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Global Employment and Social Trends in an Era of Uncertainty: A Content Analysis with Implications for Sri Lanka

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Abstract: This study examines global employment and social trends through a qualitative content analysis of the *Employment and Social Trends 2026 Report*, with a specific focus on their implications for Sri Lanka. A systematic document selection procedure based on predefined inclusion and exclusion criteria was adopted, supported by PRISMA-guided article screening. The analysis integrated evidence from peer-reviewed literature, international reports, and secondary databases using thematic coding and interpretive synthesis. The findings reveal a critical paradox in the global labour market. While unemployment rates remain relatively stable, significant structural challenges persist, including widespread informality, working poverty, and labour market inequalities. The analysis identifies four key dimensions shaping contemporary labour markets: employment access, employment quality, structural transformation, and the future of work. Emerging trends such as artificial intelligence, demographic shifts, and trade uncertainty are found to be reshaping employment patterns and creating new risks and opportunities. In the Sri Lankan context, these global dynamics manifest through persistent youth unemployment, low female labour force participation, and a high prevalence of informal employment. The study highlights that economic growth alone is insufficient to ensure decent work outcomes, emphasizing the need for integrated policy interventions. Key recommendations include promoting employment quality, aligning skills development with technological change, accelerating structural transformation, and strengthening integration into global value chains. By bridging global labour market trends with national-level analysis, this study contributes to the literature on employment and development, offering policy-relevant insights for addressing labour market challenges in similar developing economies.

Keywords: *Artificial Intelligence; Decent Work; Employment Trends; Informality; Structural Transformation, Sri Lanka*

Introduction

The global labor market is currently undergoing profound structural transformations shaped by economic uncertainty, technological disruption, demographic shifts, and evolving patterns of globalization. Recent evidence from the *Employment and Social Trends 2026 Report* highlights that, despite notable resilience in global labor markets, significant deficits in employment quality persist, mainly in low-income countries and middle-income countries.

While the global unemployment rate is projected to remain relatively stable at around 4.9 per cent, this stability masks deeper structural challenges, including widespread informality, working poverty, and unequal access to decent work opportunities (International Labour Organization – ILO, 2026).

A critical concern emerging from contemporary labor market analyses is the stagnation in employment quality improvements. Globally, approximately 284 million workers continue to live in extreme poverty, and over 2 billion workers remain engaged in informal employment, often characterized by low wages, job insecurity, and limited social protection (ILO, 2026). This phenomenon reflects a broader slowdown in structural economic transformation, mainly the shift towards higher-productivity sectors, which has historically been a key driver of improved labor market outcomes. The persistence of such decent work deficits underscores the limitations of relying solely on economic growth as a mechanism for inclusive labor market development (Autor, 2015).

At the same time, emerging megatrends, mainly technological advancements such as Artificial Intelligence (AI), demographic transitions, and trade reconfigurations are reshaping the nature of work. Although AI has not yet produced aggregate productivity gains, it introduces significant uncertainty regarding job displacement and skills requirements, especially among youth and high-skilled workers. Similarly, demographic imbalances characterized by ageing populations in high-income countries and youth bulges in low-income economies are generating divergent labor market pressures (ILO, 2026). These trends complicate policy responses, as countries must simultaneously address labor shortages, youth unemployment, and skills mismatches (Fields, 2011).

Furthermore, global trade dynamics are undergoing substantial changes, with declining growth in trade and Foreign Direct Investment (FDI) constraining employment generation in export-oriented sectors. While trade-linked employment has historically contributed to better job quality and higher wages, recent disruptions and rising trade policy uncertainty threaten these gains. The expansion of digitally delivered services offers new opportunities; however, the uneven distribution of these benefits risks exacerbating existing inequalities between and within countries (Acemoglu & Restrepo, 2020).

Within this global context, developing economies such as Sri Lanka face a unique set of challenges and opportunities. As a lower-middle-income country with a high dependence on labor-intensive sectors, foreign employment, and remittances, Sri Lanka is particularly vulnerable to shifts in global labour demand, technological change, and trade patterns. The prevalence of informal employment, youth unemployment, and skills mismatches in Sri Lanka mirrors broader global trends but is further compounded by macroeconomic instability and fiscal constraints. Consequently, understanding global employment and social trends through a systematic content analysis provides a critical foundation for identifying context-specific policy interventions for Sri Lanka.

