

POLICY BRIEFS OF ECONOMIC RESEARCH

POLICY BRIEFS

VOLUME 2 - 2022



Department of Economics
Faculty of Social Sciences and Humanities
Rajarata University of Sri Lanka

Policy Briefs of Economic Research in Department of Economics

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Policy Briefs of Economic Research in the Department of Economics 2022

Edited by
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Department of Economics
Faculty of Social Sciences and Humanities
Rajarata University of Sri Lanka

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Preface

Policy briefs serve as vital tools for conveying research findings and recommendations to policymakers in accessible, non-technical formats. They provide an opportunity to offer evidence-based policy advice, aiding decision-makers in making informed choices. Therefore, policy briefs are particularly effective in translating research implications into actionable insights for specific audiences.

In this context, the Department of Economics is pleased to present its second volume of policy briefs for 2022, derived from research conducted by final-year undergraduates in the BA (Hons) in Economics Degree Program. These briefs are based on dissertation work undertaken within the department. The publication of these briefs serves two primary purposes. First, it aims to disseminate the research findings of undergraduate students in a manner accessible to decision-makers and the public. Second, it seeks to foster a culture of economic research among younger scholars by providing a platform to showcase their findings to a broader audience, especially economic policymakers.

The second volume of policy briefs from the Department of Economics comprises fifteen briefs covering diverse branches of economics. These briefs offer policy recommendations across a wide spectrum of fields, including entrepreneurship, financial markets, sustainable contract agriculture, e-commerce, banking, human-elephant conflict impacts, tourism, rural development, poverty, unemployment, and others. The implementation of these recommendations at the policy level holds significant potential to positively impact Sri Lanka's economic development, as they are rooted in original undergraduate research findings.

Thus, this initiative by the Department of Economics aims to highlight critical considerations regarding potential barriers, strategies, and options for addressing Sri Lanka's current economic challenges.

Contents

1. The impact of socioeconomic and demographic factors on financial literacy of university students in Sri Lanka.	1
WKG Wanigathunga & SKN Gamage	
2. The Impact of COVID-19 on Subjective Well-Being of Tourism Employees in Sri Lanka.	3
KVAV Wijayasiri & SKN Gamage	
3. Impact of digital marketing on sales improvement of small and medium scale enterprises in Ratnapura District.....	5
WD Chamini	
4. Evaluation of the “Work from Home” Concept Performance of Colombo Area Employees.....	7
AYE Fernando	
5. The Impact of Human-Elephant Conflict on the Well-Being of Rural Communities in Sri Lanka.	9
KGSU Jayarathna & RPIR Prasanna	
6. Readiness of the Traditional Industry to Face Innovative Challenges in the Era of Globalization: A Case Study of the Traditional Pottery Industry in the Biyagama DS Division.....	11
MSD Fernando & RPIR Prasanna	
7. Assessing the Impact of Human-Elephant Conflict on the Well-Being of Rural Communities in Sri Lanka: A Qualitative Exploratory Study.	13
TMAP Thennakoon & RPIR Prasanna	
8. Factors influencing internet banking adaptation in Sri Lanka (Special reference to Walimada Divisional Secretariat Division, Badulla, Sri Lanka).....	15
HMS Sewwandi & SAU Niranjala	
9. Factors effecting performance of micro-enterprises: special reference to micro-entrepreneurs in Kandy district.....	17
SMI Chathurika & SAU Niranjala	

10. Factors Affecting on Sustainable Contract Farming System of Hot Pepper in Matale, Sri Lanka.....	19
JPRM Perera & HABW Hettiarachchi	
11. Nexus between service quality and customer satisfaction (with special reference to microfinance institutions in the Chilaw area).....	21
RPSN Piyasiri & HABW Hettiarachchi	
12. Study On Estate Sector Poverty-with special Reference to Ulapane Division.	23
BBDNS Karunarathna & HGKN Bandara	
13. A study on Youth Unemployment in Sri Lanka: Special Reference to Matale district.	25
EMNH Herath & HGKN Bandara	
14. Study on the Factor Affect on the Customer Satisfaction of Online Shopping under Covid-19 Pandemic with Special Reference to eBay Selling.	27
RGRMTN Rathnayaka & JMG Lalani	
15. Study on Marketing Orientation of Small and Medium Scale Industries in Galgamuwa Area, with Special Reference on Food Based Industry.	29
WMHTM Wasala & JMG Lalani	

The impact of socioeconomic and demographic factors on financial literacy of university students in Sri Lanka.

Key Message(s)

[1] This study underscores the positive impact of age and gender on financial literacy among university students. Understanding these influences can guide targeted educational efforts aimed at enhancing financial literacy among young adults.

[2] The analysis shows that Female students have the highest financial literacy level than male students among university students in Sri Lanka.

[3] The study recommended that students should be offered early financial education to develop foundational skills & introduced core financial concepts.

**WKG Wanigathunga
& SKN Gamage**

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

There were different levels of financial literacy among students globally and many researchers have pointed out that less financial literacy makes it impossible to make proper financial decisions. But students need higher financial knowledge to make proper decisions & various results have shown that financial literacy is also influenced by factors of demographic & socioeconomic status. With the low level of financial literacy, there isn't a clear settlement regarding the influence of various demographic variables connecting to financial literacy because of the different results and this is especially true for students in Sri Lanka. In this situation, limited research has been undertaken to measure financial literacy in Sri Lanka in Student populations. However, this study fills this gap. Hence, the objective of this study was to examine the socio-economic and demographic determinants of financial literacy of university students in Sri Lanka. And also identified the levels of student's financial literacy.

Materials and methods

This study used quantitative methods. The context of this study was active students in government universities of Sri Lanka. From the universities of Rajarata, Kelaniya, Sri Jayewardenepura & Sabaragamuwa.

The sample size of 200 respondents randomly. The total financial literacy was measured sum of both basic & Sophisticated literacy using 13 financial literacy questions. The Questionnaire was sent via google form to randomly selected four university students. To establish the association of each variable, this applied Binary logistic regression. The analyses were conducted using statistical software SPSS version 26.

Results

The descriptive analysis of financial literacy scores revealed that have low level of financial literacy among university students in Sri Lanka. The results represented by an average score of total literacy was 49.38%. Because of more poorly sophisticated results (Scored 43%) scored by the university students in Sri Lanka. But students' basic financial literacy was at a moderate level. Students Scored 60% on the basic literacy question.

Table 1: Results of Hypothesis

	Hypothesis	Results
H ₁	There is a positive influence of age of student on financial literacy.	Accepted
H ₂	There is a positive influence of gender of student on financial literacy.	Accepted
H ₃	There is a positive influence of student's education level on financial literacy.	Rejected
H ₄	There is a positive influence of parent's education level on financial literacy.	Rejected
H ₆	There is a positive influence of socio-economic status on financial literacy.	Rejected

According to total literacy, hypotheses were tested. Table 1 explicit that Two hypotheses are accepted except H₃, H₄, and H₅. Hence, H₁ and H₂ were statistically significant at a 0.05 significant level.

