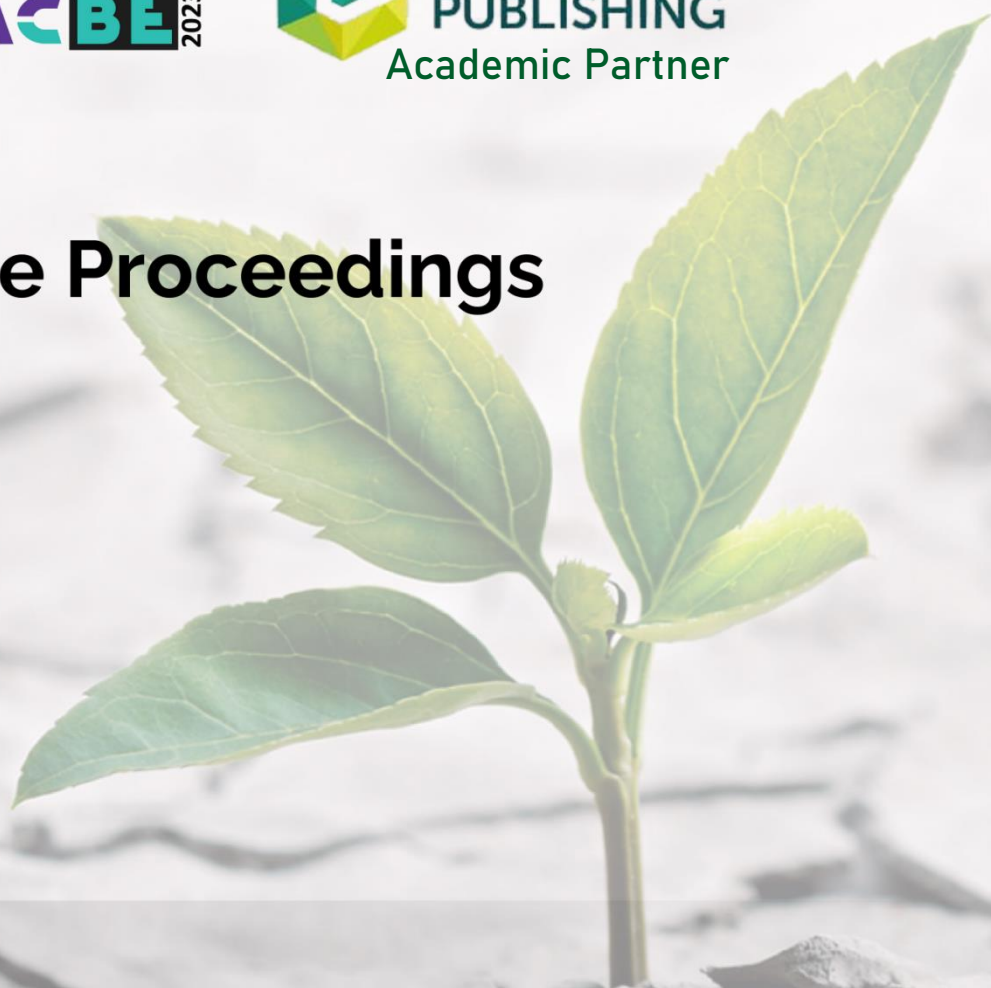


4th Annual Conference on Business Economics

ACBE 2023



Conference Proceedings



Department of Business Economics
Faculty of Management Studies & Commerce
University of Sri Jayewardenepura

16.08.2023



4th ANNUAL CONFERENCE ON BUSINESS ECONOMICS (ACBE) 2023

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**Research Center for Business Economics and Development
Studies**

**Department of Business Economics
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura**

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MESSAGE FROM THE CHAIRMAN
University Grants Commission



I am delighted to extend my warmest greetings to the 4th Annual Conference on Business Economics (ACBE) 2023 organized by the Research Center for Business Economics and Development Studies, Department of Business Economics of the Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. Having been an integral part of the Department's journey since its establishment, I have witnessed and experienced the hurdles which have been overcome throughout the years and the achievements that we have most humbly celebrated. Research is at the epi-centre of our Department and the opening of the Research Center for Business Economics and Development Studies has been one of the key milestones of the department's journey. It is with great pleasure that we come together to explore and discuss the pivotal role of economics in shaping the world. I firmly believe that ACBE 2023 presents a fertile ground for young scholars to share their research ideas and thoughts with renowned academics and obtain treasured options for further improvements.

We have a remarkable lineup of distinguished speakers who will share their expertise and perspectives on the pressing economic challenges and opportunities that lie ahead. Their contribution will undoubtedly enrich our understanding and inspire actionable solutions. The concept of resilience in growth requires us to envision economic systems that are adaptable, flexible, and robust in the face of unexpected disruptions. We must not only navigate challenges but also capitalize on change, transforming it into a catalyst for progress. This very ethos of embracing change is the cornerstone of innovation, and by extension, a key driver of sustainable economic growth. Our collective goal must be to channel this innovation toward inclusivity, ensuring that the benefits of growth are equitably shared among all segments of society.

I am confident that the ACBE 2023 will serve as a platform for forging collaborations, nurturing professional relationships, and igniting ideas that will shape the economic discourse for years to come.

I extend my heartiest appreciation to the dedicated members of the organizing committee, who have worked tirelessly to curate a conference agenda that is both comprehensive and forward-thinking. Their commitment to excellence and their passion for creating a platform that fosters dialogue and collaboration is commendable. Finally, I extend my warmest wishes to all participants for a rewarding and enlightening experience. May the exchanges that transpire during this conference not only expand our intellectual horizons but also contribute to the broader goal of creating a more just, equitable, and prosperous society through the lens of economics.

May this conference be a source of inspiration, innovation, and enlightenment for all of us!

Senior Professor Sampath Amaratunge
Professor (Chair) of Business Economics,
Chairman of University Grants Commission, Sri Lanka

MESSAGE FROM THE VICE CHANCELLOR
University of Sri Jayewardenepura



It is my distinct pleasure to extend a warm welcome to all esteemed authors, distinguished invitees, and participants who have gathered for the 4th Annual Conference on Business Economics (ACBE) 2023. This significant event is organized by the Research Center for Business Economics and Development Studies, a pivotal entity within the Department of Business Economics at the Faculty of Management Studies and Commerce.

The University of Sri Jayewardenepura stands as a premier national university, renowned for its dedication to research and innovation. Our university places paramount importance on advancing the frontiers of knowledge. As the Center of Excellence in Management Education within Sri Lanka, the Faculty of Management Studies and Commerce is committed to delivering excellence in teaching, learning, and research within the realm of management sciences. This commitment is further reinforced through our resolute pursuit of knowledge dissemination via teaching, scholarly endeavours, research initiatives, and community engagement, all rooted in an environment that upholds principles of creativity, intellectual freedom, equality of opportunity, fairness, and professional advancement.

The economic landscape of our nation has weathered unprecedented challenges brought forth by recent economic crises. In the face of these adversities, our university has demonstrated remarkable resilience and successfully navigated through these testing times. It fills me with pride to witness the remarkable strides we have taken in the domains of academia and research, notwithstanding the formidable circumstances.

As the Department of Business Economics celebrates a remarkable 21 years of academic excellence, I hold a steadfast belief that this conference will significantly contribute to our nation's development. By offering invaluable insights from pioneering research and academic findings, this event amalgamates the finest elements of theory and practice. Moreover, it serves as a platform to foster meaningful interactions between our university and the broader societal framework.

The forthcoming Annual Conference on Business Economics ACBE 2023, presented in a hybrid format, promises to be an engaging forum uniting academia, research luminaries, practitioners, and policymakers within the realm of Business Economics. May this conference be a productive and intellectually stimulating experience for you all. I wish ACBE a great success.

Senior Professor M. M. Pathmalal
Vice-Chancellor
University of Sri Jayewardenepura

MESSAGE FROM THE DEAN
Faculty of Management Studies and Commerce



It gives me a great honour to extend my well wishes for the 4th Annual Conference on Business Economics (ACBE) 2023 organized by the Department of Business Economics of the Faculty of Management Studies and Commerce (FMSC), University of Sri Jayewardenepura. I wish to congratulate the Department for triumphing over various challenges during its two-decade journey and for consistently upholding the standards of academic excellence.

The Faculty of Management Studies and Commerce focuses on promoting an intellectually stimulating, multidisciplinary environment for its stakeholders through influential industry and community engagement as well as international orientation. In line with this vision, I strongly believe that research and development activities in the discipline of Economics play a critical role in addressing the current issues and challenges faced by Sri Lanka. ACBE 2023 offers a tremendous opportunity for young researchers who are engaged in the discipline of Business Economics to present their research findings and share knowledge with others. It also provides the opportunity for researchers to touch upon timely and desired global issues while demonstrating the outcomes of their scholarly work at the conference. Further, I am proud to say that the Faculty has played a significant role in encouraging, supporting and promoting a research culture among undergraduates of the Faculty.

I extend my heartfelt commendations to the Head of the Department, Conference Chair, and the Organizing Committee for successfully orchestrating this conference despite the challenges facing the country. I believe that ACBE 2023 will serve as an enriching platform for timely debates and academic discussions. I extend my best wishes to all of you in your academic and research pursuits!

Dr. Dushan Jayawickrama

Dean, Faculty of Management Studies and Commerce,
University of Sri Jayewardenepura.

MESSAGE FROM THE HEAD

Department of Business Economics



It is with great pleasure that I write this congratulatory message to the proceedings of the 4th Annual Conference on Business Economics (ACBE) 2023 organized by the Research Center for Business Economics and Development Studies of the Department of Business Economics, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura.

