

## Foreign Employment And Remittance In Nepal: An Aspect Of Increasingly Globalized Economy

Ajay Thapa<sup>1</sup>

### Abstract

*This study is focused on analyzing the foreign employment and remittance in Nepal in the context of globalization. The study has used the latest secondary data from Nepal Living Standard Survey – III 2010/11 and five qualitative case studies. This study finds that the share of the total amount of foreign remittance received by households in Nepal is increasing. The rate of female labor force from Nepal is significantly low compared to the male counterparts. The majorities of Nepalese foreign employees have secondary and primary level of education and are employed in wage job. The rate of female with higher education is relatively higher than male counterparts. Age, education, job type and marital status of the foreign employees are found to have a significant effect on the amount of remittance received from abroad. The remittance from abroad is found to be mainly used for daily consumption and to repay the loan. Despite a good source of income for the family and foreign remittance for the country, the physical, mental and sexual violence, underpayment, unexpected job placement and overwork are some of the dark sides faced by Nepalese foreign employees in the global labor market.*

**Keywords:** Globalization, foreign employment, foreign remittance

### 1.0 Introduction

Globalization is a multifaceted concept. Different scholars have defined the globalization from different perspectives. Waters (1995) mentions that globalization is a social process in which the constraints of geography on economic, political, social and cultural arrangements recede, in which people become increasingly aware that they are receding and in which people act accordingly.

---

<sup>1</sup> Lecturer, Pokhara University, Kaski, NEPAL, Currently Doctoral Student (PhD in Development Administration), National Institute of Development Administration (NIDA), Bangkok, THAILAND. Email: azaythapah@gmail.com

McGrew, Goldblatt, and Perraton (1999) defines globalization as a stretching of social, political and economic activities across frontier such that events decisions and activities in one region of the world can come to have significance for individuals and communities in distant regions of the globe. It also refers to the emergence of the world-wide financial market for bonds, money and currencies as well as credit, favored by new information and communications technology as well as financial innovations (Brockhaus-Enzyklopadie, cited in Busch 2000).

Globalization has different kinds of effects on employment in the developed and developing countries. The globalization tends to expand the employment opportunities for the workforce in a country. For instance, Greenwald and Kahn, (2009) present that the overall participation in the labor force in the United States since 1970 has been steadily rising above 60 percent. Stiglitz (2006) mentions that in the globalized world, the developed countries move around the world looking for higher returns of the investment and developing countries have an abundance of unskilled workers who move around the world in search of better jobs. This type of migration of workers around the world benefits the developing countries with remittance.

Similarly, Hecksher-Ohlin (H-O) model of globalization and employment explains that the two factors of production – labor and capital in the globalized world, functions under simplifying assumptions of perfectly competitive markets and identical production functions with freely available technologies across countries. The model further states that a rise in trade raises demand for labor-intensive products in poor and labor-surplus countries commonly leading to employment growth in developing countries (Lall, 2002). However, S. Lall argues that a rise in trade can only cause an inter-sectoral shift towards labor-intensive activities (and so higher wages), not greater employment. It is very difficult to generalize the relationship between globalization and employment. The globalization-employment relationship is context

specific, dynamic and changeable, reflecting particular interactions in each economy between the external facets of globalization (e.g. shrinking economic distance, greater trade or the spread of international production) that apply to the economy and internal factors that affect its employment response (Lall: op. cit.).

Until 1950s, Nepal had limited access to the other countries. Nepal had limited access to India and Tibet for trade and cultural exchange. After 1950s, Nepal opened to the world system. After being a member of United Nations (UN) in 1955, few hundred students started to go abroad to study in scholarship, and the few hundred people started to go abroad for employment. Nepal became more open to the world after the restoration of multi-party democracy system in Nepal in 1990 and introducing neo-liberal economic policy. The privatization of state enterprises, and entry to globalized world were predominantly emphasized. Among the 20.5 percent total migration rate, around 43.0 percent of the migrants migrate to abroad (CBS, 2011). Along with the encouraging open economic policy to the globalization in 1990s, the lack of employment opportunities within the country and a decade long internal conflict (during decade of late 1990s and early 2000s), political instability, insecurity due to various insurgent groups, less opportunity, and low salary in the country (Ghimire) and better employment opportunities in the global market are some of the major push and pull factors that led to the massively increasing number of youths, professionals and educated persons going abroad for foreign labors/employment mainly to Malaysia, Middle East and some European countries. The total number of Nepalese migration for foreign employment in 1994 was 3,605 which increased by around 29 times (104,739) by 2002 (Rimal, 2003). Within one and half decade, in 2009/10 the number of migrant workers from Nepal reached more than 82 times higher (294,094) than in 1994 (Ghimire). In this context, this study aims to examine the factors associated with the foreign employment and remittance, usage of remittance in the recipient households, and explore the challenges and risks in foreign employment.