Conclusion and policy recommendation

To give the appropriate answer to the questions, the age factor was positively influenced on financial literacy. Female students are more likely to score the highest financial literacy than male students. And gender factors positively influenced financial literacy. The study findings revealed that Students of mothers who had passed (A/L) are more likely to score the highest financial literacy at the basic level. The factor of student financial socialization is the most influenced factor on financial literacy. And also, Students have low financial literacy levels. The researcher recommends that financial education efforts be designed and implemented keeping in mind the existing needs and disparities. There are clear and tireless gaps in financial literacy along with education levels, socioeconomic status, and gender lines. Therefore, programs that are specifically targeted to address these gaps are likely to be highly effective. And also recommended an extension of participatory learning in addition to an expansion of traditional activities; field trips, talking to financial professionals, youth banking programs, and simulation activities can afford important experiences to make proper financial decisions.

**The Impact of COVID-19 on Subjective Well-Being
of Tourism Employees in Sri Lanka.**

Key Message(s)

[1] The analysis revealed that the COVID-19 negatively affected to subjective well-being and social capital of tourism employees in Sri Lanka while the COVID-19 pandemic positively affected job insecurity and mental health.

[2] The study recommended that the tourism industry develop a proper crisis plan to deal with uncertain situations and introduce secondary sources of income.

**KVAV Wijayasiri &
SKN Gamage**

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

Subjective well-being can be identified as a self-reported measure and it contains life satisfaction, lack of depression, anxiety as well as positive moods and emotions. COVID-19 epidemic reported from China, in late 2019 was a deadly pandemic all over the world and it had a severe impact on socioeconomic status in the society. Because tourism is a susceptible industry, the impact of the COVID-19 outbreak on the tourism industry has also been severely affected. Because of this situation, the main problem is that those who are engaged in that industry do not have enough financials to carry out their daily activities. However, it has impacted negatively upon a range of subjective well-being of rural tourism employees. Accordingly, it has badly affected their whole life satisfaction and quality of life. When looking at prior studies, it is difficult to find a scientific and completed study on how the COVID-19 Pandemic leads to the subjective well-being of tourism employees in Sri Lanka. Accordingly, this study hopes to make this knowledge gap in socio-economic literature. However, this study hopes to investigate the subjective well-being of rural tourism employees during the COVID-19 Pandemic.

Materials and methods

The study was conducted in the Habarana tourism area from January to April 2022. A quantitative approach was used in the data collection due to the nature of the problem. The selected sample consisted of 155 direct tourism employees such as hotel employees, tour guides, and safari employees in the Habarana tourism area.

Results

According to Table 1 COVID-19 has positive effects on job insecurity and mental health while it has a negative relationship with subjective well-being and social capital. Job insecurity and mental health have a negative relationship on SWB of tourism employees.

However, SWB has a positive relationship with social capital. The indirect effect of COVID-19 impact on SWB through job insecurity, social capital, and mental health was found negative.

Table 1: Bootstrap Direct and Mediating Results

		Original Sample (β)	Standard Deviation (STDEV)	T value	P- Value	Decision
Direct Relationships						
H1	COVID-19 Impact - > SWB	-0.080	0.066	0.961	0.337	Rejected
H2a	COVID-19 Impact - > Job Insecurity	0.462	0.059	7.856	0.000	Accepted
H2b	Job Insecurity - > SWB	-0.164	0.090	1.799	0.072	Rejected
H3a	COVID-19 Impact - > Social Capital	-0.329	0.066	4.980	0.000	Accepted
H3b	Social Capital - > SWB	0.293	0.074	3.941	0.000	Accepted
H4a	COVID-19 Impact - > Mental Health	0.410	0.061	6.749	0.000	Accepted
H4b	Mental Health - > SWB	-0.223	0.79	2.756	0.000	Accepted
Specific Indirect (Mediating) Relationships						
H2c	COVID-19 Impact - > Job Insecurity - > SWB	-0.076	0.044	1.713	0.087	Rejected
H3c	COVID-19 Impact - > Social Capital - > SWB	-0.097	0.031	3.079	0.002	Accepted
H4c	COVID-19 Impact - > Mental Health - > SWB	-0.091	0.037	2.454	0.014	Accepted

Conclusion and policy recommendations

The study findings revealed that there was a negative influence of COVID-19 on the SWB of tourism workers. As well as COVID-19 impact has a significant positive influence on job insecurity and the findings confirmed the negative association between job insecurity and subjective well-being while job insecurity negatively mediates the relationship between COVID-19 impact and subjective well-being. The results indicated that COVID-19 significantly negative influence on the social capital of tourism employees and social capital and subjective well-being evaluate whether the significant positive influence on tourism workers while social capital negatively and significantly mediates the relationship between COVID-19 impact and subjective well-being. COVID-19 positively influences mental health and has a significantly negative effect between mental health and subjective well-being while with the positive relationship between COVID-19 impact and mental health mentioned above, and the negative relationship between mental health and SWB, the study illustrated that mental health negatively mediates the relationship between COVID-19 impact and subjective well-being such that the relationship is weaker. The tourism industry needs to develop a proper crisis plan to deal with uncertain situations and the tourist development authority should inform all the tourism employees in Sri Lanka on how to cope with the emergency crisis. It is also recommended for introducing secondary sources of income to the tourism workers to deal with epidemics like this and introduce easy loan schemes to rebuild their collapsed tourism-related businesses.

Faculty of Social
Sciences and
Humanities, Rajarata
University of Sri Lanka

**Impact of digital marketing on sales improvement
of small and medium scale enterprises in
Ratnapura District.**

Key Message(s)

[1] The study results revealed that there was a significant difference between the annual sales revenue of SMEs before and after the use of digital marketing methods and there was a positive impact of digital marketing on sales of SMEs.

[2] The results indicated social media marketing was the most effective digital marketing method for improving sales revenue of SMEs.

[3] The results indicated the lack of digital media literacy is the biggest challenge for digital marketing adoption.

WD Chamini

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

As a developing country, many enterprises are small and medium scales in Sri Lanka. SMEs have been identified as an important strategic sector for promoting the growth and economic development of Sri Lanka. Therefore, developing small and medium enterprises in Sri Lanka can bring huge benefits to the country and accelerate the economic growth of the country. To do so, they need to increase their sales by promoting those businesses. Different methods can be used to increase sales, but with the use of the most popular digital marketing methods available today, marketing can be done more easily with less cost. Digital marketing is widely used to promote products or services and reach consumers through digital channels. It extends beyond internet marketing, including channels that do not require the use of the internet. Digital marketing is quick and easy, and it introduces SMEs products and services to many people by engaging in marketing methods themselves. The study aims to investigate the impact of digital marketing on improving sales in small and medium-scale enterprises. It also aims to identify challenges in adoption to digital marketing and provide some policy guidelines for enhancing digital marketing among potential SMEs.

Materials and methods

The digital marketing techniques that were used to operationalize digital marketing were email marketing, mobile marketing, social media marketing, search engine optimization, pay-per-click advertisement, and online advertisements. These techniques were used to assess the extent to which digital marketing method affects SMEs' sales growth. The study conducts a descriptive cross-sectional research design by analyzing different SMEs.

The target population size consisted of 320 SMEs registered in the chamber of commerce, of which the sample size of 105 was randomly selected. Primary data was used for analysis purposes and was collected using the structured questionnaire.

Results

Table 1: Summary results of Wilcoxon sign rank test

Rank		N	Mean Rank	Sum of Ranks
Annual turnover after digital adoption - Annual turnover before digital adoption	Negative Ranks	2 ^a	57.25	114.50
	Positive Ranks	80 ^b	41.11	3288.50
	Ties	23 ^c		
	Total	105		
Test Statistics				
		Annual turnover after digital adoption - Annual turnover before digital adoption		
Z		-8.069 ^b		
Asymp. Sig. (2-tailed)		.000		

Based on the results, there is not enough statistical evidence to accept the null hypothesis ($P\text{-value} < \alpha = 0.05$) that there is no difference between annual turnover before digital adoption and annual turnover after digital adoption. Therefore, it can be concluded that the use of digital marketing methods has an impact on the sales improvement of SMEs.

