



# BOOK OF PROCEEDINGS

# 6<sup>th</sup> SEABC 2020

Sriwijaya Economics, Accounting, and Business Conference  
International Seminar and Conference

**“VUCA 2.0 :  
HOW TO SURVIVE THE UNSTEADY WORLD?”**

**November 18<sup>th</sup>-19<sup>th</sup>, 2020**

**Faculty of Economics, Universitas Sriwijaya  
Palembang, Indonesia**



# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

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# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

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## FOREWORD



**Assalammualaikum Wr. Wb**

Welcome to the Sriwijaya, Economics, Accounting and Business Conference (SEABC). SEABC is scholarly activity consists of international seminar and conference that is expected to give contribution and identify national economic policy, especially in facing ASEAN economic community. In 2020, SEABC is running its sixth year and taking a theme of “VUCA 2.0 : How to Survive Unsteady World ?”.

The Faculty of Economics of Universitas Sriwijaya has organized this important seminar and conference. Many individuals have put that hard work to make this event becomes reality. The papers presented at this conference and included in this proceedings are expected to give contribution to research and technology development (IPTEK).

At last, we would like to thank for all the participants and the presenters that are willing to present their ideas and make this conference possible. We hope this proceedings can be a reference to build our nation and country.

**Wassalammualaikum Wr. Wb**

**Prof. Dr. Mohamad Adam, S.E., M.E.**  
Dean of Faculty of Economics  
Universitas Sriwijaya





## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

### FOREWORD



**Assalammualaikum Wr. Wb**

I am delighted to welcome you to the 6<sup>th</sup> Sriwijaya, Economics, Accounting and Business Conference (SEABC). SEABC is scholarly activity consists of international seminar and conference that is expected to give contribution and identify national economic policy, especially in facing ASEAN economic community. In 2020, SEABC is running its sixth year and taking a theme of “VUCA 2.0 : How to Survive Unsteady World ?”.

The Economics Faculty of Universitas Sriwijaya have organized this important seminar and conference. This year is special. All of us can't predict this before, the pandemic of Covid – 19. That thing makes all seminar and conference activity do by online. The 6<sup>th</sup> SEABC conference papers were peer reviewed for technical and editorial content by a dedicated committee of referees. We accept nearly 90 papers for oral presentation from 10 countries. These papers were presented in 2 days, 4 sessions each day.

Finally, I would like to thank for all the presenters that are willing to present their ideas and make this conference possible. We hope this proceeding book can give contributes to research and technology development .

**Wassalammualaikum Wr. Wb**

**Agung Putra Raneo, S.E., M.Si**  
Chairman 6<sup>th</sup> SEABC  
Universitas Sriwijaya



# **6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020**

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# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

## TABLE OF CONTENT

<b>Committee of SEABC 2020</b>	<b>i</b>
<b>Foreword</b>	<b>iv</b>
<b>Table of Content</b>	<b>vii</b>
<b>Determinants of Faculty Members Job Satisfaction</b>	<b>1</b>
Allan A. Lalosa, Alirose A. Lalosa	
<b>Overcoming the Covid-19 Pandemic Crisis in Korea: Major Lessons and Policy Implications</b>	<b>11</b>
Choong Lyol Lee and Jaichung Lee	
<b>The Influence of Socio-Political on Iraq Accounting System in Iraqi Banks</b>	<b>35</b>
Hasanian Salim, Mohammed Abdullah, and Reem Muhsin	
<b>Determining The Relationship Between Information Technology and Leadership Style (Case Study: Navy Research Institute of Bandar Anzali in Northern of Iran)</b>	<b>49</b>
Mohammad Taleghani and Ataollah Taleghani	
<b>Developing Lecturer of Non-Public Universities in Vietnam</b>	<b>59</b>
Tran Viet Anh	
<b>The Effect of Stress Arousal and Supervisor Support on Burnout in Local Government Internal Auditors</b>	<b>73</b>
Agil Novriansa, Aryanto, and Burhanuddin	
<b>Financial Literacy and Retirement Planning: A Descriptive Study</b>	<b>81</b>
Fida Muthia, Reza Ghasarma, Sri Andaiyani	
<b>The Effect of Good Corporate Governance, Intellectual Capital and Financial Performance of Corporate Social Responsibility</b>	<b>89</b>
Sandra Sukma Embuningtiyas and Oktaviani Rita Puspasari	
<b>Role of Mining as a Basis Sector in South Sumatra</b>	<b>99</b>
Mega Debiyanti, Imelda Imelda, Muhammad Subardin, Muhammad Teguh	
<b>Price Policy and Farmers' Welfare in Indonesia in The Short and Long Term: Dynamic Models</b>	<b>115</b>
Azwardi, Sukanto, Nazeli Adnan, Arika Kurniawan, Hamira, Genta Ramzuni	
<b>The Effect of Audit Committee Attributes on Sustainability Reporting of Banks in Indonesia</b>	<b>125</b>
Inten Meutia, Shelly Febriana K, Emylia Yuniarti	
<b>Earnings Management and Its Determinant (Study of Listed Companies on Indonesia Stock Exchange)</b>	<b>137</b>
Ruth Samantha Hamzah, Efva Octavina Gozali, Nur Khamisah	
<b>Contagion Effect of Capital Market on Top- 10 European Union Countries With The Most Cases of Covid- 19</b>	<b>145</b>
Mohamad Zulman Hakim, Dicky Taryana	





# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

<b>Performance Evaluation of Sriwijaya University Based on Performance Indicators of The Public Services Agency of Education</b>	<b>167</b>
Anton Indra Budiman, Tertiarto Wahyudi, and Rina Tjandrakirana .D.P.	
<b>Online Food Delivery During Pandemic Covid- 9</b>	<b>179</b>
Iisnawati, Aslamia Rosa, Ahmad Maulana	
<b>Spiritual Motivation and Religious Performance: A Case Study on Employees of Sharia Business Unit of Regional Development Bank in South Sumatera</b>	<b>189</b>
Muhammad Ichsan Hadjri, Badia Perizade, Zunaidah	
<b>Social Mapping Indeks Desa Zakat (IDZ) on Zakat Community Development (ZCD) Program for Optimizing Zakat Empowerment</b>	<b>197</b>
Nurida Isnaeni, Ridhwan, Sigit Indrawijaya	
<b>Does Financial Distress Has An Effects on Audit Report Lag?</b>	<b>209</b>
Nur Khamisah, Anisa Listya, Nyimas Dewi Murnila Saputri	
<b>Analysis of Solvability and Profitability of State-Owned Enterprises (BUMN) Arround Palembang City Period 2014 - 2018</b>	<b>219</b>
Muhammad Ichsan Siregar, Alghifari Mahdi Igamo, H. Abdullah Saggaf, Afriyadi Cahyadi	
<b>How Competence and Creativity Affect Teacher's Performance?</b>	<b>231</b>
M. Iqbal Nurfauzan, Eeng Ahman, Budi Santoso	
<b>Analysis of The Effectiveness and Performance of The Regional Government Organizations Budget South Sumatra Province</b>	<b>243</b>
Rahmi Anisa, Lukluk Fuadah, and Sukanto	
<b>Analysis and Design of Customs E-Audit</b>	<b>255</b>
Joko Santoso, Tubagus Muhamad Yusuf Khudri	
<b>Analysis of Indonesian Labor Remittance Contribution Abroad on Device Reserves</b>	<b>271</b>
Erlanga Pura, Syaipan Jambak, Mardalena, Ria Apriyanti	
<b>Change Leadership: Facing The New Normal Due To The 0 9 Covid Pandemi</b>	<b>289</b>
Posma Sariguna Johnson Kennedy	
<b>The Effect of Government Internal Control System, Whistleblowing System, and Professional Internal Auditors Skeptisism on The Fraud Prevention of Financial Reporting</b>	<b>307</b>
Ussy, Azwardi, Sa'adah	
<b>Herding Behaviour Indicators and Investment Decisions: Evidence From Indonesia and Malaysia</b>	<b>317</b>
Arif Widodo Nugroho, Gede Wahyu Diatmika, Ari Warokka, Sumardi	
<b>Financial Literacy, Financial Behavior and Revenue on Investment Decisions Housewife in Palembang</b>	<b>331</b>
Namirah Rachmalia, Yuliani Yuliani, Reza Ghazarma	



