

# Informal Sector Migrants and Remittances: Questioning the Culture and Socio-Economic Impact

## Migran Sektor Informal dan Remitansi: Menyoal Dampak Budaya dan Sosial Ekonomi

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### ABSTRACT

*This paper discusses the socio-economic impacts of informal sector migrants and their remittances. As known, in 2018, informal sector workers accounted for 58.22 percent, which is indeed a cause for concern. The informal sector is characterized by being unorganized, unregulated, and mostly legal but not registered. The motivation of workers in the informal sector is to earn sufficient income merely for survival. Economically, the presence of remittances is crucial as it has the potential to improve the family's economic situation and contribute to the progress of the receiving community. Besides serving as an economic catalyst, remittances also have broad implications for the social and cultural aspects of the families, receiving communities, and their places of origin. In the context of migration, it is mentioned that remittances in developing countries represent migrants' efforts to maintain socio-economic ties with their places of origin, even when geographically separated. This research utilizes qualitative and descriptive methods, including direct observations in Jakarta, to examine how informal sector migrants operate.*

Keywords: migrant, worker, informal sector, remittances, metropolitan city

### ABSTRAK

*Tulisan ini membahas dampak sosial ekonomi migran sektor informal dan remitansinya. Sebagaimana diketahui bahwa di tahun 2018 pekerja sektor informal berjumlah 58,22 persen. Hal ini tentu saja sangat mengkhawatirkan. Sektor informal adalah sektor yang tidak terorganisasi (unorganized), tidak teratur (unregulated), dan kebanyakan legal tetapi tidak terdaftar (unregistered). Motivasi para pekerja yang bekerja pada sektor informal adalah memperoleh pendapatan yang cukup untuk sekedar mempertahankan hidup (survival). Dari segi ekonomi keberadaan remitan menjadi penting karena mampu meningkatkan ekonomi keluarga dan untuk kemajuan masyarakat penerimanya. Di samping sebagai salah satu instrumen perubahan ekonomi, remitan juga mempunyai dampak yang luas dalam kehidupan sosial maupun budaya bagi keluarga, masyarakat penerima dan daerah asalnya. Dalam konteks migrasi disebutkan bahwa remitan di negara-negara berkembang merupakan bentuk upaya migran dalam menjaga kelangsungan ikatan sosial ekonomi dengan daerah asal, meskipun secara geografis mereka terpisah jauh. Penelitian ini menggunakan metode kualitatif, deskriptif dan pengamatan langsung di Jakarta dengan melihat bagaimana para migran sektor informal bekerja.*

**Kata Kunci:** Migran, Pekerja, Sektor Informal, Remitan, Kota Besar

## INTRODUCTION

Population migration in the Southeast Asian region has become an increasingly significant issue. Member countries of the Association of Southeast Asian Nations (ASEAN) send migrant workers worldwide, while also serving as important destinations for migrant workers from within the region. ASEAN countries contribute 8 percent of the world's migrant workers, up from 6 percent in 1995. Despite this, ASEAN nations only host 4 percent of the world's migrant workers. However, intra-regional migration has experienced rapid growth. Population movement is a consequence and a manifestation of the diverse economic growth in the ASEAN region, serving as a driver for sustained development in the area.

Within the ASEAN region itself, substantial disparities exist, with the wealthiest country being 25 times richer than the poorest. Indonesia, as a developing country, boasts the fourth-largest population in the world. This large population is predominantly composed of a productive working-age demographic, signifying that Indonesia possesses a considerable human capital reservoir.

With the rapid economic growth in major cities, the causes of migration have become increasingly diverse. Various social, economic, and psychological factors influence the decisions of prospective migrants to undertake migration. The phenomenon of migrants flocking to these large cities is inseparable from the growth of the informal sector. The informal sector thrives when urban areas struggle to provide sufficient job opportunities. Limited job prospects in the formal sector make the informal sector an alternative for migrants seeking survival. Despite the modest income earned in the informal sector in cities, urban areas consistently offer more job opportunities than rural areas, and the cost of living is significantly higher. Migrant workers are compelled to choose the informal sector due to the certainty of obtaining income easily and with fewer requirements.

