

CHAPTER 6

CONCLUSION AND DISCUSSIONS

The 1997 survey on "Consequences of Rural Depopulation on the Agricultural Community in Peninsular Malaysia" shows that the exodus of population from the four selected districts (Kerian, Hilir Perak, Sabak Bernam and Rembau) has resulted in drastic changes in the age and household size in the rural areas, as migration tends to be age and gender selective. The propensity to migrate from the rural areas is much greater among the young, particularly the better-educated ones in search of better job opportunities in the cities. The migration trends and patterns have resulted in the breakdown of the extended family system. The proportion of households having at least one migrant child was highest in Rembau, followed by Hilir Perak, Kerian and Sabak Bernam. The number of migrant children tended to increase with the age of the heads of household. Among households with seven or more children, 68.9 percent had five or more migrant children.

The survey shows that of the 1,022 households in the four selected districts, 54.0 percent had received remittances from their migrant children, and this ranged from 44 percent in Sabak Bernam to 73 percent in Rembau. The median amount of remittances received by households was highest in Rembau (RM2,070 per annum) and lowest in Kerian (RM1,000 per annum).

Data show that female and older heads of household were more likely than their male and younger counterparts to receive remittances from their migrant children. The

propensity to receive remittances was negatively related to the education level of the heads of household. Non-working heads of households were much more likely to receive remittances as compared to those who worked in the non-agriculture sector. However, the amount of remittances received showed a rather different picture. For instance, the amount of remittances received was positively correlated with the education level of the heads of households, and those working in the non-agriculture sector tended to receive more than the non-working heads. Among those who received remittances, male heads of households tended to receive a larger amount as compared to female heads of households. Remittances contributed about 10% of household income in Kerian and 19% in Rembau.

Overall, about 62.6 percent of the migrant children from the study areas had sent remittances to their parents during the referenced year. Married males tended to be more likely to remit, but the reverse was true among female migrants. The propensity to remit was higher among the better educated and city-bound migrants. The annual remittances sent by the migrant children from the four districts in 1997 averaged RM745.10 each, with a median value of RM600.00. The amount of remittances sent is found to be inversely related to the length of absence from the place of origin.

Multivariate analysis shows that controlling for the number of migrant children, the significant factors affecting the probability of households receiving remittances are: i) education ii) age, iii) activity status of the heads of households and iv) household size. However, in terms of the amount received, household income was by far the most

important predictor, followed by age, activity status and education level of the heads of households.

The education level, activity status and current place of stay are the three significant factors affecting the propensity to remit. The better-educated migrants who were working in the non-agriculture sector in the cities tended to remit a larger sum of money to their parents.

From the analyses, it may be concluded that while slightly more than half of the households in the depopulated districts had received remittances from their migrant children, the amount received was relatively small, and it contributed between 10 percent to 19 percent of the household income in Kerian and Rembau respectively. Data show that slightly more than two-third of the poorest households in the study areas had received remittances and the amount received contributed about one quarter (based on all households in the lowest income group) to one third (based on lowest income households that had received remittances) of total household income. Nevertheless, the total household income of households that had received remittances was lower than those that had not received remittances. This indicates that the amount of remittances received by poorer households was not sufficient to pull them out of poverty. Moreover, as many older heads of household had stopped working, remittances would be a much more important source of financial support for them.

The over-riding objective of the Government is to eradicate poverty and to create a caring society. While the incidence of poverty has declined substantially over the years, there are still pockets with abject poverty, resulting in out-migration from these areas. Unless specific programs are implemented to improve productivity and rural incomes, rural exodus will continue in years to come and this will further aggravate regional disparity.

The remittances received by rural households are used mainly for daily expenditure, leaving little for productive investment to raise rural productivity and income. Specific saving and investment schemes should be introduced to encourage rural households to save part of the remittances received. Various government agencies could provide technical assistance in improving rural income and uplift the quality of life. For instance, group farming, the introduction of new clones and commercialization of agricultural products have been shown to produce positive results.

Incentives schemes may be implemented to encourage more migrant children to remit more regularly a larger amount to support their parents who stay behind in the countryside. In this connection, the school curriculum should be developed to inculcate the value and virtue of filial piety to take care of ageing parents.

As for future research on remittances, I would like to make the following recommendations:

1. Studies must be carried out using broader definition of remittances to include payment in kind, as well as financial support given to siblings by migrants, such as payment of tuition fees.
2. To take into account of the reason of remitting (for example inheritance, altruism, etc.) as a factor of determining the likelihood and the amount remittances sent by migrant children.
3. To study the frequency and regularity of remittances rather than mean annual remittances.
4. To examine the spending patterns of remittances received by the households so as to gauge any improvement of the economic well being of the households (ability to save money, raising living condition, buying land and investing in a house, etc.) and social well-being (health-seeking behaviour, incidence of death, education of children, women's position, etc.)
5. As the sample used in the present study is limited to only four districts in Peninsular Malaysia, national household surveys conducted by the relevant agencies should include questions on remittances to allow a more comprehensive study on this topic.