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Reintegrating Returning Overseas Filipino Workers through Entrepreneurship

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Abstract: The Philippine government's policy to send Filipino workers abroad has been ongoing for over 30 decades. What was initially a stop gap measure became a permanent government strategy to address domestic unemployment and balance-of-payment issues. Return migrant entrepreneurship is offered as a solution to counter the grim prospect of losing income opportunities for OFWs who return home. While there are government programs for the economic reintegration of OFWs, there are challenges posed as to these programs' efficacy.

This paper seeks: (1) to examine return migrant entrepreneurship as a development policy by government; (2) to determine factors that facilitate and impede return migrant entrepreneurship; and (3) recommend other possible government interventions to reintegrate returning OFWs who venture into becoming entrepreneurs. Evaluation of reports and other documents and interviews conducted with migrant entrepreneurs show that success factors leading to effective outcomes of OFW reintegration through entrepreneurship include acquired savings prior to migrants' return, access to government loans and training, personal resolve to make the business work, and personal values such as discipline, risk-taking, and diligence. Among the factors that impede return migrant entrepreneurship were limited access to capital, lack of vital information and training for business, and lack of government support in areas aside from training and provision of capital.

The author emphasizes the need for a review and finetuning of the Philippine government's migrant entrepreneurship program based on more tacit needs and experiences of returning migrant beneficiaries. Government intervention can also be effective by way of bridging migrant entrepreneurs with other value networks that can make their business endeavors more sustainable.

Key Words: return migrant entrepreneurship, economic reintegration, overseas Filipino workers (OFWs), migrant workers



1. INTRODUCTION

Since the 1970s, the Philippine government has pursued a policy of sending Filipino workers abroad to address the domestic problems of unemployment and lack of dollar reserves. The country's labor export policy is now a part of the Philippine Development Plan and has evolved over time to incorporate mechanisms to protect migrant workers' welfare abroad. To date, the country has continued to rely on overseas Filipino workers (OFWs) for much-needed dollar remittances to keep the economy afloat.

Data from the Bangko Sentral ng Pilipinas showed that personal remittances in November 2019 reached Php 30.5 billion, bulk of which amounting to Php 23.1 billion, came from land-based workers. Remittances sent by OFWs account for an estimated 10% of the country's Gross Domestic Product and 7% of the Gross National Income (Bangko Sentral ng Pilipinas, 2020).

Given the significance of this sector, the Philippine government enacted on June 5, 1995 Republic Act 8042, known as the "Migrant Workers and Overseas Filipinos Act", which defines the policies central to the Overseas Filipinos Employment Program. These include full protection of Filipino labor, assurance of human rights and freedom, legal assistance and free access to courts, participation in democratic decision-making processes, partnership with nongovernment organizations, and free government services to workers, among others.

A major issue concerning OFWs is their reintegration into Philippine society when they return home. After having experienced earning dollars to send to family and to acquire property; some, if not majority, face unemployment upon their return to the country. For fear of losing their livelihood and that they can be a burden to their families (as well as to the economy) when they join the ranks of the unemployed, some OFWs seek to reinvest their hard-earned money into business; hence, becoming self-employed entrepreneurs.

How is return migrant entrepreneurship promoted as a development strategy by the Philippine government? What are the factors that facilitate and impede efforts of OFWs from reintegrating

economically as entrepreneurs? What are the areas where government support is further needed?

This paper recommends considering interventions aside from training and access to capital to make businesses of migrant entrepreneurs more sustainable.

2. METHODOLOGY

Documentary analysis of OWWA reports and other materials were made to ascertain existing government programs for returning OFWs. The reports are verified and serve as bases for program activities with other government agencies. Initial data was obtained from the Overseas Workers Welfare Administration (OWWA) to determine possible contact persons /OFWs who have reportedly come home and set up businesses. These contact persons referred OFWs they know who could also be potential respondents. Desktop research was supplemented with interviews from six key informants (two females and four males) who were former beneficiaries of the Enterprise Development and Loan Program (ELDP). The women were into the food business, while the men represented businesses in automotive service, jeepney operations, consultancy, piggery, and rentals. A nondirective interview approach was adopted. Data collection is ongoing. While the cases here may not be representative of the entire OFW entrepreneur population, preliminary findings are discussed in this paper to provide insights on their experiences and other needed interventions for a successful reintegration.

