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Personal Remittances: An Empirical Study in Oman

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Abstract

This study highlights the importance of remittance, the factors which affect the percentage of income remitted, and the investment options available to reduce remittance. For the year 2019, the remittances from Oman totaled $9.1 billion. Oman was among the top remitters with remittance to gross domestic product (GDP) ratio of 11.9%. A survey was conducted on 300 resident expats in Oman. The descriptive analysis shows that the maximum remittance percentage is between 21%–40% of income. The multinomial logistic regression results show that outward remittance depends on gender, age, occupation, number of dependent in Oman, and the number of dependent in the home country. Regarding investment, the most preferred investment option is business, followed by real estate and financial services. Age and education are found to affect investment options. This paper tries to fill the literature gap, especially for the case of Oman, by exploring what determines the level of remittance and the preferred choices for retaining funds. This study adds to the existing literature, as no previous study is available regarding how personal factors can influence the level of remittance and investment in a small oil-exporting developing country like Oman. The study will be helpful to policymakers and academicians in devising policies to retain and invest the outwards remittances in Oman.

Keyword: Remittance, Expats, Oman, Regression, Retaining Funds

JEL Classification Code: F22, F24, J61, O53

1. Introduction

International migrants now constitute around 3.5 percent of the world's population. Their numbers have risen, from 175 million in 2000 to 272 million in 2019. Income and employment are the main reason to migrate. Migrant worker gets increased income in a foreign country, and large-scale migration creates employment and increased salary in the origin countries Migrants continue to maintain relationships and ties with their home country and continue to send money (remit) to their home country. Apart from capital transfers, remittance can be of different types such as technological (knowledge and skills), political (new political ideas and values), and social practices.

Foreign remittances have substantial development impacts; they help the individuals meet the basic needs of their families and save for the future. Remittance enables the sharing of prosperity. Remittances have reduced the percentages of poor persons across the globe by 12 percent in El Salvador, 11 percent in Uganda, 10 percent in Bangladesh, and 5–7 percent in Cambodia. Remittances help improve nutrition and reduce child labor in poor countries, lead to higher spending on education, higher school enrollment, and more years of completed schooling. In the future, remittances are expected to increase due to more migration, income gaps, demographics, and climate change. As of 2013, there was a high disparity between the average incomes. Compared to an average income of $43,083 in high-income OECD countries, the average for low–income countries was $795 (World Bank, 2019). Though for poor and developing countries, remittances constitute a major cash inflow, but migration of skilled workers can negatively affect the delivery of health and education in migrant countries. The high-income destination countries also benefit from migration through increased supplies of labor, skills, innovation, and entrepreneurship. Migrants also pay taxes and contribute to

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social security systems and take up positions where native-born workers are in short supply.

In 2019, remittance flows to low and middle-income countries (LMICs) were $548 billion, while foreign direct investment flows were $534 billion and overseas development assistance about $166 billion. The major destinations for migrants are the United States, Germany, and Saudi Arabia, with 47.5 million, 12.6 million, and 12.2 million migrants. However, the expats in terms of percentage of total populations are highest in UAE, Kuwait, Qatar, Bahrain, Singapore, and Oman (around 45 percent are expats). Table no.1 below shows the increase in remittances (inflows and outflow) from1980 to 2019. Though Oman stands at the 17th position in terms of the amount remitted, yet remittances as a share of GDP are highest at 11.9%.

The reasons attributed to the high level of remittances include, firstly, the economic growth and prosperity in Oman, which lead to increased hiring of expats and a rise in salary. Secondly, there are no personal taxes in Oman, which increased the disposable income and savings. Thirdly the ease of transfer of capital from Oman without any restrictions and the use of technology to lower transaction cost for remittance (Ratha & Mohapatra, 2007). Fourthly there is a lack of investment opportunities in Oman. Fifthly majority of low-skilled face financial and contractual restrictions in bringing their families; thus, they incur less local expense and remit more to support their dependents and finally as permanent residency is not available, so expats have no choice but to remit their savings out of Oman.

The various factors related to the level and effects of remittances are studied in this paper. The objective is to identify how personal factors can influence both the level of outward remittances and Oman's investment preferences. Researchers, governments, and policymakers have been attracted to study remittances due to their magnitude and effects (Lueth & Ruiz-Arranz, 2006). It is essential to study the factors which can influence remittance, as a better understanding of remittances will help design policies and regulations to encourage local investments.

