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GORDON INSTITUTE  
OF BUSINESS SCIENCE  
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Reconciling the benefits of formal and informal remittance channels: A  
Zimbabwean migrant's perspective

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## **Abstract**

Policy makers and financial institutions advocate the use of formal (regulated) remittance channels as the best way to harness remittances. In this research I study the benefits of formal and informal remittance channels from a Zimbabwean migrant's perspective. The factors, particularly the Zimbabwean migrant's demographics, adopted country and channel variables will influence the migrant's choice of remittance channel.

Categorical and numerical data that influence the choice of remittance channel used was collected from Zimbabwean migrants resident in South Africa, the United Kingdom and the United States. Categorical data was analysed using a log linear model - correspondence analysis which explores relationships between two or more dimensions. Numerical data was analysed using correlation analysis to examine linear associations and relationships between variables.

The research is intended to create an understanding of what influences the migrant's choice of remittance channels which could assist the policy makers (particularly in Zimbabwe and South Africa) understand how to best harness both remittance channels and improve the financial structures if they hope to increase the migration of remittances from informal to formal remittance channels.



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## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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11 November 2009

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## **CHAPTER 1: Introduction to problem and purpose**

### **1.1 Introduction**

Zimbabwe's economic conditions over the last decade have continued to deteriorate, reaching critical levels in recent years. 2008 statistics showed an annual inflation rate of 10 million % (World Bank 2009). Real gross domestic product (GDP) contracted by about a third between 1998 and 2006 and is estimated to have contracted further by more than 6% in 2007 (World Bank 2009). Foreign direct Investment (FDI) has also declined with formal economic activity shrinking and moving to the informal sector. Unemployment figures are estimated at 80% of the working age. It is also estimated that there are over 3 million economic refugees in South Africa alone (Parsons 2007), although it is difficult to quantify the numbers because some Zimbabweans have taken up South African nationality. Also, large numbers of undocumented Zimbabweans are known to have crossed the border through land-facilitated border crossing commonly referred to as "border jumping", which is not formally recorded (Bloch 2006).

Private money transfers from regional migrant workers and the Diaspora communities to families and villages in Zimbabwe have become an increasingly

prominent feature of the Zimbabwean economy (Gupta, Pattillo & Wagh 2009). In sub-Saharan Africa the Zimbabwe- South Africa remittance corridor ranks as one of the key remittance corridors Ratha, Mohapatra & Silwal (2009). Bloch (2008), in her study on Zimbabweans in the United Kingdom (UK), found that "94 percent had close family in Zimbabwe, 15 percent had a partner or spouse, 24 percent a child or children, 70 percent a parent or had a partner or spouse and 50 percent are in contact with family at least once a week, 16 per cent at least every two weeks, and 11 percent three or four weeks". We would expect that migrants in South Africa would have similar statistics.

Although there are no official statistics on the contribution of remittances to the Zimbabwean economy, there is enough empirical evidence pointing to the increase in informal and formal remittances to Zimbabwe. Countries with migration remittances should include remittances in their planning strategies for development as they have a potential effect on the economy – positive or negative (Glytsos 2005)

## 1.2 Research purpose and motivation

There is not enough evidence to show that policy makers in Zimbabwe are doing enough to increase remittance flows through official channels apart from the Homelink (Kumusah/Ekhaya) facility launched in 2004 targeting Zimbabweans in the home country. Even this was met with scepticism among migrants in South Africa (Maphosa 2007). Migrants are therefore left with very little choice but to use formal channels.

The research also seeks to contribute to research on remittances to Zimbabwe which has largely focused on receiving households in Zimbabwe. Not enough research has been done on the use of formal and informal channels by the Zimbabwean migrant and how policy makers and institutions in the home and sending countries could harness remittances flowing through both these channels. The focus therefore will be on South Africa which is a neighbour to Zimbabwe, the UK and USA, all of which are known to have a large population of Zimbabwean migrants (Bloch 2006; Maphosa 2007)

## CHAPTER 2: literature review

### 2.1 Migration

There are opposing views on the benefits of international migration. International migration, like international trade, is a mechanism for globalisation that creates winners and losers (Hanson 2008). The effects of migration are not always conducive or congruent to developmental goals (Portes 2009), for example, the emigration of nurses from sub-Saharan Africa has benefited countries in Europe and North America. Conversely, this has resulted in a shortfall of 600 000 nurses in sub-Saharan Africa alone (Denton 2006, quoted in Khaliq, Broyles & Mwachofi 2008). Of the more than 29 000 nurses estimated to be working in the Organisation for Economic Co-operation and Development (OECD) countries, 3 183 are Zimbabweans, representing 34% of 9 357 working in the home country (WHO 2006, quoted in Khaliq et al 2008). The training of nurses in Zimbabwe is publicly funded and therefore translates into a “massive public subsidy” to the wealthier nations (Khaliq et al 2008).

Migration also raises concerns about the brain drain from migrant-sending countries, the loss of skilled labour in critical areas such as health care and education has resulted in shortages in the migrant sending country (Bloch 2006). In addition, it has also been found that the depopulation of a region results in reduced

remittances and infrastructure development (Portes 2009). It is also argued that households in receiving countries can increase their reliability on remittances creating “a handout mentality”, resulting in a reduction in labour market participation as they opt to live off the migrants’ transfers (Catrinescu et al 2008). Governments can also abdicate their responsibilities by depending on migrant remittances (Portes 2009).

However, migration can result in significant flows of remittances to the sending country. Recorded remittances in OECD countries have been found to increase in proportion to an increase in the number of migrants (Freund & Spatafora 2007), and in countries such as Lesotho these remittances exceed donor funding and are the second largest source of FDI (Gupta et al 2009). In Mexico remittances exceed formal wage earnings in some Mexican states (Banco de Mexico 2006 quoted in Varga-Silva 2008). The majority of the remittances to Mexico originate from migrants in neighbouring USA, where a large number of migrants go in search of employment (Varga-Silva 2008). This situation is similar to the Zimbabwe–South Africa scenario.

Migrants play an increasing role in financing developments in their home countries (Pieke et al 2007), in addition remittances are a source of foreign exchange, stimulate domestic demand and are important to economic development (Adams

2007). Bugamelli and Paterno (2009) further suggest that remittance contribution to financial stability becomes much stronger and neater when it reaches 3 to 4% of GDP.

While it is clear that remittances contribute to growth and development in the home country, the literature on the contribution of remittances to growth and development is not clear on the extent to which the home country gains or loses from migration (Glytsos 2005; Giuliano & Ruiz-Arranz 2009).

Bloch (2006) lists mixed motives for migration from Zimbabwe (table 2.1). The main motives for migration to South Africa are largely economic (Bloch 2006; Maphosa 2007). Both studies by Bloch (2006) and Maphosa (2007) show that over 50% of the migrants cited unemployment as the reason for migrating to South Africa. This supports the view that in general migration from Africa is influenced by economic and political instability.

The proximity of South Africa and Botswana to Zimbabwe also makes it easier for Zimbabweans to emigrate in search of a better life. Many who had been unemployed in Zimbabwe were employed as labourers in South Africa and

although some were found to be undocumented and low paid they still sent remittances to their families in Zimbabwe (Bloch 2006).

**Table 2.1: Main reason and additional reasons for leaving Zimbabwe by country of residence (%)**

	UK	South Africa Main	Total Main	UK Additional	South Africa additional reasons	Total Additional reasons
Economic situation	24	35	29	43	40	41
Political situation	32	18	26	36	37	37
Lack of employment	3	20	11	25	36	31
To work abroad	8	8	8	21	20	20
To study abroad	23	8	19	15	6	10
Join family abroad	7	3	5	11	8	10
Join friends abroad	1	-	6	5	6	5
Other	2	1	6	5	6	5
Never Lived there	-	1	1	-	1	1
No other reasons	*	*	*	10	12	11
Total	482	433	915	486	494	98

*1% of the respondents are not included as they had not lived in Zimbabwe*

*\* Not applicable*

Source: Bloch (2006:73)

## 2.2 Characteristics of remittances

Adams (2009) and Nyberg and Sorens (2004), quoted in Bloch (2006), both define international remittances to include money and goods that are transmitted to households by migrant workers working outside their countries of origin.

Remittances are less volatile than official aid; are a form of FDI and have been found to be the most stable form of private flows (Gupta et al 2009), therefore remittances are significant in making investments in physical capital easier (Giuliano & Ruiz-Arranz 2009). They also benefit the individuals or families who need it directly and contribute to poverty alleviation (Bloch 2006; Gupta et al 2009; Maphosa 2007). Remittances also smooth consumption and allow households to access health and education which they would not be able to do so without this additional income, helping to promote growth (Giuliano & Ruiz-Arranz 2009). Factors contributing to this resilience particularly during downturns include

- remittance money being cumulated before being sent
- remittances being a small part of the migrants' income
- migrants staying longer due to anti-immigration laws (Ratha et al 2008).

Zimbabwe's trade from 2004 to 2007 has shown a decline in exports and an increased dependency on imports. This is an indication of the collapse of the manufacturing sector in that country. Imports of cereals, flour, starch, milk preparations and products soared to 139% by 2007- Table 2.2. Anecdotal evidence shows that during that period Zimbabwe experienced shortages of basic food stuffs and thus increasing remittances in the form of foodstuffs through informal channels.

