

Sri Lanka – Middle East Labour Migration Corridor: Trends, Patterns and Structural Changes

Dinesha Siriwardhane, Indralal De Silva, Sampath Amaratunge

Abstract—Objective of this study is to explore the recent trends, patterns and the structural changes in the labour migration from Sri Lanka to Middle East countries and to discuss the possible impacts of those changes on the remittance flow. Study uses secondary data published by Sri Lanka Bureau of Foreign Employment and Central Bank. Thematic analysis of the secondary data revealed that the migration for labour has increased rapidly during past decades. Parallel with that the gender and the skill composition of the migration flow has been changing. Similarly, the destinations for male migration have changed over the period. These show positive implications on the international remittance receipts to the country.

Keywords—Labour migration, Remittances, Middle East, Sri Lanka.

I. INTRODUCTION

In past three decades international migration has been rapidly increasing in the world. While USA has recorded as the top immigrant country, Middle East has been getting the attraction of the Asians, migrate for employments. Middle East is the destination for more than 94 percent of Sri Lankan labour migrants. Male and females as well as skilled and unskilled people migrate for these countries for employment. This study focuses on the recent changes in the labour migration and their implications on the international remittance flow of Sri Lanka.

II. REVIEW OF LITERATURE

There is a rich theoretical and empirical literature on migration. However, the literature on the remittances is still at a poor state. The debate on the migration in 1950s was centered on the development impact of labour migration. Theories and models based this debate was first consists with optimistic view. However, gradually it has transferred towards a pessimistic view and then towards a mixed view. Classical and neoclassical views explained the development impact of the migration.

Migration selectivity was explained by integrating the seminal works of Mincer and Becker to the neoclassical explanation of the migration. Neoclassical version of human capital migration model was developed in [8]. He explains the

migration as an investment decision. Education, skills, talents and the capabilities of the people determines the earning capacities of the people. Prospective wages at abroad is a function of the individual skills of labour [10]. Hence the, development impact of migration depends on the quality of the human capital in the migration flow.

Sri Lankan context of the labour migration has examined in number of studies mentioned in the references [2], [3]-[7], [11]-[13]. However, literature on the migration flow from Sri Lanka to Middle East countries, recent changes in this flow and potential implications of those changes on the remittance flow is at a poor state.

III. RESEARCH PROBLEM

Three decades ago, the labour migration flow from Sri Lanka to Middle East countries was highly represented by the female unskilled workers. However, this has been changing with the discussion of the female and unskilled labour migration and their implications at the national level. Increasing number of complains related to female and unskilled workers were a center for discussion about the profiles of the workers migrating abroad. In the national policy of labour migration, it is stated that “*Sri Lanka is promoting the migration of skilled labour*” [5]. Hence, improving the skills of the people before the migration is considered as a key element in protecting the labour migrants, in the policy.

Even though the Sri Lanka and Middle East corridor of the labour migration is at a very strong level, literature on the changes in the labour migration to Middle East and potential impacts of those changes on the remittance flow has not well explored in the literature. Hence, this study aims to fill this gap by exploring the recent changes in labor migration and their implications on the remittances.

IV. OBJECTIVES

Objectives of the study are to explore the recent trends, patterns and structural changes in the labour migration from Sri Lanka to Middle East countries and elucidate the possible impacts of those changes on the remittance flow.

V. METHODOLOGY

Study is based on positivist epistemology. Secondary data published by the Sri Lanka Bureau of Foreign Employment (SLBFE) and Central Bank of Sri Lanka are used for thematic analyses. Main source of migration data in Sri Lanka is the statistics published by SLBFE. These data may not include the

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statistics of undocumented migrants. Remittance data on the other hand represents the remittances transferred through official channels and may not represent the irregular remittance transfers.

VI. RESULTS

A. Recent Trend

Within last three decades international labour migration in Sri Lanka has been changing substantially. According to [1] the stock of labour migrants working abroad has increased to 24 percent of the labour force in 2010 which was 13 percent in 2004 (Fig. 1).

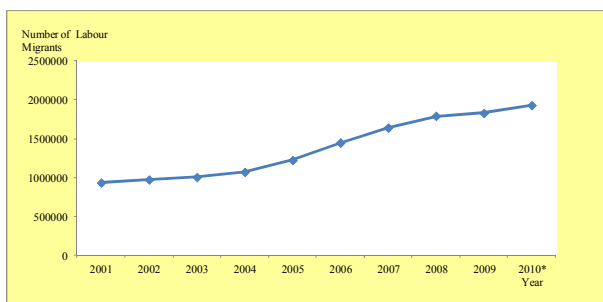


Fig. 1 Estimated Stock of Labour Migrants of Sri Lanka 2001-2010

This rapid increase is due to the increasing growth rate in the labour migration flow to Middle East countries. Fig. 2 presents the departure for foreign employment to Middle East countries in last two decades. During the period the departures of both male and female has increased at an increasing growth rate. Three decades ago the migration flow to Middle East was dominated by the female workers. As a result, still a larger share of the migration stock (currently 62 percent) is represented by females. However, a slight decrease in the female migration can be observed in recent years. Currently, share of females in the migration flow has declined to 49 percent. Rapid growth in the male labour migration with a slight decreasing trend in the female labour migration has resulted in a moderate growth during the period of 2006 to 2012.

