

# Analysing the Economic Impact of Brain Drain and Migration in Sri Lanka

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**Abstract**— Brain drain and migration of professionals has been a topic in Sri Lanka for decades now. But Sri Lankan government haven't taken proper actions to overcome from this issue so far. Migration of skilled professionals showed an increment due to the protest happened recently as it happened to be one of the reasons for the political instability. This paper aims to analyse the brain drain and migration nature in Sri Lanka and identify the key components that determine the skill migration. This study uses a combined methodology, wherein 107 in-depth interviews were conducted to collect data and a systematic review of literature over a period of 22 years (2000-2022). The results show that migration of skilled professionals has been increased up to 2022 and how social, economic, and political factors influenced migration.

**Keywords**— Brain drain, Economy, Migration, Professionals

## I. INTRODUCTION

Recently, migration has been a persistent and ongoing occurrence in Sri Lanka. The major reason for that is the political, economic, and social evolution that has been occurred during the past few years. According to (Reiling, 2018) the term "brain drain" denotes to the international migration of human capital resources, and it mostly refers to the emigration of reasonably educated people from developing to developed countries. Both the term "Brain Drain" and the term "Brain Gain" have been used to describe the movement of skilled workers from developing to developed countries (Gunawardena & Nawaratne, 2017). The reasons why individuals migrate are diverse and ever evolving. The migration of skilled people in a knowledge economy that is globally integrated is caused by more than just the shifting composition of the economy.

In Sri Lankan context, most educated and skilled citizens frequently emigrate, and this trend is not new. The majority of studies on professional migrants worldwide, including those on Sri Lankan migrants, have only looked at those who move to OECD nations (Ekanayake and Amirthalingam, 2021). Many employees prepare themselves deliberately for emigration, specifically those from small island economies like Sri Lanka that lack the scale economies to offer well-paying occupations at home

(Ngoma and Ismail, 2013). Currently, Sri Lanka lacks an appropriate policy framework that motivates experts who have migrated abroad. As a result, it's critical to have laws in place that enable professionals who have worked abroad for a specific amount of time to come back to Sri Lanka (Ume Laila and Farhan Fiaz, 2018).

The purpose of this study is to provide the reader a comprehensive analysis of the factors that increase the brain drain and migration and how that affect to the economy of Sri Lanka. Early research on this topic in a global context concluded that developing countries' human capital was being drained by the movement of their most skilled workers.

## II. OBJECTIVES OF THE STUDY

To analyze the economic impact of brain drain and migration in Sri Lanka, the study identified the below objectives.

- a) To investigate the migration and brain drain nature in Sri Lanka.
- b) To identify the key components that determines the skill migration.

## III. METHODOLOGY AND EXPERIMENTAL DESIGN

In methodology section fundamentally explains a broad analysis of research objectives, research questions and problem statement. In addition to that, it also provides some empirical research studies based on past literature. Past literature reviews provide clear understanding that makes it easier to identify appropriate approaches for data gathering and analysis.

This study has used data collected from more than 100+ executive level professionals in Sri Lankan from 6 sectors namely, IT (Information Technology), marketing, finance, HR (Human Resources) and administration, engineering, and educational in order to analyze the study's key elements.

The sample design of this research study is based on snowball sampling method. The first objective has been analyzed using past literature for the period of 2000-2022 in Sri Lanka. The second objective is analyzed by using

past literature for the same period and data obtained from in-depth interviews. The questionnaire we used for the pilot study changed as per the suggestions given by the interviewer. Then the finalized questionnaire which was used to collect data is a realist one.

The purpose of this in-depth interviews was to collect data on the factors that affect political instability and skill migration. Additionally, to discover more about the participant's experiences and perspectives in related to their roles and responsibilities, challenges they may encounter, and career development opportunities in their respective sectors. The data collected through in-depth interviews are analyzed using thematic analysis. It is utilized for this study because it examines pattern or themes with qualitative data.

#### IV. RESULTS AND DISCUSSION

In this section mainly emphasize on results obtained from past literature review and in-depth interviews. The results of this study's output focus on the nature of skill migration and brain drain in Sri Lanka and the identification of key components of skill migration.