Table 1: Remittances as a Share of GDP in 2019 (%)

	Migrant remittance outflows (US$ million)	1980	1990	2000	2010	2019	Remittances as a share of GDP in 2019 (%)
1	United States	1,360	11,850	35,315	50,527	71,562	0.3%
2	United Arab Emirates			3,676	10,566	44,959	10.7%
3	Saudi Arabia	4,090	11,200	15,390	27,069	31,197	3.9%
4	Switzerland		8,170	6,196	18,512	28,180	4.0%
5	Germany	5,826	6,854	8,663	14,682	24,062	0.6%
6	Russian Federation			232	21,454	22,217	1.3%
7	China		5	754	1,455	15,135	0.1%
8	France	5,070	6,956	5,121	12,026	15,088	0.6%
9	Kuwait	692	770	1,734	11,864	14,782	11.0%
10	Netherlands	970	1,393	1,447	9,396	14,548	1.6%
11	Luxembourg			2,720	10,659	13,736	19.3%
12	Qatar			0	0	11,964	6.5%
13	Malaysia	19	230	599	8,628	11,377	3.1%
14	Korea, Rep.	58	1,026	3,640	9,544	10,731	0.7%
15	United Kingdom		2,033	5,366	9,565	10,360	0.4%
16	Italy	428	3,764	1,945	12,883	9,577	0.5%
17	Oman	397	856	1,451	5,704	9,134	**11.9%**
18	Thailand	35	199	0	3,027	8,913	1.6%
19	India	29	106	486	3,829	7,532	0.3%
20	Australia	304	674	869	4,655	7,440	0.5%

Source: World Bank Annual Remittances Data (updated as of Oct. 2020).

2. Literature Review

In recent decades, remittances have risen enormously, apprehending researchers and policymakers' attention and prompting debate on their advantages and disadvantages. Inward remittances help advance the well-being of family members in the home country and add to the economies of recipient nations. But at the same time, they can also encourage reliance in the receiving country. There is a drop in labor force participation, stimulating consumption, and decelerating economic growth. It is a pre-requisite to understand the motives of remittance. This will help in understanding the purpose of remittance. The motivations to remit are economic and social. Remittances serve several purposes, fulfilling the family members' requirements at home country, payback for services, and financial support provided to the migrant's family.

2.1. Motives Remittance to Home Country

Literature has classified the motives of remittance into three models; altruistic, self-interest and tempered altruism, or enlightened self-interest. As per the altruistic model, the purpose of remittance is to provide financial help to the family and relatives back home (Agarwal & Horowitz 2002; Vanwey, 2004; Atamanov & Berg, 2010). There are several predictors of remittances as per the altruistic model, such as; income of migrant and recipient household; the number of household members; quantum of economic assets in the household, and the number of migrants from the same family (Agarwal & Horowitz, 2002; Hagen & Siegel, 2007; Lucas & Stark, 1985; Massey & Basem, 1992; Osili, 2007). Under the self-interest model, the motive of remittance is reputation and inheritance (Lucas & Stark, 1985; Hagen-Zagker & Siegel 2007). The tempered altruism or enlightened self-interest model covers the motives of exchange, loan repayment, and co-insurance. In exchange motive of remittance is to secure future inheritance (Cox, 1987); predictors are the number of inheritable assets and the number of migrants from the family (Agarwal & Horowitz, 2002; Gubert, 2002; Hunte, 2004; Vanwey 2004). In a loan, the repayment motive is to repay or fulfill their family obligations, while the co-insurance motive is to spread economic risks (Amuedo & Pozo 2006; Sana & Massey, 2005; Gubert, 2002). Predictors of co-insurance are financial difficulties faced by family members in the home country.

Remittances also depend on the immigrant worker's demographics such as income level, number of dependents, living conditions, migratory status, gender, and age (Ghosh, 2006; IOM, 2013). For a migrant worker, the motives may change depending on his/her circumstances (UNCTAD, 2013). The amount remitted may vary gender-wise (IOM, 2013), and male migrants are less likely to remit (Naufal, 2007). Several researchers have shown that the motives may also vary gender-wise. For example, women migrants from Mexico remit mainly for altruistic motives, while their male counterparts remit for self-interest (De La Cruz, 1995).

