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Effects of rural-urban migration on economic status of rural residents: Empirical evidence from the Borikhan District, Lao PDR

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ABSTRACT

The study examined the effects of rural-urban migration on the economic status of rural residents. The study utilized a mixed-methods research approach to collect and analyze data, first, data were collected through a questionnaire from households whose family members migrated to urban centers, and interviews were held with various heads of villages in the study area. The study reveals that the majority of the migrants were able-bodied youth who migrated to urban centers to seek employment and education. Migrants' families at places of origin benefited from migration of their own relations to urban centers mainly through remittances which enabled them to improve their livelihood as the remittances were spent on daily consumption and investment into business activities. The study recommends that government should formulate policies that would create employment for citizens in rural areas, and encourage the private sector to build industries in rural areas to prevent rural-urban migration. Government and the private sector should also empower rural farmers through the promotion of markets for farm produce in order to improve the income of rural farmers, reduce poverty, improve the quality of life and well-being, increase their happiness, satisfaction, and minimize rural-urban migration. The study findings are limited to developing countries where rural-urban migration is a challenge due to the generally low quality of life in rural areas. Further research on the effects of rural-urban migration on the economic status of rural residents should involve a quantitative analysis of the impact of remittances by migrants on poverty reduction in rural areas.

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Introduction

Migration is the movement of the people from one region to another. Migration can be categorized into internal migration and external migration. Internal migration is the free movement of the people from one area to another within their respective domestic areas while external migration is the movement of people from one country to another (Food and Agriculture Organization, 2017; Skeldon, 2017). This means that external migration can be of two forms immigration and emigration. Immigration is where people travel from another country into the home country while emigration is where the people travel from the home country to another country. Migration may be either internally or externally for many reasons. On the one hand, people travel to look for a better job, better education, better and successful life, better businesses, stable economic conditions, job opportunities, some case escape from war, gain citizenship, death of a family member, escape from the natural disaster, staying away from social pressure, etc (Enu, 2015). On the other hand, there are some factors which slows migration such living condition, migration control, and political unrest (SeemiMalik, 2015).

Rural out-migration is an important issue in many least developed countries including the Peoples Democratic Republic of Laos (Lao PDR). In many least developed countries, there is mass exodus of people from rural areas to urban areas because of several reasons and one of them is poverty. While several studies have been undertaken to investigate rural-urban migration, few have paid attention to the effect of rural-urban migration on economic status of rural areas where the people migrate from (Rausser, Strielkowski, Bilan, & Tsevukh, 2018; Straubhaar & Vădean, 2006). The main goal of this study was to examine effects of rural-urban migration on economic status of rural residents. The research question which the study attempts to answer is: Are remittances from urban migrants are beneficial to the economic status of rural residents at the place of origin? The study was motivated an interest to assess if

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remittances from urban migrants to their homes of origin help to improve livelihood of rural residents. The study area was Borikhan District of Borikhamxay Province in Lao PDR. Specifically, the study involved participants from five villages in Borikhan District namely Ban Hadpho, Ban Songkhon, Ban Phonekham, Ban NaOh and Ban Thabo. This study bridges the literature gap on the subject matter and suggest some policy recommendations on what should be done to ensure that rural-urban migration is beneficial to the rural areas. The study utilized a mixed-methods research approach to collect and analyse data, first, data were collected through a questionnaire from households in the selected villages and finally interviews were held with various heads of villages in the study area. The rest of the paper is organized into six sections as follows literature review, methodology, results, discussion, implication of study and conclusion.

Literature Review

Globally, the link between development and migration has remained an issue under strong and large academic debate (Dharmadasa, Fernando, & Samaraweera, 2019; Masron & Subramaniam, 2018). Therefore, the process of people migrating from one region to other areas to find out about a better life is not a novel one in recent years (Melesse & Nachimuthu, 2017). What has however gained is the increasing voluntary movement in quest of a better quality of life by low income, low-skill, and low-wage workers as well as high-skill, high-income and high-wage workers from less-developed rural areas to more developed urban areas, especially among the poor in the developing countries (De & Been, 2019; Holliday, Hennebry, & Gammage, 2019). In this regard, rural-urban migration results from the search for perceived or real opportunities as a consequence of rural-urban inequality in wealth and riches in society of many countries (Ajefu & Ogebe, 2019; Piracha & Saraogi, 2017). Literature suggests that inequality and/or urban bias in development results from the overwhelming concentration of wealth, assets, purchasing capacity, living form, economic activities, and variety of services in the urban centers as well as the continued neglect and degradation of rural environments and other appearing conditions to impact to the sensation of people who live in rural areas (Arnold, 2019; De & Been, 2019).

