

# Socio Economic Status Of The Overseas Marine Services Workers In Philippines

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**Abstract**—The socio-economic status of the OMSWs' family-beneficiaries is analyzed through their preferences on the use of remittances. The findings further reveal that recipients primarily spent cash received on education, food, and health as the regular family expenditure items. Other priorities are purchase of real estate properties, income-generating investments such as micro-enterprises and agricultural lands, clothes, motorcycle or cars. Part of the cash received is also spent on Christmas celebrations; however, low priority is given to spending birthdays, fiestas and other occasions of lesser cultural significance. A minimal number of the respondents donate money to the barangay and school. On the other hand, a portion of the cash received is kept as savings for the family. The preferences on the uses of remittances are corroborated with Songco's (2009) study, in which she states that remittances supports the family needs for food, clothing and etc. It contributes to the improvement in human resources, and represents a source of savings and capital for investment in business or financial instruments, funds for infrastructure and social services in local communities. Hence, recipients' uses of remittances take part in keeping the Philippine economy afloat.

**Keywords**— *Network governance; remittance; formal channel; remittance preference*

## I. INTRODUCTION

Remittances kept the Philippine economy afloat, through the overseas workers' remittances our country's international reserves are kept at a comfortable level. Tangible reasons that cause Philippines to experience less vulnerability to external shocks, lesser reliance on foreign savings, and acquire sufficiency of currency to service its debts and pay its imports during the global crisis (UN/DESA, 2012). This study describes the remittances of the Overseas Marine Services Workers (OMSWs)

sent to their respective family beneficiaries in the Philippines. It analyzes further the family beneficiaries' preferences on the uses of remittances, hence, determine its socio-economic status. Good governance is implicated in this study as there are

several agencies involved in arranging, organizing the mechanism in the money transfer, their operational processes impact the capability to attain transparency and accountability, participation and the rule of law (ADB, 1995).

Network Governance is the collaborative acts through networking of the multi-players working mainly towards an arrangement characterized by a form of governance representing public concern. (Abrams, P., Feyerabend, G.B., Gardner, J. and Heylings, P., 2003. The member of the networking is acting autonomously but interacting which can take place within a regulated framework by maintaining the relationship of social coordination and control (Toikka, 2011). The study hypothesized that the good governance principles of transparency and accountability, participation, and rule of law affects the OMSWs remittance system (underscore provided).

## II MATERIALS AND METHODS

The respondents are 75 Overseas Marine Service Workers mixed either hired or admitted for apprenticeship on ocean going vessel. All studied at Zamboanga State College of Marine Sciences and Technology and are sending allotment to their respective family-beneficiaries in Philippines. The other respondents are the family-beneficiaries, manning agencies, local government officials and selected officials of the barangays where the family beneficiaries reside.

The study adopted the purposive sampling and followed the "snowball" technique. Data were derived from survey questionnaires, interviews, and observations. The dependent variable is remittance system and the three principles as the independent variable, this is shown in the conceptual framework. Likert Scale format is used with 24 items, categorized according to the selected principles, but mixed based on the alternate positive and negative stem. The questionnaires were validated and submitted for reliability tests, done separately: Survey Questionnaire No. 1 was subjected to SPSS Cronbach Alpha, (Cronbach, 1951) the result is 0.724 with 15 respondents. Based on Nunnally (1978), 0.724 is an acceptable Alpha, though recently the minimum Alpha is 0.9. Nunnally (1978). However, survey

Questionnaire No. 2, designed in the closed ended scale. The continuous revisions and consistency of the stem when pre-tested validated the tool through the “pattern matching” method, a strategy for aligning data to theoretical proposition (Trochim, 2000). Copies of the questionnaires were received either by the respondents or sent through their individual account in the “Facebook” or e-mail.

The interview made use of the YES or NO position. The respondents were asked to rank the items from 1 to 10 in the order of significance and cost. The interviews were recorded and transcribed. The transcription yielded two important concepts; familiarity with the data and emerging of the common themes to consider. The determination of the socio-economic status of the family-beneficiary. The observation tool was adopted to validate the answers of the respondents in SQ No. 1.,SQ No.2, and Interview No.1. Data were analyzed based on the Multi- Regression Correlation. Tabular and frequency distributions were used .Illustration were explained and discussed to fully understand the outcome of the study which was supported by the use of the Statistical Product and Service Solution (SPSS) or the Statistical Package for Social Sciences.