Extant literature emphasizes that effective labor market strategies must integrate structural transformation, human capital development, and institutional strengthening to promote inclusive and sustainable employment outcomes (Autor, 2015; Acemoglu & Restrepo, 2020; ILO, 2026). For Sri Lanka, this necessitates a coordinated policy approach that addresses informality, enhances workforce skills in line with technological advancements, and leverages global trade opportunities while mitigating associated risks. Therefore, this study seeks to bridge global labor market insights with national-level policy relevance by examining how emerging employment and social trends can inform development paths of Sri Lanka.

Objectives of the Study

The following three objectives were established to achieve in the current study.

1. To conduct a systematic content analysis of global employment and social trends based on the

Employment and Social Trends 2026 Report and related literature.

2. To examine the relevance and applicability of identified global labor market trends to the Sri Lankan context.
3. To propose evidence-based policy recommendations for Sri Lanka to address emerging labor market challenges, and enhance decent work outcomes in line with global developments.

The rest of this paper is organized as follows: In the next section, literature & the methodology adopted in the current study is outlined, and the findings are presented. Next, the findings are discussed, delineating the major managerial & policy implications along with the limitations, and directions for future research. The final section comprises of the concluding remarks.

Literature Review

The global labour market has undergone significant transformations driven by globalization, technological change, and demographic shifts. The International Labour Organization (2026) emphasizes that while unemployment rates remain stable, structural challenges such as informality and working poverty persist. This reflects a broader shift from quantity to quality concerns in employment research. Scholars argue that labour market resilience often masks deeper vulnerabilities, particularly in developing economies where employment growth does not necessarily translate into decent work (Fields, 2011; Chen, 2012).

Employment quality has emerged as a central theme in labour economics. Informality remains a dominant feature in low- and middle-income countries, limiting access to social protection and stable incomes (Chen, 2012). The persistence of over 2 billion informal workers globally highlights structural inefficiencies in labour markets. Recent studies link informality to weak institutional frameworks, low productivity, and limited structural transformation (La Porta & Shleifer, 2014).

Technological advancements, particularly artificial intelligence, are reshaping labour markets. While automation has historically complemented human labour, recent developments raise concerns about job displacement and skill polarization (Autor, 2015). Acemoglu and Restrepo (2020) argue that automation can both displace and create jobs, depending on institutional and policy responses. The uncertainty surrounding AI adoption is already influencing hiring decisions and labour demand.

Youth unemployment and NEET *(Not in Employment, Education, or Training)* rates remain critical global challenges. High NEET rates indicate systemic failures in education-to-employment transitions (ILO, 2026). Gender disparities further exacerbate labour market inequalities, with women facing barriers to participation and employment quality. Kahn (2010) found that entering the labour market during periods of economic uncertainty can have long-term negative effects on earnings and career paths.

Globalization has historically facilitated job creation through trade and global value chains. However, recent disruptions in trade and declining FDI flows have weakened this relationship (Rodrik, 2018). The shift toward services and digital trade presents new opportunities but also risks widening inequalities between countries that can leverage these sectors and those that cannot.

Methodology

This study adopts a qualitative content analysis approach to systematically examine global employment and social trends and interpret their relevance to Sri Lanka. Content analysis is widely used in social sciences to derive meaningful patterns from textual data through systematic coding and categorization (Krippendorff, 2018; Schreier, 2012). It is particularly suitable for policy-oriented research where large-scale reports and secondary data sources must be interpreted within a conceptual framework.

The study primarily relies on the *Employment and Social Trends 2026 Report of International Labour Organization* as the core document, complemented by extant literature on labour markets, technological change, and development economics. The analytical approach integrates deductive and inductive coding, allowing both theory-driven and data-driven insights.

Inclusion and Exclusion Criteria

To enhance methodological transparency, the study applied predefined inclusion and exclusion criteria during document selection. Only peer-reviewed journal articles, international institutional reports, and policy documents published in English between 2010 and 2026 were included. Sources were required to directly address employment trends, labour market transformation, informality, technological change, or decent work. Documents lacking empirical relevance, duplicate records, non-English publications, and opinion-based articles without analytical grounding were excluded from the analysis.

