

# IMPACT OF INTERNATIONAL LABOUR MIGRATION ON HOUSEHOLD ECONOMY OF KHYBER PAKHTUNKHWA

<sup>1</sup>Zubaida Khatoon Khattak, <sup>2</sup>Naeem Ur Rehman Khattak, <sup>1</sup>Mamoon Khan Khattak,

<sup>1</sup>Economics Scholar, Department of Economics, University of Peshawar, Peshawar, Pakistan. E. Mail: [zubaidakk@yahoo.com](mailto:zubaidakk@yahoo.com)

<sup>2</sup>Department of Economics, Faculty of Social Sciences, University of Peshawar, Peshawar, Pakistan. E. Mail: [naeemurrehman2001@yahoo.com](mailto:naeemurrehman2001@yahoo.com)

<sup>3</sup> Department of Social Work & Sociology, Kohat University of Science & Technology (KUST), Kohat, Pakistan. E. Mail: [mamoonkk@gmail.com](mailto:mamoonkk@gmail.com) (Corresponding Author)

**ABSTRACT:** At micro economic level, the household economy and per capita income are core determinants of economic growth of a country. The foreign investment and remittances play a crucial role in economic development. The core objective of the study was to analyse the Impact of International Labour Migration on Household Economy of Khyber Pakhtunkhwa. For this purpose, the already conducted studies and researches were analysed using books, journals, research reports and internet sources, as a secondary data source. While for primary data collection, a number of 210 interviews were made from the members of household of the international migrants who left their country and are employed abroad. The findings of the study have revealed that the international labour migration does have a positive impact on household economy of the study area. It is recommended that the inflow of remittances sent by migrant labours may further be increased and the remittances may be utilized for the investment purposes.

**Key Words:** International Labour Migration, Household economy, Remittances, Economic Growth.

## 1. BACKGROUND OF THE STUDY

The human society was much simpler in its earliest and evolutionary eras. It was restricted to the basic needs fulfillment; hence these needs were also difficultly met at that time. With the passage of time, human civilization has evolved and got complicated. Global human society is quite heterogeneous at present. On one side there is a developed world, with proper planning, quite developed mechanisms and wide-spread latest technology. While at other parts of the world, there are larger groups of deprived populations and the countries have severe social, economic and political issues. These countries have poor planning strategies and their population is mostly unorganized, un-planned and very less integrated. Like other countries, Islamic Republic of Pakistan is facing the same type of problems.

The Pakistan's population is facing enormous financial problems and are unable to fulfil their basic needs from local resources. A majority of the population is therefore forced to leave the area for migrating to economically well-off areas within and outside the country where they can have access to more resources, employment and earning opportunities, with higher wages and with the option of dual/multiple employment at different working hours i.e. at morning, at evening and at night shifts. Due to these factors, the inhabitants frequently migrate abroad, from where they send the remittances. These remittances are the financial contributions to the gross income and gross per capita income of the family/household members left behind.

## 2. METHODOLOGICAL DESCRIPTION

The detailed methodology of the research is given as follows:-

### 2.1 Research Hypothesis

Based on the general masses' view and review of literature, the subsequent hypothesis was evolved and tested through the conduction of the study:-

The Research Hypothesis was that “*the International Labour Migration has a positive impact on the Household Economy of Study Region*” while the Alternate Research Hypothesis

was that the “*the International Labour Migration has an insignificant impact on the Household Economy of Study Region*”.

### 2.2 Universe of the Study

The universe of the study was Khyber Pakhtunkhwa province of the Islamic Republic of Pakistan. For selecting representative samples, the study was delimited to the District Karak purposively, on the basis of population characteristics. District Karak is bestowed with abundant natural resources like gas, oil, coal, minerals, salts, etc., hence these resources are yet not utilized properly. The agricultural sector is *barani* and is with inadequate capacity to employ potential labour. There are very limited employment and business opportunities in the area, hence a large proportion of its population is unemployed and therefore forced to migrate to other countries for earning livelihood. Keeping in view the above situation, district Karak was selected as universe of this study.