## **2.0 Data and methods of analysis**

### **2.1 Data access and management**

The main data source used in this paper is Nepal Living Standard Survey III (NLSS III) 2010/11, which was carried out by the Central Bureau of Statistics (CBS) using Living Standards Measurement Survey (LSMS) methodology developed and promoted by the World Bank (WB). The NLSS-III 2010/11 survey enumerated 7,020 households of which 5988 households are from the cross section sample and the remaining 1032 are from the panel sample across the country by cross-dividing the total population into 14 strata<sup>2</sup> representing the whole country.

The data required for this paper were coded, recoded, and filtered as per requirement of the study. For the purpose of this study, in order to make the data more specific and relevant, the cases of the workers not from abroad, less than 15 years and above 60 years of age and non-working in abroad were filtered out of the original data set of NLSS III, 2010/11. The average annual remittance received in the household used in this study has been computed using the remittance received in cash and kind both in NRs (Nepalese Rupees currency). Due to the normality problem in the average annual remittance, the variable was transformed into log<sub>10</sub>. Furthermore, in order to fit the data for multiple linear regression (MLR) and produce more credible statistics, before running the regression model, the non-violation of the assumptions of normality, linearity, multicollinearity, autocorrelation and homogeneity of variance or homoscedasticity were confirmed.

### **2.2 Methods of analysis**

This study has adopted mixed research method—quantitative and qualitative methods of social research. The data have been analyzed in three phases: preliminary analysis—descriptive statistics, multivariate analysis and qualitative analysis—case studies.

---

<sup>2</sup> The strata are: mountains, urban areas of the Kathmandu valley, other urban areas in the hills, rural eastern hills, rural central hills, rural western hills, rural mid-western hills, rural far-western hills, urban Tarai/plain, rural eastern Tarai/plain, rural central Tarai/plain, rural western Tarai/plain, rural mid-western Tarai/plain, and rural far-western Tarai.

***The regression model:***

$$Y_{\text{FREMIT}} = \beta_1 X_{\text{DVMAL}} + \beta_2 X_{\text{AGE}} + \beta_3 X_{\text{DVMRID}} + \beta_4 X_{\text{EDUCAT}} + \beta_5 X_{\text{D VWAGE}} + e_0 \dots\dots\dots(i)$$

Where,

$Y_{\text{FREMIT}}$  represents the average annual foreign remittance and the change on  $Y_{\text{FREMIT}}$  indicates the effect of the predictor or explanatory variables inserted in the model –  $X_{\text{DVMAL}}$ ,  $X_{\text{AGE}}$ ,  $X_{\text{DVMRID}}$ ,  $X_{\text{EDUCAT}}$ , and  $X_{\text{D VWAGE}}$ .

$\beta$  denotes is a statistical symbol for standardized regression beta weight/coefficient for the respective independent variable.

$X_{\text{DVMAL}}$  represents a dummy variable of gender of the foreign employees. Female being an omitted category of the dummy variable serves as the reference category for the gender. The coefficient of  $X_{\text{DVMAL}}$  indicates the effect of being male on the average annual foreign remittance ( $Y_{\text{FREMIT}}$ ) relative to female foreign employees.

$X_{\text{AGE}}$  represents a numeric variable of age of the foreign employees. The coefficient of  $X_{\text{AGE}}$  explains the effect of each year of age increase of foreign employee on the average annual foreign remittance ( $Y_{\text{FREMIT}}$ ).

$X_{\text{DVMRID}}$  represents a dummy variable of the marital status of the foreign employees. Unmarried being an omitted category of the dummy variable serves as the reference category for marital status. The coefficient of  $X_{\text{DVMRID}}$  indicates the effect of being married on the average annual foreign remittance ( $Y_{\text{FREMIT}}$ ) relative to unmarried foreign employees.

$X_{\text{EDUCAT}}$  represents a numeric variable of the years of education/grade completed by the foreign employees. The coefficient of  $X_{\text{EDUCAT}}$  indicates the effect of each grade of education increase of foreign employee on the average annual foreign remittance ( $Y_{\text{FREMIT}}$ ).

$X_{\text{D VWAGE}}$  represents a dummy variable of job type of the foreign employees. Self-employed being an omitted category of the dummy variable serves as the reference category for job type.

The coefficient of  $D_{WAG}$  indicates the effect of wage job on the average annual foreign remittance ( $Y_{FREMIT}$ ) relative to self-employed.

$e_0$  denotes the random error that has represented the influence of other factors on the average annual foreign remittance ( $Y_{FREMIT}$ ).

Finally, five brief qualitative cases representing the pros and cons of foreign employment from foreign employees' perspectives are presented.