### III RESULTS AND DISCUSSION

#### A. OMSWs Remittance System and Good Governance

The findings revealed that formal channel is the recognized category of money transfer for the OMSWs’ remittance (Section 8C, POEA contract and EO 857). One hundred percent (100%) of the respondents coursed their remittances through the formal channel, though there are few rare cases of sending remittance in the informal channel in addition to the mandatory channel.

As illustrated in Table 1, the coefficient r ( $r = 0.211$ ) suggests that there is a low relationship between good governance in terms of accountability and transparency, participation and rule of law taken collectively and the OMSWs’ remittance system.

**Table 1** Good Governance and OMSWs’ Remittance System

Dependent Variable: OMSWs’ Remittance System (Formal Channel)

Independent Variables	r	r <sup>2</sup>	F	p-Value	T	p-Value	Interpretation
Accountability and Transparency	0.211	0.045	0.873	0.461	-0.464	0.645	Not Significant
Participation					0.772	0.443	
Rule of Law					1.314	0.194	

According to Downie and Heath (1985) the correlation coefficient of 0.4 and below is described as “low”. The coefficient of determination ( $r^2 = 0.045$ ) implies that only 4.5 percent of the variance of the OMSWs’ remittance system is explained by good governance in terms of accountability and transparency, participation and rule of law taken collectively. The low relationship between good

governance in terms of accountability and transparency, participation and rule of law taken collectively and the OMSWs’ remittance is not significant evident in the F – Obs with a p-Value greater than the assumed alpha ( $p\text{-Value} > .05$ ).

Furthermore, the same table revealed that t –Obs of good governance in terms of accountability and transparency ( $t = -0.464$ ), participation ( $t = 0.772$ ), p-Value>.05 and rule of law ( $t = 1.314$ ), p-Value>.05 taken individually indicate that it does not affect the OMSWs’ remittance. Therefore, based from these findings the research hypothesis is rejected and accepts the null hypothesis. To mean that “ good governance in terms of accountability and transparency, participation, and rule of law does not affect the OMSWs’ remittance system?”

The result in the formal channel turns out to illustrate a low relationship of good governance in terms of transparency and accountability, participation and rule. However, there is an indication that good governance is practiced based from the performance of the manning agencies, government organizations, and the evidences presented by the OMSWs themselves and the family-beneficiaries.

Manning Agency and POEA. The interview with Philippine Standard ship Management, revealed that remittance/ familiarization were explained to the crews prior to embarkation . The POEA contract contains the policies and regulations on remittances, see excerpt attached (Section 6,7, and 8). This is confirmed in quantitative data that the contract agreement between the crew and the manning agencies are explained on the pre-departure seminar. They provided the OMSW with reading materials on remittances prior to their departure and each agency has its own contract for the newly hired OMSW, in addition to the POEA’s. The agency sees to it that content is explained. In terms of the 80% basic requirements of the remittance, the company gives the remitter the options on the proportions he gives to his beneficiaries Remitter and Family-beneficiary. Results of interviews with the remitters who remit to Banko de Oro, MetroBank Equitable Bank showed that they were happy with the services in the formal channel. It is because their (OMSWs) opinions are considered when new policy is formulated and the charging fees for the remittance are applicable to all remitters. However, The remittance service providers disclosed that the mission and vision of the formal channel (Bank, Equitable Bank, Land Bank etc.) in remittances are not clear. This is supported by the manning agencies’ claim that the mission and vision of the formal channel in remittances are not clear. Furthermore, they preferred formal channel for convenience. The results of the interviews from the remitters are corroborated by the manning agencies. They admitted that remittance is part of the contract for employment. They further stated that family-beneficiaries received the remittance on time as there they have not received any complaint from the remitter. In addition, evidence shows that the OMSW is not charged in money transfer because this forms part of the manning agencies’ facilities as stated in Section 8 B. Allotment and Remittances of the POEA Contract:

*B. The principal/employee/master/company may also provide facilities for the seafarer to remit any amount earned in excess of his allotment, including backwages, if any, to his designated allottee in the Philippines through any authorized Philippine Bank without any charge to him*

These data were corroborated by the fact that some OMSWs do not know about the issue on the money transfer fee.