"Enabling Resilient Growth and Embracing Change for Inclusive and Sustainable Economic Growth" is the theme selected after careful consideration for this year. ACBE aims at promoting and publishing research to disseminate knowledge regarding this particular theme to a broader community. Especially given the current context of our nation, I believe this theme would give rise to thought-provoking discussions.

Well-educated economists who can develop and implement accurate economic policies are needed more than ever to establish this environment. I look forward to multiple gains in the years ahead through these knowledge and experience sharing sessions. The students of our department are continuously directed toward research engagements, even during these difficult times and thus today we witness the fruits of those great efforts and commitment made towards research by the students as well as our academia as supervisors. Further, we will witness some of the research work of our postgraduate students who have excelled in their research studies within the last few years.

The conference also aims at enhancing links and strengthening the network between academia, practitioners, and policymakers. We live in a day and time when academically strong research is required to be linked to policy directives. ACBE seeks to provide a platform for academics, scholars, and policymakers to share their insights, discoveries, and innovations. Through the collective exploration of economic ideas and trends, we aim to contribute to the enrichment of economic thought and its practical applications.

I wish to convey my best wishes for the conference, to the authors, paper presenters, and other contributors, while appreciating and admiring the commitment of the Organizing Committee of ACBE 2023

Dr. P.J.S. Fernando

Head, Department of Business Economics
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura, Sri Lanka

MESSAGE FROM THE CONFERENCE CHAIR



It is indeed a pleasure to write this message to the Proceedings Book of 4th Annual Conference on Business Economics (ACBE) 2023 organized by the Research Center for Business Economics and Development Studies at the Department of Business Economics (BEC). The Department of Business Economics has been able to produce many exceptional graduates who have received placements in high-caliber professions within the local as well as global platforms. Over two decades of academic journey the department has prioritized its research culture and industry linkages. This journey of two decades has taught our Department many lessons as well as brought multiple achievements both at the national as well as international levels. As the pioneer in this field, I firmly believe that this conference sets yet another milestone in our academic and research journey of the Department.

The theme selected after careful consideration for this year is, "Enabling Resilient Growth and Embracing Change for Inclusive and Sustainable Economic Growth". This conference aims at promoting and publishing research to disseminate knowledge regarding this particular theme to a broader community. Especially given the current context of our nation, I believe this theme would give rise to thought-provoking discussions. The conference also aims at enhancing links and strengthening the network between academia, practitioners and policy makers. We live in a day and time when academically strong research is required to be linked to policy directives. As the editor as well as the conference chair, I feel privileged to witness the hard work and commitment of our dedicated organizing committee. I have no doubt that the discussion of the forum and research findings at the conference, would immensely contribute to enriching the economic conditions.

I convey my best wishes for the conference, to the authors, paper presenters and other contributors of ACBE 2023. I hope you all have a productive and fruitful session!

Prof. (Mrs.) M. A. K. Sriyalatha

Editor and Conference Chair

Director, Research Center for Business Economics and Development Studies

Department of Business Economics

Faculty of Management Studies and Commerce

University of Sri Jayewardenepura

Guest Speaker



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Enhancing the Competitiveness of Exports by Utilizing Domestic Value-Added Cinnamon in Sri Lanka

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ABSTRACT

During the past couple of years Sri Lanka has faced its worst economic crisis since independence its in 1948. Over the past 10 years, Sri Lankan exports are on average between 12% - 17% of its annual GDP while imports are between 23% - 31% (Hassan, 2018). With reference to Sri Lankan export composition, product concentration can be considered as the major challenge where 41% of exports consist of garments and textiles (Lanka, 2021). Even though Sri Lankan global export market share has declined over the decades, presently spice exports have shown a gradual growth. Amid other spices Cinnamon ranks the first in terms of foreign exchange earnings and the fourth among planting crops, contributing significantly to the country's economy., Cinnamon is documented to be the only industry where Sri Lanka has a global monopoly, because it supplies "true cinnamon" to the world and has a 90% market share (Senaratne & Pathirana, 2020). In order to diversify the offerings in the market, successive Sri Lankan governments over the last 2-3 decades have given priority to value added cinnamon products. Despite this, the overall performance of the sector has not been up to expectations. Thereby this research study focuses on examining the factors contributing to the creation of domestic value addition to the local economy. Further to identifying the problems faced by the domestic cinnamon process to the study focuses on evaluating the government's intervention in enhancing the value addition of cinnamon in Sri Lanka. The research methodology consists of a deductive research approach along quantitative research techniques implemented in order to measure the significance of the factors and the relationships among variables. The survey was carried out to gather data from 30 sample respondents who are engaged in the cinnamon supply chain covering the districts Galle, Matara, Ratnapura, Kalutara and Hambanthota. The most important finding of the research is how the cost of production, raw materials, labor, productivity, technology, finance and the government's support significantly influence domestic value addition. Except for the cost of production, all the other factors have the potential for positive contribution in order to increasing value addition.

Keywords: *Cinnamon Industry, Domestic Value Addition, Government Policy*

Domestic Value - Addition and Employment Generated by Sri Lankan Apparel Exports

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ABSTRACT

Since 1986, Sri Lanka's apparel industry has generated over 52% of its total export earnings. Due to the country's crisis, most of the Sri Lankan enterprises were unable to boost their profit margins, which then forced manufacturing costs to skyrocketing figures due to the inflation. This makes employment creation harder in the country. Thus, choosing which industry to prioritize to enhance job availability is actually difficult now. This industry is documented to be generating the biggest employment opportunities for Sri Lankans, notably women, due to the fact that it offers complete labor incentives. As a result, all policymakers in Sri Lanka must be well-versed in ways that can be employed to promote domestic value addition in the apparel industry, and towards increasing employment prospects for the populace. Although this industry is more important for employment creation, no person in the nation appear to be concerned about the amount of employment possibilities and the domestic value added by the apparel industry. Consequently, this could be regarded as a gap in this study's research. The research seeks to boost industry value addition and export employment. The study was investigated using primary and secondary data provided by the Asian Development Bank, Multi Regional Input and Output data, 2021, and the questionnaire was sent to garment enterprises registered with the apparel export association. It was suggested that the positivism philosophy should build a theory and a deductive technique was used because it reflected positivism more. For data collection, a Likert scale questionnaire was employed where 65 companies were included in the sample. The data analysis was given, and the data collected was approved as a representative of the study. Measurement of the correlation coefficient indicated positive and negative associations, and regression analysis verified the variables' acceptability in theory. According to the most important findings of the research, accepting any of the hypotheses calls for action on the part of the government in the form of appropriate policy. Independent variables of this study are listed to be the Cost, Competitiveness, Raw Material, Labor, Productivity, Quality, Lead time, Technology, Marketing and Logistic. As a moderate variable used Government Policy. These variables improve apparel export employability.

Keywords: *Apparel Industry, Domestic Value Addition, Export Employability, Government Policy.*

Women as Entrepreneurs in Beauty Salon Industry; Policy Options to Sri Lanka

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ABSTRACT

Female entrepreneurship has become an upswing discussion for decades. Women's tendency of initiating a business in the beauty salon industry is growing remarkably during the past decade. A beauty salon is a form of service center that provides personal care for females who want to look better. Women pursue entering the industry since such businesses can easily start with minimum capital and be managed by the support of family. In contrast, the economy of nations might be grown faster, since the empowerment of women develops the family, society, and hence the nation. The study mainly explores the conditions of female entrepreneurs in the beauty salon industry in Sri Lanka by identifying the underlying factors in initiating and developing businesses. Since the studies regarding female entrepreneurship in the beauty salon industry in Sri Lanka are noticeably low, the study aims to address the challenging factors for females to become an entrepreneur. Findings were derived through qualitative in-depth interviews based on a sample of twenty female entrepreneurs who own beauty salons out of the capital city in Sri Lanka. Females in the sample were aged between 20-55, were married, and operated the businesses as sole traders or partnerships. Primary data were collected by a self-administered questionnaire that was followed by an in-depth interviews using an interview guide for case study purposes. The findings pointed out challenges that women endure such as access to finance, the conflict between work and family responsibilities, networking barriers, and lack of educational and management skills. The study has recommended certain policy implications to rectify the barriers which are adversely affecting the female entrepreneurs in Sri Lanka.

Keywords: *Female entrepreneurship, Beauty salon industry, Women empowerment, Sri Lanka*

Impact of Social Assistance Programs on Labor Force Participation: Empirical Evidence from Samurdhi Beneficiaries of Sri Lanka

Perera S.M.¹ and Fernando J.S.²

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ABSTRACT

Social protection is crucial for both reducing poverty and ensuring that everyone has an equal opportunity to benefit from economic prosperity. Social assistance initiatives can have a favorable effect on the operation of labor markets but also, they could cause an unexpected outcome like a decline in labor force participation rates. This study examines the impact of social assistance programs in Sri Lanka on labor market outcomes such as labor force participation. More specifically the impact of the Samurdhi initiative as a prominent social assistance program on labor force participation was analyzed by taking monthly income from Samurdhi as the proxy. The study used a quantitative analysis by using the secondary data collected from the Household Income and Expenditure Survey 2019. By using the probit model estimations, the findings reveal that there is no statistically significant effect of monthly income from Samurdhi on the labor force participation. The descriptive statistics have found that 60% of the Samurdhi beneficiaries considered in the HIES 2019 are active in the labor force while 40% are not in the labor force.