### 3.0 Empirical results and discussions

#### 3.1 Preliminary Analysis

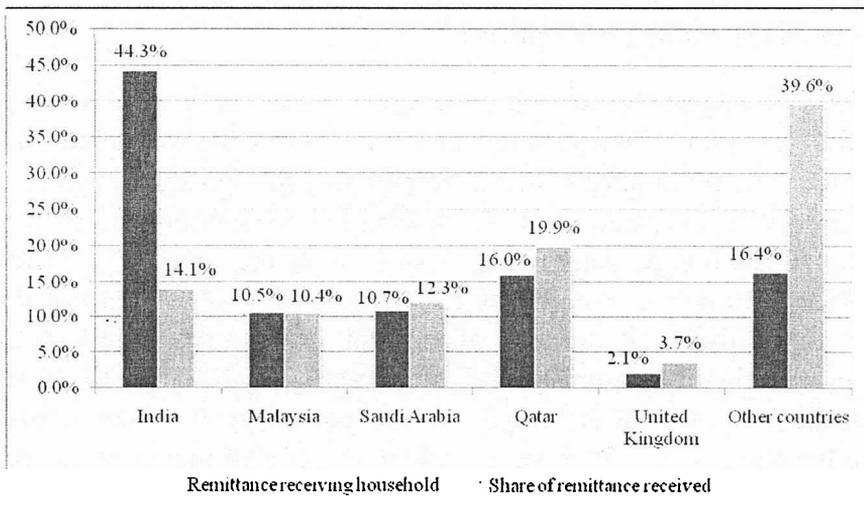
##### *Foreign employment and remittance in Nepal*

In the context of Nepal, a large number of households in Nepal receive remittance (either from within the country or abroad). The proportion of total households that receive remittance is 56 per cent in Nepal. Of the total remittance receiving households in Nepal, a majority of remittance (58%) comes from within the country and 42 percent from abroad. Of the 42 percent as total remittance receiving households from abroad, relatively higher percentage of households are receiving the remittance from India (44.3%) followed by Qatar (16.0%), Saudi Arabia (10.7%), Malaysia (10.5%), and the United Kingdom (2.1%) respectively. There are other countries such as the United States and many other European countries from where around 16.4 percent of the households in Nepal receives remittance (Figure 1).

The association between the percentage of remittance receiving households and the share of remittances is quite different. For instance, as mentioned above, a relatively larger percentage of households in Nepal receives remittance from India (44.3%) but the share of the remittance received from India in the total remittance received from abroad is very low (14.1%). It tells that the Nepalese migrant workers in India though larger in number, but

cam comparatively less than other countries. However, in the other countries, although share relatively lower percentage in terms of household coverage, but are found to share a higher percentage of the total amount of remittance received from abroad. It is observed that the Nepal receives a relatively higher share of remittances from Qatar (19.9%), followed by India (14.1%), Saudi Arabia (12.3 percent), Malaysia (10.4%), and the United Kingdom (3.7%) respectively. In addition to these countries, Nepal receives a large share of remittances (39.6%) from the other countries including the United States, and many other European countries (Figure 1).

**Figure 1:** Comparison of foreign remittance receiving households and share of foreign remittance received in Nepal



Source: CBS, 2011

The ratio of remittance receiving household and the share of remittance of India compared to all other countries seems surprising. However, to understand this kind of results, one should understand the brotherhood relationship between Nepal and India. India is one of the neighboring countries of Nepal. The bi-lateral treaty signed in 1950 has agreed upon the sharing of open border between the two countries so that people from either of the country

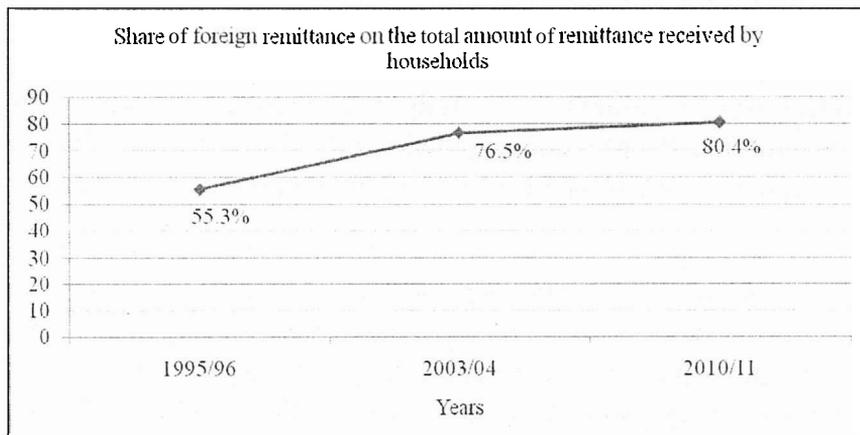
can travel and work across the border. Therefore migration between the two countries is very common and a continuous process for a long period of time. Thapa (2009) also mentions that the majorities of the Nepalese migrant workers in India are unskilled or low skilled. India, to a large extent, has provided earning opportunities to the poor and seasonal migrant works from Nepal. But in the case of other countries, due to the formal requirements of the government (passport and visa), prior requirements of skill from the company abroad, and bigger initial investment, the remittance receiving households tend to receive greater remittance. Therefore, the importance of earning opportunities to the poor, unskilled or low skilled and seasonal migrant workers, who cannot afford to fly abroad for the job, in India must not be undermined.