3. DISCUSSION

The connection between migration, development, and entrepreneurship has been touted as a dominant paradigm for developed and developing countries. Some argue the positive effects of labor export migration and recognize its contribution to national development (Cai, 2011). Governments in Europe view the diaspora phenomenon as serving the development of the homeland (Sinatti and Horst, 2015). Policies to this effect have become relevant and



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crucial to fulfill the interests of the state in terms of investments, resources and skills. While returnees backed up by savings and experiences overseas, were more likely to become entrepreneurs in the case of Egypt, they run the risk of losing their social capital - their connections and networks (Wahba and Zenou, 2009). Spritzer (2016) noted how Filipino and Indonesian migrant workers while encouraged to become entrepreneurs are burdened with the failures of these enterprises. The effects of global crises which lead migrant workers to return heightens their distressing plight (Spritzer and Piper, 2014).

This necessitates a migrant-centered approach which involves not only seeing the contribution of migrants to national incomes but also underscores the migrants' economic well-being and human development (Sinatti, 2019).

Return migrant entrepreneurship refers to the process whereby migrants establish business enterprises when they return to their home country.

In the case of the Philippines, such a policy for returning migrants is adhered to. Senator Win Gatchalian, for one, emphasized the need to provide returning OFWs an alternative to overseas employment, by enabling them to set up their own own micro, small or medium-sized enterprises (Gatchalian, 2020).

Return migrant entrepreneurship is carried out through the programs implemented by the Overseas Workers Welfare Administration (OWWA), the government arm in providing benefits to OFWs.

Among OWWA programs specifically aimed at OFW economic reintegration are:

- Balik Pinas! Balik Hanapbuhay! Program. A program providing up to Php 20,000.00 immediate assistance to displaced returning OFWs as start-up or additional capital for a livelihood project;
- Tulong Pangkabuhayan sa Pag-unlad ng Samahang OFWs (Tulong PUSO). A one-time grant assistance to support livelihood projects/undertakings of OFW organizations; and
- Overseas Filipino Workers – Enterprise Development and Loan Program (OFW-EDLP). Formerly known as OFW-Reintegration Program (ORP), is an

enterprise development intervention and loan facility of OWWA, in partnership with Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP), intended to support enterprise development among OFWs and their families.

- Livelihood Development Assistance Program (LDAP) providing business start-up kit worth P10,000 for undocumented OFWs.

The Balik Pinay! Balik Hanap Buhay! Program specifically designed for women OFW returnees has over 4,000 beneficiaries nationwide. They undergo skills training to enable them to have small businesses for self-employment. LDAP, on the other hand, has over 15,000 participants, formerly undocumented OFWs, who were able to put up sari-sari stores, beauty parlors, rice trading, machine shop, and furniture making, among others (National Reintegration Center for OFWs, 2017).

The OFW-EDLP is considered a cornerstone in the economic reintegration program. It was initially launched in 1991 as a livelihood program to assist returning OFWs and their families in setting up small businesses through loans ranging initially from P10,000 to P50,000 and now from Php100,000.00 to a maximum of Php2 million. Eligible projects include manufacturing, agribusiness, franchising, process servicing, and trading, among others.

Not all businesses of OFWs interviewed were in line with their previous work abroad. However, they were able to use their experience, skills, and exposure to management and business opportunities overseas in setting up their own local enterprises.

Majority of the key informants, however, obtained additional capitalization from personal savings partly because they had enough money for startup capital when they returned. Some had difficulty obtaining government funding assistance because of lack of information or what the informants considered as stiff requirements such as, the need for collateral and a well-crafted business plan and a feasibility study.