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

<b>Effect of Sharia Accounting Knowledge, Religiosity, Social Environment, and Location on Decision of Saving in Sharia Commercial Banks</b>	<b>343</b>
Emyilia Yuniarti, Eka Meirawati, Rela Sari, Abu Kosim	
<b>The Effect of Loan Portfolio Diversification on Bank Stability With Market Concentration Moderation in Bank Buku III and IV Listed on The Indonesia Stock Exchange (BEI) 2013 – 2019</b>	<b>359</b>
Novin Yustikarini, Dwi Nastiti Danarsari	
<b>Price Analysis Between Commodity Groups of Inflation in Banten Province in 2008-2018</b>	<b>371</b>
Deswita Herlina, Amalia Romadhona	
<b>The Role of Financial Development on Monetary Stability in Indonesia: An Empirical Study</b>	<b>393</b>
Muhammad Riswan, Aisyah Lian Sari, Rahayu	
<b>Shifting Legitimacy Strategies in Islamic Banking</b>	<b>399</b>
Achmad Soediro, Media Kusumawardani, Fardinant Adhitama, Muhammad Farhan	
<b>Dissimilarity Index , Labor Supply and Length of Schooling on Wage Gap in Indonesia</b>	<b>413</b>
Yunisvita, Muhammad Teguh, Rosmiyati Chodijah, Imelda	
<b>The Effect of Accountability, Disclosure, and Reporting on The Use of Village Fund Finances on Community Welfare</b>	<b>427</b>
Dwirini, Abukosim, Meita Rahmawati	
<b>The Characteristics of Zakat, Infaq, Sadaqah and Wakaf (Ziswaf) Collection on Zakat Institution (Laz) in Palembang City</b>	<b>435</b>
Fera Widyanata, Ahmad Syathiri, Fardinant Adithama	
<b>Financial Behavior During The Pandemic (Study Case of Housewives in Palembang City)</b>	<b>447</b>
Ratna Juwita, Sri Megawati Elizabeth	
<b>Innovation Capability on Labor Productivity (A Literature Review)</b>	<b>459</b>
Fauzia Afriyani, Syamsurijal A. Kadir, Nurlina T. Muhyiddin, Rosmiyati Chodijah	
<b>Fertility Decline: Long and Short Run Effects on Economic Growth and Labor Markets in Southeast Asia</b>	<b>475</b>
Anna Yulianita, Feny Marissa, Siti Rohima, Arika Kurniawan	
<b>Implementation of Fiscal Policies To The Establishment of A Balanced Budget in The South Sumatra Province</b>	<b>487</b>
Syaputri Ayu Geby Gisela, Susetyo Didik, Sukanto, Ulu Muhammad Bahrul	
<b>Income Smoothing Analysis: Eckel Index Approach (Empirical Study of Go Public Property, Real Estate and Construction Companies)</b>	<b>493</b>
Patmawati, Meita Rahmawati, Efva Octavina Donata Ghozali	
<b>Talent Management, Self-Efficacy, and Job Satisfaction: A Case Study of Hotel Employee in Palembang</b>	<b>501</b>
Zunaidah, Didik Susetyo, Muhammad Ichsan Hadjri	



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

<b>Good Corporate Governance, Economic Performance and Sustainability Report</b> Dirvi Surya Abbas, Arry Eksandy	<b>509</b>
<b>How To Improve Application System To Survive in E-Wallets Industry</b> Iisnawati, Welly Nailis, Dessy Yunita	<b>519</b>
<b>The Role of Fintech in Increasing Inclusion Financial in UMKM in South Sumatera</b> Liliana, Ariodillah Hidayat, M. Komri Yusuf, Syirod Saleh	<b>533</b>
<b>Work Overload and Intention To Stay: An Investigation on The Mediation of Workplace Spirituality and Wellbeing At Work Among Millennial Teachers in Indonesia</b> Yuni Listiani, Fanny Martdianty	<b>553</b>
<b>The Effect of Service Quality and Promotion on Customer Satisfaction Online Go-Ride Transportation Services in Palembang City</b> Ahmad Maulana, Nurkardina Novalia, Agung Putra Raneo, Wita Farla WK	<b>563</b>
<b>The Effect of Camel Ratio on Financial Distress in Banking Company in Indonesia</b> Trie Sartika Pratiwi, Muhammad Hidayat, Muhammad Ichsan Siregar	<b>579</b>
<b>Covid-19: The Influence and Government Policy on Indonesian Capital Market By Industry</b> Agung Putra Raneo, Nyimas Dewi Murnila Saputri	<b>585</b>
<b>Concept To Market</b> Sumitro Sarkum, Abd. Rasyid Syamsuri, Supriadi	<b>595</b>
<b>The Effect of Organizational Culture and Job Satisfaction on Turnover Intention” At BNI 46 Jakarta</b> Chandra S Haratua, Gultom Hamidah Lubis, Madha Komala	<b>619</b>
<b>Analysis Of Potential Informal Entrepreneurs Using The Formalization Model (Case Study: Informal Sector Entrepreneurs In Palembang City)</b> Armansyah, Sukamdi, Agus Joko Pitoyo	<b>629</b>
<b>Investment Decision, Funding Decision, Dividend Policy and Firm Value in Indonesian Bank</b> Muhammad Hidayat, Sri Maryati, Trie Sartika Pratiwi	<b>639</b>
<b>Do Islamic Rural Banks Support Regional Economic Growth in Indonesia?</b> Ahmad Syathiri, Umar Hamdan, Fardinant Adhitama	<b>651</b>
<b>Organizational Support and Its Influence on Objective Career Success</b> Wita Farla, Lina Dameria Siregar, Supardi A. Bakri	<b>663</b>
<b>Analysis Influence of Investment Credit and Government Capital Expenditure on Interprovincial Development Inequality in Indonesia</b> Annisa Fitriyah, Bernadette Robiani, Rosmiyati Chodijah	<b>673</b>
<b>Measuring Celebrity Endorser Credibility: The Source Model Approach</b> Dessy Yunita, Welly Nailis, Nofiawaty	<b>687</b>



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

<b>Role of The Sharia Industry in Increasing Economic Growth With The Implementation of Ict As A Moderating Variable</b> Berlian Karlina	<b>697</b>
<b>Effect of Islamicity Performance Index on Sharia Profitability (Profit Margin) in Islamic Banking</b> Oktarini, Yusnaini, Achmad Soediro, Ainun Putri	<b>707</b>
<b>Privacy Concerns in Personalized Advertising Effectiveness on Social Media</b> Lia Febria Lina, Adhy Setiyanto	<b>727</b>
<b>Good Corporate Governance, Affective Commitment and Job Satisfaction in Regional Owned Enterprises</b> Agustina Hanafi, Mohamad Adam, Afriyadi Cahyadi, Muhammad Azmi	<b>733</b>
<b>Effect of Individual Characteristics, Job Characteristics, Organizational Characteristics and Organizational Climate on Management Satisfaction Mediated By Work Motivation</b> Emi Wakhyuni, Nashrudin Setiawan	<b>747</b>
<b>Crafting Strategic Maneuverability To Boost Business Performance</b> Hermas Kornelius, Innocentius Bernarto, Anton Wachidin Widjaja	<b>771</b>
<b>Analysis of Green-Washing and Green Consumer Using The Rasch Model</b> Yulia Hamdani Putri, Aslamia Rosa, Hera Mavilinda	<b>781</b>
<b>The Effect of Job Satisfaction and Employee Engagement on Turnover Intention of Millennials Generation in Palembang</b> Lina Dameria Siregar, Yuliansyah M. Diah, Wita Farla WK	<b>799</b>
<b>Building on The Improvement of Financial Performance of State-Owned Enterprises With The Principle of Transparency</b> Syarif Usman, Sulastri, Marlina Widiyanti, Yuliani	<b>813</b>
<b>Human Capital, Social Capital, Wage and Prosperity: Formal Worker Cases</b> Nurlina T Muhyiddin, Aning Kesuma Putri, Liliana	<b>825</b>
<b>Web-Based Mosque Financial Reporting System in Increasing The Receipt of Mosque Fund (A Case Study of Mosques in Indralaya)</b> Maya Sari Syama Yanti, Dwi Febianti, Debby Koesnadi Poetri, Ainun Putri, Muhammad Kahpi	<b>837</b>
<b>The Use of Customer Accounting Information During Pandemic Era</b> Linda Hetri Suriyanti, Mentari Dwi Aristi, Syalma Yoreza	<b>849</b>
<b>The Effect of Taxation Knowledge, Quality of Fiscus Service and Moral Obligation on Tax Amnesty Participants in Tax Office of Pratama Ilir Barat Palembang</b> Riski, Syamsurijal, Luk Luk Fuadah	<b>857</b>
<b>Study on Several Determinants of Occupational Change in Hotel: A Review in Palembang</b> Sholahuddin Arsyad, Syamsurijal A Kadir, Nurlina T Muhyidin, Bambang B Soebyakto	<b>865</b>



# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

<b>Meta Analysis Study: Employability Skills in Novice Workers For Reducing Unempton Levels</b>	<b>873</b>
Ayu Nur Yaumil Akbar, Budi Santoso, Eeng Ahman	
<b>Good Governance in Building A New Image in The Directorate General of Immigration-Jakarta</b>	<b>885</b>
Imas Komariyah, Muhammad Ishaq Ismail	
<b>Applying Lean Warehouse Approach in Warehouse Kd in Leading Automotive Manufacturer in Cikarang, Indonesia</b>	<b>897</b>
Deri Maryadi, Febri wongiaawan, Irfan Satriawan	
<b>Analysis of The Impact of Tourism Destinations Amount, Hotels Amount, Restaurant Amount, Labors Amount on Accommodation Sector Income, Food and Beverage in South Sumatera Province</b>	<b>911</b>
Nia Kurnia, Bernadette Robiani, Rosmiyati Chodijah	
<b>The Effect of Islamic Social Report on Banking Performance Based on Maqasid Index in Indonesian Sharia Commercial Banks</b>	<b>925</b>
Ainun Putri, Yusnaini, Achmad Soediro, Oktarini	
<b>The Impact of Tourism Sector, Foreign Investment and Economic Growth on Income Inequality in Sumatera Island</b>	<b>939</b>
Reny Mardellya	
<b>Deposit Insurance, Market Discipline, and Bank Risk; Implications For Commercial Banks in Asean-5</b>	<b>953</b>
Reza Ghasarma, Agung Putra Raneo, Dian Eka	
<b>The Effect of Media Engagement Toward Advertising Acceptance</b>	<b>961</b>
Zakaria Wahab, Islahuddin Daud, Welly Nailis, Mohammad Eko Fitrianto	
<b>Determinants of Village Fund Management Accountability (Study on Villages in Sragen Regency)</b>	<b>969</b>
Wiwin Juliyanti, Yohanes K. Wibowo	
<b>The Effect of Organizational Citizenship Behavior and Good Corporate Governance on Employee Performance</b>	<b>981</b>
<b>Pt Bunda Bersama Bojonegara Kabupaten Serang</b> Rt. Erlina Gentari, Tubagus Fikran Maulana Taqiyyullah	
<b>Perceptions of Usefulness and Behaviors To Keep Using in The Implementation of Regional Management Information System Applications</b>	<b>987</b>
Sri Maryati, Muhammad Ichsan Siregar, Anisa Listya	
<b>Website Quality As A Factor Affecting Customer Satisfaction and Repurchase Intention:</b>	<b>993</b>
<b>The Webqual 4.0 Approach</b> Hera Febria Mavilinda, Yuni Adinda Putri, Akhmad Nazaruddin	



