

LINKAGES BETWEEN INCOME RESOURCES, THE COST OF LIVING AND THE REMITTANCE: CASE OF INDONESIAN MIGRANT WORKERS IN SABAH MALAYSIA

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Abstract

In international migration, income resources, cost of living and dynamics of remittance have attained a great importance, however, Indonesian migrant workers in Sabah (Malaysia) have not been studied thoroughly in this regard. This article would like to investigate Indonesian migrant workers in Malaysia's remitting behavior or decisions in light of their pre and post sources of income, cost of living, and how employers contribute in their cost of living. This study is based on the results of the ILMS survey conducted in 2010 and also in-depth informal interviews with legal and illegal workers. Under the survey, 896 respondents were interviewed. The article found that migrants' living expenses at the destination included daily consumption and accommodation usually formed the biggest portion of monthly expenditure, which affected the migrants' remitting behavior. This research extended Russell's model of remittances by including expenses at the destination that can influence the decision to remit, particularly among migrants accompanied by their family. It has been demonstrated that the costs of living expenses were higher among migrants with family in Sabah than among single migrants. This explains the tendency to send less frequently and a lower volume of remittances among the former. Hence, the trend of being accompanied by the family to Sabah has implications for migrants' remitting behavior. The article concludes that migrant workers with families were less likely to send remittance to their remaining family members in Indonesia. They had to fulfill family needs in the destination country. It shows that migrants with families opt to spend and support the local economy, and do not remit to their home countries.

Keywords: migration, remittance, Russell, Malaysia, Indonesia