



# PROCEEDINGS

1<sup>st</sup> Undergraduate Research Symposium on Business  
Economics-2025

**URSBE**

23<sup>rd</sup> July 2025

**Youth in Action: Reimagining Sri Lanka's Economic Future**



Department of Business Economics  
Faculty of Business Studies  
University of Vavuniya



# **UNDERGRADUATE RESEARCH SYMPOSIUM OF BUSINESS ECONOMICS URSBE-2025**

## **THEME**

*YOUTH IN ACTION: REIMAGINING SRI LANKA'S ECONOMIC  
FUTURE*

23<sup>rd</sup> JULY 2025

DEPARTMENT OF BUSINESS ECONOMICS  
FACULTY OF BUSINESS STUDIES  
UNIVERSITY OF VAVUNIYA  
SRI LANKA



## Disclaimer

The abstracts in this book comprise the proceedings of the conference. They reflect the authors' opinions and the interest in timely dissemination as publication as published and presented without any changes. Their inclusion in the publication does not necessarily constitute an endorsement by the Department of Business Economics, Faculty of Business Studies, University of Vavuniya

Published by:  
Department of Business Economics  
Faculty of Business Studies  
University of Vavuniya  
Pambaimadu  
Vavuniya,  
43000  
Sri Lanka.

Personal use of this material is permitted .However, permission to reprint/republished this material for advertising, promotional purposes, or reusing copyrighted components of this work must be obtained from the Editorial Board of the **URSBE-2025**.

All rights reserved.  
Copyright © Faculty of Business Studies  
Web: <https://fbs.vau.ac.lk/be/ursbe>  
E-mail: [ursbe@vau.ac.lk](mailto:ursbe@vau.ac.lk)  
TP: 024 222 8234

Chief Editor:  
Mr. A. Thayaparan.

When citing the abstracts published, this Conference Proceeding is referred to as 'Proceedings of the 1<sup>st</sup> Undergraduate Research Symposium on Business Economics, 23<sup>rd</sup> of July 2025. Department of Business Economics, Faculty of Business Studies, University of Vavuniya, Sri Lanka.



### URSBE -2025 Organizing Committee

Conference Chair	Mr. C. Larojan
Convener	Ms. R.M.N.H.Rathnayaka
Secretary	Ms..C. D. P. Fernando
Moderator	Dr.N. Ravinthirakumaran
Chief-Editor	Mr.A.Thayaparan
Treasurer	Ms.S.S.Jagoda arachchi
Editor	Ms.T.M.I.U. Tennakoon
Co-editor	Mr.B.A.C.L.Peiris
Editorial Committee	Ms. P.M. G. Phillip Ms. Harshani Herath Ms. Supuni Nilupilee Ms. P.K.G.A.Nayanakanthi



## SUB COMMITTEE

Committee	Members
Registration Committee	R.M.R.N.Rathnayaka T.M.S.N.Thennakoon P.K.D.S.M.Alahakoon K.M.D.Sandaruwan
Cultural Committee	L.R.Samanmalee M.Nishanthini
Refreshment Committee	M.D.S.Nawarathna H.R.Priyanka K.P.I.Nisansala G.R.I Madushani A.S Herapathdeniya
Decoration Committee	W.K.N.Lakshika J.M.I.M.Jayarathna L.K.M.P.P Landekumbura Sajani Sebavirathne
Certificate Committee	S.R. Ukwaththage K.P.M.Dilshan R.M.R.N.Rathnayaka
Editing Committee	K.S.Wimansa S.A.M.Rathnapriya S.D.Silva
Fund raising committee	A.Harthika S.M.S.M.Ranasinghe
Batch Coordinator	S.Rashikanthi S.P.L.D.Premathilaka L.K.M.P.P Landekumbura
Virtual Handling	B.R.I.L Balagalla



<b>Contents</b>	<b>Page No</b>
Message from the Vice Chancellor	<b>i</b>
Message from the Dean	ii
Message from the Head of the Department	iii
Message from the Editor-in-Chief-	iv
List of Abstract	1-6

## **Conference Tracks**

Track 01: Trade, Tourism, and Regional Development

Track 02: Environmental and Sustainable Development

Track 03: Agriculture, Food Security and Socio-Economic  
Behaviour

Track 04: Public Finance and Governance

Track 05: Labour Markets and Human Capital

Track 06: Entrepreneurship and Innovation

---



## **KEYNOTE SPEAKER**



**Senior Professor (Dr) S.P. Premaratna**  
**Senior Professor of Economics,**  
**University of Colombo**  
**Sri Lanka**



## PANEL - MODERATOR & SPEAKERS

### MODERATOR



**Dr. N. Ravinthirakumaran**  
Senior Lecturer  
Department of Business Economics  
University of Vavuniya

### SPEAKERS



**A.S.D. Silva**  
Department of Business Economics



**A. Harthika**  
Department of Business Economics



**S.P.L. Devindya**  
Department of Business Economics



**S.H.S. Sajani Malsha**  
Department of Business Economics



**A.F. Arshi**  
Department of Business Economics



**Tharib Asnath Sana**  
Department of Business Economics





## Message from the Vice Chancellor



It is with immense pride and heartfelt appreciation that I extend my warmest greetings to all participants of the Undergraduate Research Symposium on Business Economics – 2025 (URSBE 2025), organized by the Department of Business Economics, Faculty of Business Studies, University of Vavuniya. This year's theme, "Youth in Action: Reimagining Sri Lanka's Economic Future," highlights the critical role of young minds in shaping the trajectory of our nation's development. At a time when Sri

Lanka faces both economic challenges and opportunities, it is truly inspiring to witness our undergraduates stepping forward with research-driven ideas, fresh perspectives, and innovative solutions to address critical issues in our economy.

URSBE 2025 provides an invaluable platform for students to present their scholarly work, engage in critical dialogue, and contribute meaningfully to the discourse on economic transformation. Beyond their academic efforts, I am particularly pleased to see the remarkable enthusiasm and commitment of our students toward extracurricular involvement balancing academic excellence with leadership, teamwork, and creativity. These well-rounded qualities are essential for building responsible and forward-thinking graduates capable of leading positive change.

I commend the Department of Business Economics and all members of the organizing committee for their dedication and vision in making this symposium a reality. I also extend my warmest congratulations to the students whose work is being showcased. Your active engagement in both academic and co-curricular spheres is a testament to your potential to lead and contribute to Sri Lanka's developing journey. I am confident that URSBE-2025 symposium will serve as a source of inspiration and critical reflection, empowering you to transform your knowledge into meaningful action for the betterment of our society and economy.

Senior Professor. A. Atputharajah  
Vice Chancellor  
University of Vavuniya  
Sri Lanka



## Message from the Dean



I am pleased to deliver this congratulatory message to the 1<sup>st</sup> Undergraduate Research Symposium on Business Economics (URSBE 2025), organized by the Department of Business Economics, Faculty of Business Studies, University of Vavuniya. This inaugural undergraduate symposium is a commendable initiative by the Department, aimed at motivating students to present the findings of their research conducted during their academic journey. It provides a valuable platform for students to share their noteworthy research outcomes, build confidence, and contribute to the academic community. Moreover, it fosters a culture of research and networking within the faculty. The conference theme, “Youth in Action: Reimagining Sri Lanka’s Economic Future,” is highly relevant to the current needs of our country. It encourages young minds to propose innovative solutions and adapt to the dynamic shifts in the global economic landscape.

The symposium features a diverse range of conference tracks, including Trade, Tourism & Regional Development; Environmental & Sustainable Development; Agriculture, Food Security & Socio-Economic Behavior; Public Finance & Governance; Entrepreneurship & Innovation; and Labour Markets & Human Capital.

I extend my heartfelt congratulations to the organizing committee -especially the Conference Chair, Mr. C. Larojan; Chief Editor, Mr. A. Thayaparan; and Convener, Ms. R.M.N.H.R. Rathnayaka - for their dedication in successfully launching this pioneering event. I wish URSBE 2025 every success.

Prof.Y. Nanthagopan  
Dean, Faculty of Business Studies  
University of Vavuniya



## Message from the Head



I am pleased to pen this congratulatory message of felicitation for the very First Undergraduate Research Symposium on Business Economics (URSBE) - 2025, organized by the Department of the Business Economics, Faculty of Business Studies of the University of Vavuniya, scheduled for 23<sup>rd</sup> of July, 2025. Welcome to the Proceedings of our 1<sup>st</sup> URSBE! This milestone marks significant phase in our department commitment to nurturing research and knowledge sharing of the undergraduates of the business economics discipline.

The theme, *Youth in Action: Reimagining Sri Lanka's Economic Future* reflects the youth's active engagement in workforce will greatly and positively impact the nation's economy through their innovative and collaborative research.

As the Head of the Department of the Business Economics, it is my pleasure to extend my well wishes for the keynote speaker, moderator of the panel discussion, track chairs, undergraduates of our university and other universities and participants for their valuable contributions. Your research and insights will undoubtedly shape the future business economics and inform practical applications. The knowledge and skills you acquire will not only enhance your academic journey but also prepare you for the complexities of the business world.

Let's embrace this opportunity to grow, learn, and inspire one another.