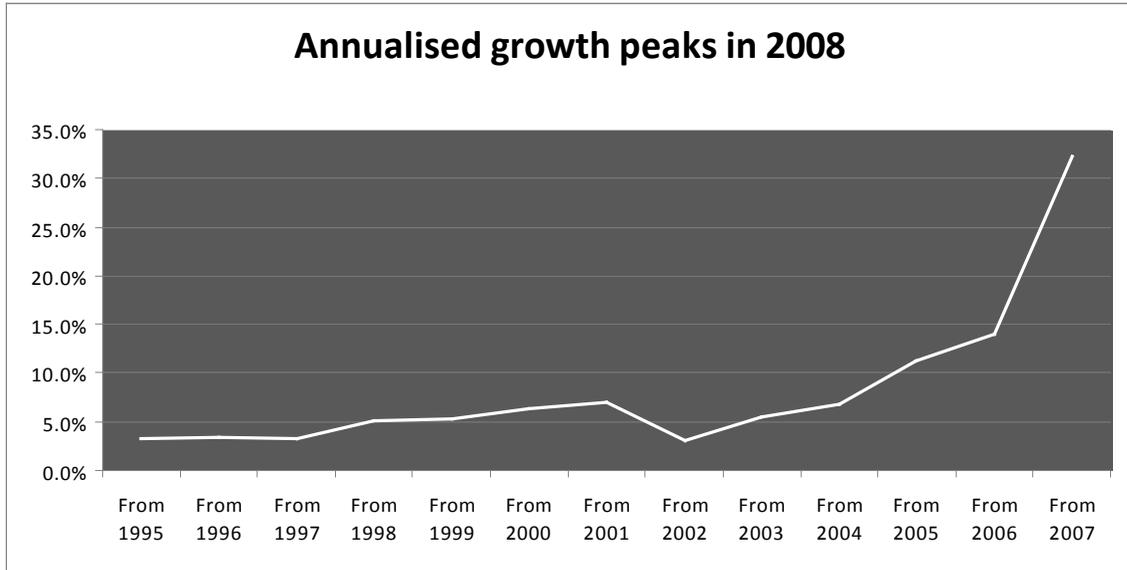
**Table 2.2: Zimbabwe's trade with the world**

Zimbabwe's Trade with the World		
	Growth from 2004-2007	
Product label	Export	Import
Cereals	-97%	274%
Soaps, lubricants, waxes, candles, modelling pastes	-86%	57%
Zinc and articles thereof	-76%	12%
Explosives, pyrotechnics, matches, pyrophorics, etc	-74%	32%
Lead and articles thereof	-66%	8%
Meat and edible meat offal	-61%	51%
Cereal, flour, starch, milk preparations and products	-58%	139%
Aircraft, spacecraft, and parts thereof	-53%	201%
Lac, gums, resins, vegetable saps and extracts	-46%	27%
Coffee, tea, mate and spices	-44%	51%
Live animals	-44%	70%
Furniture, lighting, signs, prefabricated buildings	-38%	21%
Articles of leather, animal gut, harness, travel goods	-37%	33%
Pearls, precious stones, metals, coins, etc	-27%	360%
Articles of iron or steel	-16%	25%
Milling products, malt, starches, insulin, wheat gluten	-10%	3%
Sugars and sugar confectionery	-2%	263%
Fertilizers	-2%	156%

A lot of products that were previously exported now have to be imported.  
Source: International Trade Centre (ITC) & South African Revenue Service (SARS).

**Table 2.3: Growth in SA exports to Zimbabwe:**

Peaks indicate Zimbabwe's dependence on imports specifically from South Africa



Source: International Trade Centre (ITC) & South African Revenue Service (SARS).

Poor families benefit less from short-term capital flows, FDI or overseas development funds, and domestic bank credit (Brown 2006). Remittance funds are more than likely to find their way to poor credit-starved rural households (Maphosa 2007; Brown 2006) resulting in improved living conditions for millions of households in migrant-sending countries (De Haas 2005) as they stimulate domestic demand in labour-sending countries (Glytsos 2005).

Migrants residing in countries with stronger currency appreciation tend to increase their remittances which increases spending on child education, durable goods and

entrepreneurial investments (Hanson 2008). Migration has been found to stimulate the incentive to study for those staying behind as it increases the prospects to move abroad (De Haas 2006).

It may, however, be argued that remittances contributed to the hyper inflation experienced in Zimbabwe in the years prior to 2009 (World Bank 2009), as some studies have found that remittances can contribute to increased inflation and lead to an appreciation or postpone depreciation of the real exchange rate, which would impact negatively on the tradable sector. Possible results include reduced export performance as well as limiting output and employment. Governments in receiving countries are often ill prepared to manage the inconsistencies of inflows of remittances and are unprepared to deal with the harmful effects on the economy and on the medium- and longer-term growth within a country (Glystos 2005; Catrinescu et al 2009).

### **2.3 Remittance channels**

The flow of remittances represents a significant financial flow to developing countries; The definition of remittances includes flows sent through informal channels as well as those sent in kind (goods such as groceries and clothing).

Formal remittance channels include banks and nonbank financial institutions and foreign exchange bureaus such as post offices and money transfer operators such as Western Union and Money Gram (Pieke et al 2008; Freund & Spatafora 2008). Informal remittance channels include nonfinancial institutional channels, including personal courier services and “ethnic store” as well as transfers disguised as gifts and bill payments (Brown 2006). As expected, informal channels would have less rigid requirements and would not involve formal contracts offered by formal channels (Freund & Spataford 2008).

Remittance transfer systems have been shown to evolve over time in response to migrant demands and are influenced by the technology and complex political and economic policies (Pieke et al 2007). Several Latin American countries have shown a decline in the use of informal channels, a result attributed to the increase in the number of migrants and competition among formal channels helping to drive down the cost of remittances (Freund & Spatafora 2008).

The political and economic situation in the migrant’s country of origin is expected to affect migrant remittances. Evidence suggests that the Zimbabwean Government policies seem to exclude Zimbabweans in the Diaspora, for example exclusion of voting right in the national election and the political situation in Zimbabwe, which affects the aspirations of migrants to contribute to development (Bloch 2008).

Migrants looking for investment opportunities back home will tend to send remittances if the economic situation in the country of origin is favourable.(Bloch 2009)

Policy makers generally believe that development can best be harnessed through regulated transfer channels (Brown 2006). Remittances can stimulate production and investment, contributing to development in poor environments. This is seen in the rural parts of southern Zimbabwe where the average income of those left behind has increased (Maphosa 2007). In a sound macroeconomic environment and reasonably robust financial system they would supplement domestic resources (Brown 2006). The additional concerns of money laundering and terrorist funding through informal channels such as the “Hawala” and “Hundi” on the Asian subcontinent force sending and receiving countries to push for regulation (Brown 2006; Pieke et al 2007).

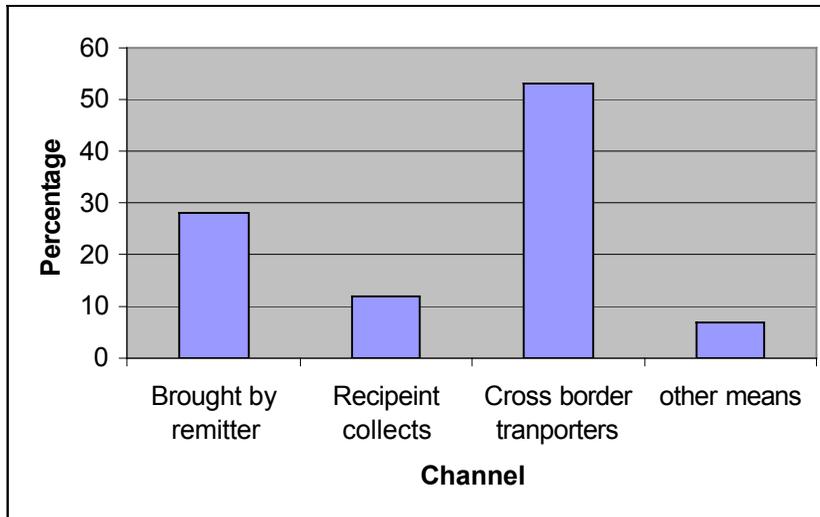
### **2.3.1 A case for informal remittance channels**

Sub-Saharan Africa has seen an increase in remittances to the region largely through informal channels which are estimated to be as high as 45 to 65% compared to only about 5 to 20% in Latin America (Freund & Spatafora 2005 quoted in Gupta et al 2009). Informal channels are not well researched and in general are better understood by migrants and operators involved within these

channels and tend to be poorly understood outside the groups involved (Pieke et al 2007). “In kind” remittances contribute to the high use of informal remittance channel operators (Gupta et al 2009; Maphosa 2007). Maphosa (2007) shows that most of the remittance to southern Zimbabwe were in kind and included basic foodstuffs such as maize meal, sugar, salt and cooking oil, largely a result of the unavailability of basic commodities in that country. This form of remittance provides easy relief to households particularly those in areas where formal remittance channels may not be easily accessible.

The non-existence of intimidating regulatory instruments within the informal remittance channels could contribute to their speed of delivery (Maphosa 2007). Brown (2006) suggests that these informal channels are more efficient and address the special needs of the migrant and their families in the home country, although they may not fully leverage the social impact of the remittance payments. Gupta et al (2009) and Freund and Spataford (2008) propose that remittances “in kind” by those working within the African continent and the high transaction costs of remitting money through formal channels could also be a reason for the low remittance level in Africa,

**Table 2.4: Channels for cash remittances to Zimbabwe**



Source: Maphosa (2007)

Access to formal remittance channels is not available to all migrants. Undocumented migrants and/or forced migrants would prefer to use informal channels as they may not have the relevant documentation, such as identification documents and proof of a fixed address, required in South Africa (Maphosa 2007). Sending money through money transfer channels such as Western Union, Money Gram as well as the banking sector such as Standard Bank, requires that SA residents present their identification documents in the form of the South African green bar-coded identification document or passport with the correct permit. The status of undocumented or illegal migrants in the destination country also prevents them from travelling back home to deliver money or goods in person as they would not be able to re-enter the country of residence or fear persecution in their home country (Pieke et al 2007).

Sending remittances through informal channels has been found globally to be cheaper than using formal channels by an aggregate range of between 1 and 5% (Swanso & Kubus 2005 quoted in Freund & Spatafora 2008). Also mentioned is the low cost of remitting through friends, family and so on. This may be true for similar channels in sub-Saharan Africa; however, the use of money delivery services offered by transport companies operating between South Africa and Zimbabwe commonly known as “Malaicha” is not necessarily cheaper than formal channels. The cost of sending remittance from South Africa to neighbouring countries has been found to cost up to 20% of total transfer value or R20 for every R100 (Maphosa 2006; Pieke et al 2007).

The importance of informal channels could therefore be argued to be in their convenience particularly where no banking or transfer facilities are available and in areas where transport to centres where most of the formal transfer channels is difficult to get. The Hawala system provides delivery within 24 hours and guarantees anonymity which is important for undocumented migrants (Brown 2006). The element of speed also means that the money gets there when needed.

Trust becomes an important attribute in part due to anonymity and the lack of insurance on remitted money or goods. However, the performance of the remitter also increases the trust levels, which are linked to reliability, honour and good

business reputation (Pieke et al 2007). In the case of Zimbabwe other influences of trust include family, friendship and neighbourhood ties (Maphosa 2007).

### **2.3.2 A case for formal remittance channels**

The importance of formal remittance channels resulted in the introduction of Homelink (Kumusha/Ekhaya) by the Reserve Bank of Zimbabwe in 2004. The Zimbabwean Reserve Bank Governor visited countries with a large Zimbabwean migrant population such as South Africa, the UK and the USA to encourage Zimbabweans to remit money through formal government channels (Maphosa 2007). It is estimated that by the end of July 2005, R23.6 million had been transmitted through the Homelink channel facility (Bloch 2006; Maphosa 2007). While Homelink encouraged migrants to transmit money through formal channels it automatically excludes undocumented migrants.

Poor migrants (both documented and undocumented) who want to send small amounts of money home are discouraged by the high fees of using formal remittance channels (Pieke et al 2007). The cost of remitting small amounts through formal channels can average around 11% and sending to Africa can be as much as 13% (Freund & Spatafora 2008). There is evidence to show that these channels may be seen as inflexible as they have stipulated fees that they charge – small operators charge a percentage commission whereas a flat fee is charged by

larger money transmitters (Pieke et al 2007). Money transfer agencies in Zimbabwe charge a flat 3% on money remitted to Zimbabwe. Banks generally do not see relatively low-value transactions as profitable (Pieke et al 2007).

