

# Uneven Migration and the Shortcomings of 'Migrant Entrepreneurship' in Sri Lanka

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## Objective(s)

**Critical engagement with current stage of the ‘migration-development nexus debate’ as promoted at global level (and key migrant receiving countries) by:**

1. paying attention to dominant migrant dynamics/patterns within Asia
  2. paying attention not only to uneven development between countries but also within countries
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- › revival of global (= UN, IOs, IFIs, etc.) debate on ‘migration-development’
  - › UN HLD in 2006, 2013
  - › annually held GFMD
    - › generally a more positive line taken than previously

## › **Two main elements** (UN, 2004)

1. ways in which development reduces pressures to migrate
2. ways in which migrants can be a resource for poverty alleviation in home communities



› “Triple Win” Situation:

**-Migrants’ win:**

-benefit from higher wages, acquisition of new skills

**-Destination countries’ win:**

- filling labour shortages, larger GDP

**-Origin countries; win:**

-solution to un- and under-employment, remittances and return of experienced workers

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# Intra-Asian migration

## However:

majority of Asian migrants moving within Asia perform low-skill/low-wage work

- \* on **temporary contract** (often employer-tied) basis
- \* with involvement of a private **recruitment industry**

= *this has implications for the transformative impact of social and monetary remittances*

→ *there are intra-country differences!*

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# Findings from Colombo

## **Domestic Workers:**

Significant proportion of urban DW are returnees (Gulf, ME)

\* treated as “skilled” → better conditions

## **Effects on DW in urban areas more broadly:**

1. More double earning households, women entering labour market – higher levels of dependency
2. More alternative employment opps for DWs in urban areas (supply ↓)
3. Rapid urbanisation and migration to urban areas translates into modern accommodation being smaller than in past – no space for “maid”

## **‘Entrepreneurial’ aspect:**

higher bargaining power for DWs

DWs opt for “live-out” or work as “dailies/nightlies”, get paid per hour, work for several employers

Use of domestic work as springboard for other ventures (*but no clear evidence*)

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## From Colonialism to Neoliberalism

- › Pre-colonial Sri Lanka a predominantly rural economy centred around inland paddy cultivation and – later – limited merchant trading with West Asia
  - › Successive invasions by the Portuguese and Dutch exploited nascent trade in cinnamon, gems and agricultural products and reconfigured the economic and political importance of Colombo and other port cities
  - › The British further terraformed the island, designating the hilly central province as plantation land to be cultivated by indentured labour from South India, while overseeing increased social and capital investment in Colombo (including a growing class of predominantly Sinhalese bourgeoisie).
  - › A geographically distinctive “twilight world, neither wholly feudal or capitalist” where merchant capital was accumulated and invested in urban port cities while rentier income was extracted from semi-feudal agriculture in rural areas (Jayawardena, 2000)
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## › From Colonialism to Neoliberalism

› The asymmetry of Sri Lanka's development was subject to attempted redress in the post-Colonial era, wherein import-substitution and state-regulated industrialisation attempted to decentralise the locus of production

› 1977 saw a newly elected government push through sweeping free market restructuring, making Sri Lanka a little-known second 'testing grounds' for neoliberal economic policy following Pinochet's 1973 coup in Chile