In addition to the limited land availability in the formal sector in urban areas, low education levels, and limited skills among migrant workers contribute to the proliferation of the informal sector in cities. Several studies reveal that workers in the informal sector generally originate from rural areas.

One of the major cities often targeted for migration is Jakarta. Despite the establishment of growth centers in provinces outside Java through the industrialization process, these efforts have yet to match the growth centers in Java, particularly Jakarta. Jakarta is known for its high population density. According to the 2005 Inter-Census Population Survey, Jakarta had a population of 8,860,381 people spread across six districts: South Jakarta with 2,007,172 people, East Jakarta with 2,404,127 people, Central Jakarta with 889,448 people, West Jakarta with 2,093,185 people, North Jakarta with 1,447,805 people, and the Thousand Islands with 18,644 people. These figures are expected to increase over time. As an economic hub, Jakarta is a favored destination for migrants from various provinces in Indonesia. According to the Central Statistics Agency (BPS) data, the percentage of the population migrating to South Jakarta alone is 42.89 percent, not to mention other areas of Jakarta. This data indicates a high percentage of migrants arriving, emphasizing the challenge of finding employment, especially in the formal sector. Consequently, migrants are forced to opt for the informal sector as an alternative.

Several types of businesses classified under the informal sector in Jakarta are operated by street vendors or "pedagang kaki lima." Almost every street in Jakarta is adorned with these street vendors. As the afternoon turns into evening, it is easy to witness sidewalks transforming into bustling areas of street commerce. Many of these vendors come from outside Jakarta and the majority do not have permanent residences in the city, often living on a rental basis. A significant number of those involved in the informal sector have been trading along the streets for years. The influx of migrants, especially those with lower education and minimal skills, is believed to be one of the reasons for the increasing number of informal sector activities in urban areas. The informal sector is characterized as an area that encompasses businesses easily entered, utilizes local resources, is often family-owned and small-scale, relies on labor-intensive methods, and adapts technology without formal education requirements.

There are eleven fundamental characteristics of the informal sector, namely: (1) business activities are not well-organized because the emergence of business units does not utilize facilities

or institutions available in the formal sector; (2) typically, business units lack operating permits; (3) the pattern of business activities lacks regularity in terms of location and working hours; (4) generally, government policies to assist economically vulnerable groups do not reach this sector; (5) business units can easily move in and out of different sub-sectors; (6) primitive technology is often utilized; (7) the capital and turnover are relatively small, resulting in a small operational scale; (8) the education required to operate the business does not necessitate formal education but is gained through experiential learning; (9) business units are often "one-man enterprises"; (10) funding typically comes from personal savings or unofficial financial institutions; (11) the produced goods or services are primarily consumed by low-income urban/rural communities and occasionally by middle-income groups.

## RESEARCH METHOD

This research employs a qualitative descriptive method and direct observation of informal sector migrant workers. The qualitative research method serves as a research strategy that utilizes various data collection and analysis techniques to make a phenomenon explicit and understandable (Mucchielli, 2011). This qualitative study aligns with empirical research in the humanities and social sciences, fulfilling five key characteristics, namely: (1) understanding the research primarily from a global or comprehensive perspective; (2) adopting an open and broad approach to the study object; (3) encompassing data collection through qualitative methods, excluding quantitative data collection; (4) analyzing data directly through words rather than numerical operations; (5) producing narratives or theories.

Qualitative research yields narratives, reports, or textual descriptions of the phenomenon under investigation, providing a richer understanding. The most fundamental characteristic of qualitative research lies in its strong commitment to viewing events, actions, norms, values, and the like from the perspective of the individuals being studied. This means qualitative researchers explore various aspects, aiming to comprehend or interpret phenomena. Qualitative research involves the use and collection of various materials, including case studies, personal experiences, life stories, observations, and historical accounts that depict routine moments. Individual phenomena must be interpreted as authentic and accurate data. Therefore qualitative researchers tend to seek data to support a phenomenon rather than dismissing a fact. Qualitative research treats data as something intrinsic. Assuming that qualitative research evolves from an explanation as an ongoing process, qualitative researchers adopt a non-linear measurement approach and sometimes repeat research with different subjects.