Migrants using informal channels are able to negotiate rates with the transmitter and in some cases incur no charge. Remittances of goods from South Africa to Zimbabwe are charged a fee for the transportation determined by weight or container (Maphosa 2007). There is enough anecdotal evidence to suggest that the price of the goods can be negotiated and may fluctuate depending on the business cycle. Anecdotal evidence suggests that in December there is a general upsurge of money and goods remitted to families in Zimbabwe. During this period employees may receive higher incomes because of additional income in the form of a “13<sup>th</sup> cheque” and bonuses normally paid out during this time of the year particularly in SA. It is therefore expected that the informal remittance fees would be higher.

However, formal remittance channels offer security to the migrant, particularly where large amounts of money are involved. There have been incidents of remittances sent through informal channels that are known not to have reached the intended recipients. In such instances migrants did not have any recourse against the loss of damage of the goods (Maphosa 2007). Security would also be expected

to be important for migrants residing in countries such as the UK and USA largely due to the distances between Zimbabwe and these countries. The mode of sending remittances should also limit the amounts and remittance in kind sent through informal channels such as friends and family.

## 2.4 Determinants of levels of remittances

In comparison to Latin America and the Asian countries, the sub-Saharan region receives lower remittance income. Adams (2009) suggests that the causes of developing countries receiving different levels of international remittance can be viewed from two approaches, one which focuses on macroeconomic variables and another focusing on microeconomic variables. At a microlevel, reasons for remittances range from pure altruism to pure self-interest. Migrants classified as altruistic would increase remittances as family income declines in the home country in order to recompense their families for the decreased income; they are also likely to postpone remittances if the exchange rates increase (Brown 2006; Maphosa 2007).

Self-interest motives such as remittances for investment purposes and interest in inheriting from household assets are more likely to decrease following economic downturns in the migrant's home country (Varga-Silva 2008).

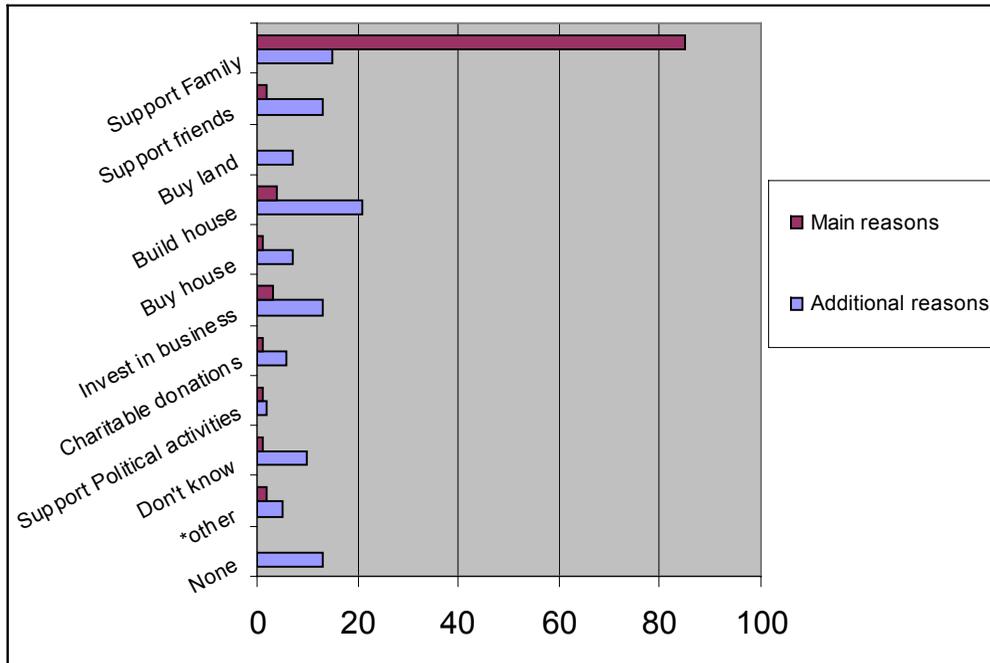
There are views that suggest that skills composition and education levels influence levels of remittance. Countries sending highly educated and skilled migrants would receive less per capita remittances possibly because these migrants would bring their families to the adopted country. Conversely, migrants with low skills or education would increase their remittances as they are likely to return to their home country (Adams 2009). Bloch (2006) found that Zimbabwean migrants in both South Africa and the UK had on average higher education qualifications than the

nonmigrant population, although fewer of the migrants in South Africa than the UK held formal qualifications.

Studies have shown a decline in the volume of remittance as income rises and also the fact that when migration occurs with the intention of permanent stay, remittances are high in the early years and decrease sharply over time (Brown 2006). Naiditch and Vranceanu (2009) also suggest that the optimal amount of money remitted may depend on the migrant's wage and his or her evaluation of the resident's wage. Remittances would increase the poorer residents in the home country are perceive to be.

The reason for remittances to Zimbabwe correlated to the reasons for migration – a large percentage of economic remittances go to support family back home (Bloch 2006). Bloch (2006) found that 81% of the migrants sent economic remittances to Zimbabwe. In addition, the immigration status, location of close family member and the main activity in the destination country influenced the level of remittances.

**Table 2.5: Main and any other reasons, in addition to the main reason, for sending remittances (%)**



Base number main reason: 707; Missing:34

Base number additional reason/s:740; Missing:1

\*other includes fuel, one-off money for weddings or funerals, food education costs

Source Bloch (2006)

## **CHAPTER 3: Research questions and propositions**

In this chapter the purpose of the research is defined. The objectives of the proposed research and the research questions are included

### **3.1 Proposed research objectives**

The proposed research method is quantitative and the objective of the proposed research is

1. To determine whether the choice of remittance channels was influenced by the migrant's profile. The questions would determine
  - the influence of the migrant's demographics on remittances to include: age, education and income levels, occupation period, remittance duration
  - the extent to which the migrant's status influenced the choice of remittance channel
  - the level of understanding by the migrants of both channels

2. The drivers behind the use of formal and informal remittance channels, from a Zimbabwean migrant's perspective. The research questions will include

- the extent of the use of informal and formal channels
- the influence that the nature of the remittance (money or goods) has on the choice of the channel
- the influence of cost on the choice of remittance channels
- the influence that security, speed, easy access and guarantee have on the remittance channel selected
- the frequency of using the channels

3. To understand the impact of the adopted country on the migrant's remittance decisions. The research question will attempt to gain and understanding of

- the remittance frequency of the migrants
- the reasons for the remittances
- the influence of the length of stay in the adopted country on remittance levels

## **CHAPTER 4: Research methodology**

### **4.1 Proposed population and sample**

The population was Zimbabwean migrants remitting money and/or goods in kind to Zimbabwe. The population was limited to the UK, the USA and South Africa.

#### **4.2.1 Sample**

The sample was limited to migrant Zimbabweans currently residing in South Africa, the UK and the USA. The countries were selected in line with Zimbabwe's Reserve Bank target countries for the Home Link promotion launched in 2004 (Maphosa 2005). It is assumed that these countries would have the largest population of Zimbabwean migrants.

It was expected that the samples would be homogeneous with minor differences. The main difference would be the country of residence for the migrants with South Africa being a neighbour to Zimbabwe and classified as a developing country and the UK and USA being situated very long distances from Zimbabwe and classified as developed countries.

The sample included all migrants documented and undocumented including those who have taken up citizenship in their adopted country. Undocumented migrants and asylum seekers sending remittances to Zimbabwe were also included.

Only responses from South Africa, the UK and the USA were considered for this research.

#### **4.2.2 Sampling methodology**

Distance, country location and education levels necessitated the use of nonprobability sampling using mixed modes proposed by Zikmund (2003). The data were collected using a combination of self-completion online questionnaires and printed self-completion questionnaires to reduce the elimination of respondents who had no access to emails and the internet.

#### **4.2.3 Pre-testing**

Pre-testing of the questionnaire to examine whether there were any problems was conducted. Zimbabwean migrants from a church group in South Africa were used to pre-test the questionnaire. A total of 17 subjects commented on the questionnaire and they were not included in the edited or second questionnaire.

The following changes to the questionnaire were made:

- The ordering of the questions - Most respondents felt that some of the questions could be grouped to make the questionnaire easier to answer.
- Initially the Likert scale-type questions were separated from the multiple-choice questions even if some of these questions were linked. Respondents in many instances felt that these could be combined; as a result, where there was a link between the multiple-choice question and Likert-scale type questions, these were grouped together for continuity and improving the flow of the questionnaire for the respondent.
- The questionnaire was considered to be too long as it consisted of seven pages. This was reduced to six.
- Testing for actual wording. One question had to be changed as it was not explicit in what it meant.

The online questionnaire was not tested as it was structured in the same way as the printed version. From an administration point of view, the online questionnaire was easier to administer as all fields were compulsory and did not require the researcher to monitor whether all sections had been answered, whereas this was required for the printed self-completion questionnaire.

### **4.3 Distribution of questionnaires and data collection**

To ensure that the sample was heterogeneous the questionnaire was distributed via

- personal Zimbabwean contacts in the three targeted countries. The personal contacts were requested to distribute the questionnaire to their contacts.
- groups which included churches and organisations that work with and for Zimbabweans
- Zimbabwean social networks such as Facebook

#### **South Africa**

Two methods of data collection were used in South Africa:

- Printed self-administered questionnaires distributed mainly through a Zimbabwean church group. Respondents were monitored and assisted with responding to questions to ensure that they understood the questions and completed all the sections.
- Online questionnaire distributed to Zimbabwean contacts, groups and via Facebook. Contacts were also requested to distribute the questionnaire to other Zimbabweans on their contact list.

## **United Kingdom and United States of America**

- Owing to distance and the fact that the researcher is based in South Africa an online questionnaire was the only form of data collection used. Contacts were also requested to distribute the questionnaire to other Zimbabweans on their contact list.

### **4.4 Research limitations**

Using different methods of data collection can result in mode effects, as the way in which questionnaires are administered can affect the way in which people respond (De Vaus 2002 quoted in Bloch 2006). The two methods are important for the following reasons:

- All migrants in the USA and the UK were accessed online because of distance and geographical spread, as well as the location of the researcher. Online questionnaires have a lower response rate than printed self-administered questionnaires (including research). The researcher made several attempts to increase the number of respondents to 50 for each country; however, given the time limits it was not possible to get the numbers. However, migrants in both the UK and the USA are expected to be homogenous and the two countries were combined for this research to total 58.

- Bloch (2008) found a strong preference among educated and literate Zimbabweans for a web-based version of the questionnaire.
- Issues of confidentiality and anonymity could have made some Zimbabwean migrants uncomfortable about completing the questionnaire as they may have left on the basis of their economic or political refugee status and would not want their identities disclosed.
- The use of an online questionnaire excluded migrants in all three countries who had no access to email and whose English language literacy is limited, if face-to-face interviews are excluded (Bloch 2007).
- The use of my contacts could have created bias.