### 2.3 Sampling and Sampling Procedure

The district Karak consists of three *tehsils*, namely Takht-e-Nasrati, Karak and Banda Daud Shah. While implementing the stratified sampling techniques, the samples were selected from all the regions of district Karak. The population proportion method was adopted for giving equal weightage to each *tehsil*. A total of 210 respondents were selected, 86 were from Tehsil Karak, 76 respondents from Tehsil Takht-e-Nasrati and 48 from Tehsil Banda Daud Shah. These respondents were chosen from both rural and urban areas of the district. It is also worthy to mention that the entire households included in the study had only male migrants working abroad. District Karak has traditional community, therefore employment and migration of females for work purposes is not very common. Those households were chosen for sample selection in the study who had at least one member working as migrant labour for at least one year in any foreign country. The specification of one year duration of migration was assumed as a sufficient period of time for observing the impacts of international labour migration on the household

economy of families left behind, with the assumption that other factors remain constant.

### 2.3.1 Technique Used for Approaching the Samples

There was no specific data about the number of migrants available within a particular area in District Karak, therefore it became limitation of the study. Hence, there was no uniformity and homogeneity in sampling rates across strata of the population. Keeping this limitation in view, the respondents were approached and selected through snow ball a sampling technique of non-probability sampling method. After interviewing a respondent, the researcher requested the respondent for assistance in identifying next potential respondent(s) of similar characteristics. The sampling method worked quite effectively.

## 2.4 Materials and Methods

### 2.4.1 Primary Data

For primary data collection, the interview schedule was developed on the basis of objectives and theme of the study, by making consultations with the relevant experts and stake holders. Pretesting of the interview schedule was conducted; the questions included in the interview schedule were asked from a few respondents, and in light of their responses, certain questions were modified and rephrased for ensuring validity and reliability. The face-to-face interviews were carried out at the respondents' homes. They were interviewed in the local language i.e. Pashto. The data was recorded on the response sheets. The data was carefully collected, categorized, tabulated and then described in a manner to make it understandable to common readers. The data was analysed using appropriate statistical tool i.e. Statistical Package for Social Sciences (SPSS) version 16.0. In tables, the data has been presented with frequencies, percentages, arithmetic means, maximum values, minimum values and standard deviations. Wherein, the econometric model was employed to evaluate the data; the derived results were presented in values of dependent and independent variables, co-efficient, standard errors, t-statistic and p-value.

### 2.4.2 Secondary Data

To collect secondary data, different literature sources were used such as, Economic Survey of Pakistan and Federal Bureau of Statistics and Pakistan Overseas Foundation Reports, etc. The different literature sources like books, journals, magazines, reports of both public and private sector organizations, survey articles and internet materials were consulted.

## 2.5 Econometric Model Evolved for Analysis of Change in Per Capita Income as an Impact of International Labour Migration

This model was formulated to analyse the impacts of international labour migration on per capita income as an indicator of change in household economy of the migrant's household/family left behind. The subjects of the study were having their male family members for earning were not the permanent migrants, rather they were the permanent members of their household left behind in his country of residence/origin. It was predicted that the per capita income

behaviour of the left behind families changes after migration with the following economic factors:

- Number of dependents in the households
- Number of unemployed persons in the households
- Family size
- Household income
- Number of labour migrants
- Net returns received from all business activities

Number of labour migrants in a household is used as a proxy variable for international labour migration. The model is theoretically explained as follows:-

The per capita income has positive relation with the number of labour migrants from a household, total household income and net returns received from all business activities, while it is negatively correlated to the number of dependents, number of unemployed persons and family size of the migrant's household.

Mathematically the model is described as:

$$PCI = f(D, U, FS, LM, HI, NR)$$

In linear-linear form, the estimated model is as follows:

$$PCI = \alpha_0 + \alpha_1 D + \alpha_2 U + \alpha_3 FS + \alpha_4 LM + \alpha_5 HI + \alpha_6 NR + \mu_2$$

Where

PCI= **Per Capita Income** of the household in rupees per month.

D = Total number of **Dependents** in the household.

U = Total number of **Unemployed** persons in the household.

FS = Total number of **Family Size** (members) in the household.