Keywords: *Labor force participation, probit model, samurdhi, social assistance*

Informal and Formal Discriminative Practices against LGBTIQ+ Community in Sri Lanka

Weerasinghe P.N.I.S.¹, Fernando P.J.S.² and Dissanayake P.S.³

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ABSTRACT

Unlike in the late 1900s, discussions regarding LGBTIQ+ communities and different kind of sexual orientation have become more prominent in this century. As an umbrella term to identify marginalized communities, the noun called 'LGBTIQ+' is having a long journey by being updated from time to time. The noun represents Lesbian, Gay, Bi-sexual, Transgender, Questioning and many other determined sexual identities. When it comes to the topic of both informal and formal gender-based discrimination it has become a researchable area to figure out how it is happening and influence in workplaces. When consider to the Sustainable Goal No.05 that describes the gender equality, it also has not approached the LGBTIQ+ communities to its context. Therefore, the situation in the world is still lagging without having any development while making undesirable experiences to LGBTIQ+ communities within the society. In policy making aspect also, the concentration in LGBTIQ+ communities are insufficient at the national level. Even though, there are many civil organizations to act towards LGBTIQ+ rights, the perception of the society is still at a primary level in many nations. When considering the Sri Lankan context, the situation has become much better when compare with the early 1900s. The impacts coming from updated and open-minded people have become an important factor to have developed mindsets than earlier. The community members are rising against the unfair treatment and the relevant authorities could not have been alerted to that action yet. Here a qualitative type study has been done by getting a sample using snowball sampling technique. Primary data collection technique has been used by conducting in-depth interviews with six respondents. A pre-developed interview guide has been used to get responses using open-ended questions. The main focus to have in-depth interviews was to get familiarized with their background and have reliable discussion by listening to both formal and informal discriminative actions they faced within their working environment. Thematic content analysis has been done in this study to come up with the findings and recommendations in a way that can be welcomed with the current status of the Sri Lankan society.

Keywords: *Discrimination, Formal discrimination, Informal discrimination, LGBTIQ+, Policy implementation, Workplace*

Intention to Implement Green HRM Practices in Higher Education Institute

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ABSTRACT

In today's business, the concept of Green Human Resource Management (GHRM) become an emerging topic. GHRM is about the implementation of human resource policies and practices by linking them with green activities for sustainable development. It has been observed that planet earth has been harmed in many ways due to the modern competitive business environment. Therefore, members of the organisation should consider reducing the negative impact of their business on the society and environment. Considering environmental sustainability development in business will help in reducing such issues. Hence, it is needed to educate people on the green concept and applicability of Green HRM practices in the organization. However, implementing GHRM successfully in an organization is a challenge as it depends on the employer's and employee's commitment, skills, knowledge, and ability to adapt to the system. It is essential to make individuals aware of the green concept to implement GHRM successfully in an organization. It also observed that many organizations are still not implementing the GHRM practices due to a lack of awareness. The study aimed to explore the concept of GHRM policies and practices for environmental sustainability by applying McKinsey 7s model. This study applied a positivism research philosophy as the study was quantitative. Data were analysed through descriptive as well as inferential statistics based on 280 respondents from Advanced Technological Institute (ATI-Dehiwala). Based on the result, it can be said that most of the respondents don't have clear understanding knowledge on GHRM whereas only 13% have good knowledge. Results indicate that the lack of knowledge of the staff on the green concept, lack of management initiative, and lack of management support are the main reasons for not implementing GHRM. It was also found that there is no proper training on environmental awareness and GHRM concepts and practices. Therefore, it is necessary to organize training programs, workshops and seminars on the environmental awareness and GHRM practices which will help to gain knowledge on the green concept. Outcomes of the analysis also revealed that organisation policies, practices, rules and regulations are not aligned with the green concept. Researcher suggests that administrative functions should associate with the green concept for long - term sustainability of the institution. It would be better if the institution integrates the mission and vision with the green concept for financial, social and environmental sustainability.

Keywords: *Green human resource management, HR policies and practices, Mckinsey 7s, and Sustainability*

Impact of Housing Loan Defaults on EPF Members' Economic and Social Well-being in Sri Lanka

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ABSTRACT

This study aimed to investigate the impact of housing loan defaults on EPF members' economic and social well-being in Sri Lanka. The research problem was that there is an increasing trend of EPF against housing loan defaults in Sri Lanka according to the annual reports of the Central Bank of Sri Lanka. The research question was what is the impact of housing loan defaults on EPF members' economic and social well-being in Sri Lanka? Qualitative research design was used, and primary data were collected through in-depth interviews with 15 EPF members who had defaulted on their EPF against housing loans by using a semi-structured interview guide. Data analysis was done by using thematic analysis. The main themes that the researcher identified were factors affecting housing loan defaults, current loan details, defaults on loans, EPF members' economic well-being, and EPF members' social well-being. The findings revealed housing loan defaults had a significant negative impact on the economic well-being of the participants, as they faced financial difficulties and were unable to access credit. The social well-being of the participants was also affected, as they experienced stress, shame, and social ostracism. The study also found that the lack of awareness of default risk and default payments, which means the lack of proper financial education and counseling for housing loan borrowers contributed to the high rate of defaults. The findings of this study have important implications for policymakers and housing loan providers in Sri Lanka, as they highlight the need for improved financial education and counseling for housing loan borrowers to reduce defaults and protect the economic and social well-being of EPF members.

Keywords: *Central Bank of Sri Lanka, Economic Well-being, Employees' Provident Fund, Housing Loan Defaults, Housing Loan Scheme, Social Well-being*

Effect of Tax Structure on Income Inequality in Sri Lanka

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ABSTRACT

Growing income inequality is seen as a global concern of humanity and has become a prevalent characteristic of contemporary society. Sustainable Development Goals (SDGs) 2030 pointed out that income inequality has emerged as one of the key concerns for economic policy in both developed and developing countries. As a result, in today's world, reducing income inequality is identified as the most important goal of sustainable development. A range of factors has contributed to income gaps. Among them, taxation is regarded as one of the most significant influences on income distribution. High levels of income inequality and declining tax revenue have been big concerns for the Sri Lankan government weakening fiscal operation and performance as the existing tax structure depends largely on indirect taxes compared to direct taxes and this in turn leads to a regressive tax system. Further, even though Sri Lanka decreased income poverty from 26.1% in 1990/1991 to 14.3% in 2019, income inequality has remained relatively stable throughout the last three to four decades. Considering all these facts into account, the purpose of this study is to analyse the long run and short run effects of tax structure on income inequality in Sri Lanka. Time-series data from the between 1980 to 2019 were used in the study covering 40 years and parameters were estimated using the ARDL model in order to capture both the long run and short run impacts of each specified tax on income inequality in Sri Lanka. Findings revealed that in the long run, value added tax and excise tax had a significant positive relationship with income inequality in Sri Lanka. However, personal income tax was found to have had an insignificant impact. In contrast, corporate income tax and import duty were found to have had a statistically significant negative association with income inequality in Sri Lanka. Further, in the short run, all taxes have had no relationship with income inequality except personal income tax which had a significant negative effect on income inequality.

Keywords: *Direct Tax, Income Inequality, Indirect Tax, Tax Structure*

Diet Quality of People During the Economic Crisis: A Study in Kandy District

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ABSTRACT

This study was aimed at identifying the diet quality of people who live in urban, rural, and estate areas in the Kandy district concerning the nutritional levels, factors affecting their diet quality, and the coping strategies people adapt during the economic crisis. Data was collected through a survey questionnaire with face-to-face interviews. The study was conducted with 100 individuals selected from rural, urban, and estate sectors following cluster sampling method. An electoral register was used to select 35 random households from each of the sectors. Diet quality was calculated as a percentage of daily carbohydrate, protein, fat, vitamin, and mineral intake from the recommended level. As factors affecting diet quality gender, income, living area, household size, source of food, food budget share, health condition, and food preference were considered. Descriptive statistics, graphical analysis, and multiple linear regression were carried out as data analysis. The results found that income is the main factor that has a significant relationship with diet quality ($P < 0.05$). The rural sector shows a better diet quality, and the estate cluster shows the lowest diet quality. All three sectors show a higher carbohydrate consumption which goes beyond the recommended level. However, all the other nutrients except for the protein intake in the rural sector have been consumed below the recommended levels. As coping strategies, most people have stopped consuming expensive food items and shifted to cheaper alternatives, and reduced their non-food expenditures to fulfil their food requirements. Based on the findings it is evident that the diet quality of all people has been affected during the economic crisis and hence they are unable to fulfil their daily nutrient requirements. Consuming excessive carbohydrates and an imbalanced diet could result in serious health problems in the future. Therefore, programs should be implemented to introduce balanced diets to cope with the economic crisis.

Keywords: *Balanced diet, Coping strategies, Diet quality, Economic crisis, Food inflation, Household income.*

Impact of Food Traceability System on Urban Consumers' Perceived Value and Their Purchase Intention: A Case Study in Supermarket Chains in Colombo, Sri Lanka

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ABSTRACT

A variety of food safety issues result in negative consequences at different levels of consumer behavior. At present consumers are more concerned on the information about foods that they consume. Purchasing of one product over another depends on the extra benefits perceived in it. Among the added benefits food quality and safety information plays a significant role. Therefore, the necessity for food traceability has increased with the expansion of food supply chains and safety regulations globally. In developing countries like Sri Lanka, it is harder to maintain the perfect traceability system in most of the food supply chains since it is difficult to identify all the necessary information regarding production, processing and distribution stages along the chain. This paper aims to investigate the impact of the current food traceability system on perceived value and purchase intention of urban consumers. As the principle theories customer delivered value and involvement were used for the study. Seven main variables, namely, Information quality, Consumer trust, Food safety, Product diagnosticity, Consumer expertise, Perceived value and Purchase intention were assessed. Structural Equation Modelling was used to analyze the collected data from 250 respondents. The results revealed that consumer trust, food safety and product diagnosticity of food traceability system has a positive impact and information quality has a negative impact on consumers' perceived value. Further, perceived value and purchase intention are positively associated and there is no moderating effect in the relationship between food traceability system and perceived value of consumers. The study suggests that food marketers need to implement marketing strategies for promoting food traceability system in Sri Lanka.

