

The impact of international remittances from migrant workers in South Korea on the livelihoods of rural Cambodian households: A case study of Pea Reang District, Prey Veng Province

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សង្ខេប

អត្ថបទនេះ ស្វែងយល់ពីចរន្តនៃប្រាក់បញ្ញើរបស់ពលករចំណាកស្រុកកម្ពុជានៅប្រទេសកូរ៉េខាងត្បូង និងផលប៉ះពាល់លើជីវភាពគ្រួសារតាមទីជនបទនៃប្រទេសកម្ពុជា។ ការស្រាវជ្រាវនេះបានវិភាគទិន្នន័យតាមបែបបរិមាណវិស័យផង និងបែបគុណវិស័យផងដោយសិក្សាលើគ្រួសារជនបទ ចំនួន៦៩គ្រួសារ ក្នុងឃុំរាប និងឃុំរកា នៅស្រុកពារាំងខេត្តព្រៃវែង។ បទសម្ភាសលម្អិតត្រូវបានធ្វើឡើងជាមួយពលករចំណាកស្រុកកម្ពុជាក្នុងប្រទេសកូរ៉េខាងត្បូង មេឃុំ និងមន្ត្រីក្រសួងការងារ និងបណ្តុះបណ្តាលវិជ្ជាជីវៈកម្ពុជា។ ការសិក្សានេះបានរកឃើញថា ពលករកម្ពុជាកាត់ច្រើនត្រូវបានអូសទាញដោយប្រាក់បៀវត្សច្រើន កង្វះឱកាសការងារក្នុងស្រុក និងជីវភាពក្រីក្រ ដែលជាកត្តាសំខាន់ចំពោះការងារចំណាកស្រុកនៅប្រទេសកូរ៉េខាងត្បូង។ ជាមួយប្រាក់បញ្ញើ

ជាមធ្យម ៧,០០០ដុល្លារអាមេរិកក្នុងមួយឆ្នាំ គ្រួសារពលករតាមទីជនបទទាំងនោះ បានចំណាយភាគច្រើនទៅលើម្ហូបប្រចាំថ្ងៃ ការថែទាំសុខភាព ការជួសជុលកែលម្អផ្ទះ ការសិក្សា និងគ្រឿងប្រើប្រាស់ផ្សេងៗទៀត។ ទោះបីជាប្រាក់បញ្ញើនេះបានផ្តល់នូវ ផលវិជ្ជមានក្នុងរយៈពេលខ្លីក៏ពិតមែន ប៉ុន្តែប្រាក់បញ្ញើទាំងនោះអាចចាត់ទុកថាមាន ប្រភពមិនស្ថិតស្ថេរ និងពុំអាចសង្ឃឹមលើបានយូរអង្វែងទេ ប្រសិនបើគ្រួសារទាំង នោះមិនបានយកប្រាក់បញ្ញើនោះទៅធ្វើការវិនិយោគសម្រាប់រយៈពេលវែងទេនោះ។

Abstract

This paper explores patterns in how remittances transferred by Cambodian labour migrants working in South Korea impact the livelihoods of rural households in Cambodia. A mixed-methods research design was used to develop a case study of 69 households in Reap and Roka communes in Pea Reang District, Prey Veng Province. In-depth interviews based on a semi-structured questionnaire were conducted with Cambodian migrant workers in South Korea, the respective commune chiefs, as well as officials from the Ministry of Labour and Vocational Training (MoLVT) in Cambodia. The majority of the Cambodian workers were found to migrate to South Korea by the higher salaries on offer. Other push-pull factors included a lack of local employment opportunities and the experience of poverty. The average annual remittance was found to be 7,000 USD, of which households spent mainly on food, health care, home renovation, education and property, among other expenses. Despite positive short-term impacts, remittances are considered to be an unreliable and insecure source of income if they are not used to invest in longer-term livelihood strategies.

Keywords: migrant worker, remittances, rural livelihoods, Cambodia, Prey Veng, South Korea

Background

International labour migration has become a key phenomenon influencing the global development agenda. For instance, the number of international migrants is estimated to have increased from 153 million to 272 million between 1999 and 2019, with almost two-thirds of this number being labour migrants (UN, 2019). It is expected that this figure will increase to 405 million by 2050 (IOM, 2010). Migrant labour from developing countries is estimated to account for 46% of total international migration (UN, 2019). In 2018, labour migrants accounted for 3.5% of the global population (WB, 2019). This has led to the twenty-first century labelled as the “*age of migration*” (Castles *et al.*, 2005).

International migrants have been shown to contribute both negatively and positively to the socio-economic development of developed (UN, 2016a) and developing (de Hass, 2006) countries. Negative impacts include a ‘brain drain’, or a loss of highly skilled workers; human rights violations; and school dropouts. Positive socio-economic impacts include a reduction in unemployment and underemployment; access to higher-paying jobs; and the return of workers with enhanced human, physical and social capital (WB, 2019). A rapid increase in the number of labour migrants reflects the growing significance of international migration as an integral part of the global economy (UN, 2016b). Therefore, well-managed international labour migration has the potential to result in beneficial outcomes, not only for each country involved but also to labour migrants and their families.