Government Organizations. The result which states that the principles of good governance such as accountability and transparency, participation and rule of law do not significantly affect the OMSWs' remittance system, both formal and informal, has in fact an implications to government organizations/agencies like the POEA. The remittance service providers, such as banks and other financial-related institutions, do not feel the good governance that the government is applying to them where the government encourages remittance service providers to be answerable and transparent in their transactions. It can be construed that remittance service providers have been carrying out these principles as part of their company's policies. The POEA and the regulations of "Bangko Sentral ng Pilipinas", and other allied government agencies have taken move in the exercise of good governance to make remittance service providers efficient and effective in channeling money transfer to the OMSWs' beneficiaries. There is an observation of right to access information, providing active participation and interaction between the private sector and civil society in public affairs. There is practice of good governance as there is an adherence to the governing principles of transparency, accountability, participation and rule of law for an efficient, effective services for the stakeholders while achieving its ultimate goal to prosper in the business world.

However, as revealed in the findings, nine (9) out of the 60 respondents sent money through the informal channel, "Padala" to mean money send to a friend, in addition to the required formal channel. Convenience is the reason for the selection of the informal channel.

## *B . The Socio Economic Status of the OMSWs.*

According to Bird (2009) Remittance is a key antipoverty drive in the Philippines. Butocan (2009) agrees by saying that ...personal consumption, which accounts for more than two thirds of the Philippine economy, has been historically firm, with private individual spending resilient across business cycles. In the individual preference of the respondents, Collectively, there is a greater percentage on food, education, purchase of clothing, appliances, lot, house. Songco, (2009) in his report, states that remittances "support the (migrant) family needs for food, clothing, and shelter; they contribute to the improvement in human resources (since some remittances are spent on education and health); they represent a source of savings and capital for investments in business or financial instruments; they constitute a source of funds for infrastructure and social services in local communities.

The table discloses the priority on the preference, based on the rank, respondents gave to their respective choices, implying that their perspective preferences differs. The respondents gave the top three priorities on the uses of remittances: These are Food, health, and education. According to ADB, (2004) Philippines spends 60% of the remittances for food, followed by education and savings. Based from the findings, 80% the OMSWs family –beneficiaries spend remittances for food (n=48). While Indonesia, based on ADB (2004) report spends 72% on food whereas Malaysia spends 81 % of the remittance received for food. Ranking second to the OMSWs family-beneficiaries' priority is health. The option of the respondents only signifies that they consider "Health as a form of Wealth". Bird, (2009) states that remittances is the key to antipoverty drive in the Philippines. Indeed, his claim is true because education in the Philippines is always considered as the key to improving the economic status of the family-worth investing. The table further shows that cash received are donated to the community. This information is confirmed by Mr. Rodolfo Ramos, a Barangay Official of Mampang. In an interview said that considerable donation was given to the barangay for the improvements or repairs of infrastructure in some other occasions, to support some barangay activities. In addition, it was mentioned in the earlier that donations from the alumni of the ZSCMST are given in the form of books and other reading materials for the library as disclosed by Mr Roderick D. Trio, Director for Alumni Affairs.

The preferences can be correlated to Andres, T. (n.d) book entitled Understanding the Filipino Seaman: His values, attitudes and behavior. He states that "Filipino is general friendly, hospitable, and helpful. He is peace loving and sociable fellow. He is fond of giving parties, any event such as promotion, birthday, etc. can be an excuse for having a party, or giving" blowout". He added that drinking can always be a part of the celebrations. The OMSW as Filipino has the value for the wellbeing and security of the family. He ensures that his family is receiving regularly his hard

earned money. His responsibility to provide for the basic needs of the family can be explained through the theory of Maslow's hierarchy of needs. The theory illustrates the instance of meeting the physiological needs, basic needs, safety needs, self-esteem. His career as licensed Engineer or Deck Officer carry with it the respect, pride and honor that could not be denied. The last and the upper most stage: self-actualization, this stage cannot hardly be proven yet as

members to school and lifestyle change. They further agreed that in certain way, the presence of the OMSWs/family beneficiaries' in their respective communities has contributed economic development. The bulk of the remittances of the OMSWs are saved in the banks and invested in agricultural land.

