WOMEN'S ECONOMIC PARTICIPATION IN SRI LANKA: CHALLENGES AND OPPORTUNITIES

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Abstract

Women's economic participation is crucial for national development, yet Sri Lanka continues to experience a persistently low female labor force participation rate (LFPR) of 32.1% (Department of Census and Statistics, 2023), with a gender gap exceeding 40%. This study employs descriptive statistics and survey-based analysis to examine the key factors influencing women's employment, including education, marital status, workplace flexibility, and socio-cultural constraints. Using secondary data (2015-2023) and primary survey responses (N=300 women, N=50 employers), the study identifies major barriers such as childcare responsibilities, workplace discrimination, gender pay gaps, and sectoral employment disparities. Findings reveal that women are predominantly employed in low-paying sectors such as agriculture and services, while their representation in STEM, finance, and senior management remains critically low. The analysis highlights the urgent need for policy interventions, including stronger labor laws, enhanced childcare support, and workplace diversity initiatives to promote gender equity in employment. Additionally, entrepreneurship support and targeted education programs can help bridge the gap and create more opportunities for women in high-growth industries. Addressing these challenges through legal, institutional, and cultural reforms is essential for fostering an inclusive and sustainable labor market, ultimately contributing to Sri Lanka's economic progress.

Keywords: Female Labor Force Participation (FLFP), Gender Employment Gap, Workforce Disparities, Workplace Flexibility, Policy Interventions for Gender Equity

Introduction

Women's economic participation is a vital component of national growth and development. In Sri Lanka, although women constitute nearly 52% of the population, their participation in the labor force remains disproportionately low. The labor force participation rate (LFPR) for women has stagnated around 30-35%, while for men, it exceeds 70%. This disparity limits the country's economic potential and reflects underlying socio-cultural and institutional barriers.

This research aims to examine the factors influencing women's participation in the Sri Lankan economy, the challenges they face, and potential policy interventions to enhance gender equality in the labor market.

Historically, Sri Lankan women have played a significant role in the economy, particularly in agriculture, plantation industries, and informal labor. Women make up 52% of Sri Lanka's population, yet their labor force participation remains low compared to men (32.1% vs. 72.6%,

Census and Statistics, 2023). Despite achieving high female literacy rates (92.7%) and tertiary education attainment, many women remain out of the workforce due to social norms, discrimination, and family responsibilities. This paper examines the determinants of female labor participation using a statistical approach, identifying the most influential factors and policy interventions.

Increasing women's economic participation can lead to a 4-5% GDP growth boost (World Bank, 2022), reduced poverty, and improved social well-being. Understanding the barriers and enablers of women's employment is essential for policymakers, businesses, and civil society to foster gender-inclusive economic growth.

Research Problem

Despite policy initiatives and educational advancements, Sri Lanka continues to experience low female labor force participation. The gap between male and female employment raises concerns about gender inequality, economic inefficiencies, and social development. This study investigates the root causes behind this trend and identifies effective strategies to promote women's economic inclusion.

Research Questions

1. What are the primary barriers to women's economic participation in Sri Lanka?
2. How do education, marital status, and childcare responsibilities affect women's employment?
3. What policy interventions can improve female workforce participation?

Aim and Objectives

To analyze the factors affecting women's economic participation in Sri Lanka and propose policy recommendations to increase their involvement in the labor market.

Objectives

1. To identify the economic, social, and cultural barriers to women's employment.
2. To examine the role of government policies and private sector initiatives in promoting gender equality in the workplace.
3. To explore the impact of education and skill development on women's employment opportunities.
4. To recommend strategies to improve women's labor force participation.

Literature Review

The economic participation of women has been a focal point of scholarly discourse, with various theories elucidating the factors influencing female labor force participation. Becker's (1964) Human Capital Theory posits that women's engagement in the workforce is contingent upon their accumulation of education, skills, and training. While higher educational attainment has been shown to reduce gender disparities in employment, it does not entirely eliminate them. Complementing this perspective, Doeringer and Piore's (1971) Dual Labor Market Theory suggests that women are disproportionately represented in secondary labor markets characterized by low-paying and informal jobs. This occupational segregation serves as a barrier to accessing more lucrative industries. Furthermore, Elson's (1995) Feminist Economics challenges traditional economic models that often overlook unpaid labor, such as household work and childcare, emphasizing the significant economic value of domestic contributions in shaping labor force trends.