A dramatic surge in international labour migration has seen global remittances grow from an estimated 126 billion USD in 2000 to 689 billion USD in 2020 (UN, 2020). Between 2016 and 2019, the component of remittances to low- and middle-income countries increased from 429 billion USD to 554 billion USD (WB, 2020). International labour migration is driven by both push and pull factors, including socio-economic disparity, demographic trends, and increasingly sophisticated international transportation and telecommunication networks (IOM, 2010).

Remittances from international labour migrants are an important driver of socio-economic transformation, especially in developing countries (Bhagat *et al.*, 2013; Jha *et al.*, 2010; Tumbe, 2012). The growth of both migration and remittance flows has contributed to economic growth and poverty reduction in least developed countries (Gupta *et al.*, 2009; IOM, 2009) through indirect macroeconomic multipliers, as well as other factors (Ratha, 2007). Remittances have also been found to improve living conditions in the households that the workers migrate from (Cuecuecha, 2013; WB, 2016). For instance, remittances from migrant workers have been attributed to a reduction in poverty headcount ratio in several low-income countries (LICs) including Uganda (11%), Bangladesh (6%), and Ghana (5%) (Ratha, 2007).

International remittances tend to be targeted at meeting specific expenditure on daily living expenses, housing, education and health care (Derks, 2011; Sok, 2016); as a source of financial capital for small business and entrepreneurial activity; as well to pay for imports and external debt services (OECD, 2006; UNDP, 2011). For instance, remittances from migrant

workers were shown to be strongly associated with household investments in education, health care, as well as entrepreneurship in both El Salvador and Sri Lanka (UNDP, 2011). Remittances are an important factor in supporting household incomes and well-being in the country-of-origin of these migrant workers.

The importance of remittances in low- and middle-income countries is reflected in policies that allow citizens to work as labour migrants in high-income countries. The top destinations for these workers are the United States, followed by Saudi Arabia, Germany, Russia, the United Arab Emirates, the UK, France, Canada, Spain, and Australia (Ratha *et al.*, 2016; WB, 2019). In 2018, India was the largest recipient of documented remittance flows (78.61 billion USD), followed by China (67 billion USD), Mexico (35 billion USD), the Philippines (34 billion USD), Egypt (29 billion USD), and Nigeria (24.31 billion USD) (WB, 2020). Among Southeast Asian countries, the Philippines is the largest recipient of remittances, increasing from 26.9 billion USD in 2016 to 34 billion USD in 2018 (WB, 2020).

Cambodia as a lower-middle-income country has sent labour migrants to several middle and high-income countries including Thailand, Malaysia, and South Korea (Sorn, 2015). Between 2002 and 2007, Cambodia sent a growing number of labour migrants to work in South Korea through the Employment Permit System (EPS) (Kun, 2012; Maltoni, 2007). In 2016, 500 million USD in remittances was transferred by the Cambodian migrant workers to their households in Cambodia (Hang, 2017). Yet the contribution of international remittances to the national economy is not as significant as in the Philippines

due to differences in the English language proficiency of migrants from each country (Agcaoili, 2017; WB, 2016).

The growth in labour migration of Cambodian workers to South Korea is rooted in a range of push factors including poverty, homelessness, unemployment, lack of access to markets, loans or debts, natural disasters, and materialism. It is commonly believed that remittances are a viable household livelihood strategy. Remittances are primarily used to satisfy basic needs and repay debts (Derks, 2011:190), or in the case of migration to Thailand, used for food and health care, as well as to pay for debts accumulated as part of the migration processes (Maltoni, 2007).

Present studies have found that remittances are sent to the families of Cambodian migrant workers through visits by relatives and friends to and from each country (Sok, 2016), as well as various banking and financial services (WB, 2014). For instance, the documented transfer of remittances by Cambodian Americans fluctuated between 1992 and 2013, peaking in 2010. It is estimated that 273 million USD was sent from the United States to Cambodia between 2009 and 2012 (Sok, 2016). In total, according to the Central Bank of Cambodia, international remittances to Cambodia increased from 167 million USD in 2013 to 363 million USD in 2014. In the first quarter of 2015, 110 million USD in remittances were sent by Cambodian labour migrants, suggesting that annual remittances may reach 450 million USD (Sor, 2015).

Additionally, since 2002, millions of Cambodians have migrated to work overseas (Maza, 2017), with the number of undocumented migrant workers

possibly being higher than those who are documented (Derks, 2011). In 2006, the World Bank estimated that Cambodia received 298 million USD in remittances, accounting for 4.1% of GDP (WB, 2007). By 2016, the remittances transferred to Cambodia as a result of the Cambodia-South Korea Memorandum of Understanding (MOU) on migration exchange increased to 1.7 billion USD (UNDP, 2017). At this time, around 60,000 Cambodians were resident in South Korea, among whom 45,000 were migrant workers, contributing roughly 500 million USD in remittances (Hang, 2017).