#### **4.5 Data analysis**

Data collected were cross sectional and included the following:

1. Categorical variables such as:

- education levels (none, high school, college degree)
- skill levels (skilled, unskilled)
- income levels and other similar variables

The procedure for analysing this information used a log linear model – correspondence analysis exploring the relationship between categorical variables (Fletcher 2008).

## 2. Numerical data

The numerical data will be analysed using correlation analysis to examine linear associations and relationships graphically. Data will be represented using applicable graph types.

## 4.6 Consistency matrix

**Table 4.6 consistency matrix**

<b>PROPOSITIONS/QUESTIONS HYPOTHESIS</b>	<b>LITERATURE REVIEW</b>	<b>DATA COLLECTION TOOL</b>	<b>ANALYSIS</b>
Research Question 1 To determine whether the choice of remittance channels was influenced by the migrant's profile.	Bloch (2006) Pieke et al (2007) Maphosa (2007)	Questions under question 1	Frequency analysis
Research Question 2 The drivers behind the use of formal and informal remittance channels from a Zimbabwean migrants perspective	Brown (2007) Bloch (2006) Maphosa (2007)	Question 1 & 2	Frequency analysis
Research Question 3 To understand the impact of the adopted country on the migrants remittance decisions	Maphosa (2007) Pieke et al (2007)	Question 1 and 3	Frequency analysis

## CHAPTER 5: Results

### 5.1 Sample characteristics

The sample included all migrants documented and undocumented including those who have taken up citizenship in their adopted country. Undocumented migrants and asylum seekers sending remittances to Zimbabwe were also included. There were a total of 124 responses received as follows:

**Table 5.1 research responses**

Country	Responses
South Africa	60
UK	37
USA	21
Other	6
<b>Total</b>	<b>124</b>

Only responses from South Africa, the UK and the USA were considered for this research. Therefore the total number of responses analysed was 118.

The researcher was unable to get 50 responses from each country. The numbers were only achieved in South Africa largely due to the fact that 43 of the responses received were from printed copies of the questionnaire. Only 17 of the responses

from South Africa were received online. The UK and USA samples were treated at one sample for the purposes of this research.

**Question 1: To determine whether the choice of remittance is influenced by the migrants' profile**

**The migrants' age profile**

For SA: The majority of the migrants were between the ages of 26 and 30 years – 27 responses. Between the ages of 21 and 25, and 31 and 35, there were 11 responses in each category; the age group 36 to 40, there were 6 responses; 41 to 45 and above 50, there were 4 and 1 response respectively.

For the UK and USA combined: The majority of migrants were between the ages of 36 and 40 years - 17 responses were received; the age group 21 to 25, there was 1 response; for the age groups 31 to 35 and 41 to 45, there were 10 responses each; for the age groups 26 to 30 and 41 to 45, there were 8 responses each; and for the age groups 45 to 50 and above 50 there were 8 and 4 response respectively.

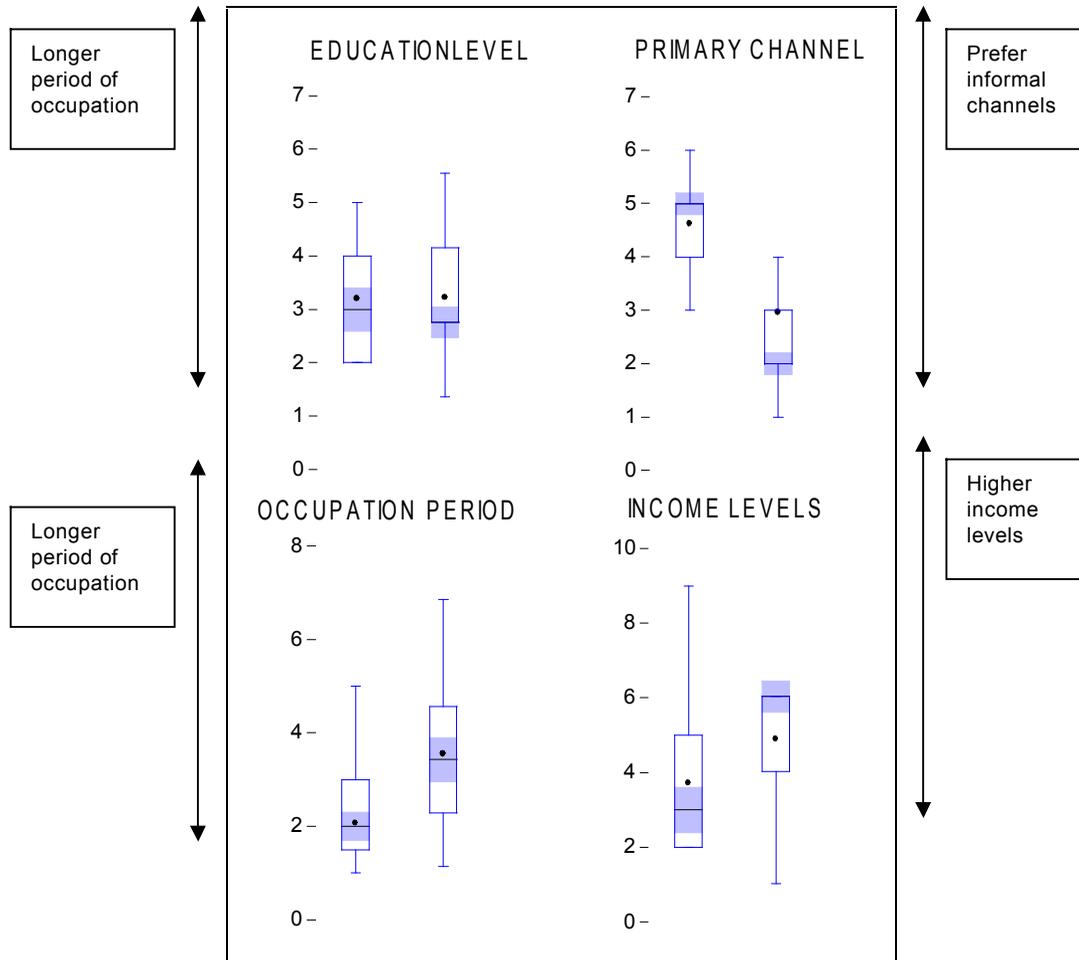
## **The migrants Income levels**

For SA: The majority of the migrants or 24 in SA earned a monthly income of between R1001 and R4999 , 12 earned between R5000 and R9999. The two income ranges R10 000 and R14 599 and R40000 and above had 6 responses each. The lowest income group between R1 000 and R1 499 only had two respondents.

For the UK & USA: The majority or 38 of the respondents earned a monthly income of £/\$2500 or more, while between £/\$2000 and £/\$2499 there were 6 responses; Between the income levels £/\$1000–1499 and £/\$1500–1999 there were 5 responses each; between £/\$500 and 999 there was 1 response and 3 respondents earned less than £/\$500.

## Migrants' education levels, period of occupation and primary channel

**Table 5.2: Migrant profile and period of occupation**



The box plots above compare the UK/USA and SA samples. The box plots to the left represent the SA sample and those on the right the UK/USA sample. The information in the box plots can be summarised as follows:

## **Education:**

The data for education was coded as follows: 1 Primary, 2 High school, 3 Diploma, 4 Degree, 5 Masters, 6 Phd

The UK & US box plot is slightly towards the top (higher levels of education), than the SA box plot. The SA Box plot shows that education levels are approximately symmetric on each side of the median, although the mean is slightly above the median. There are no outliers. The whisker extends to the top (higher education level of 5 (masters education) and does not exceed that level.

The UK & US sample centred between the whiskers, extending to 6 (Phd level) the highest education level and the lowest level 1 (primary level). There is no median and the mean is higher than the median.

## **Remittance channels**

Remittance channels were coded as follows: 1 Banks, 2 MTO, 3 Business transactions, 4 Family/friends, 5 Cross boarder transporters, 6 Self delivery.

The SA box blot is considerably more towards the top compared to the UK&SA Box plot. Migrants in SA are more likely to use informal channels, whereas

migrants in the UK/USA are less likely to choose these channels. The SA box plot is centred between the whiskers which extends to 3 ( Business transaction) on the lower end and 6 ( self delivery) on the upper end. The majority of the sample 50% is between 4 and 5 which are informal channels. The UK& SA box plot is centred between the whiskers 1 on the lower end and 4 on the upper end. The mean and median for the UK and US are lower than the SA sample suggesting a leaning towards formal channels.

### **Occupation period:**

Occupation periods were coded as follow: Less than 1 year (1), 2 -5 years (2), 5-10 years (3), 10-15 years (4), 15-20 Years (5), over 20 years (6).

The UK & US box plot is considerably more towards the top than the SA box plot. Migrants in SA have been in their adopted country for a shorter period, whilst migrants in the UK/USA have been in their adopted country for longer periods of time. Both box plots are skewed with the SA box plot more positively skewed than the UK and SA box plot. This is indicated by the following: (1) the median is closer to the lower numbers (3) whisker on the top of the box plot extends farther to the right than the whisker at the bottom although there are no out liers.

### **Income levels:**

Income levels were coded as follows

The lowest income levels for both the SA and the UK & US samples had the lowest code. The code increases as the income levels increased. Therefore the highest income level had the highest code.

The box plot for migrants in SA was considerably more to the lower end than the US and UK box plot. The SA box plot is positively skewed. The majority of the migrants earn between income levels 2 and 5 towards the lower income levels. The whisker extends to the highest income level. Migrants in the UK&USA earn more than migrants in South Africa. The majority 50% of migrants are between income levels 4 and 6 towards the higher income levels.

### **The migrants' gender**

Migrants were asked to indicate their gender. Table 5.3 and 5.4 below are a representation of the migrants' gender and choice of remittance.

Total migrants: 118, with 41 (35%) females and 77 (65%) males.

For SA: Female migrants, 21 (37%) and male migrants, 36 (63%). Informal channels: females 20(35%),males 37(63%). Formal channels: females 1(1.8%), males 2(4%)

For the UK and US combined: Females migrants 20 (34%) and male migrants 38 (66%). Informal channels 4(7%) females, males 5(9%). Formal channels females 14(24%), males 30(58%).