Furthermore, the researcher also employed direct observation with informal sector migrant workers. However, the researcher only observed their work and did not utilize interview techniques. The observation was limited to Jakarta as the chosen location. Five individuals were observed by the researcher, namely: (1) Yu Siti, a household assistant of the researcher's friend, aged 25, with three years of work experience, originating from Brebes. (2) Mbak Ayem, a household assistant of the researcher's aunt, aged 26, with five years of work experience, originating from Wonogiri. (3) Yu Pawit, a household assistant of the researcher, aged 46, with almost 15 years of work experience, originating from Magelang. (4) Teh Wati, a household assistant of the researcher's friend, aged 19, with two years of work experience, originating from Garut. (5) Mbak Gembul, a household assistant of the researcher's sibling, also known as Suparyati due to her body shape preference, aged 42, with ten years of work experience, originating from Purworejo.

As mentioned earlier, the researcher did not conduct in-depth interviews with the five individuals. The researcher's approach was limited to observing their behavior, whether they enjoyed their work or otherwise. This behavioral observation aimed to determine if they could be considered caring individuals for their families back home and whether their earnings were provided entirely for their families in their hometowns. The researcher only exchanged small expressions with them, which will not be documented.

Additionally, the researcher utilized the documentary research method, which involves using documentation as a source. According to Mogalakwe (2006), this method is a technique used to classify, examine, interpret, and identify the limitations of physical sources. May (2001) adds that this method provides us with additional information about events that occurred before we were

born. Documents are materials that provide information about social phenomena created by individuals or institutions. Therefore, document sources can include letters, newspaper articles, diaries, autobiographies, parliamentary laws, marriage contracts, commercial regulations and contracts, memoirs, photos, films, and even shopping lists, debates, political speeches, and administrative reports.

## **RESULTS AND DISCUSSION**

### **Regarding Migration and Migrants**

Migration can be defined as the movement of the population with the intention to settle from one place to another, crossing administrative boundaries (internal migration) or political or national borders (international migration), with a time limit of 6 months since leaving the place of origin or since occupying the destination. Lee (1995) formulated migration as a permanent change of residence. This aligns with the approach used by the United Nations (UN), which defines migration as the movement of the population with the intention to settle from one place to another, crossing political/national borders or administrative boundaries/parts of a country. Migration, along with other demographic components, such as birth and death, influences population dynamics in a region. Migration is challenging to measure because it can be defined in various ways and is an event that may recur. Almost all definitions use time and space criteria, considering the movement involved in the migration process as semi-permanent and crossing specific geographical boundaries.

There are two classifications of factors that cause the population to migrate: (1) push factors, which are factors that cause the population to want to leave their residence area, such as the absence or reduction of job opportunities in their residential area or incompatibility with customs, culture, or politics in their residential area; (2) pull factors, which are factors that cause the population to want to enter a new area, such as the availability of suitable job opportunities or better environmental conditions. Meanwhile, there are several types of migration, including (1) in-migration; the movement of the population entering a region (increasing the population); (2) out-migration; the movement of the population leaving a region (reducing the population); (3) life-time migration; migration based on place of birth, where the place of residence during the survey differs from the area or place of birth; (4) recent migration; the place of residence during the survey differs from the area or place of residence 5 years before the survey; (5) international migration; the movement of the population from one country to another; (6) urbanization; the movement of the population to cities or the movement of the population from rural areas to cities; (7) transmigration; the movement of the population from one region to settle in another region designated for specific reasons; (8) commuter migration; the movement of the population from one place to another not for settlement but due to activities at the destination and is done at a specific time.

Internal migration in Indonesia, impacting economic growth, also has consequences for the migrants themselves. It is stated that individuals make rational cost-benefit calculations and choose to migrate if it is deemed advantageous. The benefits of migration become apparent after some time. Profitable migration can be seen through improved job opportunities, wage increases, and overall well-being. With improved well-being, the social conditions of migrants change. Migrants can provide better education for the next generation, and they can reside in better living conditions. Migration is carried out by the working-age population, with the largest proportion in the age group of 15 to 24 years, followed by the age group of 25 to 44 years. Migrants in the age group under 15 years are migrant children who migrate because their parents do so.