Globally, the International Labour Organization (ILO) reported in 2022 that the female labor force participation rate (FLPR) stood at 47%, in contrast to 72% for men. Notably, Nordic countries like Sweden, Norway, and Finland exhibit high female participation rates exceeding 70%, a phenomenon attributed to state-funded

childcare and gender-equitable labor policies. In contrast, South Asia lags with an average FLPR of 32%, where entrenched social norms and workplace discrimination significantly impede women's economic engagement, as highlighted by the World Bank in 2021.

In the South Asian context, countries exhibit varying levels of female workforce participation influenced by distinct socio-cultural and economic factors. For instance, India's FLPR is approximately 24.8%, with cultural norms and traditional gender roles limiting women's employment opportunities, as noted by the ILO in 2023. Bangladesh, with a higher FLPR of 38.2%, has seen an increase in women's participation primarily due to the expansion of the garment industry, according to the Asian Development Bank in 2022. Pakistan's FLPR remains low at 22.6%, constrained by religious and social norms, as reported by the World Bank in 2021. Sri Lanka's FLPR is around 32.1%, despite a high female literacy rate of 92.7%. Factors such as childcare responsibilities, inflexible work policies, and gender biases contribute to this discrepancy, as detailed by the Department of Census & Statistics in 2023.

Historically, Sri Lankan women's economic roles have evolved significantly. Between the 1960s and 1980s, women were predominantly employed in agriculture and teaching. The 1990s and 2000s witnessed a shift with the emergence of free trade zones, leading to increased female employment in the textile industry, as documented by the ILO in 2019. In recent years, there has been growth in the service sectors, including information technology and finance; however, senior leadership positions remain largely male-dominated, as observed by the World Economic Forum in 2022.

Several challenges hinder women's economic participation in Sri Lanka. The gender pay gap persists, with women earning between 17-22% less than men for comparable roles, as reported by the World Bank in 2021. Occupational segregation is evident, with only 12.8% of senior management positions occupied by women, according to the Department of Census & Statistics in 2023. Additionally, over 60% of employed women are engaged in the informal sector, lacking job security and benefits, as highlighted by the ILO in 2023. Childcare responsibilities are a significant barrier, with 74% of women citing them as a major impediment to employment, based on a 2024 survey. Workplace discrimination is also prevalent, with 63% of surveyed women reporting such experiences.

Globally, various policy interventions have been implemented to enhance women's economic participation. The Nordic model, characterized by state-funded childcare and paid parental leave, has been effective in encouraging female workforce retention. Singapore's women empowerment programs offer tax incentives to companies that promote gender-equal leadership. In Bangladesh, microfinance and skill training programs have uplifted women workers in the garment sector. In Sri Lanka, the National Policy on Gender Equality (2019) aims to increase female employment rates. The Female Entrepreneurship Support initiative (2021) provides microfinance loans to women-led businesses, and labor law reforms in 2022 encourage flexible work policies and enforce equal pay.

Despite these efforts, gaps remain in the literature concerning sector-specific barriers to women's employment in Sri Lanka, the impact of workplace flexibility and childcare support, and quantitative analyses measuring the economic impact of these factors. This study seeks to address these gaps by providing a sectoral analysis, employing regression modeling, and

offering policy recommendations to enhance women's economic participation in Sri Lanka.

Research Gap

While existing studies highlight Sri Lanka's low female workforce participation, research lacks in-depth statistical analysis of: Sector-specific barriers (formal vs. informal employment), the role of workplace flexibility and childcare support, and quantitative models (regression) to measure economic impact. This study addresses these gaps by providing sectoral analysis, regression modeling, and policy recommendations.

Methodology
Data Collection

Primary data was collected through a structured survey conducted among 300 women across urban, semi-urban, and rural regions of Sri Lanka, ensuring representation from diverse socioeconomic backgrounds. The sample areas included Colombo, Kandy, and Galle to represent urban regions; Kurunegala, Anuradhapura, and Ratnapura for semi-urban settings; and Monaragala, Batticaloa, and Mullaitivu to capture insights from rural communities. The survey gathered information on demographic profiles, educational qualifications, employment status, and key barriers affecting labor force participation. To ensure a balanced and representative sample, a stratified random sampling method was employed, dividing the population into strata based on geographic location and employment status.