The estimated total amount of remittance received in the Nepal is NRs. 259.088 billion in nominal terms. Out of the estimated total amount of remittance (internal remittance, foreign remittance and donors all), the share of the foreign remittance amount received in Nepal is 80.4 percent which results with the amount of NRs. 208.307 billion in nominal terms (CBS, 2011)<sup>3</sup>. The trend of the share of the total amount of foreign remittances received by households in the country is also increasing. In 1995/96, the share of the total amount of foreign remittances received by households in the country was 55.3 percent which in 2003/04 increased to 76.5 percent and recently it has further increased in 2010/11 to 80.4 percent (Figure 2). The rural western hills, the rural western Terai/plain and the Kathmandu valley urban areas receive more remittance than other parts of the country (CBS: op. cit.).

---

<sup>3</sup> The estimated total amount of foreign remittance received has been calculated based on the data available on NLSS-III 2010/11 Statistical Report Volume II, p. 83. Kathmandu: CBS.

**Figure 2:** Trend of the share of foreign remittance of the total amount of remittance received by households in Nepal.



Source: CBS, 2011

There are many reasons behind such rapidly increasing trend in the share of foreign remittance in Nepal. To illustrate some of the major ones besides the encouraging open economic policy to the globalization in 1990s, the decade long internal conflict from 1996 to until around 2006 (Tiwari, 2007), the lack of job opportunities, political instability, insecurity, and low salary/wage (Ghimire) might have played the pushing role and the better opportunities abroad for job and earnings might have played the pulling role that resulted with the increase in the foreign employment and thereby increasing the foreign remittance in the share of the total remittance.

***Descriptive statistics for socioeconomic status – gender, age, marital status, educational attainment and type of job of foreign employees***

The socioeconomic status of the foreign employees in this study includes gender, marital status, educational attainment, and type of job. Gender refers to the socio-cultural factor of a person. In Nepal, due to the patriarchal system in the family women's mobility is under the control of the men. Women are normally involved in

unpaid household works in the domestic sphere. Women's involvement in cash paid economic activity is very low. Moreover, there is still a huge difference in the wage rate of men and women in many economic activities. Women's presence in the public sphere is very limited. This study also observes that among the total foreign employees, women's ratio is very less (13.6%) compared to a great majority of men (86.4%) (see table 1).

Marriage is an event in the life of a person which has a very huge socio-cultural value. In the context of Nepal, the role and responsibilities of a person before and after marriage seem to be different. Generally, the married couple is expected to take the economic responsibility to take care of their children. Married people tend to search more works. This study finds that more than two third of the foreign employees from Nepal are married (69.5%) (see table 1).

In the globalized labor market, education of the labor is very important. Besides the demand for higher education and experienced migrant workers, the lack of required knowledge and skills also increases the vulnerability of the workers to various risks and low paid jobs. In the case of the Nepalese migrant workers, around half of the workers (48.9%) have completed secondary level (School Level Certificate - SLC) education followed by primary level (22.9%), higher secondary (9.0%) and literate (8.4%) respectively. After the secondary level of schooling, there is a negative association between higher levels of education and foreign migrant workers from Nepal. The number of Nepalese migrant workers with professional degrees who can have better opportunities in the abroad is the least (0.3%) (see table 1).

**Table 1:** Association between socioeconomic attributes of the employees and foreign employment

<b>Variable</b>	<b>Categories</b>	<b>Foreign employment (%)</b>
Gender (N=2473)	Male	86.4
	Female	13.6
Marital status (N=2473)	Unmarried	30.5
	Married	69.5
Education (N=2412)	Illiterate	3.2
	Literate	8.4
	Primary level	22.9
	Secondary level	48.9
	Higher secondary	9.0
	Bachelor	4.5
	Master	2.8
	Professional	0.3
Type of job (N=2075)	Wage	96.5
	Self-employed	3.1

Apart from the percentage analysis, the descriptive statistics of the quantitative variables – foreign remittance, age and educational attainment of the foreign employees were also produced to examine the distribution and bi-variate association between the variables.

The quantitative variables have a normal distribution. The average age of the Nepalese foreign employees is around 30 years. A large majority of them seem to be in the age group of 20 to 40 years. The average educational attainment of the sample used in this study is around 8 years of education with a large majority between 5 to 11 years of education. Moreover, this study observes a significant positive correlation of age and educational attainment of the foreign employees with remittance (see table 2).

**Table 2:** Descriptive statistics for foreign remittance, age, and education.

Variables	FREMIT(Log)	AGE	EDUCAT
AGE	.150***	1	
EDUCAT	.289***	-.009	1
N	1593	2473	2126
Min	1.700	15	0
Max	6.560	60	14
Mean	4.737	29.880	8.320
SD	.591	9.290	3.392
Skewness	-.409	.764	-.396
Kurtosis	.594	.139	-.720

### 3.2 Multiple Linear Regression (MLR) analysis of gender, age, marital status, education, type of job, and average annual foreign remittance

This MLR statistics present that among five predicting variables included in the MLR model, four variables – age, marital status, education and type of job of the foreign employees are found to have a significant effect on the foreign remittance. The predictor variables included in the model explain above 11 percent of the variance in the dependent variable – average annual remittance ( $R^2$ : .112, see table 3).