**Table 5.3: Gender profile and choice of remittance channel**

Primary Channel	Country		Gender	
	SA		UK/US	
	Female	Male	Female	Male
Banks				1
<b>Money transfer operators</b>	1	1	13	29
Business Transaction		1	1	
<b>Friends/Family</b>	10	15	1	2
Cross border delivery transport	7	17	2	2
Self delivery	3	4	1	1
Multiple		1	2	3

**The impact of the migrant status**

**Table 5.4: Migrant status and the choice of remittance channel**

Country	Primary Channel	Migration Status							
		Permanent Residence	Work	Accompany spouse	Refugee Status	Asylum seeker	Student	Undoc.	Other
SA	Money transfer operators		1				1		
	Business Transaction					1			
	<b>Friends/Family</b>	7	15			1	1		1
	<b>Cross border delivery transport</b>	1	13	1		5	2	2	
	Self delivery	1	6						
	Multiple			1					
UK/US	Banks	1							
	<b>Money transfer operators</b>	25	8		2	2	2	2	1
	Business Transaction			1					
	Friends/Family	2	1						
	Cross border delivery transporters	2	2						
	Self delivery		2						
Multiple	3	1	1						

The table above represents the primary channel of remittance by migrant status.

For SA: Forty-one remitted through informal channels, which was represented by 10 remitting through friends/family and 24 through cross-border delivery transport; seven remitted through self-delivery; and three remitted via formal channels (money transfer operators and business transactions).

Thirteen migrants with work permits remitted through friends/family, 13 through cross-border delivery transport and six used self-delivery. Five asylum seekers remitted through cross-border channels while friends/family and business transactions were used by one each.

For the UK/SA: Forty-four remitted through formal channels represented by 42 money transfer operators; one each through business transactions and banks respectively. Twenty-five migrants with work permits remitted through money transfer operators, eight with work permits, while refugees, asylum seekers, undocumented migrants accounted for two each. The category “other” included one migrant. Business transactions and banks accounted for one each.

Fourteen migrants remitted through informal channels, while migrants with permanent residence displayed the following breakdown: one friends/family, two cross-border delivery transport, two self-delivery and one used multiple channels.

Migrants with work permits were represented as follows: two friends/family, two cross-border delivery transporters, two self-delivery, one multiple channels. Other migrant status categories had little or no representation.

### Level of understanding

The table 5.5 shows the percentage that did not understand the two main channels of remittance:

**Table 5.5: Level of understanding of remittance channel**

	Doesn't understand	
	Regulated	Unregulated
All Immigrants	16%	26%
South Africa	28%	22%
UK/US	3%	31%

For SA: A relatively large percentage of Zimbabweans living in South Africa do not understand the formal channels of remittance (28%).

For UK/USA: Only 3% of immigrants in the UK and USA do not understand the regulated means of remittance, 31% do not understand unregulated remittance channels – perhaps as a result of not being fully up to date with methods employed within the region.

## Impact of education on ability to understand the two main channels of remittance – percentage that did not understand

**Table 5.6: Education and remittance channels**

	Education Level				
	High school	Diploma	Degree	Masters	PhD
Regulated remittance processes	47%	21%	11%	16%	5%
Unregulated remittance processes	23%	10%	32%	29%	6%

Table 5.6 above shows the impact of education on the ability to understand the two channels.

**High school level:** 47% did not understand the regulated remittance channels whilst only 23% did not understand regulated channels.

**Diploma:** 21% did not understand regulated remittance channels and only 10% did not understand unregulated remittance channels.

**Degree:** 11% did not understand regulated remittance processes and 32% did not understand unregulated remittance channels

**Masters:** 16% did not understand regulated remittance channels and 29% did not understand unregulated remittance channels.

**PhD:** 5% did not understand regulated remittance channels and 6% did not understand unregulated channels.

## Question 2

### The extent of the use of informal and formal channels:

Table 5.7 below shows the preferred (primary) remittance channel

From SA: A majority of chose informal channels 56 (93%). The largest channel used being cross-border delivery transport and friends and family (4 (40%) and 25 (41%) respectively.

From USA and the UK combined: A majority of migrants 43 (74%) use formal channels. The largest channel used being money transfer operators (MTOs) 41 (71%).

**Table 5.7: Primary remittance channels**

Channel	Country	
	South Africa	US/UK
All of the above	1	5
Banks		1
Business transaction	1	1
Cross-border delivery transport	24	4
Friends/Family	25	4
Money transfer operators	2	41
Self delivery	7	2

The table 5.8 below compares migrants in South Africa to those living in the UK and USA in terms of choice of remittance channel. Remittance channels were assigned the following codes for analysis purposes:

(Low = Formal; High= Informal).

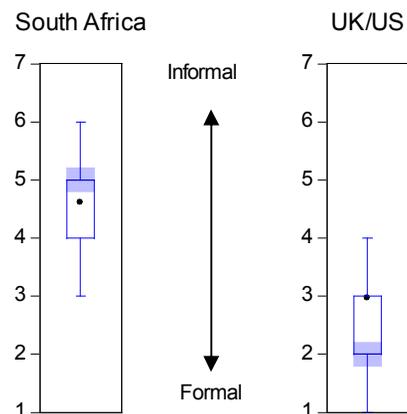
1. Banks
2. Money transfer operators (MNS) e.g. Western Union, Runniest
3. Business transaction
4. Friends/family
5. Cross-border delivery transport
6. Self-delivery
7. Other

Scores 1–3 are formal channels of remittance whereas scores 4–7 are considered to be informal.

**Table 5.8: Choice of remittance channels**

Choice of remittance channel

	South Africa	UK & US
Mean	4.64	2.97
Median	5.00	2.00
Maximum	8.00	8.00
Minimum	2.00	1.00
Std. Dev.	0.97	1.91
Skewness	0.19	1.74
Kurtosis	5.29	4.70
Jarque-Bera	13.04	36.31
Probability	0.00	0.00



For SA: The box plot representing SA on the left is considerably towards the upper end of the scale with the median (5.00) being higher than the mean (4.64). The box plot is between 4 and 5 which is a leaning towards informal remittance channels

For the UK/USA combined: The box plot representing the UK is considerably positioned towards the lower end of the scale. The mean (2.97) and the median (2.00) are also on the lower end of the box plot. The box plot is also lies between 2 and 3 which suggests a leaning towards formal remittance channels.

### **Impact of the nature of the remittances**

Cash:

From SA: eighty-eight percent takes place via friends/family and cross-border delivery transport.

From UK/USA: eight-four percent takes place via money transfer operators.

Goods:

From SA: only occur via friends/family & cross border delivery transport.

From UK/USA: tend not to send goods only – sent in combination with cash.

Both cash and goods:

From SA: mostly via friends/family, cross-border delivery transport or self-delivery (92% of total).

From the USA and UK: only 9% send both via friends/family and cross-border delivery transport.

**Table 5.9: Remittance channels for both cash and goods**

Main Form of Remittance	Channel	Country	
		South Africa	US/UK
Both	All of the above	1	4
	Business Transaction	1	1
	Cross border delivery transport	9	2
	Friends/Family	15	3
	Money transfer operators	1	9
	Self delivery	6	1
Cash	All of the above		1
	Banks		1
	Cross border delivery transport	7	2
	Friends/Family	7	1
	Money transfer operators	1	31
	Self delivery	1	1
Goods in kind	Cross border delivery transport	8	
	Friends/Family	3	
	Money transfer operators		1

### **Influence of cost**

Formal channels: one hundred percent of the migrants in South Africa agreed that cost influences their choice of formal channel. Ninety-one percent of migrants in the UK/USA agreed and 9% disagreed that cost influences their choice of remittance channels

Informal channels: eighty-two percent of migrants in South Africa agreed that cost influences their choice of remittance channel and 9% disagreed. Seventy-five

percent of migrants in the UK and USA using informal channels agreed that cost influences their choice of remittance channel.

**Table 5.1.1: Remittance cost**

Country	Channel	Cost Influences	
		Agree	Disagree
South Africa	Formal	100%	0%
	Informal	82%	18%
UK/US	Formal	91%	9%
	Informal	75%	25%

### **Influence of security, cost, guarantee, speed and easy access**

The variables in table 5.1.2 were compared for migrants in UK/USA and South Africa. The coefficients within each variable were marginally different. For both the UK/USA and SA all the variables were statistically significant.

For SA: The coefficients in chronological order starting with the most important variable were as follows:

Guarantee            4.28

Easy access        4.11

Security            3.96

Speed              3.88

Low cost          3.60

For the US and UK combined: The coefficient in chronological order starting with the most important variable

Guarantee	4.19			
Easy access	4.08	&	Security	4.08
Speed	4.01			
Low cost	3.60			

Easy access and security had equal coefficients for the UK and US migrants.

**Table 5.1.2 Impact of remittance variables**

Variable	Coefficient t	Std. Error	t-Statistic	Prob.
<b>Dependent Variable: LOWCOST</b>				
South Africa	3.600000	0.156907	22.94349	0.0000
UK/US	3.500000	0.162414	21.54981	0.0000
<b>Dependent Variable: SECURITY</b>				
South Africa	3.966667	0.146343	27.10531	0.0000
UK/US	4.089286	0.151479	26.99569	0.0000
<b>Dependent Variable: GUARANTEE</b>				
South Africa	4.283333	0.142566	30.04465	0.0000
UK/US	4.196429	0.147569	28.43698	0.0000
<b>Dependent Variable: SPEED</b>				
South Africa	3.883333	0.152544	25.45706	0.0000
UK/US	4.017857	0.157898	25.44582	0.0000
<b>Dependent Variable: EASY ACCESS</b>				
South Africa	4.116667	0.133955	30.73167	0.0000
UK/US	4.089286	0.138657	29.49214	0.0000

**Question 3:** To understand the impact of the adopted country on the migrants remittance decisions.

**Table 5.1.3: Remittance frequency**

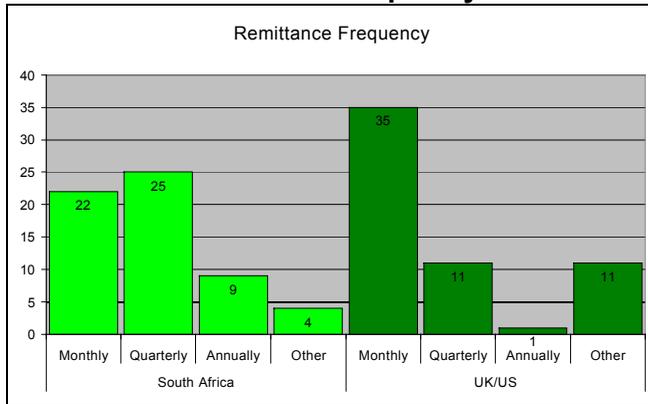


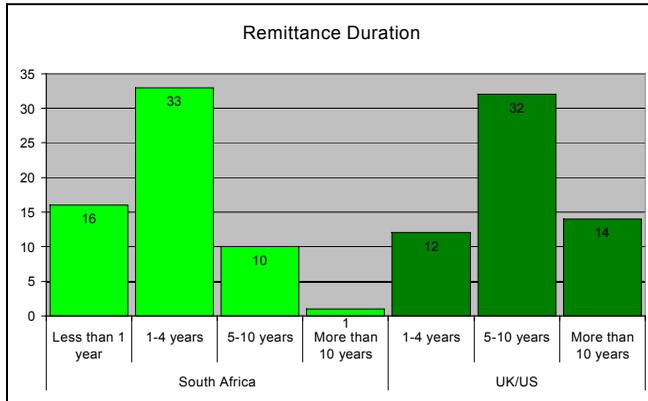
Table 5.1.3 above shows the frequency of remittances by migrants

For SA: twenty two of the migrants remitted monthly, 25 quarterly, 9 annually and 4 other

For UK and SA: thirty six of the migrants remitted monthly, 11 quarterly, 1 annually an 11 other

## The influence of the length of stay in the adopted country

**Table 5.1.4 Remittance duration**



For SA: Thirty three migrants had only been in SA for a period of 1-4 years, 16 less than 1 year, 10 for a period of 5-10 years. Only 1 had been in SA for more than 10 years.

