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## FOREIGN EMPLOYMENT

### Sri Lanka Experience – Part II

*This study is the product of 3 surveys carried out by the Employment and Manpower Planning Division of the Ministry of Plan Implementation. Part I carried in our June 1983 issue dealt with various aspects of foreign employment agencies and their services, and the demographic characteristics and socio-economic conditions of migrants. Part II deals with the Reasons, Costs and Duration of Migration; Occupational Mobility, Earnings in Foreign Employment, Migrant Remittances, Household Expenditure of Migrant and Investment by Migrants.*

*Part II concludes the study with an assessment of the Social Impact of Migration.*

#### Reasons for Migration

The survey ascertained the reasons for migration for foreign employment, from the migrants who were interviewed at the Colombo International Airport. Altogether 18 possible reasons were identified and listed in a schedule, and at the interview the migrants were asked to state the three most important factors which influenced their decision to migrate. The majority of migrants disclosed only a single reason (16.7%). The response of migrants both on their leaving Sri Lanka and their return and the main reasons for migrating is provided in Table 10.

About 16 percent of the migrants have stated that they were leaving the country because of the attractive salary they would receive in foreign employment. This could be an underestimate in that a significant number of respondents who stated that they were leaving the country to overcome

financial difficulties were motivated by the attractive salaries in foreign employment. The number of high level and managerial level persons who stated that they were leaving the country because of financial difficulties amounted to 18 percent while 41 percent had taken the decision because of the attractiveness of the foreign salary. A significant percentage of over 10 percent had stated that they were migrating because of family problems. Some of the persons who stated this as a reason would have arrived at their decisions because of their low incomes, the financial problems they faced and the relatively high wages

in foreign employment. A small percentage of less than 0.5 percent have attributed racial discrimination as the cause for their migration. Dissatisfaction with the job they held here is the reason for migration of 0.5 percent of the migrants. Discrimination in employment has not been given as a factor contributing to migration.

Information was also obtained through the survey of returned migrants on the reason why they left the country for foreign employment. The same factors which were identified and listed in the survey of migrants for employment was used in this survey too. Table 10 also shows that 46.5 percent had stated that the main reason for their leaving the country was to overcome financial difficulties. The relative proportion for the different manpower levels shows that only about 8 percent of professional and managerial workers and 32 percent of sub-professional and clerical workers had left the country for this reason.

Table 10

## Reasons for Outward Migration

| Main Reasons                                  | Response from Migrants Leaving Sri Lanka |              | Response from Migrants Returned to Sri Lanka |              |
|---|--|--------------|--|--------------|
|   | Total                                    | %            | Total  | %            |
| 1. Attractive Salary                          | 146                                      | 15.8         | 84   | 19.8         |
| 2. Interest of Spouse and children            | 07                                       | 0.8          | 06   | 1.4          |
| 3. Further Education/Training                 | 06                                       | 0.7          | 05   | 1.2          |
| 4. Professional Needs                         | 06                                       | 0.7          | 01   | 0.2          |
| 5. Change of work                             | —  | 0.0          | —  | 0.0          |
| 6. Join Family/Spouse                         | 02                                       | 0.2          | 03   | 0.7          |
| 7. Social/Cultural Preference                 | 01                                       | 0.1          | —  | 0.0          |
| 8. Influenced by family members               | 04                                       | 0.4          | 02   | 0.5          |
| 9. Friends already secured foreign employment | 04                                       | 0.4          | 05   | 1.2          |
| 10. Desire for travel                         | 03                                       | 0.3          | 06   | 1.4          |
| 11. Unemployed                                | 58                                       | 6.3          | 21   | 4.9          |
| 12. Loss of Jobs                              | 03                                       | 0.3          | 07   | 1.6          |
| 13. Overcome financial difficulties           | 478                                      | 51.6         | 197  | 46.5         |
| 14. Dissatisfaction with present job          | 05                                       | 0.5          | 05   | 1.2          |
| 15. Discrimination in employment              | —  | 0.0          | —  | 0.0          |
| 16. Racial Discrimination                     | 04                                       | 0.4          | —  | 0.0          |
| 17. Political discrimination                  | 03                                       | 0.3          | 02   | 0.5          |
| 18. Family problems                           | 95                                       | 10.3         | 37   | 8.7          |
| 19. Other                                     | 05                                       | 0.5          | 11   | 2.6          |
| 20. Not stated                                | 96                                       | 10.4         | 32   | 7.6          |
| <b>TOTAL</b>                                  | <b>926</b>                               | <b>100.0</b> | <b>424</b>                                   | <b>100.0</b> |

