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## Remittance, Migration and Development: Investigating African Diaspora in Germany

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### **Abstract:**

*International labour migration and remittances have been a contentious issue in the academic circle and this has prompted this study to investigate African diasporas in Germany. The aim of the study is to investigate the impact of international labour migration and remittances on migrants' home country as well as their host country. Qualitative and quantitative methods were adopted for the study. Findings from the study indicated that international labour migration and remittances have positive impacts on migrants' family members as well as migration having impacts on the destination country. The study was on a smaller scale and the results cannot be generalized which made the study calls for future research on the impact of international migration and remittances on both the sending and receiving countries.*

**Keywords:** African, development, Germany, migrants, migration, remittance

### **1. Introduction**

International labour migration is growing at a rapid pace and this situation has become a topic of debate in the fields of academic, government and international development. This is because thousands of people, both males and females are frequently leaving their home countries in search of jobs in foreign countries. The common trend in international migration is that people from developing countries are migrating to advanced countries for jobs. Most of these migrants are not concerned about the types of jobs they are willing to do, all they are interested in is to get jobs in these advanced countries so that they can start sending money home. According to the International Labour Organization (ILO), many individuals are leaving their countries annually in search of work and they are indifferent about the types of jobs they will get because they need to escape poverty and insecurity in their respective home countries (ILO, 2006).

Millions of migrants send money home and through this, they contribute to the socioeconomic improvement of their respective families, as well as aid the improvement of the economic condition of their host countries. On an annual basis, significant numbers of migrant workers send remittances home from developed countries to developing nations. It is estimated that in 2005, a total of \$250 billion was remitted from advanced nations to developing countries by migrants to support their families and communities (ibid).

The prevailing economic doldrums and insecurity in most African countries have contributed to a large surge in the numbers of African migrants working in advanced countries. Income inequalities, human rights abuses and insecurity continue to act as push factors for migration (ILO, 2010). Furthermore, men and women use migration as a strategy to search for work in industrial countries due to the dearth of job opportunities for employment in many developing countries (ibid).

Germany has been one of the foremost countries in Europe that Africans are living and working and many Africans at home still see Germany as their promise land because of the economic prosperity of Germany. However, coming to Germany does not guarantee anyone an easy job. This is because one needs to get integrated, learn German as a language and most of the jobs that are meant for migrants are not professional jobs.

The wave of African migrants to Europe continues unabated and the major reasons given by most labour migrants are that in their home countries, there are no job opportunities, inadequate social infrastructure and lives are not secure due to the problem of insecurity. Why most of them find their way to Europe and start working. They frequently send money home through money transfer or they buy goods abroad and send home for selling. A lot of studies have analyzed the impact of migration and remittances. However, this study aims to complement the existing literature on the interface between remittance and development as well as filling in existing gaps.

Academic debates continue to elaborate on the positive and negative impacts of remittances, this study aims to elucidate on the impact of remittances on the well-being of migrant families. The study investigates African Diasporas living in Germany through the money they send back to their respective countries for their families' use. Thus, the research questions are as follows:

- i Do international labour migration and remittance promote human development and economic growth?
- ii What factors influence the possibility to remit?
- iii Is there any impact of international migration on the host country?

In addressing these questions, this study intended to fill three analytical gaps relating to the impact of remittances, motivation to remit and the effect of migration on the host country.

## 2. Literature Review

### 2.1. Migration, Remittances and Development Nexus

There are continuing debates on the link between international labour migration, remittances and development. Some studies have acknowledged the impact of migration and remittances on human and economic development, others have frowned on the consequences of migration and remittances. Pernilla Larsson and Josefin Angman study the impact of remittances and development in 99 developing countries and from their empirical evidence by using yearly panel information of 99 third world countries, they find a positive link between remittance and development. However, they did not give the percentage of the people that benefit from the remittances they received in these countries (Larson & Angman, 2014). As the debates on the impact of migration and remittances rage on in the academic world, Volker Hamna research on the impact of international labour migration on regional development: The example of Zacatecas, Mexico. The outcome of his analysis indicated that the movement of labour force from Zacatecas has a negative effect on the economic development of the city, while at the same time the household welfare and state social products improved due to remittances, however, domestic product did not improve (Hamna, 2006). Furthermore, the study demonstrates that the huge amount of remittances received in a small city cannot boost the economic potential of the small city, both in the short term or in the long run, that is the reason Zacatecas has concentrated much in primary products despite the enormous amount it has received for a very long time (Hamna, 2006).

