

**DETERMINANTS OF INTERNATIONAL
MIGRATION: SOUTH-EAST ASIAN AND
EUROPEAN COUNTRIES - GRAVITY MODEL
APPROACH**

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ABSTRACT

Throughout the long history of labor migration in Sri Lanka, Middle-East region dominated the foreign employment market. But recently, Sri Lankan migrants are paying more attention on moving to South-East Asian and European countries. In Sri Lanka, macroeconomic studies related to migration are less than that of microeconomic studies. As a contribution to reduce this gap, this research study examines the macroeconomic determinants of international labor migration from Sri Lanka to South-East Asian and European countries using gravity model of migration. When the heteroscedasticity is present, linear estimators result in inconsistency in estimated coefficients. Therefore, Poisson Pseudo Maximum Likelihood estimation technique was used to estimate panel data directly from its multiplicative form instead of log linearization. Secondary data over the period of 2007 to 2015 were used to estimate the model along with destination-year fixed effects to capture unobserved time-variant and time-invariant variables as well as to account for the multilateral resistance. According to the results, GDP per capita and unemployment rate of Sri Lanka are the push factors which force people to move from Sri Lanka while the destination countries' population and dependency ratio are the pull factors which attract migrants towards the destination. Moreover, population of Sri Lanka and poverty head count ratio had a significant negative impact on the migration outflow.

Keywords: Labour migration, Gravity model, Poisson pseudo maximum likelihood technique, Fixed effects