##### A. Objective 1

During the colonial period high-ranking, educated individuals who held administrative positions in Sri Lanka occasionally left the country for employment in other British Empire countries on a small scale. Traditionally most OECD countries like Australia, Canada, New Zealand and United Kingdom have become the most preferred destination of Sri Lankans. The reason for this is that those countries provide citizenship to skill migrants. Through that skill migrants can get many facilities and benefits from those countries (A. Ekanayake & Amirthalingam, 2022).

From 2000, a new wave of migration grew as students migrating for educational purposes. These migrants were those who come from elite or upper-middle-class families or who have received scholarships to migrate. In that time period a number of professionals including engineers, doctors, accountants, managers, technologists and navigators migrated to developed countries in search of higher pay and to provide a better education for their children. In that group clearly provide a brain drain from Sri Lanka (Jayawardena, 2020). According to the Sri Lanka Net Migration Rate (1950 - 2023) statistics, in the year 2000, net migration rate was - 4.87 per 1000 population. It declined 1.20% from 1999. Between 2000-2004 the migration population has not changed significantly. Then the 2005, net migration rate was -4.906 per 1000 population and it was decline 2.23% from 2004. (Jayawardena, 2020).

Sri Lanka has shown increase until 2010 in the number of skill migrants between 2009 to 2012. The Middle East countries increased labor migration at a faster rate is the cause of this sudden rise. After 2010 the unemployment rate decreased again until 2012, due to the increase in overseas job opportunities. Accordingly there was an increase in the migration population as well (Dharmadasa and Dissanayake, 2018).

In 2012 - 2013, with the increase in unemployment rate in Sri Lanka, the number of migrants also increased during that period. (Gunawardena & Nawaratne, 2017).

Also, 2014 plays a significant role when discussing the population that has migrated. That time period had the largest population migration in Sri Lankan history. The number is given as 300413. It was more than double of the migrated population of in the previous year after 2014 (Wijesinghe & Jayawardane, 2021).

The net migration rate of 2020 was -4.390 per 1000 population and its decline 2.68% from year 2019. In 2022 Sri Lanka saw 311,269 people leaving from the country and that is the highest in the history. This exceed the previous record of 300703 in 2014 (Sri Lanka Net Migration Rate 1950 - 2023). There are many Sri Lankan Skilled professional have migrated permanently to different countries such as Australia, New Zealand, Canada, United Kingdom, Western Europe and United States of America during recent years. (Dharmadasa and Dissanayake, 2018).

The below table listed the net migration rate and the related growth rate from 2000- 2022.

Table 1. The Net migration rate and the related growth rate (2000- 2022)

Year	Net Migration rate	Growth rate
2000	-4.87	-1.20%
2001	-4.81	-1.23%
2002	-4.751	-1.23%
2003	-4.692	-1.24%
2004	-4.799	2.28%
2005	-4.906	2.23%
2006	-5.012	2.16%
2007	-5.119	2.13%
2008	-5.226	2.09%
2009	-5.123	-1.97%

2010	-5.02	-2.01%
2011	-4.916	-2.07%
2012	-4.813	-2.10%
2013	-4.71	-2.14%
2014	-4.694	-0.34%
2015	-4.678	-0.34%
2016	-4.663	-0.32%
2017	-4.647	-0.34%
2018	-4.631	-0.34%
2019	-4.511	2.59%
2020	-4.39	-2.68%
2021	-4.27	-2.73%
2022	-4.149	-2.83%

Source: Macrotrends website (Per 10000 Population)

### B. Objective 2

Skill individuals are one of the essential resources for every country. Migrating Skill professionals from their home country to another developed country directly impacts the development of the country. Many educated people will be influenced to migrate to developed countries as they are often unable to provide what they need in their home country (Ullah, 2018).

Many professionals including engineers, technologists, navigators, and doctors migrate to developing countries in the year 2000 to increase their income and to provide better education for their children. During that time Australia, Canada, New Zealand and the USA releasing few immigration restrictions as well. (Jayawardena, 2020).