Large cities such as Jakarta, Bandung, Surabaya, and Semarang become destinations for migrants. Migrants see these cities as offering opportunities for better income and improved living standards, as seen in Jakarta. Jakarta is a destination for migrants due to its image as a trade center. Migrants perceive Jakarta as filled with opportunities for both educated and uneducated residents. Those with education are absorbed into the formal sector, while those without education or specific skills are absorbed into the informal sector, especially after the Governor of DKI Jakarta opened the door for migrants seeking employment in Jakarta in 2019. Urbanization is also a process of developing small towns around major cities, known as buffer cities.

The function of these buffer cities is to prevent the migration of people from small towns to big cities. The cities of Bogor, Depok, Tangerang, and Bekasi were formed for this purpose according to the Presidential Instruction (Inpres) in 1976. Housing was also established in buffer

cities. The availability of affordable housing in buffer cities compared to major cities causes people to choose to live in buffer cities while still working in major cities. This results in daily commuting workers who move back and forth each day. They move from the buffer city to the major city in the morning to work and return, or move back in the evening to their buffer city. For Jakarta and its buffer cities, commuter migration is very possible. The distance between Jakarta and its buffer cities is relatively short. Thus, Jakarta experiences economic growth along with the availability of labor in both the formal and informal sectors from Jakarta itself and its buffer cities. As information and an example, the population of Jakarta is approximately 10 million people, but in the morning before noon, it reaches 12 million people, with an estimated 2 million being commuter migrants.

### Informal Sector Migrants

The influx of productive-age labor into urban areas has led to an increase in the number of job seekers. The formal sector, known as formal employment with stable and promising wage levels, tends to have limited quotas for the workforce. Additionally, the qualifications required to enter this sector are quite stringent. However, the majority of the Indonesian workforce falls into the middle to lower levels of education. As a result, the informal sector emerged, aligning with grassroots economics, characterized by low capital, flexible labor movement, minimal skill requirements, high labor absorption, and resilience to macroeconomic shocks.

The rapid development of both formal and informal sectors in Indonesia promises increased economic growth. The formal job market tends to experience annual growth, with formal sector employment reaching 36.1 percent in 2002 and gradually increasing to 46.8 percent in 2012. In contrast, the informal sector's development tends to decline, decreasing from 63.9 percent in 2002 to 53.2 percent in 2012. The absorption of formal sector labor also shows a positive trend. In 2002, the number of formal sector workers was recorded at 33.12 million and increased to 39.47 million in 2008 and further to 51.8 million in 2012. Conversely, the number of informal sector workers experienced a slight increase, but it reached double the formal sector's amount. In 2002, the number of informal sector workers was recorded at 58.5 million, increasing to 63.1 million in 2008 and decreasing to 58.97 million in 2012.

The informal sector is unorganized, unregulated, and mostly legal but unregistered. In developing countries, approximately 30 to 70 percent of the urban workforce is engaged in the informal sector. Characteristics of the informal sector include numerous small-scale business units, ownership by individuals or families, simple and labor-intensive technology, low education and skill levels, low labor productivity, and relatively lower wages compared to the formal sector. Most workers in the informal sector are migrants, driven by the motivation to earn enough income for survival. They live in slums with minimal public services such as electricity, clean water, transportation, health, and education.

The informal sector is closely linked to the formal sector. The formal sector relies on the informal sector, especially for cheap inputs and the provision of goods for formal sector workers. Conversely, the informal sector depends on the growth in the formal sector. Sometimes, the informal sector even subsidizes the formal sector by providing cheap goods and basic needs for formal sector workers.

According to Todaro and Smith (2011), the informal sector is part of the economy in developing countries characterized by competitive small individual or family businesses, small-scale trade, and minor services. It is labor-intensive, barrier-free, and has factor and product prices determined by the market. The stark differences between the formal and informal sectors are illustrated in the following diagram.