Keywords: *Food supply chain, Food traceability system, Perceived value, Structural equation modelling*

Assessing the Feasibility of Park-And-Ride Services in Colombo Suburbs of Sri Lanka as a Public-Private Partnership (PPP)

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ABSTRACT

Most developing countries like Sri Lanka suffer financial and labor time losses due to road traffic congestion. The economic cost from road traffic congestion includes not only the time wastage but also fuel wastage and wear and tear of automobiles and accidents. Hence, mishaps on roads have become deadlier than in the past years in Sri Lanka. As a long-term solution to this heavy traffic congestion, Park and Ride concept which is not a new concept to Sri Lanka can be introduced because the Sri Lankan government introduced the Park and Ride service called “City bus service” on 15th January 2021. Unfortunately, that concept failed in Sri Lanka due to various reasons. This research is conducted to assess the feasibility of implementing a “Park and Ride” service in Kaduwela as a public-private partnership (PPP) which aims to minimize the number of vehicles entering Colombo and suburbs and Kaduwela is selected to implement this service since it is one of the major vehicle entering points to Colombo. It also expects to reduce environmental pollution, time wasted, and the mental stress of the passengers. This study assesses the feasibility of implementing this Park and Ride service from two aspects. Firstly, this study assesses the feasibility of implementing the Park and Ride service by conducting a demand estimation among people who reside in Kaduwela and who travel toward Colombo via Kaduwela. Secondly, this research assesses the feasibility of implementing the Park and Ride service by evaluating the investors’ willingness and feasibility of implementing this Park and Ride service and the legal requirement for a public-private partnership (PPP). The findings of this research will lay a solid foundation for implementing the Park and Ride service in the Kaduwela area as a Public-Private Partnership (PPP). Therefore, the investors can decide to invest in such a Park and Ride service by considering all the demand determinant factors and other related factors.

Keywords: *Park and Ride, Public-private partnership (PPP), Traffic Management, Transportation*

A Study of Entrepreneurial Adaptation Strategies of Small-Scale Business Operators during Challenging Situations: A Case Study

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ABSTRACT

Entrepreneurial strategies are a primary factor for achieving sustainable growth of businesses. It was apparent that many small-scale companies succumbed to the challenging business environment caused by the COVID-19 pandemic and the subsequent economic crisis that the country underwent. In contrast, a minority of businesses have survived and succeeded, which poses the research question of how entrepreneurial those businesses are and what entrepreneurial adaptation strategies they have used to navigate the challenging periods successfully. Therefore, this study aimed to explore the entrepreneurial adaptation strategies adopted by successful small-scale businesses. The Narammala and Kurunegala towns and surrounding areas were selected as the study site. Multiple case study strategy was adopted to pursue research objectives. The successful individual business operators and their business processes/practices were treated as individual cases and units of analysis in the context of multiple case study strategies. The study sample comprising 21 businesses was selected using a snowball sampling technique. In-depth interviews were conducted using a topic guide to collect qualitative data. Within-case and cross-case analyses were employed to identify the patterns of entrepreneurial processes among individual cases, and the findings were compared with the entrepreneurship theories reviewed. The findings revealed that the respondents have capitalized on multiple opportunities without regard to resource ownership through diversifying their businesses, leading to multiple business owners (i.e. pluriactivity). Results further revealed that the respondents have not adopted planning to navigate the crisis periods. Instead, they have adopted effectuation and bricolage decision-making principles. Highly experienced business operators have relied more on the effectuation, while younger business operators have adopted bricolage to a greater degree. Furthermore, business owners away from the town areas demonstrated a higher degree of pluriactivity compared to those who operated their businesses in the towns and relied on expanding and diversifying their businesses. Almost all the respondents have used effectuation and bricolage decision-making approaches to thrive during crises.

Keywords: *Bricolage, Causation, Challenging situations, Effectuation, Entrepreneurship, Pluriactivity.*

Impact of Globalization on Gender Inequality in Labor Market of Sri Lanka

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ABSTRACT

Globalization is one of the important macroeconomic indicators, which has created tremendous impact on gendered labor market indicators in developing nations such as Sri Lanka. It creates greater opportunities for firms in less industrialized countries such as Sri Lanka to tap into the global market. In this study the researcher seeks to identify how globalization led to impact on gender inequality of employees in Sri Lanka. The scope of the research is limited to investigating the impact of Foreign Direct Investment (FDI) and Trade Openness on gender-based Labor Force Participation Rate Difference in the Sri Lankan Labor Market. In this study ARDL approach to cointegration is applied, using time series data (2000-2020). In the analysis, the independent variables used are Trade Openness, Foreign Direct Investments (FDI) and Per Capita Income since those factors are the most influencing factors on the labour force participation rate in Sri Lanka as indicated by the existing literature. To ensure the validity of the empirical findings of the study, standard diagnostic test was applied on the estimated model. Further, the results of the study are supported by recent empirical evidence. The results indicate that, in the long run and short run there is a negative relationship among FDI and Labor Force Participation Rate while there is a positive relationship among Trade Openness and Labor Force Participation Rate. The major conclusion based on the empirical findings of the study is that the gendered Labor Force Participation Rate Gap is significantly reduced by increasing FDI in Sri Lanka while Trade Openness causes the increase of the gendered labour force participation rate gap between males and females. In future, research on impact of globalization on gendered labor market indicators at the sectoral level (Agricultural, Service and Industrial Sectors) should be initiated to derive policy implications for inclusive and sustainable growth in Sri Lanka.

Keywords: *Foreign Direct Investment, Gender Inequality, Globalization, Labor Force Participation Rate, Sri Lanka, Trade Openness*

An Analysis on Informal Remittances and Its Impact on Current Account Deficit in Sri Lanka

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ABSTRACT

This research is carried out to estimate the informal remittance flows to Sri Lanka and its impact on the current account deficit from 2013 to 2021 in the country. Worker remittances constitute the second-largest source of foreign income, consistently covering a significant portion of the annual trade deficit. However, there has been a substantial deduction in remittance flows recently. The study also highlights the prevalence of informal remittance channels posing challenges for accurate measurement and potentially facilitating illicit activities. The research aims to estimate informal remittance flows, proposes policy recommendations to promote formal remittance systems and address the current account deficit dynamics. The methodology involves developing a model using the Ordinary Least Squares (OLS) method and analyzing data which was obtained from reliable sources. Main sources for obtaining the information are the Central Bank, the World Bank and the Sri Lankan Bureau of Foreign Employment. From these data sources the researcher has identified six variables such as transaction cost of remitting money, migrant stock, exchange rate, home country economic condition, home country inflation and worker remittance inflows. Using these variables an estimate is made for the informal remittance flows to the country during the period 2013 to 2021. The study proves that there is significant impact to the current account deficit from the estimated informal remittances. The study concludes that understanding informal remittances is crucial for economic dynamics, and adjusting for these flows can impact the current account deficit, promoting stability and economic growth.

Keywords; *Foreign Exchange Inflows, Current Account Deficit, Informal Remittance, OLS methods*

Undergraduate Money Management Behavior of University Students in Sri Lanka

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ABSTRACT

Effective money management is a fundamental aspect of our daily lives, requiring us to responsibly balance our financial behaviors. It is a continuous endeavor that demands our attention and careful consideration as we navigate our monetary decisions such as saving, budgeting, investing, and in our spending processes. Undergraduates hold the key to shaping the future of our society as they play a pivotal role in driving economic success. As they complete their degree programs and transition into the corporate sector, it becomes crucial for them to possess a solid understanding of money management principles. Equipping them with the necessary knowledge and skills in financial matters empowers them to make informed decisions and contribute to their own financial well-being as well as the overall prosperity of the economy. This study was carried out to investigate the money management behavior among undergraduate university students in Sri Lanka. A quantitative approach was used where the data was collected from a randomly chosen sample of 250 undergraduates via a questionnaire. The dependent variable in this study was money management and the independent factors were economic, social, psychological and access to finance. The findings of the regression-based analysis showed that psychological, social, financial access as well as economic, social, and financial aspects. They all play a role in mediating the direct effect and promoting good money management behavior in undergraduates. Other than the social factor all other independent variables and the dependent variable appeared to be directly and statistically significantly related according to the results. Even though all of the above mentioned variables have a favorable and significant impact on the money management behavior of university students, it has been found that psychological factors are the variables that have the greatest influence on this behavior. The current study makes contributions to the body of knowledge on financial behavior concerning the factors that affect how university students handle their finances.