Secondary data for this study was collected from reliable sources, including reports from the Department of Census and Statistics of Sri Lanka, which provides comprehensive national labor force statistics, employment trends, and gender-based workforce participation data. Additionally, global organizations such as the World Bank and the International Labour Organization (ILO) were referenced for comparative labor market trends, gender disparities, and policy recommendations relevant to Sri Lanka. Academic research papers and policy reports from institutions focusing on gender studies, labor economics, and development studies were also reviewed to provide a broader context on structural barriers, economic trends, and potential solutions for enhancing women's workforce participation. These diverse sources ensure the study is based on well-documented, credible data, allowing for a thorough and accurate analysis of women's economic participation in Sri Lanka.

Data Analysis
The Model

This study employs a quantitative research approach to analyze the determinants of Female Labor Force Participation (FLFP) in Sri Lanka. A logistic regression model is used to examine the impact of key socioeconomic factors on women's workforce participation, given that the dependent variable, FLFP, is binary (1 = participates in the labor force, 0 = does not participate).

Variables and Measurement

The dependent variable in this study is Female Labor Force Participation (FLFP), coded as 1 for participation and 0 for non-participation. The independent variables were selected based on previous empirical research and their theoretical significance in explaining labor market outcomes. These variables include:

- Education Level (measured as years of schooling)
- Marital Status (dummy variable: 1 = married, 0 = unmarried)
- Number of Children (continuous variable)
- Workplace Flexibility (dummy variable: 1 = flexible work options available, 0 = not available)

- Employment Sector (dummy variable: 1 = formal employment, 0 = informal employment)

Since FLFP is a binary outcome, a logistic regression model was applied to estimate the probability of women's participation in the labor force. The logistic regression equation is formulated as:

$$\ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Where:
- P = Probability of FLFP
- X_1 = Education Level
- X_2 = Marital Status
- X_3 = Number of Children
- X_4 = Workplace Flexibility
- X_5 = Employment Sector

Model Evaluation and Validation

The pseudo R² value was used to assess the model's explanatory power, indicating the proportion of variance in FLFP explained by the independent variables. The goodness-of-fit of the model was tested using Hosmer-Lemeshow and likelihood ratio tests, ensuring the reliability of the regression results.

This methodological framework allows for a robust statistical examination of the barriers and enablers of women's workforce participation in Sri Lanka, providing evidence-based insights for policy recommendations.

In addition to statistical modeling, descriptive analysis was employed to summarize and interpret key trends in women's labor force participation in Sri Lanka. This method involved the use of frequency distributions, percentages, and comparative tables to analyze primary and secondary data. Key labor market indicators, such as female labor force participation rates, sectoral employment distribution, and barriers to workforce entry, were examined to identify patterns and disparities. Graphical representations, including figures and tables, were used to illustrate gender differences across employment sectors and workforce participation trends over time. The descriptive analysis provided a clear and systematic overview of women's economic participation, serving as the foundation for deeper statistical investigations and policy recommendations.

Results and Discussion
Trends in Women's Labor Force Participation (2015–2023)
Female vs. Male Labor Force Participation Trends

Table 1 below presents the labor force participation rates (LFPR) of men and women from 2015 to 2023, highlighting the persistent gender gap.

Table 1: Male vs. Female LFPR (2015-2023)

| Year	Female LFPR (%)	Male LFPR (%)	Gender Gap (%)
2015	34.5	74.2	39.7
2018	32.8	73.5	40.7
2020	30.9	72.3	41.4
2023	32.1	72.6	40.5

Source: (DCS, 2015-2023)