#### IV. CONCLUSION AND RECOMMENDATION

The approved category for the OMSWs remittance channel is formal (EO 857). The institutions collaborating for the OMSWs' remittances are the POEA, Manning Agencies, the "Bangko Sentral ng Pilipinas" the foreign banks, national banks, domestic banks, remitters, and family-beneficiaries. All these institutions belong to the networking acting autonomously but interacting within a regulated framework maintaining the relationship of social coordination and control (Toikka, 2011).

The findings yield to a low relationship of remittance as against good governance taken collectively: transparency and accountability, participation and rule of law on OMSWs' Remittances in Zamboanga City. The result shows that the formulated research hypothesis is rejected and accepted the null hypothesis, in that the result reveals that good governance practice does not affect the OMSWs remittances to Zamboanga City. However, the low relationship in the findings do not all throughout negate that good governance is practiced in the remittance system based on the performance of the key players and the collective evidences presented. Hence, it is right to construed that policies are in-place, the regulatory governance of the Central Bank of the Philippines covering the banking system and service providers within the overseas cash remittances system are not actually understood by the OFWs and their families and largely unknown to ordinary citizens. This study also shows that the remittances of OMSWs are used wisely by their beneficiaries in Zamboanga City in terms of basic needs such as education, food and health as top priority. Furthermore, part of their remittances were used to spend for Christmas celebration although less priority is given to other social occasions and functions. In addition, their remittances are saved in banks and some productive investments, others are donated to the barangay and in particular to ZSCMST.

The findings are parallel with the previous study-stating that the money sent by the overseas workers to their beneficiaries were spent primarily for the basic needs of the family (Songco, 2009). As such, the testimonies of some respondents manifested the applications and convenience that remittances brought to both remitters and family-beneficiaries, anchoring on the contributions of the recipients of remittances in the Philippine economy- responding to the anti-poverty drive in the Philippines. Hence, there is an enhancement and stability of the socio-economic status of the family-beneficiaries based on the evidences presented. The findings were attested by the book of Tomas D. Andres (n.d.) on Understanding the Filipino Seaman, as claimed seaman's preferences are based on his values, attitudes and behavior. The expenditures and financial management of the