Migration has been identified as a survival strategy utilized by the poor, especially the rural resident or rural citizens (Melesse & Nachimuthu, 2017). The assessment of the effects of migration on rural areas has remained relevant with many issues since migration acts as a catalyst in the transformation process of not only the destiny of individual migrants but also the conditions of family members left behind, local communities, and the wider sending regions (Adepoju & Olarinde, 2019; Li, 2009). One significant source of development for the rural populace as a result of this increasing drift towards the cities is remittances to the family at the place of origin (El-kaderi, Xia, Heeg, & Winter, 2004). Recently, migrants' remittances and the income multipliers they create are becoming critical resources for the sustenance strategies of receiving households as well as agents of regional and national (Qerimi & Sergi, 2015; World Bank, 2005).

Households that receive these remittances tend to use the proceeds primarily for current consumption such as food, utensils, clothing as well as investments in children's education, healthcare, improvement in household food and security, maintenance or build the house, buy vehicles, sometime used for local infrastructure development (road, school, clean water), sanitation, etc (Moses, Guogping, & John, 2017). Nevertheless, the ability of remittances to compensate the labour shortage in rural areas is still a function of the amounts and value of remittances received by migrants' households at home, especially in the developing countries (Qerimi & Sergi, 2015; World Bank, 2005).

Consequently, the effects of rural-urban migration in the rural places of origin of migrants may be appearing in two ways. Firstly, the rural-urban migrants send remittances to their relatives, families in the rural areas and these remittance-receiving households use the remittances for various purposes (Hossain, 2016). Secondly, these rural-urban migrants execute various rural developmental activities in their rural areas of origin (Adger et al., 2011; Gimba & Kumshe, 2001). In different parts of the world, research has been carried out on the effects of migration on the migrants' rural areas (Rausser et al., 2018; Straubhaar & Vădean, 2006). However, these studies focus mainly on international migration and on uses of remittances leaving the research that estimates the effects of rural-urban migration on rural developing countries (Khan, Teng, & Khan, 2019).

In Laos, most migrants come from a particular rural community with poor infrastructure, unemployment and family low-income (Asian Development Bank, 2012). In addition, people do not like agricultural work because of its poor productivity and as a result they prefer to live in an urban area, some people contact community associations or recruitment companies in urban areas to find a job on their behalf. These recruitment companies in urban areas do not only arrange jobs for migrants but also facilitate migrants' acquisition of knowledge which becomes useful when they return.

In summary, rural-urban migration improves rural livelihood when migrants and recruitment companies contribute resources towards the construction of infrastructure for clean water supply, transport and communication, and education. In Lao PDR, the rural population has been decreasing in recent years at an annual rate of 7.4 percent (Laos Census, 2015).

Following the same trend of urbanization, most of the migrants to cities and other countries were of rural people. According to the Lao population census reports in 2015, the total migrants (481 thousand people) about 7.4 percent were from rural.

Methodology

Participants

The study area comprises five villages in Borikhan District of Bolikhamxay Province namely: Ban Hadpho, Ban Songkhon, Ban Phonkham, Ban NaOh, and Ban Thabo. The district is located in the Northwest of Borikhamxay Province, there are a population of 49,431 people with 1,441 households, covers an area of 2,560 square kilometers and the average population density is 19.31 persons per square kilometer (Bureau, 2018). The five villages were selected for the study because people from these areas are known for migrating to urban centres for various reasons. Sample for the study comprised 204 households selected based on a convenience sampling method. Convenience sampling enabled the researcher to identify participants who had experienced the real effects of rural-urban migration. Another benefit of using convenience sampling was that it enabled the participants who were available to participate in the research study and also because of the quickness with which the data was collected. Table 1 summarise the distribution of the sample across the five selected villages.