Thank you

Mr. C. Larojan  
Head  
Department of the Business Economics  
Faculty of Business Studies  
University of Vavuniya



## Message from the Chief Editor – URSBE 2025



It is my great pleasure to extend my well wishes to all participants of the 1<sup>st</sup> Undergraduate Research Symposium on Business Economics, organized by the Department of Business Economics, Faculty of Business Studies, University of Vavuniya.

The theme of this symposium, "Youth in Action: Reimagining Sri Lanka's Economic Future URSBE -2025 reflects Sri Lanka's future economic prosperity is intrinsically linked to the active participation and empowerment of its youth. Reimagining the economic landscape requires harnessing the potential of young people through fostering innovation, entrepreneurship, and sustainable practices to build a more resilient and inclusive economy.

One of the primary objectives of this symposium is to provide a platform for undergraduate students across Sri Lanka to present their research findings. This symposium aims to facilitate the exchange of innovative ideas, bringing out the emerging trends, and identifying new opportunities in standards and related products, all contributing to a sustainable future. Therefore, this event is a significant occasion in our journey towards enabling a culture of research and innovation.

I would like to express my heartfelt gratitude to all participants, presenters, organizers speakers, sponsors, and reviewers whose dedication and expertise have made this event possible. Your efforts are instrumental in making this event a success and the fruitful discussions that will undoubtedly emerge from this symposium.

Thank you.

Mr. A. Thayaparan  
Senior Lecturer in Business Economics  
Department of the Business Economics  
Faculty of Business Studies  
University of Vavuniya



## Message from the Convener



It is with great pride and gratitude that I extend this message as the Student Convener of URSBE 2025, the very first Undergraduate Research Symposium on Business Economics organized by the Department of Business Economics, Faculty of Business Studies, University of Vavuniya.

Under the theme “Youth in Action: Reimagining Sri Lanka’s Economic Future,” this symposium serves as a vital platform for undergraduates to explore, analyze, and present practical and policy-relevant research to address Sri Lanka’s pressing economic issues. The symposium highlights the critical role of youth in shaping the country’s development discourse, empowering students to become active contributors to national progress.

I am truly inspired by the enthusiasm and commitment shown by all the young researchers who submitted their work for this event. Their contributions reflect both academic rigor and creativity. I extend my sincere appreciation to our keynote speaker, reviewers, editorial team, and organizing committee whose dedication ensured the success of this event. Special thanks go to our Head of Department and lecturers for their continued guidance and encouragement throughout the journey. I also acknowledge the support of the Institute of Bankers of Sri Lanka (IBSL), our conference partner.

As the Convener, I am confident that URSBE 2025 will not only promote knowledge sharing but also foster long-lasting academic collaboration among students, scholars, and industry stakeholders. I invite everyone to engage meaningfully with the research presented, and to use this platform as a step toward a more inclusive and dynamic economic future for Sri Lanka.

R.M.N.H. Rathnayaka  
Student Convener – URSBE 2025  
Department of Business Economics  
Faculty of Business Management  
University of Vavuniya



## **Keynote Message**

# **The Role of Youth in Today's Economies: Digital Frontiers and the Power of Participation**

**Senior Professor S.P Premaratane**  
**Department of Economics**  
**University of Colombo**

## **Introduction**

We are at a historic moment in global development where the largest youth generation in human history - more than 1.8 billion people aged between 10 and 24 - is demanding a new kind of economy. They are not just future participants in growth - they are co-creators of today's economic, social, and environmental transitions (UN, 2023).

In Sri Lanka, 23% of the population falls within the 15–29 age group, and over 200,000 students are enrolled in public higher education institutions (DCS, 2023). However, youth unemployment remains disproportionately high - exceeding 15%, nearly double the national average. This paradox of educated but unemployed youth is not merely a local issue. It is a global reflection of outdated education systems, slow-moving policy frameworks, and economic models that are ill-prepared to harness the creativity and capabilities of young people.

This paper argues that youth are not a passive demographic. They are active shapers of new economies: in digital innovation, green entrepreneurship, the care sector, and the creative industries. To unlock their potential, both academic institutions and policymakers must shift from traditional roles to enablers of youth-led transformation.

## **The Demographic Dividend and the Risk of Exclusion**

The demographic structure of many developing countries presents both an opportunity and a warning. If young people are meaningfully engaged in the economy, they can drive growth, innovation, and social cohesion. If not, they risk becoming a demographic time bomb - disempowered, disillusioned, and disconnected from formal systems of value creation (ILO, 2022).

In Sri Lanka's case, many youth from rural, estate, and marginalized backgrounds face triple layers of exclusion - economic (limited job opportunities), social (gender, caste, or ethnicity-based discrimination), and institutional (weak access to credit, networks, or decision-making processes). For women and differently abled youth, the barriers are even steeper. Inclusion must therefore become more than a slogan - it must become a structural principle in economic policy and educational planning.



## **Youth-Led Transformation in Emerging Sectors**

Young people across the globe are already reshaping economies through their leadership in emerging sectors. Sri Lanka offers similar, often under-recognized, examples:

### **Digital and Creative Economy**

From YouTube channels and freelance design platforms to mobile apps solving local problems, young entrepreneurs are building scalable models. Sri Lankan youth-led start-ups like PickMe and Flash Health showcase how digital-first thinking can tackle local service gaps. Globally, the creative economy contributes over USD 2.2 trillion and employs more young people per capita than any other sector (UNESCO, 2022).

### **Green and Circular Economy**

Youth are emerging as climate innovators. Projects like Thuru (a reforestation and home gardening app) and Zero Trash SL (an urban sustainability movement) demonstrate environmental entrepreneurship. These efforts align with Sustainable Development Goal 13 (climate action), led not from conference rooms, but classrooms and grassroots networks (UNDP, 2021).

### **Care Economy and Social Services**

With an aging population and rising mental health challenges, the care economy is becoming one of the fastest-growing job markets. Youth - especially young women - are driving community-based elder care, early childhood education, and mental health support initiatives. Ventures like Happy Mindz, a youth-run mental health platform, show the growing intersection of economic activity and social wellbeing.

### **Social Enterprises and Hybrid Innovation**

Social impact is no longer limited to NGOs. Youth are creating hybrid ventures that blend profit with purpose. Programs like S4IG and YouLead have supported hundreds of youth in establishing micro-enterprises that address unemployment, education access, and disability inclusion - while generating income.

### **The Role of Academia: From Knowledge to Transformation**

Universities must move from being repositories of knowledge to platforms of economic experimentation and social problem solving. This requires a fundamental shift in:

- Curriculum design: Embedding entrepreneurship, sustainability, and soft skills into all disciplines.
- Pedagogy: Moving from lecture-based teaching to experiential learning (e.g., community labs, hackathons, live projects)





- Partnerships: Fostering collaborations with industry, government, and civil society to mentor student-led ventures. Examples from Aalto University in Finland, NUS in Singapore, and Ashoka University in India show how embedding innovation into student life can translate into start-ups, policy influence, and global leadership (Salmi, 2020).

In Sri Lanka, universities in Colombo, Moratuwa, and Jaffna are beginning to develop student innovation cells and partnerships with donors. However, rigid structures, limited inter-faculty collaboration, and lack of incubation support continue to limit scale. I am not sure what initiatives were taken at the University of Vavuniya. This is a high time to take actions for such initiatives.

### **Youth and Policy: From Consultation to Co-creation**

Young people are still often viewed as “beneficiaries” in policy processes. This must change. A new social contract must be built around youth as co-authors of development agendas.

This includes: Youth quotas in economic advisory councils; Youth representation in budget planning and SDG implementation; Public finance mechanisms (e.g., youth funds, innovation grants); and Gender-responsive and disability-inclusive policies for access to capital, training, and infrastructure.

Good models exist. Rwanda’s Youth Connekt program links young innovators to markets, mentors, and policy platforms. India’s Atal Innovation Mission funds university-based innovation on social and environmental themes. These examples show that trusting youth with leadership accelerates outcomes.

### **Moving Forward: Strategic Recommendations**

To support youth-led economic growth, governments, academia, and the private sector should:

- Reform curricula to include future-focused sectors: digital economy, climate resilience, care services, and entrepreneurship.
- Mainstream youth in development planning, from district development committees to national economic forums.
- Invest in inclusive infrastructure (e.g., rural internet access, co-working spaces, and disability-accessible vocational training).
- Provide early-stage capital through innovation funds, startup competitions, and microgrants - particularly for female and marginalized youth.
- Promote intergenerational collaboration, recognizing that structural transformation requires the energy of youth and the guidance of experience.
- Make a model university, the University of Vavuniya, such as integrating the community and the economy.
- Provide them with life-cycle and development-oriented social protection support





## Conclusion: The Now Generation

We must stop referring to youth as the “leaders of tomorrow.” They are the leaders of today. From rural classrooms to global platforms, young people are redefining success, reimagining economies, and rebuilding trust in systems. Youth are not merely the future - they are the present engines of innovation, economic renewal, and civic leadership.

The task before us is to match their energy with enabling structures: in policy, finance, research, and education. Let us not simply ask what youth can do for the economy. Let us ask: *What kind of economy are we building for our youth - and with them?*

The future is no longer something to prepare for. It is already being written - by young hands, minds, and voices.