#### *Does the gender of the foreign employee have an effect on remittance?*

Gender is a socio-cultural factor which has diverse effects on the various aspects of life of a person. It refers to the economic, social and cultural attributes and opportunities associated with being male or female at a particular point in time (WHO, 2001). Like other social relations, gender-power relations operate across a wide spectrum of human life. It is even more in the patriarchal societies, where sexuality, mobility of the women, and their access to opportunities is controlled by men (Bruce, Lloyd and Leonard, 1995, and Smith et. al., 2003) and should obey the patriarchal rules. McMullin and Ballantyne (1995) in their study observed that

gender is one the factors which substantially affects the income of men and women. In the case of Nepal also, gender difference prevails widely across the country. Males and females have different roles and responsibilities. Males have higher access to economic and sphere domain however females are generally limited within non-economic and domestic sphere. Males are the bread-earner of the household. However, this study does not observe a significant effect of gender in the foreign remittance. It does not support male's higher earning capacity over female. Rather, although not significant, it provides a relatively higher level of remittance from females. The reason behind this could be the level of education. The ratio of female going abroad with an objective of the study is also comparatively higher than male (CBS, 2011). After the completion of the higher study from abroad, their level of earning also tends to increase.

***Does educational attainment of the foreign employees determine remittance?***

Education and its economic payoff are often a matter of discussion across the world. The investment in education, its economic value and value added with a higher level of education is the prime concern of education and employment relationship. The overseas labor market is highly selective, favoring migrant workers with higher education and work experience (ILMS, 1984, cited in PIDS, 1995). Earnings generally increase with the level of education (Day and Newburger, 2002) however some scholars also argue that education of the migrant workers has a negative association with the remittance. For instance, less educated immigrants remit more than their more educated counterparts (Amuedo-Dorantes, 2006). In the context of such contrary arguments by different scholars, this paper has observed a significant positive effect of education on the remittance. Moreover, among all variables, the education is found to have the strongest effect on remittance ( $\beta$ : .293, see table 3). Despite the contrary statements on the effects of education on remittance by the various scholars, the education, in case of Nepalese foreign employees, might have increased the awareness and competitiveness of workers in the global market resulting with better opportunities with higher payments.

***Does age of foreign employee have an effect on remittance?***

Age is a demographic factor which reflects the experiences of an employee and thereby affects the income of an employee. Sometimes, an employee along with increasing age also becomes more responsible for his/her family or relatives and even for the society consequently leading to rising interest in earning more money. On the other hand, an employee as grow older might not be able to work much and earn as much as he/she expects. McMullin and Ballantyne (1995) state that age is one of the factors that substantially affects the income of a person. This study also observes a significant positive effect on remittance ( $\beta$ : .126, see table 3).

***Do married women send more remittance to the country?***

Marital status also can have an effect on the earning behavior of a person. Marriage has a strong connection with children and thereby increasing economic responsibilities of the couple. Moore and Wilson (1982) mention that the earning variation among women can fluctuate with the number of children, or with marital status (Hill, 1979, cited in Madalozzo, 2002.). This study also observes a marginally significant statistics to predict the effect of marital status on remittance. Married foreign employees are found to send relatively higher remittance than the unmarried ( $\beta$ : .057, see table 3). In Nepal, a married couple has to bear more socioeconomic and family responsibilities such as taking care of their children and parents. Similarly, there is a tendency of expecting more from the married couple by the family and society. Their increasing family and social responsibilities force the married employees to earn, save and send more remittance to their families or relatives in the country.

***Does the type of job determine remittance?***

Types of job also determine the level of income and thereby determine the amount of remittance sent by the foreign employees. LaRochelle-Cote and Uppal (2011) observed a difference in the income level between self-employed and paid employees. The

median income of the self-employed was found to be 19 percent lower than the income of paid employees. This study also observes the similar result. The Nepalese foreign employees who work as a wage employee send significantly more remittance to Nepal than self-employed ( $\beta$ : .055, see table 3). This is because the wage job is more of permanent nature.

Foreign employees generally search a wage/salary job. If they don't find the wage job or if lose their job, they switch to self-employment kind of job which is basically to survive until they get another wage job, rather than own interest. Initiating a good business for self-employment abroad requires a huge sum of amount to invest that the Nepalese foreign employees who go abroad to earn money can't afford. Therefore, the wage job especially for the foreign employees compared to self-employment provides a better financial returns.