Table 1. Distribution of Study Sample across Units of Analysisi (N=204)

Village	Frequency	Percent (%)	Cumulative Percent (%)
Ban Hatpho	19	9.3	9.3
Ban Songkhon	28	13.7	23
Ban Hatdonekhoun	31	15.2	38.2
Ban Phonkham	26	12.7	51
Ban NaO	100	49	100
Total	204	100	

Research Design

The study utilized a mixed-methods approach for data collection and analysis. Data were collected through a questionnaire from households in the selected villages and finally interviews were held with various heads of villages in the study area. Statistical instruments such as percentages were used in analyzing the data in SPSS. The quantitative analyses simplified the data and facilitated easy reading and understanding of results obtained. These were done by collecting the data and rearranging them using a spreadsheet. This procedure enabled the research to generate meaningful percentages to bring the meaning of the volume of the data collected.

Materials

Data were collected using a research questionnaire which sought respondents' agreement with the effect of rural-urban migration on economic status of rural residents. Apart from asking about respondents' demographic characteristics, the questionnaire also asked about multiple benefits which were derived from remittances sent to places of origin.

Procedure

In order to collect the data, questionnaires were distributed to 204 households in the selected five villages in Borikhan District of Borikhamxay Province. Delivering questionnaires by hand to selected participants ensured that the questionnaires were delivered to the right participants and helped the researcher to provide clarification to respondents who had difficulties to understand the questionnaire. In return all questionnaires were responded to thereby achieving a 100% response rate. The survey was supported by interviews with various heads of villages in the study areas. In order to improve the quality of the research, data were sourced by analysing publications by government agencies such as the Laos National Statistical Center, Ministry of Labor and Social Welfare, Department of Labor and Social Welfare in the local government of Borikhamxay Province.

Results

Characteristics of Study Sample

Preferred Destinations for Migrants

A relatively small proportion of respondents preferred to migrate outside Lao PDR and the favoured destination was Thailand (16.2%) and Vietnam (2.9%). Preferred destinations for majority of migrants were within Lao PDR with Vientiane Capital (71.1%), Savannakhet Province (7.4%) and the remainder preferred urban centres within Borikhamxay Province.

Table 2: Preferred Destinations for Migrants

Preferred Destination	Frequency	Percent (%)
Vientiane Capital	145	71.1
Savannakhet Province	15	7.4
Champasak	1	0.5
Thailand	33	16.2
VietNam	6	2.9
Other	4	2.0
Total	204	100

Educational Qualification of Participants before Migrating to Urban Centres

The survey result shows that the propensity to migrate is directly related to educational attainment. As illustrated in Table 4 before migrating to urban centres, the majority of the migrants (48.5%) were upper secondary school leavers, 14.2% were lower secondary school leavers, 21.1% had received primary level education while Diplomates were 5.4% and holders of a bachelor's degree were 4.9%.

Table 3: Educational Qualification of Participants before Migrating to Urban Centres

Educational level	Frequency	Percent (%)	Cumulative Percent (%)
No formal education	5	2.5	2.5
Elementary	1	0.5	2.9
Primary	43	21.1	24
Lower secondary	29	14.2	38.2
Upper secondary	99	48.5	86.8
Certificate of Training	6	2.9	89.7
Diploma	11	5.4	95.1
Bachelor	10	4.9	100
Total	204	100	

Employment Status of Participants before Migrating to Urban Centres

The summary in Table 4 illustrate the employment status of participants before migrating to urban centres. The greatest proportion of the participants (68.1%) were unemployed, 8.8% were employed and 23% were students.

Table 4: Employment Status of Participants before Migrating to Urban Centres

Employment Status	Frequency	Percent (%)
Employed	18	8.8
Unemployed	139	68.1
Student	47	23
Total	204	100

Employment Status of Participants after Migrating to Urban Centres

After migrating to urban centres, a greatest proportion of participants were employed (71.1%), while a relatively small proportion remained unemployed (8.3%). Table 5 shows that the number of participants who got employment after migration was higher than the number of employed participants before migration to urban centres.

Table 5. Employment Status of Participants after Migrating to Urban Centres

Employment Status	Frequency	Percent (%)
Employed	145	71.1
Unemployed	17	8.3
Student	42	20.6
Total	204	100.0

Effects of Rural-Urban Migration on Economic Status of Rural Residents*Motivational Factors for Rural-Urban Migration*

The summary in Table 6 shows that there were two factors which motivated people to migrate to urban areas and the majority were motivated by employment opportunities (71.1%) and the remainder were motivated by education prospects.