The correlation between migration, remittance and poverty reduction in developing countries prompted Richard Adams and John Page to investigate if international migration and remittances reduce poverty in developing countries. They carried their studies from a new set of data from 71 developing countries. Their findings demonstrate that international labour migration and remittances extensively reduce poverty in developing countries (Adams Jr & Page, 2005). If this study really acknowledged that international migration and remittances reduce poverty, why is poverty still increasing in most developing countries despite the inflow of remittances? Thinking on the same line with the findings of Adams and Page above, John Afaha studied migration, remittance and development in origin countries: evidence from Nigeria. What he noticed from his study is that remittance has a contribution to the growth of the Nigerian economy and it also reduces poverty in a little way. However, international migration creates brain drain and it favours the migrants' host countries (Afaha, 2011). A good case study of this scenario is Nigeria, the country has over 25, 000 medical doctors in the United States of America that are contributing to the health system of the US and economic growth through tax remittance, however, in Nigeria, there is the dearth of health personnel. The Nigeria Medical Association (NMA), Lagos State branch estimated that there are just 25,000 doctors in Nigeria for over 170 million population, putting the ratio of one doctor to 6, 800 Nigerians (Alao & Alao, 2013). The International Fund for Agriculture Development (IFAD) as part of its research prowess, decided to carry out a research on the nexus between international migration, remittance and rural development. Using renowned academic scholars for the research, the outcomes of the study have mixed feelings. Migration leads to the reduction of labour force in a rural setting and at the same time, it leads to a reduction in population. For instance, in an overpopulated area, migration may reduce underemployment and reduce pressure on land and other natural resources (IFAD, 2008).

The impact of remittance cannot be over emphasized, remittance has contributed immensely to the human development of migrant families back home in developing countries. Remittances can act as security at the time of famine by reducing the effect of a shortage of food (Lucas, 2005 & 2006). Research has indicated that migration and remittances act as protection against risk situations for the less privileged (IFAD, 2008). For instance, during the worst drought in Botswana, remittances that were sent to the country allow people to escape hardship imposed by the drought (Lucas & Starks, 1985). Supporting this notion, poor rural farmers in Ghana got relief from high inflation due to remittances they received (Lucas, 2006).

While most of these studies have analyzed the impact of migration and remittances, this study aims to contribute to the debate. It will investigate African migrants in Germany and the impacts of the remittances they send to members of their family in Africa.

## 3. Theories of Migration and Remittance

### 3.1. Theory of Migration

The motives behind migration have led to series of theories to know the actual causes of migration. Scholars in different disciplines have investigated four different themes of migration, these include the origin of migration, the use of migrant's labour, the continual flow of migrants and the social cultural acclimatization of migrants (Portes, 1999). Why different theories have emanated, "It is argued that at present there is no single, articulated theory of international migration, but a muddle of models, analytical frameworks, conceptual; approaches, empirical generalizations, simple notions, and only seldom pieces of real theory segmented by disciplinary boundaries" (Arango, 2000).

These analytical frameworks, conceptual approaches and empirical investigations have different hypotheses, however, there is the tendency for them “not to be taken as mutually exclusive, but rather as complementary” (Portes, 1999). Most of the literature on international labour migration recognize two unique approaches to the study of international labour migration. These are the functional and structural approaches. However, in this study, world system theory under structural approach will be discussed.

The world system theory emanated from the structural change in a society due to market dislocation caused by capitalist development. Analyzing (Wallerstein, 1974), this theory asserts that “the penetration of capitalist economic relation into peripheral, noncapitalist societies creates a mobile population that is prone to migrate abroad” (Massey et al. 1993:444). This makes migration as a function of globalization. The super power countries used raw materials from developing countries to build their economy, according to the dependency school of thought, while, the rich countries are developed at the expense of the developing countries, individual from developing countries take the initiative to migrate to these rich nations for the betterment of their lives and that of their family since their own countries are in the state of underdevelopment. This theory has been criticized by (Gross and Lindquist, 1995) for not recognizing how noncapitalist social relations in developing countries alter the transfer in the labour power of migrants of value incorporated.