Keywords: *Economic factors, financial access, money management, psychological factors, social factors*

**Impact of Facebook on Investment Decision of Investors in the Colombo Stock Exchange:
Evidence from the Colombo District**

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ABSTRACT

Social media are widely used and Facebook is one of the social media platforms that is extensively used by the general public. Due to the high intensity of the information shared on Facebook, the decisions of investment among traders in the Colombo Stock Exchange might be influenced. Accordingly, this research aims to study the impact of Facebook on the decisions on investment among investors in the Colombo Stock Exchange. Data for the study were collected by distributing structured questionnaires among 83 investors in the Colombo District via convenient sampling. A multiple regression model was used to analyze the data. The dependent variable of the model is designated towards the investment decision making while the independent variables are designated towards investment information available on Facebook, online community behavior on Facebook, average time spent on Facebook and the knowledge of investors. The results show that the independent variables namely investment information available on Facebook, online community behavior on Facebook, and knowledge of investors have a significant impact on making decisions in investment. The average time spent on Facebook was found to be insignificant in investment decision making. This research contributes to the literature for future research that examines the effect of social media on the investment decision making in Sri Lankan finance markets.

Keywords: *Investment decision, Facebook, Sri Lanka, Colombo Stock Exchange*

Shifts in Financial Markets' Integration Owing to Global Financial Crisis: A Case of Colombo Stock Exchange

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ABSTRACT

Financial integration prior to the Global Financial Crisis (GFC) 2007-2009, was anticipated to enhance the economic growth especially in emerging and developing countries. Post the GFC, the contagion and spillover risks associated with financial integration were extensively studied. But, diverse findings on contagion risk sustained interests to determine the interdependence of markets. Further, the integrations of markets are found to be imperative in investor and policy maker decisions in portfolio diversification and cautionary policy alterations. However, in Sri Lanka, there were limited studies on the market integrations. Colombo Stock Exchange (CSE) is the prime equity generator in Sri Lanka and is acknowledged for its capacity of high exposure to international markets. Hence, the determination of market integrations of CSE is imperative in the event of regional or global calamities. Therefore, this study aimed to recognize the presence of integration among the CSE and the prominence of global and Asian stock markets during the GFC. The study used the daily log closing prices of the All Share Price Index (ASPI), the broad market index of CSE along with global stock markets of the United States (US), United Kingdom (UK) and Asian markets of Japan, China, and India in determining the market integrations from July 2005 to July 2015. The study split the data to pre-crisis, during and post-crisis periods based on the GFC timeline. Thereafter, used the Johansen cointegration tests and the Vector Error Correction Modelling (VECM) in determining the presence and the degree of long term cointegration of the ASPI. Afterwards, the study identified the market integration of the ASPI limited to the Japanese stock market prior GFC. All markets had reached equilibrium during the crisis. Further, the market integrations among the markets studied found the ASPI to have increased post crisis. On contrary to the common belief that markets rebound to its former equilibria post crisis, the ASPI did not attain the equilibrium with the Japanese stock market post the GFC. Whilst all stock markets reach an equilibrium during crisis, the Chinese stock market reverted the equilibrium post crisis. However, the Chinese stock market had reached an equilibrium with the ASPI post-crisis, confirming the role of trade links, national level trade and cooperation in market integration. Furthermore, the study identified that investors cannot attain portfolio diversification in this system of stock markets owing to the increased market integrations present. Therein, the study identified that the integrations needed to be acknowledged in an event of turmoil to buffer the effect of contagion and spillover effects.

Keywords: *Cointegration, CSE, Financial integration, VECM*

The Impact of Exchange Rate Volatility on Foreign Direct Investment: Evidence from the South Asian Region

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ABSTRACT

With the collapse of the Bretton Woods system, many countries have adopted the floating exchange rate system. As a result of embracing the floating exchange rate system, the volatility of the exchange rate has become a major problem for the countries. Volatility in exchange rates affects the expected returns on Foreign Direct Investments (FDI) as it increases uncertainty for investors. Therefore, exchange rate volatility has affected the flow of the FDI. Thus, out of many determinants of FDI, exchange rate volatility plays a major role in determining the FDI inflows. This paper examines the impact of exchange rate volatility on FDI using panel data of seven South Asian countries for the period 1980-2019. The data was collected from the World Bank development indicators, IMF International Finance Statistics, and the United Nations Conference on Trade and Development database. The exchange rate volatility was generated through the GARCH (1,1) model. The results of the panel regression analysis revealed that the exchange rate volatility has a significant negative impact on the FDI. Moreover, the results depict that trade openness, market size, and infrastructure development are the other main factors in South Asia that encourage FDI. Results provide important policy insights that guide the South Asian countries to attract more FDI. That is immensely important in solving external sector vulnerabilities.

Keywords: *Exchange Rate Volatility, FDI, GARCH model, Panel regression, South Asia*

**Impacts of the Glass Ceiling on the Participation of Female Executives in the Boardroom
especially with reference to the Sri Lankan Banking Sector**

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ABSTRACT

The financial sector is an important field for each and every country to perform in their economy well. The Banking Sector of Sri Lanka consists of Licensed Commercial Banks (LCBs) and Licensed Specialized Banks (LSBs). A visible gender gap has been observed in the Sri Lankan Banking Sector among executive positions. But the gender gap is seen to be lower when the middle and lower levels of the banks are considered. Therefore, the reasons behind this scenario needs to be explored because this gender gap may cause different problems in the labour force participation in the overall labour market. There are two main objectives of this research; to identify the factors that associate with the Glass Ceiling in the Banking Sector and to identify the impacts of the Glass Ceiling on the Participation of Female Executives in the Boardroom in the Banking Sector especially with reference to Sri Lanka. Research is conducted as a qualitative study. For data collection, the interview method was used where semi-structured questions were selected. The case study method was used to continue the interviews. The findings highlight the different levels of the Glass Ceiling which affects the participation of females at the executive level. They are categorized as; individual-level factors, interpersonal-level factors, organizational-level factors and societal-level factors. Furthermore, the researcher has identified 2 of the Glass Ceiling impacts on the executive-level participation of females. They are, freezing in the middle or lower level positions or resigning from the job entirely. Finally, the study explores the Glass Ceiling effect that exists in the Sri Lankan Banking Sector. The study discusses the implications in a separate manner for the identified Glass Ceiling levels. They follow the lines on the individual level with having a proper plan for balancing work life, on the organizational level with having network-building and favorable recruitment policies and promotion policies, on the interpersonal level with having proper mentoring support and on the societal level implementing favorable legal frameworks.

Keywords: *Banking Sector, Glass Ceiling, Individual, Interpersonal, Organizational, Societal*

An Analysis of Job-education Mismatch in the State Universities with Special Reference to Management Faculties in Colombo District, Sri Lanka

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ABSTRACT

This research study has been done with the purpose of addressing the global issue; the job-education mismatch which has become a major reason for graduate level unemployment in Sri Lanka. The researcher has narrowed down the research area to analyse the job-education mismatch among graduates from the state universities by giving special reference to Management faculties in the Colombo District, Sri Lanka. The study attempts to find out solutions for three research questions on the pertaining level of job-education mismatch, employers' requirements and the contribution of higher education institutions. A qualitative research design is followed in this study while using data generated from interviews and a few published surveys. Secondary data analysis and thematic analysis have been used as data analysis techniques. As per the results of the study, graduates from management faculties in state universities in Colombo district reported a low level of job-education mismatch compared to other faculties while the study identified the reason for this is the highly demanding skills expected from management graduates by employers. It was also noticed that, although the contributions of higher education institutions in addressing the issue of job-education mismatch is at a satisfactory level, there are some necessary improvements that should be taken into consideration in the higher education system.

Keywords: *higher education, job-education mismatch, management faculties, Sri Lanka*

Why People Are Reluctant to Readily Engage with Technology Based Service Offers in Colombo, Sri Lanka

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ABSTRACT

Internet usage has grown significantly recently in Sri Lanka. Regardless of age or occupation, the pandemic condition has altered Sri Lankan lifestyles because most of the people are accustomed to using online programs for employment, education, pleasure, gaming and many other things. Therefore communities in Sri Lanka has made things easier for digital platforms to continue their work. Adding to this is the adaptive training on technology people received during the pandemic, which could have eventually led to the creation of a digital Sri Lanka. However, the usage of technology-based services is in a very lower level in Sri Lanka. The purpose of this research is to comprehend the connection between client satisfaction with potential enterprises and the quality of online services in Colombo, Sri Lanka. This study evaluates the quality of e-services and looks at how it affects consumer satisfaction. To determine the association between the variables, regression analysis was utilized. The study's findings will be beneficial to both consumers and service providers. The creators of technology-based services would be able to determine the causes of their users' decreased usage. More information on the advantages of technology-based services, their drawbacks and the steps that have to be taken to enhance these services in the future would be beneficial to customers. According to the research, responsiveness was found to be the biggest impact on consumer satisfaction. By offering a user-friendly app, technology-based service providers should concentrate on achieving customer pleasure. To boost customer satisfaction, they should also enhance customer service and guarantee that consumers' needs are met. Finally, they should emphasize the trust upon themselves because it encourages clients to use the service again. To accomplish this goal, a quantitative case study was used for direct data collection and analysis along with face-to-face interviewing methods and telephone conversations. This study refers to a deductive approach and is aimed at evaluating an existing theory. Deductive approach theory initiates with an existing theory and then formulates a hypothesis according to it. Accordingly, the discrepancy between the proficiency of technology users and the e-services accessible was investigated. A quantitative research method was used with a deductive approach. The data was collected from technology-based service providers in the Colombo district. One hundred service providers responded and were taken for the data analysis. The data was then analyzed using SPSS Software. In this study, the researcher focused only on the Colombo district. Therefore, future researchers can collect data by covering all of Sri Lanka.