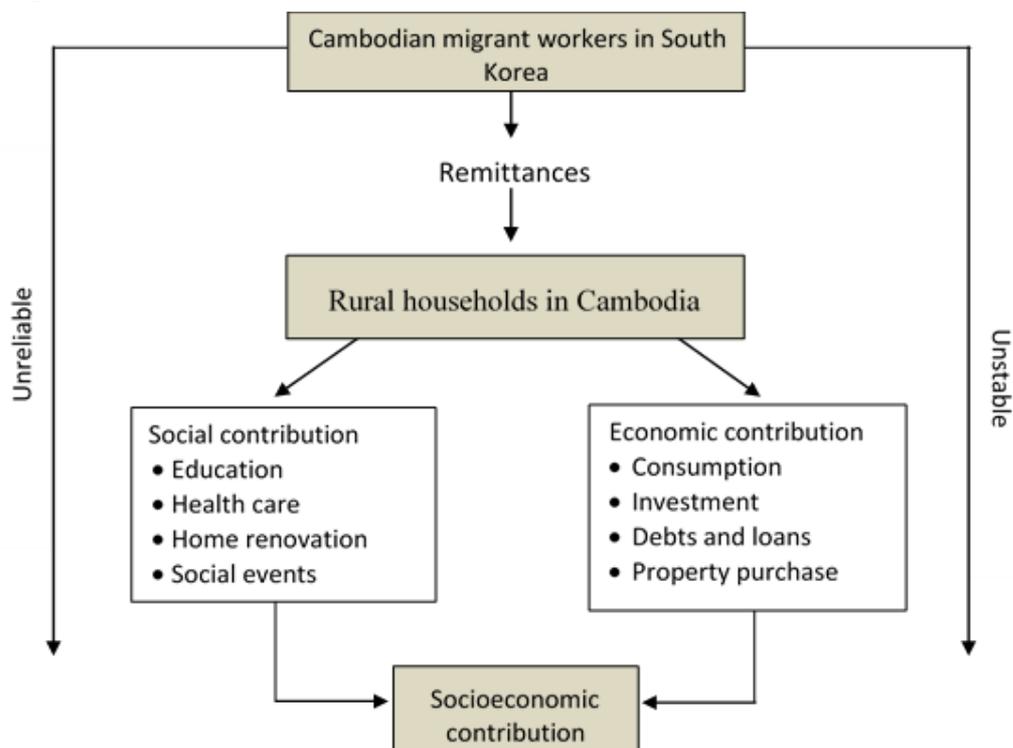
The current literature on how remittances sent by Cambodian labour migrants have been used to contribute to household livelihoods is scarce. Therefore, this study develops a case study of Reap and Roka communes in Prey Veng Province to investigate this issue and contribute rigorous academic findings to labour migration policy of the Royal Government of Cambodia, international and local non-governmental organizations, and other stakeholders to further support, promote and protect Cambodian labour migration in South Korea.

Theoretical Framework

This research takes the pessimistic perspective of international migration of Birks & Sinclair (1979) as a theoretical framework to explore how remittances sent by migrant workers in South Korea contribute to the livelihoods of rural households in Cambodia. The perspective considers remittances to be an unreliable and unstable source of income for households, communities, and countries; as remittances tend to rapidly

decline once migrants become settled, or upon the return of workers to their home country. By this lens, livelihoods are only improved temporarily and an unsafe dependency on this external revenue is created (Birks & Sinclair 1979, p.9; cited in de Haas 2007).

Figure 1. Theoretical framework



Adapted from Birks and Sinclair (1979)

The framework defines indicators such as education, health care, home renovations and social events are to test the social contribution of labour migration on households. Other attributes such as food, investments, the repayment of debts and loans, and property purchases are used to indicate an economic contribution. The framework is considered to be suitable for

this study as it can test whether international remittances to Cambodia have a negative or positive impact on household livelihoods (Figure 1).

Methodology

This exploratory mixed-methods study uses both descriptive statistics and in-depth interviews with key informants. Field research was conducted between November 2017 and April 2018 in Reap and Roka communes in Pea Reang District, Prey Veng Province. In total, 69 household surveys were conducted in the rural communes of Reap (38) and Roka (31). Three criteria were used to select the study area: (i) the number of labour migrants from the village who are working in South Korea and sending remittances to Cambodia; (ii) the significance of the remittances as a household income source; (iii) the significance of the remittances in terms of their contribution to socio-economic outcomes related to nutrition, healthcare, and education.

Key informant interviews were conducted with the commune chiefs in both Reap and Roka, as well as two officials from the Ministry of Labour and Vocational Training (MoLVT). In-depth interviews were also conducted with three Cambodian migrant workers currently working in different sectors in South Korea. In addition, 69 participants were sampled to participate in a quantitative survey, based on a research design with a precision level of 9%, using the below formula (Yamane, 1967). They were contacted directly and indirectly from the two study areas based on snowball sampling.

This study also draws from a variety of grey literature resources, including journal articles, books, working papers, newspapers and the bulletins of various organizations such as the United Nations, the

International Organization of Migration (IOM), and the International Labour Organization (ILO). Several official statements, reports and commentaries from the MoLVT in Cambodia and the Ministry of Education and Labor (MoEL) in South Korea were also used. Primary data was collected in the study areas using a reconnaissance survey, household surveys, as well as key informant and in-depth interviews based on a semi-structured questionnaire.

$$n = \frac{N}{1 + N(e)^2}$$

n = Sample size
N = Total population
e = level of precision

The study is primarily quantitative in approach. Quantitative data is substantiated by comparing the average number of household members with a national mean, to determine the average duration of stay of labour migrants in South Korea, as well as the timing and value of remittances received using a T-test. Chi-squared analysis was applied using categorical data to explore the significance of the relationship between push factors to send family members to South Korea and the impact on the livelihoods of the rural households surveyed. A weight averaged index (WAI) was used to evaluate the level of importance that households place on remittances and their impact on livelihoods on a five-point scale. Qualitative methods were used to support these results and explain trends in the use of the remittances by rural household in the study area.

