

THE POLICY BRIEF

Introduction

Sri Lanka's economy suffered its worst economic contraction in 2022. Buffeted by various shocks over the last few years the economy was operating below its potential. While the IMF program seeks to restore macroeconomic stability, economic growth is vital for long term sustainability. An aging population and labor migration threatens this economic recovery. Increasing female labor force participation will be key to unlocking the growth potential. COVID-19 and the economic crisis in 2022 also disproportionately affected women and increased their vulnerabilities. Lack of income-generating opportunities has led to mass migration for employment, particularly to the Middle East. Of those seeking employment overseas, 77% are female¹ and mainly in the unskilled worker category such as housemaids.²

Increasing female labor force participation is important for empowering women and giving them greater economic independence.

The following reforms are identified as critical to boosting female labor force participation in the short term:

Care Work

The gender gap in unpaid care work has significant implications on women's ability to actively participate in the labour force. For every hour a woman spends on domestic chores, she foregoes the opportunity to engage in the labour market or to invest in educational activities.³ Women spend two to ten times more time on unpaid care work than men globally.⁴ It is estimated that regardless of their employment status, women who engage in care work have an explicit cost that outweighs their earnings. Thus, leading to many women opting out of the labor force.⁵

This unequal distribution of care responsibilities is also linked to discriminatory social institutions and stereotypes on gender roles. Therefore, in countries like Sri Lanka, where female labour force participation has stagnated at around 30%⁶, redistribution of care work could help to increase women's participation in the labour force.

Policy Recommendations

1. Increase access to child and adult day care facilities through public institutions.
2. Incentivize private sectors to operate day care centers.
3. Monitor regulation of existing child care centers.
4. Mandate paid and substantial parental leave for both men and women.

Night Work for Women

Women are statutorily restricted from working at night. Despite intended protection, these provisions discriminate by limiting opportunities of employment, not only inhibiting women's choice of their preferred time to work, but also limiting their earning capacity. For example, women engaged in night work in industrial undertakings and factories are paid one and half times the normal payment in Sri Lanka.⁷

Data from Kerala and Maharashtra show that allowing access to night time work increased women's participation in the labour force. The Period Labour Force Survey reported over a 7% increase from 2018-2020 in Maharashtra and over 5% increase in Kerala.⁸

Focusing on the IT/BPM sector the Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 19 of 1954 only permits women, over the age of 18, to work till 8 p.m. Exceptions to certain industries are granted, excluding the IT/BPM sector. Which is unfortunate as the nature of such industries require working hours outside the 9-5 window, owing to international time zones.

Interviews conducted with the National Chamber for Sri Lanka's IT/BPM industry, 'Sri Lanka Association for Software Services Companies (SLASSCOM)',⁹ confirmed that the current practice in the sector is to work beyond 8 p.m. They expressed that the authorities have been supportive, emphasizing the satisfactory working relationship between the parties. However, they emphasized the need to remove legislative restrictions to attract more investments into the industry.¹⁰

Cabinet approval however has been granted to amend the law so the IT/BPM sector may employ women before 6 a.m. and after 6 p.m. Yet, tangible change is yet to be seen in the form of gazetting.¹¹

These restrictions are faced by women, in other sectors of the economy as well such as healthcare, hospitality and the retail trade.

Policy Recommendations

1. Remove all work at night restrictions under the Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 19 of 1954, Factories Ordinance No. 45 of 1942 and the Employment of Women, Young Persons and Children Act No. 47 of 1956.
2. Require safe and reliable transport provided to employees, if that is not possible travel allowances be provided to compensate for additional outlay on transport.

Part-time work

The current statutory regimes governing employee rights fail to recognize part time-work. This lacuna leads to a reluctance by employers to hire part-time workers as they are entitled to the same benefits as full-time workers.

Research shows that women bear a disproportionate amount of unpaid care work. Therefore, part-time and flexible work can encourage them to enter and remain in the labour force. According to the Labour Force Survey 2021, 59.3% of women cited engagement in household work as a reason for non participation in the labor force, while only 3.6% of men cited household work. Legislating part-time work is an effective measure to increase female labour force participation by enabling women to balance unpaid care work responsibilities with paid employment.¹²

In comparison, for example, legislation of part-time work in Austria, Belgium and Germany contributed to an average 26% increase in women's employment rates from 1992 to 2011.

Policy Recommendations

1. Introduce a clause under the Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 19 of 1954¹³ to grant employees who work less than the maximum working hours pro-rated annual and casual leave mandate that the Wages Boards governed by the Wages Boards Ordinance No. 27 of 1941 provide annual leave to part-time workers in proportion to the number of hours worked.¹⁴
2. Amend the calculation of social security under the Payment of Gratuity Act No. 12 of 1983 to consider an employee's last drawn salary as a full-time worker and a part-time worker separately. Legislate a separate Act to formally recognize flexible work arrangements.

Endnotes

- (1). Outward Labour Migration in Sri Lanka <http://www.slbfe.lk/file.php?FID=696>
- (2). In 2021, Sri Lankan Bureau on Foreign Employment reported that 41,154 females have registered for migration which amounts to 33.66% of the total outflows#. Following the contraction of the economy, these numbers can only be expected to grow.
- (3). Unpaid Care Work: The Overlooked Barrier in Women's Economic Empowerment <https://www.ips.lk/talkingeconomics/2017/09/15/unpaid-care-work-the-overlooked-barrier-in-womens-economic-empowerment/>
- (4). Sri Lanka Time Use Survey Final Report - 2017 http://www.statistics.gov.lk/PressReleases/TUS_FinalReport_2017
- (5). Costs of Doing a Job for Urban Women in Sri Lanka - Verite Research 2022, https://www.veriteresearch.org/wp-content/uploads/2022/09/VR_EN_RR_May2022_Costs-of-Doing-a-Job-for-Urban-Women-in-Sri-Lanka.pdf
- (6). Sri Lanka Labour Force Survey Annual Report - 2021 <http://www.statistics.gov.lk/LabourForce/StaticInformation/AnnualReports/2021>
- (7). Factories Ordinance No. 45 of 1942, Section 67A(2)(d) and Employment of Women, Young Persons and Children No. 47 of 1956 (EWYPCA) Section 2A(2)(d).
- (8). Attributing this increase solely to the removal of night work restrictions would be incorrect.
- (9). KII with SLASSCOM
- (10). A key informant interview conducted by the Advocata Institute.
- (11). Women in IT based industries allowed to work in night <https://www.newswire.lk/2022/08/10/women-in-it-based-industries-allowed-to-work-in-night>
- (12). Olivier Thévenon, Drivers of Female Labour Force Participation in the OECD, (OECD, 2013) <https://doi.org/10.1787/5k46civrngms6-en>, (accessed 30 November, 2021).
- (13). Shop and Office Employees (Regulation of Employment and Remuneration) (SOE) Act No. 19 of 1954, Section 3 (1)(3)(a).
- (14). Wages Board Ordinance No. 27 of 1941, Section 28(1).



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