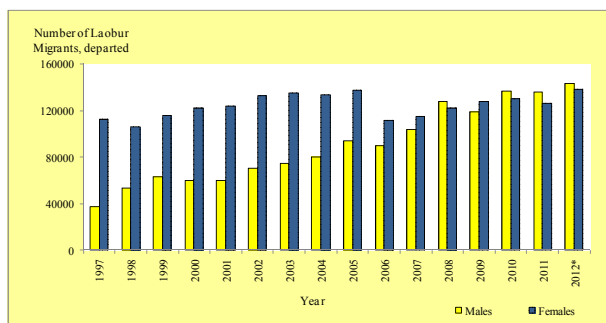


Fig. 2 Departure for foreign employment in Middle East by gender 1997-2012

As shown in [7], average wage rate received by Sri Lankan male migrants in Middle East countries is comparatively higher than that of the female workers. Hence increasing share of male migrants to these countries implies a positive impact on the international remittance flow.

B. Structural Changes

The mass scale migration from Sri Lanka to Middle East includes workers with different skills and talents (Fig. 3).

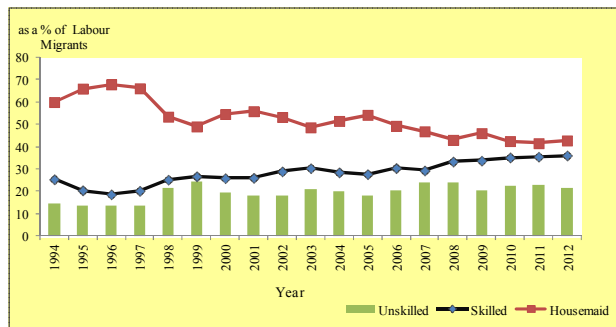


Fig. 3 Departure for foreign employment by manpower level (%) 1994-2012

According to [9], during last two decades, skilled migration has increased from 25 percent in 1994 to 36 percent. On the other hand unskilled migration has declined from 24 percent in 1999 to 21 percent in 2012. Significantly, labour migration for housemaid, which was the major component of the migration flow in the history, has declined from 60 percent in 1994 to 42 percent in 2012. These altogether shows increasing trend of the skill migration with a decreasing trend of unskilled migration for labour.

Comparison of labour migrants by gender and manpower levels reveals a significant disparity between the profiles of male and female labour migrants. While the 93 percent of the female migration flow to Middle East countries are unskilled housemaids, more than 64 percent of male migrants are skilled workers. They are professionals, middle level workers, clerical level workers or semi skilled workers (Fig. 4).

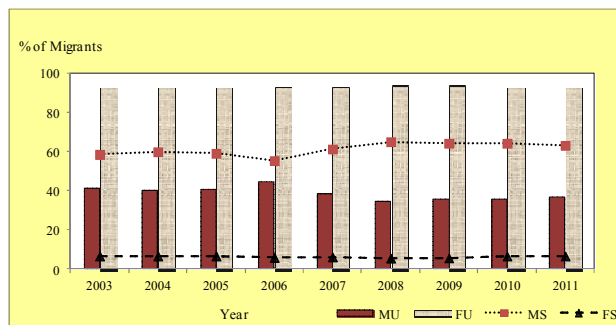


Fig. 4 Departure for foreign employment in Middle East by Gender and Manpower Level (%) 2003-2012 (FU-Female Unskilled, FS-Female Skilled, MU-Male Unskilled, MS-Male Skilled)

However, the skill composition of the labour migration flow has been changing during last two decades. Migration of skilled males to Middle East countries has increased during last decade. Especially the share of professional workers and clerical and related workers has increased during this period. While the number of workers for skilled and semi-skilled employment has increased their relative share of the male migration flow has slightly decreased.

However, skill composition of females remains as it was in 2003. Still the share of skilled female migrants represents 7 percent of the total female labour migration to Middle East countries. The reason behind is the narrowed opportunities for female labour migrants in the Middle East countries.

As shown in the human capital model of migration and evidenced in [7], average wage rate received by the labour migrants in Middle East changes with the skill level of the employees. While the workers in higher skill levels enjoy higher wage rates, low or unskilled workers receive a comparatively low wage rate. Hence, increasing trend in the skilled migration to Middle East, signs a positive impacts on the remittance flow.