Hagen-Zagker and Siegel (2007) have summarized (refer to table no.2) the empirical effects found for the level of remittances in previous studies. They found that if a spouse joined the expat the remittance decreases. The income, marital status, age, education, cost of migration, household shocks have a positive effect on the level of remittances while gender, duration of stay, family members living with expats, household income and wealth, and the number of other migrants from the same household have both positive and negative effect on the level of remittances. Previous studies on demographic factors by Durand et al. (1996) found that expats in the middle age persons (in their 40s), more educated, and having more dependency in their home country are more likely to remit more.

The study of Ratha and Mohapatra (2011) concluded that the use of remittance in the home country varies as per country from where remittances originate. In their research, the remittance inflows in Kenya originating from outside Africa were used for making investments. In contrast, remittance inflows within Africa were mainly used for building houses. Some researchers have shown that the purpose of remittance is consumption. Nnyanzi (2016) used an enhanced gravity model to examine the remittance to Africa and found that there are altruism and self-interest motives. Guetat and Sridi (2017) found a negative relationship between inward remittances and risk and concluded that MENA migrant's show an altruistic motivation. Pal and Pal (2019), based on the India Human Development Survey, analyzed single and multi-migrant families' motives. Their findings show that altruism was the motive of the single migrants. In contrast, inheritance and altruism motives were the motives for multi-migrant.

2.2. Economic Impact of Remittances

Bliss (1989) found that a shortage of foreign currency can be taken care of by inward remittances, helping attain economic growth. Remittances enable more spending and investments and have a positive and noteworthy effect on economic growth (Connell & Conway, 2000; Cooray, 2012). As per Chami et al. (2006), the macroeconomic impact of remittances enables the government to borrow and spend more. Fayissia and Nsiah (2008), using panel data of 37 African countries, showed that if remittance increases by 10%, the GDP and per capita income by 0.3% increase. Ratha and Mohapatra (2007) found that remittances increase income and thus reduce poverty.

Table 2: Empirical Effects found for the Level of Remittances

Variables	Migrant Income	Migrant Gender (Base Male)	Migrant Marital Status	Migrant Age	Migrant Education Level	Migrant Risk Level	Migration Duration	Whether Spouse Joined Migrant	Migration Cost	Hh Income	Hh Wealth	No. Hh Members/ Dep. Ratio	No. Migrants/ Other Migrants	Neg. Hh Shock	Hhh Age
Agarwal & Horowitz (2002) Guyana		+			x	x				x	x	+	−		-
Banerjee (1984) India	+				+		−	−				+			
Durand, Kandel, Parrado, Massey (1996) Mexico,	+		x	+	+	x	+	x	+		x	x			
Funkhouser (1995) El Salvador & Nicaragua	+(1)	+(2)		x	x		−	−(2)					−(3)/x(2)		
Germenji, Beka & Sarris (2001) Albania	+								x	−	−	x	x		+(4)
Halliday (2004) El Salvador														+(5)/ −(6)	
Hoddinott (1994) Western Kenya	+			+	+						+	x	+ (7)		
Lianos & Cavoundis (2006) Albanian migrants	+	x	x	x	x	+(8)	x	−							
Lucas& Stark (1985) Botswana, [Urban migrants]	+	−					+			+	−	+		+ (9)	
Osaki (2003) Thailand. [Internal migration]		x	x	+	x		x			−	−(10)	−(11)			
Pozo (2005) Latin America. Mexico						+									
Yang (2005). Philippines										−(12)					
Crăciun (2006) Moldova	+	x	x	+	x		x			−		x			- (13)
Osili (2007) US-Nigeria				x	x					+		+			

+: positive effect; –: negative effect; *x*: included in regression but not significant.

1 employment	6 earthquake	11 no. elderly
2 El Salvador	7 no. adult sons	12 instrumented
3 Nicaragua	8 stability employment	13 general age level in HH
4 HHH > 50	9 drought	
5 agricultural shock	10 house	

Source: Hagen-Zanker & Siegel (2007).