Providing training for youth to think and act this way: The young President of Senegal, Basiru Diomaye Faye, has said: *"I do not want to see my picture in your offices because I am neither God nor an icon. I am a servant of this country." Instead, put up pictures of your children in the office and whenever a decision needs to be made, look at that picture. And if the temptation to steal arises in any way, look deeply at that picture of your family and ask yourself if this family would like to be known as the family of a thief who has deceived the country."*

## References

- Department of Census and Statistics (DCS). (2023). *Sri Lanka Labour Force Survey Annual Report 2022*. Colombo: Ministry of Finance.
- International Labour Organization (ILO). (2022). *Global Employment Trends for Youth 2022: Investing in transforming futures for young people*. Geneva: ILO.
- Salmi, J. (2020). *Tertiary Education and the Sustainable Development Goals: A Guide for Practitioners*. International Association of Universities.
- UNESCO. (2022). *Re-Shaping Policies for Creativity: Addressing culture as a global public good*. Paris: UNESCO Publishing.
- United Nations (UN). (2023). *World Youth Report 2023: Youth Social Entrepreneurship and the 2030 Agenda*. New York: UN Department of Economic and Social Affairs.
- United Nations Development Programme (UNDP). (2021). *Youth-Led Climate Action: Global Innovations*. Retrieved from <https://www.undp.org>
- YouLead Sri Lanka. (2023). *Impact Stories from Sri Lankan Youth Entrepreneurs*. Colombo: USAID & Ministry of Skills Development.



## **List of Abstracts**

### **Track 01: Trade, Tourism, and Regional Development**

No	Title	Page No.
01	Assessing the Impact of Key External Sector Indicators on Economic Growth of Sri Lanka	07
02	The Impact of Tourism-Related Factors on Economic Growth in Sri Lanka: An Empirical Assessment	08
03	The Impact of Foreign Aid on Economic Growth in Sri Lanka	09



## List of Abstracts

### Track 02: Environmental and Sustainable Development

No	Title	Page No.
01	Energy Consumption and Economic Growth in Sri Lanka: A Structural Break and Causality Analysis	11
02	The Impact of Electricity Consumption on Economic Growth in Sri Lanka	12
03	Factors Influencing the Customers' Preferences to Adopt the Green Banking Products in Rathnapura District	13



**List of Abstracts**  
**Track 03: Agriculture, Food Security and Socio-Economic Behaviour**

No	Title	Page No.
01	Determinants of Cinnamon Harvest in Hambantota District	15
02	Factors Affecting Youth Participation in Agriculture in Ampara District	16
03	Determinants of Profitability of Cashew Farmers in Kurunegala District	17
04	Factors Influencing Moonlighting Among Agricultural Workers in Anuradhapura District	18
05	Time Allocation Between On-Farm and Off-Farm Works in Colombo District: An Analysis of Tobit Regression Model	19
05	Factors Influencing Number of Children among Married Women in Kurunegala District	20



**List of Abstracts**  
**Track 04: Public Finance and Governance**

No	Title	Page No.
01	The Role of Taxation in Driving GDP Growth in Sri Lanka: An ARDL Bounding Testing Approach	22
02	Stock Price Prediction Using MIDAS Regression in the Colombo Stock Exchange, Sri Lanka	23
03	Do Food and Non-Food Price Volatility Granger Causes Inflation Volatility in Sri Lanka ?	24
04	Determinants of Access to Public Sector Banking Services Among Rural People in Kandy District	25
05	The impact of youth unemployment on GDP growth in Sri Lanka	26
06	The Impact of Inflation on Economic Growth: Evidence from Sri Lanka	27



**List of Abstracts**  
**Track 05: Labour Markets and Human Capital**

No	Title	Page No.
01	The Impact of Macroeconomic Indicators on Female Employment in Sri Lanka	29
02	The Impact of Unemployment on Economic Growth in Sri Lanka: An ARDL Approach	30
03	Labour migration and its impact on Economic growth in Sri Lanka	31
04	Determinants of Migration among Youth in Jaffna District	32
05	Time Allocation between Academic and Extracurricular Activities among Undergraduates: An Analysis of Bivariate Tobit Model	33
06	The impact of sectoral growth on Economic Growth in Sri Lanka	34



**List of Abstracts**  
**Track 06: Entrepreneurship and Innovation**

No	Title	Page No.
01	Factors Affecting Financial Literacy Among University Undergraduates in Sri Lanka: An Evidence from University of Vavuniya	36
02	Factors Affecting Spending Behavior among Undergraduates: Multivariate Tobit Model Approach	37
03	Effect of Internet Access on Academic Performance of Undergraduates: An Application of Ordered Probit Model	38
04	The Impact of Social Media on Purchase Decisions of Different Products: An Evidence from Undergraduates in University of Vavuniya.	39
05	Influence of Socio–Economic Characteristics on Expenditures of Fashion Among Undergraduates in State Universities in Sri Lanka	40
06	Determinants of Specialisation Selection Decision among Management Undergraduates in the University of Vavuniya	41



## **Track 01: Trade, Tourism, and Regional Development**





## **Assessing the Impact of Key External Sector Indicators on Economic Growth of Sri Lanka**

**Edirisinghe, E.A.T.N.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study investigates the impact of key external sector indicators on Sri Lanka's economic growth over the period 1988–2023, focusing on trade openness, foreign direct investment (FDI), exchange rate fluctuations, and foreign exchange reserves. As a small, open economy, Sri Lanka's growth trajectory is closely tied to external sector performance, with trade and capital flows significantly shaping its macroeconomic stability and development path. Using secondary time-series data from the Central Bank of Sri Lanka, World Bank, and other credible sources, the research applies the Autoregressive Distributed Lag (ARDL) bounds testing approach to capture both short-run dynamics and long-run equilibrium relationships among the selected variables. Inflation and military expenditure are included as control variables to account for domestic macroeconomic influences. The results indicate that trade openness and FDI inflows have a statistically significant and positive effect on GDP growth in the long run, supporting the notion that integration with global markets and foreign investment can enhance Sri Lanka's economic performance. Exchange rate depreciation demonstrates mixed impacts, improving export competitiveness while simultaneously increasing import costs and inflationary pressures, affecting growth sustainability. Adequate foreign exchange reserves are found to contribute positively to economic stability, providing a buffer against external shocks and supporting investor confidence. Diagnostic tests confirm the reliability and stability of the ARDL model, reinforcing the robustness of the findings. Based on these insights, the study underscores the importance of coherent trade and investment policies, effective exchange rate management, and reserve accumulation strategies to foster sustainable and resilient economic growth in Sri Lanka. The findings provide valuable empirical evidence for policymakers, development practitioners, and researchers seeking to design informed strategies to enhance external sector management while supporting long-term economic development.

**Keywords:** *Trade Openness, Foreign Direct Investment, Economic Growth*



## **The Impact of Tourism-Related Factors on Economic Growth in Sri Lanka: An Empirical Assessment**

**Malalasekara. N.T.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study examines the impact of tourism-related factors on Sri Lanka's economic growth from 1988 to 2023 using a robust econometric approach. Leveraging descriptive statistics, unit root tests, multiple linear regression, the Autoregressive Distributed Lag (ARDL) bounds testing framework, and error correction modelling, the research captures both short-run and long-run dynamics between tourism and economic performance. Key indicators namely tourism receipts, international tourist arrivals, tourism-related employment, and average duration of stay are analysed against GDP per capita, while political stability, macroeconomic stability, and trade openness are included as control variables. Findings reveal a significant long-term linkage between tourism and economic growth in Sri Lanka, affirming the tourism-led growth hypothesis within the country's context. Short-run causality tests further demonstrate that fluctuations in tourism metrics have immediate impacts on national economic performance, underscoring the sector's responsiveness and potential as a rapid growth catalyst. The results highlight tourism's strategic role in enhancing foreign exchange earnings, generating employment, and fostering sustainable development, even amid geopolitical disruptions and global crises. These insights offer clear, data-driven guidance for policymakers and stakeholders in designing evidence-based strategies to revitalize and sustainably develop Sri Lanka's tourism sector. By providing a nuanced analysis of tourism's role in strengthening macroeconomic resilience, this study contributes meaningfully to the tourism-economics literature while supporting Sri Lanka's ongoing journey toward inclusive and stable economic growth.

**KeyWords:** *Tourism-led growth hypothesis; Economic growth; Sri Lanka; ARDL bounds testing; Tourism receipts*



## **The Impact of Foreign Aid on Economic Growth in Sri Lanka**

**Banuka, K**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study investigates the impact of foreign aid on Sri Lanka's economic growth over the period 1980–2023, with a particular focus on Official Development Assistance (ODA) as the main proxy for foreign aid inflows. Despite Sri Lanka's long history as a major recipient of bilateral and multilateral aid, its persistent macroeconomic challenges - high debt, fiscal deficits, and recurring economic crises - raise critical questions about the effectiveness of foreign aid in fostering sustainable growth. Using annual time series data from credible sources, this research applies the Autoregressive Distributed Lag (ARDL) bounds testing approach to examine both short-run and long-run relationships between ODA and GDP growth, while controlling for key macroeconomic factors such as domestic investment, inflation, trade openness, and political stability. The results reveal that foreign aid has a positive impact on short-term economic growth, particularly in times of crisis and reconstruction, but its long-term effectiveness depends heavily on the quality of governance, institutional capacity, and the strategic allocation of funds. Findings highlight that weak institutions, inefficient use of aid, and political instability can undermine the potential benefits of ODA, creating risks of aid dependency and economic distortions. By providing empirical evidence specific to Sri Lanka's unique development context - including its post-conflict recovery, natural disasters, and recent debt crisis - this study contributes to the global discourse on aid effectiveness in developing countries. It emphasizes the need for improved aid management, greater transparency, and stronger policy frameworks to ensure that foreign aid aligns with national development goals and supports inclusive, resilient growth. The study concludes with practical policy recommendations for both domestic policymakers and international donors to enhance the impact of foreign aid in Sri Lanka, thereby strengthening its contribution to long-term economic sustainability and poverty reduction.