At these two levels 62 percent of professional workers and 32 percent of sub-professional and clerical workers had accepted foreign employment because of the attractive foreign pay. Family problems had been cited as a reason for foreign employment by 8.5 percent of the respondents. This percentage is significantly high in the case of housemaids, which is around 15 percent. Unemployment has been given as the reason for migration by 5 percent of the respondents, of which 4.2 percent of skilled workers had given this reason for their migration.

#### Cost of Migration

There are many costs associated with migration, and it is one of the most important factors which determines the volume and composition of migration. Information has not been gathered previously on this condition and even in the survey it was possible to obtain information mainly on the costs directly associated with migration.

In view of the considerable number seeking foreign employment opportunities in relation to available placements the costs of securing foreign employment has increased. There are several direct expenses associated with migration such as agency fees, air tickets, cost of processing travel documents, medical fitness tests travelling and subsistence. Apart from these direct costs there are several indirect expenses incurred in securing an outfit for a prolonged stay, such as purchase of clothes, personal effects and other essentials. In addition married migrants have to make alternative arrangements to provide for household expenditure, until remittances could be effected from the migrants earnings. There are also other commitments the migrants have to bear, the transferring of the family to a friend or relative or the providing for an additional member from the non-nuclear household to take up residence to attend to the needs of the family left behind.

The most important component of expenditure, the migrant had to bear before he left the country were agency fees. A small percentage of migrants find employment on their own or through friends or relatives working abroad. The survey of prospective migrants revealed that the migrants were not aware whether the agency concerned was licensed or not. The main component of migrant expenditure was on agency fees.

Information on direct costs of migration relating to agency fees, air fares, cost of processing travel documents and incidental costs disclosed in the survey of returned migrants are provided in Table 11.

The agency fee has by and large depended on the occupation, salary paid, working conditions and country of employment. The survey of returned migrants revealed that the agency fee had varied between Rs. 500/- and Rs. 55,000/-. In addition

to the fees paid to the firm, it had become necessary to pay fees to middlemen to gain access to these opportunities. This survey also revealed that 30 percent of migrants had paid Rs. 6,700/- on the average as agency fees. On the assumption that about 60,000 migrants find foreign employment annually, the total income accruing to the employment agencies amounted to about Rs. 90 million.

Some migrants were reluctant to declare whether they had paid agency fees or not. Some of the migrant groups were chaperoned by an agent from the firm and this may have contributed their silence on these costs. The amount paid as agency fees disclosed in the survey of returned migrants were those that had prevailed in and around 1981 and 1982 at the time that migrants had secured foreign employment. As a result of the increasing competition, the fees charged by the agency has substantially increased in the recent past. The survey of migrants leaving the country disclosed that the maximum amount charged was as high as Rs. 27,000/-.

It might be stated that the maximum value of fees that could be charged by an employment agency

is only Rs. 150 in terms of the Foreign Employment Agency Act. However, it has not been possible to enforce this provision, and agencies have been charging whatever fees they want. It has also been reported in the press that fees as high as Rs. 45,000 — Rs. 60,000 have been charged for finding foreign employment.

The survey also disclosed that some agencies had charged a security deposit from the migrants to defray the costs of repatriation in the event of either the migrant or the employer terminating the contract prematurely. The total number of migrants who reported such expenditure numbered 18 (4.2%) and they had spent Rs. 2,375/- on the average.

