

“IMPACT ASSESSMENT OF LABOR MIGRATION ON THE ECONOMY OF SRI LANKA”

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ABSTRACT

Migration is known as the moving of people from one place to another place. Immigration is the act of coming to another country and settling there. Migration is taking place due to many reasons like seeking employment, social and political environmental changes and natural disasters, these different motives of migrations are happening throughout the world. Migration in the Asian region is high and the developing countries in the region are doing the migration at a higher level with view to seek jobs opportunities in other countries. There are counter benefits from migration for both host country and origin country. Through the migration process migrants and the origin country would be able to acquire comparative advantages in sharing the international knowledge and the man power services. It could be used for the development of the individuals and the development in the economy of the country. Migration would have direct and indirect economic benefits for Sri Lankan. Poverty of the country is reduced by some degree by stabilizing the effect of inward foreign remittances. It is effective to the macroeconomic level as well as the household income. Overseas migrations policy of Sri Lankan government have been able to secure and create more job opportunities for Sri Lankan women as housemaids to migrate for employments in the Middle East sector and for skilled men in South Korea and through other relationship channels for families to migrate to Italy and Australia.

Keywords: Migration, Immigration, Economy of Sri Lanka

1. INTRODUCTION

Migration is the moving to a new area to find some work. Immigration is the act of coming to a foreign country for settlement (Kerr and Kerr, 2011). Anyway now the migration has become a global phenomenon. There are different types of migration. These migrations are common in the Asian region and could happen for employment, personal reasons, higher educational purposes, natural disasters and conflicts. The regional migration is mostly motivated to obtain employment opportunities. The migration is one factor for changes in the global economy. Most of the time Asian migration shifts within and from the region to Arabic countries. The regional labor

migration is very sensitive to the economic cycle of the Asian countries. Most of migrant workers are working in the oil producing countries, hence changes in the labor and cost factor could impact on the oil price fluctuations across the world .In terms of economic cooperation for development of the countries the demographic factor is important and according to the reports of United Nations, the international migrant stock had reached to 232 million in the year 2013 and also Asia is playing a major role in the global migration because about 77 million of migrants were from Asia countries.

Sri Lanka national policy scope on labor migration has been enhanced by the Ministry of Foreign Employment Promotion and Welfare. The main intention of the policy is to facilitate the Sri Lankans living employed in other countries. The labor migration from Sri Lanka has been increasing since last two decades and it is estimated that about over one million of migrants are working abroad. Since then the foreign employment has been generating a high inflow of foreign income towards the economy of Sri Lanka. That is mainly from the women house maids and other labor migrations. Since 2000 Sri Lankan government has taken considerable measures to increase the skilled workers' migration and reduce the unskilled workers migration including the women migrants as housemaids into Middle East countries. However, the migrant labor income is the main of the foreign incomes that flow into the Sri Lankan economy and accordingly the economy is supported by keeping the migrants level from Sri Lanka to other countries like Middle East, Europe and other Asian countries.

The objective of this study is to ascertain the impact of labor immigration and migration to the economy of Sri Lanka. The report includes the literature review on the research topic, research method, data analysis and the recommendation and conclusion on the research topic.

2. LITERATURE REVIEW

The literature review is discussed on the theoretical framework of migration in the world and the researches associated with the impact of migration and immigration on the economy of a country.

International migration has shown a development in Northern and southern areas of the world. Three percent (3%) of the world population is living in other hosting countries. It is estimated about 215 million people (United Nations, 2009). The migrants in the developing countries are in large scale. (Ratha, 2003) Foreign employment income has increased in nearly last two decades subsequently to the fair increase of departure for overseas job opportunities resulting direct and indirect incomes to national and domestic income levels (Lasagabaster et al. 2005). In the years between 1991 and 2006 that the departure of migrant workers increased by an average of 6 % annually, and in the same period GDP too increased from 4.0 to 9.7% by the effect of foreign income. (Shaw2008a, p.153) Migration can be identified as a decision making tool on the

development of the household welfare and the community of the home. The poverty of the migrants as well as the origin country can be reduced by migration because of the foreign remittances inflow to the economy. The migrants and the origin country are able to acquire the international knowledge and the resources. The knowledge and resources can be shared for individual development and the economic development of the particular country. However, migration is not only contributing full monetary benefits and also better healthcare and educational benefits. The expected impacts from migration cannot be always positive. There are also economic and social disadvantages due to the effect of migration. In some cases, the origin country would spend more money on taking back the migrants to their country when social and political problems or war situation arise in the migrate country. The migration would create scarcity in the skilled labor force which is most wanted for development projects of the country. Most of the migrants have to face high stressed and home sick situations leaving their family units and also family units thereafter face social disparities as a result.

