

# Women, Work, and Structural Transformation in Sri Lanka

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# Background

- Sri Lankan women have had a better chance to benefit from the structural transformation catalyzed by economic liberalization, than most other women in the region.
  - ✓ First in South Asia to liberalize its economy (1977)
  - ✓ Free health and education (since at least the 1940s)
  - ✓ Inheritance rights (since pre-colonial times)
  - ✓ Universal franchise (since 1930).
  - ✓ Constitutional protection of equal rights (since 1978).
  - ✓ Country is a signatory to CEDAW.
- But actual economic outcomes for Sri Lankan women (labour force participation, employment opportunities, and earnings) have been disappointing.

# Structural transformation

- Average annual growth rate 3.8 per cent between 1971 and 1977 but to 5.2 per cent from 1978 to 2013.
- Agriculture's share in GDP declined from 30.7 per cent in 1977 to 11 per cent in 2013; services' share rose from 40.6 per cent to 59 per cent. Manufacturing accounted for 31 per cent in 2013.
- But structural shift in employment has been slow in coming.
- In 2012, 29 per cent of all employed Sri Lankans were still working in the agriculture and fisheries sector.
- More than 60 per cent of the workforce continued to work in informal employment in 2012.

# Women's work ...

- **Job opportunities opened up only in a few sectors. Women account for a third of total employment, concentrated in agriculture, manufacturing (apparels) and education.**
- **Weak representation in growing sectors - construction, transport, finance, trade, renting, business activities.**
- **Significant numbers of unskilled women choose to migrate overseas for employment as domestic and blue collar workers.**
- **Relatively more women also work as family workers (19 per cent) compared to men (4 per cent).**

## Women's businesses ...

- Nearly a fourth of all employed women are self-employed, but less than one percent of them are running their own businesses and employing other people as well.
- Slightly more than a third of all employed men were self-employed, while employers accounted for four per cent of all jobs held by men.
- Returns to capital zero among female-owned microenterprises, in excess of 9 per cent per month for male-owned enterprises (de Mel et al 2007).

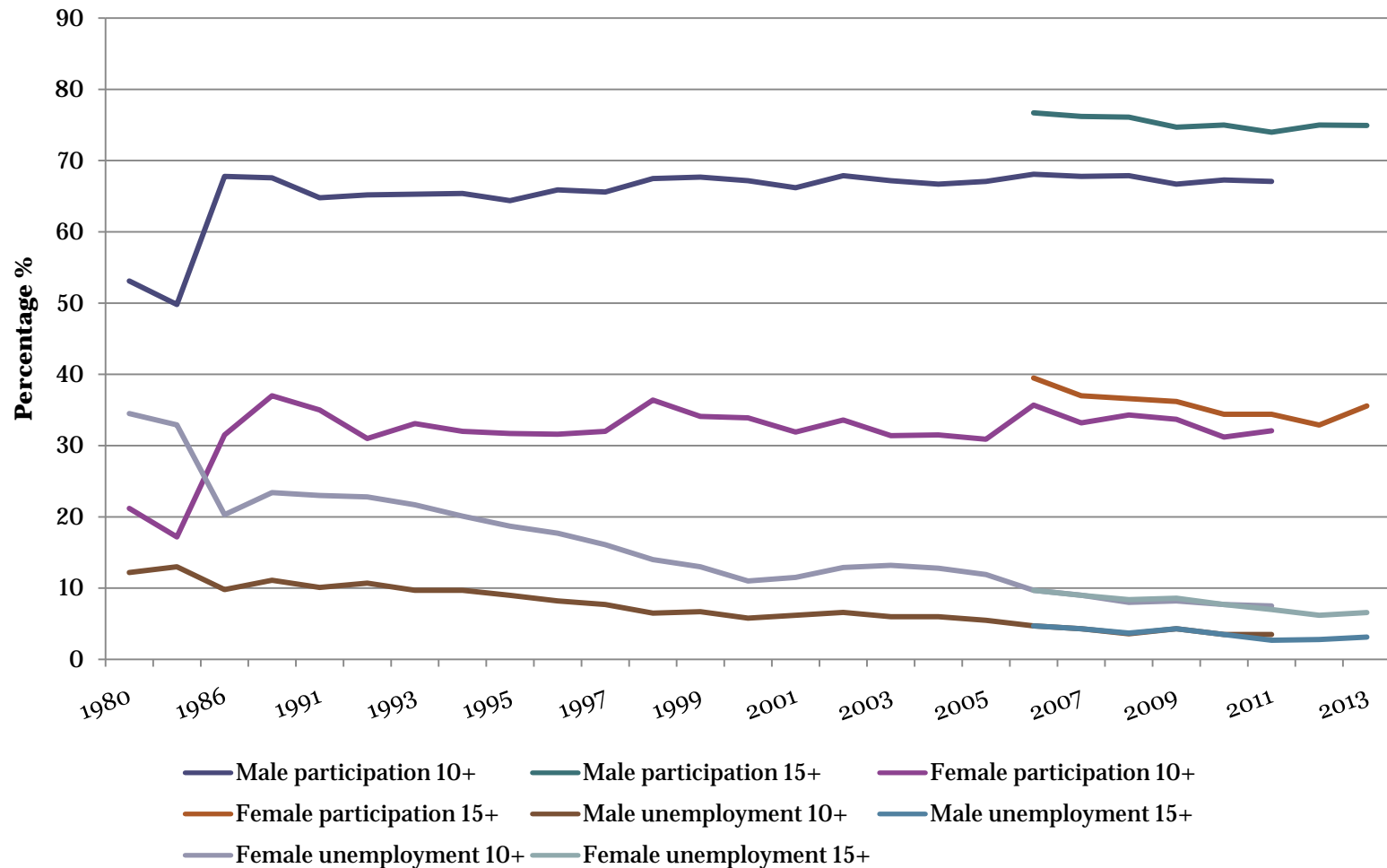
# Women's earnings ...