The informants' experiences in trying their hand at small-scale business while abroad served as a prelude to their business endeavors when they returned to the Philippines. Engaging in business while abroad served as a coping mechanism. Learning to earn extra income during their spare time allowed



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them to deal with being away from their families and addressing the need for more money to send home.

The businesses of women OFW entrepreneurs who were in the food and sari-sari store business particularly reflect their concerns and roles as women. Being mothers and homemakers, they engaged in businesses which address the family's basic needs – food and basic commodities. They have also mentioned certain advantages of being women entrepreneurs in that they can balance both family and work and can ensure smooth customer relations. Moreover, handling marketing and financial matters in the home apparently allowed them to exercise good judgment on business procurement matters. The role of family members and relatives in helping build up savings, investing in business, and the family members' actual involvement in running it are all crucial to the OFW-entrepreneur's success.

The success factors for the returning migrants' businesses could be attributed to acquired savings, access to government loans, family support, personal resolve and characteristics such as discipline, risk-taking, and diligence. While the factors that impede successful economic reintegration are limited access to capital, lack of vital information and training for business, and lack of government support except for access to loans and trainings.

Despite existing programs, further government intervention is needed in the following areas –

Improved information dissemination

Mechanisms to inform returning OFWs of reintegration services need to be enhanced. Information campaigns should be done more aggressively before migrants return through the use of different forms of media, including social media, to reach even potential OFW entrepreneurs.

Mentoring and follow up training

This entails imparting technical knowledge on business processes and financial management to would-be entrepreneurs. It is a requirement for those applying for OWWA loans to undergo entrepreneurial development training from the Department of Trade and Industry where they are oriented on business

ventures, writing business plans. However, supplemental workshops and seminars for industry- or sector-based enterprises are needed.

Provision of non-collateral loans

For OFW potential entrepreneurs who have not acquired capital assets while employed abroad, a separate funding facility may be made available to them. In lieu of capital assets as collateral for loans, other forms of payment guarantees may be devised.

Assistance in creating value networks for OFWs

Other government interventions aside from loan provision and training can be incorporated in allowing OFWs to be reintegrated economically. This can be in the form of helping create value networks for returning migrant entrepreneurs which can prove to be beneficial in the long run. Value networks refer to relationships which produce tangible values which include exchanges of goods and services in the traditional value chain; and intangible values such as knowledge or benefits which can be converted to a good or service that has financial value (Allee, 2003).

With a government-established database system of returning OFWs and their specialized skills, investors may be given vital information on available expertise in the country offered by former OFWs. These pool of OFWs with specialized areas may be consolidated and tapped for partnerships in business ventures. OFW entrepreneurs may be assisted by government through a referral system in finding work or securing contracts with established businesses in the country. This may be exemplified by government-assisted networking with established companies.

4. CONCLUSIONS

Return migrant entrepreneurship forms part of government policy to economically reintegrate OFWs. Government assistance is present as exemplified by the ELDP. Nevertheless, ensuring the success of migrant entrepreneurs go beyond mere



provision of loans and training. Assistance in creating value networks for OFWs is equally important.

An improved gauge for the effectiveness of the economic reintegration program can be developed which goes beyond the number of ELDP queries facilitated and OFWs assisted registered in OWWA reports.

More case studies can be undertaken to capture concrete situations and experiences of returning OFWs turned entrepreneurs. This can help finetune policy to better address their needs.

Return migrant entrepreneurship becomes even more relevant amidst the COVID-19 crisis. Tens of thousands of returning OFWs displaced by the pandemic are reported almost daily, causing government agencies, particularly OWWA and DOLE to activate resources for relief assistance. Despite government's effort to provide cash, free transportation from airports to provincial residences, and answer costs for quarantine and medical care should they be tested positive for the virus, these are short-term measures extended to OFWs. OFW returnees are encouraged to go into entrepreneurship and programs are in place for this. However, providing small loans and training are insufficient. More importantly, OFW returnees need substantive assistance in connecting them with local networks including business networks in order to make their economic reintegration more sustainable.

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