The severe economic hardships in the country such as high cost of living, housing problem and better standard of living are the main reasons that compelled Sri Lankan workers to migrate to overseas countries (Ratnayake, 1999). An approximate figure of 5 million Sri Lankan migrant workers had gone for overseas employment by 2015 (SLBFE 2016). There are social barriers for women in countries like Bangladesh and Nepal, in case of Sri Lanka no such restrictions are imposed for women migrants for overseas employment (Afsar 2005). Their remittances have been a major boost to household income and other way foreign earnings to the country (Kageyama 2008). The government has well realized the weight of migrants' income and how important to the national economy and started implementing a number of successful programmes to facilitate the foreign employment (Lasagabaster et al. 2005). The official records state that from the hosting countries an amount of 315 billion dollars has been sent by the migrants to their origin countries in the year of 2009 (Ratha et al., 2010). The actual amount could be more than this through the formal and informal channels. This flow gradually declined during period 2008 to 2009 due to the global financial crisis. The surveys conducted in selected 71 developing countries indicate that the poverty level of the poor is declined by 3.5% compared to the increase of 10% per capita official international remittance from migration (Admas and Page, 2005). There are evidences from South Asia, Latin America and Africa to prove that the poverty is reduced by the effect of the remittance (Gupta et al., 2007). There was a significant development in remittance which reduced to half of the poverty level in Nepal (World Bank, 2006). The effect of income stabilizing with remittance could impact positively the macroeconomic level as well as the economic level of the household (Chami et al., 2009), the remittance also is acting as an insurance cover in the risk management because households are saving a part of remittance for the purpose (Ponsot and Obegi, 2010). Some studies say that the migration is enhancing the welfare of the rural people (Portes, 2009).

3. RESEARCH METHODOLOGY

Research method is discussed below on the more appropriate techniques used in the research study for making it more clear and correct. The conclusion of the research study is derived finally using the correct research methods. In the research study, identification, collecting and analyzing of data were prepared as per the research method. The researcher was able to solve the research questions and overcome the research issues for the research subject by using most suitable techniques.

3.1. Research Approach

In order to obtain a positive outcome throughout the research study, there should be a better research approach. Hence such approach can improve the effectiveness of the research study. The Inductive research approach and the deductive research approach are the two main research approaches that can be used for the research studies to improve the effectiveness and the efficiency of the research study. First under the inductive research approach data were collected before implementing the research topic and subsequently following the deductive research approach data were collected after deciding the theories. Accordingly the theories were developed in line with the collected data. Deductive research approach used hypothesis to solve the problem associated with the research study. The research study used the inductive research approach to justify the relationship between the research study and the collected data.

3.2. Research Philosophy

The research philosophy is more important to identify the research methodologies those could build up a relationship between the research topic and the data collected during the research study. There are three main philosophies generally applied by the research studies. They are categorized as positivism, interpretive and pragmatism. Hence the creation of hypothesis can be identified under positivism research philosophy. The public partnership for the research study is obtained under the interpretive research philosophy. The pragmatism considers the actual factors to make a conclusion on the research topic. The research study was based on the pragmatism research philosophy. The actual facts and figures were compiled of the existing secondary data through trusted information sources available for the research study.

3.3. Research Design

The use of research design is very important to conduct a research in order and the design is comprised of various components. There are three types of research designs namely descriptive, explanatory and exploratory (Stark, 2004).The descriptive research design provides a detail description for the research questions. The explanatory research design creates a relationship between the facts and figures. The exploratory research design develops the hypothesis. The

research study used descriptive research design to answer the research questions and make a justification on the research problem.