LM = Total number of **Labour Migrants** working abroad from a household.

HI = Total monthly **Household Income** after migration in rupees.

NR = **Net Returns** received from all business activities in rupees per month.

$\alpha_1$ ,  $\alpha_2$ ,  $\alpha_3$ ,  $\alpha_4$ ,  $\alpha_5$  and  $\alpha_6$  are the parameters showing the responsiveness of the per capita income to total number of dependents, number of unemployed persons, family size, number of labour migrants from a household, total household income, net returns received from all business activities, respectively.

$\alpha_0$  = the Y-intercept

$\mu_2$  = error term

This econometric model was used to analyse the effects of independent variables such as number of dependents, number of unemployed persons, family size, number of labour migrants from a household, total household income and net returns received from all business activities on the per capita income, which serves as an indicator of change in household economy.

## 2.6 Ethical Considerations

All respondents were briefed about objectives of the study. They were requested for willingness to give interviews and were ensured about the confidentiality. Due respect was given to the indigenous traditional values. The respondents

were asked questions in a manner that they were able to understand and were according to their knowledge and cognition levels. The interviews were conducted in an environment which was convenient, easy and conducive for the respondents. The respondents' cooperation was acknowledged.

### 3. REVIEWING RELEVANT LITERATURE

The secondary data was analysed in this study that included the earlier work conducted by different economists and researchers in the field.

The Neoclassical economic theory debated that migration from one country to another country will happen only when an individual finds that it is beneficial for him to migrate to another country. Basically, individuals do cost-benefit analysis to decide whether the costs of moving from country of origin are outweighed by the benefits anticipated in a foreign country. It is mainly determined by push factors at the place of origin like unemployment and poverty etc., as well as pull factors in foreign countries such as high living standard, wage differentials and job opportunities [1,2].

The sum of remittances being transmitted by labour migrants to their families in the origin states globally has increased up to almost 45 times and is considered as the second major source of foreign currency after Foreign Direct Investment (FDI) that made remittances a key phenomenon of attention for international institutions e.g. the World Bank (WB) and United Nations Organization (UNO) [3,4]. Recent Statistics from the United Nations Department of Economic and Social Affairs [5] illustrates that in 2013 about 232 million masses, or 3.2 per cent of world's overall population live abroad globally, comparing it with 175 million in 2000 and 154 million in 1990.

In 2004, global remittances were documented to be 204.5 billion US\$, and the major chunk of these world remittances (70%) was sent to the developing countries. During 2006, officially recorded flows of the global remittances were higher than 280 billion US\$, which were approximately equal to or above than 10% of Gross Domestic Product (GDP) of twenty two countries [6]. Reportedly a large number of international migrants belonging to developing countries believed to transmit 436 billion US\$ in the shape of remittances to their domestic countries current (2014) year [7]. In year 2013, the India received the uppermost remittances of US\$ 70 billion, which were followed by China of US\$ 60 billion, Philippines of amounting to US\$ 25 billion, Mexico by amount US\$ 22 billion, Nigeria of amount US\$ 21 billion, Egypt by US\$ 17 billion amount, Pakistan by amount of US\$ 15 billion, Bangladesh by amount of US\$ 14 billion, Vietnam by amount of US\$ 11 billion and the Ukraine by amount of US\$ 10 billion.

The most tangible contribution of migrants to their home economies is the money migrants sent to their homes in shape of remittances [8]. It was found that members of the migrants' household left behind do take benefit of the migrants' remittances [9]. The remittances can outgrow entrepreneurial activity at household level [10,11]. The remittances augment economic growth in states where there the financial systems are not much firm, hence providing a

substitute method to finance investment and help to overcome liquidity constraints [12]. The remittances do have a greater impact on the per capita income in countries where it is lower i.e. below \$1200 [13].