**Figure 1: Differences Between Formal and Informal Sectors**

Characteristics	Informal	Formal
<b>Capital</b>	Difficult to obtain	Relatively easy to obtain
<b>Technology</b>	Labor-intensive	Capital-intensive
<b>Organization</b>	Family-like organization	Bureaucracy

<b>Funding</b>	From informal financial institutions	From formal financial institutions
<b>Labour Union</b>	Not involved	Highly involved
<b>State Aid</b>	Almost none	Penting untuk kelangsungan usaha
<b>Relationship with the village</b>	Mutually beneficial	<i>One-way traffic</i> untuk kepentingan sektor formal
<b>Entrepreneurial nature</b>	Independent	It heavily relies on government assistance and imports
<b>Inventory of goods</b>	Small in quantity and below-average quality	A large quantity and above-average quality
<b>Relationship with the employer</b>	Based on the principle of mutual trust	Based on the employment contract

**Source:** Yustika, *Perekonomian Indonesia* (Malang: BPFE Universitas Brawijaya, 2007).

The lives of migrants in the informal sector seem to undergo a slight shift as Minister of Manpower, Ida Fauziyah, envisions that in the future, no migrant workers will be employed in the informal sector relying solely on low skills, by Law No. 18 of 2017 concerning the Protection of Indonesian Migrant Workers (UUPMI). There are four strategic perspectives related to this issue: health issues, supervision to ensure physical and mental health, social security, and the establishment of protection centers for Indonesian Migrant Workers (PMI). The informal sector remains crucial in the development process and the modernization of a society that is mostly still traditional or semi-traditional. Before working in the formal sector, labor from the traditional sector strives and works first in the informal sector. After acquiring knowledge, skills, and experience in the informal sector, only then do they dare to redirect their efforts to the modern informal sector. Furthermore, the informal sector is significant for densely populated countries, where the labor-intensive informal sector can absorb a large workforce. For Indonesia, both functions of the informal sector are substantial. In addition to facing overpopulation, Indonesia also grapples with issues arising from its society still influenced by traditional elements.

Various push factors in villages and pull factors in cities influence rural populations to migrate to urban areas. An interesting observation in the labor migration from villages to cities is the influx of workers into small-scale enterprises in urban areas, which are self-reliant and self-funded. These small enterprises can take the form of trading activities like street vendors, meatball sellers, hawkers, and the like. The informal sector is often seen as a transitional sector for workers moving from agriculture in villages to industry in cities. The phenomenon of the emergence of the informal sector is considered temporary. Due to limited skills, rural job seekers initially engage in informal sector work for a temporary period. Once established and experienced, they may shift their efforts to the formal sector. This is where the formalization process of the informal sector occurs, transitioning the status of businesses from informal to formal. However, this process often does not unfold as anticipated. Instead, informal sector businesses, especially small and home industries, continue to proliferate, as does their workforce. Rural labor is mostly absorbed not by the industrial (formal) sector but by the service sector (especially the informal one).

## Remittances

Generally, remittances refer to the transfer of money, goods, and developmental ideas from urban to rural areas and are crucial instruments in the socio-economic life of a community. Economically, the existence of remittances can be deemed significant as it has the potential to enhance family economies and contribute to the progress of recipient communities. Besides being an economic catalyst, remittances also have broad impacts on the social and cultural aspects of the families, receiving communities, and their home regions. In the context of migration, it is noted that remittances in developing countries represent migrants' efforts to maintain social and economic ties with their hometowns, even though they may be geographically far apart. Morally, migrants send remittances as a responsibility to the families left behind while they work. The duty

and responsibility as a migrant are instilled from childhood. Communities appreciate migrants who regularly send remittances to their hometowns, and conversely, migrants who fail to fulfill their obligations and responsibilities are looked down upon.

Communities hold greater esteem for migrants who consistently send remittances. This typically refers to money sent to households by workers, directly boosting the income of migrant families. These remittances have become a crucial source to meet daily consumption needs. Besides being directed to their families, remittances also serve the community members in their hometowns and contribute to the needs of the originating village. Money transfers have also proven to result in increased investments in healthcare, education, and businesses. On a national level, the substantial income received from migrants abroad accelerates growth and development. Migrants tend to minimize expenses to maximize income. Low-income migrants and unskilled labor will seek the most affordable housing, often in impoverished city centers.