Conclusion and policy recommendation

Compared with traditional marketing methods, digital marketing methods allow to market cheaply and easily. But it turned out that many small and medium scale entrepreneurs do not have a systematic knowledge of many digital marketing methods. Therefore, small and medium-scale entrepreneurs should be given systematic knowledge and training on digital marketing methods. Government agencies such as the Ministry of Industry and the chamber of commerce should take the lead in this. It should also provide the tools needed to access digital marketing methods. To this end, interest-free easy loan schemes should be provided to small and medium scale entrepreneurs or should provide digital tools under state sponsorship. Also, propose to provide an internet package at affordable prices to small and medium scale industries with government intervention as a timely action.

**Evaluation of the “Work from Home” Concept
Performance of Colombo Area Employees.**

Key Message(s)

[1] The study results evaluate the performance of the “Working from Home” (WFH) concept during COVID-19 towards the employee performance of Colombo area employees.

[2] The results indicated WFH impact and increase the employee performance.

AYE Fernando

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

The COVID-19 pandemic has affected almost every part of our lives, including the way we work. This disruption extends to traditional performance management practices, with many organizations questioning the effectiveness of mid-year reviews in 2020. The usefulness of regular performance evaluations is called into question by employee concerns about job security and the organization's changing aims in the middle of the crisis. Due to social distancing measures, work-from-home (WFH) arrangements have become increasingly popular. This has created a new working environment with special concerns for employee performance evaluation. Accordingly, the study aims to examine how factors like employee perception, domestic distractions, and psychological well-being can influence performance under WFH conditions.

Materials and methods

This study employed quantitative data to explore the impact of COVID-19 on employee performance under work-from-home (WFH) arrangements. A survey questionnaire was distributed to employees at three Colombo-based companies (Hemas, John Keels, and Hayley's) with WFH policies. The questionnaire included both open-ended and closedended questions using a 5-point Likert scale.

A purposive sampling approach was used, targeting employees whose job functions could be performed remotely. A sample size of 60 was provided by the administrative departments of the participating companies. Basic random sampling ensured all eligible employees had an equal chance of selection. SPSS 23.0 software facilitated data analysis. Quantitative data was analyzed using bivariate and multivariate techniques.

Results

Table 1: Statistics Result from Coefficient Table.

Ser	Independent Variable	β	Sig.
1.	Perception of Employee (PE)	1.952	.000
2.	Domestic Factors (DF)	1.230	.000
3.	Psychological aspects of employee (PE)		.053
4.	Personal attribute of employee (AE)		.004

The study compared employee performance under normal and WFH conditions in Colombo. Employees reported improved performance with WFH due to factors like increased flexibility and time management. This suggests a need to consider additional aspects beyond just work output when evaluating employee performance under WFH. The study explored factors affecting WFH performance. Employee perception, domestic factors, and personal attributes had the most positive influence. Psychological aspects showed a weaker positive effect. The study explored WFH factors impacting employee efficiency. Findings highlight the importance of domestic aspects, psychological well-being, and personal attributes alongside performance metrics. To improve WFH during pandemics, future research should leverage big data with a larger, more diverse sample. This could include analyzing vast datasets to understand WFH across genders, income levels, and age groups.

Conclusion and policy recommendations

This Colombo-based study explored WFH during COVID-19, finding positive impacts on employee performance due to factors like flexibility and stress reduction. Employee perceptions, domestic situations, and personal attributes significantly influenced WFH effectiveness. To optimize WFH for future crises, big data analysis with a larger, more diverse population is recommended. Additionally, automatic workload monitoring, clear milestone setting, and a robust feedback system can improve WFH performance management. These insights can guide policy decisions to enhance employee well-being and productivity in WFH arrangements.

The Impact of Human-Elephant Conflict on the Well-Being of Rural Communities in Sri Lanka.

Key Message(s)

[1] Costs of HEC to the affected communities are disastrous and direct compensation is not sufficient enough to cover the cost.

[2] it is recommended to adopt pre- and post-mechanism to prevent the HEC and address the direct and indirect costs incurred to the affected communities.

**KGSU Jayarathna &
RPIR Prasanna**

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

Sri Lanka is home to 10-20% of the Asian elephant population, the highest density in any state within this region. In 2019, Sri Lanka recorded the highest number of reported elephant deaths and the second-highest number of human deaths globally due to the human-elephant conflict (HEC). Each year, the number of crop losses, property damages, and human and elephant deaths remain significantly high, with potential underreporting suggesting even higher figures.

While the direct and indirect social and economic costs of HEC are a topical subject in the field, an in-depth estimation or investigation of the impacts of HEC on the well-being of affected communities has not been adequately addressed. This study aims to examine the social and economic costs of HEC, focusing on one of the most affected areas in Sri Lanka, Thabbbowa. The study has two specific objectives: to identify and estimate the direct and indirect cost determinants of HEC and to explore the risk mitigation strategies adopted by the affected communities.

Materials and methods

Primary data for this study was drawn from a field survey conducted among 50 households in Thabbbowa, located in the Karuwalagaswewa DS division, using a semi-structured questionnaire. Additionally, we referred to research materials available at the wildlife regional center in Karuwalagaswewa.

Results

The mean total monthly income of the rural people surveyed is Rs. 51,333.33, with a maximum of Rs. 120,000 and a minimum of Rs. 15,000 per family. The analysis revealed that the total cost of HEC in surveyed

sample is Rs. 1,369,000, with a mean value of Rs. 45,633. Compensation has been provided to families at different scales based on the nature of the damage, such as Rs. 500,000 for human death. After deducting compensation, the total cost of HEC in the sample is estimated to be Rs. 3,418,500, with a mean value of Rs. 113,950. These costs represent the real monthly expenses the villagers incur due to the human-elephant conflict.

Table 1: Direct and indirect cost of HEC – N=30

	Assets damage	Crop damage	Property damage	Direct and indirect cost
Mean	9500	26333	9800	45633
Total	285000	790000	294000	1369000

The following case illustrates the severe impact of HEC on the rural population. Linton, a resident of Karuwalagaswewa Grama Niladhari division, has three family members employed in the government sector. He also cultivates coconut, banana, and paddy. For fourteen years, wild elephants have plagued them. Nine months ago, he was attacked by a wild elephant and is now paralyzed. After being hospitalized for four months, he is unable to perform any activities alone. They now receive only half of their salary due to a bank loan. His inability to cultivate and maintain the land has left his income insufficient to support his family. His daughter, in grade 10, lacks money for private classes. With high medical expenses and his wife also battling cancer, the family is in poor financial condition and is both economically and mentally weakened.

Conclusion and policy recommendation

The study concludes that the costs of HEC to affected communities are disastrous, and direct compensation is insufficient to cover these costs. However, the indirect costs of HEC to rural communities have not been adequately acknowledged. It is recommended to adopt pre- and post-conflict mechanisms to prevent HEC and address the direct and indirect costs incurred by affected communities.