**Keywords:** *Foreign Aid, Economic Growth, Official Development Assistance, Sri Lanka*



## **Track 02:**

### **Environmental and Sustainable Development**



## **Energy Consumption and Economic Growth in Sri Lanka: A Structural Break and Causality Analysis**

**Sriwignaraja Yadhurshini**

Department of Economics  
Faculty of Arts, University of Jaffna, Sri Lanka

### **Abstract**

Energy consumption is a crucial factor in economic growth, industrialization, productivity, and technological progress. This study investigates the presence of structural breaks in the relationship between energy consumption and economic growth in Sri Lanka, using annual data from 1990 to 2023. In addition to energy consumption and economic growth, gross fixed capital formation and labour force participation are incorporated as key predictor variables. The Chow test is applied to detect structural breaks, and the Granger causality test is used to examine the direction and nature of causality between the variables. The confidence ellipse curve indicates a negative relationship between energy consumption and economic growth over the study period and positive relationship between economic growth and other explanatory variables. The Chow test results indicate the presence of structural breaks in 2004, 2008, 2019, and 2021. These breakpoints align with major economic and environmental shocks, including the 2004 Indian Ocean tsunami, the 2008 global financial crisis, the COVID-19 pandemic, and the recent economic crisis in Sri Lanka. The Granger causality test shows no short-term causal relationship between energy consumption and economic growth in the absence of structural breaks. However, a short-run unidirectional causal relationship exists when considering structural breaks. These findings suggest that external shocks have disrupted the energy–growth nexus in Sri Lanka. This study offers new insights for policymakers to develop effective energy policies and invest in renewable energy sources to ensure sustainable growth.

**Keywords:** *Energy consumption, Economic growth, Structural Break, Chow test, Sri Lanka*



## **The Impact of Electricity Consumption on Economic Growth in Sri Lanka**

**Harthika, A. and Peris, B.A.C.L.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study investigates the dynamic relationship between electricity consumption and economic growth in Sri Lanka from 1990 to 2023, recognizing electricity as a critical driver of production and economic activities. Utilizing annual time series data, the study incorporates key macroeconomic variables including inflation, labour force participation, and gross fixed capital formation to examine their collective impact on GDP growth. Unit root tests indicate that most variables are integrated of order one, while inflation is stationary at level, supporting the application of the ARDL bounds testing approach. The ARDL bounds test confirms the existence of a long-run cointegration relationship among the variables, with the F-statistic exceeding critical values at the 1% significance level. Long-run estimates reveal that electricity consumption has a positive and significant effect on economic growth, while inflation and labour force participation exhibit negative impacts, reflecting the growth-suppressing effects of inflationary pressures and potential inefficiencies in the labour market. Gross fixed capital formation shows a positive but statistically insignificant effect in the long run. Short-run dynamics demonstrate that electricity consumption positively and significantly contributes to GDP growth, while rising electricity prices and inflation exert negative impacts on economic activity, highlighting the sensitivity of growth to energy costs and price stability. Gross fixed capital formation strongly drives growth in the short run, and the error correction term confirms rapid adjustment toward long-run equilibrium, with 85% of disequilibrium corrected within a year. The findings underscore the critical role of stable electricity supply in fostering both immediate and sustained economic growth in Sri Lanka. The study suggests that policies ensuring affordable and reliable electricity access, coupled with investment in productive infrastructure and inflation management, are essential for achieving long-term economic development in the country.

**Keywords:** *Electricity Consumption, Economic Growth, Inflation, Labor Force Participation Rate, gross fixed capital, Sri Lanka.*



## **Factors Influencing the Customers' Preferences to Adopt the Green Banking Products in Rathnapura District**

**Thilakarathna, D.M.C.L**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study focuses to investigate the key factors influencing the customers' preferences toward the adoption of green banking products in the Rathnapura District of Sri Lanka. Data were collected by distributing a structured questionnaire among sample of 142 customers of the Bank of Ceylon in Rathnapura district. The collected data were analyzed using correlation, and multiple linear regression model. Customers' preferences to adopt green banking products has been considered as the dependent variable and green banking awareness and usage, ease of use and usefulness, trust, security and privacy, and green brand image and perceived value considered as independent variables in the model. The results of correlation revealed that green banking awareness and usage has negatively weak relationship with the adoption of green banking products, but other three independent variables have positively moderate relates with the adoption of green banking products. Findings of the multiple linear regression model revealed that among the above four green brand dimensions, only ease of use and usefulness and image and perceived value have significant positive impact on customer's preferences to adopt green banking products. Other two independent variables such as green banking awareness and usage, and image and perceived value have no significant impact on the adopt of green banking products. The findings of this study offer practical implications for Bank of Ceylon, other banks and policy makers to improve the green banking practices within their organizations to attract and retain more customers in future.

**Keywords:** *Customers' preferences, green brand awareness, perceived value, security and privacy.*



## **Track 03: Agriculture, Food Security and Socio-Economic Behavior**





## Determinants of Cinnamon Harvest in Hambantota District

**Weerasingha K.D.S**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### Abstract

This study examined the impact of climate conditions, socio – economic characteristics, agricultural practices and techniques, and biological – environmental factors on cinnamon harvest in Walasmulla divisional secretariat division in Hambantota district. The dependent and the four independent variables were measured by 5 – point Likert scale from 1 to 5 where 1 for strongly disagree and 5 for strongly agree and each variable has four items. Internal consistency of the among questionnaire for the items were analyzed using Cronbach’s Alpha and its values are greater than the minimum requirement of 0.7 for all independent and dependent variables suggests that the items have satisfactory internal consistency and consecutively measure the concept. Adopting the quantitative research methodology, data was collected from 150 cinnamon cultivators through a self-administered questionnaire and they were analyzed using correlation and multiple linear regression techniques. The results of correlation revealed that, amount of cinnamon harvest has positively and significantly related with all independent variables and among them, biological – environmental factors and agricultural practices and techniques have highly correlated with the cinnamon harvest than other variables. The findings of the multiple linear regression model revealed that climate conditions, socio – economic characteristics, agricultural practices and techniques, and biological – environmental factors had a significant positive impact on cinnamon harvest. It is recommended that policymakers prioritize these factors to foster the development of the cinnamon sector by increasing the amount of annual production and harvest in Hambantota district.

**Keywords:** *Agricultural practices and techniques, biological – environmental factors, cinnamon harvest, climate conditions.*



## **Factors affecting youth Participation in Agriculture in Ampara District**

**Dharmakeerthi, I.C.J**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

This study investigates the factors affecting the participation of youths in agriculture who have the age ranges from 15 to 35 years old in Padiyathalawa Divisional Secretariat Division in Ampara district. The source of data used in this study is primary data which was collected through a structured questionnaire and a total sample of 150 youth respondents were purposively selected for the study to analyze the data. Results of frequency for gender shows that, 53.4% of the youths are females and 46.6% of them are males and 50% of the youths are participate and 50% of them are not participate in the agriculture. In case of training in agriculture, only 26% of them got some training related to agriculture and 74% of them do not have any training. The probit model was used to analyze the determinants of youth participation in agriculture where the dependent variable is a binary denoted as 1 for participate and 0 for non-participate. The estimated results of the model showed that age of the respondents, years of education, size of land and accessibility of credit are the factors significantly influenced the youth participation in agricultural activities. After estimate the probit model, marginal effects also analyzed and its results revealed that, as age of the farmers increases, the probability of participate in agriculture also increase and other factors such as, years of education, size of land and accessibility of credit also significantly influencing the likelihood of youth participation in agriculture. Apart from the above statistical analysis, the respondents were discussed with the researcher face to face interview and based on that, they have some issues on irrigation facilities and a lack of incentive programs. Based on the above findings, it is recommended that in order to develop agriculture activities, irrigation facilities should be developed and, a number of incentives programs such as trainings are needed to convince the youths that agriculture can provide a good career for them.

**Keywords:** *Accessibility of credit, agriculture, size of land, youth participation, probit model*



## **Determinants of Profitability of Cashew Farmers in Kurunegala District**

**Samaraweera P.M.V.N**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

Cashew has the potential to deliver the sources of income and profits for farmers and make employment opportunities in Sri Lanka. This study was conducted to identify the factors affecting profitability of cashew growers in Maho divisional secretariat division in Kurunegala district. The simple random sampling technique was used to select 120 cashew growers from the above division. The primary data related to profits and socio – economic characteristics of the cashew growers were collected using a structured questionnaire. Basic features of the samples were analyzed using frequency statistics and to identify the association between three ranges of profits and socio – economic characteristics of the cashew growers, chi – square test was applied. The results of frequency represent that 69.3% of them are males and 30.7% of them are females while 18.7% of the cashew growers have other income sources and rest of the 81.3% of them do not have it. Across types of labor, 86.7% of the cashew growers used family labors and only 13.3% of them used hired labors. The results of chi – square test indicates that three ranges of profits such as, less than Rs 50000/=, between Rs 50000/= to Rs 100000/= and more than Rs10000/- have significantly associated with gender, availability of other income sources and types of labors. Multiple linear regression model was employed to investigate the impact of socio – economic characteristics on profits and its results highlight that gender, types of labor and size of land significantly and positively influencing the profits while, market price of cashew significantly and negatively affect the cashew profits in cashew cultivation. In addition to the statistical analysis, the researcher conducted a face - to - face interview with a selected group of cashew growers and its results found that, cashew growers were constrained by several limitations such as severe pest and disease attack, lack of marketing facilities, poor cashew processing technology and storage facilities.

