

How to improve female labour force participation in Sri Lanka?

- Upeksha Wimalaweera¹

Introduction

EXECUTIVE SUMMARY

More than half the population of Sri Lanka are women, yet only one in three workers is a woman. Why are the women in Sri Lanka not entering the labour force? What are the main challenges? How to increase female labour force participation rate in Sri Lanka to ignite economic growth and promote decent work? This policy brief draws from evidence of several studies and national data to analyse the existing barriers preventing women from entering the workforce. A key policy recommendation highlighted in this policy brief is the urgent need to amend archaic labour laws in the country to remove restrictions on night work and overtime for women. Flexible working arrangements and facilitating the same through legislation has also been identified as a major factor which could encourage more women to take up paid work. Furthermore, promoting a safe work culture at workplace and ensuring personal safety of women would reassure women in engaging in night work. The policy brief as an entirety indicates that increasing female labour force participation is a key aspect in promoting economic growth.

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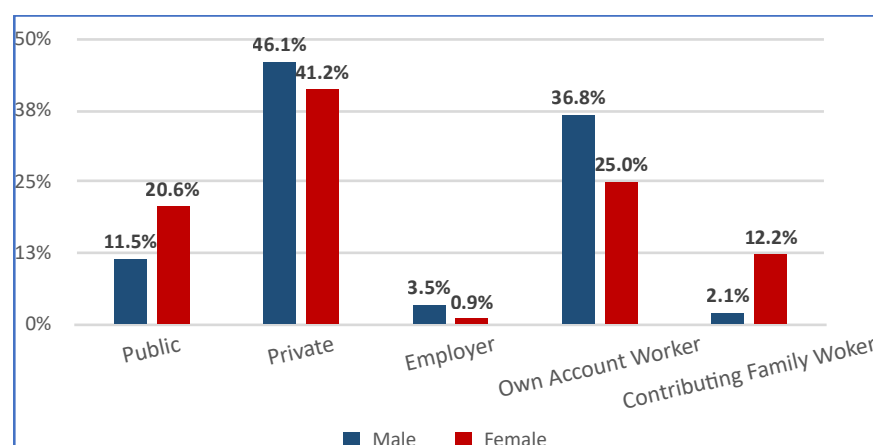
KEYWORDS

Female labour force participation, labour laws, working conditions, Sri Lanka

Women account for 51.6% of the total population in Sri Lanka and yet, the female labour force participation in the country is alarmingly low at 31.3% (Annual Labour Force Survey 2023). This indicates that only one in three women aged 15 and above are active in the labour force. This gender inequality in employment has an impact on the economic growth of the country. **Figure 1** below indicates that more women are engaged in public sector employment but women in private sector employment is less compared to that of men. This shows a clear distinction in employment status by gender. In addition, within the SDG Goal 08 on Decent Work and Economic growth, gender is a cross-cutting theme. The 2018 tripartite ILO decent work country program for Sri Lanka has also recognized the value of decent work and the need for promotion of gender equality. It has been recognized that improving women's access to work is one of the key aspects in promoting decent work within a country. Therefore, it is an area which requires immediate policy attention.

This policy brief intends to address the key policy issue of low female labour force participation in Sri Lanka and provides recommendations to increase women's participation in the labour force. The audience of this policy brief are members of the National Labour Advisory Council which is the national tripartite consultative mechanism on matters pertaining to labour policies. This policy brief is also intended for the Minister of Women and Child Affairs. The subsequent sections of this policy brief will highlight the need for policy changes to bring about an increase in female labour force participation in Sri Lanka and will provide three main policy recommendations to achieve the desired outcome.