Faculty of Social
Sciences and
Humanities, Rajarata
University of Sri Lanka

**Readiness of the Traditional Industry to Face
Innovative Challenges in the Era of Globalization: A
Case Study of the Traditional Pottery Industry in
the Biyagama DS Division.**

Key Message(s)

[1] The entrepreneurs in the traditional pottery industry are enough ready to adopt innovative techniques to face competitive challenges in the market.

[2] Institutions in the align subject should take appropriate measures to address the challenges facing the industry in adopting innovative approaches in product and marketing process.

**MSD Fernando &
RPIR Prasanna**

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

The pottery industry, with its long history, was once an integral part of the ancient villagers' way of life, but its current state is very unsatisfactory. Despite considerable social discourse on the development of local industries in Sri Lanka, the pottery industry remains stagnant and dilapidated. The government has recently taken steps to revive the pottery industry by establishing a separate ministry with state sponsorship, but the industry continues to decline due to various substitutes circulating in the market and a lack of a strong market presence. It is evident that the industry needs an innovative approach in its production and marketing processes. This study aims to examine the challenges faced by traditional potters in adopting innovative practices within the Sri Lankan context.

Materials and methods

The study adopted a qualitative, case study-based methodology to analyze the research problem. Primary data were collected through in-depth interviews conducted with 30 families engaged in the pottery industry in the Biyagama DS Division. Participants for the in-depth interviews were selected using a purposive sampling technique.

Secondary data were obtained from reports by the State Ministry of Gold, Brass, Clay, Furniture, and Rural Industrial Promotion, as well as relevant journal articles and literary sources. The collected data were analyzed using descriptive and thematic interpretive analytical techniques.

Results

The analysis revealed that most entrepreneurs in pottery

industry produce a diverse range of pottery, indicating the product diversification nature of the industry, and mainly focus on seasonal demand patterns. The study highlighted the innovative approaches adopted or intended to be adopted in the traditional pottery industry. Most entrepreneurs have embraced marketing innovation more than production and process innovation.

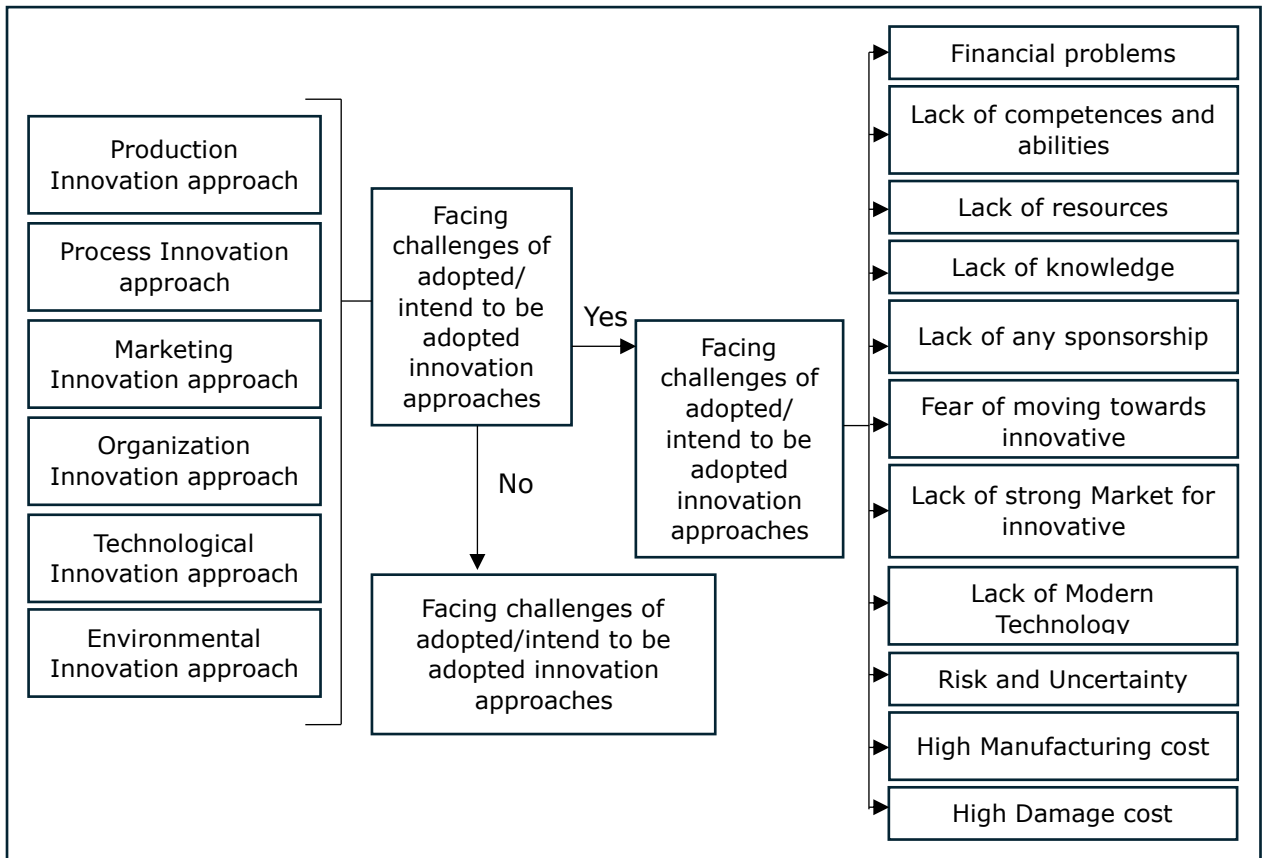


Figure 1: Challenges in adopting innovative approaches by the entrepreneurs

Conclusion and policy recommendation

The study identified six innovative approaches that potters have adopted or intend to adopt and outlined the challenges entrepreneurs face in implementing these innovations to address competitive market challenges. It can be concluded that entrepreneurs in the traditional pottery industry are poised to innovate and transform their industry to meet competitive challenges. However, measures should be taken by related institutions to address the challenges entrepreneurs face in adopting these innovative approaches.

Assessing the Impact of Human-Elephant Conflict on the Well-Being of Rural Communities in Sri Lanka: A Qualitative Exploratory Study.

Key Message(s)

[1] HEC has created multiple issues and damages to affected rural households in the area.

[2] Households with injuries and deaths due to HEC are severely struggling to continue their economic activities.

[3] Effective mechanism to address the post impacts of HEC is needed to protect the welfare level of affected households.

TMAP Thennakoon & RPIR Prasanna

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

Human-Elephant Conflict (HEC) is defined as any interaction between humans and elephants that results in negative effects on human social, economic, or cultural life, elephant conservation, or the environment. HEC can significantly impact human well-being, affecting physical health, psychological health, and opportunity costs (personal security, and freedom of choice and action) (Reid et al. 2005). In areas with intense HEC, people may face movement restrictions, such as avoiding farmland for fear of encountering elephants or being forced to relocate due to severe conflict. Recently, HEC in Sri Lanka has been on the rise, leading to disastrous direct and indirect impacts. This study explored the impact of HEC on the well-being of farm households in the Galgamuwa DS division. The study had three specific objectives: (1) identify the profile of HEC-affected communities in the study area, (2) derive the social, economic, cultural, and psychological thematic areas of HEC impacts in the study area, and (3) explore the impact of HEC on the economic, social, cultural, and psychological well-being of the affected communities.

Materials and methods

Primary data were collected from 15 HEC-affected families selected using a purposive sampling technique. In-depth interviews were conducted using a well-developed and pre-tested interview guide. All interviews were recorded and transcribed.