Results and Findings

The employment of Cambodian labour migrant workers in South Korea

Cambodian labour migrants are generally recruited to work in South Korea using a government-to-government recruitment process, under an employment permit system. The South Korean MoEL and the Cambodian MoLVT work together closely to coordinate the recruitment process and select qualified Cambodians to fill labour shortages in South Korea. Candidates are required to submit an application for employment to the MoLVT and pass a Korean language test. Successful candidates are selected by companies in South Korea before receiving permission to legally migrate for work. Migrant labour regulations in South Korea restrict Cambodian migrant workers to a maximum of two terms. Each term is four years and ten months in duration. Migrant workers who demonstrate strong performance in their roles, and do not change their employer are rehired. They can continue their employment for a second term without retaking a language examination.

The in-depth interviews revealed that Cambodian migrant workers are provided with work permits and temporary residence cards on arrival in South Korea. The cards are used to record changes to the address and employer of each migrant worker. Generally, if workers periodically change their workplace during their first term, it is more difficult to access a second employment permit. Workers with multiple jobs in their first term are also viewed unfavorably. Employees are required to demonstrate diligence and loyalty to employers.

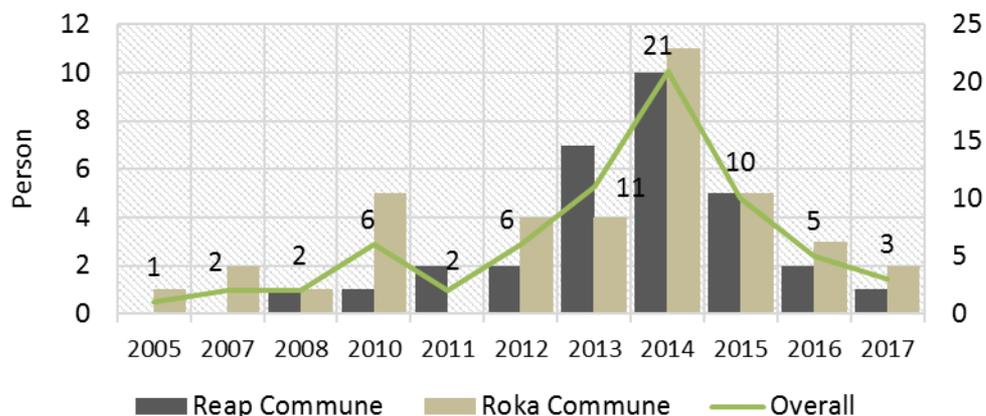
The survey accessed households who had at least one member immigrate to South Korea between 2005 and 2017 (Table 1). Households in

Roka began sending family members to attend training for employment in South Korea in 2005, before receiving employment eligibility. It was the first commune in Prey Veng to send Cambodian workers. As a result, the income accessed and experience with the labour migration program tends to be more positive than for migrant workers from Reap commune. The commune chief in Reap explained that villagers in his commune began migrating to South Korea after observing the positive experience of workers from Roka, where many households accessed benefits from the high incomes on offer in South Korea.

Each commune chief described a notable increase in the labour migration to South Korea starting in 2007 when a Memorandum of Understanding (MOU) on migration exchange and other regulations were agreed to by each national government. The trend declined temporarily in 2011 due to increased competition for employment in South Korea, before a second peak was reached in 2014 when the demand for 3D (dirty, dangerous and difficult) jobs increased. The number of households sending workers to South Korea from each commune gradually declined from that point up until 2017 (Figure 2).

The survey also found that young Cambodians migrate to South Korea because of the type of job opportunities available. They are not motivated to work in the traditional agricultural roles that are prevalent in Reap and Roka, where 98.73% and 93.23% of people who are employed, work as farmers (MoP, 2010). Young migrants tend to more highly paid work abroad in the industrial and service sectors.

Figure 2. Trends in Cambodian labour migration to South Korea between 2005 and 2017 from Roka and Reap Communes, Prey Veng Province



Source: MoP, 2017

Cambodian migrant workers were also found to stay in South Korea for an average period of 44.7 months or 3.73 years. A T-test revealed no significant difference in the duration of stay between each commune (Table 2).

Table 2. Duration of stay of Cambodian labour migrant workers in South Korea

Attributes	Reap	Roka	Overall
	(n=31)	(n=38)	(n=69)
Mean (month)	40.3	48.3	44.7
STD (month)	18.7	29.1	25.1

Notes: T-test results for the duration of stay of labour migrants between the two study areas (P=0.186)

Figure 3 shows that 81.2 % of the Cambodian workers changed their employment sector upon migrating. This is associated with the high demand for high demand labour-intensive industries. The most prominent of these

were found to be the agricultural (33.3%) and manufacturing (47.8%) sectors. Regardless of the type of job, many young Cambodians opt to give up studying and other small business opportunities at home communities to access higher-paying jobs in South Korea (Table 3).