For the UK and US combined: Thirty two of the migrants had been in SA for 5-10 years, 14 more than 10 years and 12 1-4 years. No migrants had been in the UK and US for less than 1 year.

## **CHAPTER 6: Discussion of results**

### **Question 1: To determine whether the choice of remittance is influenced by the migrants' profile**

The demographics of the two samples of migrants in SA and the UK and the USA combined seem to illustrate some structural differences, most of which are similar to previous findings. Bloch (2008) found that a higher number of Zimbabwean migrants arriving in the UK held formal qualifications compared to those arriving in South Africa. Migrants in South Africa were generally unskilled, with low levels of education and the main motivation to migrate was economic (Bloch 2006). Findings also show the South African sample to have a larger portion of recent arrivals than the UK sample (Bloch 2006). The UK introduced visa restrictions in 2002 (Bloch 2006), and SA removed visa restrictions in 2009, increasing the number of Zimbabwean migrants entering the SA. It is also possible for migrants to have “border jumped”, entering South Africa without any formal documents (Bloch 2006).

The research findings are analysed as follows:-

- The UK and US sample combined were on average older and more educated than the South African sample and have been in their adopted country for a longer period of time.
- The UK and US sample remit more regularly and have been doing so for a longer period of time. This could be a function of these currencies being stronger (Hanson 2008). The exchange rate value of the pound sterling and the US dollar is higher than the rand. Smaller amounts from migrants sending in currencies with a higher value translate into more substantial amounts of money to the remittance receiver, allowing for increased spending on education, durable goods and investments (Hanson 2008).

Remittances have also been found to have negative effects on a currency which include the appreciation or depression of the exchange rate (Catrinescu et al 2008). Anecdotal evidence suggests that Zimbabwean migrants invested in residential property in Zimbabwe which resulted in an increase in the price of property, making it unaffordable for the local residents. In recent years, Zimbabwe has experienced hyper inflation part of which could have been due to the remittances received and used mainly for consumption which helps to fuel inflation.

- The UK and US sample earn more than their SA counterparts – a function of higher educational levels and higher older average age. All other things being equal (*certeris paribus*), high skilled (educated) migrants have been found to remit less than low-skilled migrants (Adams 2008). The reason for this could be that higher skilled migrants tend to move with their nuclei families and settle in their adopted country, whilst low skilled migrants are more temporary in nature and likely to move back to their home country (Adams 2008).

The research results found that the UK and US migrants remitted more regularly than SA migrants and in addition the UK and US migrants remit higher amounts than their South African counterparts. We would expect the opposite to be happening. The results do not offer an explanation for this although it may be due to the close family ties that Zimbabwean migrants still have in Zimbabwe (Bloch 2006). Secondly the Zimbabwean economy has been on the decline increasing household poverty. Migrants are obligated to remit largely for altruistic reasons as they supplement declining family incomes thereby reducing poverty (Maphosa 2007).

Structural differences illustrated in **Table 5.2** are further explained below:

Among the migrants in the UK & the USA, formal methods of remittance was the main mode of transferring cash, whereas Zimbabweans living in South Africa are much more likely to make use of informal channels (friends/family and cross-border delivery transport) irrespective of their migrant status or education level or the type of remittance.

The difference in the choice of remittance channel selected by the migrants in the two samples seems to be influenced by the geographical location and the financial structures of the country. South Africa has a large number of cross-border transporters operating between Zimbabwe and South Africa. The fact that Zimbabwe shares a boarder with South Africa is an important factor in promoting the growth of cross-border transport operators. Informal channels including friends and family are also more likely to physically deliver the remittance to the receiver. This is referred to as an important factor by two of the respondents:

*“Because they reach at my home.”*

*“Generally fine and it reached even rural area.”*

Migrants in the UK and USA have access to a large number of formal channels particularly the money transfer operators (MTO). One respondent comments on MTOs as *“Easy to use and they are found almost everywhere in the UK”*. The use

of formal remittance channels can also be attributed to improved technology and the increase in competition amongst formal channels (Pieke et al 2007: Freund & Spatafora 2008). This is confirmed by a respondent in the UK who wrote: “*Several transfer agencies have sprung up in the UK. I use mukuru.com they are efficient, cash is generated within 24 hours*”. Similarly, a migrant in the USA wrote “*You can scan who is offering the best deal at each time, diversity in market has led to competitiveness and consumer choice*”.

### **6.1.1 Education level and its impact on choice of remittance channel**

Table 6.1 and 6.2 below show a regression analyses of the choice of remittance channel and education levels for SA and the UK and the USA respectively. Education variables were assigned the following codes for analysis purposes:

(Low = Formal; High= Informal).

1. Primary
2. High school
3. Diploma
4. Degree
5. Masters
6. PhD

**Table 6.1: South Africa – Primary remittance channel**

Dependent Variable: PRIMARY\_CHANNEL

Method: Least Squares

Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
High School	4.590909	0.206892	22.18989	0.0000
Diploma	4.583333	0.280133	16.36128	0.0000
Degree	4.500000	0.228728	19.67406	0.0000
Masters	5.000000	0.343091	14.57338	0.0000

**Table 6.2: UK/US – Primary remittance channel**

Dependent Variable: PRIMARY\_CHANNEL

Method: Least Squares

Included observations: 58 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
High School	2.000000	1.921108	1.041066	0.3026
Diploma	2.100000	0.607508	3.456746	0.0011
Degree	3.380952	0.419220	8.064862	0.0000
Masters	3.047619	0.419220	7.269734	0.0000
PhD	2.800000	0.859146	3.259052	0.0020

The results for both SA and the UK (with the exception of High school results for the UK/US) are statistically significant. Migrants in South Africa were far more likely to make use of informal remittance channels irrespective of their education. An education level of 2 (high school) results in a coefficient of 4.5 whereas a higher level of education (levels 4 & 5) resulted in a coefficient of 4.5 and 5 respectively. Migrants in SA are likely therefore to use informal channels which are seen to be as secure and as efficient as formal channels.

There is also enough anecdotal evidence to show that the number of undocumented migrants in SA across all levels of education is high. They therefore find informal channels more convenient as they are not required to produce any documentation. These channels do not have the stringent documentation requirements needed in a formal channel allowing for speed of delivery (Maphosa 2007). The research also found that the SA migrants had lower education (skills) levels which could explain the preference for informal channels. The preference for informal remittance channels is reflective of a low financial literacy and could also be linked to a widespread distrust of the government of the migrant's home country and its financial institutions (Brown 2006).

In the case of the UK & US migrants, an education level of 4 (degree level) proved the most likely to make use of informal channels of remittance whereas education levels 2, 3 & 6 (high school, diploma and Phd) were more likely on average to make use of formal remittance channels. The co-efficient for high school level education is statistically insignificant. This would be due to the small size of the sub-samples.

### 6.1.2 Impact of gender

The analysis in table 6.3 below explores the impact of gender on the choice of remittance channel. For the purposes of this analysis, the remittance channels were assigned the following codes:

1. Banks
2. Money transfers (e.g. Western Union, Runniest)
3. Business transaction
4. Friends/family
5. Cross-border transport
6. Self-delivery
7. Banks.

Both results were statistically significant with the regression suggesting that although males are slightly more likely to make use of informal channels, the difference is not significant enough to come to a meaningful conclusion. Thus, gender alone seems to have very little impact on the migrant's choice of remittance channel.

**Table 6.3: Gender – primary remittance channel**

Dependent Variable: PRIMARY_CHANNEL				
Method: Least Squares				
Included observations: 116				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Female	3.950000	0.271705	14.53780	0.0000
Male	3.736842	0.197116	18.95759	0.0000

### 6.1.3 The migrant's status

Table 6.4 below compares migrants based on their migrant status in terms of their choice of remittance channel. Remittance channels were assigned the following codes for analysis purposes:

(Low = Formal; High= Informal).

1. Banks
2. Money transfer operators e.g. Western Union, Rennies
3. Business transaction
4. Friends/family
5. Cross-border delivery transport
6. Self-delivery
7. Other

**Table 6.4: Migrant status – primary remittance channel**

Dependent Variable: PRIMARY\_CHANNEL

Method: Least Squares

Included observations: 116

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Permanent Residence	3.097561	0.247582	12.51126	0.0000
Work	4.395833	0.228818	19.21104	0.0000
Accompany spouse	6.000000	0.792649	7.569556	0.0000
Refugee Status	2.000000	1.120975	1.784161	0.0772
Asylum seeker	4.000000	0.528433	7.569556	0.0000
Student	3.333333	0.647195	5.150430	0.0000
Undocumented	3.500000	0.792649	4.415574	0.0000
Other	3.000000	1.120975	2.676242	0.0086

The migrants' status seems to have an impact on the channel of remittance they prefer using. Although it is difficult drawing any meaningful conclusions given the size of the subsamples, some conclusions can be drawn when comparing migrants' status across countries.

When isolating migrants with residency or work permits (see table 5.5), it is clear that there is a difference between migrants now living in South Africa and those living in the UK and USA. Although they have the same status, these migrants still remit via different channels. Thus, it can be concluded that the country of occupation has a greater impact on remittance channel than the migrant's status.

### **6.1.3 Level of understanding**

Table 5.6 shows that only 3% of migrants in the UK and USA did not understand regulated means of remittance.

A relatively large percentage of Zimbabweans living in South Africa do not understand the formal channels of remittance (28%). This is overcome by sending money and goods via friends/family and cross-border transport.

As expected, regulated remittance channels are best understood by migrants of a higher education level (table 5.6). Those with at least a degree are more than four times as likely to understand the formal means of remittance. Unsurprisingly perhaps is that migrants with a high school education or less understand unregulated channels better than those with a degree and those in possession of a masters qualification. This could be as a result of these migrants being familiar with unregulated processes, having probably made use of them many times previously.

The regression analysis below illustrates the understanding of regulated and unregulated remittance processes based on the migrant's country of occupation. Answers were scored in the following fashion for the purposes of this analysis:

1 = Strongly Disagree to 5 = Strongly Agree. A higher score thus translates into a greater understanding of that particular channel of remittance.