An investigation was conducted to analyse the impacts of the Association of South East Asian Nations (ASEAN) labour migration to Thailand upon the country economy. The findings of their research showed positive impacts over GDP, income distributions household incomes, exports and imports [14]. The generalized methods of movements (GMM) were practiced to empirically analyse the association of workers' remittances with poverty and economic growth [15]. The yearly data of period from year 1993 to year 2003 of 17 developing Asian-Pacific states were used. The results exhibit the significant positive impact of workers' remittances on poverty decline, while a significant positive relationship was also found between workers' remittances and economic growth. The significantly positive impact was found of workers' remittances on economic growth in Korea [15]. The remittances had a significant positive impact on investment in the beneficiary countries such as Egypt, Mexico and Sub-Saharan Africa [16].

The total immigrant population of Pakistan is about 3,254,000 that represent 2.1% of the national population. Pakistan is ranked as 13<sup>th</sup> within the world with reference to labour migration [17,18]. Remittance has been a major source of earning foreign exchange for Pakistan since 1970. Within past four decades Pakistan received noteworthy amount based on remittances, hence the fluctuations were also seen within the inflow of remittances that affects economic growth positively by dropping current account deficit, improving balance of payments position and reducing reliance on external borrowings [19].

The real GDP growth has been positively correlated with workers' remittances during 1972-73 to 2002-03 and workers' remittances seemed as a third important capital source of economic growth in Pakistan [20]. Pakistan has been considered as one out of the ten foremost countries observing high influxes of the remittances sent by its foreign workers from the enormous countries. These remittances provide vital support to the country's weaker economy. According to the World Bank estimates, the worker remittances inflows during 2002-2010 in Pakistan was more than 53 billion US\$ [21]. Analysis were made of the stretched time series data of Pakistan covering period of 1981-2006 to empirically analyse the relationship between workers' remittances and economic growth. Co-integration and error correction models were utilized for long run and short run relationships, respectively. The results exhibit significantly positive impact of workers' remittances on economic growth [22].

Khyber Pakhtunkhwa is second poorest province of the country, although it contribute 10.5% share in the country's GDP [23]. The inhabitants of the province are always enthusiastic to get better employment chances both inside and outside the country. Four million Pakistanis migrated to gulf countries during the period between 1981 to 2006, out of which 30.4% belonged to Khyber Pakhtunkhwa [24].

Pakistan Social and Living standards Measurement Survey (PSLM survey), conducted by Bureau of Statistics showed that in the period between 2010 to 2011, average remittances received by a general household in Khyber Pakhtunkhwa were Pak Rs.1,91,645/- and the percent share of Khyber Pakhtunkhwa in foreign remittance was 27.5 [25].

#### 4. PRIMARY DATA ANALYSIS

The primary data is comprised of two tables. Each table is being followed by its description.

##### A: Wage Differential Earnings

The wage differential is one of the major factors for attracting and retaining employees as well as sustaining the employing organisations. Better wages, incentives, competition based rewards, bonuses and promotions ensure employee's satisfaction and guarantee better performances of the employees. The data in Table-1 shows that the wage differential is one of the major reasons of international migration of the labour. A large number i.e. 72.9% of respondents stated that their family members migrated abroad to get comparatively higher wages. They also confirmed that their family members are getting higher wages there as compared to that offered in the Pakistan. Employee satisfaction is essential for the success of any business. The practice of fair wage system is important; hence the competitive benefits stands also critical in making the workforce satisfied. If welfare package is meagre, then employees may search for employment opportunities at other firms.

The 27.1% respondents disagreed with the statement that the comparative advantageous high wage rate has been a significant cause of the international labour migration. They told that beside wage differentials, other attractions and opportunities for development and welfare in developed countries made them persuaded to migrate for employee satisfaction; the other factors may include higher wages, benefits such as insurance, flexible timings, paid holidays, training opportunities.

##### B: Promotion of Business Activities

The data in Table-1 shows that a significant number of respondents i.e. 64% agreed that the International Labour Migration has contributed positively to the business activities while 30.5% respondents have disagreed. The profits from business which was generated due to the International Labour Migration remittances do have a positive effect on monthly household income and economic uplift.

##### C: Promotion of Commercial Activities

A major part of the remittances are invested by respondents' households in various commercial and business activities. These investments bring them more income, profits, capital, savings and ultimately prosperity. The types of investments are distributed in 4 categories, i.e. purchase of commercial land/shop, acquisition of residential lands, buying of both commercial land/shop and residential land and other investments which include bank deposits, shares of cooperatives, life insurance and government securities etc.