### 3.2 .Theory of Remittance

There have been pessimistic and optimistic views on the benefits of remittances in developing countries, the IMF considered remittances as goods and money transferred by migrants living abroad to dependents of the home country of migrants (IMF, 1999). Studies have shown that remittances impact economic growth and development. For instance, money sent by migrants is used for education, food, health care, investment and the welfare of migrant families. The main theory of the motives of sending money is the theory of pure altruism.

This theory simply states that migrants send money to their families because they care about the well-being of their family. The word altruism means humanity, self-sacrifice and philanthropy. Before leaving home, migrants know the living conditions of their family members and in order to support their family after leaving home and working abroad, they start remitting money and goods to their families. Bougha-Hagbe investigates altruism and workers’ remittances in some countries in the Middle East and Central Asia, he declared from his investigation that altruism is workers’ decisions to remit. However, the study did not compare other motives to remit with altruism.

In order to know the relationship between altruism and remittances in 36 countries in the Sub-Sahara Africa, Fonchamnyo, (2012) examines the economic determinants of remittance inflow using a panel data. The findings of the study indicate that altruism is crucial for remittances.

## 4. Methodology

### 4.1. Study Population

The target population for this study consists of Africans living in Germany. Due to the time frame of the study, participants were chosen from two major cities in Germany which are Berlin and Kassel. Although, many Africans live in other parts of Germany, for the effectiveness of this study in terms of meeting time schedule, the study concentrated on these two German cities.

### 4.2. Sample Size

Two hundred and twenty questionnaires were formulated and distributed to Africans. However, it is not the total number of questionnaires that constitute the sample size. But the questionnaires that were distributed and returned to the researchers form part of the sample size. Questionnaires that were filled and returned the questionnaires were 186 which made the total sample size of the study to be 186 respondents.

### 4.3. Research Instrument

The source of data for this study is from primary and secondary sources. The primary source is through a questionnaire method while the secondary data emanated from books, journals and theses. A questionnaire was developed for this study and it was divided into two major parts, which are information relating to the working situation of respondents and respondent remittance’s behaviors. This study has also elicited data from nongovernmental, academic journals, textbooks and data from the International Organization for Migration (IOM) and the Economic Development and Employment Division of the German Technical Cooperation.

### 4.4. Data Analysis

A mixed method of data analysis was adopted for the studies. The quantitative data were arranged, coded, edited and entered into a computer and analysed using Excel data analysis. The data obtained from the interviews were scrutinized and transcribed and the transcripts formed part of the analysis of this study.

## 5. Results

The aim of this study is to investigate the impact of international labour migration and remittances of Africans living in Germany. Quantitative and qualitative methods were adopted for this study due to the fact that this method offers the prospect to reveal the impact of migration and remittances on the economic growth of migrants’ countries as well as migrants' host country. The research questions formulated for this study guided the composition of the bar charts.

The results of the study are organized into four dimensions: remittances and economic growth interface, reasons for sending money, what factor influences you to remit and the impact of migration on the host country.

**5.1. Remittance and Economic Growth**

Respondents were asked if they send money home and this is to know the economic contribution of the respondents to their respective countries.