Professional and managerial workers have not paid any agency fees, the majority of them find employment on their own. In the case of sub-professional and clerical level manpower categories, the agency fee is approximately half the amount paid by skilled and unskilled workers. In the case of a significant percentage of migrants the costs of securing employment is so high that savings from foreign employment income after defraying costs, can be effected

implications on population growth, employment and unemployment, wages and on the social, cultural and economic integration of the migrant on return.

About 53 percent of males have indicated that they were migrating for a period of about 2 years. Nearly 20 percent stated that they were proceeding for one years work, and were mainly those who belonged to professional and sub professional categories and those who were migrating for a second time. A small percentage (4%) of males have indicated that they were intending to stay abroad for about 3 years, another 3 percent for periods in excess of 3 years. In the case of females, the majority (78%) were migrating for domestic employment and were to serve a 2 year contract period. About 16 percent of the migrants did not indicate the duration of stay and most of these persons were not aware of the contracted period of work.

A small percentage of females migrating for a one year period were drawn from professional and sub-professional groups and from the category of domestic workers migrating for the second time.

Table 11 Cost Incurred by Migrants to obtain Foreign Employment

| Item               | No. of migrants who provided this information | Percentage in total sample | Total cost (Rs.) | Average Cost (Rs.)                                |                |
|--------------------|---|----------------------------|------------------|---|----------------|
|                    |   |                            |                  | Average for Respondents who answered the question | Sample Average |
| Agency Fees        | 127   | 29.9                       | 845,865.00       | 6,660   | 1994.96        |
| Air tickets        | 58  | 13.7                       | 221,465.00       | 3,818   | 522.32         |
| Passports          | 193   | 45.5                       | 44,935.00        | 233   | 105.98         |
| Medical Reports    | 228   | 53.8                       | 61,522.00        | 270   | 145.1          |
| Security Deposits  | 18  | 4.2                        | 42,790.00        | 2,377   | 101.0          |
| Cost of Travelling | 124   | 29.2                       | 132,005.00       | 1,065   | 311.4          |
| Other Costs        | 249   | 58.7                       | 435,390.00       | 1,749   | 1026.9         |
| Total              | 392   | 92.4                       | 1,783,972.00     | 4,553   | 4207.6         |

#### Duration of Foreign Employment

The duration of employment abroad is important for a number of considerations. Firstly the duration of stay indicates the migrants needs and desires and the extent to which he was able to satisfy these needs on the one hand and the extent to which he was able to adjust to the environment on the other. Secondly, the duration of stay largely determines the foreign

only in the second year of foreign employment, or as some persons have reported on their second trip abroad. earnings, savings and remittances and from this angle it is important both to the individual and the country. Thirdly, the duration of the stay is important for a number of demographic, social and economic considerations which have important

The survey of returned migrants elicited information on the migrants duration of stay abroad by occupation and this information categorised by manpower level is provided in Table 13. The average duration of stay of the sub-professional and skilled workers were longer than those unskilled workers and housemaids. In the sample, there were migrants whose

second visit was to another country, and there were those who had visited three or more countries. About 6 percent of the migrants had returned within 3 months. In the case of housemaids the percentage that returned

### Occupational Mobility with Foreign Employment

There were unconfirmed reports that migrants leaving the country were prepared to accept any kind of work

jobs, migrants were classified by the level of jobs they had held locally, as against the ones they had secured abroad. (Table 15)

The information in the Table shows that 61 percent of the migrants

**Table 12** Cost Incurred by Migrants to obtain Foreign Employment by Manpower Level

| Cost Item        | High Level | Middle Level | Skilled   | Unskilled | House Maid | Total     |
|------------------|------------|--------------|-----------|-----------|------------|-----------|
| Total Cost (Rs.) |            |              |           |           |            |           |
| Amount           | 22,000     | 131,795      | 1,022,622 | 859,610   | 247,945    | 1,783,972 |
| No.              | 07         | 35           | 153       | 56        | 141        | 392       |
| Average          | 3142.86    | 3765.57      | 6683.80   | 6421.61   | 1758.47    | 4550.95   |

within 3 months was 8.7 percent. It also showed that about 15 percent of the housemaids had stayed less than 6 months.

