

# Sri Lanka: Women's Labour Force Participation: Choice Versus Necessity

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**The benefits of women's labour force participation (LFP) have been broadly discussed along two strands. The first is its utilitarian value. According to International Monetary Fund estimates, increasing women's LFP can boost the national output levels by as much as 35% in developing countries. Globally, this increase can be as much as 26% (Orlando *et al.* 2022).**

The second is in terms of its intrinsic value and positive effects on women's lives and their dependents. For example, an increase in women's income has been found to help households escape poverty and raise their consumption (Verick 2018), improve the educational outcomes of their children (Afridi *et al.* 2012), increase the nutritional intake in the household (Kennedy & Peters 1992; Sangwan & Kumar 2021), reduce household expenditure on alcohol and cigarettes (Basu & Maitra 2020), develop women's skills and social networks (Morton *et al.* 2014), increase their bargaining power within the household (Antman 2014; Arthur-Holmes & Busia 2020), and reduce their susceptibility to domestic violence (Kinyondo & Joseph 2021; Villarreal 2007).

The positive spill over effects of women's LFP are encouraging, and indeed make a case for increasing women's LFP. However, it must be noted that these positive correlations do not always hold, and are not as clear-cut. Thus, unlike the utilitarian value of female LFP for economies at large, which is rather straightforward, its intrinsic value for enhancing and enriching the lives of women, or their empowerment, needs to be parsed further. In many parts of the world, especially in developing countries, women often take up paid work not necessarily because they want to but because they have to (Bridges *et al.* 2011; Chaudhary & Verick 2014; Verick 2014). A decision to enter the labour force thus, which Kabeer (2012) has described as the "distress sale of labour" (18), defies the very essence of empowerment which is a process characterised by the ability to make choices from a vector of available alternatives.

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Sri Lanka's female LFP has remained around 35% for over a decade now. In 2021, the female LFP (among the population aged 18 or more) stood at 33.7% (compared to a male LFP of 75.8%) (Department of Census and Statistics [DCS] 2022). Moreover, the regionally-disaggregated statistics show larger variations in the LFP of women (15.4%-44.8%), than of men (68.3%-80.4%), alluding to the complexity of job seekers, of which the majority (53.7%) were women which underscores the difficulties women tend to face in securing gainful employment in the local labour market. While women tend to have much higher unemployment rates (7.9%) than men (3.7%), the gendered difference between unemployment rates is less pronounced at lower educational attainments.

These statistics suggest that poverty and economic distress make remaining unemployed for long periods of time less of an option for women from lower education backgrounds compared to those with higher educational achievements. The national statistics also show an inverse relationship

between educational qualifications and informal sector employment. Thus, women (and men) with low educational outcomes are most likely to end up working in informal sector jobs that are neither regulated nor protected by the State.

The puzzling case of low and stagnant female LFP in Sri Lanka has been the focus of a growing body of empirical research in recent years (See among others Gunatilaka 2013a, 2013b; Gunewardena 2015; Samarakoon & Mayadunne 2018). These empirical studies, based on the national labour force survey data, provide comprehensive insights about the drivers of women's LFP in the country. In 2016, the International Centre for Ethnic Studies undertook a research study that involved a large primary data collection from 4000 households from poorer Divisional Secretariat Divisions, covering all five districts in the Northern Province (See Gunatilaka & Vithanagama 2018). Among the key objectives of the research study was to parse the factors that influenced Northern women's decision to participate in economic activities following the end of the war, and many State and non-State interventions to revitalise the regional economy. In 2019, a similar study was undertaken in the Eastern Province from primary data collected in a survey of 2000 households, covering all three districts (Vithanagama 2020). These studies found some interesting push and pull factors that determine women's LFP, and are discussed briefly next.

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**Economic distress:** The findings from both studies point out that necessity appears to play a strong determining role in women's LFP decision in both the North and East. Clearly, in both regions, women heading their households are significantly more likely to participate in the labour market compared to women from male-headed households. Moreover, in the Eastern Province it was observed that once in the labour force, women heading their households are much more likely to be employed than women from male-headed households. The results suggest that women heading their households might not be able to afford being unemployed for long periods of time, as they might be the only income-earners in the household. Furthermore, where households have debt, and especially when such debt is in women's name, the probability of women's LFP, particularly of those heading their households is higher.