Keywords: *Customer Satisfaction, Service Failures, Technology based Services*

Factors Influencing Income Diversification among Female-Headed Farming Households in Sri Lanka

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ABSTRACT

Agriculture is an important source of income in many developing countries. Women play a major role in the agriculture sector. However, in general women are more economically inactive than men. Female-headed households are households headed by women who are widowed, unmarried, separated, divorced or where the presence of men who are unable, unwilling to work. A significant proportion of female-headed households live in poverty, and the relationship between poverty and income diversification has become a central focus for policymakers across the globe. Income diversification among female-headed farming households can be an effective way to mitigate the impacts of poverty. Studies on income diversification in Sri Lanka are scanty and there are no any researches done to investigate the factors influencing income diversification among female-headed farming households in Sri Lanka. Therefore, the objectives of this study were to categorize the level of income diversification among female-headed households and to determining factors affecting the income diversification. The analysis was based on secondary data collected from the Household Income and Expenditure Survey of the Department of Census and Statistics. The Gibbs and Martins (G&M) Index was used to analyse the level of income diversification among female-headed farming households and a Multinomial Logistic Regression analysis was used to determine the factors affecting the income diversification. According to the G&M index income diversification levels were categorized as highly diversified, diversified, moderately diversified, poorly diversified and undiversified. The results revealed that none of the households were belong to the category of highly diversified. However, half of the households were diversified; either moderately diversified (37.2%) or diversified (13.2%). The other half represented by 26.6% of undiversified category and 22.9% of poorly diversified households. The factors that have significant and positive impact on diversification were found to be the number of family members who are working, the level of education and livestock ownership while negatively affected by the indebtedness, number of members suffering chronic illnesses, and the incidence of facing natural calamity. This study concludes that there is a potential to reduce poverty of female headed farming families through income diversification. Improving the access to education, formal banking and other income sources like livestock significantly affect the income diversification.

Keywords: *Diversification, Factors, Farming, Female Headed, Households, Income*

Macroeconomic Determinants of Non-Performing Loans in the Sri Lankan Banking Sector

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ABSTRACT

Non-performing loans (NPLs) are a significant source of risk for the banking industry, as it has far-reaching implications for economic growth and financial stability. When borrowers fail to make timely repayments on their loans, it creates a burden on banks bringing a broader consequence for the overall economy. This research empirically studies the macroeconomic factors determining the non-performing loans (NPLs) of the Sri Lankan banking sector using a set of time series data covering the period between 2013 to 2021. The Auto-Regressive Distributed Lag (ARDL) method was employed to discover the significant relationships between the variables and investigate the short and long-run effects of macroeconomic factors on NPLs. By carefully analyzing the previous literature, Gross domestic product, Interest rate, Inflation, Unemployment and Exchange rate were used as the independent variables in the study. The empirical findings show that in the short term, there is a negative effect of Gross Domestic Product on NPLs whereas Interest rates affect positively when it comes to the long-term. Both gross domestic products and Exchange rates were found to have a negative impact on NPLs whereas Interest rates were found to affect positively. In addition, the results show that there is no impact on both the unemployment rate and inflation rate on non-performing loans because these variables are found to be statistically insignificant in the model. These findings have interesting policy implications and may even contribute to the ongoing research on the asset quality of the Sri Lankan Banking Industry. Findings indicate that macro prudential regulations can play an important role in averting NPL problems in the Sri Lankan banking sector. For instance, policies can improve real economic activities in order to increase Gross Domestic Product, monetary policies can limit the bank's risk-taking and reduce the level of interest rate. Further, to this maintaining the exchange rate in a preferable level would be desirable in reducing the level of NPLs. The current study could be expanded in several ways. For instance, one could also investigate the relationship further including bank-specific determinants, as well as utilizing new econometric methodologies at different time frequencies (e.g., the MIDAS model). Also, it would be interesting to investigate the dynamics of NPLs by separating the various sectors of the financial system (banks, insurance companies, etc.)

Keywords: *Exchange rate, Gross domestic product, Interest rate, Inflation, Non-Performing Loans, Unemployment*

The Impact of Macroeconomic Factors on Gold Price in Sri Lanka

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ABSTRACT

Out of all the precious metals, gold is listed to be the most popular investment made across the world. The changes in the price of gold around the world can be influenced by macroeconomic factors. There has been a lot of research on this subject in different nations but there aren't many articles about this topic in Sri Lanka. The effects of macroeconomic factors on gold price movements are of utmost importance to investors, scholars, decision-makers, and other interested parties. The present study's primary objective is to investigate the connections and effects on Sri Lanka's gold price during the economic crisis. The macroeconomic factors used for the analysis are the share price, economic crises (annual GDP growth rate), inflation rate, interest rate, crude oil price, and unemployment rate. For this study we have used six independent variables and one dependent variable which is the gold price. The study makes use of information from secondary data sources. The data analysis section examines the relationship and its effects for over 29 years, covering the years between 1993 to 2021. The main objective of the analysis was to analyze the statistical relationship between the price of gold and selected macroeconomic variables in a crisis. Share prices, inflation rate, interest rate, unemployment rate, and oil prices are the variable used and the economic crisis is the moderate variable. Correlation analysis and multiple regression model were used in the study to analyze the link and impact of specific macroeconomic factors. The findings revealed a significant positive relationship between the price of gold and the price of stocks, a significant positive relationship between the price of gold and the price of oil, a significant negative relationship between the price of gold and the economic crisis, and a significant negative relationship between the price of gold and the rate of inflation. Therefore, overall the study provides an explanation of how the price of gold has changed in Sri Lanka over the last 29 years. In addition, it explains how certain macroeconomic factors such as the financial crisis, might affect the price of gold. Investors will be able to comprehend how the gold price can change with the impacts of macroeconomic variables, thanks to the correlations between the gold price and the macroeconomic variables that this study has identified.

Keywords: *gold price, macroeconomic factors, economic crisis, Sri Lanka*

Socio-Economic Factors and Prevalence of Crime in Sri Lanka

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ABSTRACT

Worsening economic conditions lead to more social inequality due to unemployment, inflation, and other societal adversities. Such adversities generally push individuals into criminal-related activities. These activities vary from theft, murder to unethical criminal practices such as hoarding and other related scandals. Against this backdrop, this study was conducted to examine the relationship between socioeconomic factors and crime rates in Sri Lanka. The research focused on four key variables: Gross Domestic Product (GDP), poverty line, level of education, and convicted prisoner rates. By investigating the impact of these variables on crime rates, the study aimed to contribute to the existing literature and shed light on the factors that drive criminal activities in Sri Lanka. To conduct the analysis, the researchers utilized secondary data from 25 districts in Sri Lanka, spanning the period from 2010 to 2021. They employed a random effects panel data model which allowed them to consider both time-series and cross-sectional variations across the districts. Firstly, GDP was identified as a key driver of crime rates in Sri Lanka. As the GDP of a district increased, crime rates tended to decrease. This finding suggested that economic prosperity may have a deterrent effect on criminal behavior. Conversely, areas with lower GDP levels exhibited higher crime rates, indicating the potential influence of economic factors on criminal activities. Secondly, the poverty line was found to be positively associated with crime rates. This finding aligns with existing literature, which often highlights poverty as a risk factor for criminal involvement. Thirdly, the level of education emerged as a significant factor in predicting crime rates. Lastly, the lagged convicted prisoner rates which indicate the number of previously convicted individuals in a district, were found to be positively associated with current crime rates. Overall, the findings of this research support the existing literature on the subject and provide valuable insights into the factors influencing crime rates in Sri Lanka. As a first-of-its-kind study in Sri Lanka, it highlights the need for further research in this area and to deepen the understanding of the complex dynamics between socioeconomic factors and crime rates in the country.

Keywords: *Socio-economic factors, crime, Sri Lanka*

Corporate Governance and Banks Performance of Commercial Banks in Sri Lanka

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ABSTRACT

This study looks at how the performance of commercial banks in Sri Lanka correlates with corporate governance. The study comprises a secondary data sample of 08 Commercial Banks and their performance during their financial years falling between 2012 to 2021. Government banks were excluded from the sample. The sample is selected based on the bank's earnings per share (EPS) value in the year 2021. In the recent years, many banking failures have arisen due to banks being non-compliant with banking laws and regulations, underlining the importance of abiding by the Securities and Exchange Commission's and the best practices of corporate governance suggested by the Institute of Chartered Accountants of Sri Lanka's. But adherence to these best practices and principles are also found to be ineffective if not well understood. A managers' grasp of corporate governance greatly influences their navigation of this issue. This study focuses on the impact of corporate governance on the banking performance and the actual implementation of best practices by commercial banks in Sri Lanka. Board Size, Board independence, Number of Non-Executive directors, Number of Board meetings and Number of Board committees are used as corporate governance variables while ROA, ROE, and NIM are named as measures of the bank's performance. Regression results indicate that the number of Board meetings and ROA has a significant relationship, while on the other hand, there is a also relationship between the number of non Executive directors and ROE. Moreover, the number of non-executive directors on the board and the number of board meetings have a significant relationship with the NIM. According to the study number of directors on the board, the number of independent directors, Board committees, and non-executive directors have no significant relationship with any other corporate governance measurements (ROA, ROE, and NIM). Therefore, it can be concluded that corporate governance plays a crucial role in the modern economy.