Figure 1: Employment status by gender in 2023



Source: Compiled from Annual Labour Statistics Report, 2023

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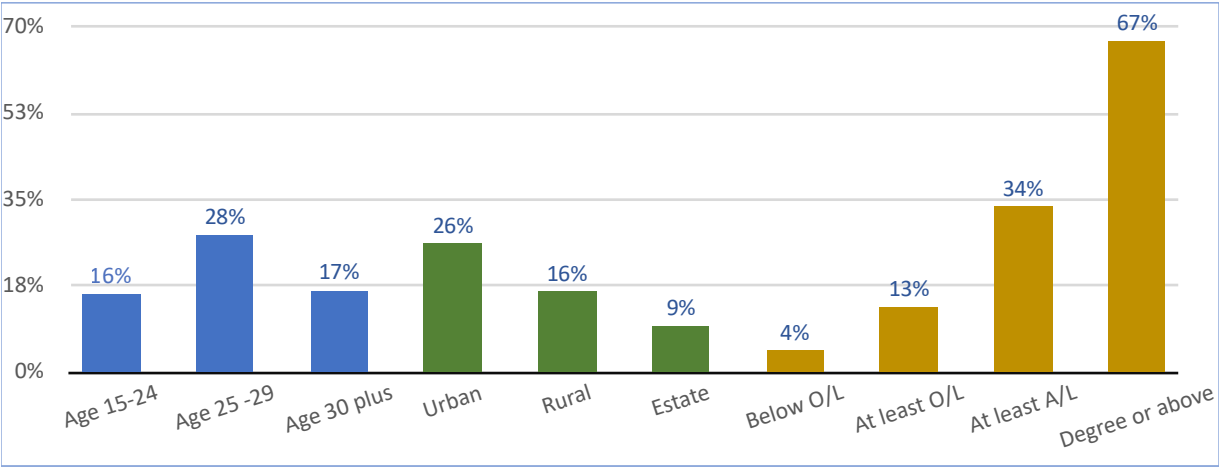
Methodology

This policy brief is based on several research studies and relevant national data. The primary source of reference is: Why promoting decent work matters more than just any job for Sri Lankan women – Dr. Nisha Arunathilake.

Results and Findings

Policy interventions to promote female labour force participation over the years, have mainly focused on encouraging self-employment and promoting entrepreneurship among women. Arunathilake, N (2023) highlights that these types of jobs are highly vulnerable due to inadequate generation of income and social protection not covering women engaged in these categories of work. There is in fact no mechanism in place in Sri Lanka to cover self-employed persons in terms of social protection other than the self-contributory Employees’ Trust Fund (ETF) scheme which allows people to become members of the ETF on their own accord. The argument presented by Arunathilake, N (2023) is that, to drive economic growth, women should have access to decent work and not access to just any type of work. **Figure 2** below, explains that women’s access to decent work in Sri Lanka differs by age, sector and education level.

Figure 2: Women's Access to Decent Work (Formal, full-time, decent wage in decent hours) by Age, Sector and Level of Education



Source: Compiled from Arunathilake, N (2023) compilation based on Labour Force Survey 2018, Department of Census and Statistics

Economic growth can be promoted by increasing women’s overall access to formal, full-time employment which pays a decent wage. Therefore, a shift in policy perspective is required to ensure the same.

Arunathilake, N (2023) highlights that the **legal definitions given to different types of work** such as part time employment, vulnerable work etc. within the Sri Lankan labour law framework are inadequate and fails to offer certain benefits of employment to the workers belonging to such categories. The most recent example of the inadequate definitions of different employment categories is the Minimum Retirement Age Act No.28 of 2021 which gives restrictive definitions to fixed term contracts, seasonal workers etc.

Arunathilake, N (2023) further identifies that **outdated legislation and poor implementation of legislation leads to unequal access to decent work** and recognizes these factors as barriers for achieving decent work. Gunathilake, R (2013) states that **removing the restriction on night work for women in the service sector is of utmost importance** to suit the modern-day requirements. This finding highlighted by Gunathilake, R in 2013 remains valid in 2023 as labour laws have not been significantly amended in the past few decades. In the current legal context, some of the legislations that affect female labour force

participation are Shop and Office Employees Act No.19 of 1954, Employment of Women, Young Persons and Children Act No. 47 of 1956 and the Factories Ordinance No. 45 of 1942. These legislations contain restrictive provisions relating to employment of women at night and overtime restrictions for female employees. These Acts were enacted before the millennium to suit the requirements that existed prior to the complex developments in the world of work. These laws have been amended from time to time to suit the present requirements but restrictions relating to overtime have not been relaxed. It must also be noted that these restrictive provisions have been introduced to ensure the security of the female employees and to safeguard their labour from being exploited.