But, the pressure on women to bring home an income is obviated by the presence of male breadwinners in both male and female-headed households. An increase in the share of unemployed adults increases the probability that women enter the labour force, also confirming the hypothesis that household economic necessities tend to drive women to seek paid work. Furthermore, the receipt of transfer income (social security and/or subsidies) tends to significantly suppress the probability of women's LFP in the two provinces, further underscoring how economic hardships seem to push women to seek work.

**Household financial affluence:** Greater financial affluence tends to preclude the need for women to seek work. Household affluence measured by the quality of housing, household income, availability of infrastructure and devices, and modern cooking methods were found to be associated inversely with the probability of women's LFP in both districts. Thus, it can be posited that if households are financially affluent enough, they would much rather let women remain economically inactive. While the analysis cannot show if it is stronger gender rigidities that financially strong households can afford to live by, or the ability to choose whether to seek work or not, it still goes to show that the LFP decision among women from fragile household economic backgrounds stems from a place of lack of choice.

**Gender ideologies:** In the Northern Province, it was observed that an increase in the share of children in the household, especially young children aged five or less reduces the probability of women's LFP, especially among those heading their households. Data from the Eastern Province

presented a somewhat different story. Childcare responsibilities were not as prominent a deterrent of women's LFP in the Eastern Province, but once in the labour force they were more likely to remain unemployed and less likely to be gainfully employed. These findings suggest that while poverty might push women to the labour market as discussed above, gendered expectations of them as primary caregivers would still limit women's employment options. It was also observed in the Eastern Province that the presence of adult females had a detrimental effect on women's LFP, pointing to the possibility that gender norms might discourage women from joining the labour force. Furthermore, a curious observation was made in the Northern province where women's probability to be in paid work is positively associated with the strength of networks with friends, but negatively with the strength of networks with relatives. These patterns also allude to the ways in which gender ideologies discourage women's LFP in these regions.

**Women's human capital endowment:** Among the human capital variables that encourage women's LFP, education stands out. The strong probability of LFP observed for women with high educational attainments in both provinces corroborates the idea that the local labour market rewards academic credentials (Himaz & Aturupane 2011). Higher educational attainments might also allow women to take up socially desirable and prestigious work, and not doing so can involve a sizable opportunity cost. The probability of LFP among women in both districts follow a U-shape indicating that women with the lowest and highest educational outcomes are the most likely to participate in the labour market. The high employment probability among women at both lower and higher ends of educational attainments points to the deep polarisation of labour market opportunities for women in regional labour markets, and the contestations between gender norms, necessity, and utility in pushing women to seek paid work. The likelihood of women's LFP increases with age, suggesting that younger women with young children are more likely to be bound by care giving responsibilities and gender ideologies than older women. Expectedly, good health also encourages women to seek work.

**Assets and opportunities:** Ownership of physical assets generally bodes well for women's LFP. Having land, crop trees, and livestock encourages women to take up paid work. However, this could be most likely because such assets encourage women to work in/ on their own households and property, rather than to go outside for work. Women who have had the opportunity to participate in livelihood intervention programmes are also more likely to join the labour force. Thus, by and large, asset endowment and opportunities tend to encourage women's LFP.

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Although the factors shaping women's LFP in the Northern and Eastern provinces have been discussed along five categories in a statistical vacuum, one cannot ignore the complex ways in which they interact in the real world. Together, the findings of both studies (Gunatilaka & Vithanagama 2018; Vithanagama 2020) suggest that women's LFP is a decision resulting from a vector of complex factors ranging from economic hardships to opportunities to gender ideologies.

The limitation of Labour Force Participation statistics is what it does not and cannot capture: what drives women to be in or out of the labour force? What kind of paid work is available to her given her education? What are the constraints of gender ideologies within the household and the community? If she is able to enter the labour market, what is her bargaining power to take up decent work? What kind of protection is available for her own physical well-being and for her old-age? What are the dynamics of care work at home, and her own personal safety?

While women's LFP can contribute to their economic and overall empowerment, participation in the labour market is a 'choice' made by women from a vector of options available to them. A lack of choice is at the crux of disempowerment, which clearly seems to be the case for most respondents

from both studies discussed above. Thus, women's empowerment is a broader and more complex process that cannot be conflated with LFP, whose approximation to empowerment can promote the misinformed idea that women's LFP is in and of itself always transformative for women.

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