Craigwell et al. (2009) studied the relationship between remittances and economic instability in 20 small island developing states between 1986 and 2005. They found that remittance flows have a stabilizing influence on output and investment volatility. According to IFAD (2012) study for 24 Asia Pacific developing countries, inflows through foreign remittances reach directly to the needy persons. They thus are more beneficial for poverty alleviation than foreign direct investments. Karpestam (2012) found positive multiplier effects that vary as per the region and income. As compared to middle-income countries (East Europe, Latin America, and North Africa, and the Middle East), low-income countries (Sub-Saharan Africa) spend more on consumption and thus show a high short-run effect. Azam (2015) studied the macroeconomic effect of remittances on economic growth in Bangladesh, India, Pakistan, and Sri Lanka over 1976–2012. He found a positive relationship between remittances and economic growth. The informed migrants encourage capital flows for investment and transfer of technology (Fagiolo & Mastrorillo 2014; Kugler et al., 2018). Ivlevs (2016) surveyed six countries in Eastern Europe and Central Asia to study the effect of remittances on informal employment. He showed that remittances increase the probability of working informally. Furthermore, both the labor-sending and receiving nations witness increased GDP and income (Walmsley et al., 2015). Masron and Subramaniam (2018) used a dynamic panel estimator to study the relationship between remittance and poverty in 44 developing countries from 2006 to 2014. They testified that higher remittances lead to lesser poverty.

Ahmed and Martinez-Zarzoso (2018) studied the use of foreign and domestic remittances in Pakistan. They found that education expenses are increased in general, and the poor spend proportionally more on food. Awdeh (2018) analyzed the socio-economic effects of remittance inflows in 12 Middle East North Africa (MENA) countries over 1991–2015. Balance of payment, economic developments, employment, and the potential uses of remittances in these countries was studied. His findings show that remittances and economic conditions are counter-cyclical, so a decline in economic conditions will result in an increased remittance. Ariadi et al. (2019) studied the remittance impact on the remitter's parents' financial and health in three cities of Pakistan and Azad Jammu and Kashmir. Their study found that parents of male children were receiving money regularly used for household expenses and enabled access to better healthcare facilities. Musakwa and Odhiambo (2019) used the autoregressive dispensed lag (ARDL) approach on data from 1980 to 2017 in Botswana. They found that remittances reduce health poverty but are not effective in reducing income poverty, and steps should be taken to encourage remittance inflows. Bearce and Park (2019) have shown that inward remittance increases national income and increases societal, economic freedom. The Working-class receives remittance, and due to their multiplier effect, the business class also benefits from remittances.

Migrants' knowledge about their home country and the foreign market allows them to take a calculated risk, which leads to increased bilateral trade and investments. Sobiech (2019) used dynamic panel data with fixed effects (QML-FE) and System-GMM estimators to study the role of financial sector development for the relationship between remittance and growth in 61 emerging and developing countries over the period 1970–2010. The findings show that remittances increase growth, but only when financial development is low. Thus in the long-run financial sector development is more important for growth. Kousar et al. (2019) studied the effect of financial development and foreign remittances on poverty and income inequality using the ARDL-Bounds testing approach in Pakistan. They found that in the short-run, remittances increase poverty and income inequality. Eggoh et al. (2019) used econometric analysis on the data of 49 developing countries during the period 2001-2013 and found that a remittance reduces poverty. Perez et al. (2019) studied the impacts of inward remittances on the economic activity in sub-Saharan African countries; their results suggest that the effects of remittances on economic growth are affirmative on recipient economies and increases with the degree of linkages across sectors. Cao and Kang (2020) studied the effect of remittance and financial development on economic growth for the period of 2000–2015 in 29 economic transition countries. They concluded that for transition economies, growth is both directly and indirectly affected positively by remittances. Arapi-Gjini et al. (2020) used matching techniques and the dose-response estimation to a dataset from Kosovo. Their analysis established that migration reduces poverty; in households where migration is not possible, a higher percentage is below threshold poverty.

Obi et al. (2019) used data from the Nigeria National Bureau of Statistics to study how international remittances impact the food security of households during food crises. They found that remittance helps meet food security and is particularly crucial for female-headed households. The effect of remittance depends on how they are used. In Bangladesh, Pakistan, and Sri Lanka, remittances lower GDP because they are used for consumption, but they are used for investment in India. Thus they increase GDP (Sutradhar, 2020). Githaiga (2020) found that foreign remittances and banking sector development significantly affected private investment in Sub-Saharan Africa. Remittance positively affects economic growth (investment, consumption, and savings), income allocation, and poverty reduction. The positive effect is most substantial in the first five years and then reduces after that. Hosny (2020), using data from 2010–2015 for 72 developing countries, studied the geographic concentration of the source of remittances. Results indicate that large remittances bring stability, but high remittance concentration from source countries can magnify economic instabilities in beneficiary countries. In southeast Europe, Jukan et al. (2020) studied the effects

of remittances on financial inclusion. They used probit regression models on youths' variables related to the usage of cards (debit and credit), savings, and borrowing. Results show that remittances lead to income and savings, which boosts financial inclusion. Benhamou and Cassin (2021) developed a model to explain the investment vs. education tradeoff. The possibility of receiving remittance encourages more spending on education, which in effect lowers the savings and investment, resulting in an inverted U-shaped curve depicting remittances and economic growth