3.4. Data Collection

The data collection is important for the research study and it is difficult to collect the data at the primitive stage of the research study. However, collection of data should be done on a successful methodical way. The primary data collection method and the secondary data collection method were used for a research study (Spatafora, 2005). The research study used secondary data which were collected from books, journals, articles and other sources related to the research topic.

3.5. Research Technique

The research technique is determined by the type of the data used for the research study. The research study used the secondary data. They are in descriptive form and qualitative data.

3.6. Data Analysis

The collected data during the research study were analyzed to obtain an output. The research study used qualitative data in the descriptive form. Hence the data analysis style is descriptive data analysis style. Thematic analysis was applied for the research study. There were different themes created based on the research study (Sorensen, 2004).

3.7. Validity and Reliability

There should be an accuracy and validity of the data collected in the research study. The techniques used by the research study should be valid and accurate. The internal and external validity are concerned under the validity of the research study (Skeldon, 2002). Assessing and examination of the information in a justifiable way was considered under the validity. The data sources were concerned under the external validity. In order to improve the effectiveness and efficiency of the research study both the internal and external validity and reliability were checked.

4. DATA ANALYSIS

The data were collected from various reliable resources. Data analysis was a tricky part of the research study. The data were evaluated and compiled to obtain the expected results. The secondary data sources were used for the research. In the data evaluation process the thematic technique was applied for the objectives and goals of the research.

4.1. Findings

Theme 1 – Sri Lanka labor migration process

The migration of Sri Lankan labors to foreign countries is a primary factor that paved the way for economic development of the country. After the open economic policy was introduced by then government of Sri Lanka in 1977 the labor migration process started gradually and as a result the migrants happened to face unexpected consequences in the hosting countries. Therefore the policy frame work of migration of labor were developed diplomatically and enacted in a statute by the state. The economy of Sri Lanka had been diverse during past few decades. Sri Lanka enjoyed the benefits of the open market economic policies. As a result foreign employment rate increased thus decreasing the unemployment rate in the country. And also the poverty level of the country was reduced. The household labor category is representing the majority and semi-skilled and professional labor categories are representing a lower number of labor migrants.

According to the statistics depicted in the (table1) it is evident that over the past 30 years the labor migrants increased in numbers from 14,456 in 1986 to 263,307 in 2015 and also the female migrants departure was higher than that of the male during the period 1988 to 2007 due to the more labor demand for female in the households and garments sectors. After the civil war in the country was over in 2009 there were more opportunities for males to migrate to Middle East countries and South Korea for seeking employments. By the year 2015 the percentages of male and female migrants respectively were 66% and 34%.

Table 1: Departures for Employment

Year	Male		Female		Total
	No.	ale %	No.	ale %	
1986	11,023	76.25	3,433	23.75	14,456
1987	10,647	75.37	3,480	24.63	14,157
1988	8,309	45.09	10,119	54.91	18,428
1989	8,680	35.11	16,044	64.89	24,724
1990	15,377	36.08	27,248	63.92	42,625
1991	21,423	32.97	43,560	67.03	64,983
1992	34,858	28.00	89,636	72.00	124,494
1993	32,269	25.00	96,807	75.00	129,076

1994	16,377	27.22	43,791	72.78	60,168
1995	46,021	26.68	126,468	73.32	172,489
1996	43,112	26.52	119,464	73.48	162,576
1997	37,552	24.99	112,731	75.01	150,283
1998	53,867	33.71	105,949	66.29	159,816
1999	63,720	35.45	116,015	64.55	179,735
2000	59,793	32.82	122,395	67.18	182,188
2001	59,807	32.50	124,200	67.50	184,007
2002	70,522	34.61	133,251	65.39	203,773
2003	74,508	35.51	135,338	64.49	209,846
2004	80,699	37.59	134,010	62.41	214,709
2005	93,896	40.60	137,394	59.40	231,290
2006	90,170	44.65	111,778	55.35	201,948
2007	103,476	47.37	114,983	52.63	218,459
2008	128,232	51.19	122,267	48.81	250,499
2009	119,381	48.31	127,745	51.69	247,126
2010	136,850	51.16	130,657	48.84	267,507
2011	136,307	51.84	126,654	48.16	262,961
2012	143,784	50.93	138,547	49.07	282,331
2013	175,045	59.72	118,058	40.28	293,105
2014	190,217	63.26	110,486	36.74	300,703
2015	172,630	65.56	90,677	34.44	263,307*