**Table 3:** Summary of multiple linear regression analysis for the variables predicting the remittance received from the Nepalese foreign employees

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.821	.143		26.786	.000		
Gender							
Female							
Male	-.044	.072	-.016	-.607	.544	.985	1.015
Age	.009	.002	.126	4.002	.000	.671	1.491
Marital status							
Unmarried							
Married	.076	.042	.057	1.800	.072	.665	1.504
Education in years	.056	.005	.293	11.302	.000	.988	1.012
Job type							
Self employed							
Wage job	.217	.102	.055	2.123	.034	.992	1.008

Note: N=1339; R: .335; R<sup>2</sup>: .112; F: 33.687, p<0.001; Durbin Watson: 1.584

### **3.3 Primary usage of foreign remittance**

Foreign remittance can have different kinds of impacts on the recipient households in the country. It increases the purchasing power of the good and services of the households consequently changing the socio-cultural and economic behavior of the recipients. Some studies suggest that remittances primarily raise the consumption level and do not necessarily promote investment in either physical or human capital (Durand and Massey 1992, and Caceras, 2008, cited in Amuedo-Dorantes and Pozo, 2010). However, Amuedo-Dorantes and Pozo (2010) also observe that remittances promote children's education. As mentioned above, out of the estimated total amount of remittance (including both internal and external remittance), the share of foreign remittances received in Nepal is significantly large (80.4%) resulting with the amount of NRs. 210.892 billion in nominal terms (CBS, 2011). Many of the recipient households in Nepal may be receiving remittances from more than one member of the family abroad. This study finds that a large majority – almost two third – of the remittance is used for daily consumption (64.7%) followed by almost one fifth for repayment of the loan (19.4%). It indicates that most of the Nepalese foreign employees belong to a poor family and they go abroad to earn the daily livelihoods of the family. It signifies the positive impact of globalization on the poor households in Nepal. However, a very less amount of remittance is spent on capital formation (4.1%), education (4.1%) household assets (2.5%), savings (1.2%), and business or investment (0.9%) (see table 4). The small figures in education, capital formation, business or investment and saving raise a serious question about the sustainability of the remittance recipient households in the future in case of the financial crisis in the global market. It indicates, if a due attention is not paid on time and an encouraging environment is not created to invest in these sectors, it can have a severe effect on the recipient households which are heavily dependent on foreign remittance for daily consumption.

**Table 4:** Primary use of foreign remittance

Primary use of foreign remittance	Percent (N= 1617)
Daily consumption	64.7
Repay loan	19.4
Education	4.1
Capital formation	4.1
Household assets	2.5
Savings	1.2
Business or investment	0.9
Others	2.9

Source: CBS 2011, 2011

### 3.4 Foreign employment: A double-edged sword

The foreign employment, particularly for developing countries, in the globalized world is a source of a huge remittance to maintain the economy of the country. It provides employment opportunities for the unemployed and/or underemployed youths/adults with a good amount of income along with a better working environment and learning opportunities. Mr. Poudel – a young and energetic adult of 27 says,

*"... After completing Bachelor in Computer Applications (BCA) degree from Nepal, I, in search of better career and financial growth opportunities, came to The United Arab Emirates (UAE) in 2008. I am happy to work in the UAE. Here, career growth is faster, working environment is better, learning and earning opportunities are quite higher than Nepal. I cannot even imagine that I would be able to enjoy a good living standard and help family if I were an employee in Nepal... Communication skills and coping with a different culture and living standard are the main challenges for the Nepalese employees to work abroad "* (a case collected by the researcher, 2012).

Foreign employment has some challenges and risks of vulnerability to various kinds of exploitations, violence and abuses. The dark side of foreign employment, especially for the females

cannot be overlooked. Many uneducated women have suffered from physical, mental and sexual violence. Safe World International (SWI) states that a large majority of the female foreign employees become the victims of sexual violence. Bishwokarma – a Nepalese female foreign employee who used to work as a domestic helper shares her experiences:

*"... I was raped multiple times by the son of the employer; and I kept crying for help but no one came to my rescue. I used to be given food, perhaps mixed with a drug that made me sleepy, and sometimes even by using physical force he used to rape me. Eventually, I got pregnant. Then he kicked me out and sent me back to Nepal without paying my wages..."* (Safe World International).

Nepalese foreign employees are also cheated by the employment/manpower agencies. They are often enticed with better income to go to the countries where the Nepalese government has restricted to send female workers for safety reasons. In such cases, the workers are informed about a kind of job, but are forced to work in different kinds of jobs. They are paid less than the company promises. They face the problem of language and communication resulting with different kinds of exploitations and abuses. Bishwokanna (name changed) shares her experience of working in Saudi Arabia,

*"... She moved to Saudi Arabia four years ago to work as a nanny. An employment agent enticed her with the prospect of a good income. She paid the agent 50,000 NRs (\$700 US\$) to secure the job for her: But instead of working as a nanny as promised, she was forced to work as a maid. One month into the job, her employer's unmarried son raped her, with the help of three other men. She couldn't even understand their language, and she was beaten up by the men..."* (Safe World International).