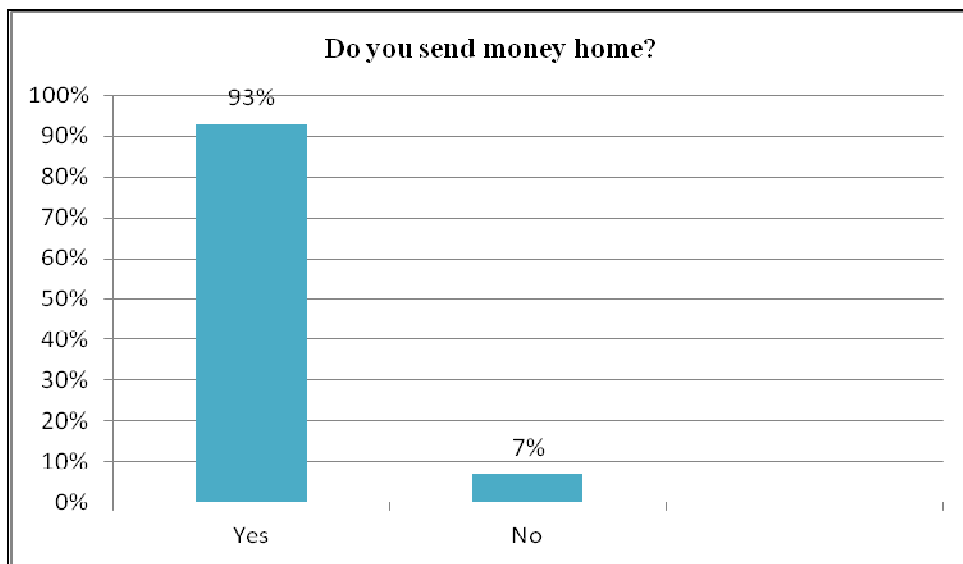


Figure 1: Remittances and economic growth  
Source: Field survey

Figure 1 demonstrates the respondents’ responses if they remit money to their respective countries. As seen in the bar chart, 93% of the respondents remit money to their home country while 7% of the respondents do not remit money.

**5.2. Contribution to Human Development**

Remittance has been considered as an avenue for human development in developing countries and this prompted the study to investigate the interface between remittances and human development. The reasons for sending money home by African migrants in Germany are presented in figure 2 below.

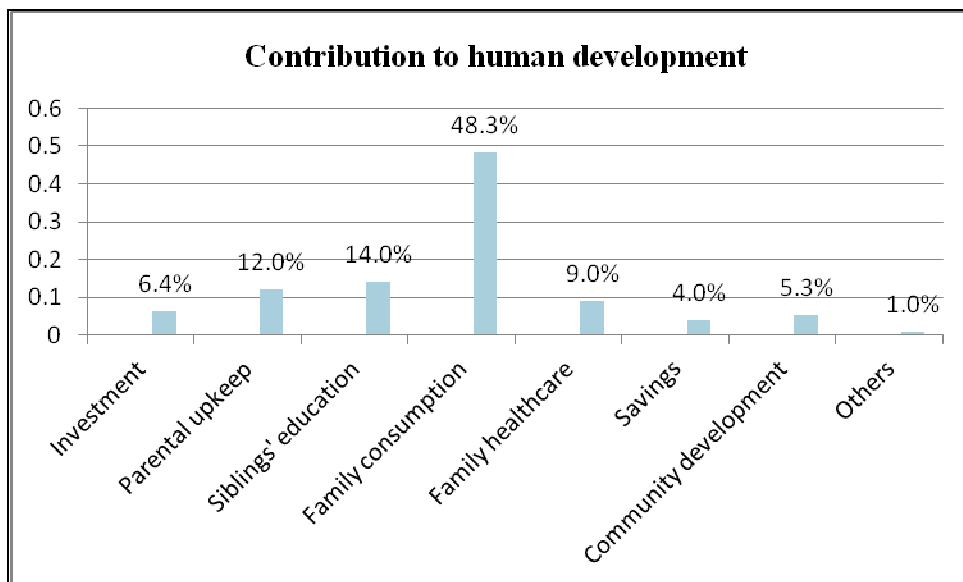


Figure 2: Remittance contribution to human development  
Source: Field survey

African Diasporas that sent money home for family consumption are 48.3%, while 14% of the respondents sent money for their siblings’ education, 12% remit money for parental upkeep. Furthermore, 9%, 6.4%, 5.3% and 4% of the respondents remit money to

their home countries for family healthcare, investment, community development and savings respectively. Only 1% send money for other reasons.

### 5.3. Motivation to Remit

Different theories have explained the motive behind migrants' decisions to remit. In order to support some of these theories, this study decided to know the reasons from the respondents what motivate them to send money to their respective countries. Figure 3 analyzes the motive to remit among African migrants in Germany.