## **6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020**

---

<b>Creative Industry of Water Hyacinth During The Pandemic (Study on Micro and Small Enterprises in Semarang Regency, Central Java)</b>	<b>1015</b>
Berta Bkti Retnawati, Marlon Leong, Bernadeta Irmawati	
<b>Income Distribution Inequality Due To Pandemic Covid-19</b>	<b>1033</b>
Suparmono	
<b>Reaction of Share Prices in The Indonesian Capital Market To Event of Lawsuit Against The Result of The Indonesian Predential Election in 2019</b>	<b>1045</b>
Taufik, Marlina Widiyanti, Samadi W Bakar, Suhartini Karim	
<b>The Influence of Financial Distress, Idle Cash and Financial Statement Opinions on The Management of Local Government Silpa</b>	<b>1057</b>
Abdul Rohman, Rochmawati Daud, Arista Hakiki	
<b>Analysis of Factors That Affect The Yield of Sharia Bonds (Sukuk) in Companies Listed on The Indonesia Stock Exchange</b>	<b>1079</b>
Ria Mareta Sari	
<b>Analysis of Effect of Professional Zakat and Family Hope Program Funding on Mustahik Welfare in Ogan Ilir District</b>	<b>1091</b>
M Endah Okky Pratama	
<b>The Effects of The Income, The Price, and The Location on The Demand For Simple and Healthy Houses (Rsh) in Palembang City</b>	<b>1097</b>
Lina	





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# 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

## ANALYSIS OF INDONESIAN LABOR REMITTANCE CONTRIBUTION ABROAD ON DEVICE RESERVES

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### Abstract

TKI who work abroad are often called foreign exchange heroes because of the remittances they send to Indonesia. This study aims to determine how much the contribution of Indonesian workers' remittances to Indonesia's foreign exchange reserves during the period 2009-2018. The analytical method used in this research is cross tabulation (*crosstab*). The results of this study indicate that the average contribution of Indonesian workers' remittances to foreign exchange reserves from the 1st quarter of 2009 to the 4th quarter of 2018 is 1.99%, meanwhile, if calculated within one year, the average contribution of Indonesian workers' remittances to foreign exchange reserves from 2009 to with the year 2018 amounting to 7.65%. In addition, it is known that Indonesian workers' remittances are the fifth largest contributor to foreign exchange reserves after oil and gas exports, coal exports, palm oil exports, and foreign exchange from foreign tourists

**Keywords:** *Remittances, Foreign Exchange Reserves, Indonesian Workers.*

### 1. INTRODUCTION

Remittance is a financial transfer mechanism phenomenon that is relatively new and promising for the growth and development of a country's economy. Who would have thought that through the transfer of human resources with the aim of working and earning a living abroad it would contribute to the economy of their home country by increasing foreign exchange reserves which are an indicator of a country's economic strength. Developing countries are still classified as Indonesia, India, the Philippines, Thailand and other Asian countries. One of the most labor-sending to overseas, this is evidenced by the 75% of the world's total remittance flows to developing countries. The amount of remittances that goes to developing countries each year has increased. In 1997, remittances received by developing countries were only US \$ 71 billion, then in 2007 it increased to US \$ 278 billion and in 2013 it almost doubled, namely US \$ 414 billion, this increasing trend continued until the end of 2018, where in that year, the remittances flowing to developing countries reached US \$ 528 billion.

Indonesia itself as a developing country and has the most populous - 4 in the world are very active in sending workers to work abroad, it is proved by the number of Indonesian workers are sent abroad to work in various sectors of activity, where The number of Indonesian workers who worked abroad reached 3.65 million people in 2018. Indonesian workers spread to various countries such as Malaysia, Hong Kong, Singapore, Saudi Arabia, America and European countries. The number of workers who work abroad make remittances they send to Indonesia is also fairly large, which According to data from the World Bank, Indonesia occupies position - fourth in the list of 10 countries in the world's largest remittance recipient.

The large amount of remittances sent by Indonesian workers who work abroad is actually able to boost the economy of their families and also the national economy as a whole, this is evidenced by research conducted by world banks which aims to see the impact of remittances sent by Indonesian workers. The study concluded that the remittances of Indonesian workers are able to reduce the poverty headcount in Indonesia by 26.7 percent and reduce the poverty gap by 55.3 percent. Migrant workers' remittances were also able to increase marginal expenditure on food consumption by 8.5 percent. So based on these findings, it can be said that the remittances of Indonesian workers have a significant statistical effect in reducing the poverty rate in Indonesia (Uddarojat, 2015: 3).

The Indonesian government has also committed to improving the quality of workers sent abroad, so that Indonesian workers who work abroad not only occupy jobs as laborers and household assistants,



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but they can get better jobs and positions with the quality of their *skills*. The seriousness of the government in taking advantage of opportunities from Indonesian workers abroad has succeeded in increasing the number of remittances of Indonesian migrant workers who have entered Indonesia in recent years, especially in 2018, to be clearer regarding the number of remittances for Indonesian workers in 2018 can be seen in Table 1.

**Table 1: Remittances of Indonesian Workers in 2018**

Quarter	TKI Remittances (USD billion)	Percentage Change
Quarter I	2.67	-
Second Quarter	2.84	6.06
Third Quarter	2.75	-3.04
Quarter IV	2.72	-1.20
<b>Total</b>	<b>10.97</b>	<b>-</b>

*Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019*

Based on Table 1, it can be seen that TKI remittances from various countries in 2018 and divided into 4 quarters. In the first quarter, the amount of remittances sent by Indonesian workers to Indonesia was US \$ 2.67 billion. In the second quarter, the amount of remittances sent by Indonesian workers increased by about 6.1 percent to US \$ 2.84 billion. The increase in remittances in the second quarter was due to the fact that there was Eid al-Fitr in that quarter, so that Indonesian Workers who worked abroad sent more and more money to their families, but after that the number of Indonesian Workers remittances entering Indonesia again decreased in the third quarter and fourth, where in the third quarter there was a decrease of about 3 percent, namely to become US \$ 2.75 billion and in the fourth quarter there was a decrease of about 1.2 percent, so that it became US \$ 2.72 billion. Overall, the amount of remittances for Indonesian workers who entered Indonesia in 2018 amounted to US \$ 10.97 billion, this value has increased by about 25 percent from the previous year. The large number of remittances from Indonesian migrant workers who entered Indonesia made them known as heroes of foreign exchange.

Foreign exchange reserves are very crucial, because they have various uses, such as to finance imports, pay foreign debts, and are also savings owned by the state. Indonesia's foreign exchange reserves in recent years have been relatively more stable compared to the period under 2000, especially during the 1998-1999 crisis period, because at that time Indonesia's foreign exchange reserves relied too much on *hot money* or investment funds which were only temporarily parked, so if suddenly investors take their funds abroad, there will be a significant decrease in the amount of foreign exchange reserves and of course it will have an impact on the resilience of the national economy. This incident does not happen again at this time, because the foreign exchange reserves currently owned by Indonesia are much larger than the crisis period, this is because there are many sectors that are able to contribute to foreign exchange reserves, such as exports, tourism, and of course remittances for Indonesian workers. for more details regarding the amount of Indonesia's foreign exchange reserves at this time or in 2018 can be seen in Table 2

**Table 2: Indonesia's Foreign Exchange Reserves in 2018**

Quarter	Foreign exchange reserves (USD billion)	Percentage Change
Quarter I	126.00	-
Second Quarter	119.84	-4.89
Third Quarter	114.85	-4.17
Quarter IV	120.65	5.06

*Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019*



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

Based on Table 2, it can be seen that the value of Indonesia's foreign exchange reserves in four quarters in 2018, in the first quarter Indonesia's foreign exchange reserves amounted to US \$ 126 billion, then in the second quarter the amount of foreign exchange reserves decreased by 4.89 percent, namely to US \$ 119 , 84 billion, this was due to a current account deficit of US \$ 7.8 billion. Indonesia's foreign exchange reserves evaporated again in the third quarter of 2018, where the decline occurred around 4.17 percent, namely to US \$ 114.85 billion, again this was due to the growing current account deficit, reaching US \$ 8.5 billion. In the fourth quarter Indonesia's foreign exchange reserves finally increased, where the increase that occurred in the fourth quarter of 2018 was around 5.1 percent, namely to US \$ 120.65 billion, but this increase was not due to improvements or surpluses in the current account balance, but due to additional debt abroad that is carried out by the government.