**Keywords:** *Cashew growers, chi – square test, socio – economic characteristics, profitability.*



## **Factors Influencing Moonlighting Among Agricultural Workers in Anuradhapura District**

**Weerakkodi W.H.S**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

Moonlighting pursuing a secondary occupation alongside primary agricultural work has emerged as a substantial income diversification strategy among rural agricultural workers in Sri Lanka. This study investigates the determinants of moonlighting among agricultural workers in the Maha Vilachchiya area of Anuradhapura district, a region heavily reliant on seasonal agriculture and affected by economic volatility, unpredictable weather, and scarce modern farming resources. A structured survey of 284 agricultural workers revealed that 67% (191 individuals) engage in moonlighting. Descriptive statistics showed an average respondent age of 40.4 years, mean household size of 2.74, and average cultivated land of 4.91 acres. The average main job contributed a monthly income of Rs. 19,306, while secondary jobs provided a higher mean income of Rs. 45,104. Applying a Probit regression model, the study identified age, marital status, land ownership, land size, and second job work hours as significant predictors of moonlighting participation. Specifically, younger and married respondents were more likely to moonlight, while owning more land reduced this likelihood. Each additional cultivated acre decreased the propensity to moonlight, whereas each additional hour worked in a second job slightly increased the probability. Notably, landless workers exhibited a 7.6% greater likelihood of engaging in moonlighting compared to landowners. Model diagnostics indicated a strong fit (Pseudo  $R^2 = 0.9018$ ), explaining over 90% of variation in moonlighting status among respondents. The study concludes that moonlighting is both a coping strategy for financial instability and a means to enhance household resilience in the face of agricultural risks. These findings support targeted interventions, such as improved access to vocational training, land policy reforms, and rural employment programs, to stabilize and strengthen agrarian livelihoods in Sri Lanka's dry zones and comparable rural contexts

**Keywords:** Agricultural Workers, Anuradhapura District, Moonlighting, Probit regression, Secondary occupation



## **Time Allocation Between On - Farm and Off - Farm Works in Colombo District: An Analysis of Tobit Regression Model**

**Attanayaka W.G.K.K**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

This study investigated the factors affecting the time allocation between on - farm and off – farm works among the farmers in Padukka Divisional Secretariat, Colombo district. Primary data were collected from three villages in Padukka division and from each village, 50 small scale farmers were selected randomly in 2025. Time allocation for on - farm and off -farm works were taken as dependent variable and demographic, socio-economic and farming characteristics were taken as independent variables. Frequency analysis was used to explore the basic features of the respondents and independent sample t - test was used to test the mean difference in the time allocation for on - farm work and off – form works separately across selected characteristics. The results of frequency analysis indicate that 72.67% of the farmers allocated their time for on - farm works and 27.33% of them allocated their time for off -farm works. Findings of the independent samples t - test proved that there are significant mean differences in time allocation in on - farm works as well as in off – farm works across gender, level of education, availability of capital stock, ownership of land, availability of credit and subsidies. To identify the impact of the above three characteristics on time allocation, Tobit regression model was employed. The outcome of the model highlights that, among the demographic characteristics, age, level of education, and gender while among the socio – economic characteristics only farm income, and among the farming characteristics, experience in farming, availability of credits and subsidies were highly influencing the time allocation for on - farm works. On the other hand, age, level of education, and gender were the significant demographic characteristics, among the socio – economic status, farm size and farm income whereas among the farming characteristics, experience in farming, availability of credits and subsidies were highly influencing the time allocation. The findings of the study can be used to formulate the policies for promoting the rural development and supporting the farmers in diversifying their livelihoods in the study area.

**Keywords:** *Demographic and farming characteristics, on – farm and off – farm works, socio – economic characteristics, tobit model.*



## **Factors Influencing Number of Children among Married Women in Kurunegala District**

**Imasha Subasinghe**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

Family is the most basic unit of human society which is a collection of people bound together by relations specially with the children. The main objectives of this study were to identify the factors that determine the desire for another child by the family and examine the factors that affect the number of desired children in Kurunegala District. Three villages were selected as the study area from two Divisional secretariat divisions in the district, namely Narammla and Pannala. From the three villages, 124 married women who have the age range between 21 to 40 years old were selected using multi-stage cluster sampling method. Frequency of desire for another child shows that, 51.6% of the respondents preferred to have one more child and 48.4% of them do not prefer it. Further, chi – square analyses was tested to identify the association between the desire for another child with religion, race and residential place and its results revealed that, all these socio – economic characteristics have significantly associated with the desire for another child. Probit regression model was applied to identify the factors that determine the desire for another child whereas multiple linear regression was employed to examine the factors that determine the desired number of children. To estimate the above two models, socio – economic, demographic and cultural issues were considered as explanatory variables. Results of the probit model suggest that, preferences for one more child strongly and negatively influenced by number of children at present whereas it was positively influenced by religion, race, and age of the husband. Similarly, number of children at present, race, and family planning were identified as the main factors which are negatively influenced in determining the number of desired children in the family. The findings of the study may guide the stakeholders for making policy formulations to address in the context of fertility decisions.

**Keywords:** *Desire for another child, number of children, residential place, socio - economic characteristics.*



## **Track 04:**

### **Public Finance and Governance**



## **The Role of Taxation in Driving GDP Growth in Sri Lanka: An ARDL Bounding Testing Approach**

**Madhushika,S.I and Jayasinghe, A. K**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract:**

This study examines the impact of taxation on economic growth in Sri Lanka using annual time series data from 1990 to 2023 within an ARDL Bounds Testing framework. GDP growth is analyzed alongside tax revenue, inflation, money supply, and trade openness to assess short-run and long-run dynamics. Descriptive statistics indicate Sri Lanka's GDP growth averages 4.30% with moderate variability, while inflation shows high volatility. The ADF unit root tests confirm a mixed order of integration, validating ARDL applicability. The bounds test confirms a stable long-run equilibrium relationship among variables. In the long run, tax revenue significantly and positively impacts GDP growth, suggesting higher tax revenue supports growth through productive public investment. Inflation and money supply lagged exhibit significant negative effects, indicating that price instability and excessive monetary expansion harm growth. Trade openness displays a weak but positive influence. Short-run analysis reveals that changes in money supply and trade openness significantly affect GDP growth, with the error correction term indicating that 95% of disequilibrium adjusts within one year, confirming rapid convergence to the long-run path. Diagnostic tests confirm model reliability, with no evidence of heteroscedasticity, serial correlation, or significant non-normality in residuals. CUSUM and CUSUMSQ tests further validate structural stability. The findings highlight the role of tax revenue in driving Sri Lanka's GDP growth while emphasizing the need for effective monetary policy to control inflation and manage money supply. The study recommends reforming the tax system to focus on growth-friendly instruments, strengthening tax administration, ensuring price stability, and promoting trade openness to support sustainable economic growth in Sri Lanka.

**Keywords:** *Tax Revenue, GDP Growth, Inflation, Money Supply, Trade Openness, ARDL, Sri Lanka*





## **Stock Price Prediction Using MIDAS Regression in the Colombo Stock Exchange, Sri Lanka**

**Shalini Manokar**

Department of Economics,  
Faculty of Arts, University of Jaffna, Sri Lanka

### **Abstract**

The Colombo Stock Exchange (CSE) experiences frequent fluctuations driven by political and economic factors, which undermine investor confidence and complicate investment decisions. The objective of this research is to evaluate the forecasting accuracy of the Mixed Data Sampling (MIDAS) model in predicting the All Share Price Index (ASPI) within the Sri Lankan context. This study employs the Mixed Data Sampling (MIDAS) model to forecast stock prices using the All Share Price Index (ASPI) and the Standing Lending Facility Rate (SLFR) as key variables. Monthly ASPI and quarterly SLFR data from January 2018 to December 2024 were utilized. The MIDAS regression is estimated using polynomial lag structures to capture the delayed impact of interest rate changes on stock market performance. Unit root test, including the ADF & PP results, confirmed that all variables are integrated of order one (I(1)). The MIDAS model was then used to forecast the All Share Price Index (ASPI) for the period January to December 2025, yielding an average predicted value of 4.65%. The forecasting accuracy metrics showed a low MAE of 0.1390%, RMSE of 0.2459%, and MAPE of 2.3042%. According to Lewis's (1982) criteria, a MAPE below 10% indicates high forecasting accuracy. This study highlights the effectiveness of the MIDAS model in integrating mixed-frequency data and its practical value for emerging markets like Sri Lanka. The findings offer valuable insights for investors, financial analysts, and policymakers aiming to enhance decision-making through advanced forecasting techniques. Therefore, they should integrate mixed-frequency forecasting models like MIDAS into monetary and financial decision-making to enhance predictive accuracy, support data-driven policy formulation, improve investor confidence, and promote sustainable economic growth.