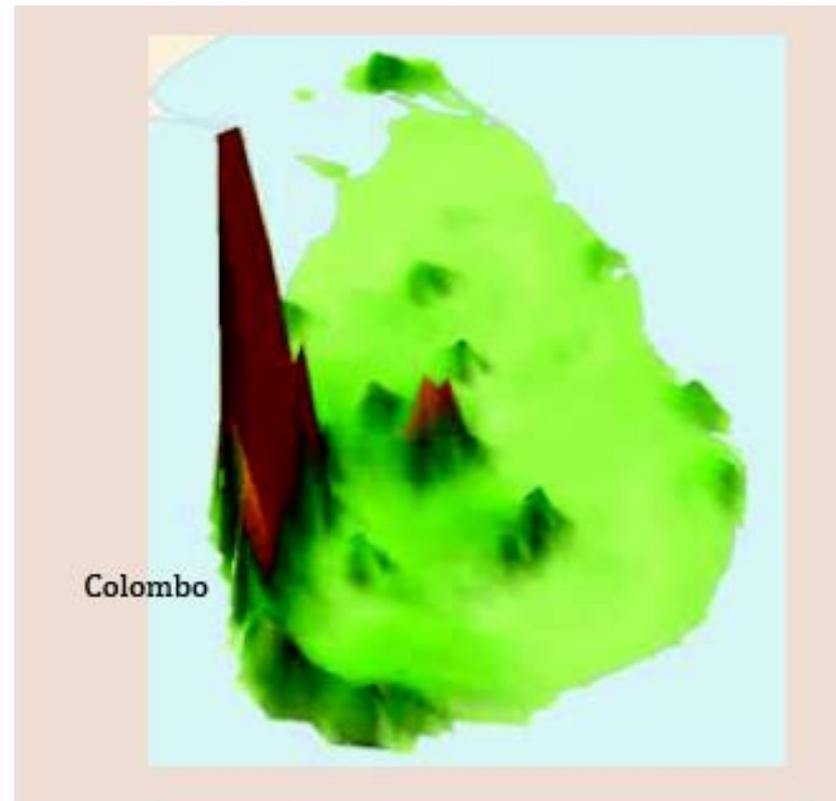
› Reforms entailed floating the currency, dismantling trade barriers and capital controls, granting tax holidays for foreign investors, creating export processing zones (EPZs) and promoting 'labour exports' to West Asia

› Undermined rural livelihoods by centralising industry, cutting subsidies and encouraging capital-intensive agrobusiness, while simultaneously concentrating finance capital, services and light manufacturing in Colombo

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## Colombo and Gampaha: Sri Lanka's Economic Mountains

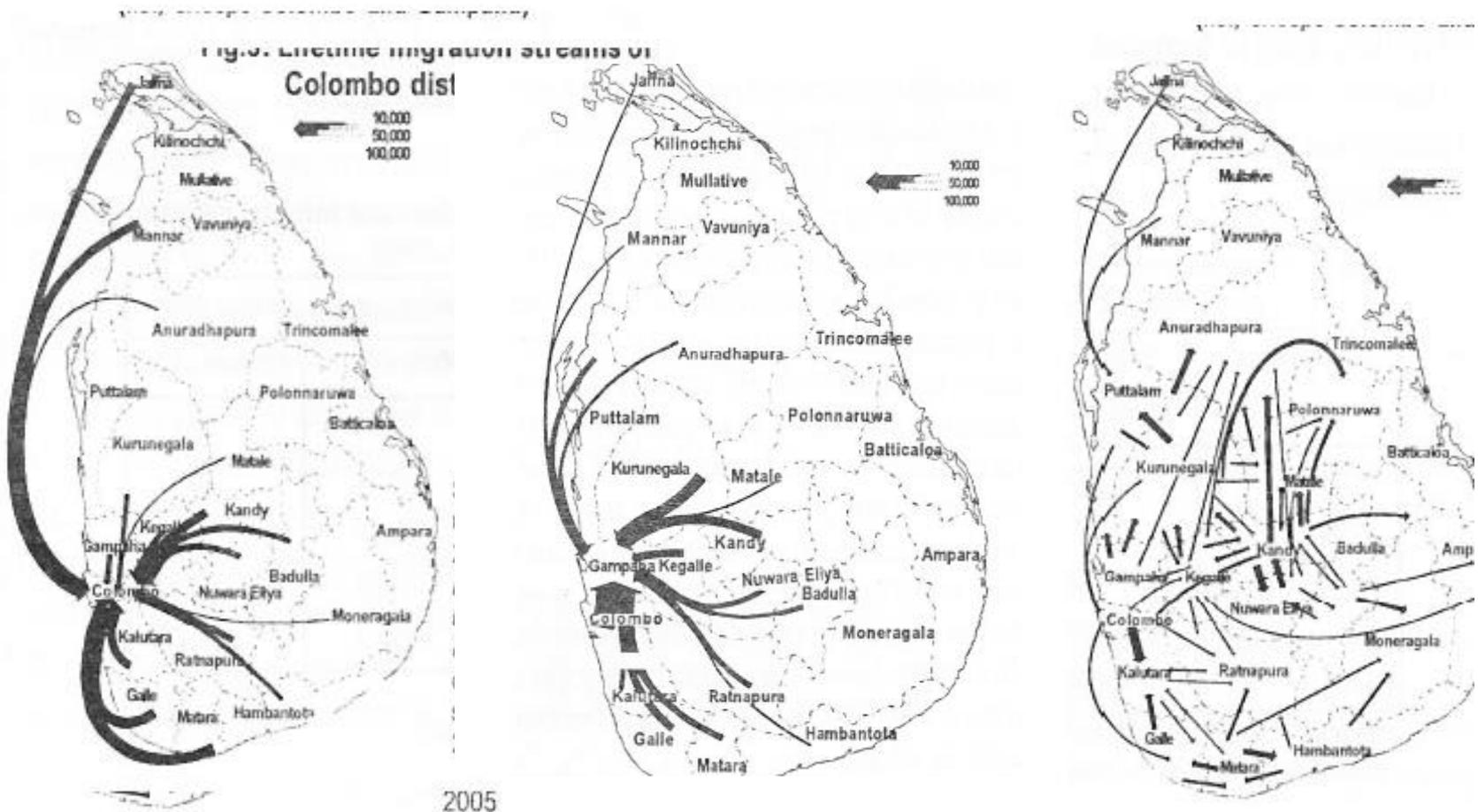
- › Colombo and Gampaha districts encompass the majority of EPZ production, light manufacturing, skilled service sectors, finance, tourism and informal employment
- › The 'ridge' of the south-west coast represents recent gains from tourism, particularly post-war
- › The various peaks in the hill country reflect an enduring dependence on the plantation economy