The data recorded in Table-1 shows that 9.5% of the households purchased commercial lands and shops, 22.9% utilized remittances for the purchases of residential lands,

58% households purchased both shops and residential lands and only 9.5% invested remittances in other commercial activities like bank deposits, shares of cooperatives, life insurance and government securities etc. The study showed that overall 100% of the households invested some part of their remittances.

##### D: Promotion of Transport Business

The transport has always remained valuable for human beings. The remittances received from abroad are utilized for purchasing different types of vehicles for the families. Vehicle purchased with remittances were divided into 3 categories i.e., personal vehicles, commercial vehicles e.g. tractor, pickup, hiace etc. and both i.e. personal and commercial vehicles.

The data in Table-1 shows that all respondents agreed that due to adequate savings, they were able to purchase transport vehicles. The 48.6% households purchased vehicles for family members, 38.1% bought commercial vehicles e.g. tractor, pickup, hiace etc. and 13.1% households spent money on the purchase of both type of transport vehicles. These automobiles included both the new and the used one.

##### Model Based Primary Data

The Table-2 shows that the number of dependents of the family is inversely associated with the household's Per Capita Income. The greater the number of dependents of the household, the Per Capita Income was low, While, the lesser the number of the dependents of the household, the Per Capita Income of the household was higher, with the assumption that other things remaining the constant.

The coefficient value of the variable number of dependents in Tehsil Banda Daud Shah is (-0.107) in Tehsil Karak it is (-0.430), in Tehsil Takht-e-Nasrati, it is (-1.181) and in overall District Karak it is (-0.425). The relation of the number of dependents with the Per Capita Income of the household was significant at 0.10 levels of significance in Tehsil Banda Daud Shah. The relation of the number of dependents with the Per Capita Income was significant at 0.01 levels of significance in Tehsil Takht-e-Nasrati. The relation of the number of dependents with the Per Capita Income was significant at 0.05 levels of significance in Tehsil Karak and in District Karak. The factor of the number of unemployed persons of the family was negatively related to the Per Capita Income of the household in all the areas of research. It is very clear that the more the unemployed persons a family have, the lesser will be their Per Capita Income. The coefficient of the number of unemployed persons in Tehsil Banda Daud Shah is (-0.142) in Tehsil Karak it is (-0.280), in Tehsil Takht-e-Nasrati it is (-0.684) and in District Karak it is (-0.281). It is significant at 0.01 levels of significance at in Tehsil Takht-e-Nasrati. It is significant at 0.05 levels of significance in Tehsil Banda Daud Shah, in Tehsil Karak and in and in District Karak. Hence, the more unemployed persons in a household make low level of Per Capita Income of that family. The factor of family size affects the Per Capita Income inversely; the more were the family members, the lower was their Per Capita Income as compared to the families of small size. The coefficient of number of family members in Tehsil Banda Daud Shah is (-0.768), in Tehsil

Karak it is (-0.846), in Tehsil Takht-e-Nasrati it is (-0.886) and in District Karak it is (-0.847). The family size effect on Per Capita Income is significant at 0.01 levels of significance in all areas of research. The coefficient of Labour migrants is directly related to the Per Capita Income; the international labour's migration does provide more employment

opportunities, which increases the family's income and Per Capita Income. The coefficient of number of labour migrants in Tehsil Banda Daud Shah is (0.407), in Tehsil Karak it is (0.690), in Tehsil Takht-e-Nasrati it is (2.655) and in District Karak it is (0.688). Its value is significant at 0.01 levels of significance in Tehsil Banda Daud Shah and in Tehsil Takht-