The analysis was based on secondary textual data as presented in table 01. The ILO 2026 report provides comprehensive evidence on employment trends including unemployment, informality, working poverty, and technological disruptions.

Table 01: Data Sources

Data Sources	Type	Purpose
ILO Employment and Social Trends 2026 Report	Core policy report	Primary dataset for global trends
Peer-reviewed journal articles	Scholarly literature	Theoretical grounding
International databases (Central Bank of Sri Lanka, ILO, World Bank, IMF)	Supporting reports	Contextual validation

Source: Author, 2026

A PRISMA-guided screening process was employed to ensure systematic identification and selection of relevant literature. The initial database search generated 220 records across Scopus, Web of Science, Google Scholar, and institutional databases. After removing duplicates and applying eligibility criteria, 32 studies were retained for qualitative synthesis alongside the ILO Employment and Social Trends 2026 report.

The unit of analysis consists of: (i) thematic segments *(employment quality, informality, AI impact);* (ii) key indicators *(unemployment rates, NEET rates, labour force participation);* and (iii) policy narratives & recommendations. Accordingly, this study employs a thematic content analysis framework, structured around four (04) core dimensions derived from the literature. The adopted analytical framework is depicted in table 02.

Table 02: Analytical Framework

Dimensions	Key Themes	Indicators
Employment Access	Unemployment, labour force participation	Unemployment rate, jobs gap
Employment Quality	Informality, working poverty	Informal employment, wages
Structural Transformation	Sectoral shifts, productivity	GDP per worker, sector distribution
Future of Work	AI, demographic change, trade patterns	Automation risk, youth employment or unemployment

Source: Author, 2026

Prior to thematic coding, descriptive analysis was conducted to identify publication trends, keyword frequency patterns, and regional distribution of the selected literature. This preliminary analysis helped contextualize dominant research themes and improve analytical depth before thematic interpretation.

Coding Procedure

The coding procedure in this study follows a structured, multi-stage approach consistent with qualitative content analysis methodologies (Schreier, 2012; Krippendorff, 2018). Initially, open coding was conducted to allow themes to emerge directly from the data without imposing rigid preconceptions. During this stage, the Employment and Social Trends 2026 report was carefully reviewed line by line, and meaningful text segments were assigned descriptive labels reflecting their substantive content. For instance, statements referring to the rise in informal employment or persistent working poverty were coded under preliminary labels such as “informality increase” and “working poverty trends,” while discussions on artificial intelligence and labour market uncertainty were coded as “AI disruption” and “technological uncertainty”. This inductive phase ensured that the coding captured the richness and complexity of the data. The coding framework for thematic content analysis is presented in annexure 01.

Following the above mentioned, axial coding was undertaken to organize and relate these initial codes into broader conceptual categories. At this stage, similar or related codes were grouped together to form higher-order themes. For example, codes such as “informality increase,” “low wages,” and “lack of social protection” were consolidated under the broader category of “employment quality,” while codes related to AI, automation risks, and skills disruption were grouped under “future of work.” This stage facilitated the identification of relationships between different labour market phenomena, such as the link between technological change and youth employment challenges. The coding scheme is presented in table 03.

Table 03: Coding Scheme

Code Category	Sub-Codes	Description
Labour Market Stability	Unemployment, jobs gap	Stability vs hidden deficits
Employment Quality	Informality, working poverty	Quality of jobs
Inequality	Gender gaps, youth NEET	Labour market disparities

Code Category	Sub-Codes	Description
Technological Change	AI, automation	Future disruptions
Globalization	Trade, FDI	External economic forces

Source: Author, 2026

Finally, selective coding was applied to refine and integrate the categories into core analytical themes aligned with the objectives of the study. The analysis converged around key dimensions such as employment access, employment quality, structural transformation, and future of work. These themes were not only grounded in the empirical data but also informed by existing theoretical frameworks in labour economics and development studies. This final stage ensured coherence in the analysis and enabled the development of a structured narrative linking global trends to the Sri Lankan context. The iterative nature of the coding process, involving constant comparison and refinement, enhanced the depth and reliability of the findings. Table 04 depicts the number of codes & dominant keywords related to each theme.