Source: World Bank 2010a.

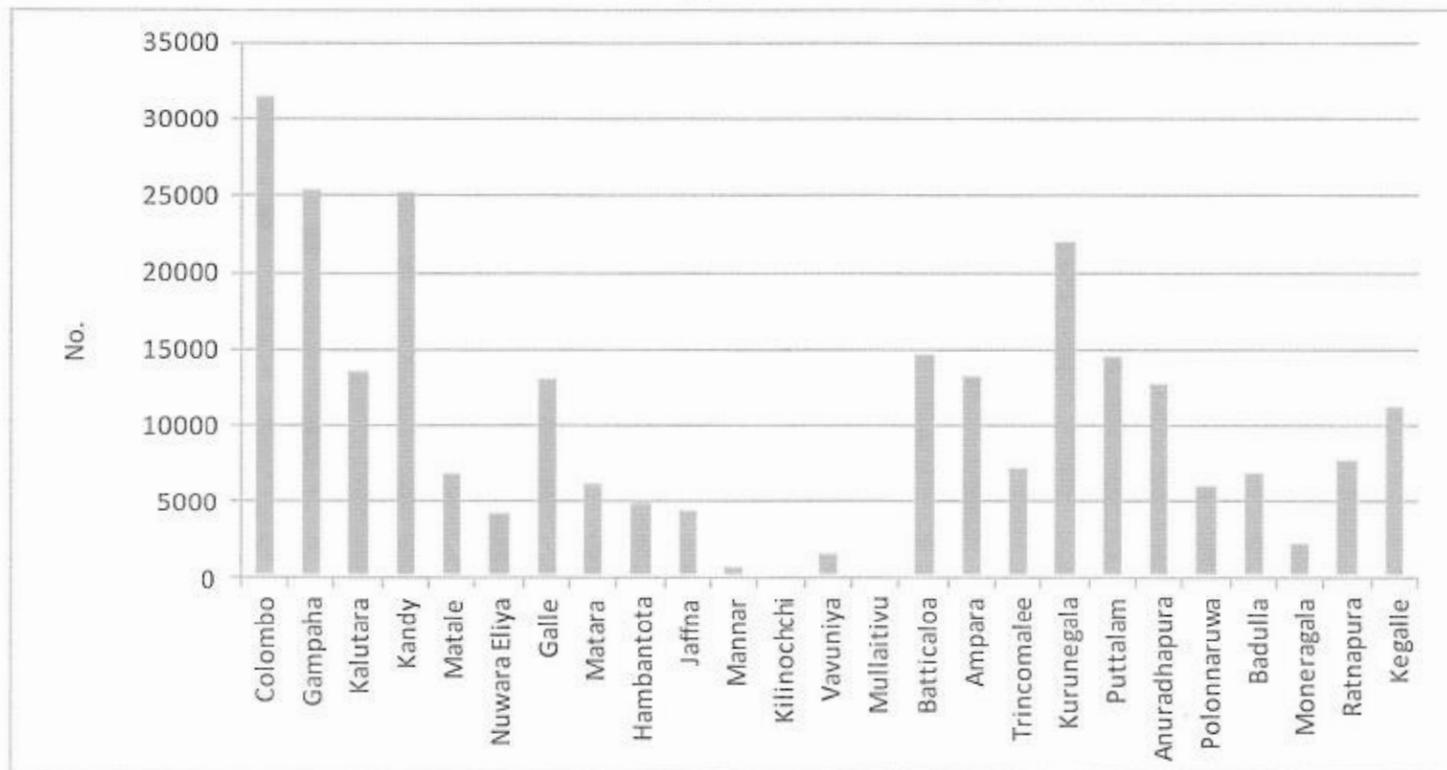


## Internal Migration



## International Migration