Remittances are essentially a portion of migrant earnings set aside to be sent back to their hometowns. Therefore, it logically follows that the larger the migrant's income, the larger the remittance sent to their hometown. Remittances signify the attachment and connection of mobile populations to their hometowns. They are also a crucial indicator in the social and economic life of the recipient community, as they can improve the economy of families in the hometown. In a broader perspective, remittances from migrants are seen as an instrument to improve the balance of payments and stimulate savings and investments in the hometown. Thus, remittances become an essential component linking labor mobility with development processes in the hometown. Remittances often constitute a significant portion of migrant earnings, and it is expected to be a migrant's obligation to transfer money to the left-behind family, contributing to their well-being.

The process of remittance transfer can generally be done in two ways: direct transfer and indirect transfer through a third party. Direct remittance refers to the transfer that is not in the form of goods or money. In this type, remittances take the form of ideas or concepts gained by migrants and applied in their hometowns. This can be conveyed through phone calls or direct mail or email delivery to the beneficiaries.

### **Social and Economic Impact of Informal Sector Migrants and Their Remittances**

From an individual perspective, the primary cause of migration is generally economic, driven by the desire to improve one's standard of living. Individuals migrate due to the difficulty in generating income in their place of origin, anticipating better earnings in the destination area, or when the net benefits of moving outweigh staying. According to Jong and Gardner's (1981) value-expectancy theory, migration is guided by various values and goals such as prosperity, status, comfort, stimulation, autonomy, affiliation, and morality.

Wajdi's (2013) study, based on Supas 2005 data, supports the notion that over 40% of inter-provincial migrations are motivated by economic reasons, primarily for employment opportunities, followed by 37% migrating to be with immediate family. The engagement of migrant workers in the labor market becomes an interesting issue, especially when considering the dichotomy of the labor market into the formal and informal sectors. Initially, migrants often target formal sectors that promise higher wages, such as export-oriented and labor-intensive industries, especially in countries with high economic growth. Conversely, in countries with slower economic growth, migrants tend to be drawn to the informal sector due to its accessibility, lack of specific skills requirements, and flexibility in terms of working hours.

Two perspectives exist regarding the informality of migrant labor. The first perspective suggests that the informal sector is used by migrants as a stepping stone before transitioning to the formal sector. Migrants aspire to better jobs in the destination but may struggle to find suitable employment immediately, leading them to work in the informal sector while waiting for opportunities in the formal sector. The second perspective views the informal sector as the primary destination for migrants, considered promising and playing a crucial role in the economic development of a region. The evolution of the workforce in both formal and informal sectors is dynamic.

The workforce distribution between these two sectors over the last five years indicates that the informal sector continues to be the largest employer. Sakernas data shows that in 2013,

60.17% of the workforce was absorbed in the informal sector. In 2014, this figure was 59.81%, followed by 57.94% in 2015, 58.29% in 2016, 58.35% in 2017, and 58.22% in 2018. These figures demonstrate a decline in informal sector employment, possibly due to the migration of informal labor to the formal sector. This supports the view that the informal sector tends to serve as a stepping stone for workers seeking formal employment.

If a straight line is drawn, migrants and remittances have an inseparable relationship in the migration process. Remittances are the product generated by migrants, highly anticipated rewards expected by migrant families in their home regions. Logically, it can be explained that the larger the migrant's income, the larger the remittance sent back home. Education also plays a crucial role for migrants in sending their remittances. According to the Minister of Manpower, Ida Fauziyah, currently, more than 56% of informal sector workers are graduates with an educational background of Middle School (SMP) or below. This statement clearly indicates that the higher the education level of migrants, the larger the remittances sent to their families or home regions. This is based on the function of remittances as a "repayment" or investment. The level of education of migrants reflects the size of the educational investment made by their families, subsequently impacting the size of the repayment manifested in remittances.