Source: IT Division SLBFE *provisional

The composition of the (table 2) compared between years 2014 to 2015 the growth of the total migrants decreased respectively male by 9.25%, female housemaids 17.31%, other female category 20.4% and the total departure by 12.44%. A decline of 23.2% under the

semiskilled and unskilled migrant categories would have caused by several policy measures discouraging the migration taken by the government (CBSL annual report, 2015).

Table 2: Comparison of Departures for Foreign Employment - 2014 & 2015. (Jan.–Dec.)

Year	2014	2015	Growth
	No.	No.	%
Male	190,217	172,630	-9.25
Female (Except House Maids)	21,858	17,399	-20.40
Housemaids	88,628	73,278	-17.31
Total (Female)	110,486	90,677	-17.93
Total Departures	300,703	263,307	-12.44

Source: IT Division SLBFE *provisional

Theme 2 – The governance of migration process

The good governance on the migration of labors is a vital aspect. An efficient organization is required for the role of good governance on the subject matter with rules and regulation set therein. The good governance process can ensure the protection of migrants’ lives and rights through a better role for the achievement of socioeconomic equilibrium in the economy. The good governance is widely accepted for the labor migration process (International Organization for Migration, 2017).In Sri Lanka the migration regulation, protection and development are mainly monitored by the Ministry for Foreign Employment Promotion and Welfare based on the international human rights and labor standards. Sri Lanka Bureau of Foreign Employment was established in 1985 by a parliament Act and its data base maintain statistical records since 1986 about the Sri Lanka migrants and the institute has contributed an immense service.

Theme 3 – Relationship between the migration and the impact on economy

Sri Lanka has the liberalized style economy as other western countries are enjoining. Hence the Sri Lankan government has realized the importance of financial benefits from labor migration towards the growth of Sri Lankan economy. These benefits are mainly obtained through the remittance. There is contribution to the investment factor from both return and transnational migrants (International Organization for Migration, 2017). At the end of year 2015, World Bank Report (2017) showed remittance inflows respectively Bangladesh (US \$ 15,296 million), India (US \$ 68,910 million), Nepal (US \$ 6,730 million), Pakistan (US \$ 19,306 million) and Sri Lanka (US \$ 7,000 million). More of the private remittances of Sri Lankan migrant workers

generates from unskilled and domestic labor forces in the Middle East sector (Athukorala1990). There is a transitional process of technology and skills between states. Moreover there is a formation of the human capital and social capital which improves the good governance and the trade promotions and consequently there is a social cost and as well as a shortage of skills due to the migration.

Table 3: Migrant Remittance inflows in US \$ Million 2006 - 2015

Country	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bangladesh	5,428	6,562	8,941	10,521	10,850	12,071	14,120	13,867	14,988	15,296
India	28,334	37,217	49,977	49,204	53,480	62,499	68,821	69,970	70,389	68,910
Nepal	1,453	1,734	2,727	2,983	3,464	4,217	4,793	5,589	5,889	6,730
Pakistan	5,121	5,998	7,039	8,717	9,690	12,263	14,007	14,629	17,244	19,306
Sri Lanka	2,167	2,507	2,925	3,337	4,123	5,153	6,000	6,422	7,036	7,000

Source: World Bank, Migration and Remittance data update 2017

According to the (table 4) report of the Central Bank of Sri Lanka over the past 15 years there was a significant improvement the workers 'remittances from US\$ 1,160 to 6,980 million because the migrant workers had departed for jobs in the oil rich countries. The decline in remittances by US\$ 0.54 million in 2015 was due to the factor of stagnating economic growth and fall in the income of oil exporting countries in the Middle East (CBSL annual report, 2015).