Many reasons were identified as to why Cambodian workers decided to become labour migrants in South Korea (Table 4). The most significant pull-push factors were found to be higher salaries (98.6%), a lack of local jobs (72.5%), and poverty (60.9 %). Almost 77% of the population in Pea Reang District are farmers, with an average income of around 172 USD per month in 2016 (Provincial Planning Office, 2016). In comparison, migrant workers receive an average monthly salary of 1,573,770 WON (1,452 USD).

Figure 3. Trends in the employment of Cambodian migrant workers

		Former occupation of labour migrant workers in Cambodia								
N=56		Agriculture	Industry	Employee	Self-employment	Labour	Student	Unemployment	Overall	%
Current occupation of migrant workers in South Korea	Agriculture	20	10	1	4	2	4	2	23	33.3
	Industry	3	23	2	7	6	13	2	33	47.8
	Employee	0	0	-3	0	0	0	0	0	0.0
	Self-employment	0	0	0	-11	0	0	0	0	0.0
	Labour	0	0	0	0	-8	0	0	0	0.0
	Student	0	0	0	0	0	-17	0	0	0.0
	Unemployment	0	0	0	0	0	0	-4	0	0.0
	Overall	3	10	3	11	8	17	4	0	81.2
	%	4.3	14.5	4.3	15.9	11.6	24.6	5.8		

Other factors included following friends (39.1%), debt settlement (21.7%), modernization (21.7%), and skills improvement (18.8%). More

household in Reap (32.3%) than Roka (21.7%) were driven to migrate to pay off the debts, with the difference largely due to the cost of migration. Peer pressure was also influential, with, 32.3% of the migrant workers from Reap and 44.7% from Roka driven by this factor, following friends who had already accessed high salaries. Workers motivated to improve their skills (18.8%) may have been misguided as most industries in South Korea are based upon assembly systems that do not require high skill levels.

Trends in the transfer and expenditure of remittances

The remittances transferred by Cambodian migrant workers in South Korea to Cambodia were shown to have steadily increased over the last nine years (2007-2016), dependent on the types of employment accessed and the number of working hours. The survey indicates that the average annual remittances across both communes were around 7,000 USD, with households in Roka (7,612.5 USD) sending larger annual remittances than those from Reap (6,260.5 USD) per year. Yet, a T-test shows that this difference is not statistically significant ($P=0.086$). Among the respondents, 27.5% received more than 9000 USD annually. Around 20% of the households received a remittance of between 3,001 and 5,000 USD, or 7,001 to 9,000 USD, respectively. Further, 17.4% of received between 5,001 and 7,000 USD, while 14.5% received more than 1,000 but less than 3,000 USD (Table 5).

Households received remittances via three main channels including banks, friends, and brokers. Around one-third of surveyed households accessed remittances via informal brokers (31.6% in Roka and 35.5% in

Reap). Only 15.9% of households (13.2% in Roka and 19.4% in Reap) obtained the remittances through the friends of migrant workers who had visited family members abroad. This was shown to be a less popular strategy due to the frequency of visits and the cost of airfares.

Table 5. Amount of remittances transferred by Cambodian migrant workers

Attributes	Reap (n=31)	Roka (n=38)	Overall (n=69)
1001–3000	16.1	13.2	14.5
3001–5000	22.6	18.4	20.3
5001–7000	19.4	15.8	17.4
7001–9000	25.8	15.8	20.3
9001 and above	16.1	36.8	27.5
Average	6260.5	7612.5	7005.1

Most workers (88.4%) sent remittances via bank transfers (90.3% in Reap and 86.8% in Roka) with families preferring the services of Cambodian-based banks, such as Aceda, KB Kookmin, and the Wing International Money Transfer (IMT) due to the cost, reliability, and speed of the transfers. One migrant worker explained that he transferred a portion of his monthly salary via Hana Bank at 7 USD per transaction for any amount below 10,000 USD. This could be withdrawn at any Aceda branch in Cambodia within three hours of deposit at an additional cost of 10 USD (Table 6).

Remittances were shown to have positively contributed to household livelihoods, with remittances used for their daily food consumption (100%), health care (73.9%), home renovations (71%), education (55.1%), and property purchases (46.4 %). Some households spent remittances on social

events (36.2%), debt repayments (34.8%), and the development of small businesses (26.1%) (Table 7).

Table 6. Means of transferring remittances of Cambodian migrant workers in South Korea

Attributes	Reap		Roka		Overall	
	(n=31)		(n=38)		(n=69)	
	f	%	f	%	f	%
Cambodia-based banks	28	90.3	33	86.8	61	88.4
Friends visiting Cambodia	6	19.4	5	13.2	11	15.9
Brokers (informal channels)	11	35.5	12	31.6	23	33.3

A significant proportion of the remittances was allocated to daily food consumption. Many households also used the remittances to renovate housing, including the repair of walls, roofs and floors; repainting walls; or buying wooden furniture. Households in Roka were more likely to spend their remittance on home renovation (78.9%) than healthcare (71.1%), while in Reap the remittance was more likely to be spent on healthcare (77.4%) than home renovation (61.3%).