It is also important to note that in the present context where the IT industry and Knowledge Process Outsourcing (KPO) and Business Process Outsourcing industries (BPO) are flourishing and require the employees to work at night, the job opportunities available for women would be reduced due to restrictive labour laws. Therefore, as a mechanism to address this, in May 2024 an amendment was brought to the Shop and Office Employees Act No.19 of 1954 in order to facilitate night work for women employed in the KPO, BPO and IT related businesses and women engaged in back-office operations for an institution situated abroad. **However, there remains scope for improvement as the new amendment only covers female employees engaged in a limited number of industries in the service sector.**

As elsewhere, in Sri Lanka too the care work in the household is usually managed by women. Arunathilake, N (2023) states that excessive work hours are needed to achieve a fair wage and that too has to be achieved through formal full-time employment. This could also be a factor affecting the number of women in the labour force as **flexible work arrangements are not recognized by labour legislations** and thus there is no social protection covering the employees engaged in part-time employment or freelance work etc. The result of this could be more women deciding not to work and engage in household care work. Therefore, this aspect of employment also needs to be addressed through policy changes. Furthermore, the care work aspect could be captured by investing in transformative care policy packages as the ILO highlights in their report titled: Care at work (2022).

Gunathilake, R (2013) states that social attitudes about what sort of jobs are appropriate for women and issues of personal safety, transport and housing, may be constraining women from taking up certain types of jobs. Policy attention is required to address these problems as it directly affects women’s willingness to participate in the workforce. **In the long run, more women in the labour force in a country where the majority is women, would surely contribute towards improving the economic growth of Sri Lanka.**

Policy Recommendations

Based on the above discussions, the policy brief provides three policy recommendations:

- 1. Removal of restrictions relating to overtime and employment of female workers in night work:** Shop and Office Employees Act No.19 of 1954, Employment of Women, Young Persons and Children Act No. 47 of 1956 and the Factories Ordinance No.45 of 1942 need to be amended to remove the above-mentioned restrictions in a manner that is suitable to facilitate existing requirements in the world of work. This can be addressed in the National Labour Advisory Council which is the tripartite body consisting of all stakeholders affected by such a decision. The following table includes some of the proposed amendments that can be considered by the policy makers.

S. No.	Legislation	Problem Area	Proposed Changes
1	Shop and Office Employees Act No.19 of 1954	Night Work for women only allowed for certain industries (KPO, BPO, IT related, back-office operations of an institution abroad) and specific jobs	Removal of night work restrictions for all female employees in the service sector covered by the Act
2	Employment of Women, Young Persons and Children Act No. 47 of 1956	Restrictions on night work	Leniency in obtaining approval for night work for women in industrial undertakings
3	Factories Ordinance No.45 of 1942	Overtime	Relaxing monthly overtime limits for women

2. **Facilitate flexible work arrangements in order to improve female labour force participation in Sri Lanka:** The existing legal framework does not address issues relating to part-time employment, freelancers or platform work. More women would be interested in engaging in these flexible jobs given the care work in the household. These types of employment categories need to be clearly defined in the labour legislation and moreover, the restrictive definitions mentioned in the Minimum Retirement Age Act No.28 of 2021 need timely amendments. It must also be ensured that the employees engaged in these jobs are covered by the social security net by inclusion of the said categories into existing legislation such as the Employees' Provident Fund Act and the Employees' Trust Fund Act. This could be addressed through amendments based on an informed study which provides an overall understanding of the different types of employment categories that do not fall within a set framework.
3. **Promote a safe working culture in workplaces to ensure that more women feel reassured to join the labour force:** The employers would have the responsibility of promoting a safe work culture at workplace by ensuring that policies to prevent sexual harassment are in place. Law and order has to be maintained in the country and it has to be strengthened, and a proper enforcement mechanism must be in place to facilitate night work for women. The occupational safety and health aspect of night work arrangements has to be covered by legislation itself and timely inspection of the same has to be maintained to ensure the enforcement of laws pertaining to it. Transport is an important aspect of promoting night work arrangements for women. Buses, train coaches etc that are reserved for female passengers could be made available to serve this purpose and an example of the same could be drawn from Malaysia where this mechanism has been implemented to ensure safety of women.

Malaysia's attempt to promote safety of women and minimize sexual harassment while using public transport includes the introduction of women-only buses in 2010, the women-only KTM Komuter coaches in Kuala Lumpur and the recent introduction of women-only coaches in MRT (Mass Rapid Transit) train lines in Kajang and Putrajaya (Mahavera, 2023).

Promoting a safe work culture is not limited to one area. However, there should be a tripartite effort in promoting the same. Employers could ensure that company policies are in place to assure women's safety while the employee organizations also could raise awareness amongst their members about fostering a safe work culture. This could be carried out by conducting gender sensitization trainings and awareness raising programs. The government on the other hand could appoint a committee to explore the possibility of introducing new laws to promote a safe working culture at work.

A thorough policy framework to support more female labour force participation as mentioned in the recommendations would support the promotion of decent work and would be a driving force in accelerating the economic growth of the country.

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