For developing countries, remittance inflows are considerable and are more stable than Foreign Direct Investment (FDI) and Official Development Aid (ODA). Stojanov and Strielkowski (2013) studied the remittance data and the ODA from the World Bank for the period 1970-2009. They concluded that the potential of remittances towards economic development is higher than ODA. In literature, the impacts of FDI are mixed. At the same time, Erum et al. (2016), in their study on South Asian Association of Regional Cooperation countries for the period 1990–2014, found that due to profit repatriating, FDI loses its attraction as an engine of growth while Nguyen (2020) for the period 2000–2018 found that FDI had a positive impact on Vietnam's economic growth.

2.3. Benefits for Destination Countries

As discussed in the previous sections, numerous studies have been carried out regarding the impact of inward remittances on the recipient countries both at the micro and macro levels. Some researchers have also studied the effect of outward remittance on the host country. Destination countries also benefit from migration in several ways. Migrants can fill occupations where natives are not available. Both high and low-end labor gaps exist, which can be filled immediately by migrant workers. Complementary skills between migrants and national workers are a key driver for migration. Increased productivity leads to the availability of goods and services at lower prices.

The impact of remittance outflow on Gulf Cooperation Council GCC countries' macroeconomic indicators, particularly Saudi Arabia, have been studied by various researchers. As per Abdel-Rahman (2006), remittance outflow increases due to economic growth, wages, and local instabilities. Taghavi (2012) studied macroeconomic factors and remittances and found that remittance cannot be reduced through macroeconomic tools. Also, remittance can cause inflation, real effective exchange rate, and real interest rate differential in the short term but affect only inflation in the long term. Alkhathlan (2013) studied the effects of remittances outflows on the economic growth of Saudi Arabia from 1970 to 2010 and found that while a short-term impact is there, however, in the long term, remittances do not impact the GDP. As remittance outflows shrink the money supply, inflation is reduced (Termos et al., 2013). Domestic expat workers help in taking care of children and the elderly, and this encourages local females to take up jobs. Due to the positive spillover effects of highly skilled migrants, the wages of native-born workers also increases. Rather than being a financial drain, migrant workers provide positive financial benefits for the host countries (Kerr, 2016; OECD, 2013; Romiti, 2018; World Bank, 2019).

3. Research Methods and Materials

3.1. Sample Frame and Sampling Procedures

Data was collected from 300 resident expats customers of Money Exchange Companies and Banks in Oman. Convenient sampling was used because, firstly, the expats' population list was not available. Secondly, due to the confidential nature of the questions, each respondent had to be approached in person and convinced to participate in the survey. Data collection was carried out from September 2019 to March 2020.

3.2. Development of the Questionnaire

The objective of this study was to highlight the importance of remittance, study the personal factors influencing the level of remittance, and how remittances can be retained. After the review of the literature, a questionnaire was prepared to carry out the survey. The content validity of questionnaires was checked by academic and industry experts. Then a pilot study was conducted to test the reliability. Based on their advice, some questions were modified.

3.3. Data Analysis

For data analysis, multinomial logistic regression (henceforward MNL) is used. MNL predicts an outcome, such as group membership, from a set of variables that may be continuous, discrete, dichotomous, or a mix (Tabachnick & Fidell, 2012). MNL does not assume normality, linearity, or homoscedasticity (Starkweather & Moske, 2011). MNL is the simplest and most popular practical discrete choice model; it is based on the random utility theory that each option Aj Ɛ A has associated a net utility U_{jq} for the individual. It is assumed that U_{jq} has two components,

$$U_{jq} = V_{jq} + \varepsilon_{jq}$$

This includes a measurable part V_{jq} and a random part ε_{jq} The measurable part is V_{jq} considered as a function of measured attributes x; thus, V_{jq} is often formulated as a linear combination of x, such as the following:

$$Vj_{jq} = \sum \theta_{kj} \times j_{kq}$$

Where the parameter θ is often assumed to be the same. Based on the hypothesis of rational choice, the Probability of alternative '*i*' was chosen by individual '*q*' can be formulated as:

$$P_n \rightarrow = e^{Vn} / (\sum_{m=M} e^{Vm})$$

P_n is the probability that the individual selects the mode n

V_n is the utility of mode n

V_m is the utility of any mode

M is set of all the levels of savings

In MNL, for each independent variable in the study, we should have a minimum of 10 cases (Schwab, 2002). As there are 7 variables grouped into four categories, we need a minimum of 280 participants.