C. Patterns

Common destinations for skilled and unskilled Sri Lankan labour migrants are Saudi Arabia, Kuwait, Doha Qatar and UAE (Fig. 5). Seventeen years ago, Saudi Arabia was the top destination which absorbed more than half of the male labour migrants from Sri Lanka. Even though the number of male migrants to Saudi Arabia has increased, Doha Qatar has become the top destination for the male labour migrants from Sri Lanka. Rapid increase in the employment opportunities in Doha Qatar currently receives more than 38 percent of the male migrants to Middle East countries.

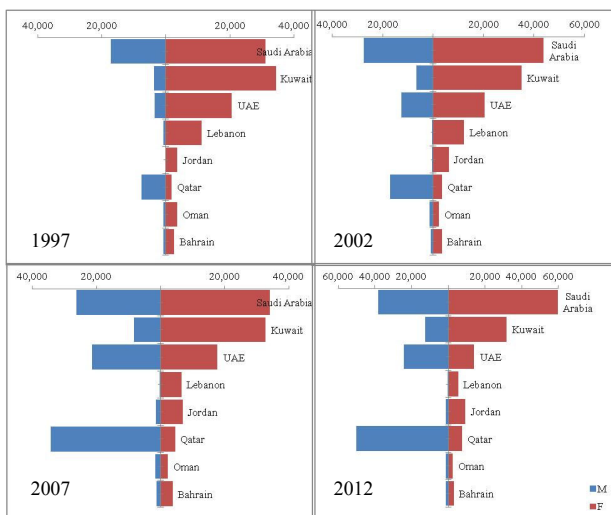


Fig. 5 Destinations of Sri Lankan Labour Migrants in Middle East

On the other hand, Saudi Arabia has been able to flourish as the top destination for female labour migrants from Sri Lanka. It receives more than 44 percent of female migrants migrating to Middle East countries.

As revealed in [7] Sri Lankan labour migrants receive a relatively higher nominal wage rate in Qatar. Hence, increasing number of migrants to Qatar shows the possibility of increasing remittance flow.

D. International Remittances

As a result of the past trends, structural changes and patterns in the labour migration flow, international remittances have been increasing at an increasing rate. Currently, Sri Lanka receives about US\$ 6000 million as worker remittances per year. According to the Central bank annual reports more than half of these remittances are flowing from the countries in the Middle East (Fig. 6).

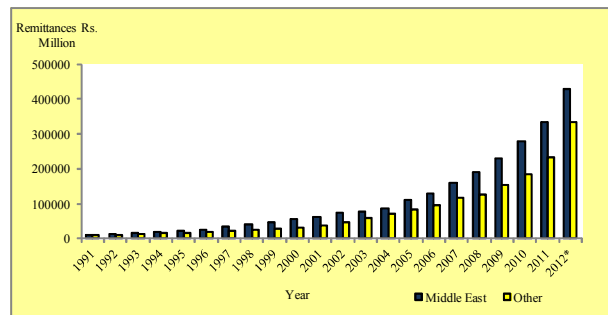


Fig. 6 Remittances from Middle East and Other Regions

During last two decades remittances from the Middle East to Sri Lanka have grown at a higher growth rate than the remittances from other regions in the world. While the total remittance receipts of the country is worth as the 61 percent of the export income, total remittances received from Middle East is worth as 34 percent of the total export income of the country. Currently, more than half of the remittance receipts are coming from the Middle East region. This implies a higher dependency of the remittance flow on this region. Possible instability of the countries in this region due to financial or non-financial conflicts can significantly affect the remittance flow to the country. During conflicts of countries in the region, migration for labour declines and can affect the international remittance flow. Decrease in the labour migration to countries such as Lebanon, Israel, Libya and Iraq during conflict periods provides evidence for this.

VII. CONCLUSIONS

During last three decades both the stock and the departure of the labour migration to Middle East has increased significantly. While both male and female labour migration increases, males have become the dominating group in the migration flow to Middle East. Compared to the 1980s this is a significant change in the labour migration flow of Sri Lanka to Middle East. Significant increase in the labour migration has been able to enhance the international remittance receipts rapidly. Absorbing more than 90 percent of the labour migrants Middle East countries contributes about 60 percent of the remittance flow. Skill composition of the migration flow has changed gradually. This shows a slight decrease in

the housemaids and increase in skilled workers leaving for professional, clerical level or semi skilled level employments. Since the earning capacity of skilled workers is relatively high, it can be expected that these changes in the manpower levels generates a positive impact on the remittance flow of the country. However, still the female labour migration flow to Middle East is dominated by the unskilled housemaids. During recent past Saudi Arabia and Doha Qatar has become the top destination countries for female and male labour migrants. Specially countries like Doha Qatar offers higher wage rates labour migrants. This implies an enhancement of the remittance flow, through increasing earning capacity of workers.

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