The phenomenon of migrant workers' remittances described earlier is certainly very interesting, because with the hard-earned money they send to their homeland makes them known as heroes of Indonesia's foreign exchange, meanwhile on the other hand Indonesia's foreign exchange reserves also continue to fluctuate, this is the case. the background of this research is to analyze how much remittances actually contribute to Indonesia's foreign exchange reserves, so that they are worthy or not called heroes of foreign exchange.

### 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

#### 1. Theory of Foreign Reserves

The foreign exchange reserves is often called the *international reserves and foreign currency liquidity (IRFCL)* or the official *reserve assets* are deposits of foreign currency by the central bank or monetary authority in this case the bank Ind o Eng , which can be used at any time in order to finance the imbalance in the balance of payments and in order to maintain monetary stability (Gandhi, 2006: 3) . The fluctuations that occur in foreign exchange reserves directly affect the stability of the rupiah exchange rate. The foreign exchange reserve formula is as follows:

$$Cdvt = (Cdvt\ 1 + Tbt + Tmt)$$

Cdvt : Foreign reserves for a certain year

Cdvt 1 : Foreign reserves of the previous year

Tbt : Current Account

Tmt : Capital Transactions

#### a) Current Account

There are four components in the current account balance, namely, goods, services, primary income, and secondary income. Transactions in the goods post include exports and imports of general merchandise (oil and gas and non-oil and gas), non-monetary gold , and net exports of *marchanting* goods . Transactions in postal services include, export da n imports of manufacturing services, maintenance and repair services, transportation services, travel services, insurance services, financial services and others. Then the primary income account includes, receipts and payment of compensation for labor and investment income from direct investment, portfolio investment, and other investments. Secondary income transactions include, receipt and payment of current transfers by the government sector and other sectors, secondary income transactions of other sectors also include transfers from labor or labor remittances.

#### b) Capital Transactions

Capital transactions (*capital account*) in the form of tran sfer capital (capital transfers). Capital transfers include cash transfers related to the acquisition/sale of fixed assets by one or both of the transacting parties and *in kind* transfers *in the* form of transfer of ownership of fixed assets or forgiveness of liabilities given by creditors without compensation based on the agreement of both parties.



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

### 2. Remittances

The term remittance according to Connell (1980: 16), was originally money or goods sent by migrant workers to their home areas. Then in its development, this understanding has expanded, where not only goods and money but ideas and skills are also included in the category of remittances for the region of origin. Because the skills acquired during immigration can be used when returning to their hometowns, such as good environmental management skills, housing building skills, and other skills that people in their home areas do not have. Another definition of remittance is put forward by Curson (1983: 14), according to Curson, remittances are the transfer of money, goods, and development ideas from the destination of migration to the area of origin and are an important instrument in the socio-economic life of the community. The definition of remittances for Indonesian workers according to Nizar (2014: 3) is the transfer of money or goods from Indonesian migrant workers who work abroad to their families in Indonesia. Indonesian workers are referred to as migrant workers because they work beyond national borders. Indonesian workers' remittances include cash and non-cash transfers, cash transfers can be in the form of money sent through formal channels such as banks (BNI, BRI, MANDIRI) available in countries where Indonesian workers, formal channels can also be in the form of local non-bank remittance institutions. Meanwhile, delivery through non-formal channels can be in the form of shop stalls and custody through other Indonesian workers who are returning to Indonesia.

#### *Types of Remittances*

The International Monetary Fund (IMF) divides remittances into three categories, including the following:

1. Worker remittances or transfers in the form of cash (*cash*) and the like from foreign workers to their family or relatives in their home country.
2. Salary, remuneration, and compensation for work in cash (*cash*) or the like paid to individuals who work in other countries, where the existence of this individual or worker is legal or legal.
3. Money transfers made by foreigners which refer to transfers of financial assets and transfers of capital made by foreigners as a form of moving that person from one country to another and living for more than one year.

#### **Previous Research**

Various empirical studies have tried to examine the relationship or effect of labor remittances on the foreign exchange reserves of a country. One of them is a study conducted by Alvara (2015), with the title of the study of the causes of the low remittances of Indonesian migrant workers in the Asia Pacific region (Malaysia, Hongkong, and Taiwan). This study uses primary data with a questionnaire method and direct interviews to migrant workers who work in Malaysia, Hongkong, and Taiwan. This study found that the majority of Indonesian workers used their salaries to send remittances as much as 37.6 percent, for savings as much as 22.9 percent and for daily needs as much as 24.4 percent. In general, the main objectives of migrant workers in sending remittances to their families are for family daily needs and education costs. Meanwhile, the research conducted by Jounghyeon (2012) conducted research on remittances and currency crises in developing countries which are classified as *emerging market countries*, such as Indonesia, India, Thailand, South Korea, Brazil and others. This research was conducted during the crisis period, especially in 1997, the results of this study concluded that remittances had a significant and positive effect on foreign exchange reserves and had a significant and negative effect on the exchange rate during the crisis, meaning that remittances would appreciate the exchange rate through an increase in foreign exchange reserves. Thus, these findings indicate that remittances play an important role in maintaining financial stability from the current crisis pressure.

### **3. RESEARCH METHODOLOGY**

#### **1. The scope of research**

This study uses the state of Indonesia as the object of analysis. The variables used are the dependent variable as the affected variable and the independent variable as the influencing variable. Meanwhile,



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

for the period of data used to conduct this research, namely using quarterly data, from quarter 1 2009 to quarter 4 2018 with a total of 40 observations.

### 2. Types and Sources of Data

The data used in this study are secondary data. Secondary data in this study in the form of time series data (time series) that is data of worker remittances and foreign exchange reserves in the form of dollar American States in the capture of economic statistics and financial reports of Indonesia, which was published by Bank Indonesia.

### 3. Analysis Technique

This research uses quantitative descriptive analysis techniques which are carried out by describing the phenomena that occur in each research variable and processing the research variable data so that it can explain the relationships that occur and answer questions from existing phenomena. The quantitative descriptive analysis technique in this research uses the cross tabulation method (*crosstab*). The cross tabulation method is a method that is fairly simple, but has a high enough ability to explain the relationship between variables (Sudjana, 2005: 68). Cross tabulation in this study uses *Microsoft Excel*. The calculation formula to determine the amount of remittance contributions of Indonesian labor migrants to foreign exchange reserves is as follows:

$$\text{Contribution } Q_n = \frac{\text{Remittances TKI } Q_n}{\text{Foreign Reserves } Q_n} \times 100$$
$$\text{Contribution } T_n = \frac{\text{Remittances TKI } T_n}{\text{Foreign Reserves } T_n} \times 100$$

Information :

Contribution  $Q_n$  and  $T_n$  = Contribution of remittances to foreign exchange reserves in quarter  $n$  and year  $n$

Remittances of TKI  $Q_n$  and  $T_n$  = Remittances of TKI in quarter  $n$  and year  $n$

Foreign Reserves  $Q_n$  and  $T_n$  = Reserves in quarter  $n$  and year  $n$

## 4. RESULTS AND DISCUSSIONS

### 1. Indonesian Workers' Remittances

According to World Bank data, Indonesia is included in the list of the top ten recipients of the highest labor remittances in the world. More details regarding the flow of TKI remittances can be seen in Table 3.

Based on Table 3, it can be seen that the development of Indonesian workers' remittances in the last 10 years. In 2009, the total flow of remittances from Indonesian labor migrants to Indonesia reached US \$ 6.62 billion, with the largest inflow of remittances occurring in the fourth quarter, amounting to US \$ 1.71 billion. Indonesian migrant workers who worked in Malaysia and Saudi Arabia were the biggest senders of remittances in 2009, where the amount of remittances sent by Indonesian migrant workers from Malaysia reached US \$ 2.59 billion or around 39 percent of the total remittances of Indonesian workers in 2009. Meanwhile, remittances sent from Indonesian Workers in Saudi Arabia amounted to US \$ 2.21 billion or about 33 percent of the total remittances of Indonesian labor migrants who entered Indonesia in 2009.

After experiencing an increase in the period 2009-2015, the flow of remittances for Indonesian workers entering Indonesia in 2016 experienced a decline, where remittances for Indonesian workers in 2016 decreased by about 8 percent from the previous period, namely to US \$ 8.67 billion. The decline in the inflow of remittances in 2016 occurred in all quarters, where in the fourth quarter it experienced the worst decline, which was around 4.9 percent compared to the previous quarter. The decrease in the number of remittance inflows in 2016 was due to the Moratorium policy or the suspension of sending Indonesian workers to countries in the Middle East by the Indonesian Minister of Manpower. After experiencing a decline in 2016, the remittance flow of Indonesian migrant workers to Indonesia increased again in 2017 and 2018, where in 2018 there was a significant increase





## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

in the inflow of Indonesian migrant workers' remittances, which was around 25 percent compared to the previous period or to US \$ 10.97. billion.