**Keywords:** *MIDAS model, stock price prediction, mixed frequency data, Sri Lanka*



## **Do Food and Non-Food Price Volatility Granger Causes Inflation Volatility in Sri Lanka ?**

**Branavan Gayathiri**

Department of Economics  
Faculty of Arts, University of Jaffna, Sri Lanka

### **Abstract**

Price volatility has become a growing concern in Sri Lanka due to its direct impact on inflation and household welfare. In particular, fluctuations in food and non-food prices, along with exchange rate instability, have contributed to persistent inflationary pressures in recent years. This study examines the dynamic causal relationship between food and non-food price volatility, and inflation volatility in Sri Lanka, using monthly data from January 2014 to April 2025. Data on the National Consumer Price Index (NCPI), Food NCPI, Non-food NCPI, and Exchange Rate were collected from the Department of Census and Statistics (DCS) and the Central Bank report. All the variables were transformed into volatility series. The stationarity of the data series was tested using both the Augmented Dickey-Fuller (ADF) test and the Kwiatkowski Phillips Schmidt Shin (KPSS) test, confirming that all variables are stationary at level  $I(0)$ . The confidence ellipse curve illustrates a strong positive relationship between food volatility, non-food volatility, and inflation volatility. The results indicate that food price volatility is more closely associated with inflation volatility than non-food price volatility. Additionally, the results of the Granger causality test show there is a bidirectional causal relationship between food volatility and inflation volatility, while no significant causality is observed between non-food volatility and inflation volatility. The findings suggest that policymakers should priorities food price stabilization through agricultural reform when designing effective monetary and inflation targeting policies.

**Keywords:** *Food Price Volatility, Non-Food Price Volatility, Granger Causality, Inflation Dynamics, Sri Lanka*



## **Determinants of Access to Public Sector Banking Services Among Rural People in Kandy District**

**Rajanayaka, W.R.P.A**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

Access to public sector banking services is vital for financial inclusion and economic empowerment in rural Sri Lanka. However, communities in Pupurassa and Meethalawa, Kandy District, face significant barriers. This study examines the determinants of banking access, focusing on financial literacy, socioeconomic status, banking infrastructure, and language barriers, especially among estate and rural populations. Using a quantitative approach, a probit regression model analyzes bank account ownership among 148 respondents selected through stratified random sampling. Data were collected via structured questionnaires translated into Tamil and Sinhala, covering socioeconomic characteristics, financial behaviors, and perceptions of banking services. Descriptive statistics, frequency analysis, and marginal effects support the model. Results show that low financial literacy, particularly among Tamil-speaking estate residents, significantly limits engagement with banking services. Socioeconomic constraints such as low income and education reduce access, while distant branches and poor digital connectivity increase costs. Language barriers further limit access, as services are mostly in Sinhala or English. Marginal effects suggest that improving financial literacy and infrastructure proximity can significantly raise the likelihood of account ownership. The study recommends localized financial education, multilingual support, mobile banking units, and infrastructure development. These findings contribute to the financial inclusion discourse and support Sri Lanka's efforts toward equitable growth in underserved rural areas.

**Keywords:** *Access to banking services, Rural people, Financial literacy, Banking infrastructures, Language and Communication barriers*



## The Impact of Youth Unemployment on GDP Growth in Sri Lanka

**Madurangani, S.A.R, Wimansa, K.S and Samarasinghe, S.A.T.M**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### Abstract

This study examines the impact of youth unemployment on GDP growth in Sri Lanka using annual time series data from 1990 to 2023. Recognizing youth unemployment as a persistent constraint on Sri Lanka's economic potential, the analysis incorporates inflation, interest rates, and gross fixed capital formation as additional macroeconomic variables influencing growth. Unit root tests reveal that GDP growth, youth unemployment, interest rates, and capital formation are integrated of order one, while inflation is stationary at level, justifying the use of the ARDL model to estimate both short-run and long-run relationships. The ARDL bounds test confirms the existence of a stable long-run cointegration among the variables. Long-run results show that youth unemployment significantly and negatively affects GDP growth, emphasizing that high youth unemployment undermines economic expansion in Sri Lanka. Inflation also has a significant negative effect on growth, while gross fixed capital formation contributes positively, highlighting the critical role of investment in supporting long-term economic development. Interest rates exhibit a negative but statistically insignificant impact over the long run. In the short-run dynamics, reductions in youth unemployment significantly increase GDP growth, while increased capital formation provides a strong positive contribution to economic activity. The error correction term is negative and significant, indicating that approximately 84% of deviations from the long-run equilibrium are corrected within a year, confirming a rapid adjustment toward stability following shocks. These findings underscore that targeted policies to reduce youth unemployment are essential for promoting sustainable economic growth in Sri Lanka. Additionally, managing inflation and fostering an investment-friendly environment are critical to maintaining macroeconomic stability and supporting youth employment. The study provides evidence-based insights for policymakers to address youth unemployment effectively, contributing to the broader dialogue on labor market reforms and inclusive growth in Sri Lanka.

**Keywords:** *Youth unemployment, GDP growth, Inflation, Interest Rate, Gross fixed capital formation, ARDL Bound Test, Sri Lanka*



# **The Impact of Inflation on Economic Growth: Evidence from Sri Lanka**

**Weerasinghe, D.H.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

## **Abstract**

This study investigates the relationship between inflation and economic growth in Sri Lanka, a developing economy characterized by macroeconomic volatility, fiscal imbalances, and external vulnerabilities. The objective is to examine both the short-run and long-run effects of inflation on economic growth while incorporating additional macroeconomic variables, including gross fixed capital formation, labor force participation, military expenditure, and trade openness. Utilizing time-series data from 1989 to 2023 and employing the Autoregressive Distributed Lag (ARDL) model, the study captures dynamic interactions and explores causal relationships among these variables. Empirical findings reveal that inflation has a statistically significant negative impact on Sri Lanka's long-term economic growth, as high inflation reduces purchasing power, discourages investment, and creates uncertainty, thereby undermining effective economic planning. Conversely, military expenditure and gross fixed capital formation contribute positively to growth, highlighting the potential of strategic public investment to counterbalance inflationary pressures. In the short run, inflation, trade openness, and military expenditure exhibit immediate impacts on economic growth, while the error correction term confirms a relatively swift adjustment toward long-run equilibrium following economic shocks. Diagnostic and stability tests validate the robustness of the model. The study concludes that managing inflation should remain a central objective of macroeconomic policy, recommending a balanced strategy that combines inflation targeting with growth-enhancing measures such as promoting capital formation, improving productivity, and strengthening institutional frameworks. These findings offer valuable insights for policymakers, researchers, and stakeholders committed to supporting Sri Lanka's economic recovery and fostering sustainable development.

**Keywords:** *Inflation, Economic Growth, ARDL Model, Sri Lanka, Macroeconomic Policy*



## **Track 05:**

### **Labour Markets and Human Capital**



## **The Impact of Macroeconomic Indicators on Female Employment in Sri Lanka**

**Prabhath M.P.D.A.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

This study investigates the impact of key macroeconomic indicators on female employment in Sri Lanka over the period 1990–2024, offering critical insights into how economic conditions influence women’s participation in the labor market. Despite advancements in female education and targeted policy initiatives, female labor force participation in Sri Lanka has remained consistently low, hovering around 30–35% in recent decades. Using annual time series data sourced from the World Bank, Central Bank of Sri Lanka, and the Sri Lanka Labour Force Survey, this research employs the Autoregressive Distributed Lag (ARDL) bounds testing approach to analyze the dynamic relationships between GDP growth, unemployment, inflation, and female employment trends. The findings reveal significant long-run and short-run relationships between macroeconomic performance and women’s employment outcomes. While GDP growth positively correlates with increased female labor force participation, high inflation and economic instability disproportionately discourage women’s entry into the workforce, exacerbating existing gender disparities. The study highlights how structural barriers, caregiving responsibilities, and informal sector vulnerabilities intersect with macroeconomic fluctuations, shaping women’s employment decisions in Sri Lanka. By contextualizing these findings within recent economic crises, including the 2022 inflationary shock and subsequent macroeconomic recovery, the research underscores the need for gender-sensitive economic policies to ensure inclusive growth. This study contributes to the literature on gender and development economics by providing localized empirical evidence, emphasizing the importance of policies that address childcare support, flexible work arrangements, and targeted skills development to enhance women’s workforce participation. The insights derived serve as a valuable resource for policymakers, gender advocates, and development practitioners aiming to design effective interventions to improve female employment outcomes, thereby advancing gender equality and fostering sustainable economic growth in Sri Lanka.