A more moderate share of the remittances was used to pay off the debts to banks, brokers, or microfinance organizations to attend the Korean language classes or pay other fees related to the processing of travel documents, living expenses in Phnom Penh, health check-ups, airfare and other expenses in preparation for migration to South Korea. Roughly one-third of households were found to have borrowed money to cover these expenses. Over half of households in both Reap (51.6%) and Roka 57.9 %

invested part of the remittance on their children’s education. Around 26.1% (22.6% in Reap and 28.9% in Roka) of households invested their remittances in-home businesses, or another short-, medium-, and long-term investments. A moderate proportion of remittances was also used for social and cultural events, such as wedding receptions, parties, funerals, or other religious and animistic ceremonies such as *Pchum Ben*, *Bon Pka*, and *Katen*.

Table 7. Remittance expenditure in Reap and Roka commune

Attributes	Reap		Roka		Overall	
	(n=31)		(n=38)		(n=69)	
	f	%	f	%	f	%
Daily food consumption	31	100.0	38	100.0	69	100.0
Education for children	16	51.6	22	57.9	38	55.1
Healthcare	24	77.4	27	71.1	51	73.9
Investments	7	22.6	11	28.9	18	26.1
Debt payments	14	45.2	10	26.3	24	34.8
Buying property	19	61.3	13	34.2	32	46.4
Home renovations	19	61.3	30	78.9	49	71.0
Social events	13	41.9	12	31.6	25	36.2

Working in South Korea was generally believed to be a strategy that could lead migrant workers and their families to become well off. Thus, seeking opportunities to migrate for work in South Korea has become a common ambition among young members of rural households in Cambodia. Table 6 presents the results of a Chi-squared test used to identify whether a correlation exists between the decision of the households to send a member to migrate for work in South Korea and a positive impact on living conditions

(Table 8). No significant correlation was found between these two factors (P -value=0.386).

Table 8. Relationship between Cambodian rural household’s preference to continue sending household members to work in South Korea and effect on their living conditions

Attributes	Preference to continue sending family members to South Korea			X^2	P-value	
	Yes	No	Overall			
Effect on households' living conditions	Yes	42	18	60	0.752	0.386
	No	5	4	9		
	Overall	47	22	69		

Perceived changes in household livelihoods and well-being

Households in Reap and Roka were found to hold different perceptions about their livelihoods and well-being before and after a member of the family had migrated to work in South Korea. A five-point WAI was used to measure the level of household satisfaction with these changes. The WAI used ten indicators related to living standards, education, healthcare, family happiness, investments, social participation, social status, housing conditions, lifestyle, and property ownership.

Further, a T-test was used to show that five indicators, including living standards, education, investment opportunities, housing conditions, and the lifestyles of surveyed households were significantly different between each case study commune. Livelihoods were shown to have improved as a result of labour migration to South Korea for 76% and 82% of households in Reap

and Roka, respectively. Households in Roka were highly satisfied with changes in their housing conditions (76%), education (65%), lifestyle (56%), and the level of household investments (47%). In Reap, however, households were only moderately satisfied with education (50%) and lifestyle (46%) factors, and less than satisfied with their level of household investments (34%) (Table 9).

Table 9. Perceived changes in household livelihoods and well-being in Reap and Roka

Attributes	Reap		Roka		Overall		P-value
	(n=31)		(n=38)		(n=69)		
	WAI	OA	WAI	OA	WAI	OA	
Living standards	0.76	H	0.82	VH	0.79	H	0.006**
Education	0.50	M	0.65	H	0.58	M	0.015**
Healthcare	0.71	H	0.77	H	0.74	H	0.076
Family happiness	0.71	H	0.77	H	0.74	H	0.059
Investment opportunities	0.34	L	0.47	M	0.41	M	0.026*
Social participation	0.58	M	0.62	H	0.60	M	0.359
Social status	0.65	H	0.69	H	0.67	H	0.084
Property ownership	0.61	H	0.66	H	0.64	H	0.08
Housing conditions	0.70	H	0.76	H	0.73	H	0.024*
Lifestyle	0.46	M	0.56	M	0.52	M	0.006**

Note: WAI= Weight Averaged Index measured on a five-point scale [Very Low (VL) =0.00-0.20, Low (L) =0.21-0.40, Moderate (M) =0.41-0.60, High (H) =0.61-0.80, Very High (VH) = 0.81-1.00]; OA= Overall Assessment; *Significance at the 0.05 level; **Significance at the 0.02 level.

Discussion

Divergence of trends in the transfer of remittances by commune

It is estimated that more than one million Cambodian migrant workers were residing outside Cambodia in 2017 (WB, 2017), among whom 5,967 Cambodians were legal or documented labour migrants in South Korea (MoLVT, 2017). The majority of legal migrants in South Korea work in four in-demand sectors including manufacturing, agriculture, construction, and fishery (see Appendix 1). Since 2010, the Cambodian workers in South Korea in these four sectors are reported to have collectively remitted close to 4 million USD (WB, 2016). This amount increased substantially from 3 million USD in 2010 to 8 million USD in 2015, before declining to 5 million USD in 2016. These figures may be contrasted with those from the Cambodian Embassy in South Korea, who reported that US\$500 million was remitted by Cambodian labour migrant workers in South Korea in 2016 (Long Dimanch 2016; cited in Hang 2017).