The income gap between their home country and the host country is one of the factors that influence skilled professionals to migrate on their own. A country with a good income for their ability will be inclined to choose a country as their destination. This is mostly common in low income countries (Gunawardena and Nawaratne, 2017). Push factors are the factors that drive away people from their home country. Major push factors of Sri Lankan skill professionals migrate to other countries are existing political influence, poor working conditions, corruption in the country, less income and Lack of job satisfaction. Majority of Sri Lankan professionals migrate to another countries to get the better opportunities for employment, higher living standards and higher wages (Wijesinghe and Jayawardane, 2021).

According to studies on the migration of Sri Lankan professionals to the OECD, there are variety of pull and push factors that encourage skilled professionals to migrate to the OECD countries. In addition to that they identified, lack of opportunities for professional development, better working conditions, higher quality of life, and lack of better educational opportunities available for their children are the major pull and push factors to influence professionals to migrate to another country (Ekanayake and Amirthalingam, 2021).

There are two different patterns of migration that affect Sri Lankan people. The first one is the Skill professionals permanently migrate to developed countries. Second one is the semiprofessionals or nonprofessionals migrate temporary to the gulf countries like Kuwait, Qatar and etc. In this situation most of the perment migrants expect to get a higher living standard and get a job that suits their skills and to get a better salary (Dharmadasa and Dissanayake , 2018). Many skilled professionals are trying to migrate to developed countries due to the pay gap between professionals in Sri Lanka and other countries. This will inspire many to migrate to get proper value for their qualifications and skills as well to ensure their financial security. (Weeraratne, 2018).

#### 1) Demographic information of respondents

All the responses received were compiled in such a way that the results represented all of Sri Lanka's provinces. The majority of respondents were received from western provinces (59%). Lowest number of responses were received from North-Eastern province (1%). In relation to percentages 15% of responses have been garnered from the Central province, 8% from the Southern province, 3% from the Eastern and Uva provinces and 4% from the North Central, North-Western and Sabaragamuwa provinces.

53% of the responses were received from male executives while 47% of the responses were from female executives. The age group between 20-30 has given the highest number of respondents (49%) and the age group between 51-60 has received the lowest responses (1%). 42% of responses were received from the age group between 31 - 40. Only 9% of Executives between the ages of 41 -50 have responded. From the sectors, we collected data; IT sector has acquired the majority of the responses. In percentage wise, it is 32%. Construction sector has given the least number of responses and it is 1%. Moreover, 11% of the responses were received from HR and administration, 17% from finance, 11% from banking, 6% from engineering and educational sectors.

According to the highest education qualification, 5% of the executive level employees are degree holders. 27% of employees have acquired master qualification and 8% of respondents have diploma qualification

We gathered responses from people with more than 3 years of working experiences. From those responses, 40% of executives have 1-5 years of working experiences. 31% of them have 6-10 of working experiences, 19% of them have 11-15 years of working experiences, 6% of them have 16-20 years of working experiences, and only 4% of executives have more than 20 years working experiences.

## 2) *Impact on economy through skill migration.*

### a. *Current job satisfaction.*

Through our in depth interviews we collected data in the executives' perceptions of their current job satisfaction. As a result, the responses they provided are shown below.

"Not 100% but to a certain extent satisfied about my current job"[Education sector employee]

"Not at all, because I think there are some inconsistencies between the qualifications and my job" [Finance sector employee].

"No, according to my education qualifications, I am not that much satisfied with my current job" [Engineering sector employee].

"Yes I am satisfied when considering my educational qualifications. But due to the recent tax policy changes and economic recession the salary I receive is not enough" [IT sector employee].

To identify the push and pull factors that influence Sri Lankan young engineers to migrate to Australia, Wijesinghe and Jayawardane., (2021), have conducted a 5-point Likert-type online questionnaire to 63 engineers who are living in Australia. According to that questionnaire, they have discovered lack of job satisfaction is one of the significant factors that inspire young engineers to migrate to Australia. As a percentage, it is 47.6%. They have also indicated that if any person's job satisfaction is in low level, that there is possibility of leaving the job or that person work with low efficiency.