**Table-1: International Labour Migrants' Wage Differentials and Contributions in the Business Activities**

Table-1: International Labour Migrants' Wage Differentials and Contributions in the Business Activities						
A:Wage Differential Earnings	Frequency	Percent	Valid %	Cumulative %	Characteristics	Values
No	57	27.1	27.1	27.1	Valid	210
Yes	153	72.9	72.9	100	Missing	0
Total	210	100.0	100.0		Mean	.7286
					Std. error of mean	.03076
					Median	1.0000
					Std. deviation	.44576
					Minimum	.00
					Maximum	1.00
B: Promotion of Business Activities	Frequency	Percent	Valid %	Cumulative %	Characteristics	Values
Significant	64	30.5	30.5	30.5	Valid	210
In-significant	146	69.5	69.5	100.0	Missing	0
	210	100.0	100.0		Mean	.70
					Std. error of mean	.032
					Median	1.00
					Std. deviation	.461
					Minimum	0
					Maximum	1
C: Contribution of Remittances in Commercial Activities	Frequency	Percent	Valid %	Cumulative %	Characteristics	Values
Purchase of commercial land/shop	20	9.5	9.5	9.5	Valid	210
Purchase of Residential land	48	22.9	22.9	32.4	Missing	0
Both	122	58.1	58.1	90.5	Mean	.8286
Any other	20	9.5	9.5	100.0	Std. error of mean	.02607
Total	210	100.0	100.0		Median	1.0000
					Std. deviation	.37778
					Minimum	.00
					Maximum	1.00
D: Contribution of Remittances in Transport Business	Frequency	Percent	Valid %	Cumulative %	Characteristics	Values
Personal vehicles	102	48.6	48.6	48.6	Valid	210
Commercial vehicles	80	38.1	38.1	86.7	Missing	0
Both	28	13.3	13.3	100.0	Mean	1.6476
	210	100.0	100.0		Std. error of mean	.04866
					Median	2.0000
					Std. deviation	.70515
					Minimum	1.00
					Maximum	3.00

**Table-2: Econometric Based Results of International Labour Migration Impact on the Household Economy**

Variables	Values	Tehsils			District
		Banda Daud Shah	Karak	Takht-e-Nasrati	Karak
Intercept	Coefficients	12.312	13.037	15.174	13.039
	Std. Error	0.122	0.431	0.716	0.430
	t-stats	101.040*	30.262*	21.179*	30.342*
	P value	0.000	0.000	0.000	0.000
Total dependents	Coefficients	-0.107	-0.430	-1.181	-0.425
	Std. Error	0.056	0.181	0.262	0.180
	t-stats	-1.901***	-2.371**	-4.502*	-2.361**
	P value	0.064	0.019	0.000	0.019
Total Unemployed Persons	Coefficients	-0.142	-0.280	-0.684	-0.281
	Std. Error	0.058	0.120	0.166	0.119
	t-stats	-2.435**	-2.344**	-4.131*	-2.357**
	P value	0.019	0.020	0.000	0.019
Family size	Coefficients	-0.768	-0.846	-0.886	-0.847

	Std. Error	0.036	0.064	0.084	0.064
	t-stats	-21.305*	-13.143*	-10.589*	-13.221*
	P value	0.000	0.000	0.000	0.000
<b>Labour migrants</b>	Coefficients	0.407	0.690	2.655	0.688
	Std. Error	0.121	0.300	0.442	0.299
	t-stats	3.370*	2.302**	6.009*	2.303**
	P value	0.002	0.022	0.000	0.022
<b>Household income</b>	Coefficients	0.061	0.069	0.058	0.069
	Std. Error	0.003	0.002	0.003	0.002
	t-stats	21.784*	32.929*	19.541*	33.105*
	P value	0.000	0.000	0.000	0.000
<b>Net return from all business activities</b>	Coefficients	0.272	1.297	2.236	1.287
	Std. Error	0.064	0.257	0.413	0.254
	t-stats	4.252*	5.047*	5.414*	5.068*
	P value	0.000	0.000	0.000	0.000
$R^2$		0.974	0.966	0.985	0.966
Adj. $R^2$		0.970	0.965	0.983	0.965
F-statistic		257.863	952.862	737.392	957.260
Prob (F-statistic)		.000a	.000a	.000a	.000a

Figures in parentheses denote the t-values of the regression coefficients. \* Indicate significant at 0.01 level. \*\* Indicate significant at 0.05 level. \*\*\* Indicate significant at 0.10 level. <sup>NS</sup> Indicates not significant at 0.10 levels.