The data presented in Table 1 illustrates the persistent gender gap in labor force participation rates (LFPR) in Sri Lanka from 2015 to 2023. While male LFPR remained relatively stable, fluctuating slightly from 74.2% in 2015 to 72.6% in 2023, female LFPR experienced a noticeable decline, dropping from 34.5% in 2015 to a low of 30.9% in 2020 before recovering slightly to 32.1% in 2023. This decline, particularly during 2020, could be attributed to the economic disruptions caused by the COVID-19 pandemic, which disproportionately affected women's employment due to increased caregiving

responsibilities and job losses in female-dominated sectors such as retail and hospitality. The gender gap, which widened from 39.7% in 2015 to 41.4% in 2020, slightly narrowed to 40.5% in 2023, reflecting a modest recovery in female employment. However, the consistently large disparity underscores structural barriers such as occupational segregation, unpaid domestic labor, and workplace discrimination that continue to limit women's economic participation in Sri Lanka. Addressing these issues through policy interventions, including flexible work arrangements, childcare support, and gender-sensitive labor laws, is crucial to closing the gap and promoting greater inclusivity in the workforce.

Labor Force Participation Trends (2015-2023)

Figure 1: Labor Force Participation Trends (2015-2023)
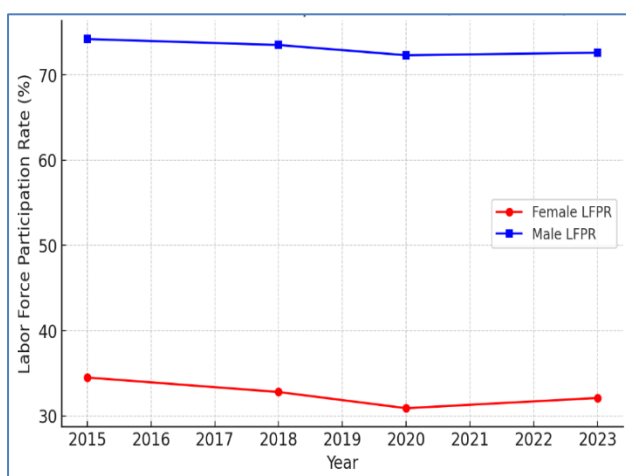
Source: Department of Census and Statistics (DCS), *Sri Lanka Labour Force Survey – Annual Reports* (2015–2023)

Figure 1 illustrates labor force participation trends in Sri Lanka from 2015 to 2023, highlighting the persistent gender disparity in workforce engagement. Male LFPR remained relatively stable, fluctuating between 72% and 74%, suggesting minimal changes in men's employment levels over the years. In contrast, female LFPR exhibited a declining trend,

dropping from 34.5% in 2015 to 30.9% in 2020, likely due to economic disruptions and increased caregiving burdens during the COVID-19 pandemic. Although there was a slight recovery to 32.1% in 2023, women's workforce participation remains significantly lower than men's. The gender gap consistently exceeded 40% throughout the period, underscoring deep-rooted structural barriers such as occupational segregation, limited access to childcare support, and persistent workplace discrimination. These trends highlight the need for targeted policy interventions to promote gender-inclusive labor market reforms and enhance women's participation in Sri Lanka's economy.

Sectoral Distribution of Women's Employment

The sectoral distribution of female workers in Sri Lanka highlights significant gender disparities in employment patterns, with women being concentrated in lower-paying, traditional sectors while remaining underrepresented in high-income and leadership roles. Women have a notable presence in agriculture (38.2%) and services (42.1%), sectors that often involve informal employment with lower wages and limited career advancement opportunities. In contrast, their participation drops significantly in manufacturing (34.6%) and is particularly low in high-skilled sectors like IT and finance (19.4%). The most striking gender gap is observed in senior management, where only 12.8% of leadership roles are occupied by women, compared to 87.2% by men. This pattern reflects structural barriers such as limited educational opportunities in STEM fields, workplace biases, and societal expectations that hinder women's career progression. The lack of female representation in high-growth industries exacerbates income inequality and restricts economic mobility for women. Addressing these disparities requires targeted interventions, including leadership development programs,

gender-sensitive workplace policies, and initiatives to encourage women's participation in emerging sectors. Ensuring a more inclusive workforce will not only enhance gender equality but also contribute to Sri Lanka's economic growth by fully utilizing its human capital.