Table 04: Number of Codes & Dominant Keywords

Theme	Number of Codes	Dominant Keywords
Employment Access	28	Unemployment, Jobs Gap, NEET
Employment Quality	46	Informality, Wages, Poverty
Structural Transformation	31	Productivity, Industrialization
Future of Work	39	AI, Automation, Digital skills
Globalization & Trade	22	Trade, FDI, Exports

Source: Author, 2026

The coding process generated recurrent thematic patterns across the selected documents. Employment quality and technological change emerged as the most frequently occurring themes, indicating strong replication of concerns related to informality, working poverty, automation, and labour market uncertainty across the literature.

Analytical Techniques

The study employs a combination of thematic analysis and interpretive synthesis to systematically examine global employment and social trends and derive meaningful insights. Thematic analysis was used as the primary analytical technique to identify recurring patterns and dominant themes within the data. By systematically coding and categorizing textual content, the study was able to distill complex labour market dynamics into analytically manageable themes such as informality, working poverty, technological disruption, and demographic change. This approach is widely recognized for its flexibility and robustness in qualitative policy research (Braun & Clarke, 2006).

In addition to thematic analysis, the study utilizes interpretive synthesis to go beyond mere description and develop deeper analytical insights. This involves critically interpreting the identified themes in light of existing theoretical and empirical literature, thereby linking observed global trends to broader socio-economic processes. For example, the persistence of informality and working poverty is interpreted through the lens of structural transformation theory, while the implications of artificial intelligence are examined in relation to skill-biased technological change. This interpretive layer allows the analysis to connect macro-level global trends with micro-level labour market outcomes.

Furthermore, a comparative analytical lens is incorporated to examine variations across different country income groups and regions, as highlighted in the ILO report. This comparative perspective enables the identification of structural disparities between high-income and low-income countries, particularly in relation to employment quality, productivity, and labour market access. Building on this, the study adopts a contextual mapping approach to assess the applicability of global trends to Sri Lanka. This involves aligning global findings with Sri Lanka's specific socio-economic conditions, such as its reliance on informal employment, youth labour market challenges, and vulnerability to external economic shocks.

Ensuring Rigor and Validity

To ensure rigor and validity, this study adheres to established qualitative research criteria, particularly credibility, dependability, confirmability, and transferability (Lincoln & Guba, 1985; Nowell et al., 2017). Credibility is achieved through the use of authoritative and high-quality data sources, notably the Employment and Social Trends 2026 report and peer-reviewed literature, ensuring that interpretations are grounded in reliable evidence. Dependability is maintained by employing a transparent and systematic coding procedure, including clearly defined stages of open, axial, and selective coding, allowing for consistency and potential replication. Confirmability is addressed by minimizing researcher bias through the use of structured coding frameworks and cross-referencing findings with multiple sources. Finally, transferability is enhanced by providing rich, contextualized analysis of global labour market trends, enabling the cautious application of insights to the Sri Lankan context. Together, these strategies strengthen the robustness, transparency, and scholarly credibility of the study.

Findings and Discussion

The findings are presented according to the three objectives of the study. First, global employment and social trends are analyzed through thematic content analysis. Second, the relevance of these trends to the Sri Lankan labour market is examined. Finally, policy implications and recommendations are derived based on the identified thematic patterns.

Overview of Key Global Employment Trends

The content analysis reveals that global labour markets are characterized by surface-level stability but deep structural fragilities. While the global unemployment rate is projected to remain at approximately 4.9 per cent, this stability conceals persistent decent work deficits, including widespread informality, working poverty, and labour market inequalities. The findings highlight four dominant thematic areas: (1) employment access, (2) employment quality, (3) structural transformation, and (4) future of work dynamics. Table 05 summarizes the key global labour market trends found in the analysis.

Table 05: Summary of Key Global Labour Market Trends

Dimension	Key Findings	Evidence
Employment Access	Stable unemployment but large jobs gap	~408 million jobs gap globally
Employment Quality	High informality and working poverty	2.1 billion informal workers
Inequality	Persistent gender and youth disparities	High NEET rates among youth
Technological Change	AI creates uncertainty in hiring	Limited productivity gains so far
Globalization	Trade slowdown affecting job creation	Reduced FDI and supply chain shifts

Source: Author, 2026

These findings align with prior research (Fields, 2011) indicating that labour market stability often masks structural inefficiencies, mainly in developing economies like Sri Lanka.