Keywords: *Bank performance, Board Committee, Board Independence, Board Meetings, Board size, corporate governance, Non-Executive Directors*

The Relationship Between Life Expectancy and Income Inequality – Panel Data Analysis on Asian Countries

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ABSTRACT

This research paper aims to investigate the relationship between income inequality and life expectancy in Asia through the use of panel data analysis. The study collects data from 47 Asian countries spanning over 20 years beginning from 2000 to 2019 and employs advanced econometric techniques and diagnostic tests to analyze the relationship between income inequality and life expectancy in the region. Income inequality has become an issue globally with many countries experiencing rising levels of income inequality in recent decades. Inequality can have a range of negative effects on social and economic outcomes, including health. The relationship between income inequality and life expectancy is complex and multi-faceted. This study contributes to the existing literature by investigating the relationship between income inequality and life expectancy in the Asian region. The results of the study show that income inequality has a negative and significant impact on life expectancy in higher-income (developed) Asian countries. However, the relationship between the two variables is weaker in the whole region, especially in lower-income Asian countries. These findings are consistent with other studies that have found a negative relationship between income inequality and life expectancy. Further to this, the study found that the education level has a significant relationship with the life expectancy of Asian people. The results of this study highlight the importance of targeted policies and interventions aimed at reducing income inequality and improving health outcomes in the Asian region. This included policies aimed at reducing poverty, increasing access to quality healthcare, policies on increasing the quality of education and addressing the root causes of income inequality, such as wage stagnation and the concentration of wealth in the hands of a few. Policymakers and stakeholders working to address health inequalities in Asia should consider the findings of this study when designing and implementing policies and interventions aimed at improving health outcomes. By reducing income inequality and promoting greater equity and well-being, policymakers and stakeholders can help to improve health outcomes and promote greater equality in the region. In conclusion, this study provides valuable insights into the relationship between income inequality and life expectancy in Asia and highlights the need for targeted policies and interventions aimed at reducing income inequality and improving health outcomes in the region. The results of this study offer valuable insights for policymakers and stakeholders working to address health inequalities in Asia and promote greater equity and well-being for its citizens.

Keywords: *Asia, Income inequality, Life expectancy*

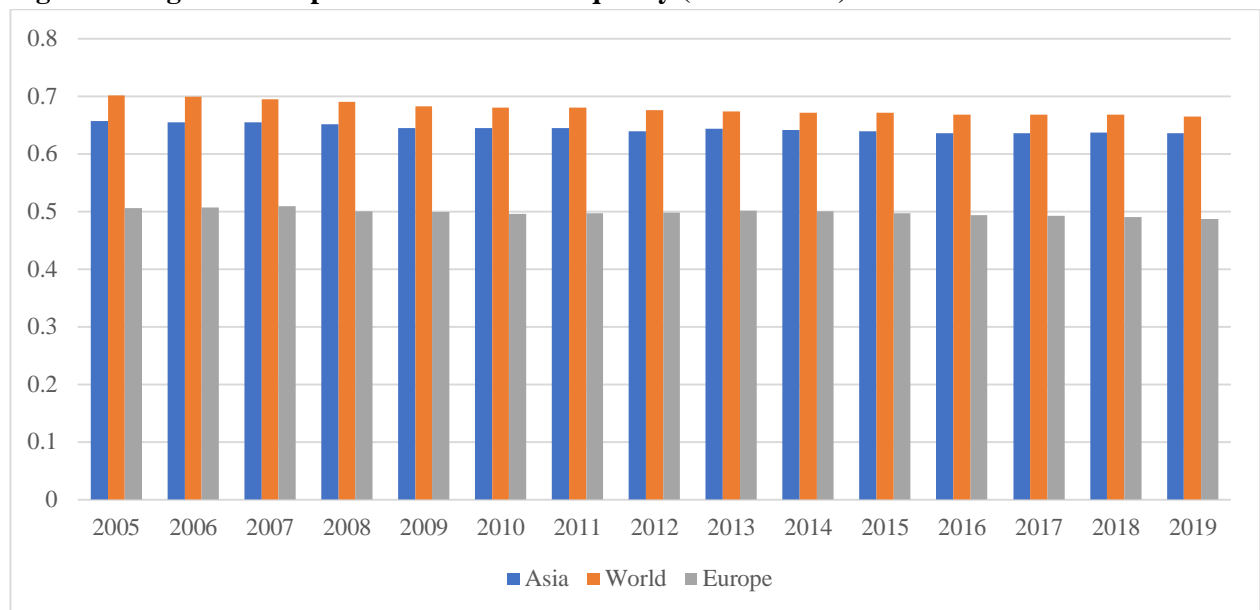
01. Introduction

In recent times, the relationship between income inequality and health outcomes, specifically life expectancy, has garnered significant attention in the fields of public health and economics worldwide. Numerous studies conducted globally have noticed the negative impact of socioeconomic disparities on population health. However, this research is based on the most populated region in the world, the Asian region of especially between high-income Asian countries and lower-income Asian countries to understand the relationship between income inequality and population life expectancy. A large body of literature has shown that income inequality is negatively associated with life expectancy in high-income countries. However, the findings in Asian countries are inconsistent and inconclusive, with

some studies showing a positive relationship and others showing no significant relationship at all. As of July 1, 2021, the Asian continent is home to most of the world's human population, accounting for nearly 3.5 times the number of people living in the second-most populous continent, Africa. Predicted to reach its peak in 2055, the Asian population is expected to increase by an added 620 million, bringing its total to 5.3 billion individuals. (worldpopulationprospect, 2021)

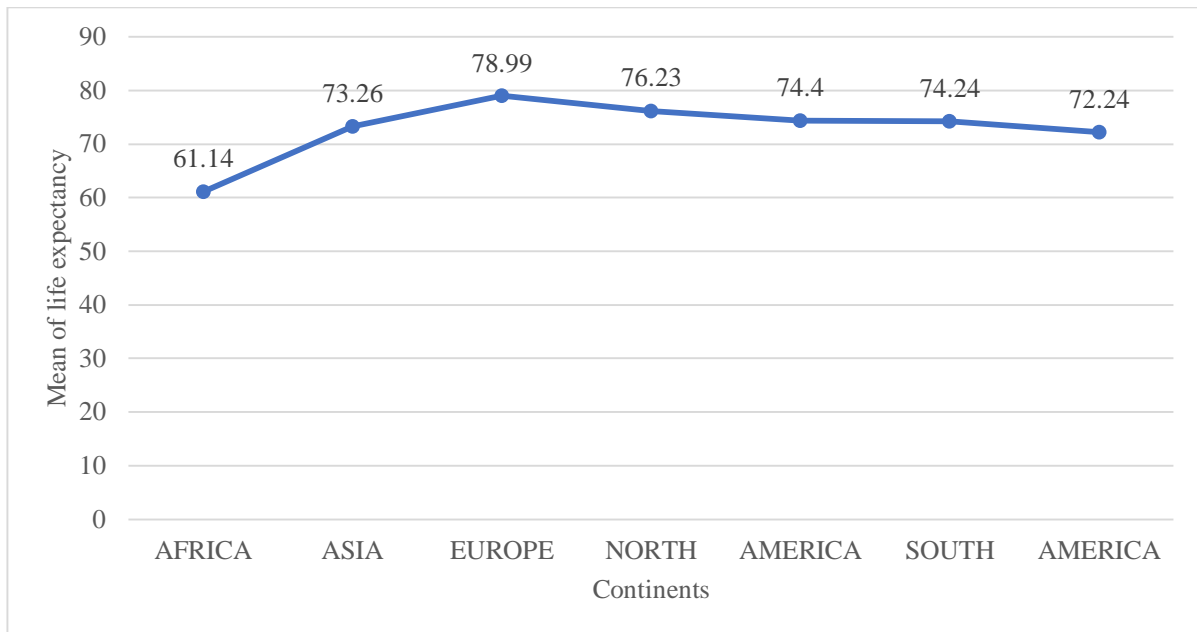
Further as per Forbes (2018) in Asia, the wealth gap is driven by numerous factors including wage disparity and unequal access to education. This results in highly skilled and educated workers experiencing an increase in income, while low-skilled workers face reductions in their wages. The Asian Development Bank estimates that this gap contributes to 25-35% of income inequality in the region. This trend particularly affects women, who face discrimination and are often limited to lower-paying jobs compared to men. According to a report by Oxfam, the wages of women in Asia are typically 70% to 90% of those of their male counterparts.

Figure 1: Regional Comparison of Income Inequality (2005 – 2019) - Gini coefficient



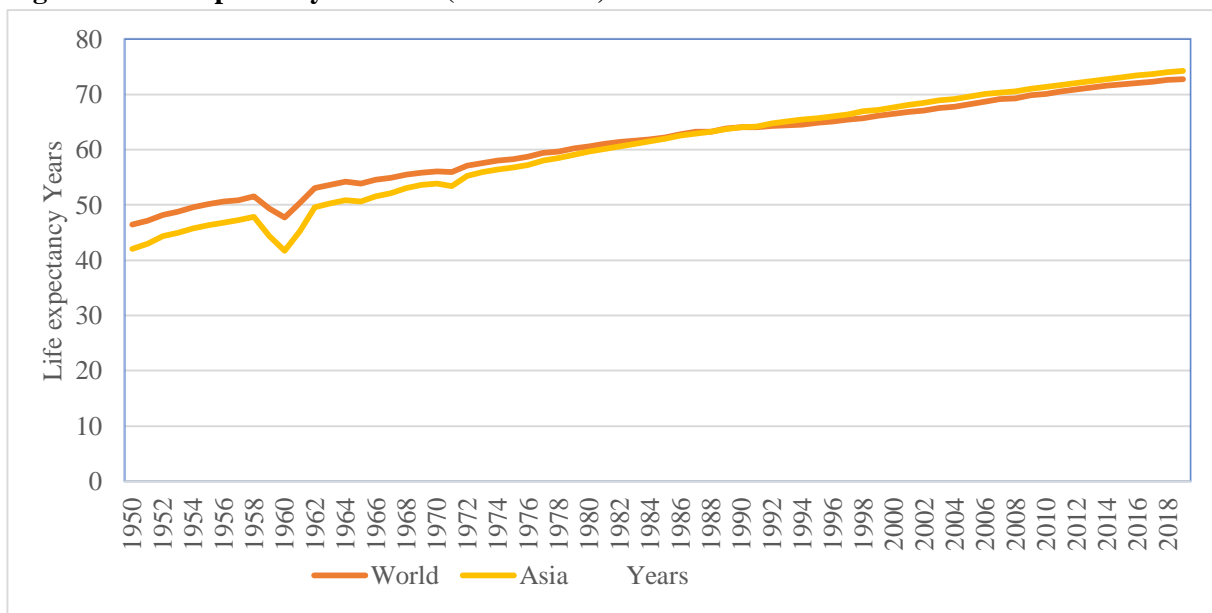
Source: World income inequality database, 2022