Table 6. Motivational Factors for Rural-Urban Migration

Reason	Frequency	Percent (%)
Education	59	28.9
Employment	145	71.1
Total	204	100

Effects of Rural-Urban Migration Economic Status of Rural Residents

This study found that there are several benefits that migrants' families at the places of origin benefited from migration of their own relations to urban centres. A greatest proportion of the respondents agreed to have remitted part of their income earned from working in urban centres to their places of origin (82.4%) while the remaining 17.6% did not remit anything. Table 7 summarises how the cash remittances were consumed to contribute to change in the status of the rural residents.

Table 7. Expenditure for Remittances from Urban Migrants

Expenditure	Frequency	Percent (%)
Settlement of Debts And Tax	127	62.3
Daily Consumption	166	81.4
Agricultural Investments (Cattle, Horse And Oxen)	11	5.4
Construction and Maintance of Dwelling Houses	64	31.4
Education of Children	60	29.4
Business Investments	14	6.9
Motor Vehicle and Other Assets	33	16.2
Personal Savings	25	12.5

Discussion

The main goal of this study was to examine effects of rural-urban migration on economic status of rural residents. This study found that many rural residents are motivated to migrate to urban centres because they hold a strong belief that migrating to urban centres changes their own economic status. First, rural residents perceive that once they finish school they should migrate to urban centres to seek employment. This has been underscored by the study because a greater proportion of respondents who migrated to urban centres were school-leavers who were unemployed before migrating to urban centres. They only got employment after migrating to urban centres, a status which enabled them to earn income and send some remittances to their places of origin.

Secondly, the other motivating factor for urban migration is education. Ordinarily, socio-economic facilities within rural areas are grossly inadequate as a result citizens especially the youth migrate to urban centres in large numbers. They leave rural areas in search of educational and employment opportunities in order to transform their lives. For the rural residents, benefits of urban migration are derived through remittances which are made by the migrants to support the livelihood of their relatives at the place of origin. Remittances help rural residents to improve their livelihood as a portion of it is spent on daily consumption and investment into business activities. Further, residents in rural areas depend on agriculture, therefore continuous flow of remittances is regarded as very critical in complementing the agricultural income which is often not adequate.

Implications

The trend shown by rural-urban migration calls government to ensure that they provide social amenities and facilities in rural areas. More generally, the government should invest in educational infrastructure, access to technology, roads access within villages, hospital, clean water, and other social services in rural areas. Improving the living conditions in rural areas would not only help to improve the quality of life of the rural population but also minimize the number of people migrating from rural areas to urban areas. Secondly, the government should formulate policies that would contribute to creation of employment for citizens in rural areas. Policies should encourage the establishment of manufacturing industries in rural areas to prevent rural people from migrating to urban centers. Private institutions can also set up businesses such as fruit processing and others in rural areas to employ young people there. Finally, rural farmers should have access to capital for financing agriculture while at the same time there is availability of agricultural extension workers to advise rural farmers on modern agricultural methods for improved productivity. Finally, there is need for government and the private sector to empower rural farmers through promotion of markets for farm produce. Improving income of rural farmers may reduce poverty, improve the quality of life and well-being, increase their happiness, satisfaction and minimise rural-urban migration. If diligently executed these recommendations will go a long way in augmenting the contributions of rural-urban migration towards socio-economic development of rural areas.

Conclusions

The study concludes that rural-urban migration improves the economic status of rural residents at the place of origin through remittances. These remittances help them to access basic human needs such as food, clothing and housing. Apart from the rural residents at the place of origin, the migrants themselves also contribute to development of their home areas by investing in property and other developmental projects. The change in economic status of rural residents and infrastructural development rising from remittances are indicators of socio-economic development. It can be argued that rural-urban migration is not only beneficial in addressing needs of the migrants but also takes care of economic needs of the rural residents at migrants' place of origin. The study findings are limited to developing countries where rural-urban migration is a challenge due to generally low quality of life in the rural areas. Further research on the effects of rural-urban migration on economic status of rural residents should involve a quantitative analysis of the impact of remittances by migrants on poverty reduction in rural areas.

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