Munoz et al., (2021), have stated that the tendency to migrate depends on the desire for job satisfaction.

To evaluate the factors affecting the migration, Asadi et al., (2018), have carried out 21 semi structured interviews between 2015 and 2016. They have identified job dissatisfaction with salary and job dissatisfaction with the

behavior of higher officials influence professionals to migrate.

By considering the above provided responses and past literature data as proofs, it appears that many people are dissatisfied with their current employment situation, and this "Job dissatisfaction" can be mentioned as one factor that affects many skilled people to migrate.

### b. *Intention to migrate*

Below are the responses to the question of whether executives would be willing to migrate.

"Yes. have intention to migrate now" [HR sector employee].

"Yes, these days i am planning to move for another country" [Marketing sector employee].

According to the above respondents majority of executive level employees in Sri Lanka, they have willingness and intention to migrate to developed countries.

Popogbe and Adeosun, (2022), have carried out there is a no connection between the rise in exit or migration intentions and other indices. These include the nation's poor health, high unemployment, rising poverty rate and insecurity.

According to Dako-Gyeke, (2016), the intention to migrate is define as the sum of expected utilities, which are categorized according to the aspects of wealth, status, comfort, suggestion, autonomy, affiliation, and morality. And also one could argue that the prospect of employment in a destination country is a key factor in youth migration intentions, which is based on individual or family decisions.

### c. *Reasons to migrate*

There are many reasons that influence Sri Lankan executives to migrate to another country. As a result, the responses they provided are shown below.

"I am not a fan of Sri Lankan culture, which is why I would like to migrate" [IT sector employee].

"I like to get more professional experience and experience the world class professionalism" [Marketing sector employee].

"The main reason is there is no proper law in this country and no democracy in this country" [IT sector employee].

According to the Asadi et al., (2018), they have identified work place problems, discrimination between fields, to

gaining the new experiences and to achieving a better life are the major factors that affecting to migration.

Grabowska and Jastrzebowska., (2023), have stated that, limited job opportunities, low salaries and to obtain better job and life satisfaction.

In addition to that Ekanayake and Amirthalingam, (2021), have identified better working conditions, lack of opportunities for professional development, higher quality of life, and better educational opportunities available for their children are the major pull and push factors to influence professionals to migrate to another country. Therefore it can be stated that majority of skilled people migrate mostly due to some common set of factors.

#### *d. Perception of current government*

According to the perception of current government and procedures, Sri Lankan executives have negative, positive and mixed feeling perceptions as well. Those results are shown below.

"This is not an acceptable government, They have no clear plan and process" [Marketing sector employee].

"Highly dissatisfied about the current government procedures" [Banking sector employee].

"To emerge from the current economic crisis and improve long term prospects, SL needs to enhance fiscal and debt sustainability and implement growth enhancing structure reforms. These measures need to be accompanied by tighter and more consistent monetary policy to contain inflationary pressure" [Finance sector].

Docquier et al., (2007), observed that brain drain increases with political instability country and degree of fractionalization in the country of origin and decrease with residents human capital, which indicates that average emigration rates are high in political unstable countries.

Furthermore, researchers had found that, for the migrants, economic prosperity and political stability would be the attractive factors to be considered when migrating to the developed regions (Tataru, 2020).

Therefore, when people cannot be met their requirements in a politically unrest country, there is a high tendency for those who have the ability and talent to migrate to developed countries. As a recent incident in Sri Lanka, according to the, Sri Lanka Net Migration Rate, (1950 - 2023), data, in 2022 Sri Lanka saw 311,269 people leaving from the country and that is the highest in the history. The year 2022 can be considered as a period of political instability in Sri Lanka.

#### *e. Problems due to political instability*

The following responses were made by executives regarding the grant issues brought on by political instability in Sri Lanka.

"Limited career growth opportunities, lack of investment in technology infrastructure, and uncertainty in the business environment highly affecting to the IT industry" [IT sector employee].