e-Nasrati, and it is significant at 0.05 levels of significance in Tehsil Karak and District Karak. The coefficient of household income after migration directly affects the Per Capita Income; the reason behind this is that people getting remittances increase their Per Capita Income. The coefficient of household income after migration in Tehsil Banda Daud Shah is (0.061), in Tehsil Karak is (0.069), in Tehsil Takht-e-Nasrati it is (0.058) and in District Karak it is (0.069). It is significant at 0.01 level of significance in all areas of research (Tehsil Banda Daud Shah, Tehsil Karak, Tehsil Takht-e-Nasrati and in District Karak). The Net Returns from all business activities have a very strong and positive relation with Per Capita Income behaviour. As investment in business activities generate more returns that increase the Per Capita Income. The coefficient of net return from all business activities in Tehsil Banda Daud Shah is (0.272) in Tehsil Karak It is (1.297) in Tehsil Takht-e-Nasrati it is (2.236) and in District Karak it is (1.287). It is significant at 0.01 levels of significance in all areas of research. The value of  $R^2$  is 0.974 for Tehsil Banda Daud Shah, 0.966 for Tehsil Karak, 0.985 for Tehsil Takht-e-Nasrati and 0.966 for district Karak. It shows strong relation between dependent and independent variables and it also indicates that the model is good fit in all areas. The F-statistic value is 257.863 for Tehsil Banda Daud Shah, 952.862 for Tehsil Karak, 737.392 for Tehsil Takht-e-Nasrati and 957.260 for district Karak. According to F-statistic, the overall model is highly significant at 0.01 levels of significance in all areas of study.

#### 4. CONCLUSION

The study findings show that international labour migration does have a significant positive impact on the economic conditions of the masses residing in the study area. The major source of income of households selected for the study was remittances. Before migration the incomes of the selected households were very low, which were substantially increased after the employment of their family members abroad. They have started making savings and investments. Migrant's households have augmented possession of physical assets, which was considered profitable and were utilized in investment. Migrant's households have started new businesses, invested in existing businesses that enhanced their incomes and also created employment opportunities for their other family members as well. As a result of remittances, respondents' families have become able to repaying their debts, on purchase of more vehicles and on starting new businesses. The overall impact of international labour migration was significantly positive on the household economy of migrants' families left behind in Khyber Pakhtunkhwa.

Hence, the Research Hypothesis i.e. "the International Labour Migration has a positive impact on the Household Economy of Study Region" was verified and proven while the Alternate Research Hypothesis i.e. "the International Labour Migration has insignificant impact on the Household Economy of Study Region" has been refuted.

#### 5. RECOMMENDATIONS

1. The Pakistani labour shall be trained and skilled so that they find employment opportunities in Pakistan, and even if they go abroad with skilfulness, there will be more chances that they get higher wages. The skilfulness increases the bargaining power and self-integrity of the labour as well.

2. The Government of Pakistan shall work through its embassies in the host countries for the welfare and protection of the rights of its citizens that are working there as labour migrants. For the unskilled, semi-skilled, less literate and less educated migrants it is difficult to deal with the legal and formal issues in the host country as second citizens, therefore they need support.

3. The Government shall facilitate and encourage the international labour migrants so that they may continue their education, skills and training for their better future career and enhanced socio-economic living. The Government can make such arrangements for training and education of its labour abroad in the hosting country.

4. It is recommended that Government should devise a viable policy to promote international labour migration. Information centres should be launched at district level for the counselling and guidance of people who want to migrate abroad.

5. For better utilization of the remittances, the proper orientation and training is required of the left behind family members so that the investments may be made by them. The remittances may be utilized in such a manner that it may generate capital and employment opportunities.