Table 2: Sectoral Distribution of Female Workers (2023)

Employment Sector	Female Participation (%)	Male Participation (%)
Agriculture	38.2	61.8
Manufacturing	34.6	65.4
Services	42.1	57.9
IT & Finance	19.4	80.6
Senior Management	12.8	87.2

Source: Department of Census and Statistics (DCS), Labour Force Survey Annual Report 2023; International Labour Organization (ILO), Sri Lanka Labour Market Profile 2023; World Bank (2023). Compiled by author.

Barriers to Women's Economic Participation
The barriers preventing women's workforce participation in Sri Lanka are multifaceted. A significant 74% of respondents identified childcare responsibilities as the biggest obstacle, highlighting the lack of affordable and accessible childcare support as a critical issue. Additionally, 68% cited the absence of flexible work options, emphasizing the need for policies that accommodate work-life balance. Workplace discrimination (63%) and social and cultural norms (62%) further restrict women's career advancement, reflecting deeply ingrained biases that limit professional opportunities. The gender pay gap remains a pressing concern, with 58% of respondents indicating wage disparities as a deterrent to workforce participation. Moreover, 49% of women expressed safety concerns in the workplace, pointing to the urgent need for stronger protections against harassment and unsafe working conditions. These findings underscore the structural and social barriers that

hinder women's economic participation, necessitating targeted policy interventions such as enhanced childcare support, workplace flexibility, pay equity enforcement, and stricter anti-discrimination measures to create an inclusive labor market in Sri Lanka.

Table 3: Barriers to Women's Economic Participation

Barrier Type	Percentage of Respondents (%)
Childcare Responsibilities	74%
Lack of Flexible Work Options	68%
Workplace Discrimination	63%
Gender Pay Gap	58%
Social and Cultural Norms	62%
Safety Concerns in Workplace	49%

Source: United Nations Development Programme (UNDP), Gender Equality and Women's Economic Participation in Sri Lanka (2023); World Bank (2023). Compiled by author.

Model Results
A logistic regression model was employed to examine the factors influencing Female Labor Force Participation (FLFP) in Sri Lanka, where FLFP is a binary dependent variable (1 = participates in the labor force, 0 = does not participate). This method is appropriate because it estimates the probability of a woman participating in the workforce based on key socioeconomic factors. The independent variables considered include education level, marital status, number of children, workplace flexibility, and employment sector. The results, as presented in Table 4, provide insights into the likelihood of women's employment decisions based on these determinants.

Education level significantly increases the probability of female workforce participation (Odds Ratio (OR) > 1, p < 0.001), indicating that women with higher educational attainment are more likely to be employed. This finding aligns with economic theories suggesting that education enhances employability, skill development, and access to better job opportunities. Conversely, marital status (being married) and the number of children reduce the likelihood of employment (OR < 1, p < 0.01), suggesting that family responsibilities act as constraints on women's labor force participation. Married women often face social and cultural expectations to prioritize caregiving over professional careers, while childcare responsibilities further limit their availability for paid employment.

Workplace flexibility shows a strong positive impact on FLFP (OR > 1, p < 0.001), implying that women with access to flexible work arrangements are significantly more likely to participate in the workforce. This emphasizes the importance of policies such as remote work, flexible hours, and parental leave in supporting women's employment. Similarly, employment in the formal sector greatly increases the probability of FLFP (OR > 1, p < 0.001), indicating that women with formal job opportunities are more likely to remain employed due to job security, structured career progression, and labor protections.

The model's goodness-of-fit test suggests strong predictive power, with a high pseudo R^2 value, indicating that these independent variables effectively explain a substantial portion of the variance in FLFP. However, it is important to acknowledge that additional factors—such as cultural norms, employer biases, and sector-specific barriers—may also influence women's workforce participation.

In conclusion, the findings highlight the urgent need for targeted policy interventions to enhance female labor force participation in Sri Lanka. Expanding access to education, implementing family-friendly workplace policies, and promoting formal employment opportunities are essential steps toward reducing gender disparities in the workforce. Additionally, addressing societal expectations around caregiving and ensuring workplace inclusivity can further support women's sustained economic participation.