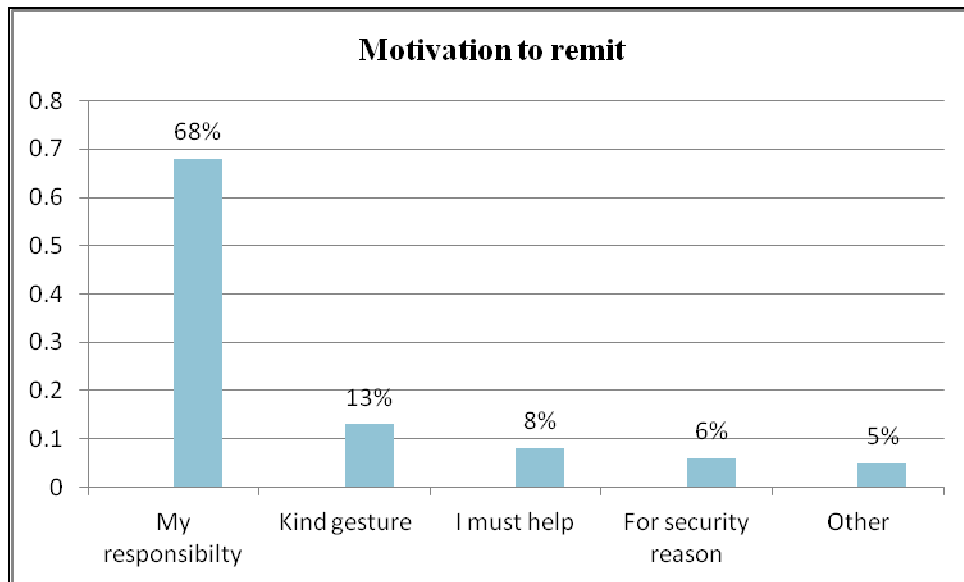


Figure 3: Motivation to remit  
Source: Field survey

In order to know the motive behind African migrants in Germany to remit, figure 3 shows that 68% of the respondents considered it their responsibility to remit, 13% of the respondents believed they have to show kind gesture to remit, 8% assert it is their duty to help while 5% gave other reason to remit.

### 5.4. The Impact of Migration on Migrants' Host Country

The study was interested to know the positive impact of migration on the host country of migrants.

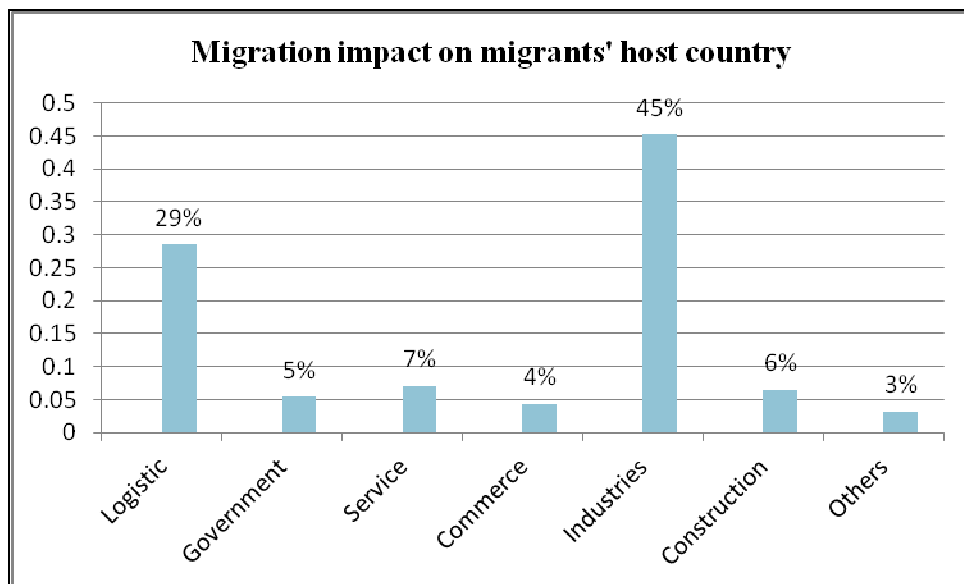


Figure 4: participants were asked the sector of the German economy they work.  
Source: Field survey

The impact of migration in the host country is displayed in figure 4. Respondents who work in the industrial sector are 45%, while 29% work in the logistic sector. Furthermore, 7%, 6%, 5% and 4% work in the service, government, construction and the commercial sectors respectively.

## 6. Discussions

The answer to the first research question suggests that African migrants in Germany contribute to the economic growth and human development of their respective countries, from Figures 1 and 2, one can see that majority of African migrants send money home frequently and they send this money for family consumption.

The casual relationship between remittances and economic growth have been confirmed by the empirical deductions of (Englama, 2009; Siddique et al. 2010). Migrant remittances are the most salient factor determining the relation between international labour migration and regional development (Hamann, 2006). This can also be said of migrant remittances impacting on the socioeconomic well-beings of their dependants living back home. The money sent home from the migrant base to migrant relatives or families are used for the benefit of the family through consumption and investment thereby having a major influence on economic development (Goldring, 2003).