abroad because of the higher remuneration. It is also believed that Sri Lankan migrants generally received inferior or lower status jobs. It has

secured jobs which were equivalent in level to those they held locally. About 75 percent of the migrants were

**Table 13** Duration of Stay Abroad of returned Migrants

| Manpower Level                    | High | Middle | Skilled | Unskilled | Housemaids | All Levels | %     |
|-----------------------------------|------|--------|---------|-----------|------------|------------|-------|
| <b>Duration (Months)</b>          |      |        |         |           |            |            |       |
| 0 - 3                             | 1    | 2      | 3       | 8         | 13         | 27         | 6.4   |
| 4 - 6                             | 0    | 0      | 9       | 2         | 9          | 20         | 4.7   |
| 7 - 9                             | 0    | 2      | 10      | 6         | 9          | 27         | 6.4   |
| 10 - 12                           | 1    | 6      | 18      | 5         | 13         | 43         | 10.1  |
| 13 - 18                           | 1    | 5      | 24      | 8         | 18         | 56         | 13.2  |
| 19 - 24                           | 3    | 8      | 32      | 7         | 33         | 83         | 19.6  |
| 25 - 30                           | 1    | 3      | 13      | 4         | 21         | 42         | 9.9   |
| 31 - 36                           | 1    | 4      | 20      | 12        | 12         | 49         | 11.6  |
| 37 - 48                           | 1    | 4      | 21      | 4         | 17         | 47         | 11.1  |
| 49 - 60                           | 3    | 3      | 8       | 1         | 4          | 19         | 4.5   |
| 61 - 72                           | 0    | 2      | 5       | 0         | 0          | 7          | 1.6   |
| Above 72                          | 1    | 1      | 2       | 0         | 0          | 4          | 0.9   |
| All Migrants                      | 13   | 40     | 165     | 57        | 149        | 424        | 100.0 |
| Average duration of stay (months) | 33.7 | 27.9   | 25.6    | 20.3      | 20.2       | 23.5       |       |

Source: Survey of Returned Migrants

The data from the survey of returned migrants were classified by duration of residence abroad and the country of migration. (Table 14). The total number of visits to the country of employment and average duration of stay per visit was also computed and is provided in this Table. There is a wide variation in the average duration of stay, migrants to the developed countries having stayed for longer periods. In the case of skilled and unskilled workers and housemaids who migrated to the Middle East the average duration of stay abroad per visit had been less than 22 months.

been said that even professional and managerial categories accepted supervisory and clerical jobs because of the high salaries, and the observations made by employment agents tend to confirm this position.

In the competition for jobs migrants from higher occupational grades could displace those from the occupations to which recruitment is made. This generally occurs when higher wages are sufficiently attractive for persons who are over qualified to accept lower status jobs. In order to examine the extent of employment mobility which has taken place in the transition from local jobs to foreign

considered to possess higher skills and received better employment with higher status than the ones they held here; while 32 percent had to be satisfied with lower status jobs but with better pay. Table 15 also shows that 75 percent of the professional and managerial cadres were able to secure foreign employment at the same level, while 20 percent had to be satisfied with supervisory and clerical level employment. This employment mobility is most significant in technical and supervisory positions where only one-third of the migrants were able to secure equivalent occupations