**Table 4: Development of Indonesian Migrant Workers' Remittances for 2009-2018 (US \$ Billion)**

Period Year / Quarter	TKI Remittances (US \$ Billion)	Percentage Change	Period Year / Quarter	Indonesian Workes Remittances (US \$ Billion)	Percentage Change
2009 Q1	1.57		2014 Q1	1.90	2.6
2009 Q2	1.66	6.2	2014 Q2	2.20	15.4
2009 Q3	1.68	1.2	2014 Q3	2.11	-3.7
2009 Q4	1.71	1.4	2014 Q4	2.14	1.0
2010 Q1	1.66	-2.8	2015 Q1	2.34	9.4
2010 Q2	1.68	1.3	2015 Q2	2.39	2.3
2010 Q3	1.71	1.5	2015 Q3	2.36	-1.5
2010 Q4	1.69	-1.0	2015 Q4	2.34	-0.8
2011 Q1	1.67	-1.2	2016 Q1	2.27	-3.0
2011 Q2	1.68	0.4	2016 Q2	2.23	-1.8
2011 Q3	1.71	2.0	2016 Q3	2.14	-3.8
2011 Q4	1.69	-1.3	2016 Q4	2.04	-4.9
2012 Q1	1.73	2.5	2017 Q1	2.18	6.8
2012 Q2	1.73	0.3	2017 Q2	2.19	0.5
2012 Q3	1.74	0.6	2017 Q3	2.20	0.5
2012 Q4	1.82	4.3	2017 Q4	2.22	1.1
2013 Q1	1.86	2.4	2018 Q1	2.67	20.3
2013 Q2	1.87	0.3	2018 Q2	2.84	6.1
2013 Q3	1.84	-1.7	2018 Q3	2.75	-3.0
2013 Q4	1.85	1.0	2018 Q4	2.72	-1.2

*Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019*

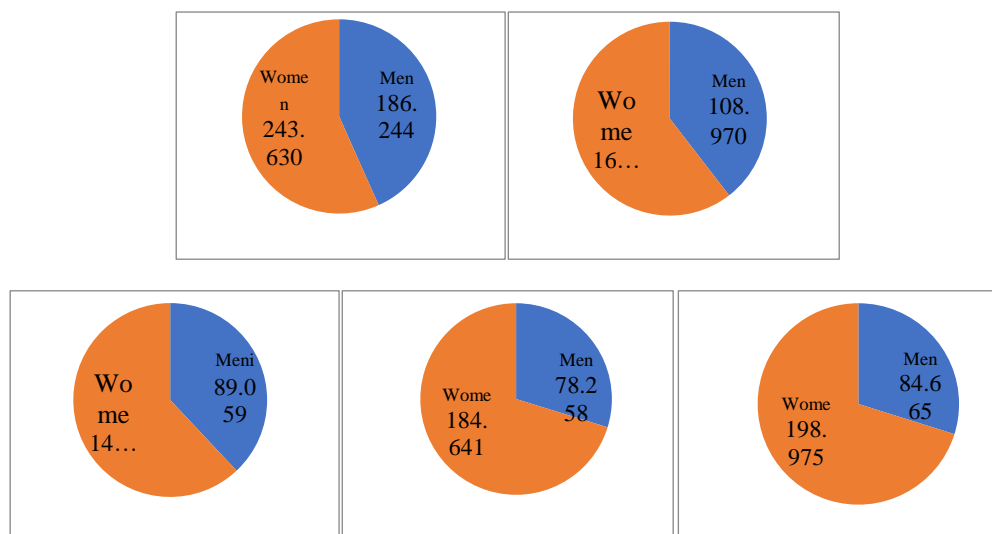
## 2. Placement of Indonesian Workers Abroad

### a) Placement of Indonesian Migrant Workers by Gender

According to data from BNP2TKI, based on the sex of the average Indonesian Workes who go to work abroad every year is dominated by women, to be more clear it can be seen in Figure 1.

Based on Figure 1, it can be seen that the development of Indonesian workforce placement based on gender in the last 5 years. In 2014, as many as 186 thousand men and 244 thousand women were sent to work abroad, with a proportion of 57 percent women and 43 percent men of the total Indonesian Workes who went to work abroad in 2014. In 2015 and 2016 the number of Indonesian Workes Men and women who went to work abroad experienced a decline of about 15 percent, this decrease was caused by the Moratorium or the postponement of sending Indonesian Workes to countries in the Middle East by the Indonesian Minister of Manpower. In 2017, the number of male Indonesian Workes who went to work abroad still decreased by around 12 percent, however, for female Indonesian Workes who went to work abroad, it increased by 27 percent from the previous period. In

2018 the number of male and female Indonesian Workes who went abroad to work has increased from the previous period, but the increase that occurred was not too large, due to the enactment of the Moratorium on sending Indonesian Workes abroad.



Source: Data on the Placement and Protection of PMI, BNP2TKI 2018: Page 2

**Figure 1: Placement of Indonesian Migrant Workers by Gender 2014-2018 (Thousands of People)**

## b) Placement of Indonesian Work's based on education level

**Table 4 Placement of Indonesian Migrant Workers Based on Education Level 2014-2018 (Thousands of people)**

Year	Level of education				
	Bachelor	Diploma	High school / high school	Junior High	SD
2014	4,135	17,355	106,831	162,731	138,822
2015	1,625	4,685	70,309	108,725	90,393
2016	1,204	2,976	69,931	95,945	64,395
2017	1,322	4,060	70,185	85,545	101,787
2018	1,246	3,081	80,280	101,824	97,209
Total	9,532	32,157	397,536	554,770	492,606

Source: PMI Placement and Protection Data, BNP2TKI 2018: Page 3

Based on Table 4, it can be seen that the number of Indonesian Workes placements abroad based on the level of education in the last 5 years. Indonesian Workes who work abroad is dominated by workers who only have a relatively low education. During 2004-2018 the number of Indonesian Workes who studied up to undergraduate level was 9,532 people. Meanwhile, the number of Indonesian Workes sent abroad with diploma graduates is more than undergraduate graduates, but similarly to Indonesian Workes with bachelor's degrees, Indonesian Workes with diploma graduates who are sent abroad has decreased from 2014, where in 2014 there were 17,355 Indonesian workes who had diploma graduates sent abroad. country, but this number continues to decrease, until 2018 the number of Indonesian Workes with diploma graduates was only 3,081 people. The total number of TKI who have diploma graduates sent abroad to work in the last 5 years is 32,157 people.



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Indonesian Workes who graduated from high school, junior high school and elementary school was the largest number in the last 5 years. In 2014 Indonesian Workes who graduated from high school who were sent abroad to work totaled 106,831 people, Indonesian Workes who graduated from SMP amounted to 162,731 people, and Indonesian Workes who graduated from SD was 138.82, but just like Indonesian Workes with undergraduate and diploma education, in 2018 the number of Indonesian Workes who were sent abroad State, both high school, junior high school and elementary school graduates experienced a decline, where Indonesian Workes who graduated from high school who were sent decreased by about 25 percent or to 80,280 people, Indonesian workes who graduated from junior high school who were sent decreased by around 37 percent or to 101,824 people and Indonesian Workes who graduated from SD sent abroad decreased by about 30 percent or to 97,209 people. Overall, the migrant workers who study up to junior high school are the largest number sent abroad to work in various countries.

### c) Placement of Indonesian Migrant Workers based on Indonesian Business Fields

**Table 5: Placement of Indonesian Migrant Workers Based on KLUI, 2014-2018 (Person)**

Business Sector	Year				
	2014	2015	2016	2017	2018
Community, Social, and Individual Services	221,907	151,065	126,846	153,807	167,649
Agriculture, Animal Husbandry, Forestry, Hunting and Fisheries	746.39	48,275	35,351	35,487	35,709
Processing industry	60,630	48,824	53,641	50,679	56,884
Building	22,662	14,281	9,439	9,047	10,552
Cruise ship	19,355	2,818	0	302	339
Transportation and Communications	13,444	1,459	695	607	446
Wholesale, Retail and Home Trade Dining and Hotel	11,920	6,294	6,823	6,858	5,323
Mining and excavation	1,600	491	167	440	388
Electricity, Gas and Water	1,008	257	126	475	399
Finance, insurance, building and land rental business	4.85	292	157	122	179
Health	0	0	0	102	507
Information Technology	0	0	0	35	236
Activities with unclear boundaries	2,224	1,681	1,206	4,938	5,029
Total	429,874	275,737	234,451	262,899	283,640

*Source: PMI Placement and Protection Data, BNP2TKI 2018: Page 8*

Based on Table 5, it can be seen that the number of Indonesian Workes placement based on the Indonesian business field group (KLUI). The community, social, and individual service sectors are the business sector sectors that are mostly engaged in by Indonesian Workes who work abroad, where in 2018 the Indonesian Workes who worked in this sector reached more than 167 thousand people, the social, social, and individual service sectors as well. Indonesian Workes has been the most involved in the business sector during the 2014 to 2018 period. The processing industry business sector is also relatively much in the field of work by Indonesian Workes, where in 2018 there were more than 56 thousand workers in this sector. Indonesian Workes who work abroad on average only occupy low-class positions, such as Indonesian Workes who work in the social services sector, they only work as household assistants, as well as Indonesian Workes who work in the processing industry, most of them only work as industrial hunters. The low level of education and *skills* possessed by



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

migrant workers makes them complacent in occupying jobs and positions where the salaries are not too high.

