



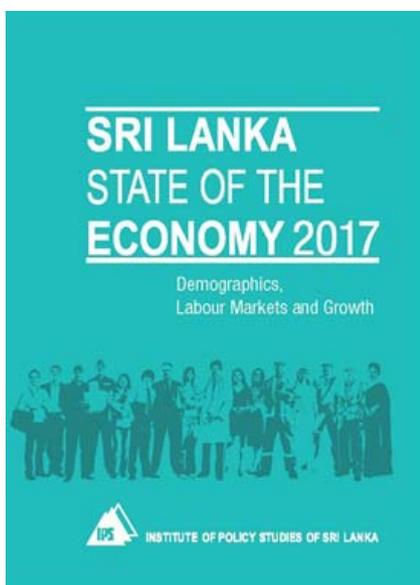
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POLICYINSIGHTS

INSTITUTE OF POLICY STUDIES OF SRI LANKA

RETAINING, RE-INTEGRATING AND ATTRACTING TALENT FOR GROWTH AND COMPETITIVENESS

From the IPS flagship publication 'Sri Lanka: State of the Economy 2017 Report'



Sri Lanka is a growing middle income country with further potential for growth. However, the country's labour market is not yet fully geared to facilitate such a growth process and Sri Lanka needs to heavily invest in enhancing the efficiency of the labour market to improve its competitiveness; a necessary condition for such labour market efficiency is the availability of skilled workers.

Reasons for Migration

Until recently the majority of migrants from Sri Lanka were females, dominated by those seeking employment abroad as female domestic workers (FDW). It was only from around 2010 that the female share of departures has been consistently lower than that of males.

When females made up the larger share of migrants, the dominant push factors for their migration decision was the lack of alternative employment opportunities in Sri Lanka. For many, seeking foreign employment was primarily 'a survival strategy pursued largely out of desperation'. Mirroring the era of female dominance, the more males dominated labour migration from Sri Lanka in more recent years also reveal that the push factors remain unchanged. Available evidence shows that a high concentration of migrant workers tends to originate from under-served communities with fewer services and in marginalized areas.

In general, migrants are often attracted to high salaries and favourable labour

market conditions in destination countries. In addition to wage differentials, another important pull factor is the living standards in the countries of destination. Other labour market related pull factors in destination countries include access to productive employment and income opportunities, better working hours, better working environments, and more opportunities for career development. Non-economic factors such as political stability, strength of institutions and rule of law, etc., are also pull factors that attract all types of migrants to destination countries.

In contrast to migration for employment abroad, the pull factors in transforming a student migrant into a migrant worker

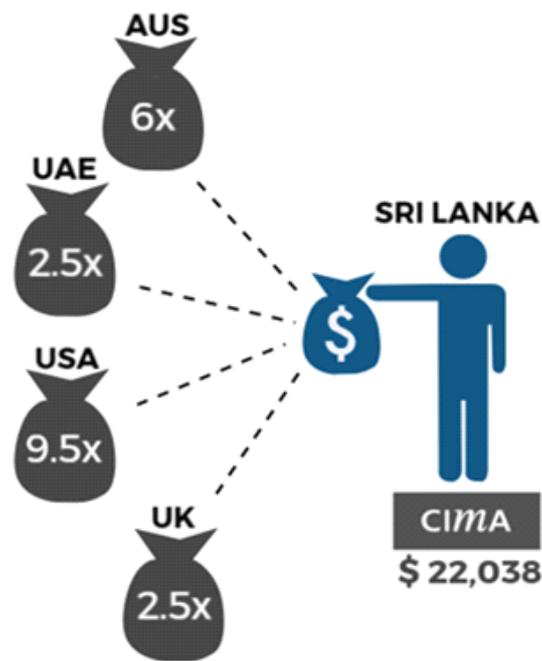


is largely linked to the difference in the level of acceptance of qualifications from Sri Lanka. It is well established that foreign education is often discounted in the destination country's labour market if the foreign education has been obtained in a country where the overall development level is lower. As such, for students originating from Sri Lanka, their qualification from a developed country, which now puts them on par with others in the labour market in the destination country, often serves as a push factor to pursue employment subsequent to gaining some education in the destination country. This in turn makes the alternative of returning to Sri Lanka less attractive in comparison.

Tackling the Talent Deficiency

Currently, Sri Lanka is at an efficiency-driven stage of economic development, and aims to graduate to the 'innovation-driven' phase. However, the quantity and the quality of the future workforce in Sri Lanka are projected to be lower than that of the current workforce. This implies a future skills and talent deficit in Sri Lanka. One of the key strategies to overcome such a deficit and graduate to an innovation-driven economy is to synchronize the domestic labour market with the global pool of talent. Specific measures for such synchronizing include retaining and reintegrating talent, reversing brain drain and tapping into the global talent pool.

To achieve these measures, Sri Lanka needs to adopt long-term strategies so as to improve the country's macroeconomic conditions and create a sense of responsibility amongst its people to give back to the country while being global Sri Lankan citizens. These long-term efforts need to be



complemented with near-term strategies, such as:

- Place short-term restrictions (quota system) on skilled labour, which would ensure that a sufficient supply of skilled labour remains in the local economy for productive activities.
- Equip an influential agency to assist skilled emigrants with critical areas such as job placement, business investment, housing, and children's schooling.
- Develop an authoritative framework for foreign qualification recognition and employment regulation of skilled workers from overseas, prior to signing agreements such as the ETCA. Reforming the higher education and labour market policies to facilitate the absorption of foreign students as interns and apprentices into the domestic labour supply.

Overall, if Sri Lanka hopes to be competitive, it must anticipate the forthcoming changes to the country's labour market, and develop a comprehensive agenda to manage migration accordingly. The country must also recognise that migration policies cannot be formulated in isolation from developments in the global socio-political spectrum, and should actively engage with the international community to draw lessons from global experiences in order to inform domestic policy.

This Policy Insight is based on the comprehensive chapter on "Retaining, Re-integrating and Attracting Talent for Growth and Competitiveness" in the 'Sri Lanka: State of the Economy 2017 Report' - the flagship publication of the Institute of Policy Studies of Sri Lanka (IPS). The complete report can be purchased from the publications section of the IPS, located at 100/20, Independence Avenue, Colombo 7. For more information, contact the Publications Unit on 0112143107/0112143100.



200,000 unauthorized workers in Sri Lanka