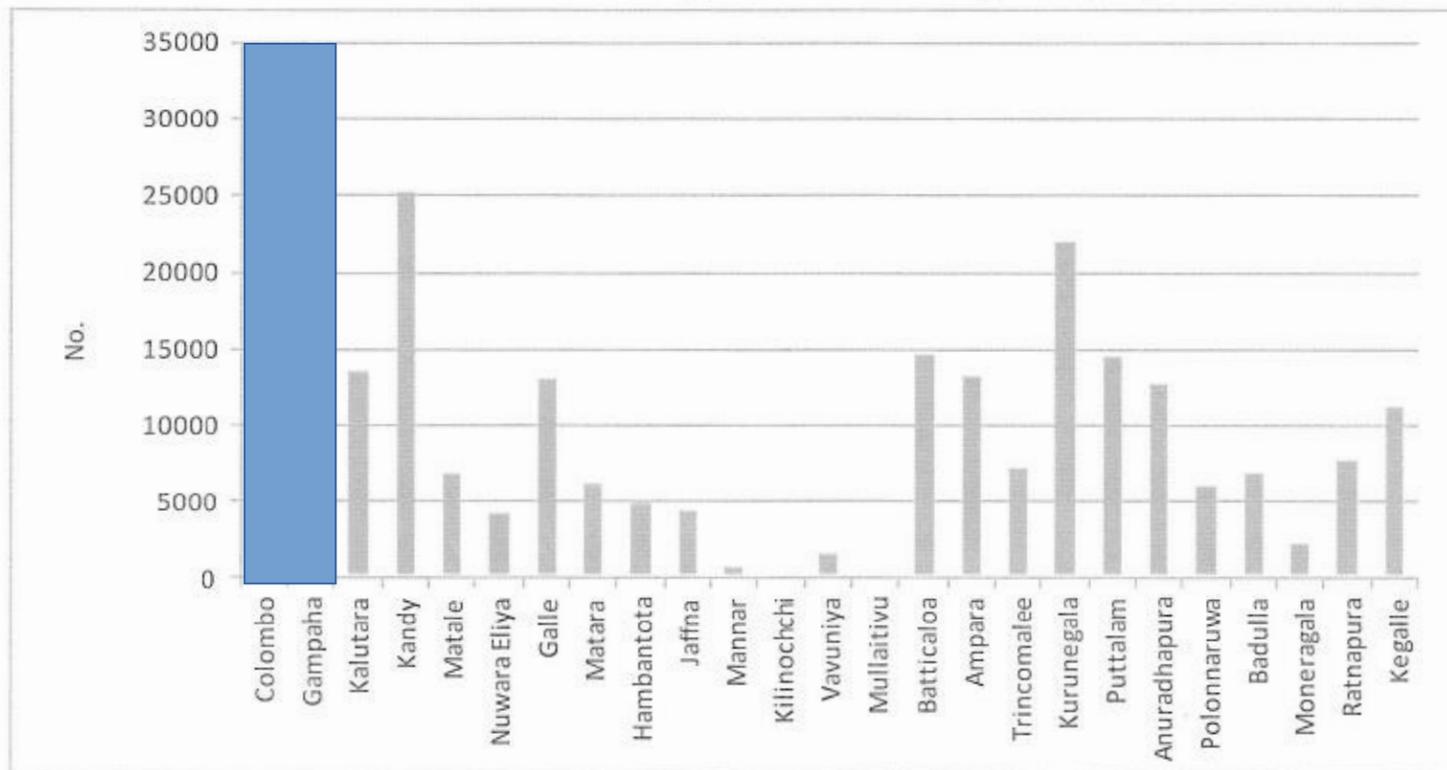
Figure 2.9  
District-wise Distribution of Migrants for Foreign Employment in 2010