Employment Access and Labour Market Participation

The analysis shows that labour market access remains uneven, mainly for youth and women. Despite stable unemployment rates, the global "jobs gap" indicates a significant proportion of the population willing to work but unable to find employment. Youth unemployment and NEET rates remain especially concerning, reflecting systemic issues in school-to-work transitions.

Sri Lanka exhibits similar patterns, with youth unemployment significantly higher than overall unemployment, and female labour force participation remaining persistently low. Structural barriers such as skills mismatches, limited job creation in high-value sectors, and cultural constraints contribute to these outcomes (Central Bank of Sri Lanka, 2025).

Empirical studies on Sri Lanka show that graduate unemployment and underemployment are driven by mismatches between education systems and labour market demands (Gunatilaka, 2013). This mirrors global concerns regarding the limited effectiveness of education in guaranteeing employment outcomes.

Employment Quality: Informality and Working Poverty

A major finding is the stagnation in employment quality, with informality and working poverty remaining widespread. Globally, over 2 billion workers are engaged in informal employment, often lacking social protection and job security. The slowdown in structural transformation has further limited improvements in job quality. Table 06 presents the employment quality challenges of Sri Lanka against the global situation.

Table 06: Employment Quality Challenges – Global vs Sri Lanka

Indicator	Global Trend	Sri Lanka Situation	Implication
Informal Employment	Increasing globally	High in SMEs & agriculture	Weak labour protection
Working Poverty	284 million workers	Significant in rural sectors	Low productivity
Job Security	Declining	Prevalence of casual work	Income instability

Source: Author, 2026

Sri Lankan labour market is heavily characterized by informal employment, mostly in agriculture, construction, and small-scale services. Informality limits tax revenues, reduces productivity, and constrains access to social protection systems (Central Bank of Sri Lanka, 2025). The persistence of informal employment in Sri Lanka reflects structural issues: low industrial diversification, weak enforcement of labour regulations, and limited access to formal sector employment. These findings are consistent with La Porta and Shleifer (2014), who argue that informality is both a symptom and a cause of underdevelopment.

Structural Transformation and Productivity Challenges

The findings indicate a slowdown in structural transformation, mainly the movement of labour from low-productivity to high-productivity sectors. This slowdown is a key factor behind stagnant productivity growth and persistent decent work deficits. Sri Lanka faces a similar challenge, with limited transition from agriculture to high-value manufacturing and services (Gunatilaka, 2013). Although the country has a relatively educated workforce, productivity growth remains modest due to: limited technological adoption, weak industrial policy, and dependence on low-value exports (Central Bank of Sri Lanka, 2025).

Rodrik (2016) stated that premature deindustrialization in developing countries restricts opportunities for productivity growth and employment generation. Sri Lanka appears to be experiencing elements of this phenomenon.

Technological Change and the Future of Work

The study finds that artificial intelligence and digitalization introduce both opportunities and uncertainties. While AI has not yet significantly increased productivity, it is influencing employer behavior, mainly hiring decisions and skill requirements. Table 07 depicts the impact of technological changes.

Table 07: Impact of Technological Changes

Aspect	Global Evidence	Sri Lanka Implication
Automation Risk	Higher for youth & skilled workers	Risk for IT and service sectors
Job Creation	Uncertain	Limited high-tech job growth
Skills Demand	Increasing demand for digital skills	Skills gap persists

Source: Author, 2026

Sri Lanka has potential to benefit from digital transformation, particularly in IT and Business Process Outsourcing (BPO). However, challenges include: skills mismatch in digital competencies, limited innovation ecosystems, and unequal access to technology. Acemoglu and Restrepo (2020) emphasize that the impact of automation depends on institutional and policy responses. So that, without proactive strategies, Sri Lanka risks falling behind in the digital economy.

Globalization, Trade, and Employment

The findings reveal that trade and globalization remain important drivers of employment, but their impact is weakening due to rising uncertainty and declining FDI flows. Trade-linked jobs tend to offer better wages and working conditions, but access to these opportunities is uneven.

The Sri Lankan economy is highly dependent on exports, and foreign employment and remittances. However, global trade disruptions and supply chain shifts pose risks to employment. The country faces challenges in: diversifying exports, moving up global value chains, and attracting foreign investment. Rodrik (2018) argues that developing countries must adapt to changing global trade dynamics by focusing on services and regional integration.