This difference may be explained by three factors. First, the World Bank only tracked the periodic transfer of remittances by formal channels, such as international banks. However, 90.3% of migrants from Reap and 86.8% of migrants from Roka preferred to use Cambodia-based banks, such as Aceda, linking to Hana Bank through the Payone Program, Canadia Bank, and Wing-IMT. This was largely owing to lower transaction fees than international banking services, such as Western Union. Second, interviews reveal that some labour migrants found multiple jobs in South Korea to increase their income. One interviewee revealed that he worked in one officially registered full-time position, alongside another at night, without any formal registration. Another interviewee revealed that apart from a registered full-

time job, he also worked as a broker, helping other Cambodian labour migrants transfer remittances to Cambodia.

Third, a large proportion of the remittances were transferred by Cambodian migrant workers via other informal channels, such as friends and brokers. Despite their proficiency in Korean language, some migrant workers remained unfamiliar with formal banking services and technology, preferring to save their income and transfer it later via friends or brokers. One interviewee revealed that she was concerned about her level of computer literacy and language skills, preferring to send remittances to Reap commune through other workers in her factory. On average, 49.2% of the households sent remittances with friends who either did not charge a fee or only asked for a small payment for each transaction. The remittances of illegal labour migrant in South Korea are not able to be traced. It is estimated that between 3,000 and 4,000 Cambodians are residing illegally and working illegally in South Korea after overstaying their visa. These workers rely heavily on informal channels to transfer remittances

The causes of different socioeconomic outcomes in each study area

Rural households in Roka (7,613 USD per annum) were found to disproportionately benefit from labour migrations compared to those in Reap (6,261 USD per annum). While this difference is considered to be marginal, it may be attributed to four main factors. First, labour migrants from Roka tended to work for a longer duration in South Korea. Thus, they were able to access higher salaries due to their skill and experience developed over time.

Second, a correlation between the value of the remittances transferred and the frequency of communication with the household. In Roka, households were found to be in frequent contact with family members in South Korea. They often discussed issues about finances and living conditions. For instance, one householder in Roka commune explained:

“My daughter moved to work in South Korea four years ago. I have maintained frequent contact with her via Facebook nearly every night. Since our family is large, we need some additional income to meet our household needs. When we talk, she sends us money and asks us to inform her if we need more.”

Third, the average number of household members in the study area is 5.5 people. This is markedly higher than the national average of 4.6 people (MoP, 2010). It was found that 15.8 % of households in Roka comprised between 7 and 9 members, compared to 25.8 % of households in Reap (see Appendix 2). This means that households in Reap shoulder a significant burden in terms of food consumption, health care, and education. A greater number of children in a household tends to result in a decline in the number of household members who participate in the labour force, particularly for women, thus, a decline in household income. Large households also save less and invest less in the education of their children. This perpetuates income inequalities as education is positively associated with higher income. Fourth, the number of families affected by unemployment, divorce, or the death of a household head is relatively higher in Reap. These households depend more heavily on immediate household members, who are not able to support their

extended family. There are a greater proportion of household members in Reap who are either unemployed or self-employed or who are aging and cannot undertake labor-intensive work in factories.

The negative impact of remittances on household livelihoods and well-being

Three major implications have been identified from the findings presented in this paper. First, at the end of their period of employment in South Korea, migrant workers are required to return to Cambodia. Often, they have not acquired knowledge or skills that are transferable and find it hard to access employment beyond the minimum monthly wage in Cambodia of around 190 USD per month. This is vastly different from what they would receive in South Korea and is highly demotivating particularly for those who value *'materialism'*. Second, a large proportion of remittances to households in Cambodia tend to be investments in home renovations that may be considered a liability; rather than an asset that may generate medium- or long-term profits, due to required expenditure on electricity, water, and maintenance.

Third, around half of the households in the two study areas overlooked the importance of long-term investments in the education of their children. This has tended to result in an ongoing intergenerational cycle of poverty, as education is positively linked to higher incomes. This is compounded by the presence of elders aged over 40, who nominally had poor access to education due to being born during or before the Khmer Rouge period between 1975 and 1979. During this time, schools and pagodas were basic

education was provided were completely shut down by the radical anti-intellectual regime. During the 1980s, the quality of education, particularly in rural areas was highly constrained. Most elders in the household that were surveyed did not receive a primary education.

In summary, the theoretical framework built on the pessimistic perspective of international migration adapted from Birks & Sinclair (1979) is a valid representation of the transfer remittances by Cambodian migrant workers in South Korea. They may be viewed as an unreliable source of household income. This is because remittances are primarily used for daily food consumption, home renovations, and other liabilities, rather than investments in assets such as home businesses. Households tend to become dependent on remittances as a significant source of household income that cannot be sustained.