### d) Placement of Indonesian Migrant Workers by Destination Country

**Table 6: Placement of Indonesian Migrant Workers by Destination Country 2014-2018 (Person)**

Country	Year				
	2014	2015	2016	2017	2018
Malaysia	127,870	97,748	87,623	88,991	90,671
Taiwan	82,665	75,304	77,087	62,823	72,373
Hong Kong	35,050	15,322	14,434	69,182	73,917
Singapore	31,680	20,895	17,700	13,379	18,324
Saudi Arabia	44,325	23,000	13,538	6,471	5,894
Brunei Darussalam	11,616	9,993	8,152	6,623	5,707
South Korea	11,849	5,501	5,912	3,728	6,905
UAE	17,963	7,619	2,575	1,667	726
Oman	19,141	6,766	1,014	1,085	749
Qatar	7,862	2,460	1,355	1,037	587
Bahrain	5,472	2,570	123	125	86
United States of America	9,233	1,029	249	317	45
Kuwait	1,714	210	987	1,162	1,172
Turkey	1,246	1,108	489	811	1,005
Japan	2,428	468	75	538	458
Italy	1,295	1,516	851	1,010	1,204
Others	1,8465	4,228	2,278	3,950	3,817
Total	429,874	275,737	234,451	262,899	283,640

Source: PMI Placement and Protection Data, BNP2TKI 2018: Page 6

Based on Table 6, it can be seen that Malaysia is the country with the highest number of Indonesian Workes in the last five years, where during the 2014-2018 period the number of Indonesian Workes who came to work in Malaysia reached around 493 thousand people. Hong Kong has become the second country with the highest number of Indonesian Workes in the last five years, where in the 2014-2018 time period, Indonesian Workes who were placed to work in Hong Kong reached around 208 thousand people. Then the third country with the highest number of Indonesian Workes in the last five years is Singapore, where the Indonesian Workes who worked in Singapore in the 2014-2018 period were 102 thousand people.

### 3. The cost of sending remittances to Indonesia

A number of administrative fees or delivery service fees must be paid by Indonesian Workes when sending their work to their families in Indonesia. The amount of remittance costs for Indonesian Migrant Workers can be seen in table 4.5

Based on Table 7, it can be seen that the amount of fees that migrant workers must pay when sending money to Indonesia per US \$ 200. The average cost that a migrant worker must pay when sending money to Indonesia per US \$ 200 is US \$ 7.2. This delivery fee is the average cost of all channels or institutions that can be used to send remittances.



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

**Table 7: Costs of sending remittances for Indonesian migrant workers to Indonesia in 2014-2018**

Year	Remittance Delivery Fee (USD)
2014	7.3
2015	6.9
2016	7.4
2017	7,1
2018	7.4
Average	7,2

*Source: World Bank, Year 2019*

Indonesian workers in sending remittances or money from their work to Indonesia can use formal bank or non-bank institutions available in various countries where they work. Bank formal institutions such as Bank Mandiri, BRI, BNI, BCA. Meanwhile, formal non-bank institutions include, in Hong Kong (Chandra Remittance, Surya Jaya Express, Dwi Express), in Malaysia (Ez Money, Marchant Trade, Speed Send), in Taiwan (Index Remittance and Agent Remittance). The safety factor is the main reason when Indonesian workers choose a formal bank institution to send their remittances. Meanwhile, the factors of speed of delivery, ease of delivery methods, and easy-to-find delivery counters are the main reasons for migrant workers to send remittances through formal non-bank channels. However, it is not uncommon for some Indonesian workers to send their remittances through informal channels such as shops in the countries where they work or to leave their remittances to friends or other Indonesian workers who are returning to Indonesia.

#### 4. Remittances for Foreign Workers in Indonesia

Remittances for foreign workers are an amount of money sent by foreign workers who work in Indonesia to their country of origin. Remittances for foreign workers are somewhat less than the remittances for Indonesian workers, more clearly regarding remittances for foreign workers can be seen in table 8

**Table 8: Remittances of Foreign Workers by Country of Origin, 2014-2018, (US \$ Million)**

Country	Year					Average
	2014	2015	2016	2017	2018	
Malaysia	166	183	204	208	206	194
Philippines	104	115	128	130	129	121
Thailand	102	113	126	128	127	119
Singapore	97	107	120	122	121	113
Japan	304	336	375	382	378	355
South Korea	231	256	285	290	287	270
China	176	195	217	221	219	206
India	567	627	699	712	704	662
Taiwan	100	110	123	125	124	117
United States of America	384	425	473	482	477	448
Australia	78	86	96	98	97	91
Others	402	478	533	543	537	498



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

Total	2,713	3,031	3,378	3,442	3,404	3,194
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Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019

Based on Table 8, it can be seen that remittances for foreign workers based on their country of origin in the last 5 years period. Remittances for foreign workers from India were the largest among other countries, where the average remittances of Indian foreign workers in the 2014-2018 period reached US \$ 662 million. This is not surprising because India is indeed the country that receives the highest inflow of remittances in the world, with its workforce spread across almost all countries including Indonesia. Remittances from foreign workers from the United States became the second largest, where the average remittances of foreign workers from Uncle Sam's country in the 2014-2015 period reached US \$ 448 million. Actually the number of foreign workers from the United States in Indonesia is not too much compared to foreign workers from China, India, Japan and other countries, but because foreign workers from the United States are on average formal workers with managerial positions and the same level, therefore the income they get relatively larger and the remittances they send to their home countries are also of course a lot.

Meanwhile, remittances from foreign workers from China were in the 5th position below Japan and South Korea, where the average remittances of foreign workers from China in the 2014-2018 period were US \$ 206 million. Labor from China has recently flooded into Indonesia, because investment from the bamboo curtain country to Indonesia continues to increase, but indeed because the average labor brought in is project laborers and other manual laborers, so the remittances they send from Indonesia to China are still relatively few compared to other countries that have been previously mentioned. Overall, the average remittance of foreign workers in the 2014-2018 period was US \$ 3.2 billion, this figure is still less than the average remittance of Indonesian migrant workers in the same period of US \$ 9.2 billion.

### 5. Indonesia's Foreign Exchange Reserves

The export of television is an indicator of a country's economic resilience which has various uses. Most of Indonesia's foreign reserves are used to finance imports, pay foreign debt installments and stabilize the rupiah exchange rate. Data on Indonesia's foreign exchange reserves can be seen in Table 9

**Table 9: Fluctuations in Indonesia's Foreign Exchange Reserves (US \$ Billion)**

Period Year / Quarter		Reserve Foreign exchange	Percentage Change	Period Year / Quarter		Reserve Foreign exchange	Percentage Change
2009	Q1	54.84	-	2014	Q1	102.59	3.2
	Q2	57.58	5.0		Q2	107.68	5.0
	Q3	62.29	8.2		Q3	111.16	3.2
	Q4	66.10	6.1		Q4	111.86	0.6
2010	Q1	71.82	8.7	2015	Q1	111.55	-0.3
	Q2	76.32	6.3		Q2	108.03	-3.2
	Q3	86.55	13.4		Q3	101.72	-5.8
	Q4	96.21	11.2		Q4	105.93	4.1
2011	Q1	105.71	9.9	2016	Q1	107.54	1.5
	Q2	119.66	13.2		Q2	109.79	2.1
	Q3	114.50	-4.3		Q3	115.67	5.4
	Q4	110.12	-3.8		Q4	116.36	0.6
2012	Q1	110.49	0.3	2017	Q1	121.81	4.7





## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

2013	Q2	106.50	-3.6	2018	Q2	123.09	1.1
	Q3	110.17	3.4		Q3	129.40	5.1
	Q4	112.78	2.4		Q4	130.20	0.6
	Q1	104.80	-7.1		Q1	126.00	-3.2
	Q2	98.10	-6.4		Q2	119.84	-4.9
	Q3	95.68	-2.5		Q3	114.85	-4.2
	Q4	99.39	3.9		Q4	120.65	5.1

Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019

Based on Table 9, it can be seen that the development or fluctuation of Indonesia's foreign exchange reserves in the last 10 years. At the end of 2009, Indonesia's foreign exchange reserves were still around US \$ 66 billion, this amount was enough to finance 6.5 months of imports and government foreign debt payments. In the fourth quarter of 2010, Indonesia's foreign exchange reserves increased by about 46 percent compared to the same period the previous year, where Indonesia's foreign exchange reserves in the fourth quarter of 2010 amounted to US \$ 96.2 billion, this amount is enough to finance 7 months of imports and government foreign debt payments. The increase in foreign exchange reserves in 2010 was due to a surplus in the current account and a surplus in the capital and financial account, where the current account surplus was US \$ 1.2 billion, which was supported by an increase in exports of oil and gas, non-oil and gas, and remittances of Indonesian migrant workers, while a surplus the capital and financial account balance reached US \$ 9.9 as a result of a significant increase in direct investment inflows.

Indonesia's foreign exchange reserves experienced a fantastic increase throughout 2017, starting with an increase in the first quarter of 2017 by 4.7 percent compared to the fourth quarter of the previous year, a significant increase occurred again in Q3, where there was an increase in foreign exchange reserves by 5.1 percent. So that the overall position of Indonesia's foreign exchange reserves in 2017 increased by around 11.9 percent to US \$ 130.2 billion or equivalent to 8.3 months of imports and government foreign debt payments. The increase in foreign exchange reserves in 2017 was influenced by a decrease in the current account deficit caused by an increase in non-oil and gas exports, a decrease in the deficit from the services account, and an increase in revenue from the secondary sector. Then this foreign exchange reserve was also caused by an increase in the surplus that occurred in the capital and financial account, which was influenced by the increase in foreign investment and portfolios. This condition makes Indonesia's balance of payments a surplus of US \$ 11.6 billion.