## REFERENCES

- Lewis, W. A. (1954). *Economic Development with Unlimited Supplies of Labor*. The Manchester School of Economic and Social Studies. Vol, 22, 139–91.
- Todaro, M. P. (1976). *Internal Migration in Developing Countries*. Geneva: International Labor Office.
- Aggarwal, R., Demirgüç-Kunt, A. & Martinez Peria, M. S. (2006). *Do Workers' Remittances Promote Financial Development?* World Bank Working Paper.
- Ratha, D. & Mohapatra, S. (2007). *Increasing the Macroeconomic Impact of Remittances on Development*. Development Prospects Group of the World Bank.
- UN-DESA, (2013). *The Number of International Migrants Worldwide Reaches 232 Million*. Population Facts No. 2013/2, United Nations Department of Economic and Social Affairs (UNDESA), Population Division, United Nations Development Programme (UNDP), New York.
- Ratha, D., Moahapatra, S., & Xu, Z. (2008). *Migration and Development Programme*. Migration Policy Institute. Washington DC, USA.
- World Bank Report. (2014). *Migration and Development Brief*. Migration and Remittances Team, Development Prospects Group Report.
- Adams, R.H. (2003). *International Migration, Remittances, and the Brain Drain, A Study of 24 Labor-Exporting Countries*. World Bank Policy Research Working Paper, 3069.
- Rapoport, H. & Docquier, F. (2006). *The Economics of Migrants' Remittances: 1135-1199* in S.C. Kolm and J.M. Ythier (eds.) *Handbook of the Economics of Giving, Altruism and Reciprocity: Volume 2*, North-Holland: Amsterdam.
- Woodruff, Christopher M. & Zenteno, Rene. (2001). *Remittances and Microenterprises in Mexico*. University of California, San Diego (UCSD) - Graduate School of International Relations and Pacific Studies (IRPS) Working Paper. August 14, 2001.
- Yang, D. (2004). *International Migration, Human Capital, and Entrepreneurship: Evidence from Philippine Migrants' Exchange Rate Shocks*. Working Papers 531, Research Seminar in International Economics, University of Michigan.
- Fayissa, Bichaka & Nsiah, Christian. (2008). *The Impact of Remittances on Economic Growth and Development in Africa*. Department of Economics and Finance Working Paper Series.
- Ziesemer, T. (2006). *Worker Remittances and Growth: The Physical and Human Capital Channels*. UNU-MERIT Working Paper Series.
- Sanglaoid, U., Santipolvtut, S. & Phuwanich, L. (2014). *The Impacts of ASEAN Labour Migration to Thailand upon the Thai Economy*. *International Journal of Economics and Finance*, 6(8): 118-128.
- Jongwanich, J. (2007). *Workers' Remittances, Economic Growth and Poverty in Developing Asia and the Pacific Countries*. UNESCAP Working Papers No. WP/07/01.
- Jawaid, Syed Tehseen & Raza, Syed Ali. (2012). *Workers' Remittances and Economic Growth in China and Korea: An Empirical Analysis*. *Journal of Chinese Economic and Foreign Trade Studies* 09/2012; 5(3).
- Ratha, D. (2003). *Workers' Remittances: An Important and Stable Source of External Development Finance*. Global Development Finance. Washington DC: The World Bank.
- United Nations (2006). *International Migration*. Department of Economic and Social Affairs, Population Division. United Nations Publication, No.E.06.XIII.6.
- United Nations (2006). *World Population Policies 2005*. Department of Economic and Social Affairs, Population Division.
- Iqbal, Zafar & Sattar, Abdus. (2005). *The Contribution of Workers' Remittances to Economic Growth in Pakistan*. Research Report, Pakistan Institute of Development Economics.
- Rehman, Atiq-ur-. (2014). *Real Estate Business in Pakistan and its Economic Implications*. MPRA Paper 44770, University Library of Munich, Germany.
- Waheed, A. & Aleem, A. (2008). *Workers Remittances and Economic Growth: Empirical Evidence from Pakistan*. *Journal of Social Science and Humanities*, Vol. 47 No. 1, pp. 1-12.
- Provincial Accounts of Pakistan (2005). *Methodology and Estimates 1973-2000*.
- Pakistan Bureau of Statistics, Government of Pakistan. *Pakistan Social and Living Standards Measurement Survey (PSLM), 2010-11*.
- PSLM Survey. *Pakistan Social and Living Standards Measurement Survey, 2010-11*.