Uses of Remittances	Rank									
	1	2	3	4	5	6	7	8	9	10
Investment										
Food (n=48)	4/8.3%	10/20.8%	9/18.8%	4/8.3%	5/12.5%	4/8.3%	4/8.3%	2/4.2%	1/2.1%	4/8.3%
Health (n=43)	6/14%	1/2.3%	3/7%	4/9.3%	2/4.7%	6/14%	6/14%	6/14%	6/14%	2/4.7%
Education (n=42)	14/33.3%	6/14.3%	6/14.3%	4/9.5%	4/9.5%	2/4.8%	1/2.4%	3/7.1%	1/2.4%	1/2.4%
a. Children (n=14)	3/21.4%	2/14.3%			1/7.1%					
b. Brother/Sister (n=6)	1/16.7%				1/16.7%		2/33.3%			
c. Relatives (n=5)	1/20%				1/20%		2/40%			
Improvement in House (n=5)					1/20%			1/20%		
Purchase of new house (n=10)	1/10%	1/10%	5/50%	4/40%	1/10%	4/40%	1/10%	1/10%	1/10%	1/10%
Purchase lot (n=25)	3/12%	2/8%	1/4%	4/16%	5/20%	3/12%	5/20%		1/4%	
Purchase appliances (n=29)	1/3.4%	3/10.3%	3/10.3%	2/6.9%	3/10.3%	3/10.3%	5/17.2%	2/6.9%	3/10.3%	4/13.8%
Purchase clothing (n=32)	2/6.3%	1/3.1%	3/9.4%	3/9.4%	5/15.6%	5/15.6%	1/3.1%	6/18.8%	5/15.6%	2/6.3%
Purchase										
Car (n=12)		1/8.3%	2/16.7%	1/8.3%	1/8.3%	4/50%		1/8.3%		
Motorcycle (n=6)	1/16.7%			2/33.3%	1/16.7%	1/16.7%	1/16.7%			
Entertainment Device (n=22)	1/4.5%			1/4.5%	1/4.5%	3/13.6%	5/22.7%	1/4.5%	4/18.2%	2/9.1%
TV/CDC/LCD Monitor (n=31)	1/3.2%	2/6.5%	4/12.9%	6/19.4%	1/3.2%	5/16.1%	6/19.4%	3/9.7%	2/6.5%	1/3.2%
Camera/Camcorder (n=15)	1/6.7%			2/13.3%	3/20%		3/20%		4/26.7%	2/13.3%
Events/Celebrations										
Yuletide Season (n=26)	2/7.7%	1/3.6%	1/3.6%	2/7.7%	4/15.4%	1/3.6%	3/10.7%	3/10.7%	3/10.7%	8/28.6%
Travel (n=8)	1/12.5%			2/25%			1/12.5%	1/12.5%	2/25%	
Wedding (n=8)		1/12.5%				1/12.5%	1/12.5%	3/37.5%	1/12.5%	1/12.5%
Faast (n=4)	1/25%						1/25%	2/50%		
Birthday (n=4)	1/25%						1/25%			
Payment Obligations										
Loan (n=8)	1/12.5%	2/25%					2/25%	3/37.5%		
Amortization (n=6)	1/16.7%		1/16.7%		2/33.3%	1/16.7%			1/16.7%	
Redemptions (n=4)			1/25%		1/25%		1/25%	1/25%		
Savings (n=45)	17/42.2%	8/30%	4/10%	2/9%	3/12.5%		1/2.5%	3/7.5%		
Productive Investment (n=15)	4/26.7%	3/20%	1/6.7%		1/6.7%			2/13.3%		1/6.7%
Donations										
NGO (n=7)	1/14.3%				1/14.3%			1/14.3%	2/28.6%	2/28.6%
Religious Org. (n=4)					1/25%			1/25%	2/50%	
Relatives (n=28)	1/3.6%	2/7.1%	1/3.6%	3/10.7%	3/10.7%	1/3.6%	3/10.7%	8/28.6%	4/14.3%	1/3.6%
Friends (n=7)	1/14.3%						2/28.6%	1/14.3%	1/14.3%	
Barangay/Community (n=5)	1/20%	1/20%						2/40%		1/20%
School/College (n=3)	1/33.3%					1/33.3%				1/33.3%
Social organization (n=1)					1/100%					

of the present stage, the OMSWs in the study are very young (2005-2010) apprentices/graduates, being so, they have yet a long path to tread on for "what they can be" or "must be. Building for the stability of life is just starting with OMSWs, there is much yet to achieve, hence, self-actualization is yet too far to conclude.

Interview results from OMSWs indicates that the conditions of their lives have improved from the time they were students to the time they were employed. Evidently the data gathered stated: life was

complicated due to problems; life was difficult before going on board; could not buy the things he wanted in life due to poverty; that their studies were supported by their sisters and brothers. However, All of the respondents admitted that their lives have changed for the better when they worked on board: their lives at best today, material things that they wanted in life are now within their reach: like laptop, smart phone, new pair of shoes, shirts, pants and lot for their parents; that they plan to take licensure examination for promotion. The OMSWs' beneficiaries, in an interview, confirmed that their children provide them with financial support regularly and their other earnings are deposited in the banks for future endeavors.

Interviews with three other individuals community indicated that there are OMSWs in their communities show some evidences in terms of improvement of houses, hiring of workers, sending extended family

remittances by the respective OMSWs and their family-beneficiaries are manifestations of their active participation in keeping the economy of the Philippines afloat.

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