Additionally, secondary data were retrieved from relevant research journals, books, papers, project reports, and the annual elephant and human death reports from the Galgamuwa wildlife office. The study applied a thematic interpretive analytical technique.

Results

The results revealed extensive crop damage due to HEC in the area, with twenty-four acres of cultivation destroyed. As a result, farmers were unable to receive the expected income from farming. These farmers are resource-poor, and the study revealed that they have been unable to repay loans taken for farming and consumption activities. Additionally, the study found adverse effects of HEC on children's education. The survey area reported a large number of casualties and three human deaths due to HEC. In-depth interviews revealed the collapse of households' economic activities following injuries and deaths. For instance, after the death of her husband, one respondent (C1) had to shoulder the burden of supporting her family alone. She had to find hired work to rebuild her family's economy and to earn money for her children's education. Respondents C4 and C8 reported that their household heads were dead, resulting in a significant economic burden during the post-attack period.

Although some compensation has been paid for crop damage to paddy cultivation, no compensation has been provided for other supplementary crops. Compensation of only Rs. 25,000 per acre has been paid for paddy damage, which is insufficient as farmers spend three to four times that amount on these crops.

Table 1: Details of property damage

Case	Types of damaged property			
	Houses		Fences	Water installation
	Full	Half		
2		✓	✓	
3				✓
5				✓
7	✓			
8			✓	
11				✓
13			✓	
14			✓	

Conclusion and policy recommendation

The study concludes that HEC in the rural agricultural area of the Galgamuwa DS division has significantly damaged crops, affecting the main income source of these families. Reported deaths and injuries due to HEC have multiple effects on household well-being, with the psychological impact being particularly severe. One determinant of poverty in these households is the ongoing HEC in the area. The authorities' poor attention to addressing the issue and providing adequate compensation is also noted. Therefore, it is highly recommended to take effective measures to address HEC in the area and improve existing mechanisms to manage the post-impact problems of HEC.

Factors influencing internet banking adaptation in Sri Lanka (Special reference to Walimada Divisional Secretariat Division, Badulla, Sri Lanka).

Key Message(s)

[1] Perceived usefulness and perceived ease of use significantly influence internet banking adaption

[2] It is recommended to increase educational workshops and seminars to educate customers, provide bank staff training to communicate the advantages of internet banking effectively, and regularly monitor customer feedback.

**HMS Sewwandi &
SAU Niranjala**

Department of
Economics, Rajarata
University of Sri Lanka

Introduction

Internet banking occurs when customers use the internet to access their bank accounts to carry out banking transactions (Sathye, 1999). Internet banking supplies facilities such as checking accounts balance, quick transfer funds, and use of credit cards for transactions, ATM facilities, electronic bill payments, direct deposits, debit card purchases, and payment transactions. In recent years, the adoption of internet banking is considered an innovative method in the financial sector due to its massive advantages. Even though these internet banking services benefit both banks and customers, still many customers are reluctant to use these services (Chaouali et al., 2016; Tarhini et al., 2016). Several prior studies have investigated differential factors that affect consumers' adoption of online banking. Sri Lanka also has transferred from conventional banking activities to a web-based online system with technological improvement. Leading banks in Sri Lanka promoted internet banking, but the adoption rate was relatively low, suggesting that the service is mostly unaware and underused among Sri Lankan customers despite its availability. It was also found that less than 1% of bank customers generally use online banking, mobile banking, telephone banking, and internet payment gateway (Suraweera et al., 2011). Therefore, understanding the factors which influence the adoption of internet banking has become a critical research field in Sri Lanka.

Materials and methods

Technology Acceptance Model (TAM) was used to analyze customer acceptance of internet banking by many researchers, and it was found that TAM is an appropriate model for explaining acceptance in the context of internet banking (Suh & Han, 2002).

Basically, TAM (Davis, 1989) has been one of the most influential models of technology acceptance, with two primary factors influencing an individual's intention to use new technology: perceived ease of use and perceived usefulness. The target population for the study is internet banking customers in the Wellimada DS Division, Badulla. The online questionnaire method is used because the internet is the most suitable medium through which to reach the desired sample of internet users hence the findings can only apply to internet users rather than the general population (Tan & Teo, 2000). From the 175 personalized emails sent 140 responses were collected, and the sample size was 140. Gathered data were analyzed using multiple regression analysis.

Results

Table 1: Regression of Multiple Regression

Variables	β	Std Error	t	Sig.
Constant	0.642	0.399	1.611	0.109
Perceived usefulness	-0.050	0.164	-0.309	0.758
Perceived ease of use	0.505	0.157	3.219	0.002
Security and privacy	0.211	0.127	1.662	0.099
Convenience	0.205	0.176	1.163	0.247
Adjusted $R^2 = 0.355$		F- statistics (Sig) = 20.150 (0.0000)		

Multiple regression analysis, a statistical technique, aims to test the relationship between independent variables (perceived usefulness, perceived ease of use, security and privacy, convenience) and the adoption of internet banking, a dependent variable. The regression results in Table 1 present an Adjusted R2 value is 0.355, meaning that independent factors explained 36.0% of the variation of the dependent variable adaptation of internet banking. Analysis of ANOVA variance showed that $F = 20.150$ and statistically significant (Sig. = 0.000), proving the regression model is consistent with the data and variables in the analysis model. Further, it is revealed that perceived ease of use and security have significant positive impacts on the adoption of internet banking while perceived usefulness and convenience are not significant.

Conclusion and policy recommendation

This study set out to examine the effect of original factors of the TAM model, including perceived usefulness and perceived ease of use, and other extended factors namely security and convenience on the adoption to use online banking services. With 140 valid questionnaires, the data is processed through multiple regression. The results of this research show that both perceived usefulness and perceived ease of use have a positive impact on the adoption of online banking services. Multiple regression analyses also revealed that security and convenience are not impacted by the adoption of internet banking.

**Factors effecting performance of micro-enterprises:
special reference to micro-entrepreneurs in Kandy
district.**

Key Message(s)

[1] Location, access to finance and gender have a significant impact on the performance of microenterprises.

[2] These results encourage policymakers to formulate specific programs based on increasing financial literacy and allocation of space for micro-entrepreneurs.

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Introduction

Micro-business development is seen as one instrument in addressing unemployment, poverty problems, and economic development in developing countries. Recent empirical studies show that MSEs contribute to over 60% of GDP and over 70% of total employment in low-income countries (Abdissa & Fitwi, 2016). Various studies have investigated the factors affecting the performance of Micro Small and Medium Enterprises (Aminul Islam et al., 2011; Essel et al., 2019; Sitharam & Hoque, 2016). But performance measurement for micro-enterprises is still not established, so it is required the identification of the factors that affect the improvement of micro-enterprises.

Materials and methods

The study selected the Gangawatakorale and Pathahewahata divisional secretariat divisions in the district as the study area. The study's data were drawn by interviewing 100 micro-entrepreneurs via random sampling method, using a structured questionnaire. A Binary Logistic model was used to determine the factors influencing the performance of micro-enterprises.

$$L_i = \ln\left(\frac{P_i}{1 - P_i}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7$$

Where, $\frac{P_i}{1 + P_i}$ is the odd ratio of the business performance of micro-enterprises.

X_1 is gender, X_2 is business experience, X_3 is education level, X_4 is age, X_5 is location, X_6 is market access, X_7 is government support and u_i is the error term.

