of income (remittances) will result the decision making by economic actors.

Ill. Research Methods

On the basis of consideration of the complexity of research questions to be answered on post-positivism (i.e interpretive) paradigm, so this study used qualitative research methods. Another consideration is, the holistic perspective used in this study. Behavior of individuals in making decisions on their income (in this case remittances) are not viewed in the causes or of economics motives, that concentrate on (i) gain, (ii) profit or (iii) something of value material alone, as in conventional economic theory, but also from the standpoint of some other cause beyond the economic issues (noneconomic motives), which is noneconomic motives are often seen as factors operating outside the laws of economics.

This study is conducted in Malang. In particular, this study took a sample (informant) international migrant workers (TKI) conducted in 3 villages in the district Bululawang, Malang regency. This study deliberately chose the analysis associated with the remittances from the viewpoint of “actors” for their actions in the management of the revenue.

The unit of analysis in this study is the allocation of family income (in this case is remittances) associated with the interactions between individuals in the revenue management process undertaken international migration of workers (TKI) and his family and the perception of the actors in the interaction process, especially regarding shared values that underlie decision-making. Because this study focused on the interactions that occur between individual workers with their families, and their interaction with the environment, the informant intended for the retrieval of data of this study are: (1) the perpetrators of international migration (TKI) and his family, and is able to express perceptions, attitudes and actions when "dealing" with the "environment" in determining decision-making in relation to the management of its income (remittances) and considerations on the sustainability of family income after they retire abroad, (2) other parties from which the data can be obtained (also serves as a test of the validity of the data), which is directly or indirectly involved in the determination of the decision-making process regarding the management of remittances, and (3) supporting informant (who also serves as a test of the validity of the data), among others, the village officials, district or other things that is gained from a study trip.

The research data collection is done by emphasizing “the process” rather than “the outcome”. Therefore, data collected are used as materials to analyze done by following the decision of the management process of setting remittances, which not only share in the expenses forms alone, but why and how the decisions are made, especially by what the values of the underlying.

Data collection in this study was collected using several methods: (1) unstructured interviews (not using questionnaires) to explore the use of complex issues in depth (2) field observations were carried out by trying to put investigators on the position and engage (participate). To test the validity, this study uses triangulation (using multiple sources of information in order to verify and strengthen data) either in the different data collection methods (interviews and observations) and the use of informant supporters.

Data Analysis and Research Findings

The results obtained by this study suggest that aspects of shared value: (1) past, (2) perspective and (3) the environment, are the among other aspects that also underlie the behavior of individuals in the management of remittances, and subsequently determine the individual's perspective in terms of sustainability of family income.
1. The Past

The past is a terminology of shared value to describe the "state of the previous" faced by the object being observed this study in the fieldwork. Almost all workers (the main informant in this study) are from families with the category of "poor" or in other words with a twist of poverty background before deciding to migrate workers abroad. The fact is, in turn this factor then affects the way they manage the (large) income that they had hoped for a long time. Returned from abroad, for migrant workers, building luxury homes, jewelry, motorcycles, televisions, mobile phones latest release, even buy fashion goods are a necessity, because it is a symbol of success but also an "answer" to the existing structural poverty entanglement for this, so that when they have the money (a lot), the important thing to do is do the act of consumption. This is evident from the views of informants with the expression:

"Wong wis suwe dadi wong gak duwe, lek saiki duwe duwik, opo salahe tuka -tuka? (This has long been so poor, that now have money to buy a lot of what's wrong?)

What happens to workers with a background of "the past" is in line with the results of a study Circle (Center for Community Learning and Empowerment Intregrated) in cooperation with Bank Indonesia (BI) Surabaya, conducted in 2008 on the use of funds remittance workers in East Java, where most migrant worker remittances of funds spent on land purchases, home renovations, food consumption and for savings in the bank, or simply consumptive use.

2. Perspective

The next aspect of share value in this study is the perspective. Perspective in essentially is a viewpoint. Included in the perspective in this regard is the perception of the end of their income as a result of their consumption patterns. TKI is very easy to decide to leave again if they run out of money and wealth.

For them, this view is also influenced by the departure procedure for them which is easy. In fact, high salary expectations factor when working abroad is not the only background of Bululawan citizens's enthusiasm for his international migration.

The ease of submission procedures as well as requirements document is a migrant worker can also be recorded as one of the important factors increasing the interest of citizen Bululawang be a migrant worker from year to year. It is as in the said by one informant:

“Untuk mendaftar jadi calon TKI, biasanya dari desa hanya minta foto copy KK (kartu keluarga), foto copy KTP, foto copy pembayaran PBB (pajak bumi dan bangunan) dan surat keterangan mengapa mencalonkan diri menjadi TKI (To sign up so prospective workers, usually from a village just ask for a copy of KK (family card), copy of ID card, a copy of the UN payments (property tax) and a statement why they enroll for migrant workers.")

3. Environment

The next aspect of share value obtained in this study is the environment. In this regard, the surrounding environment (socio-cultural) is the underlying consideration in the management of earnings by workers. Luxury home with modern interiors, vehicles, jewelry, are often viewed as a symbol of "success". Here, these then influence consumer attitudes and their families in managing migrant worker’s remittances. In this way, success stories across the land, affirmed. This is reflected in the statement Asmarani (informant) the following:

"Yo penting omah mewah sing lengkap. Wong buktine sukses, berhasil nang luar negeri..yo kudu diketokno (This is important to build a complete luxury home (with interior). As evidence of success, success abroad should be shown)". If it is observed, in an area with many community members who are international migrants, then it will be formed a pattern of social life, more or less, that is uniform, made by the migrants themselves after returning from abroad, as well as by the migrant families. At these areas, there is a tendency such behavior habits, dress code, changing consumption patterns, to the visible physical changes. For the member of social groups in the district of Bulululawang who choose to become TKI, with rising family incomes, it is making that such group enter into a group whose status is up in the structure of social stratification environment. Another social change that occurs is the notion that when they go abroad in order to be migrant workers will definitely be successful with money in abundance, a magnificent house and a new vehicle. Similarly that happen to people in Bulululawang, it is proved by the condition that showed: the increase of individual who wants to be migrant workers (TKI) year by year.
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