The world income inequality database shows that the Asia continent has an income inequality of around 0.6 Gini coefficient which shows that Asia, as a continent, has more disparities in income distribution compared to continents like Europe (0.5). The high level of income disparity in Asia may have both positive and negative impacts on the health of its residents. As such, the relationship between income inequality and health in the region is of significant interest and merits further examination. (Peter Kpolovie & Prince Omasanjuwa Oshodi, 2016) found the average life expectancy for each continent (Below figure 02). The global average life expectancy is documented to be 72.24 years. Africa has the lowest average life expectancy sitting at a figure of 61.14 years, while Asia has the second lowest, with an average of 73.26 years. Europe has the highest average life expectancy, (78.99 years), followed by North America (76.23 years) South America (74.40 years) and Oceania (74.2 years).

Figure 2 : Mean of life expectancy in continents

Source: Peter Kpolovie & Prince Omasanjuwa Oshodi, 2016

The graph of Figure 03 illustrates life expectancy improvement graphically. Life expectancy at birth continues to rise in Asia and the Pacific, averaging about 74.2 years in 2019 up from 67.6 years in 2000. Since 2000 the largest increases in life expectancy were recorded for Cambodia (11.7 years), Lao PDR, and Nepal (7.7 years). This rapid growth is related to several factors, including rising living standards, better nutrition, clean water and sanitation, increased education, and greater access to health services. Nevertheless, despite the significant increase, life expectancy in the Asia/Pacific still lags other world regions except for Africa. (OECD, Life expectancy asia pacific, 2016)

Figure 3: Life expectancy of world (1900 - 2019)

Source: Our world data on life expectancy <https://ourworldindata.org/life-expectancy>

In conclusion, there is an indication in the relationship between life expectancy and income inequality in the Asian continent. With the support of the theoretical and empirical evidence of this relationship for further policy implication in the Asian context, this research will support exploring the relationship between income inequality and life expectancy in higher-income Asian countries, exploration of income inequality affects average life expectancy in higher income level Asian countries and lower-income level Asian countries, compare the effects on income inequality affects average life expectancy in lower-income level Asian countries, Explore it vary significantly in higher income and lower income Asian countries with the differences in a specific characteristic and lastly explore the other factors that can affect the life expectancy of the Asian countries.

02. Methodology

The population for this study was extracted from 51 Asian countries which consisted of 4.6 billion of the total human population in the world (List of Countries in Asia, 2022). The sample was comprised of 27 high-income and upper-middle level income countries and 20 lower-middle- and lower-income countries. A panel of 47 Asian countries over the period 2000 to 2019 is used to estimate the model. The sample includes 27 countries categorized under high-income and upper-middle level income and 20 countries categorized under lower-middle and lower income. Variables data collected from world bank and world inequality database.

Table 1: Variables

Variable category	Proxy/ Measurements	Abbreviation
Dependent Variable	Life expectancy at birth, total (years)	LE
Independent variables	Gini coefficient	GINI <i>it</i>
	Lagged Gini coefficient	GINI <i>it-1</i>
	Current health expenditure per capita (current US\$)	HE
	Current health expenditure (% of GDP)	CHE
	Average Years of Schooling	SY
	GDP per capita (current US\$)	GP
	GDP growth (annual %)	GDPG

Models have been defined as Model 01 – total Asia, Model 02 – Higher income Asia, and Model 03 – Lower income Asia.

Model 1

$$LE (All) it = \beta_0 + \beta_1 Gini it + \beta_2 Gini it-1 + \beta_3 HE it + \beta_4 SY it + \beta_5 GP it + \beta_6 GDPG it + \beta_7 CHE it + e it (1)$$

Model 2

$$LE (High) it = \beta_0 + \beta_1 Gini it + \beta_2 Gini it-1 + \beta_3 HE it + \beta_4 SY it + \beta_5 GP it + \beta_6 GDPG it + \beta_7 CHE it + e it (2)$$

Model 3

$$LE (Low) it = \beta_0 + \beta_1 Gini it + \beta_2 Gini it-1 + \beta_3 HE it + \beta_4 SY it + \beta_5 GP it + \beta_6 GDPG it + \beta_7 CHE it + e it (3)$$

Where β_0 is the intercept term (natural duration of human life), LE (all) is Life Expectancy at Birth (in years) in All Asian countries, LE(High) is Life Expectancy at Birth (in years) in High income-level Asian countries, LE(Low) is Life Expectancy at Birth (in years) in Low income-level Asian countries. The analysis is conducted by using panel data, the analysis fixed, and random effects have been used. Further to select the best method from fixed and random effects the Hausman test has been performed. The model is estimated by using Stata.

03. Results

The model described in previous sections of this study and referred to as Model 1 is estimated via Random Effects with the results presented in Table 2.

Table 2: Model 01 Whole Asia

Variables	Random effect Coefficient	p-value
C	62.96414	0.0000*
GINI	-0.046462	0.2694
GDPG	-0.020997	0.1688
SY	1.775991	0.0000*
D(GP)	1.14E-05	0.1894
D(CHE)	-0.097090	0.1970
D(HE)	0.000131	0.5847
LAG1GINI	-0.037072	0.4213
R squared (Overall)		0.962415
P value		0.0000

*Note: * indicates the rejection of the null hypothesis at 5%*

The model described in previous sections of this study and referred to as Model 2 is estimated via Random Effects with the results presented in Table 3.

Table 3: Model 02 (Higher income Countries)

Variables	Random effect	
	Coefficient	p-value
C	70.71394	0.0000*
GINI	-0.022783	0.4432
GDPG	-0.025464	0.0917
SY	1.182624	0.0000*
GP	0.0000427	0.0203*
D(CHE)	0.001529	0.9854
D(HE)	-0.000353	0.2987
LAG1GINI	-0.105602	0.0081*
R squared (Overall)		0.626951
P value		0.00000 ¹

*Note: * indicates the rejection of the null hypothesis at 5%*

¹ Regression results are Random effect – white tested regression output which used to rectify the heteroscedasticity problem.

The model described in previous sections of this study and referred to as Model 3 is estimated via Random Effects with the results presented in Table 4.

Table 4: Model 03 (Lower income countries)

Variables	Random effect	
	Coefficient	p-value
C	58.52863	0.0000*
GINI	-0.145000	0.0615
GDPG	-0.007509	0.7982
SY	1.939044	0.0000*
GP	0.228778	0.4371
D(CHE)	0.000421	0.0000*
D(HE)	-0.011904	0.1589
LAG1GINI	0.095475	0.2855
R squared (Overall)		0.509970
P value		0.000002

*Note: * indicates the rejection of the null hypothesis at 5%*

According to table 02 (model 01) The results show a negative coefficient of income inequality (GINI) -0.046462 with a probability value of 0.2694 which is insignificant. Therefore, it is difficult to conclude that income inequality has a significant effect on life expectancy when considered in Asian countries. Only AVERAGE SCHOOL YEARS are the key determinants of Life Expectancy. According to Table 03(model 02), higher-income Asian countries' income inequality has a significant effect on the population's life expectancy. The results show a negative coefficient of -0.022783 (Income inequality – GINI) with a probability value of 0.4432 which is insignificant. But Lagged Gini coefficient has a statistically significant relationship with life expectancy. It can be explained as the negative coefficient of -0.105602 with a probability value of 0.0081 which is significant. It explained that when lagged income inequality increased by 1 coefficient, the life expectancy of the population living in higher-income Asian countries decreased by 0.02 years. Therefore, it can be concluded that lagged income inequality has a significant impact on life expectancy in higher-income Asian countries when considered as a whole. Further Average school attainment and GDP per capita affect the life expectancy of the high-income Asian countries' population. In the model (03) – Table 03 the results show a negative coefficient of -0.145000 (Income inequality -GINI) with a probability value of 0.0615, which is not significant. It is therefore difficult to conclude that income inequality has a significant effect on life expectancy in lower-income Asian countries. The results indicate that average school years and the first difference in healthcare expenditure as a percentage of GDP are key determinants of life expectancy.

04. Conclusion

The results of the study indicate that education attainment could be a critical factor that can be targeted by public policy to enhance the overall health outcomes of a population. By focusing on improving education attainment, public policies could contribute significantly to improving the health

² Regression results are Random effect – white tested regression output which used to rectify the heteroscedasticity problem.

status of the people. Further in developed higher-income countries, a significant and negative correlation was found between income inequality and life expectancy, which supports the existing literature that income inequality has a negative impact on population health in developed economies. Policymakers in these countries may consider implementing measures to reduce income inequality, such as progressive taxation, transfer programs, and investments in education and healthcare. Contrarily, in the entire Asia region and lower-income Asian countries, the study found no significant impact of income inequality on life expectancy.

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