

INTERACTIONS OF SUPPLY AND DEMAND FACTORS:  
REGIONAL VARIATIONS OF LABOR FORCE PARTICIPATION  
IN SRI LANKA

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## ABSTRACT

### INTERACTIONS OF SUPPLY AND DEMAND FACTORS: REGIONAL VARIATIONS OF LABOR FORCE PARTICIPATION IN SRI LANKA

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Labor force behavior and the utilization of labor in the productive activities of an economy are widely recognized as significantly related to a society's well-being. Intensive analyses of these subjects, and their interrelations, have hitherto been undertaken for a few countries with highly developed economies. In developing countries like Sri Lanka, however, such systematic studies of labor force participation dealing with both supply and demand are lacking. It will be the purpose of this dissertation to analyze the regional variations in labor force participation in Sri Lanka within the context of the interplay of supply and demand factors.

In order to examine the contribution of supply factors on levels and patterns of labor force participation, a set of variables--age, sex, migration, ethnicity, marital status and educational attainment, which are important and available--has been selected. The effect of labor demand, particularly for females, is analyzed through a detailed examination of the industrial structure of employment.

The basic method of analysis is cross-classification and standardization. To test the soundness of inferences, a multivariate model (multiple classification analysis) is also developed.

Variations in the total labor supply, for both sexes combined, arise almost entirely from differences in female labor force participation. Although the level of unemployment in Sri Lanka is relatively high, particularly in urbanized districts, the demand for labor is the dominant factor in determining female participation in the labor force. The supply adjusts itself to the demand. Findings indicate that the extent to which women work depends ultimately upon the type of agriculture, which in turn depends upon the climatic conditions in each district. Thus the regional variations in female labor force participation are not merely a function of labor supply or demand, but of ecological factors that determine the type of crops in various parts of the country. The results of 'multiple classification analysis' indicate convincingly that female labor force participation is closely related to constraints imposed by nature.

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