3.4. Variables

3.4.1. Dependent Variables

The dependent variable is the percentage of income that is remitted. There are four levels: 0%–20%; 21%–40%; 41%–60% and 61% or more which are Coded as 1, 2 3 and 4 respectively. The reference category for this study is 0%–20% (code 1).

3.4.2. Independent Variables

Based on the literature review on the determinants of remittances, the independent variables discussed below are specified to investigate the probability and level of remittances. The independent variables are Gender, Age, Education, Occupation, Dependents in Oman, and Dependents Home Country.

4. Results and Discussion

Most of the respondents were remitting between 21 to 40 percent of their incomes. The sample consisted of 222 males and 78 females. There were 220 salaried persons and 80 business persons. Most of the participants were qualified up-to high school and were salaried (shown in Table 3). The most preferred investment option (retaining funds) in Oman was business, followed by financial service and real estate.

Table 4 shows the Model Fitting Information. As p = 0.000, this means that the full model statistically significantly predicts the dependent variable better than the intercept-only model alone.

Coefficients of the model or the parameter estimates are shown in table no. 5. As there are 4 levels of the dependent variable, we get three sets of logistic regression coefficients.

Table 3: Descriptive Analysis

Variable	Levels	Codes	Numbers	Percentage
Remittance (as a percentage of income)	0%–20%	1	58	19.3%
	21%–40%	2	97	32.3%
	41%–60%	3	79	26.3%
	61% or more	4	66	22.0%
Gender	Male	1	222	74.0%
	Female	2	78	26.0%
Education	Up to High school	1	136	45.3%
	Up to Diploma	2	93	31.0%
	Graduate and Above	3	71	23.7%
Occupation	Salaried	1	220	26.7%
	Business	2	80	73.3%
Investment	Business	1	133	44.3%
	Financial	2	113	37.7%
	Real Estate	3	54	18.0%
Total			300	100.0%

The first sets of coefficients are found in the 21%–40% row (representing the comparison of the 21%–40% category to the reference category 0%–20% remittance). Here, gender, occupation, dependents in Oman, and dependents in the home country are significant. Persons having higher numbers of dependents in the home country are more likely to be in a higher remittance category (21%–40%). In contrast, females, business persons, and those having a higher number of dependents in Oman were more likely to be in the lower remittance category (0%–20%).

The second sets of coefficients are found in the 41%–60% row (which represents the comparison of the 41%–60% category to the reference category 0%–20%). Here, dependents in Oman, dependents in the home country, age, gender, and occupation are significant. Higher age and more dependents in the home country are more likely to be in the higher remittance category (41%–60%). In contrast, females, business persons, and those having a higher number of dependents in Oman were more likely to be in the lower remittance category (0%–20%).

The third sets of coefficients are found in the above 60% row (which represents the comparison of the above 60% category to the reference category 0%–20% remittance).

Table 4: Model Fitting Information

	–2 Log Likelihood	Chi-Square	Sig.
Intercept Only	729.253		
Final (Remittance)	503.467	225.787	0.000
Intercept Only	495.476		
Final (Investment)	433.93	61.545	0.000