As expected, Zimbabweans living in the UK and the USA show a greater understanding of the regulated remittance channels (an average understanding score of 4.1 vs. the South African sample's 3.3). The situation is reversed in the case of unregulated channels where the South African sample showed a marginally greater understanding (3.4 vs. 3.2).

**Table 6.5: Understanding of regulated remittance channels**

Dependent Variable: UND\_REG  
Method: Least Squares  
Included observations: 116

Variable	Coefficient	Std. Error	t-Statistic	Prob.
South Africa	3.333333	0.129691	25.70206	0.0000
UK/US	4.071429	0.134243	30.32875	0.0000

**Table 6.6: Understanding of Unregulated remittance channels**

Dependent Variable: UND\_UNREG  
Method: Least Squares  
Included observations: 116

Variable	Coefficient	Std. Error	t-Statistic	Prob.
South Africa	3.550000	0.162700	21.81926	0.0000
UK/US	3.178571	0.168411	18.87392	0.0000

Zimbabweans in the UK /US have been in their adopted countries for longer and seem to have the opportunity to improve their education levels and get better paying jobs. Their Knowledge of informal channels could be a result of better access to information on the internet and email.

## 6.2 The extent and use of the informal and formal channels

### Primary remittance channel

In table 6.7 below regressing the choice of remittance channel on the country produces the following results:

Both coefficients are statistically significant. Migrants are likely to take into consideration their individual social and economic situation to weigh the costs and benefits of using either the formal and informal sector (Stanley & Bhattacharya 2006).

The coefficient for South Africa (4.62) suggests a much stronger dependence on informal remittance channels. The fact that informal remittance channels have proven to be more efficient and provide for special migrant needs make them the preferred channel (Brown 2008). The channel is less intimidating to the migrant as there are fewer or no regulatory requirements (Brown 2008). An increase in remittance costs increases the use of informal channels impacting negatively on recorded remittances. Conversely reducing costs by 1% will increase the use of formal channels and recorded remittances by 14 to 23% (Freund & Spatafora 2008). The bulk of remittances in sub-Saharan African countries facing high transaction costs are informal – the relatively small informal sector in Latin America

can be attributed in part to reduced MTO transmission costs (Freund & Spatafora 2008).

The coefficient of the UK/US sample (2.94) suggests a leaning towards formal channels. The UK and USA have more competition within the financial services, which results in reduced costs and a move from the informal to formal channels (Freund & Spatafora 2008).

**Table 6.7: Primary channel**

Dependent Variable: PRIMARY_CHANNEL				
Method: Least Squares				
Included observations: 116				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
South Africa	4.616667	0.193846	23.81611	0.0000
UK/US	2.946429	0.200650	14.68442	0.0000
R-squared	0.239190	Mean dependent var		3.810345
Adjusted R-squared	0.232516	S.D. dependent var		1.713952
S.E. of regression	1.501527	Akaike info criterion		3.667934
Sum squared resid	257.0226	Schwarz criterion		3.715409
Log likelihood	-210.7402	Hannan-Quinn criter.		3.687206
Durbin-Watson stat	1.762914			

The mean value of South Africa is higher (4.64 vs. 2.97) – based on the scoring system mentioned under 6.1.3 – illustrating a higher dependence on informal channels. The same can be said of the median – South Africa = 5; UK/USA = 2.

Neither series is normally distributed as the Jacque-Bera null hypothesis can be rejected in both instances. The UK/US series has a long left tail judging by the skewness score, further highlighting its reliance on formal channels.

### 6.2.1 Impact of nature of goods on choice of channel

From UK/USA combined: This would seem to depend on type of remittance at that particular time – cash via MTOs and goods via cross-border transport and friends/family.

The following scores were assigned as the main form of remittance for the purposes of this analysis:

1.	Cash
2.	Goods
3.	Both

Below (table 6.8 & 6.9) are the respective regressions of primary remittances on the main form of remittance. Zimbabwean migrants living in South Africa are likely to make use of informal channels of remittance irrespective of the types of good they are sending. Zimbabweans living in the UK and the USA are likely to make use formal remittance channels when sending cash. However, when sending both cash and goods these immigrants are more likely to make use of an informal remittance channels.

**Table 6.8: South Africa cash/goods/both**

Dependent Variable: PRIMARY\_CHANNEL  
Method: Least Squares  
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Cash	4.437500	0.242096	18.32952	0.0000
Goods	4.727273	0.291978	16.19048	0.0000
Both	4.666667	0.168574	27.68322	0.0000

**Table 6.9: UK/US Cash/goods/both**

Dependent Variable: PRIMARY\_CHANNEL01  
Method: Least Squares  
Included observations: 58 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Cash	2.459459	0.295868	8.312701	0.0000
Goods	2.000000	1.799693	1.111301	0.2713
Both	3.950000	0.402424	9.815529	0.0000

## 6.2.2 Influence of costs on remittance channels

The cost of remittance channels for both the migrants in South Africa and the UK/US sample showed that costs play a major role in the migrant's decision on channel choice. Money remitted through these channels to Zimbabwe is received in US dollars. The Zimbabwean economy adopted the US dollar as the operating currency in the country in 2009. The costs of remitting money from the UK and the USA through formal channels are between 4 and 7% (money gram 2009; Western Union 2009). Remitting from the USA is even cheaper as there is no need to change the currency of the money. The costs of remitting money from South Africa seem to be higher upwards from 10% to approximately 14%.

Migrants are also able to pay for goods and services through formal channels for delivery to recipients in Zimbabwe. One such formal channel, Premier Services, operating from the UK offers meat, groceries, engine oil, fertilisers and sim cards to name but a few products (Premier786 2009). Goods are paid for via the internet and are delivered to recipients in Zimbabwe.

### **6.2.3 Influence of security, cost, guarantee, speed and easy access**

Table 6.1.1 below looks at the migrants' reasons for choosing their preferred remittance channel. For the purposes of the analysis answers were coded as follows:

1 = Strongly Disagree to 5 = Strongly Agree. A higher score thus translates into a greater weighting being placed on that particular reason.

The results were statistically significant. The reasons do not differ significantly when comparing migrants in South Africa to those living in the UK and the USA – that is, irrespective of where migrants are currently living, they tend to expect the same sort of things from their chosen remittance channel.

However, it is when comparing the reasons relative to one another where meaningful conclusions can be made. Irrespective of where the migrants are located, they tend to seek 1) guarantee; 2) easy access; and 3) security. Cost does not play that big a role in the choice of remittance channel – it is more important for the cash/goods to be delivered safely. The speed of the package arriving at its destination is also seen as relatively less important. In the case of informal remittance channels, guarantee can be linked to the trust in the remittance operator. The lack of insurance on remitted money or goods depends largely on trust, which increases if the channel business operator is found to be reliable (Pieke et al 2007). Guarantees on cash or goods sent via formal channels are offered in the form of security and ensures the money reaches the recipient.

Some comments from the respondents that confirm the above finding included the following:

South Africa: *“I trust the people that I deal with.”*

*“Not too many options, seriously expensive but guaranteed reliable.”*

UK and USA: *“Reliability of channel”*

*“I have been dealing with this way of sending money and groceries and have never been let down.”*

US: “Convenient accessible and safe form of remittance”

“Western union – reliable.”

**Table 6.1.1: Influence of remittance channel variables**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
<b>Dependent Variable: LOWCOST</b>				
South Africa	3.600000	0.156907	22.94349	0.0000
UK/US	3.500000	0.162414	21.54981	0.0000
<b>Dependent Variable: SECURITY</b>				
South Africa	3.966667	0.146343	27.10531	0.0000
UK/US	4.089286	0.151479	26.99569	0.0000
<b>Dependent Variable: GUARANTEE</b>				
South Africa	4.283333	0.142566	30.04465	0.0000
UK/US	4.196429	0.147569	28.43698	0.0000
<b>Dependent Variable: SPEED</b>				
South Africa	3.883333	0.152544	25.45706	0.0000
UK/US	4.017857	0.157898	25.44582	0.0000
<b>Dependent Variable: EASY ACCESS</b>				
South Africa	4.116667	0.133955	30.73167	0.0000
UK/US	4.089286	0.138657	29.49214	0.0000

## 6.3 Understanding the Impact of the adopted country on the migrants' remittance decisions

### 6.3.1 Reasons for leaving

The following table compares migrants living in South Africa to those living in the UK and USA in terms of their reasons for leaving Zimbabwe. Migrants in South Africa are far more likely to have left Zimbabwe for economic and employment-related reasons, as found in the literature by Bloch (2006), Further findings by Gupta et al (2009) confirm that South Africa and Botswana attract migrant labour searching for employment. The research findings also show that migrants in the UK and USA tend to leave the country to pursue their studies or for political reasons. This also explains why the migrants in these countries have higher education levels.

For the purposes of this analysis the following codes were assigned to the reasons for leaving:

1. Economic and employment related
2. Political
3. Study

**Table 6.1.2 : Reasons for leaving Zimbabwe**

Dependent Variable: REASONS\_FOR\_LEAVING  
Method: Least Squares  
Included observations: 116

Variable	Coefficient	Std. Error	t-Statistic	Prob.
South Africa	1.416667	0.141595	10.00503	0.0000
UK/US	2.339286	0.146565	15.96072	0.0000

The UK/USA are wealthy societies that require foreign trained talent in order supplement their own local needs (Portes 2009). The USA issues visas and work permits for a maximum of three years allowing for skilled professionals in areas experiencing shortages such as the engineering, IT and the medical field (Portes 2009).

### **6.3.2 The remittance frequency of the migrants and length of stay**

Migrants in the UK and the USA remit more regularly than migrants in South Africa and have been remitting for longer periods of time. The UK and US migrants have been in their adopted countries for longer as the majority of them have been remitting for more than five years. There were no respondents who have been remitting for less than a year. The introduction of more stringent visa requirements for the USA and the UK (Bloch 2006) has reduced the number of Zimbabweans migrating to these countries. The financial crisis that has affected the USA and the UK will also contribute to a further reduction in the number of Zimbabweans

migrating to these countries. Responses from migrants in the UK indicated that they were largely employed in the health care, social work and nursing sector. This is supported by the by the (WHO 2006 quoted in Khaliq et al 2008) , which estimates the number of Zimbabwean nurses in OECD countries to be 34% of the 9 357 working in the home country.

South Africa which had visa restrictions against Zimbabwean citizens lifted these restrictions as of 17 April 2009, allowing Zimbabweans to visit the country for periods of up to 90 days (Department of Home Affairs 2009). This move is likely to have increased the number of Zimbabwean migrants (in particular those who are unskilled) entering South Africa and the remittances they send to Zimbabwe.

## **CHAPTER 7: Conclusion**

### **7.1 Introduction**

The purpose of this research was to show that both formal and informal remittance channels benefit Zimbabwean migrant workers remitting money to their home country.