Nepalese foreign employees are also forced to work more than contracted hours with the employment agencies resulting with

various mental and physical health hazards. Bishwokarma, Manju – a lady of 26, Nepal shares her experiences working in Kuwait,

*"... In addition to doing household chores and serving as a nanny, she had to do intense physical labor; like lift a cooking gas cylinder up to the second floor of the house. The labor was so strenuous that in less than six months, her body couldn't handle it. Her uterus became prolapsed – when it falls from its normal position – which doctors attributed to the stressful labor. So instead of earning money for her family, she came back with a prolapsed uterus and no money after repaying the loans she had taken out to pay the agents for arranging her employment abroad." (Safe World International).*

Despite some cases of awful experiences, some females have positive experiences of working abroad. Females also can get access to better employment opportunities to earn money and thereby enabling themselves to support the family at home. Understanding local languages and the legal systems of the particular country can help protect the foreign employees from the exploitations, violence or abuses. Sinkhada, Kamala, a lady of 39, recently returned from working in Dubai shares her experiences,

*"... from earnings from Dubai, I have been able to educate my children. There are several women being sexually exploited in foreign countries. Women can make themselves less vulnerable by knowing the language, the laws and their rights in the foreign country. With a suitable job and knowledge of the country, foreign employment solves financial problems for women and also shows them that they can work abroad just as men do. I will go to work abroad again..." (Safe World International).*

#### **4. Conclusion and policy implications**

The neo-liberal economic policy in Nepal initiated during 1990s resulted with privatization and increasing flow of Nepalese labor force in the global market. The lack of employment opportunities,

a decade long internal conflict, political instability, low wage/salary, and the better opportunities available in the global market are some of the generally known key reasons in the literature leading Nepalese labor force flying abroad for the employment. A large number of households in Nepal receive remittance from abroad such as India, Qatar, Saudi Arabia, Malaysia, United States and many other European countries.

The education, age, types of job and marital status are some of the key factors associated with Nepalese foreign employees affecting the amount of foreign remittance. Among them, education of the foreign employees is found to be the strongest determinant of remittance. The foreign remittance is mainly used for daily consumption and for repaying the loan, but very less in human capital formation, business investment and saving, which indicates that if financial crisis occurs in the global market, that can have a severe effect on the households in Nepal which are heavily dependent on foreign remittance for daily consumption. Despite a good source of income for the family and foreign remittance for the country, good working environment, career growth and learning opportunities for the employees, the physical, mental and sexual violence, underpayment, unexpected job placement and strenuous work are some of the dark sides of the foreign employment. Understanding the languages, culture, legal system and employee rights of the particular country can help the foreign employees to protect themselves from the various types of exploitations.

In policy implications, since the education of foreign employees is the strongest positive determinant of foreign remittance, the government, to gain more 'foreign remittance will have to focus on better education policy encouraging a larger number of the population to attend higher levels of education. Similarly, education can also help reduce the vulnerability towards various kinds of exploitations of the foreign employees by the employment/manpower agencies and while working abroad. The potential and/or current foreign employees, to reduce the

vulnerability of being exploited and enable themselves to cope up with the various challenges abroad, should also be encouraged to learn local languages, culture, legal system and employees' rights practiced in the destination country. The government should strictly monitor the manpower agencies and control the flow of workers to the countries that have been restricted for safety reasons. Finally, the foreign remittance recipient households should be encouraged to use a higher share of remittance on human capital and business investment for the long term economic sustainability in the recipient households. The government should initiate some policies, for instance provide tax subsidies for the business investment that encourage the remittance recipient households to invest in business which will have multiplier effects on the national economy as well.

## REFERENCES

- Amuedo-Dorantes, C. (2006). Remittances and Their Microeconomic Impacts: Evidence from Latin America. *Migration, Trade and Development Proceeding of the 2006 Conference on Migration, Trade and Development*. Federal Reserve Bank of Dallas.
- Amuedo-Dorantes, C. and Pozo, S. (2010). *Accounting for Remittance and Migration Effects on Children's Schooling*, Available: [http://homepages.wmich.edu/~pozo/research%20papers/DR\\_web\\_%20May\\_2\\_2010.pdf](http://homepages.wmich.edu/~pozo/research%20papers/DR_web_%20May_2_2010.pdf) [accessed Feb. 28, 2012].
- Bianchi, S.M., Milkie, M.A., Sayer, L.C. and Robinson, J.P (2000). Is anyone doing the housework? Trends in the gender division of household labor. *Social Forces*, 79(1), 191-228.
- Bruce, J. , Lloyd, C. and Leonard, A. (1995). *Families in Focus: New Perspectives on Mothers, Fathers, and Children*. New York: The Population Council.
- CBS [Central Bureau of Statistics] (2011). *Nepal Living Standard Survey III: Statistical Report*. Kathmandu: CBS.
- Cohen, P.N. (2004). The gender division of labor: keeping house and occupational segregation in the United States. *Gender & Society*, 18(2), 239-252.
- Coltrane, S. (2000). Research on household labor: modeling and measuring the social embeddedness of routine family work. *Journal of Marriage and the Family*, 62(4), 1208-1233.
- Day, J.C. and Newburger, E.C. (2002). The big payoff educational attainment and synthetic estimates of work-life earnings. *Special Studies*. US Census Bureau.
- Fitzgerald, E.V.K. and Perosino, G. (1995). Trade liberalization, employment and wages: a critical approach. *Queen Elizabeth House Working Papers*, no. 87.
- Ghimire, H.N. (n.d.). *Effect of globalization on education and employment in Nepal*. Available <http://www.eng.hokudai.ac.jp/e3/seminar/PPT/Nepal.pdf> [accessed Feb. 28, 2012].