Table 5: Coefficients of the Model for Remittance

Remittance	*B*	Std. Error	Sig.	Exp(*B*)	95% Confidence Interval for Exp(*B*)	
					Lower Bound	Upper Bound
Gender = Male	−0.880***	0.484	0.069	0.415	0.161	1.070
Age	0.287	0.175	0.102	1.332	0.945	1.879
Education= Up to High school	−0.209	0.490	0.670	0.812	0.311	2.119
Education = Up to Diploma	0.090	0.581	0.876	1.095	0.350	3.419
Occupation = Salaried	−1.056**	0.398	0.008	0.348	0.159	0.759
Dependents in Oman	−0.759**	0.262	0.004	0.468	0.280	0.782
Dependents in Home Country	0.460**	0.216	0.033	1.583	1.037	2.417
Gender = Male	−1.329**	0.555	0.017	0.265	0.089	0.787
Age	0.454**	0.203	0.025	1.575	1.058	2.346
Education= Up to High school	−0.659	0.565	0.243	0.517	0.171	1.566
Education = Up to Diploma	0.003	0.636	0.996	1.003	0.288	3.494
Occupation = Salaried	−1.807*	0.509	0.000	0.164	0.061	0.445
Dependents in Oman	−1.889*	0.307	0.000	0.151	0.083	0.276
Dependents in Home Country	0.480***	0.248	0.053	1.616	0.993	2.628
Gender = Male	−1.409	0.638	0.127	0.244	0.070	0.853
Age	0.624**	0.224	0.005	1.867	1.203	2.898
Education = Up to High school	−0.161	0.650	0.805	0.851	0.238	3.045
Education = Up to Diploma	0.400	0.715	0.576	1.491	0.368	6.053
Occupation = Salaried	−23.708*	0.000	0.000	$5.055E^{-11}$	$5.055E^{-11}$	$5.055E^{-11}$
Dependents in Oman	−2.143*	0.336	0.000	0.117	0.061	0.227
Dependents in Home Country	0.885*	0.274	0.001	2.423	1.415	4.148

Note: R^2 = 0.529 (Cox and Snell), 0.566. (Nagelkerke); Model $\chi^2(12)$ = 225.787, p = 0.001*; p = 0.05, **; p = 0.01***.

Table 6: Coefficients of the Model for Investment

Investment	*B*	Std. Error	Sig.	Exp(*B*)	95% Confidence Interval for Exp(*B*)	
					Lower Bound	Upper Bound
Gender = Male	−0.308	0.356	0.388	0.735	0.366	1.478
Age	0.550*	0.125	0.000	1.734	1.357	2.215
Education = Up to High school	−1.370*	0.362	0.000	0.254	0.125	0.517
Education = Up to Diploma	−1.729*	0.393	0.000	0.177	0.082	0.384
Occupation = Salaried	−0.289	0.340	0.395	0.749	0.385	1.459
Dependents in Oman	−0.003	0.151	0.986	0.997	0.742	1.340
Dependents in Home Country	0.140	0.149	0.347	1.150	0.859	1.538
Gender = Male	−0.591	0.399	0.139	0.554	0.253	1.212
Age	0.206	0.148	0.165	1.229	0.919	1.643
Education = Up to High school	0.318	0.531	0.549	1.375	0.486	3.892
Education = 2	0.065	0.552	0.906	1.067	0.362	3.147
Occupation = Salaried	−0.012	0.394	0.975	0.988	0.457	2.136
Dependents in Oman	−0.055	0.177	0.755	0.946	0.669	1.339
Dependents in Home Country	0.268	0.172	0.118	1.307	0.934	1.830

Note: R^2 = 0.185 (Cox and Snell), 0.212. (Nagelkerke); Model $\chi^2(12)$ = 61.545, p = 0.001*.

Here, dependents in Oman, dependents in the home country, and age are significant. Higher age and more dependents in the home country are more likely to be in the higher remittance category (Above 60%), while business persons and those having a higher number of dependents in Oman were more likely to be in the lower remittance category (0%–20%).

Table No. 6 shows the preferred options to retain funds in Oman. It was found that business followed by real estate and investments in the financial market is the top three preferences for retaining funds in Oman.

The first sets of coefficients compare a business investment with financial investment. We find that age and education are significant. With an increase in the age of expats, there is a lesser possibility of being interested in business investment, and education increases financial investment. The second sets of coefficients compare a business investment with real estate investment. Here all the coefficients are non-significant.

5. Conclusions

The objective of this research was to highlight the importance of remittance, study the personal factors influencing the level of remittance and the investment preferences for retaining the remittances. Small transfers are done by individual migrant workers collectively result in a significant amount of financial flows. Due to their considerable growth and stability, remittances have emerged as a significant source of external development finance for developing countries in recent years. The results show that the level of remittance and the investment preferences vary as per the personal factors of the migrant workers.