Source: Annual Statistics Handbook of Foreign Employment, 2010, SLBFE.

## International Migration

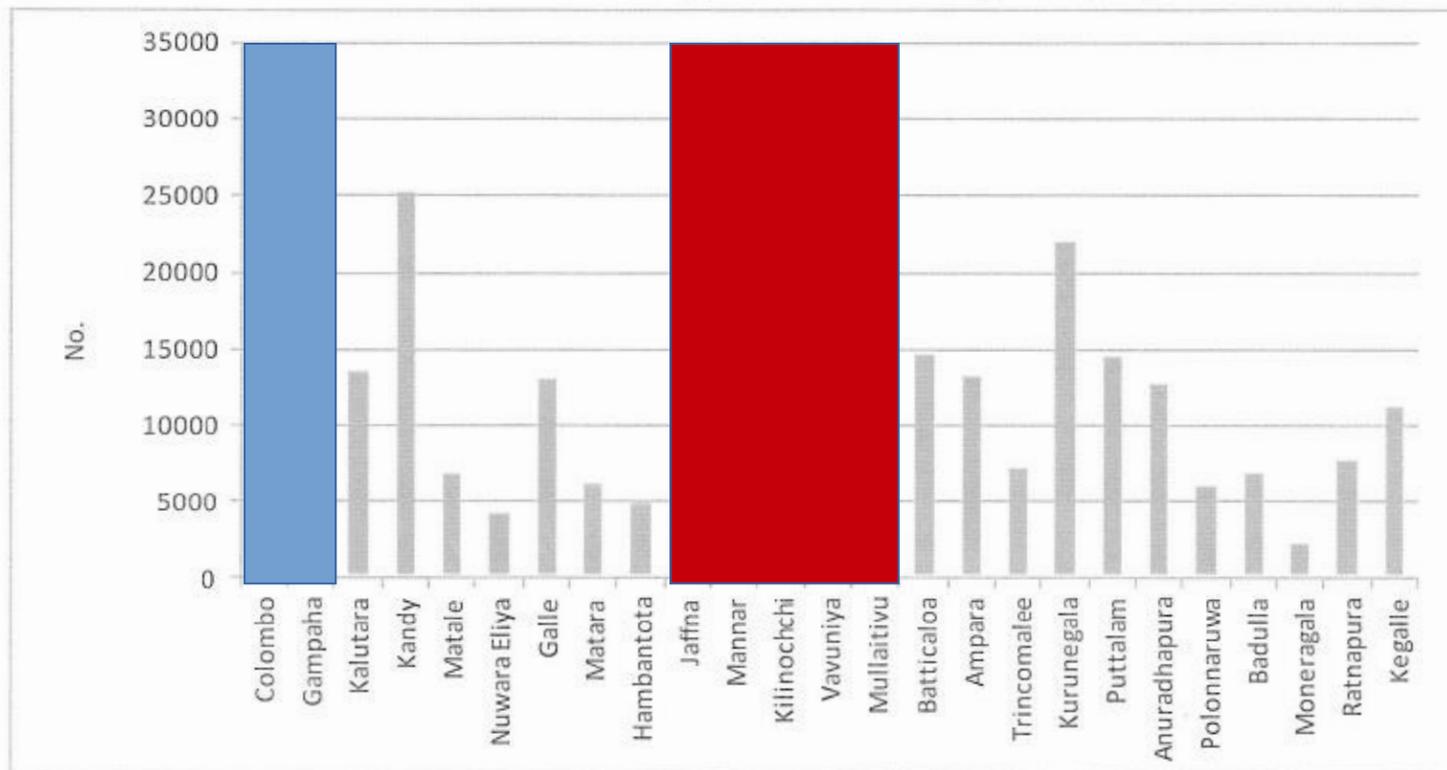
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## International Migration

