Impact of Remittances on Education and Human Resource Development: Evidence from Bangladesh

Summary

Despite the fact that Bangladesh largely depends on remittances sent by its international migrants, little is known about the strategies lying behind the use of remittances. A new in-depth study carried out in Bangladesh under the DFID funded Migrating out of Poverty Research Programme Consortium (RPC) on intra-household remittance practices unveils the fact that remittances not only enhance people's life circumstances by smoothing consumption but also enable them to invest in education for economic and social mobility. While education has a special meaning in rural society in Bangladesh in increasing one's social status, the way remittances are invested in education are inadequate to produce skilled manpower for home and abroad. The policy brief, therefore, suggests research, awareness and framing of policies so that remittances can contribute to the realisation of the full development potential of migration through human resource development.
Background

Remittances have become an important pillar of Bangladesh economy by providing a means to move out of poverty to a large number of rural and urban households. Official records suggest that an estimated 9.5 million Bangladeshis have migrated abroad since 1976 to the oil-rich Middle-eastern countries and newly industrialised South-east Asia, mostly as unskilled and semiskilled workers (Siddiqui et. al. 2015). In 2015, Bangladesh received US $15 billion as foreign remittances which were the second largest source of maintaining its foreign currency reserves and balance of payment as well as engaging in micro-level development initiatives (Siddiqui 2010).

An in-depth qualitative study undertaken by RMMRU under the DFID-funded Migrating out of Poverty Research Programme Consortium (RPC) offers a deeper understanding of the remittance behaviour of the migrant households and its impact on shaping of youth's future. Based on in-depth household-level data collected from Tangail district of Bangladesh whose population has engaged in transnational migration since the 1980s, this study highlights the crucial linkages between remittances and human resource development. The study also brings out the ways in which household remittance behaviour is determined by the gendered and generational norms common in the study area.

Main Findings

Household Priorities in Remittance Utilisation

The unpacking of remittance behaviour shows that in Tangail most households use remittances to increase and stabilise access to basic amenities, to reduce the risk of falling into poverty and to create opportunities through investing in land, houses, education and marriage. The study shows that after loan repayment and ensuring the household consumption, migrant households prioritise building tangible property, especially land and houses, as these properties are of high economic and social value and act as an insurance for the future. Remittances are also used to cover the marriage costs, including dowry and, finally, to assist other household members’ migration. The analysis establishes that migrant households are risk adverse: they only invest remittances in property once the overseas job is secured and the volume of remittance is stable.

I was a day labourer before my migration to Saudi Arabia ten years ago. For the first two years, I didn't get the job I had been promised. My family went through economic hardship. At some point, my wife and children had to stay away from the village to avoid money lenders' pressure. ...Over the last few years, however, the household is running well from my remittances. ...We have no savings, but we have married off one daughter and renovated our house from my earning abroad. ...Now that my only son is studying in a higher grade, we have to continue his study at least up to HSC so that he can choose a line. ...He needs more money for tuition and other purposes. I am feeling a lot of pressure as I have a fixed earning from abroad. I have asked my family to cut down luxury consumptions so that I can continue his study.

Jillur(40) a migrant to Saudi Arabia from a Tangail village

Like elsewhere in Bangladesh, gender relations in Tangail is governed by patriarchy in which men earn and women manage the household. Overseas migration is, thus, primarily a male phenomenon in the study villages. Only a few women have migrated abroad from Tangail villages when making a living became difficult for them being a widow, deserted or divorcee or when the husband became physically challenged to earn enough for the family. The study, however, found no differences in remittance behaviour as far as male and female migrants were concerned. In both cases accumulation of physical resources gets priority over human resource development. The intra-household analysis also suggests that it is mostly the de facto head of the household - the wife, father, husband or brother of the migrant-who takes decision about allocation of remittances with or without consultation with other members.

Even if poorer households prefer to strengthen their economic base instead of investing in the development of human resource, the study sheds light on the norms and preferences underlying investments in education and the ways in which they are intersected by class, gender and generation. These insights are important for policies addressing long-term education and the appropriate skilling of the Bangladeshi labour force to be absorbed in the local and international labour markets.
Investment of Remittances in Education

Ultimately it is the parents in Tangail who take decisions about their children’s future, specially daughters’ future. The study further noted that illiterate or less educated first generation migrants, however, often pay less priority on educating their children, whereas second generation migrants who already have earned an economic base through their parent’s migration, give utmost importance to their children's education. The study revealed that remittances are used to finance short-term and long-term investment in education. In almost all the cases, remittances are used to educate children mostly at the Secondary (SSC) and Higher Secondary (HSC) levels. In a context where half of the population is illiterate in the country (in 2008, adult literacy rate was 52.5), HSC serves as a yardstick of being 'educated' and ability to do a ‘clerical job’ in public or private sector within the country. In general, households spend 10-25% of their earnings on educating their children. The expenses involve study materials, such as books and stationery, uniforms, snacks, school fees, transport and private tuition. To find a decent and well-paid job, preferably a white-collar job in the public or private sector. Female children, on the other hand, are educated to enhance their value in the marriage market as suitable brides and ‘educated mothers’. Only in exceptional cases are female children educated with an aim of pursuing a career.