- Women are on average, paid less than men, even when they share the same productive characteristics.
- In 2006, male employees' wages in private formal sector roughly 20 per cent higher than the wages earned by women, *ceteris paribus*.
- Wage rates of male informal employees were 40 per cent more than those of female informal employees *ceteris paribus* (Gunatilaka 2008).
- Women underpaid in all sectors and for all ethnic groups, even when unconditional wage gaps favour women (Gunewardene 2010).
- Gaps wider at the bottom of the distribution in both the private and public sectors (indicative of "sticky floors"), even though there is little evidence of larger gaps at the top of the distribution ("glass ceilings") (Gunewardene et al 2008).
- Thus, while the majority of working women suffer wage discrimination, poorer, unskilled women are most likely to be subjected to it.

# Labour market participation

- Given the difficult labour market that Sri Lankan women face, it is not surprising that many choose not to engage in it.
- Economic liberalization in 1977 saw a surge in both participation and unemployment rates.
- But participation plateaued thereafter, while unemployment declined (Nanayakkara 2004, DCS 2014).
- In 2013, only 35 % of women above 15 years of age were participants, one of the lowest in the region.
- Higher rates of unemployment among educated women than among educated men.

# Male and female participation and employment rates in Sri Lanka (10 years of age and more) 1980-2013





# Drivers and constraints to participation

- Participation associated with better education, availability of domestic help, residence in estates sector, higher employed female/male ratio in education category, prevalence of informality in local economy.
- Participation constrained by low levels of education, young children, Islamic culture, earnings of male household members, high levels of unemployment in district (Gunatilaka 2013).

# Women and poverty

- Women are not more likely to be poor than men, results statistically significant (Gunatilaka 2014).
- But working women are significantly more likely to be poor than equivalent men, and women's earnings are likely to reduce the probability of their being poor by much less than equivalent men's earnings (ibid.).
- The fact that poverty has reduced 29 per cent (outside the conflict-affected north and east) in 1995/96, to 7 per cent island-wide by 2013, appears to be due to the agency of men (ibid. )

# Stuck in transition ...

- Structural transformation of Sri Lanka's economy has not ensured decent work for the majority of working Sri Lankans, regardless of gender.
- Slow transition from factor-driven economic growth to efficiency-driven growth underlying factor.
- Slow, or no progress, in key efficiency enhancers such as higher education and training, financial market development and market size (Chandrasiri and Gunatilaka 2014).
- Although Sri Lankan workers are the most educated in South Asia, with the highest literacy rates and the highest pre-tertiary enrollment and completion rates, the supply of job-specific skills is trailing (Dundar et al. 2014).
- General shortage of the kind of technical skills such as computing and English, that a modern competitive economy requires.
- Education and training system does little to shape soft skills such as leadership, teamwork and work ethic, which are also in high demand for a wide range of occupations (ibid.).

# Policy implications

- **A macroeconomic and sectoral policy environment conducive to domestic and foreign direct investment in decent employment generation.**
- **Effective skills development strategy.**
- **Address factors and forces that keep women out of the workforce, or restrict them to sectors and occupations with discriminatory wage structures.**

# Policy wish list ...

- Address gender bias in hiring and workplace practices, as well as policies that address gender bias in wage setting.
- Measures to eliminate the stereo-typing of gender roles and the inferior and disrespectful treatment of women.
- Implement other family-friendly policies that address the issue of unequal division of unpaid work between men and women.
- Legislative reform to support more flexible work arrangements such as part-time work and shift work in better paying service industries such as call centres.
- A secure environment for women to travel to and from work at different hours of the day.
- The efficient and impartial maintenance of law and order.

# No time to lose ...

- While women are not more likely to be poor than men right now, with time, the number of poor elderly women, will grow exponentially.
- Sri Lankan women urgently need to be provided with opportunities to work, earn more, and save more right now.
- Preventive health care needs to be targeted towards them, so that they are able to remain healthy and physically independent for longer.
- Need to put in place an effective social protection strategy for women who, through widowhood or the incapacitation of husbands or male relatives, have become the sole providers.

Thank you.