Multinomial logistic regression was used to study the personal factors influencing the level of remittance and the investment preference in Oman. The independent variables were gender, age, education, occupation, dependents in Oman, and dependents in-home Country. The dependent variable is the percentage of remitted income, and the reference category for this study is 0%–20% remittance. Most of the migrants were remitting between 21 to 40 percent of their incomes. The levels of 21%–40%, 41%–60%, 61% or more were analyzed with the reference category, and significant differences were found. Results obtained from the analysis of the 21%–40% remittance level showed that gender, occupation, dependents in Oman, and dependents in the home country are significant. For the category 41%–60% remittance level, dependents in Oman, dependents in the home country, age, gender, and occupation are significant. While, dependents in Oman, dependents in home country and age were significant in the last category, 60% and above.

Gender was found significant for the categories 21%–40% and 41%–60%. Females are less likely to be in the category of higher remittance. This may be because male migrants are more interested in saving and investing in their home country. Previous studies have shown mixed results as per Naufal (2007), male migrants are less likely to remit, while Agarwal and Horowitz (2002), and Amuedo and Pozo (2006) show that males are more likely to remit.

The occupation was found significant for the categories 21%–40% and 41%–60%. As compared to salaried migrants, migrants engaged in business are less likely to be in a higher category of remittance. This may be because the salaried class remits more to invest in their home country. At the same time, the business migrants have more investment opportunities in the foreign country. Age was found to be significant in two categories, 41%–60% and 61% and above. Higher aged migrants are more likely to be in the higher category of remittance. This may be due to their conscious efforts to save and remit more to achieve their retirement goals. The results are in line with previous studies (Amuedo & Pozo, 2006; Carling, 2008).

The number of dependents in the home country was found to be significant for all the levels. As the number depends in the home country increases, the migrant remits a higher percentage of their income to meet the increased expenses. Conversely, as the number of dependent in a foreign country increases, the migrant worker has to spend more, which reduces their savings and remittances. Education was not found to be significant at all levels. These results are in conformance with the study of (Carling, 2008). More educated migrants are expected to earn more and thus remit more to their home country. But in this study, the percentage of income is used in the analysis and not the total income. So the more educated migrants may be remitting more amount of money. Still, a comparison on a percentage basis does not show any significant difference.

Regarding the investment preference in Oman, this research found that businesses followed by real estate and investments in the financial market are the top three preferences for retaining funds in Oman. On comparing business investment with financial investment, it is found that with an increase in the age of expats, there is a lesser possibility to be interested in business investment. In contrast, education increases the possibility of financial investment. While comparing business investment with real estate investment, it is found that all the coefficients are non-significant. Oman, a small country on the southeastern coast of the Arabian Peninsula in Western Asia, is mainly dependent on oil. The scale of economic and social development in recent years has been exemplary. Expats workers constitute a sizeable portion of the workforce, and their contribution to the economic development of Oman is acknowledged. Due to the fluctuations in the oil prices, the country is diversifying its economy through tourism, minerals, and heavy industries. It thus needs to attract and retain talent to stay competitive. As compared to other top remitting countries, the outward remittances as a percent of the GDP are relatively high. The lack of investment opportunities in Oman for the expats is a significant factor that leads to increased outflows. Thus, there is an urgent need to retain the remittance outflows by encouraging the expats to make investments in Oman.

The country of origin of remittances considers remittances outflow as drain from their economy and thus are interested in finding ways to tweak policy measures to reduce the outflow of remittances. The positive impacts of remittance on receiving countries are highlighted in the study. Remittances result in poverty alleviation and income distribution, savings, and investment leading to investment and growth.

Remittance outflows can be lowered by boosting local spending and investment in Oman. By easing the financial and contractual restrictions, more expats can be encouraged to bring their families, thus increasing their spending in Oman. More investment in business can be encouraged by allowing 100 percent foreign ownership of enterprises without any minimum investment limit. Real estate investment can be made attractive by granting permanent residency. Regarding financial investments, expats can be issued bonds denominated in their home currencies, which will shield them from any adverse fluctuations in exchange rates.

This study adds to the existing literature as no previous study is available regarding how personal factors can influence the level of remittance. The policymakers are concerned with monitoring and forecasting the future remittances to maintain monetary stability. As the percentage of remittance to GDP is high in Oman, therefore, an understanding of the personal factors would help in devising strategies to reduce remittance by marketing investment options to expats to retain the fund outflows.

This study considers only the personal factors of expats residents in Oman. The level of remittances could also be influenced by the macroeconomic, political, and social conditions in the home country of the expats.

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