Table 4: Workers remittances during 2000 -2015

Year	Remittances	
	Rs. Million	US \$ Million
2000	87,697	1,160
2001	103,180	1,155
2002	123,183	1,287
2003	136,475	1,414
2004	158,291	1,564
2005	195,256	1,918
2006	224,663	2,161
2007	276,728	2,502
2008	316,091	2,918
2009	382,818	3,330
2010	465,166	4,116
2011	569,103	5,145
2012	763,980	5,985
2013	827,689	6,407
2014	916,367	7,018
2015	948,936.31	6,980.2*

Source: Central Bank *provisional

As mentioned in the (table5) the migrants' remittance is the largest foreign exchange income and next to the total export income in the Sri Lankan economy. Compared statistics between years 2014 to 2015 there was positive growth of 1.7% in remittance income.

Table 5: Major Sources of Foreign Exchange Earnings from Year 2014 & 2015

Description	2014 (Jan - Dec) U\$\$ Mn.	2015 (Jan - Dec) U\$\$ Mn.	Growth %
Workers' Remittances	5,689.7	5,787.3	1.7
Textiles & Garment	4,929.9	4,820.2	-2.2
Tea	1,628.3	1,340.5	-17.7
Tourism	1,956.1	2,305.3	17.9
Rubber Products	889.8	761.2	-14.5

Source: Central Bank annual report 2015

It is more evident and understood in the context of economic indicators discussed in the study that the labor migration also directly impacts on reducing the unemployment, poverty and deficit of balance of payment of the country.

Theme 4 – Limitations to the migration and development of economy of Sri Lanka

There are several issues associated with the migration and the consequent negative impact to the economy of Sri Lanka. The new political and economic policy environment of the hosting countries may limit the entrance of migration and in other hand current economic crisis and political hostilities may force the existing migrants to leave the countries. When Iraq Armed forces invaded Kuwait in 1990 it was a severe catastrophe forcing migrants to leave the country. There are other hindrances like unavailability of skilled labors, noncompliance with international standards, low wage rates and social problems of the sending countries .Hence the need of maximizing the positive approach towards the labor migration is of top priority at national level. Ministry of Foreign Employment Promotion and Welfare is there to facilitate and develop the labor market for the Sri Lankan migrants. The ministry has facilitated the employment agencies to find the job market and conduct training and educational workshops for migrants in collaboration with job agencies in order to improve the diverse skills and the standard for the labor migration (International Organization for Migration, 2017).The ministry has undertaken the welfare and protection of the labor migrant and their families and also consults the principals abroad. Sri Lanka Bureau of Foreign Employment (SLBFE) maintains a registration process of the migrants for the statistical purpose (Ministry for Foreign Employment Promotion and Welfare, 2015). The country has identified the weight of remittance and its importance to the economy and the development of human resources.

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Migration is today global phenomenon. It is observed through many statistics and other information resources that the migration is taking place due to many reasons like unemployment, social and political disparities, conflicts, natural disasters and other personal reasons and it is also implicated that the migration from the Asian region is high.

The facts and figures concluded that the migration is beneficial for the development of an economy of a country. The poverty level of both the migrant and the country can be reduced by some degree on the impact of remittances. The remittances reduce the deficit of balance of payments. The migrants' target for the household welfare and the economic aspects in the rural areas is achieved by the remittances. The migration has been able to share knowledge and resources and build up international relationship and trade promotions. The migration reduces the unemployment rate. Therefore the migration has positive impact on the economy of Sri Lanka. The research method used for the research study is successful because using the actual secondary data the effort could derive a better conclusion on the research topic.

5.2. Recommendations

The whole observation and controlling part on the migration are falling under the purview of Ministry of Foreign Employment Promotion and Welfare. So accordingly the continuous good governance on the migration and finding new labor market avenues is expected from the authority. Maintaining a data base is important for the migrants. It is recommended to develop the skills of labors in every possible capacity and take care of the welfare and the protection of the migrants and their families. It is also recommended to improve the regulations and policies as per the international norms.

ACKNOWLEDGEMENT

The author is grateful to Hon Dean, head of the department and the senior lecturer panel in the department of Economics of Faculty of Humanities and Social Sciences in University of Sri Jayawardenepura Sri Lanka for their support and encouragement to make this write up success.

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