"Salary is too low with other expenses and inflation of the country" [Finance sector employee].

"Always have to work with sudden changes, It often creates unnecessary stress in our lives" [Banking sector employee].

According to their 5- point likert scale responses, Wijesinghe and Jayawardane, (2021), have identified majority of Sri Lankan engineers have agreed that the country's current political unrest is the reason to that they migrated to Australia. Out of 63 responses 37% of people strongly agreed with it.

Accordingly, common issues like, job insecurity and inflation are frequently faced by the general population in politically unstable countries.

#### *f. Tax policy changes*

The recent tax policy change has been mainly affected to the executives in Sri Lanka. Accordingly, when getting their opinions about it, many of the following answers were given.

"The recent tax policy changes have impacted the overall business environment and may affect the IT industry in terms of investment and growth as well" [IT sector employee].

"Not acceptable. Govt. is putting pressure on people for the offences committed by them" [Marketing sector employee].

"Very disappointed. The government imposed tax at a difficult time for the people. It is difficult to live when the tax is deducted from the salary along with inflation" [Banking sector employee].

According to the Ekanayake and Amirthalingam, (2021), have stated that the main reason for migrating to Gulf countries across OECD countries is the tax-free salary, which respondents believe is higher than disposable income in OECD countries.

Huber et al., (2010), have identified that different subgroups of highly skilled migrants will be drawn to countries for various reasons, such as tax and social security arrangements that can act as barriers to high-skilled migration. Every country ought to impose taxes in its citizens. However, if taxes rise in the country, wages should also increase to some extent, because otherwise every individual would move out of that location (Kleven et al., 2020).

#### *g. Brain gain*

Below are the responses given by the executive level employees to the question of "Is there way to turn brain drain into brain gain in Sri Lanka".

"Yes, it may happen if sri lankan government establish stable policies" [Banking sector employee].

"As I think it's not about getting them back - it's about earning their trust on investing in Sri Lanka, as I know may abroad don't expect Sri Lanka to be tiptop perfect in politics, but government policies need to be somewhat standardized for them to consider coming back" [Hr and admin sector employee].

"Need creat an environment where right people have the right jobs and duties" [Finance sector employee].

Nguyen, (2006), has emphasized many less developed countries complain that they suffer from the "brain drain" that occurs when skilled workers are sent to a developed nation for additional training but do not return home country. According to the (Robertson, 2006), has identified, without counting students, the Us census demonstrated that there were more than 2.5 million highly educated immigrants from developing nations who resided in the United States alone.

When comparing the facilities between their home country and the developed country they migrated to, the majority of people who migrate frequently attempt to reside in the country with a higher living quality.

#### *h. Changes to be carried out*

Below are the relevant responses regarding the changes that should take place in Sri Lanka's political structure.

"I think new strong leadership make sri lanka as a inhouse production hub for all products starting from pencil" [Marketing sector employee].

"Theft, corruption and fraud should be stopped completely and we should make maximum use of the available resources" [IT sector employee].

"I believe there should be reforms to improve governance, transparency, and accountability" [Education sector employee].

Laila and Fiaz, (2018), have suggested that government should support infrastructure, life securities and provide comforts of life especially for rural areas. To overcome the issue of brain drain it should also be possible to give job opportunities and other financial incentives.

## V. CONCLUSION

Migration of educated and skilled individuals to developed countries is a mainly discussed issue in Asian countries. The purpose of this study is to examine the impact of economy caused by migration and brain drain in Sri Lanka. In order to achieve this target, the data and findings related to the 2 objectives of the previous chapter have been revealed. The results of the study are in line with in-depth interviews and past literature from 2000 – 2022. The main limitation of this study is limited data availability. In addition to that this research study only focuses on the executive level employees in Sri Lanka who have more than 3 years of experiences. As well as this research only considers the executive level professionals in few sectors.

Future researchers might examine the influence on Sri Lanka's economy by taking into account more factors and findings of this research will continue to generate future debates on this research topic

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