Results

Table 1: Binary logistic analysis results

Variables	B	S.E.	Wald	Sig.	Odd ratio
Gender	-1.509	.762	3.926	.048	.221
Experience	.757	.630	1.443	.230	2.132
Education level	.652	.627	1.080	.299	1.919
Age	.703	.686	1.052	.305	2.021
Location	2.035	.709	8.233	.004	7.649
Market access	2.152	.773	7.756	.005	8.600
Government support	-1.157	.742	2.428	.119	.315
Constant	-2.903	.859	11.417	.001	.055

As depicted in table 1, market accessibility, location, and gender significantly impact business performance. But, the education level, age and business experience, and government support do not statistically impact the performance of micro-enterprises. Location was found positively and significantly influence the probability of micro-enterprise performance at a 1% significance level. The odd ratio for the variable location for performance is 7.65 which indicates that keeping the influence of other factors constant, the probability of micro-enterprises performance closer to the town is 7.65 times higher than those micro-enterprises far away from the town. Further, it was found that market access has a positive and significant influence on micro-enterprise performance at less than a 1% significance level. The odds ratio of access to finance for microenterprise performance is 8.6 which indicates that holding other factors constant, the probability of performance of a microenterprise that had access to finance is 8.6 times higher than those that have no access to finance. Moreover, the gender of entrepreneurs negatively and significantly affects the performance of micro-enterprises at less than a 5% significance level. The odds ratio for gender is 0.221, which indicates that keeping other factors constant male owned microenterprises decrease the probability of micro-enterprise performance by 0.2%.

Conclusion and policy recommendation

The results showed that financial accessibility, business location, and gender significantly impact business performance. In contrast, education level, age and business experience, and government support do not impact micro-entrepreneurs' performance. This study revealed that the gender of the entrepreneur has a significant impact on the performance of microenterprises. Micro-entrepreneurs face the challenge of access to finance. It needs support to solve the financial difficulties. Further government should provide programs related to financial literacy for micro-entrepreneurs. Further, it is essential to allocate suitable working places to businesses due to establishing businesses far away from the town areas.

**Factors Affecting on Sustainable Contract Farming
System of Hot Pepper in Matale, Sri Lanka.**

Key Message(s)

[1] None of the demographic factors have a significant impact on the farmers' preference to engage in the contract farming system of hot pepper.

[2] Current cultivating land area and production factors are influencing farmers' preference to engage in contract farming system of hot pepper.

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Introduction

The hot pepper originated in the Amazon Basin and its inhabitants. It is a member of the solanaceae family, genus Capsicum, and species Capsicum Chinese. The crop is in high demand and has a low price in both the global and local markets due to its distinct fruity aroma and intense spiciness. Because it is a tropical country, Sri Lanka also has a better climate for cultivating this. Despite being a highly profitable crop with high demand, exceptional qualities, and economic profitability, it is not widely grown in Sri Lanka. Furthermore, in order to ensure a long-term supply of hot pepper in the Matale district, it is necessary to identify 13 primary motivations. This study examines factors affecting on sustainable contract farming system of hot pepper in Matale, Sri Lanka.

Materials and methods

To achieve the study's objectives, relevant data were collected using both primary and secondary sources. Farmers were interviewed using a pre-tested questionnaire to gather primary data. Non-parametric analyses were used for data analysis.

Results

All the demographic factors of the study show a higher significant value than 0.05. It means the factors of age, Gender, Time expends on farming, Experience on field, educational level, Income, aren't affecting the decision of moving to Hot pepper cultivation on a contract basis.

According to the Wilcoxon sign rank test, all other factors of Supply basic inputs, Introduction of appropriate technology, and Implement crop insurance. When purchasing, take quality standards into account.

Table1: Factors affecting on sustainable contract farming system of hot pepper

Factor	Coefficient	P value	Decision
Land availability	0.772	0.546	Not Significant
Cultivated land area	2.737	0.048	Significant
Cost of Production	2.039	0.007	Significant
Transportation Cost	0.929	0.562	Not Significant
Hired labour	1.294	0.208	Not Significant
Family Labour	0.058	0.811	Not Significant
Method of Cultivation	2.316	0.081	Not Significant

Following the Cultivation practices that the company introduced, creating a working group, Crop characteristics (amount of harvest, frequency of harvesting) and Company legislations (only harvest can be sold to the relevant company) were found to be less than 0.05 significant. Farmers take these factors into account when switching from current cultivation to Hot Pepper cultivation. Access to credit (the ability to use the contract as collateral for access credit) is not a factor that farmers consider when switching to Hot Pepper cultivation because it has a significant level greater than 0.05. Farmers' previous experience with contract farming is not significant, according to the Wilcoxon sign rank test. As a result, it is a determining factor in shifting from current cultivation to Hot Pepper cultivation.

Conclusion and policy recommendation

According to the study, using the centralized model as the contract model is preferable because most farmers prefer to work without intermediaries. Furthermore, management and income specification as a contract formula is appropriate because farmers believe they will be unable to sell the harvest to the company because they do not follow the agronomy practices recommended by the company. Furthermore, farmers prefer simple agreements as contract formats, believing that trust between two parties is more valuable than a formal agreement. Furthermore, short-term contract duration is appropriate because most farmers would like to try out this new crop for a short period of time and then decide whether they should do it for a long time or not. Furthermore, many of them preferred fixed prices as pricing arrangements because they preferred a stable market to a fluctuating profit throughout the year. In addition, for the contract farming system in Matale district, an upfront cash payment method is suggested. To some extent, this study fills a literature gap because there is a scarcity of research on the topic of factors influencing contract farming, particularly in the Matale District. The suggestions and observations found in this study can be used at the management level to plan a highly efficient, effective, and dependable contract farming plan in Matale district for Hot Pepper cultivation in order to entice farmers to participate.

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Nexus between service quality and customer satisfaction (with special reference to microfinance institutions in the Chilaw area).

Key Message(s)

[1] There is a strong positive relationship between service quality and customer satisfaction of customers in microfinance institutions

[2] The findings of this study indicate that the establishment of higher levels of service quality will lead customer to have a high level of satisfaction

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Introduction

Service quality and customer satisfaction, two pivotal concepts in the service industry, have garnered significant scholarly attention over the years (Khalid, Mahmood, Abbas, & Hussain, 2011). The quality-of-service delivery is a crucial success factor for any organization striving to maintain a competitive edge in the dynamic marketplace. This quality is a key influencer of customer satisfaction, particularly in organizations that prioritize customer-oriented service to attract and retain profitable customers (Kotler & Armstrong, 2010). Microfinance is a service industry, according to Eddy (2013).

Researchers have underscored the importance of customer satisfaction in financial enterprises, highlighting the need for these organizations to understand and cater to the market's needs, attitudes, and behavioural patterns to thrive in today's competitive marketplace. Researching the relationship between microfinance service quality and customer satisfaction is crucial. Therefore, the researcher has identified that there is a problem (gap) between service quality and customer satisfaction in MFIs in Sri Lanka and conducted this study to determine the service quality and satisfaction of MF customers in the Chilaw area.

Materials and methods

The researcher used random sampling technique to select the sample from the population. The researcher has selected 100 customers from 13 microfinance institutions as the sample from the population according to the customer base. Primary data was collected through a questionnaire distributing to the selected customers in the MFIs in Chilaw area.

Based on the SERVQUAL model, OLS regression model has been used to check the factors for customer satisfaction in the microfinance in Chilaw area.