Table 14

## Duration of Stay of Returned Migrants Classified by Host Country &amp; Manpower Level

| Country                  | No. of Migrants | Duration of Stay per Migrant (month) | No. of visits | Duration of stay per visits (month) |
|--------------------------|-----------------|--------------------------------------|---------------|-------------------------------------|
| High Level               | 13              | 33.7                                 | 20            | 21.9                                |
| Middle East Countries    | 46              | 79.5                                 | 08            | 58.8                                |
| Maldives                 | 02              | 01.0                                 | 02            | 01.0                                |
| Nigeria                  | 03              | 20.3                                 | 03            | 20.3                                |
| Other African Countries  | 02              | 15.0                                 | 02            | 15.0                                |
| U. S. A.                 | 03              | 62.0                                 | 05            | 37.2                                |
| Middle Level             | 40              | 27.9                                 | 67            | 18.0                                |
| Middle East Countries    | 32              | 120.70                               | 43            | 91.6                                |
| Singapore                | 02              | 6.5                                  | 03            | 4.3                                 |
| Other Asian Countries    | 01              | 7.0                                  | 01            | 7.0                                 |
| African Countries        | 05              | 87.5                                 | 06            | 77.2                                |
| United Kingdom           | 03              | 64.3                                 | 07            | 27.5                                |
| Other European Countries | 03              | 15.7                                 | 03            | 15.7                                |
| U. S. A.                 | 01              | 23.0                                 | 02            | 11.5                                |
| Skilled Level            | 165             | 25.6                                 | 252           | 16.7                                |
| Middle East Countries    | 132             | 178.3                                | 170           | 154.9                               |
| Maldives                 | 02              | 22.0                                 | 04            | 11.0                                |
| Singapore                | 09              | 26.4                                 | 10            | 23.8                                |
| Thailand                 | 02              | 6.5                                  | 02            | 6.5                                 |
| Other Asian Countries    | 05              | 19.0                                 | 05            | 19.0                                |
| African Countries        | 06              | 47.2                                 | 08            | 30.2                                |
| European Countries       | 27              | 53.0                                 | 41            | 39.4                                |
| U. S. A.                 | 09              | 12.9                                 | 11            | 10.5                                |
| Unskilled Level          | 57              | 20.3                                 | 82            | 14.7                                |
| Middle East Countries    | 55              | 79.7                                 | 75            | 60.6                                |
| Singapore                | 04              | 10.7                                 | 04            | 10.7                                |
| Libya                    | 01              | 35.0                                 | 02            | 17.5                                |
| Germany                  | 01              | 15.0                                 | 01            | 15.0                                |
| Housemaids               | 149             | 20.2                                 | 196           | 15.8                                |
| Middle East Countries    | 165             | 127.3                                | 191           | 115.0                               |
| Singapore                | 03              | 10.8                                 | 04            | 7.7                                 |
| Libya                    | 01              | 12.0                                 | 01            | 12.0                                |

Note: Although the same migrant had visited more than one country, each visit was treated separately. Therefore the number of migrants classified by country would exceed the number in the sample of a particular manpower level.

Table 15

## Occupational Mobility through Foreign Employment

| Occupation Level in Sri Lanka | All Levels | Occupational Level Abroad |        |         | Unskilled |
|-------------------------------|------------|---------------------------|--------|---------|-----------|
|                               |            | High                      | Middle | Skilled |           |
| High Level                    | No         | 12                        | 03     | 01      | —         |
|                               | %          | 100.0                     | 75.0   | 18.7    | 6.3       |
| Middle Level                  | No         | 01                        | 20     | 23      | 14        |
|                               | %          | 100.0                     | 1.7    | 34.5    | 39.7      |
| Skilled Level                 | No         | —                         | 06     | 99      | 40        |
|                               | %          | 100.0                     | —      | 4.1     | 68.3      |
| Unskilled Level               | No         | —                         | 01     | 11      | 24        |
|                               | %          | 100.0                     | —      | 2.8     | 30.5      |
| All Manpower Level            | No         | 13                        | 30     | 134     | 78        |
|                               | %          | 100.0                     | 5.1    | 11.8    | 52.5      |

while 40 percent had to accept skilled work, and 25 percent unskilled work. More than 25 percent of the skilled workers had accepted unskilled work. On the other hand over 30 percent of the unskilled workers were able to secure skilled work and attendant benefits.