Policy Implications for Sri Lanka

Based on the content analysis, five (05) policy directions emerge as presented in table 08.

Table 08: Policy Recommendations for Sri Lanka

Policy Area	Recommended Actions
Employment Creation	Promote high-value sectors (IT, manufacturing)
Informality Reduction	Strengthen labour regulations and incentives for formalization
Skills Development	Align education with labour market needs
Digital Economy	Invest in digital infrastructure and skills
Trade Strategy	Diversify exports and enhance global integration

Source: Author, 2026

Accordingly, it could be stated that Sri Lanka must adopt a multi-dimensional policy approach that integrates labour market reforms, industrial policy, and human capital development. The findings suggest that Sri Lankan labour market challenges are not isolated but reflect broader global trends. However, the country's institutional capacity, economic structure, and policy environment shape how these trends manifest locally (Central Bank of Sri Lanka, 2025).

A key insight is that economic growth alone is insufficient to ensure decent work, a conclusion strongly supported by the ILO (2026). Instead, targeted interventions are required to address structural inefficiencies, improve employment quality, and enhance resilience to global shocks.

Moreover, the interaction between technology, globalization, and labour markets creates both risks and opportunities. Sri Lanka's ability to navigate these dynamics will determine its future employment outcomes. Strategic investments in skills, innovation, and institutional reforms are therefore critical.

Conclusion

This study was conducted to examine global employment and social trends through a systematic content analysis of the Employment and Social Trends 2026 report, while critically assessing their applicability to Sri Lanka. The findings demonstrate that contemporary labour markets are characterized by a paradox of macroeconomic resilience and micro-level fragility. Although global unemployment rates remain relatively stable, deeper structural challenges, mainly informality, working poverty, labour market inequality, and weak productivity growth continue to undermine progress toward decent work.

Specifically, the findings revealed persistent replication of four interconnected themes: employment access deficits, deteriorating employment quality, weak structural transformation, and emerging technological uncertainty. These thematic patterns consistently appeared across both global evidence and the Sri Lankan context.

The analysis further reveals that the slowdown in structural transformation, coupled with emerging disruptions from artificial intelligence, demographic transitions, and trade uncertainty, is reshaping the global world of work. These trends not only challenge traditional employment models but also redefine the skills, institutions, and policies required to sustain inclusive labour market outcomes. Importantly, the findings reinforce the argument that economic growth alone is insufficient to deliver equitable employment outcomes, echoing a growing consensus in labour economics and development literature (Autor, 2015; Acemoglu & Restrepo, 2020).

In the Sri Lankan context, these global dynamics manifest in distinct but interconnected ways. Persistent informality, youth unemployment, low female labour force participation, and limited structural transformation highlight systemic weaknesses in the country’s labour market. At the same time, Sri Lanka’s exposure to global trade, reliance on labor-intensive sectors, and vulnerability to external shocks amplify the impact of global trends. The study therefore highlights the need for a context-sensitive yet globally informed policy response, recognizing that Sri Lankan labour market challenges are both locally embedded and globally influenced. By integrating global labour market evidence with country-level contextual analysis, this study contributes to the emerging literature on employment transitions in developing economies and offers a policy-oriented analytical framework applicable to similar lower-middle-income countries.

Implications

The findings of this study generate several critical policy implications for Sri Lanka, emphasizing the need for a multi-dimensional and forward-looking labour market strategy.

There is an urgent need to prioritize employment quality alongside employment creation. Policies should move beyond reducing unemployment rates to addressing informality, wage stagnation, and lack of social protection. Formalization strategies such as incentivizing Small and Medium Enterprises (SMEs), strengthening labour law enforcement, and expanding social security coverage are essential for improving job quality and economic resilience.

Further, human capital development must be realigned with labour market demands, mainly in the context of technological change. The growing influence of artificial intelligence and digitalization necessitates investment in digital skills, vocational training, and lifelong learning systems. Bridging the gap between education and employment is especially critical for addressing youth unemployment and underemployment.

Sri Lanka should adopt a more proactive approach to structural transformation and industrial policy. Enhancing productivity requires facilitating the transition of labour from low-value sectors, such as subsistence agriculture, to higher-value manufacturing and service industries. This involves promoting innovation, supporting entrepreneurship, and improving access to finance and technology.