Results

According to table 1 the impact of service quality dimensions on customer satisfaction in the microfinance sector. To estimate the model, the relationships among key variables were investigated, and a regression analysis was carried out.

Table 1: Regression results

	Variables	Model – 1	Model - 2	Decision
	Constant	0.048 (0.101)	0.570 (0.960)	
H ₁	Tangibility	0.203 (0.032)	0.211 (0.360)	Accepted
H ₂	Reliability	0.445 (0.030)	0.458 (0.026)	Accepted
H ₃	Responsiveness	0.309 (0.027)	0.318 (0.024)	Accepted
H ₄	Assurance	0.028 (0.032)		Accepted
H ₅	Empathy	0.000 (0.019)		Accepted
	R-squared	0.955	0.977	
	No of Observations	100	100	

All six hypotheses checked the influence from independent variables to dependent variables. Therefore, results of the correlation analysis and the regression analysis were considered.

Conclusion and policy recommendation

The findings of this study suggest that enhancing service quality levels can significantly boost customer satisfaction. The study's investigation into the quality of service in the banking sector reveals that in the domestic banking industry, the service quality dimensions (tangibility, reliability, and empathy) have a substantial positive impact on customer satisfaction, with implications for the entire industry. The findings of this study are consistent with previous studies by Othman and Owen (2001), who stated that there was a strong link between service quality and customer satisfaction in Islamic banking.

Key Message(s)

[1] Education level, Health condition (having Chronic diseases) and Alcoholism significant factors affecting estate sector poverty.

[2] A large percentage of plantation workers are dissatisfied with welfare facilities provided by the government. The estate sector lagged behind other regions of the country on various means — socio-economic inequity, disparity in service provisions, poor infrastructure etc., which badly affect the health and economy of estate sector people.

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Introduction

Around the world more than 780 million people are living in extreme poverty on less than 1.90 dollar per person per day, an amount which is impossible to support a healthy livelihood in any part of the world. There are three sectors in Sri Lanka such as urban, rural and estate. All areas administered by Municipal and Urban councils constitute the urban sector. The estate sector consists of all plantations which are 20 acres or more in extent and ten or more resident labors. According to Statistical Data of Estate sector contribute to 9.8 percent of total poverty. The depth and severity of poverty are also the highest among estate sector in Sri Lanka. Individuals living in estate and rural communities experience a variety of economic and social constraints, including short falls in access to productive assets like land and water, gap in physical infrastructures like power, transport and communications, imperfectly functioning product and input markets, inadequate technology and weak institutional arrangements. Therefore, an important quest in this study is to identify multiple deprivations at the household and individual level in health, education, income level and alcoholism among the estate people of Ulapane AG Division in Kandy district.

Materials and methods

Primary data were collected using structured questionnaire from workers of Estates in Ulapane area. 100 families used as a sample and used convenience sampling method. Collected data were analysed using descriptive analysis, regression analysis and inferential statistical methods such as percentages, tables and graphs. Logistic Regression Analysis was used to assess and identify the influence of variables on Estate Sector poverty.

Logistic regression model specified as follows:

$$\text{Logit}(P) = \ln \left[\frac{P}{1 - P} \right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + U_i$$

Where $X_1 \dots X_3$ were the predictor variables education level of respondent, Health condition of respondent and alcoholism usage of respondent respectively and p denoted the probability that the household was poor, was used. The forward selection, backward elimination and stepwise (logistic) regression methods were determining automatically which variables to add or drop from the model. The conditional options use a computationally faster version of the likelihood ratio test.

Results

According to the study, good education will enhance the ability of poor people to earn money and to plan their expenditure and to save the money for future needs. Thus, the study emphasizes the fact that government should concentrate on the development of infrastructural facilities as well as education in estate level which will positively impact to reduce the poverty. The chronic pain associated with diagnosed patients may include heavy medical expenditure along with the physical and mental suffering they undergo. Usually, unbearable amounts of medical expenses are incurred to improve or sustain the health condition of the patient. Consequently, the heavy financial burden tends to push households from a comfortable or secure life or even from bad to worse, towards the probability of becoming poor.

Conclusion and policy recommendation

According to results of this study, 91% of respondent spend a share of their income for Alcoholism. Household head below the poverty line spend more money to alcohol then they haven't enough money to spend on household basic needs Undoubtedly, the above findings may be useful in the formulation of policies and implementation of strategies to reduce poverty in the Estate sector in Sri Lanka. The improvement of infrastructure, Health sector, Education sector, sanitation, water, nutrition, housing conditions and Alcohol policies should be targeted to reduce poverty for which a national policy to be adopted by the national Government.

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**A study on Youth Unemployment in Sri Lanka:
Special Reference to Matale district.**

Key Message(s)

[1] The two factors that affect unemployment are labour demand and supply.

[2] In Sri Lanka, there is a considerable demand for youth labour, but the supply is poor quality and quantity.

[3] A mechanism that integrates the public, business, and foreign sectors can enhance the quality and quantity of the skills required for young people to reduce the youth unemployment

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Introduction

Young people are the most precious national asset, and if they are utilized properly, they may have a substantial influence on socio - economic development. Unemployment is a concept that can have a huge negative impact on a country that is often talked about. Youth unemployment is not described as a separate entity from overall unemployment, those who represent the workforce of this age group but do not have a job and are seeking one can be defined as youth unemployed. This is a big issue in almost every developed and developing country, and it is as high as 26.5 % in Sri Lanka (2020). For a variety of causes, youth unemployment has been very high in Sri Lanka over the last few decades. When it comes to the job markets and the youth workforce in Sri Lanka, it appears that there is a disconnect between the two sides; labour demand and labour supply, according to the Labour Force Survey annual report 2020, the total number of jobs in Sri Lanka is 8 512 834 and the workforce of the country is only 7 999 093. That is, there is a difference of 513 741 between the two. Further, there are more jobs in the country than the total employed population. According to the survey, 513 741 people who do the main job also have a secondary job. Although there is a high demand for labour in Sri Lanka, especially youth, a large number of young people in the country have been experiencing unemployed situation for decades, despite the fact that youth have access to various opportunities for education and skill development through free education. Therefore, the study aims to identify the gap between labour demand and labour supply of the youths, evaluate the measures taken by the government of Sri Lanka to address this gap and attitudes of the youths towards it and restructuring those measures & establish new measures/policies.

Materials and methods

The study was performed in the Matale district in Central province which has the highest youth unemployment. The data were collected using a structured questionnaire and used convenience sampling method. The sample of the study was 200 youth from 5 divisional Secretariats. A binary Logistic model was used to determine the factors influencing youth unemployment in Sri Lanka.

Results

According to the final results, all the factors; educational qualifications, professional qualifications, training & experiences, English proficiency and basic IT skills are significant at 5% levels and negatively correlated with youth unemployment in Sri Lanka. Further, the youths who have those skills (five X variables) had a less likelihood of being unemployed. The logistic regression model was statistically significant, Chi-square = 99.998, $p < .005$. The Pseudo R² value was 52.5% and correctly classified 78.0% of cases.