### Earnings in Foreign Employment

The comparatively attractive income from foreign employment is undoubtedly the most important determinant that had influenced the migration decisions of the majority of Sri Lankan migrant workers. The wages of a construction labourer or a housemaid in foreign employment when converted into rupees was as high as the wages of a top official in the public sector or that of a senior university teacher in Sri Lanka. This very high wage differential on which information is freely available via foreign job advertisements has had a number of consequences on the labour market. It has naturally resulted in the development of a situation where a large segment of workers from a wide range of occupations, look forward to high salaried foreign jobs. The creation of a supply and demand imbalance for foreign job opportunities in this manner has led to employment agencies raising their fees and other charges they received from the migrants seeking such employment.

Employment income of Sri Lankan migrant workers consists of the regular wage or salary received in the job, and regular and casual payments received such as living allowances, holiday pay, overtime, bonus etc. In addition to the monthly income received from employment he would generally enjoy other perquisites of the job, which include free or subsidised accommodation, medical benefits, meals, transport to place of work etc. Apart from the employment income received the migrant worker could also receive income from investments or other economic activities he undertakes

outside his job. The survey elicited information only on the employment income earned by the migrant and not on any other income which he received during his stay abroad from any productive ventures which he or his family may have undertaken.

### Wages and Salaries

The survey of migrants for employment disclosed that 465 or 50.2 percent of all migrants had received a contract of employment before they left the country. The distribution of migrants who had received contracts of employment by both sexes revealed that 72.5 percent of the males who were in the sample and 33.3 percent of females had received this document. Of the persons who had contracts of employment, it was 256 males (64% males in the sample) and 128 females (24.3%) who were aware of the wages and salaries they were to receive from their jobs abroad. In other words only 41.5 percent of all migrants knew the employment income they would receive. The migrants had accepted the position that these foreign wages cannot be below certain threshold levels and that these would be adequate to achieve a minimum standard of living in the host country and also to effect some savings.

### Wage Differentials in Local and Foreign Employment

The manifested willingness of Sri Lankan migrants to take up foreign employment must be largely attributed to the wide wage differentials which exist between the countries of migration and Sri Lanka.

Using the available data it was decided to construct two indices on wage differentials in respect of the different manpower levels and for selected occupations. The first index was constructed by adding together the foreign wages in the selected category and dividing it by the total wages received by the same respondents in their local occupations. Persons who were unemployed before

migration were excluded in the construction of the index.

The variations between the two indices depends on the magnitude of wage differentials between local and foreign wages of the sampled population. And the second is a better guide to analyse migration decisions. If the second were to be used to make the observations then the level of differentials between foreign and local wages for sub-professionals and clerical categories is the highest and is over 16. In the case of professional and managerial groups the differential is as high as 12.5. In foreign jobs skilled and unskilled workers and housemaids receive as much as 10 times the wages they receive in Sri Lanka.

### Earnings from Employment

A professional worker had earned over Rs. 1 million during his stay abroad. Sub-professionals and clerical workers had earned about Rs. 415,000 on the average when their earnings were converted into rupees. In the case of skilled workers these earnings worked out to Rs. 235,000 and to Rs. 125,000 in the case of unskilled workers and about Rs. 57,000 for housemaids. An engineer who had worked for a period of 7 years in England had earned an equivalent of Rs. 3.1 million during his stay abroad. This maximum in the case of a sub-professional, and administrative secretary who had worked abroad for 6 year period amounted to Rs. 2.5 million. The maximum amount earned by a skilled worker when converted into Rupees amounted to Rs. 1.5 million, which was by a driller who had worked abroad for 3 years in Saudi Arabia.

A seaman had received Rs. 14,000 per month on average while a heavy vehicle driver had earned this equivalent of Rs. 13,000 per month. At the skilled level operators and mechanics received the next highest average monthly earnings. Carpenters and masons have been able to earn the equivalent of about Rs. 9,000 and Rs. 7,000 per month respectively.

*To be continued*