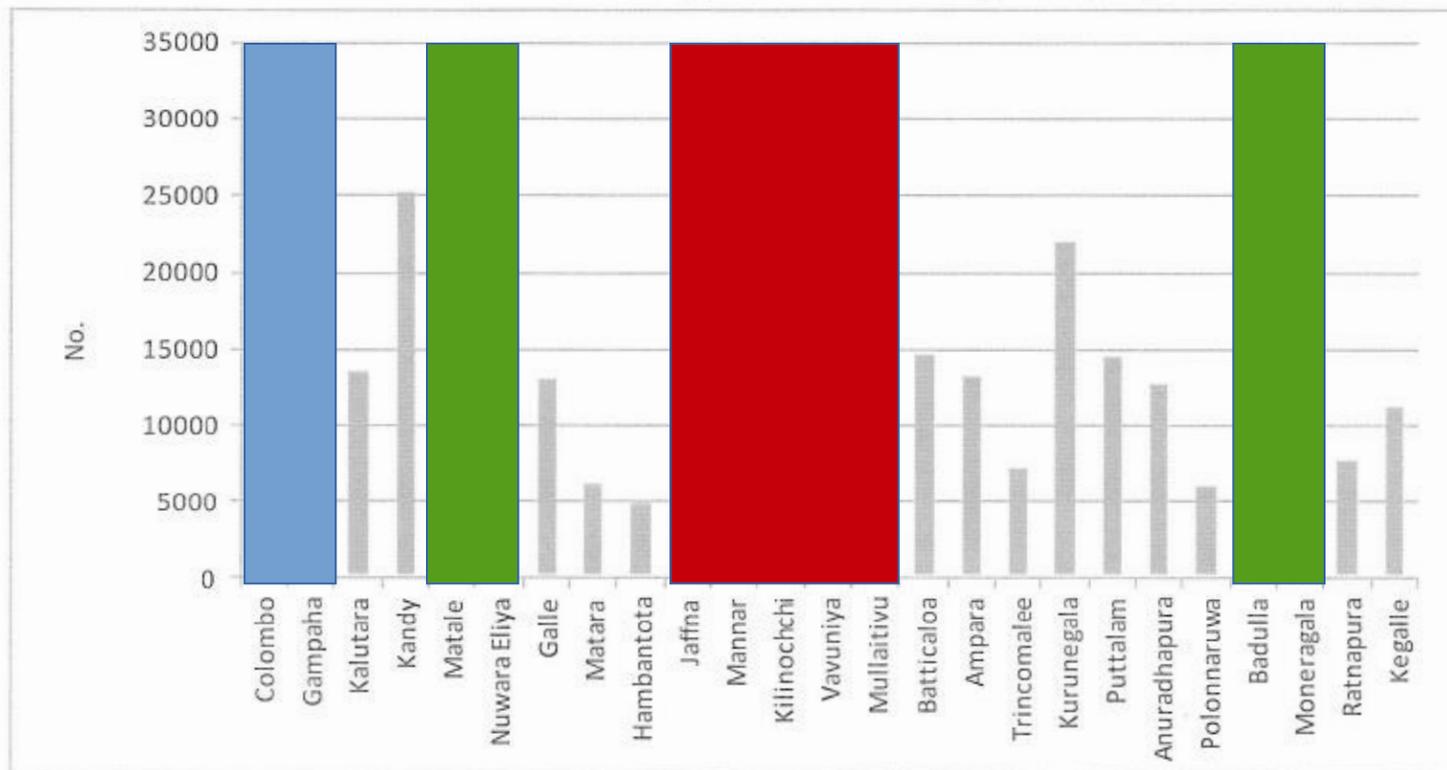
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## International Migration