Table 1: Results of logistic regression

Variables	B	S.E.	Wald	df	Sig.	Odd ratio
Education Qualification (1)	-2.000	.392	25.979	1	.000	.135
Professional (1)	-1.915	.708	7.314	1	.007	.147
Training experience (1)	-2.089	.506	17.073	1	.000	.127
English (1)	-1.141	.406	7.919	1	.005	.319
Basic IT (1)	-1.020	.385	7.020	1	.008	.361
Constant	5.351	.916	34.129	1	.000	210.766

Conclusion and policy recommendation

The Investigation outlines a number of suggestions that highlight the government's and businesses' shared responsibilities in combating youth unemployment. The government should collaborate with SMEs to provide internship and training programs to youths while assuring SMEs that their risks are minimized and to ensure a positive operational environment for the job, effective collaborations amongst all stakeholders should be developed; A strong effort is needed to raise awareness of the private and public sector resources that will help youth become more employable or become entrepreneurs. The government should introduce tiny tax advantages for businesses that offer internships and create jobs for the country's youth; and finally, rather than instructing students how to find jobs, they should be taught how to create jobs.

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**Study on the Factor Affect on the Customer
Satisfaction of Online Shopping under Covid-19
Pandemic with Special Reference to eBay Selling.**

Key Message(s)

[1] Online marketing organizations might think about the website quality, information quality, service quality, delivery service and product quality to enhance customer satisfaction in future.

[2] Online marketing organizations can apply a high-quality management scheme for each product. Similarly, web site quality and service quality also can create more influence on customer satisfaction.

[3] Higher level administration authorities should pay their attention in the direction of quality parameters and delivery service linked to their products promotion.

**RGRMTN Rathnayaka
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Introduction

Online shopping is the process of buying and selling goods and services online. It includes transferring of funds online, supply chain management, marketing over internet. It is the use of technology for better marketing performance. Through online shopping different types of business and organization have gained a tremendous opportunity to increase their sales and to maintain a direct relationship with customers. With modern technology and highly increasing popularity, people always try to find out the easiest way for their day-to-day working processes. Through the virtual environment of businesses, almost every industry is trying to reach their competitive advantage. With the assistance of technology, e-commerce acquires a main role of people's lifestyle. Therefore, People try to purchase online instead of physical movements to shops. This effort has been enhanced among Sri Lankan people rather than past years with the COVID 19 pandemic situation to buy their daily essentials. Customer satisfaction measured by how a product or service supplied by a company meet surpasses a customer's expectation lot of organization has different kind of objectives. All the business companies should try to increase customer satisfaction. The objective of this study is to identify the factors affecting customer satisfaction with online shopping during the COVID-19 pandemic, with special reference to eBay sellers.

Materials and methods

This research followed a deductive approach. The researcher gathered relevant data from individuals studying at E Club Higher Educational Institute. A convenient sampling method was used for sampling. A sample of 100 students was selected.

Results

Based on the correlation analysis, website quality, information quality, product quality, delivery service and service quality had significant positive relationship between customer satisfaction. Regression analysis, product quality, delivery quality and information quality had significant moderate impact on purchase intention.

Table 1: Coefficient table

Factor	Coefficient	Beta	t value	Sig. value
Constant	.453		1.956	.053
Website quality	.035	-.032	-.458	.648
Product quality	.190	.201	3.257	.002
Delivery quality	.603	.669	8.509	.000
Information quality	.145	.151	2.136	.035
Service quality	.010	.011	.131	.896
Dependent variable: Customer Satisfaction				

Conclusion and policy recommendation

This research exclusively identified the most significantly influenced factors on customer satisfaction of online marketing and specified the characteristics to improve the repeat purchase behaviour of online marketing. Online market companies should consider the following thing to improve the customer satisfaction in future. Online marketing companies can improve their product quality further by implementing good quality management system for every product, perform product quality test before market the product and always do the best for quality improvement. Those companies can improve the delivery guarantee by reducing the delivery charges and timely delivering the product without any damage to the product. Online marketing companies should maintain lower or cheaper prices than traditional shops because that may lead to increase their sales percentage as well as customer satisfaction. Online marketing saves the time of the shopper but most of the people do not think about that therefore the marketing companies should create awareness among peoples about time saving. Online marketing companies need to develop the habit of asking for feedback. While it might not always be positive, it is always helpful. Online marketing companies truly want to offer the best customer service, knowing what customers think about company brand, business, products and service is of the utmost importance. Online marketing companies can offer free shipping. It might be cost for the company, but it goes a long way in impressing customers and persuading them to make that first purchase. Researcher concluded that the selected factors (website quality, information quality, product quality, delivery service and service quality) created significant impact on online customer satisfaction. Therefore, high level management authorities must pay attention toward those characteristics related to their products. That may be very useful to correct drawbacks of commodities as well as can improve repeat purchase behaviour.

Study on Marketing Orientation of Small and Medium Scale Industries in Galgamuwa Area, with Special Reference on Food Based Industry.

Key Message(s)

[1] Market Orientation is a common idea marketers use to gauge the extent to which an organization implements the marketing concept.

[2] The customer needs and behaviour positively affect the marketing orientation of food-based industry in Galgamuwa area.

[3] The study recommended business owners prioritize customer needs in marketing so they can increase their revenue.

**WMHTM Wasala &
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Introduction

The concept of marketing is to achieve customer satisfaction relative to other competitors who depend on the market needs and wants aimed at achieving the organization's goal. The most important factor here is to understand the customer's needs and behaviour of the customers. Small and Medium Enterprises (SMEs) play vital role in many countries including Sri Lanka, because of its role for the country's economic growth. The SME sector has been identified as a significant strategic sector in the overall policy objectives of the Government of Sri Lanka. Small and medium scale industries have been recognized as one of the most effective economic benefits for the people of developing nations including Sri Lanka, for the rural population in particular. Thus, greater emphasis should be placed on the upliftment of this sector. Unfortunately, there are many barriers impeding the growth of small and medium scale industry, especially food-based industry. The main objective of this study is to study the marketing orientation of small and medium scale industries in Galgamuwa area with special reference to food based.

Materials and methods

The study used a questionnaire survey of business owners from food-based industries in Galgamuwa area. A total of 63 questionnaires were received from business owners. Interviews were conducted by administering a semi-structured questionnaire.

Results

The study applied correlation analysis to identify the impact of independent variables (acceptance of product modification, how fix the price, development of market-oriented strategy and inclination to learn customer needs

and wants) on the dependent variable (marketing orientation of food-based industry). Based on the scale and the descriptive statistics, independent variable "Inclination to learn customer needs and behaviour" shows the highest mean of 2.43. Further, this has the highest Standard Deviation (0.928) among other independent variables. A higher standard deviation means that the data will be spread much more from the mean value. This implies that most of the responses are within 2.43 ± 0.928 .

Table 1: Coefficients table

Factor	Coefficient	Beta	t value	Sig. value
Constant	1.995		1.436	.156
Acceptance of product modification	.028	.017	.134	.894
Fix the price	-.165	-.097	-.759	.451
Development of market-oriented strategy	.081	.105	.827	.412
Inclination to learn customer needs and behavior	.484	.268	2.104	.040
Dependent Variable: Marketing orientation of food-based industry				

The table shows the regression coefficients with their significance in the model. It shows that there was one independent variable namely, Inclination to learn customer needs and behaviour that has 'P' significance value below 0.05, (at Confidence level) whilst the regression coefficients of Product modification, Fix the price and Development of market-oriented strategy have 'P' values above 0.05. This one variable of Inclination to customer 34 | Page needs and wants which is significant shows positive β (beta) values towards the dependent variable – Marketing Orientation food-based industry.

Conclusion and policy recommendation

The study results confirmed the positive impact of customer needs and behaviour on marketing orientation of food-based industry. The study recommended business owners prioritize customer needs in marketing so they can increase their revenue.



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