Conclusion

The number of documented Cambodian labour migrant workers in South Korea increased from 468 in 2005 to 5,967 in 2017, representing an increase of 784.3%. This trend was replicated in the case study areas selected in this paper. Key motivating factors to migrate to South Korea include accessing more highly-paid employment, a lack of local jobs, and the experience of poverty. Other underlying factors include debt, modernization, peer pressure, skills improvement, materialism, as well as cultural experiences.

On average, Cambodian labour migrant workers in South Korea can earn 1,500 USD per month. Between 2007 and 2016, migrant workers in the case study areas remitted roughly 7,000 USD to Cambodia annually (7,612.5 USD

in Roka and 6,260.5 USD in Reap). This represents an 18% difference between each commune. Households in each commune obtained remittances via banking or financial services, friends, and/or informal brokers. The vast majority preferred to use Cambodia-based, rather than international banking services for these transfers. Almost one-third of the labour migrants surveyed in this study opted for less costly informal transaction services, such as brokers, friends, or colleagues.

The households in the case study used the remittances for their daily food expenses, healthcare, home renovations, education, property ownership, social events, debt settlement, and the development of small businesses. Food and health care expenses represent the most significant use of this income, followed by home renovations and education. Property ownership, higher-interest debt repayments and social or religious events, such as weddings and Buddhist ceremonies also accounted for a large share of the remittances.

Despite similar trends in the amount of remittances sent from South Korea to Cambodia, the two case study communes were impacted differently. Roka experienced better livelihood and well-being outcomes for four main reasons. First, household members from Roka migrated to South Korea for a longer period and thus were able to transfer a greater amount of remittances to improve the livelihoods of their households in Cambodia. Second, closer and more frequent levels of communication were maintained between migrant workers and their families, which is validated by the survey. Third, the size of households in each commune was different. In

comparison to Roka, Reap had a larger number of members per household and thus, had a greater proportion of burdens to support with the remittances sent. Finally, unemployment, divorce and single-headed households are more prevalent in Reap.

While remittances have contributed to the overall socio-economic development of rural communities in Cambodia over the past nine years, many households have not utilized them to invest in assets, preferring expenditure on home decoration and materialist tendencies. Thus, it is concluded that remittances are an artificial and temporary source of improvement in household livelihoods and remain an unreliable and unstable source of income. The families of labour migrants should be encouraged to invest more in the education of children, skills improvement and investment in small businesses. Otherwise, a perpetual dependency on these external revenues and a continuing cycle of poverty is likely to prevail.

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Appendix

Table 1. Demographic Information of Respondents in Reap and Roka

Attributes	Reap (n=31)	Roka (n=38)	Overall (n=69)
<i>Age group (%)</i>			
30 and below	16.1	7.9	11.6
31-40	12.9	10.5	11.6
41-50	19.4	21.1	20.3
51 and above	51.6	60.5	56.5
<i>Average (years)</i>	<i>47.7</i>	<i>51.8</i>	<i>49.9</i>
<i>Educational Level (%)</i>			
Illiterate	3.2	2.6	2.9
Primary level	32.3	39.5	36.2
Lower secondary level	41.9	36.8	39.1
Upper secondary level	22.6	21.1	21.7
<i>Average (Grade)</i>	<i>7.3</i>	<i>6.7</i>	<i>7.0</i>
<i>Household members (%)</i>			
3 and below	0.0	5.3	2.9
4-6	74.2	76.3	75.4
7-9	25.8	15.8	20.3
10 and above	0.0	2.6	1.4
<i>Average (people)</i>	<i>5.8</i>	<i>5.3</i>	5.5^{1,a}
<i>Marital Status (%)</i>			
Single	0.0	2.6	1.4
Married	90.3	86.8	88.4
Divorced	3.2	0.0	1.4
Widow	6.5	10.5	8.7

Note: Significant P Values are shown in bold font.

¹Significant at 0.000%; ^a National household size of 4.6 persons

Table 3. Number of Cambodian labour migrant workers in South Korea in sectors

Sector	2014^b	2015^b	2016^c	2017^c
Manufacturing	4,371	4,309	4,737	2,730
Agriculture	2,635	2,633	1,960	2,677
Fishery	8	4	0	0
Construction	657	886	674	560
Overall	7,671	7,832	7,371	5,967

Sources: ^bMinistry of Labour and Vocational Training, 2016; ^cMinistry of Labour and Vocational Training, 2017

Note: The data on the number of Cambodian migrant workers above were selectively compiled based on three documents: one policy and two annual reports of the Cambodian Ministry of Labour and Vocational Training.

Table 4. Drivers of Cambodian labour migration to South Korea

Attributes	Reap		Roka		Overall	
	(n=31)		(n=38)		(n=6)	
	f	%	f	%	f	%
Poverty	26	83.9	16	42.1	42	60.9
Lack of local jobs	19	61.3	31	81.6	50	72.5
Debt settlement	10	32.3	5	13.2	15	21.7
Good salary	31	100.0	37	97.4	68	98.6
Materialism	1	3.2	2	5.3	3	4.3
Modernization	5	16.1	10	26.3	15	21.7
Skills improvement	7	22.6	6	15.8	13	18.8
Cultural influences	1	3.2	1	2.6	2	2.9
Following friends	10	32.3	17	44.7	27	39.1
Other reasons	0	0.0	1	2.6	1	1.4