**Keywords:** *GDP growth, female employment inflation, unemployment ARDL approach*



## **The Impact of Unemployment on Economic Growth in Sri Lanka: An ARDL Approach**

**Nawarathna, S.G.A.D**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka

### **Abstract**

This study examines the impact of unemployment on economic growth in Sri Lanka using annual time series data from 1991 to 2023, sourced from the Central Bank of Sri Lanka, Department of Census and Statistics, World Bank, and other credible institutions. Key variables include the unemployment rate, GDP growth, foreign direct investment, gross fixed capital formation, political stability, and inflation. Employing the Autoregressive Distributed Lag (ARDL) bounds testing approach, the analysis identifies a significant long-run relationship between unemployment and economic growth, underscoring the complexities of Sri Lanka's "jobless growth" phenomena. Despite periods of economic expansion, unemployment rates have remained persistently high, with youth unemployment exceeding 23% in recent years, highlighting structural challenges in translating growth into job creation. The findings reveal that high unemployment adversely affects investment, productivity, and consumer spending, hindering sustainable economic growth while exacerbating poverty and social inequality. This research contributes to the literature by contextualizing Okun's Law within the Sri Lankan economy, providing empirical evidence on the inverse relationship between unemployment and GDP growth, while recognizing variations arising from local policy and labour market dynamics. The study recommends targeted policy interventions to enhance workforce skills, improve labour market flexibility, and foster an enabling environment for private sector-led job creation. By addressing the structural drivers of unemployment, Sri Lanka can mitigate the adverse impacts on economic growth and achieve inclusive, sustainable development. These insights are valuable for policymakers seeking to design effective employment and economic policies to reduce unemployment and stimulate economic growth, ultimately contributing to the country's social stability and economic resilience.

**Keywords:** *Economic Growth, Unemployment, Inflation, Foreign Direct Investment, Gross Fixed Capital Formation, Political Stability*





## **Labor migration and its impact on Economic growth In Sri Lanka**

**Deshapriya, C.S.A.T.S**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study examines the multifaceted relationship between labor migration and economic growth in Sri Lanka over the period 1990–2023, a context where remittances play a critical role in sustaining the balance of payments, household incomes, and foreign reserves. Utilizing time-series data and the Autoregressive Distributed Lag (ARDL) model, the research evaluates both the short-run and long-run impacts of labor outmigration on macroeconomic performance, incorporating key variables such as remittance inflows, labor force participation, gross capital formation, and inflation in relation to GDP growth. The empirical findings reveal that remittances exert a statistically significant positive influence on long-term economic growth, underscoring their role as a vital external financial resource that supports household consumption and investment. However, excessive outmigration, particularly of skilled and semi-skilled workers, poses risks to domestic productivity and innovation potential, raising concerns about long-term growth sustainability. Inflation is found to negatively affect economic growth, while gross capital formation and labor force participation contribute positively, highlighting the importance of a balanced macroeconomic environment in leveraging the benefits of labor migration. Diagnostic and stability tests confirm the robustness of the model, ensuring the reliability of the results. Based on these insights, the study recommends a multi-pronged policy framework that promotes the productive use of remittances, strengthens reintegration mechanisms for return migrants, and ensures macroeconomic stability to mitigate the adverse impacts of excessive labor outflows. Additionally, fostering financial inclusion and institutional support for migrants can enhance the developmental impact of labor migration. This research contributes to the broader discourse on migration and development by providing empirical evidence to guide policies aimed at optimizing labor migration as a tool for sustainable and inclusive economic growth in Sri Lanka.

**Keywords:** *Economic Growth, labor migration, remittances, ARDL Approach*



## **Determinants of Migration among youth in Jaffna District**

**Amalraj, J.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This study investigates the determinants of migration among young people aged 20–30 in the Jaffna District of Sri Lanka, with a specific focus on social, economic, and political factors. Employing a quantitative research methodology, data were collected from a purposive sample of 100 respondents using structured questionnaires. The aim was to understand the underlying causes that drive youth migration in a post-conflict setting. Descriptive analysis revealed that 60% of the respondents had already migrated or intended to migrate, with the majority citing economic reasons such as lack of job opportunities, low income, and inadequate career prospects. Political instability, including unfavorable government policies and governance issues, also emerged as a significant driver of migration. Social factors such as family influence and social networks were examined in detail. Chi-square tests indicated significant associations between migration decisions and factors such as education level, income status, employment prospects, political unrest, and the broader policy environment. Interestingly, while social networks played a facilitative role in supporting migration, family pressure was statistically insignificant, emphasizing the increasing importance of personal aspirations and external structural conditions in shaping migration behavior. Regression analysis further highlighted that economic and political factors are the most influential predictors, explaining 97% of the variance in migration decisions. This underscores the profound impact of economic hardship and political insecurity on young people's desire to seek opportunities elsewhere. The study concludes with a call for targeted policy interventions aimed at reducing youth migration by addressing root causes. Recommendations include enhancing local employment opportunities, improving governance and political stability, investing in education and skills development, and strengthening social support systems. Additionally, the study advocates for longitudinal research to track long-term outcomes of migration. These findings provide critical insights for policymakers and development practitioners working toward sustainable development and regional stability in Jaffna.

**Keywords:** *migration, economic factors, political stability, social networks, youth migration.*



## **Time Allocation Between Academic and Extracurricular Activities Among Undergraduates: An Analysis of Bivariate Tobit Model**

**Samanmalee, L.R., and Herath, K.H.M.D.M.K.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

Time management is currently a survival skill for undergraduate students, especially since they are trying to balance their academic programs with extracurricular activities. The study aimed to find out how students allocate their time between academic and extracurricular activities, and explore the differences in time allocation among males and females. For these purposes, the primary data were collected from 118 management undergraduates who are following the different special degree program at the faculty of business studies, University of Vavuniya. The collected data were analyzed using various analytical tools such as frequency, descriptive statistics, independent samples t – test and bivariate Tobit model. Among the total samples, 71.2% of the students are females and rest of the 28.8% of the are males. Descriptive statistics of time allocation among the students shows that, female students allocate more time for academic and less time for extracurricular activities, but the time allocation for these two activities made by the males are nearly same. Results of independent samples t – test suggest that, there is a mean difference in the time allocation for academic activities across males and females, but there is no difference in time allocation for extracurricular activities across males and females. To identify the factors influencing the time allocation between academic and extracurricular activities, Bivariate Tobit regression model was employed where the above two were taken as censored dependent variables in the study. Estimate results of the model revealed that, gender and degree of specialization were the major significant factors in determining the time allocation between academic and extracurricular activities. The research shows that undergraduate students of the Faculty of Business Studies, University of Vavuniya, are highly engaged in extracurricular activities, and as high as the participation levels are, their time management practices are different. The findings of the study may helpful for the students to improve their achievements in both academic and extracurricular activities.

**Keywords:** *Bivariate Tobit model, extracurricular activities, Time allocation, undergraduates.*



## **The impact of sectoral growth on Economic Growth in Sri Lanka**

**Tharmika, T.**

Department of Business Economics, Faculty of Business Studies

University of Vavuniya, Sri Lanka.

### **Abstract**

This study examine the impact of sectoral growth on economic growth in Sri Lanka from 1990 to 2023, providing empirical insights into the sectoral dynamics shaping the country's development. Using GDP per capita as the dependent variable, the analysis employs time-series econometric techniques, including unit root tests, Johansen cointegration, Vector Error Correction Models (VECM), Granger causality tests, and diagnostic evaluations to capture both short-run and long-run relationships among the sectors. The findings reveal that in the long run, all three sectors significantly and positively contribute to economic growth, with industry and services demonstrating stronger impacts than agriculture. In the short run, agriculture and industry exert significant positive effects on growth, while the services sector shows a comparatively modest influence. The negative and statistically significant error correction term confirms the presence of a stable long-run equilibrium among the variables. Granger causality analysis indicates bidirectional causality between GDP and agriculture and unidirectional causality from industry to GDP, reflecting sectoral interdependencies in driving economic performance. Additionally, inflation and trade openness exhibit short-run negative effects on economic growth, emphasizing the need for sound macroeconomic management alongside sectoral development. The results support the structural transformation hypothesis, underlining the importance of balanced and inclusive growth strategies that leverage sectoral strengths while addressing evolving economic challenges. By providing robust evidence on the roles and interactions of agriculture, industry, and services, this study offers practical insights for policymakers seeking to design integrated development strategies to promote sustainable and resilient economic growth in Sri Lanka. The findings also contribute to the broader development literature by illustrating how lower-middle-income economies can navigate sectoral transitions while fostering inclusive growth.

**Keywords:** *Economic Growth, Agriculture, Industry, Services, inflation, trade openness*



## **Track 06:**

### **Entrepreneurship and Innovation**



## **Factors Affecting Financial Literacy Among University Undergraduates In Sri Lanka:An Evidence from University of Vavuniya**

**Thilakarathna, W.G.T.S.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

Financial literacy is an important thing since all people have to make decisions that are related to financial matters like day-to-day economic activities and investment activities. The main purpose of this study is to identify the factors affecting the financial literacy of university undergraduates in University of Vavuniya. A sample of 301 undergraduates who are following their degrees in three faculties namely applied science, business studies and technological studies in Vavuniya university were selected as the samples for the research. Primary data were collected using a questionnaire and gender, year of study, faculty of study, parents' monthly income, parents' education and financial behavior were evaluated against the financial literacy which is taken as the dependent variable. Among the all these variables, only financial literacy and financial behavior were measured using 5 – point Likert scale questionnaire where 1 for strongly disagree to 5 for strongly agree. Other independent variables were coded using nominal and categorical values. The data were analyzed using frequency, correlation between the variables, and multiple linear regression model. The findings of the correlation analysis show that financial literacy of undergraduates has a significant positive relationship between income of the parents, education of the parents and financial behavior. However, there is no relationship between the gender, year of study, faculty of study on the financial literacy of university undergraduates in the university. Further, the study found that, year of study, income of the parents, education of the parents and financial behavior are the main determinants and they are positively and significantly influencing the financial literacy of university undergraduates. On the other hand, gender, year of study, and faculty of study are not the significant factors for the determinants of financial literacy. The outcomes of this study will be useful to the undergraduates, academics, and policy makers to understand the main determinants of financial literacy and according that they can decide their financial decisions in the future.