Remittances also tend to be larger if the recipient family in the home region is the immediate family. Conversely, remittances are smaller if the recipient family is not the immediate family. Typically, a portion of a migrant worker's first remittance is used to repay the debts incurred for their migration, covering the costs of their departure as workers. Afterward, remittances are used for various other needs. The question arises: for what purposes are remittances sent? It would be wiser for migrant workers and their families to utilize remittances wisely to avoid perpetually being migrant workers in the country where they work. Migrant workers should allocate a portion of their income for retirement savings, aligning with the purpose of remittances. This way, they can escape the trap of lifelong migration and return to work more decently, enjoying life in their hometowns.

There are several reasons why remittances are sent to the home region, including: (1) paying off debts; (2) building houses; (3) buying household appliances and clothing; (4) purchasing daily necessities; (5) buying motorcycles; (6) covering children's education expenses.

From these reasons, it is evident that the utilization of remittances by migrant workers is largely consumptive, primarily for home construction, which requires substantial funds ranging from fifty to seventy million rupiahs. Homes built using remittances are often left incomplete. The high level of consumptive utilization of remittances causes the initial intent of using them for productive economic purposes to remain unrealized. Ultimately, the failure to utilize remittances for productive economic activities leads to a return flow of migrants to the place where they work.

Aside from consumptive purposes, it is known that some migrant workers successfully use remittances for productive economic needs, such as: (1) buying or renting farmland; (2) business capital; (3) savings; (4) providing capital for others (sharing); (5) purchasing livestock. Moreover, some migrant workers also use remittances as capital for others' businesses, although the number engaging in this practice is relatively small. To leverage remittances for productive economic activities, migrant workers need to undertake migration at least three times. If a migrant worker intends to use remittances for productive economic activities, a strong and clear intention is required from the outset. It is crucial for migrant workers to be thrifty and not extravagant in using remittances. Some migrant workers who have been working for a long time and receive substantial remittances engage in productive economic activities such as providing open-truck transportation services. This business is mainly for transporting goods or agricultural products such as tobacco, rice, corn, and other crops. The acquisition of open trucks is realized after approximately six return migrations. The utilization of remittances for productive economic activities is predominantly carried out by married migrant workers. Meanwhile, unmarried migrant workers tend to use remittances for consumptive purposes rather than productive economic activities, but some unmarried migrant workers are already thinking about their future. Thus, remittances sent by unmarried migrant workers are used to build homes for their future marriages and family life.

The economic condition of migrant worker families is generally categorized as middle to lower-middle class. On average, they always seek various odd jobs to earn money to help meet



their daily needs, including working as farm laborers for relatively low wages. The economic condition of migrant worker families can be measured by whether their primary and secondary needs are met. Consumptive habits are also evident in migrant worker families, such as participating in group recreation to tourist destinations on specific days, typically during the New Year, the beginning of Ramadan, and Eid al-Fitr. This leads to additional expenses. During Ramadan, consumption costs usually increase, especially for buying additional dishes and items for breaking the fast. The dominance of consumptive activities in remittance utilization is the result of not achieving the intended use of remittances for productive economic activities.

## CONCLUSION

Labor migration is a global phenomenon occurring in most countries worldwide. This phenomenon continues to evolve alongside the dynamics of relationships between villages, cities, and even countries. The quality of these relationships influences the intensity of migration flows to cities or countries. The increasing number of migrant workers from year to year, seeking employment in major cities or abroad, serves as an indicator of globalization. Indonesia, as an integral part of the global economy, cannot detach itself from these dynamics, as the dispatch of migrant workers to major cities or overseas significantly impacts the macroeconomy.

The process of migration begins with motivation, stemming from internal or external factors. This involves careful consideration of which major city or country to migrate to. The amount of income sent by migrant workers to their families in their hometowns has a profound impact on the changing conditions of the family, both socially and economically.

In conclusion, labor migration is a complex and multifaceted phenomenon influenced by economic, social, and global dynamics. It is a process that shapes the lives of individuals and communities, bridging gaps between regions and countries. The economic contributions made by migrant workers, coupled with the social changes experienced by their families, underscore the intricate interplay between migration and the broader global landscape. As migration continues to be a significant aspect of our interconnected world, understanding its implications and addressing the challenges it poses is crucial for fostering sustainable and inclusive development.

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