The research attempted to attain the following research objectives:

- To determine whether the choice of remittance channels was influenced by the migrant's profile
- To establish the driver behind the use of formal and informal remittance channels from a Zimbabwean migrant's perspective
- To understand the impact of the adopted country on the migrants' remittance decisions

### **7.2 Research findings**

In summary, the research found that the migrant's demographics, the geographical location of the adopted country, the type of remittance and factors associated with

the channel itself, including costs, security, speed and easy access will influence a migrant's choice of remittance channel.

Some demographics such as migrants in the UK/USA being much older than those in South Africa and the fact that they had been remitting for longer periods than those in South Africa, confirms that remittances are a culmination of savings of migrants over a period of time and are hence resilient and more stable than other forms of inflow to a country.

Stringent immigration control procedures introduced post 9/11 and the global economic crisis will impact negatively on migration to the USA and UK from Zimbabwe and other developing countries. However, the migration numbers will still remain high as the number of migrants returning to Zimbabwe is unlikely to increase in the current Zimbabwean economic climate and remittances are more likely to increase for altruism reasons. The opposite is true for migration to South Africa compared to the UK and USA. The numbers of Zimbabweans immigrating to South Africa is likely to increase because of the removal of visa restrictions on Zimbabweans and the fact that the migrants are allowed entry into South Africa for 90 days (Department of Home Affairs 2009)

The research found that migrants in SA are less skilled (educated) than migrants in the UK and USA. It is easier for these migrants to migrate to South Africa because of its proximity to Zimbabwe compared to the UK and the USA. Migrants are also able to get jobs in industries such construction and hospitality, which require unskilled labour on a temporary basis. The migrants are more likely to be in South Africa on a temporary basis as they have very close family ties in Zimbabwe. As a result they are more than likely to remit a large portion of their salary to Zimbabwe to support their families. Their level of education combined with the limited knowledge of the formal remittance channels are factors that contribute to migrants choosing informal remittance channels. Formal channels in South Africa do not seem to be competitive enough and therefore are not aggressive in marketing their services.

The research found that cross-border transportation is easily accessible for both the migrants and recipients. This could be due to the mode of operation of cross-border transporters, as they are known to conduct “house collections” of remittances for an extra cost and will do home deliveries to recipients in Zimbabwe. The research also found that formal remittance channels such as banks are not available in rural areas and not always easily accessible to recipients in these areas. The recipients would require transport to the cities to receive remittances.

The majority of respondents will at some point also send remittances in kind which include groceries and other basic commodities, furniture and building material, and they are likely to send these using informal channels. This was particularly common when Zimbabwe faced shortages of basic foodstuffs. A factor that could also explain why informal channels are preferred is that migrants can negotiate the cost of transporting goods, which they cannot do with formal channels. Goods are transported by size of the bag or weight although there are no formal weighing mechanisms (Maphosa 2007).

In the UK and the USA the majority of migrants remitted via formal channels. The geographical location of these countries could be largely responsible for this. In this instance cross-border transport operators found in South Africa do not exist. The research found that the level of education did not greatly influence the choice of remittance channel, but rather the type of remittance. People remitting both goods and cash are more likely to send them through informal channels, although it is not clear why. An explanation could be that goods remitted in kind would tend to weigh more than cash and would therefore be expensive to send through formal channels.

The use of formal remittance channels in the UK and the USA was understood by 97% of the migrants: a function of a higher education level although the

geographical location of their adopted countries may force them to use more formal channels. Formal channels also have more competition in the UK and USA, making these channels more aggressive in marketing their services. They are also more convenient and secure, particularly when remittances are in the form of cash.

Formal remittance channels in South Africa may also be inaccessible to the migrants as they are located in specific areas. In 2008 Western Union opened offices at selected ABSA banks in South Africa which may not be easily accessible to most migrants. The location of remittance channels in the main malls may not be convenient particularly to unskilled labour. In SA there also is a high likelihood that migrants have a network of friends and relatives, travelling to Zimbabwe, willing to assist in transporting the remittances

The variables impacting on the remittance channel did not differ significantly between SA and the UK and the USA. In both samples the most important variable was guarantee and easy access. The cost of the remittance was the least important.

### 7.3 The future on remittances

Remittances will continue to play an important role in developing countries. In 2008, USD\$305 billion in remittances to developing countries were recorded (World Bank 2009). The true size of the remittances which would include flows through informal channels are significantly larger (World Bank 2009).

Remittances have also been found to be more stable than other forms of inflows and although the World Bank (2008) has forecast a decline of between 5 to 8% to developing countries, the decline will be less than that of FDI.

While there is little or no data coming out of Zimbabwe on remittances, there is enough empirical and anecdotal evidence to suggest that the Zimbabwean economy has continued to increase its reliance on remittances as the economic situation has deteriorated. Sixty-three percent of migration in sub-Saharan Africa is intraregional. The Zimbabwe–South Africa remittance corridor is in the top five of the sub-Saharan remittance channels. The OECD countries get only 25% of the migrants from sub-Saharan Africa (World Bank 2008). We can therefore draw the conclusion that the remittance flows between South Africa and Zimbabwe should be important enough for the two countries (particularly Zimbabwe) to include remittances as part of their planning processes.

However, to move migrants to using formal remittance channels will require the financial systems including banks, MTOs and other formal structures to become more competitive on cost, and be more accessible to the migrants and those in the receiving country. The challenge will be to make banks or MTOs available in the rural areas of Zimbabwe. With more competition would come better rates, further encouraging migrants to use formal channel

#### **7.4 Recommendations for future research**

There is room for more research to find out how far a bank or MTO should be located in order for it to be considered convenient for those in the receiving country and migrants remitting money from South Africa.

A further study could also determine the size of the remittance channels between South Africa and the Southern African Development Community (SADC) region and how these channels could be improved in order to increase remittances through formal channels.

The sample sizes for the UK and the US were too small to be analysed separately. For future research I would propose increasing the sample sizes for both countries in order to do a comparison between the two samples.

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**APPENDIX: Research questionnaire**



**RESEARCH TITLE:**

**Reconciling the benefits of formal and informal remittance channels: A Zimbabwean migrant's perspective**

I am conducting research on remittance channels, and I am trying to find out more about the benefits of remittance channels and the importance of the factors that influence the choice of remittance channels. The study is from a Zimbabwe migrant's perspective. It will take approximately 5 minutes for you to complete the survey electronically. Your participation is voluntary and you can withdraw at any time. All data will be kept confidential. If you have any concerns, please contact me or my supervisor. Our details are:

Researchers name: Nancy Chimhandamba      Research name: Mike Holland  
Email: [nchimhandamba@gmail.com](mailto:nchimhandamba@gmail.com)      Email: [mholland@econometrics.co.za](mailto:mholland@econometrics.co.za)  
Phone: 082 337 8741      Phone: 082 495 1283

Please  tick box if you give consent for your information to be used for this research and append your signature below

Signature \_\_\_\_\_  
Date: \_\_\_\_\_

**Boxes**

**PERSONAL PROFILE**

1. Age (*select one*)

- Below 20
- 21-25
- 26-30 31-35
- 36-40
- 41-45
- 45-50
- Above 50

2. Gender (*select one*)

- Female
- Male

3. Mother Tongue

- Ndebele
- Shona
- Kalanga
- Venda
- English
- If other please specify



4. Current Country of Residence (*select one*)

- South Africa
- United Kingdom
- United States

5. Migration Status at the time of survey (*select one*)

- Permanent Residence
- Work
- Accompanying spouse
- Refugee status
- Asylum seeker
- Student
- Undocumented
- Other

6. Reasons For leaving Zimbabwe (*select one*)

- Economic and employment related
- Joining family
- Political
- Study
- Other

7. Period of Occupation in current country of residence (*select one*)

- Less than 1 Year
- 2-5 years
- 5-10 years
- 10-15 Years
- 15-20 years
- Over 20 Years

8. Highest Education Level (*select one*)

- Primary
- High school
- Diploma
- Degree
- Masters
- PhD

9. Current Occupation (*select one*)

- Skilled
- Semi- skilled
- Unskilled

10. What is your occupation e.g accountant, administration, marketing manager, gardener e.tc



11. Monthly Income for migrants in the **U.K** (*select one*)

- <£500-999
- £1000-1499
- £1500-1999
- £2000-2599
- £2000-2499
- £2500 or more

12. Monthly Income for migrants in the **U.S** (*select one category*)

- <\$500-999
- \$1000-1499
- \$1500-1999
- \$2000-2599
- \$2000-2499
- \$2500 or more

13. Monthly Income for migrants in **SA** (*Select one*)

- <R1000
- R1001-4499
- R5000-9999
- R10000-14599
- R15000 -19999
- R20000-24999
- R25000-29999
- R30000-R39999
- R40000 or more

14. How often do you remit money or goods to Zimbabwe (*select one category*)

- Monthly
- Quarterly
- Annually
- Other

15. Remittance amount for selected period(*select one*)

- < less than 200
- £201-400
- £401-600
- £601-800
- £801-1000
- Other

16. Remittance amount for the selected period (*select one category*)

- < less than 200
- \$201-400
- \$401-600
- \$601-800
- \$801-1000
- Other

17. Remittance amounts for the selected period SA (*select one*)

- <R200
- R201-400
- R401-600
- R601-800
- R801-1000
- R1001-1200
- R1201-1400
- other

18. What time of year are you most likely to send remittances in kind/money

- January to April
- May to July
- August to October
- November to December

19. Which remittance channels are you likely to use

- Banks
- Money transfer operators (MNS) e.g. Western Union, Rannies
- Business Transaction
- Friends/Family
- Cross border delivery transport
- Self delivery
- Other

20. Reasons for the selected choice of remittance channel

Low remittance costs/cheaper

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

21. Security of remittance channel

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

22. Guarantee of remittance reaching recipient

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

23. Speed

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

24. Easy access to channel

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

Comments on Type of remittances

25. What is your main form of remittance?

- Cash
- Goods in kind e.g groceries, clothes e.t.c
- Both

26. What are your main reasons for Remitting money or goods (select your reasons)

- Support Family
- Support Friends
- Buy land/house
- Build house
- Invest in Business
- Charitable donation
- Support Political activities
- Don't know
- Other
- None

Comments

27. The cost of remitting through the Banks and Money transfer channels remittance is between

- 1-5%
- 6-10%
- 10-15%
- 16-20%
- Other

- I don't know



28. The cost of remitting through unregistered channels remittance channels (e.g. cross border transporters channels is between

- 1-5%
- 6-10%
- 10-15%
- 16-20%

Other

I don't know

29. How long have you been remitting money or goods in kind to Zimbabwe

- Less than 1 year
- 1-4 years
- 5-10 years
- More than 10 years

30. Your remittance reasons have changed over the period you have been remitting

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

31. You have increased your remittance over the period you have been remitting

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

32. You understand the process and requirements of remitting money via unregistered cross border transporters, family, and friends

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

33. The cost of the remittance channels influences my decision

Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly agree

Other Comments on Monetary Remittances

Thank you for taking the time to respond to the questionnaire.