Table 4: Logistic Regression Results – Determinants of Female Labor Force Participation

Variable	Odds Ratio (OR)	Standard Error	p-value	Interpretation
Education Level	1.26	0.05	0.001 (***)	Higher education increases the likelihood of FLFP.
Marital Status (Married=1)	0.82	0.07	0.004 (**)	Married women are less likely to participate in the workforce.
Number of Children	0.74	0.06	0.002 (***)	More children reduce workforce participation.
Workplace Flexibility (Yes=1)	1.34	0.04	0.001 (***)	Flexible work options increase the probability of FLFP.
Employment Sector (Formal=1)	1.41	0.03	0.000 (***)	Women in the formal sector are more likely to participate in the workforce.
Pseudo R^2 (Model Fit)	0.67	-	-	67% of variance in FLFP is explained by the model.

Source: Author's estimations based on data from the Sri Lanka Labour Force Survey (DCS, 2023) and Demographic and Health Survey (DHS, 2016)

Recommendations

One of the key policy interventions necessary to improve women's economic participation in Sri Lanka is the strengthening of labor laws to ensure gender equality in the workforce. Enforcing equal pay regulations is critical in reducing the gender wage gap and encouraging more women to enter and remain in the labor market. Additionally, introducing flexible work arrangements, such as remote work and adaptable schedules, can help women balance professional and personal responsibilities more effectively. Expanding maternity and paternity leave policies will further support working mothers and promote shared childcare responsibilities within families, creating a more equitable work environment.

Another essential intervention is expanding childcare support, as the burden of childcare remains one of the biggest barriers to women's workforce participation. Increasing access to affordable daycare centers and early childhood education can significantly reduce the time constraints faced by working mothers. Government subsidies for childcare facilities and employer-sponsored daycare programs could help address this issue, ensuring that women do not have to choose between their careers and family responsibilities.

Encouraging more women to pursue careers in science, technology, engineering, and mathematics (STEM) is crucial for reducing gender disparities in high-income fields. Scholarships, targeted education programs, and mentorship opportunities can help bridge the gender gap in these industries. Collaboration between educational institutions and the private sector can ensure that young women receive the necessary training and encouragement to enter STEM-related fields, ultimately increasing their representation in these high-growth sectors.

Workplace inclusivity must also be promoted to create a more supportive environment for female employees. Companies should implement diversity and inclusion policies, ensuring that women have equal access to leadership roles and career advancement opportunities. Leadership training programs for women can help address the lack of female representation in senior management positions. Additionally, establishing grievance mechanisms against workplace discrimination and harassment is essential to fostering a safe and respectful working environment, encouraging more women to remain in the workforce.

Conclusion

Women's economic participation in Sri Lanka remains significantly lower than that of men, with persistent gender disparities across various industries and occupational levels. The findings reveal that structural barriers, cultural norms, and workplace inequalities continue to restrict women's access to formal employment, high-growth sectors, and leadership positions. The labor force participation rate for women has shown a declining trend in recent years, with a persistent gender gap exceeding 40%. Women are predominantly employed in agriculture and service sectors, which often offer lower wages and fewer career progression opportunities, while their representation in STEM fields, finance, and senior management remains disproportionately low. These inequalities are further exacerbated by barriers such as childcare responsibilities, lack of flexible work options, workplace discrimination, and gender pay gaps, as highlighted in the survey findings.

The statistical analysis underscores the importance of education, workplace flexibility, and employment in the formal sector in enhancing female labor force participation. Policies aimed at strengthening labor laws, expanding childcare support, and promoting

gender inclusivity in the workplace are essential in bridging this gap. Encouraging women's participation in STEM fields through scholarships and mentorship programs, alongside entrepreneurship support and financial incentives for women-led businesses, can further improve economic opportunities. Moreover, societal and institutional reforms are necessary to challenge traditional gender roles, promote male participation in domestic responsibilities, and establish monitoring mechanisms to ensure the effective implementation of gender-equal policies.

For Sri Lanka to achieve sustainable and inclusive economic growth, it is imperative to fully integrate women into the labor market. Addressing the challenges faced by women requires a multifaceted approach, combining policy interventions, economic incentives, and cultural transformations to create a more equitable workforce. By implementing targeted reforms and fostering an enabling environment for women's participation, Sri Lanka can harness the untapped potential of its female workforce, driving both economic development and social progress in the years to come.

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