Figure 2.9  
District-wise Distribution of Migrants for Foreign Employment in 2010



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- ›Examining the presumptions of a 'triple win' for Sri Lankan labour migrants by surveying experiences of temporary labour migration – from recruitment, to remittance and reintegration – across varied rural localities
  - ›Conducted over 100 structured interviews with men and women from four distinct locations – Negombo, Galle, Kurunegala and Batticaloa – each with divergent demographic and developmental conditions
  - ›Ethno-religious differences (including the trauma of ethnic conflict) and lopsided developmental conditions were seen as highly influential in shaping the causes for, experiences during and outcomes of migration
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Galle



Negombo



Kurunegala



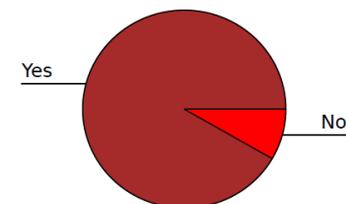
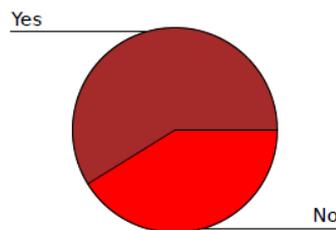
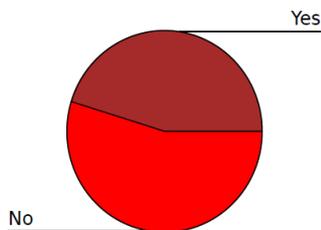
Batticaloa

›The study revealed that a only slim majority reported that migration was beneficial over all (62%) or conferred lifestyle benefits (52%), and that a clear minority reported any benefit to their income or employment upon return (31%)

›Even amongst beneficial cases, remittances tended to serve a consumption/subsistence function or provision one-off improvements to circumstances (i.e. housing or purchase of a trishaw) rather than affect sustainable economic benefit, let alone entrepreneurial investment

›It also became clear that repeat or 'flow-on' migration (in which one family member returns and another leaves) was necessary to achieve a positive outcome from migration

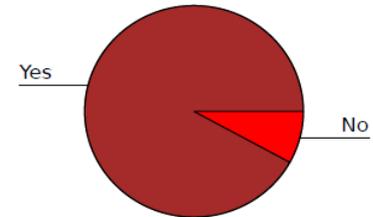
›Was migration beneficial? Answers by 1, 2 and 3+ trips abroad



- › Perhaps more importantly, the research demonstrated that existing inequalities were reinforced by migration
  - › Those who benefitted most from migration typically had the most to begin with – enough human and financial capital to secure a good position abroad and allow remittances to *compliment* rather than *replace* the household's primary income stream
  - › Unlike most countries, migration is so commonplace in Sri Lanka that even the poorest of the poor do travel to find work. However, they do so under the most strenuous of circumstances – often depending on extortionate loans from private moneylenders to finance recruitment costs
  - › Higher foreign demand for workers of certain religious backgrounds, the extent of local knowledge about migration practices and the depth of transnational connections are other important factors influencing the costs and benefits of migration
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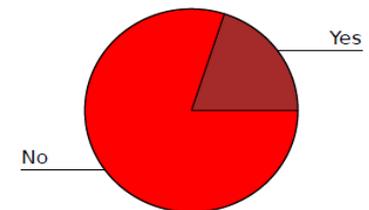
## Kurunegala:

- ›- Tightly-knit and highly cooperative Muslim community
- ›- Presence of existing livelihoods and wealth
- ›- High demand and strong transnational connections
- ›- Long history of migration and realistic expectations
- ›- Merchant community, very business savvy
- ›- Situated close to a well-connected, infrastructurally developed town