### 6. Contribution of Indonesian Migrant Workers' Remittances to Indonesia's Foreign Exchange Reserves

Remitansi migrant workers tend to have increased, as well as Indonesia's foreign exchange reserves are also likely to increase, but also often decreased. Then in fact, how much remittances contribute to Indonesian foreign exchange reserves, can be seen in Table 10 for more clarity

**Table 10: Contribution of Indonesian Migrant Workers' Remittances to Indonesia's Foreign Exchange Reserves**

Period Year / Quarter		Contribution	Period Year / Quarter		Contribution
2009	Q1	2.86%	2014	Q1	1.85%
	Q2	2.89%		Q2	2.04%
	Q3	2.70%		Q3	1.90%
	Q4	2.58%		Q4	1.91%
2010	Q1	2.31%	2015	Q1	2.09%
	Q2	2.20%		Q2	2.21%

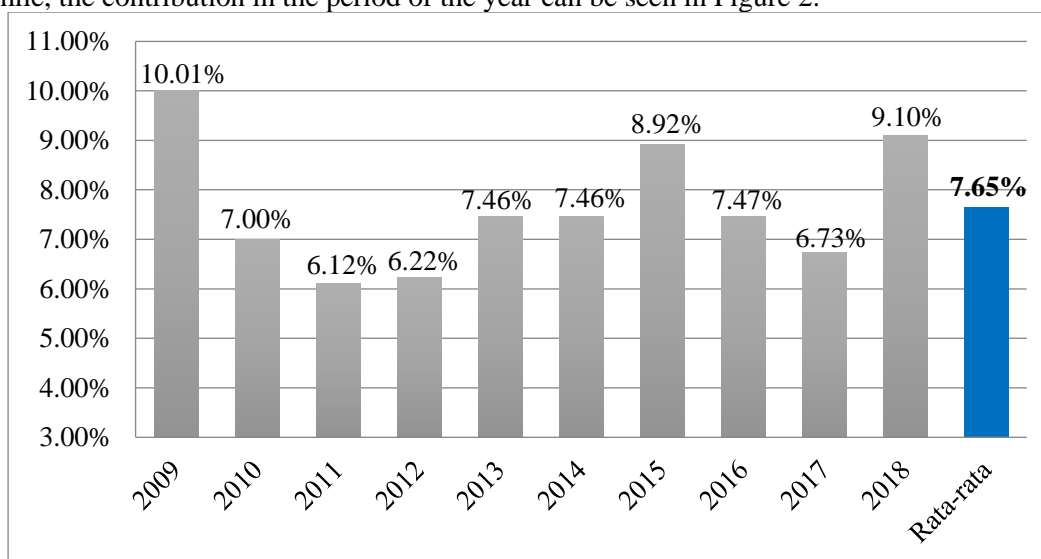


## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

2011	Q3	1.97%	2016	Q3	2.32%
	Q4	1.76%		Q4	2.21%
	Q1	1.58%		Q1	2.11%
	Q2	1.40%		Q2	2.03%
	Q3	1.49%		Q3	1.85%
2012	Q4	1.53%	2017	Q4	1.75%
	Q1	1.56%		Q1	1.79%
	Q2	1.63%		Q2	1.78%
	Q3	1.58%		Q3	1.70%
	Q4	1.61%		Q4	1.71%
2013	Q1	1.78%	2018	Q1	2.12%
	Q2	1.90%		Q2	2.37%
	Q3	1.92%		Q3	2.39%
	Q4	1.86%		Q4	2.25%
	Average Contribution			1.99%	

Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019, Processed data

Based on Table 10, it can be seen how the contribution of Indonesian workers remittances to Indonesia's foreign exchange reserves from the 1st quarter of 2009 to the 4th quarter of 2018. Meanwhile, the contribution in the period of the year can be seen in Figure 2.



Source: Indonesian Economic and Financial Statistics, Bank Indonesia 2019, Processed data

**Figure 2: Contribution of Indonesian Workers Remittances to Foreign Exchange Reserves (Per year)**

After obtaining the contribution of Indonesian workers remittances to foreign exchange reserves in quarterly (Table 10) and annually (Figure 2), the analysis of the contribution of Indonesian workers remittances to foreign exchange reserves is as follows:

### 1. The year 2009

Overall remittances for Indonesian labor migrants contributed 10.01 percent in 2009, where in the second quarter the contribution of remittances reached the highest at 2.89 percent. This increase in contribution was influenced by the increase in the amount of remittances that entered Indonesia, where in the second quarter the inflow of remittances for Indonesian migrant workers reached US \$ 1.66 billion, an increase of about 6.2 percent from the previous quarter. The increase in the inflow of remittances in the second quarter was also influenced by the increase in the number of Indonesian



## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

workes placement abroad, which reached 4,417 people spread across various countries, especially in Asia Pacific and Middle East countries.

### 2. The year 2010

Overall, in 2010 the contribution of remittances to foreign exchange reserves fell to 7 percent, compared to 10.01 percent in the previous year. This decline in contribution occurred especially in the third quarter, where the contribution of Indonesian workes remittances to foreign exchange reserves fell to 1.97 percent, whereas in the previous quarter the contribution of Indonesian workes remittances was still above 2 percent. The decline in contributions in the third quarter was mainly due to a very significant increase in foreign exchange reserves in the same period, which was 13.4 percent, while remittances for Indonesian migrant workers only increased by 1.5 percent. The weak increase in Indonesian workes remittances in the third quarter was influenced by the decrease in the number of Indonesian workes placement abroad. Meanwhile, foreign exchange reserves which experienced a significant increase were influenced by a surplus that occurred in the balance of payments of US \$ 6.95 billion, which was supported by a surplus in the current account and the capital and financial account.

### 3. Year 2011

Overall, in 2011, the contribution of Indonesian migrant workers' remittances to foreign exchange reserves again decreased significantly, namely to only 6.12 percent or a decrease of 0.88 percent compared to the previous year. The worst decline in contribution occurred in the second quarter, where in that quarter remittances for Indonesian workers only contributed 1.40 percent to foreign exchange reserves. The main factor affecting the decline in contributions in the second quarter was due to the fact that foreign exchange reserves were experiencing a significant upward trend, where in the second quarter foreign exchange reserves increased by 13.2 percent compared to the previous quarter. This significant increase in foreign exchange reserves was influenced by a surplus in the balance of payments that reached US \$ 11.88 billion. Meanwhile, in contrast, the increase in the inflow of remittances to Indonesia in the second quarter was only 0.36 percent. so that if we calculate the contribution of remittances to foreign exchange reserves, the result will be even smaller.

### 4. In 2012

Overall, in 2012 the contribution of migrant workers 'remittances to foreign exchange reserves increased slightly, namely by 0.11 percent, so that the contribution of migrant workers' remittances to foreign exchange reserves was 6.22 percent. The highest increase in contribution occurred in the second quarter, where in that quarter the contribution of Indonesian migrant workers' remittances to foreign exchange reserves increased to 1.63 percent. The increase in contributions in the second quarter was influenced by an increase in the inflow of remittances for Indonesian migrant workers from Hong Kong and Taiwan as well as countries from the Americas and Europe. In addition, the dominant factor that caused the increase in the contribution of Indonesian migrant workers' remittances to foreign exchange reserves in the second quarter was due to the decline in foreign exchange reserves, where foreign exchange reserves decreased by 3.4 percent compared to the previous quarter period. This decline was due to the worsening current account deficit, where the current account deficit in Q2 reached US \$ 8.12 billion, driven by a decline in oil and gas exports and an increase in non-oil and gas imports amid a slowdown in growth in non-oil and gas exports.

### 5. Year 2013

Overall in 2013 the contribution of Indonesian migrant workers' remittances to foreign exchange reserves increased significantly compared to the previous year, namely by 1.24 percent, so that the contribution of Indonesian workes remittances to foreign exchange reserves in 2013 was 7.46 percent. The highest increase in contribution occurred in the 3rd quarter, where in that quarter the contribution of remittances to foreign exchange reserves was 1.92 percent, higher than the increase that occurred in Q1 and 2. In fact, in the 3rd quarter, the flow of remittances to Indonesia experienced a decrease of about 1.6 percent compared to the previous quarter, but due to the higher decline in foreign exchange reserves, namely around 2.5 percent, the contribution of remittances to foreign



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exchange reserves increased. The cause of the decline in foreign exchange reserves in the third quarter was due to the widening deficit in the balance of payments, where the deficit in the balance of payments in the third quarter increased by around 6.8 percent or to US \$ 2.64 billion.

### 6. Year 2014

Overall, the contribution of Indonesian workers' remittances to foreign exchange reserves in 2014 was slightly changed compared to the previous year, where the contribution of Indonesian workers' remittances was 7.46 percent, this figure was reduced by about 0.006 percent. However, in the second quarter the contribution of remittances for Indonesian workers increased quite significantly, namely to be 2.04 percent or an increase of about 0.18 percent compared to the first quarter. This increase was caused by the inflow of remittances for Indonesian workers who experienced a fairly high growth, where in the second quarter In this regard, Indonesian workers' remittances increased by 15.4 percent compared to the previous quarter, this increase mainly came from remittances of Indonesian workers working in Saudi Arabia which increased by US \$ 130 million, Malaysia which increased by US \$ 35 million, Taiwan which increased by US \$ 17 million, and from several countries in America which as a whole increased by US \$ 49 million.