**Keywords:** *Financial literacy, financial behavior, university undergraduates, year of study.*



## **Factors Affecting Spending Behavior among Undergraduates: Multivariate Tobit Model Approach**

**Chathurika, W.A.P. and Rathnayake, A.H.M.P.S.N.**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

The aim of this study is to identify the factors affecting the various spending behavior among undergraduates in University of Vavuniya. The primary data were gathered through online interface which was conducted during the period of May -June 2025 among the 1226 students registered in the first, second, third- and fourth year students of faculty of business studies, University of Vavuniya. And 106 students were selected using stratified random sampling method. Monthly expenditures of the undergraduates for different items were categorized as food, travelling and communication were taken as dependent variable while gender, receive of other income sources, number of family members, parents' income per month, distance between the hometown and university, and the mode of transport were taken as independent variables in the study. Data were analyzed using frequency, descriptive statistics, independent samples t-test and Multivariate Tobit regression model. Results of frequency revealed that among the students 87.7% of them are females and 12.3% of them are males whereas only 12.3% of them receives income from other sources and rest of the 87.7% of them do not receive it. Among the three categories of expenditures, average expenditure for food is the highest and the lowest cost for the communication. Spending behavior across gender revealed that, expenditures of food and communication for males are higher than females but, travelling expenditures for females is higher than males. Independent samples t –test showed that, there is a mean difference in food expenditure across male and female students whereas, travelling and communication expenditures are the same between them. Multivariate Tobit regression revealed that, gender and receive of other income sources are the major factors in determining the food expenditures while travelling expenditures were determined by the mode of transport. And receive of other income sources is an important factor to determine the communication expenditure in the study. The results of this study will be useful for students to understand and manage their various expenditures in a proper way.

**Keywords:** *Food expenditures, Multivariate Tobit, Spending behavior, Travelling expenditures*



## **Effect of Internet Access on Academic Performance of Undergraduates: An Application of Ordered Probit Model**

**K.A.A.M Dasanayaka, Y.A.D.T.A.D Yapa, and B.R.P.A Sewvandi**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

Provision of internet access facilities has very important role in enhancing the academic performance of the undergraduates in the universities. This study explored the access of internet and its impact on the academic performance of undergraduates in University of Vavuniya. A questionnaire was used to gather data from 158 first- year, second- year and third, and fourth year students in the faculty of business studies through random sampling during the period of June, 2025. The collected data were analyzed using frequency statistics, and ordered probit regression model. Among the students, 70.3% of them are females and rest of the 29.7% of them are males and they spent 4.8 hours per day to access the internet. Results of frequency for GPA revealed that, 44.3% of the students got the GPA between 2.01 to 3.00 while only 26.6% of them got the GPA range between 3.31 to 4.00. Out of four types of online tools, 65.8% of them used all four tools such as Google, LMS, You Tube, Zoom and only 5.7% of them used zoom to access the internet. The students are facing various challenges to access the internet and out of them, 46.8% of them told as internet speed is very slow and 17.1% of them told as internet connection is not stable, 16.5% and 14.6% of them told as they spent higher cost for data card and difficult to learn by internet access respectively. In order to identify the impact of internet access on academic performance of undergraduate students, ordered probit model was applied in the study. Its results revealed that, types of internet connection which represents the usage of both mobile data and Wifi, issues of internet connection significantly influencing the academic performance of the students. Findings of this study will be very helpful for undergraduate student to recognize the impact of internet access and its usage on the academic achievement and performance.

**Keywords:** *Academic performance, internet access, ordered probit model, online tools, zoom.*





## **The Impact of Social Media on Purchase Decisions of Different Products: An Evidence from Undergraduates in University of Vavuniya**

**Jayasooriya,J.W.V ,Dewmini,J.K.Y and Shenali,P.V.K**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

The aim of this study is to identify the impact of social media on purchase decisions of different products among the undergraduates in university of Vavuniya. The primary data were gathered through online interface which was conducted during the period of June 2025 among second, third- and fourth-year students who are following special degree in 113 marketing special, faculty of Business Studies. Basic features of the samples were analyzed using frequency and the Multinomial probit model was employed to analyze the impact of social media usage, advertising on social media, contents of social media on purchase decisions of different products. The results of frequency of purchase decision of different types of products revealed that 35.4% of students preferred to the purchase fashion items, 13.3% of them purchase an electronics items, 16.8% of them prefer to purchase food items, 15.9% of them prefers to purchase beauty products and 18.8% of students preferred to the purchase other items. The out of 113 students, majority of them (55.5%) used Facebook and only 5.3% of them used Instagram as their major social medias. Respondents were asked how often they used social media and its results showed that, 7.1% of them used on daily basis, 7.1% of them used on the basis of several times per week and only 4.4% of them used the social media on once every few weeks. The results of Multinomial probit model revealed that gender and advertising are the important factor in determining the choice of electronic items while only gender is an important factor to determine the food items and beauty products at 1% and 10% levels of significant respectively. Further, choice of other product is determined by gender and social media in the study. Overall results of the Multinomial probit model indicate that gender, advertising and usage of social media have significantly influencing the consumers' purchase decisions of different products in the study. These finding indicate to marketing managers that social media has become an important tool to reach consumers faster and more efficiently in modern marketing.

**Keywords:** *Multinomial Probit model, purchase decisions, social media, undergraduates*



## **Influence of Socio–Economic characteristics on Expenditures of Fashion Among Undergraduates in State Universities in Sri Lanka**

**Rathnayaka R.M.N.H and Tennakoon T.M.I.U**

Department of Business Economics, Faculty of Business Studies  
University of Vavuniya, Sri Lanka.

### **Abstract**

This research investigates the impact of socio-economic factors on the fashion expenditure of undergraduates in state universities in Sri Lanka. As fashion consumption has become increasingly important among youth, this study aims to identify how socio-economic factors such as gender, age, living location, fashion category, household income, availability of other income and social background affect spending behavior on fashion. Snowball sampling method was applied to collect data from 105 undergraduates in state universities in Sri Lanka in May 2025 using a structured questionnaire. The data was analyzed using SPSS software. Multiple linear regression analysis, frequency analysis and descriptives were conducted to determine the relationships and significant differences between variables. The multiple linear regression results revealed gender, living location, fashion category at 1% level and household income at 5% level, significantly influence fashion expenditure. The model showed an  $R^2$  value of 0.795, indicating that 79.5% of the variation in fashion expenditure can be explained by the selected socio-economic variables. Other factors such as age and availability of other income and social background had non-significant effects on spending behavior. From all respondents 59% were female respondents and rest of other 41% of respondents are male. Descriptive analysis for the expenditure on fashion shows 10000 as the maximum value and the 2000 as the lowest value. These findings suggest that economic background and income sources play a significant role in shaping undergraduates' fashion expenditure. Gender differences are also prominent, with female students showing higher engagement in fashion spending. The results are valuable for fashion retailers, student welfare planners, and policymakers to better understand the consumption behavior and financial priorities of young adults in higher education. Future studies could extend the scope by incorporating psychological or cultural factors to further analyze fashion consumption trends among Sri Lankan undergraduates.

**Key words:** *Socio-economic Factors, Undergraduates, Fashion Expenditure, Multiple Regression*



## **Determinants of Specialization selection decision among Management Undergraduates in the University of Vavuniya**

**Fernando C.D.P and Jagoda Arachchi S.S**

Department of Business Economics, Faculty of Business Studies,  
University of Vavuniya, Sri Lanka

### **Abstract**

The selection of special degree is one of the most important decisions an undergraduate student has to make in higher education in the university which plays a major role in their future. The objective of the study is to understand the factors which influence the selection of specialization domains among the management students of the University of Vavuniya. The sample of 107 students who are studying in first year first semester in the academic year 2023/2024 were selected purposely and the relevant information were collected thorough a structured questionnaire. The data were analyzed using frequency and to identify the factors influencing the choice of special degree, probit regression model was employed. The results of frequency analysis revealed that 80.3% of the first - year students prefer to choose other specialization degree such as, accounting or human resources management or marketing management or entrepreneurship and only 19.6% them prefer to follow business economics. Estimated results of probit model suggested that, personal consideration is the most important factor followed by influence of family at higher level were the major determinants in the selection of special degree. Further, other important factor is the sources of information and among them, information from faculty website has highly influencing the choice of special degree followed by academic quality. The findings of this study can be used as an effort to better understand not only how the students choose their special degree, but also why many students do not select the business economics as their specialization in the degree program.

**Keywords:** *Academic quality, business economics, choice of specialization, management undergraduates.*





<https://fbs.vau.ac.lk/be/ursbe/>



0242228234



[ursbe@vau.ac.lk](mailto:ursbe@vau.ac.lk)

Department of Business Economics  
Faculty of Business Studies  
University of Vavuniya