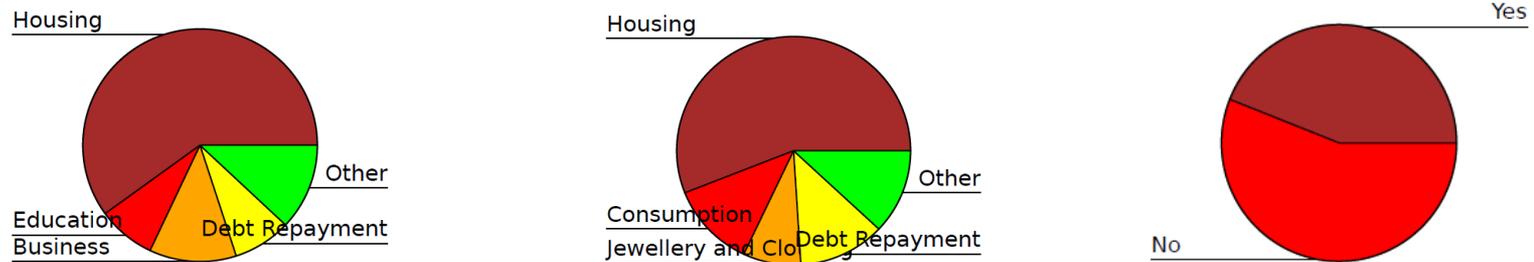
## Batticaloa:

- ›- Impoverished Tamil community in a war affected region
- ›- Absence of permanent housing and livelihood opportunities
- ›- Recent exposure to migration and unrealistic ambitions
- ›- Few assets and high dependence on moneylenders
- ›- Exposed to predatory recruitment agents charging more for worse jobs
- ›- Lack of basic civil and infrastructural development, limited access to government services

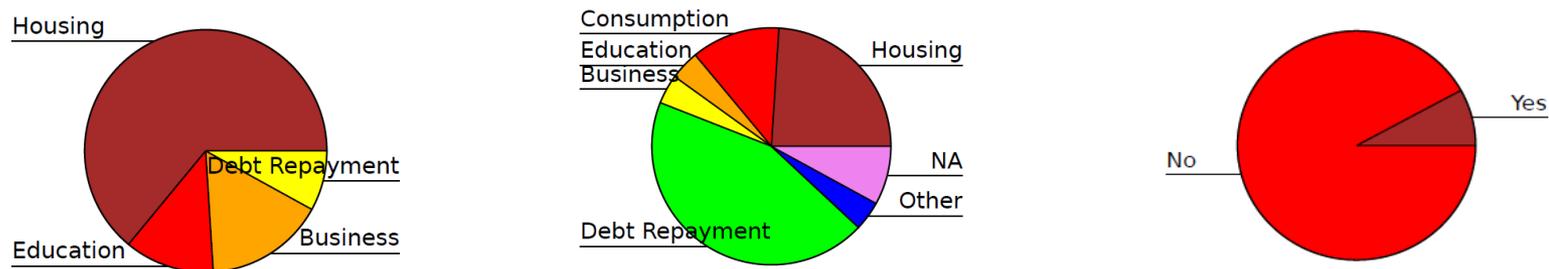


› Even migrants from Kurunegala – by far the most 'successful' community surveyed in the study – showed little evidence of channelling remittances into 'entrepreneurship'

Kurunegala – top remittance priority vs top remittance expense vs income gains:



Batticaloa – top remittance priority vs top remittance expense vs income gains:



# Migrant Entrepreneurship?

- › Limited statistical incidence of categorised 'business' expenditure aside, there is a need to qualitatively assess the nature of 'migrant entrepreneurship' and its implications for reintegration and development
  - › Where 'entrepreneurship' or 'investment' did take place, it was almost always tied to informal self-employment – e.g. the purchase of tri-shaw or fishing boat, owning a *kade* (corner shop), home production of basic foodstuffs or handicrafts, etc
  - › These forms of investment primarily fulfil subsistence roles, or augment other streams of household income, rather than the accumulation and re-investment of capital we might naturally infer from the language of entrepreneurship
  - › Without structural responses to rural underdevelopment and precarious livelihoods there is barely requisite demand for 'entrepreneurship' to result in sustainable income generation
  - › Development a necessary pre-condition for successful migration, not the other way round?
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# Migrant Entrepreneurship?

How can we reconcile the language of entrepreneurship with a reality so detached from the 'captains of industry' at the concept's etymological root?

Where does the concept intersect with development practice, economic governance and neoliberalism – i.e. to what degree does entrepreneurship reflect an outsourcing of development to private individuals in lieu of the state?