### 7. 2015 year

The contribution of Indonesian workers' remittances to foreign exchange reserves as a whole in 2015 experienced a significant increase, namely to become 8.92 percent or an increase of about 1.5 percent compared to the previous year. This increase occurred in the first quarter to the third quarter, where in the second quarter, the contribution of remittances for Indonesian workers increased to 2.21 percent. This increase was driven by an increase in remittances for Indonesian workers in the second quarter, which increased by 2.31 percent, the increase in remittances for Indonesian workers was mainly from Indonesian workers who worked in Saudi Arabia, which increased by US \$ 34 million, Malaysia which increased by US \$ 12 million. , and that of Indonesian workers working in Taiwan, an increase of US \$ 8 million. Another factor that led to an increase in the remittance contribution of Indonesian workers in the second quarter was foreign exchange reserves, which decreased by 3.16 percent .

### 8. 2016 year

The contribution of migrant workers' remittances to foreign exchange reserves experienced a significant decrease in overall in 2016, namely to 7.47 percent or a decrease of 1.45 percent compared to the previous year. The worst decline in contribution occurred in the 3rd and 4th quarters, where in the 3rd quarter the contribution of Indonesian workers' remittances to foreign exchange reserves fell to 1.85 percent, whereas in the previous quarter it was still 2.03 percent. The decrease in the contribution of Indonesian workers' remittances was due to the influx of remittances for Indonesian workers in the third quarter which was also experiencing a downward trend since 2015, in the third quarter the decline in remittances from Indonesian workers reached 3.8 percent, the decrease in remittances for Indonesian workers, especially from Malaysia, which fell by US \$ 14 million, Saudi Arabia which also fell by US \$ 14 million, and from several countries in the American continent which decreased by US \$ 22 million.

### 9. 2017 year

Overall in 2017, the contribution of Indonesian workers' remittances to foreign exchange reserves again experienced a significant decline, where in that year the contribution of Indonesian workers' remittances became 6.74 percent or decreased by around 0.74 percent from the previous year. In fact, in the first quarter, the contribution of migrant workers' remittances to foreign exchange reserves had increased to 1.79 percent, this was because the inflow of migrant workers' remittances increased quite high, namely by 6.8 percent, compared to the 4th quarter of the previous year. However, in the second and third quarters the contribution of migrant workers' remittances experienced a drastic drop, especially in the third quarter, where the contribution of migrant workers' remittances to foreign exchange reserves fell to 1.70 percent. This decrease was due to the weak growth in the inflow of

remittances for Indonesian labor migrants, which was only 0.52 percent, while on the other hand, foreign exchange reserves experienced a much higher growth, amounting to 5.13 percent.

## 10. 2018 year

Overall in 2018, the contribution of Indonesian workers' remittances to foreign exchange reserves reached the highest level since 2010, where the contribution in 2018 was 9.10 percent or an increase of about 2.37 percent from the previous year. This increase was driven by a significant increase in the inflow of remittances, particularly in Q1, during which the inflow of remittances increased by 20.3 percent compared to the 4th quarter of the previous year. The increase in the inflow of remittances in the first quarter was due to the increase in the number of Indonesian workers' shipments working in Saudi Arabia, where the shipments from Indonesian workers reached US \$ 963 million, compared to the fourth quarter of the previous year which was only US \$ 637 million. On the other hand, in the first quarter, foreign exchange reserves decreased by around 3.2 percent, which was caused by an increase in the deficit in the balance of payments which reached US \$ 3.8 billion. So that with the increase in the inflow of migrant workers' remittances and the decreasing foreign exchange reserves, the contribution of migrant workers' remittances to foreign exchange reserves increased to 2.12 percent, compared to the fourth quarter of the previous year which was still around 1.71 percent.

## 7. Comparison of the Contribution of Migrant Workers' Remittances with Other Sectors on Indonesia's Foreign Exchange Reserves

Apart from remittances for Indonesian workers, there are many other sectors that are the main source of Indonesia's foreign exchange reserves, especially from the export and tourism sectors. These sectors have consistently contributed significantly compared to other sectors. Indonesian workers' remittances when compared to these sectors are the sector with the fifth largest contribution to Indonesia's foreign exchange reserves. For more details, it can be seen in Table 11.

**Table 11: Sectors with the Largest Contribution to Foreign Exchange Reserves**

Year	Coal	Palm oil	Tourism	Oil and Gas	TKI Remittances	Rubber
2009	20.8%	15.5%	9.5%	26.9%	10.0%	7.1%
2010	18.5%	14.0%	7.9%	25.1%	7.0%	9.6%
2011	24.4%	15.7%	7.8%	29.4%	6.1%	12.8%
2012	23.3%	15.7%	8.1%	26.9%	6.2%	9.2%
2013	24.5%	16.6%	10.2%	28.0%	7.5%	9.4%
2014	18.6%	15.6%	10.0%	21.3%	7.5%	6.3%
2015	15.1%	14.5%	11.5%	14.1%	8.9%	5.5%
2016	12.5%	12.3%	11.7%	9.9%	7.5%	4.8%
2017	15.7%	14.2%	11.7%	10.2%	6.7%	5.6%
2018	19.9%	13.7%	13.3%	12.3%	9.1%	5.1%
Average	19.3%	14.8%	10.2%	20.4%	7.6%	7.5%

*Source: Bank Indonesia and the Ministry of Tourism in 2019 ; Processed data*

Based on Table 11, it can be seen the comparison of the contribution of Indonesian migrant workers' remittances, exports, and tourism to Indonesia's foreign exchange reserves from 2009-2018. Exports of oil and natural gas are the sector that has the largest contribution to Indonesia's foreign exchange reserves, where the average contribution of oil and gas exports in the last ten years is 20.4 percent. The main destination countries for Indonesia's oil and gas exports are Singapore, South Korea, China, Malaysia and Taiwan. Coal exports are the sector with the second largest contribution to Indonesia's foreign exchange reserves, where the average contribution of coal exports to foreign exchange reserves is 19.3 percent, but since 2015-2018 coal exports have become the sector with the largest contribution to foreign exchange reserves, beating exports of oil and gas. The largest contribution occurred in 2013, where in that year the results of coal exports contributed 24.5 percent to Indonesia's





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foreign exchange reserves, with an export volume of 423 million tons and export proceeds reaching US \$ 24.4 billion.

The export commodity of palm oil (*crude palm oil*) is an export commodity with the third largest contribution to Indonesia's foreign exchange reserves, where the average contribution of palm oil exports in the last ten years is 14.8 percent. The largest contribution occurred in 2013, in which the volume of palm oil exports was around 22 million tonnes and the resulting foreign exchange was US \$ 16.5 billion, so that the contribution that year reached 16.6 percent. Foreign foreign exchange tourism became the sector with the fourth largest contribution to Indonesia's foreign exchange reserves, where the average contribution of tourism foreign exchange to foreign exchange reserves in the last ten years was 10.2 percent. Indonesia's mainstay tourist destinations most visited by foreign tourists are Bali, Lombok, Raja Empat and Bunekan.

Rubber exports were the fourth largest contributor to foreign exchange at least in the 2010-2012 period, where the highest foreign exchange contribution from rubber exports occurred in 2011, amounting to 12.8 percent, in that year the volume of Indonesian rubber exports was around 3 million tons and the foreign exchange generated reached US \$ 14.1 billion. The amount of foreign exchange obtained from rubber exports in that period was driven by the high demand for raw rubber in the international market, which caused rubber prices to soar high and of course very profitable for rubber exporting countries such as Indonesia. However, this condition did not last long, because lately the price of rubber has decreased, causing the foreign exchange earned to decrease and of course the contribution of rubber exports to Indonesia's foreign exchange reserves has become smaller, where in 2018 the foreign exchange from rubber exports fell to around US \$ 6.15 billion, so that the foreign exchange contribution from the export of rubber to Indonesia's foreign exchange reserves in that period was only 5.1 percent, this figure is the lowest among the other 5 sectors.

### 5. CONCLUSION

Based on the results of research and discussion in the previous chapter, several conclusions can be drawn, including:

1. The contribution of Indonesian workers' remittances to foreign exchange reserves from Q1 2009 to Q4 2018 has always fluctuated. The highest contribution occurred in the second quarter of 2009 amounting to 2.89 percent, while the lowest contribution occurred in the second quarter of 2011, namely 1.40 percent. Then the average contribution of Indonesian workers' remittances to foreign exchange reserves from the 1st quarter of 2009 to the 4th quarter of 2018 is 1.99 percent.
2. If calculated within one year, the remittance contribution of Indonesian labor migrants will incised a higher percentage. The high contribution occurred in 2009, namely 10.01 percent and in 2018, namely 9.10 percent. Meanwhile, the lowest contribution occurred in 2011 which was only 6.12 percent. Then the average contribution of Indonesian workes remittances to foreign exchange reserves from 2009-2018 was 7.65 percent.
3. If the ranking is carried out for the sectors that have the largest contribution to foreign exchange reserves, the remittances of Indonesian workers will be in fifth position under the oil and gas export, coal exports, palm oil (CPO) exports, and foreign tourism

### LIMITATION AND STUDY FORWARD

Based on the research results and conclusions that have been obtained, the suggestions given by the researcher are as follows:

1. For the government and agencies that specialize in dealing with Indonesian workes problems, it is necessary to pay more attention to sending Indonesian workes abroad. Because migrant workers who are sent to work overseas have an average low level of education and low *skills*, most of them are only able to occupy jobs as laborers or housekeepers with salaries that are not too high. The government should also place more formal channels for sending remittances, so that migrant workers have no trouble sending their money to Indonesia.





## 6th Sriwijaya Economics, Accounting, and Business Conference (SEABC) 2020

2. For future researchers who wish to develop this research, it is advisable to test or analyze the effect of remittances on other economic indicators, such as economic growth, investment, or the rupiah exchange rate.

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