Remittances reduce inequality, increase income and savings. One way that remittances can impact economic growth is through micro and macroeconomic activities which include domestic investment, consumption and investment in human capital. However, the claim that remittances promote economic development in developing countries is still being contested by some scholars.

Investigations by the following scholars (Lucas & Starks, 1985; Adams Jr & Page, 2005; Lucas, 2006; Afaha, 2011) have shown that remittances aid human development in developing countries, this is because the money sent home by migrants are used for family consumption in the area of feeding, housing, education and health. This actually leads to the improvement of the quality of life of members of labour migrants' families. In giving credence to this assumption, Fayomi asserts that:

- “the most direct way in which remittances contribute to economic and social development is the improvement in the living standards of the recipients. As presented under the analysis, the decision to migrate may be a conscious choice to improve the income prospects of the household and to reduce risk associated with income instability. Therefore, remittances would improve the living standard of the household enabling a higher level of consumption and increase educational opportunities for the rest of the household. Consumption by itself is not a productive activity, therefore, increased consumption by poor households improves their productivity by improving health or improves the capacity of young children in these households to learn and hence acquire a better education it may contribute to development (Fayomi, 2013:131).

However, the impact of remittances on migrant family members does lead others to take the risk of travelling abroad by going through the desert and high sea and these have led to the deaths of many migrants in the sea after the capsizing of their boats.

What motivate migrants to remit money to their family members? Findings from the study disclosed the rationale behind the possibility for migrants to remit. For instance, in figure 3, 68% African migrants feel it is their responsibilities to remit. This is subscribed to the theory of pure altruism which denotes that migrants send money to their family members because they care about them. Other factors that are also responsible for migrants to remit include migrants assisting those in need and as well as showing kindness to some people. But leading scholars on migration and remittances such as (Agarwal and Horowitz, 2002; Benerjee, 1984; Johnson and Whitelaw, 1974; Lillard and Wills 1997; Piracha & Saraogi, 2011) agree that altruism is the major reason for remittances. Because of the high level of poverty in developing countries, migrants take the responsibility to send money home to improve the living conditions of their family members. Studies have shown that households that received remittances consume more than households that do not receive remittances at all.

This study was interested to know if international migration has a positive impact on migrants' host country. Findings from the data gathered indicated that migration has positive impacts on the destination country. From the analysis in Figure 4, revealed that a large number of African Diasporas worked in the industrial and logistics sectors of the German economy. By this, migrants contribute tax and pension which have an impact on the welfare system. Despite the less tax paid by migrants in Germany Ulrich (1984) using statistics from the German Socioeconomic Panel in 1984 asserts that tax from migrants has an impact on German fiscal budget in 1984 due to the migrants' contribution to the pension system. Studies by (Lalonde and Topel, 1997; Smith and Edmonson, 1997; Gott and Johnson, 2002) suggest that migrants make a positive contribution to the welfare system in the United States (US) and the United Kingdom (UK). However, as migration leads to a positive impact on the destination country, there is also the negative impact of migration on the sending countries through brain drain.

## 7. Conclusion

The study was embarked on to know the impact of international labour migration and remittances. Findings from the study revealed that remittances do contribute to human development and economic growth in developing countries and as well as migration having an impact in the destination country. Data from the study were collected through qualitative and quantitative methods. As the debate on migration and remittances continue to wax stronger, this study really examines the issue and from the analysis of the data, migration and remittances have positive impacts on migrants' families, relatives and friends.

Furthermore, remittances lead to economic growth due to the money that is sent back home by migrants which are used for savings, investment and consumption. Aside this, remittances in some instances reduce poverty in developing countries, however, there is the need for more research to know the level of poverty reduction.

Finally, from the study, it is imperative to know that aside the negative impact of migration, there is also a positive impact. Migration leads to the increase in the pension system of the receiving countries.

This study is not a comprehensive one due to the limited time that this research was done. Migration and remittances are very large areas to cover in order to know the impact of both. The study recommends a large scale of research to know the actual impact of migration and remittances. Further research is needed in the area of poverty reduction, economic growth as well as the impact of migration on destination countries.

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