- Government of India (GoI) (n.d.). *Union Budget 2010-2011*. Available: [http://india.gov.in/spotlight/spotlight\\_archive.php?id=57](http://india.gov.in/spotlight/spotlight_archive.php?id=57) [accessed Dec. 5, 2011].
- Greenwald, B.C. and Kahn, J. (2009). *Globalization – The Irrational Fear That Someone in China Will Take Your Job*. New Jersey: John Wiley & Sons, Inc.
- IDS [Philippine Institute for Development Studies] (1995). The HRD challenges of overseas employment. *Development Research News*, 13(2), 2-16.
- ILMS [Institute of Labor and Manpower Studies] (1984). *Working Abroad*. Manila: Department of Labor and Employment.
- Lall, S. (2002). The employment impact of globalization in developing countries. *Queen Elizabeth House Working Papers*, no. 93, pp. 1-22.
- LaRochelle-Cote, S. and Uppal, S. (2011). The financial well-being of the self-employed: Perspectives on labor and income. *Component of Statistics Canada Catalogue*, No. 75-001-X. Available: <http://www.statcan.gc.ca/pub/75-001-x/2011004/article/11535-eng.pdf> [accessed May 3, 2012].
- Madalozzo, R. (2002). An analysis of income differentials by marital status. *Insper Working Paper, WPE: 023/2002*. Available: <http://www.insper.edu.br/sites/default/files/2002-wpe023.pdf> [accessed Apr. 5, 2012].
- McMullin J.A. and Ballantyne, P. (1995). Employment characteristics and income: assessing gender and age group effects for Canadians aged 45 years and over. *The Canadian Journal of Sociology*, 20(4), 529-555.
- Rimal, B. (2003). *Challenging Globalization*. Asian Regional Conference on Towards Solidarity and Unity of Asian Workers Challenging Neo-liberal Globalization and Militarization. Seoul, Korea.
- Safe World International [SWI]. *Women in Nepal Warn of Foreign Employment Exploitation*. Internet: <http://www.asafeworldforwomen.org/womens-rights/wr-central-and-south-asia/wr-nepal/1007-women-in-nepal->

- warn-of-foreign-employment-exploitation.html [accessed Aug. 7, 2012].
- Smith, L.C., Ramakrishnan, U., Nadiaye, A., Haddad, L. and Martorell, R. (2003). The Importance of Women's Status for Child Nutrition in Developing Countries in Household Decisions, *Gender and Development: A Synthesis of Recent Research*. Washington D.C.: International Food Policy Research Institute.
- Stiglitz, J.E. (2006). *Making Globalization Work*. London: Penguin Group.
- Thapa, A. (2009). Nepalese migrant workers in India. *Janapragyamanch, The Annual Research Journal*, 10 (1), 1-8.
- The People's Republic of China (2011). *Chinese Government's Official Web Portal*, Internet: [http://english.gov.cn/2011-11/24/content\\_2002292.htm](http://english.gov.cn/2011-11/24/content_2002292.htm) [accessed Nov. 28, 2011].
- Tiwari, B.M. (2007). *An assessment of the causes of conflict in Nepal*. Available: [http://repository.unm.edu/bitstream/handle/1928/3294/BishwaNathTiwari\\_Nepal-CausesofConflict\\_pdf.pdf?sequence=1](http://repository.unm.edu/bitstream/handle/1928/3294/BishwaNathTiwari_Nepal-CausesofConflict_pdf.pdf?sequence=1) [accessed Jul. 5, 2012].
- WB [The World Bank] (2012). *World development report 2012*. Internet: <http://siteresources.worldbank.org/INTWDR2012/Resources/7778105-129969996858317786210-1315936222006/chapter-5.pdf> [accessed May 12, 2012].
- WHO [World Health Organization] (2001). *Transforming health systems: Gender and rights in reproductive health*. Internet: <http://www.who.int/reproductive-health/gender/glossary.html> [accessed Mar. 3, 2012].
- Wotton, B.H. (1997). Gender differences in occupational employment. *Monthly Labor Review*, pp. 15-24. Available: <http://bls.gov/mlr/1997/04/art2full.pdf> [accessed Feb. 8, 2011].