Remittances as Disincentive for Higher Education

As revealed from the study, remittance receiving households want to see their workable and young family members get settled before the migrant member returns permanently. The study found that sons are encouraged to take a job at home or abroad while daughters are usually married off after they pass HSC. Also due to the high cost of education, lack of facilities and the need for their families to have more earning members, many students drop out from their school at the SSC and HSC levels. These youths then try to be absorbed in the local or international labour and job markets again by capitalising on remittances.

My daughter migrated to Jordan ten years ago after the death of her husband. Since then we have been taking care of her three children. Her eldest daughter is currently pursuing a four year’s paramedical course. The younger one study in class XI and the son at Class VI. She wants her children to get education first. Every month she remits money to her brother's account to cover the cost of living and education of her children...We managed to buy a large piece of land and a homestead for my daughter from remittances. She won't work abroad forever. What will happen to her if she does not build properties now for the future?

-Mother of Mala (35), A migrant to Jordan from a Tangail Village

After taking a bachelor's degree from a local college I took employment as a salesman in a renowned cloth shop in Dhaka with the help of a neighbour. I worked there for a year and then left the job with the hope of getting a better one. Motivated by maternal uncles and my friends I also tried to migrate to Singapore and contacted a dalal but failed. My father has been working in a mosque in Saudi Arabia for the last 15 years. However, I don't want to go there. These countries (Middle-eastern) do not offer a good salary. Now I'm unemployed. My mother is trying to get me a government post. She has already spent some speed money for that. I don't have any skill training. I just have a basic computer knowledge from a local centre. My father bought me a laptop from remittances.

-Zia (20), son of a Saudi migrant from a Tangail Village

Remittances thus often create disincentives for higher education. The findings correspond with the development perspective which suggests that demand for education varies according to the nature of economic growth (Sen and Ahmed 2015). Traditionally, primary
education was found adequate to meet the human resource imperatives, as 70% of the population were engaged in agriculture. Over the last two decades, however, the country has reached the stage of growth where export-led labour intensive manufacturing and overseas employment have created demand for secondary and technical education commensurate to the growth (ibid). This study, however, found youths were less willing to undertake skill trainings. In the rural context, skill and technical trainings are of a lower social value than university degrees but there is a pervasive notion that these trainings cannot lead to jobs.

Policy Recommendations

1. More research should be undertaken to understand remittances’ contribution to human resource development. The remittance-education nexus should also be explored in the case of domestic/internal migration and their links with international migration-both regular and irregular.

2. Given the importance of remittances in the national and household economy, the government’s Seventh Five-Year Plan should emphasise skilled manpower development so that Bangladeshis can capture the skilled job market abroad. In this way, the country would be able to ensure increased remittance flow to contribute significantly to poverty reduction as well as safety and dignity of its migrants.

3. Implementation of the National Skill Development

Policy of Bangladesh should be one of the principal areas of intervention to produce skilled human resource for home and abroad alike. International standardisation of the trainings in Technical Training Centres (TTC) and linking youths with youth development programmes under different ministries are of utmost importance in this connection. Also, mechanisms should be in place to link the trainees with appropriate jobs at home and abroad.

4. Women constitute almost half of the working population in Bangladesh. Therefore, education of girl children should be encouraged at all levels. Girl children should be educated and trained to equip them with appropriate skills to build independent careers at home or abroad.

5. An awareness campaign should be carried out to sensitise people in migrant sending communities in Bangladesh regarding the importance and advantage of education and appropriate technical trainings. It should include orientation regarding the practicalities of job markets, prospects for self-employment and skilled labour migration. It should also aim to encourage a positive attitude toward female education and employment.

6. Exclusive public and private schemes should be introduced to ensure effective investment of remittances in education and youth development. Remittances’ contribution to human resource development can be encouraged by offering incentives for the education of migrants’ children e.g., scholarship, fee waiver and so on.
References


Acknowledgement

This Policy Brief is based on a study on Gendered Practices of Remittance Use and Shaping of Youth Aspirations by Syeda Rozana Rashid and Md. Jalaluddin Sikder. The study was conducted under the auspices of Migrating out of Poverty Research Programme Consortium (RPC), based at the University of Sussex, UK and coordinated by RMMRU. The Policy Brief was designed by Md. Parvez Alam of RMMRU. This material has been funded by UKaid from the UK government, however, the views expressed do not necessarily reflect the UK Government's official policies. RMMRU thanks the RPC and UKaid for their support.

Female students returning from school in a remittance receiving village in Tangail
A Focus Group Discussion (FGD) with the local teachers in Tangail

Other Policy briefs of RMMRU are available on www.rmmru.org

The Refugee and Migratory Movements Research Unit
Sattar Bhaban (4th Floor), 179, Shahid Syed Nazrul Islam Sarani, Bijoynerg, Dhgaka-1000, Bangladesh
Tel: 880-2-9360338, Fax: 88-02-58313560
E-mail: info@rmmru.org, Web: www.rmmru.org, www.returnneemigrant.info
Copyright © RMMRU
January 2016