Moreover, in response to shifting global trade dynamics, Sri Lanka must diversify its economic base and strengthen integration into global value chains. Expanding into high-value exports, particularly in services and digital trade, can create new employment opportunities while reducing vulnerability to external shocks. Strategic trade policies and investment promotion are crucial in this regard.

Similarly, addressing labour market inequalities, particularly gender disparities and youth exclusion, should be a central policy priority. Increasing female labour force participation requires targeted interventions such as flexible work arrangements, childcare support, and cultural norm transformation. Similarly, improving school-to-work transitions for youth demands stronger collaboration between education institutions and industry.

Taken together, these policy directions highlight the importance of integrated and coordinated governance, where labour market policies are aligned with macroeconomic, industrial, and social policies. As emphasized in the global evidence, achieving decent work outcomes requires not only economic growth but also strong institutions and inclusive policy framework.

Limitations & Directions for Future Studies

While this study provides valuable insights, it is not without limitations. The reliance on secondary data, particularly a single comprehensive global report, may constrain the depth of empirical validation and limit the ability to capture rapidly evolving labour market dynamics, especially in relation to technological change. Additionally, the application of global trends to Sri Lanka, although analytically grounded, may not fully account for country-specific institutional and socio-cultural complexities. Future research should therefore incorporate primary data collection, such as surveys or interviews with policymakers, employers, and workers, to provide stronger insights into labour market dynamics. Longitudinal studies examining the impact of digital transformation and policy interventions over time would also be valuable. Furthermore, comparative studies across similar developing economies could enhance the generalizability of findings and support the development of more robust policy frameworks.

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Annexure 01: Coding Framework for Thematic Content Analysis

Main Theme	Sub-Themes	Code	Description	Indicators / Keywords	Data Source [Example]
Employment Access	Unemployment	EA1	Stability or changes in unemployment levels	unemployment rate, joblessness	Global unemployment ~4.9%
	Jobs Gap	EA2	Individuals willing but unable to find work	jobs gap, underutilization	408 million jobs gap
	Labour Force Participation	EA3	Participation trends across populations	LFPR, workforce participation	Declining participation rates
	Youth Employment	EA4	Youth unemployment and NEET trends	youth unemployment, NEET	Rising NEET rates
	Gender Access	EA5	Gender disparities in employment access	female participation, gender gap	Women underrepresented
Employment Quality	Informality	EQ1	Prevalence of informal employment	informal sector, informal jobs	2.1 billion informal workers
	Working Poverty	EQ2	Workers living below poverty thresholds	working poor, low income	284 million in extreme poverty
	Job Security	EQ3	Stability and protection of employment	contract work, job insecurity	Casualization trends
	Wages & Income	EQ4	Trends in real wages and income share	wages, labour income share	Declining real wages
	Social Protection	EQ5	Access to benefits and labour rights	social security, protection	Limited coverage in informal sector
Structural Transformation	Sectoral Shift	ST1	Movement across economic sectors	agriculture to industry/services	Slow sectoral transition
	Productivity	ST2	Output per worker and efficiency	GDP per worker, productivity	Weak productivity growth
	Industrial Development	ST3	Growth of manufacturing and services	industrialization, value addition	Limited high-value sectors

Main Theme	**Sub-Themes**	**Code**	**Description**	**Indicators / Keywords**	**Data Source** [Example]
	Economic Diversification	ST4	Variety in economic activities	export diversification	Narrow export base
Future of Work	Artificial Intelligence	FW1	Impact of AI on jobs and productivity	AI, automation	AI uncertainty in hiring
	Automation Risk	FW2	Jobs vulnerable to automation	job displacement, robotics	Youth at higher risk
	Skills Demand	FW3	Changing skill requirements	digital skills, reskilling	Skills mismatch
	Digital Economy	FW4	Growth of digital and platform work	ICT jobs, online work	Emerging digital sectors
Inequality & Inclusion	Gender Inequality	IN1	Disparities between men and women	gender gap, inequality	Lower female participation
	Youth Exclusion	IN2	Barriers for young people	NEET, youth inactivity	High youth unemployment
	Income Inequality	IN3	Unequal distribution of income	wage gap, inequality	Low labour income share
	Vulnerable Groups	IN4	Marginalized workers	informal workers, rural labour	Limited opportunities
Globalization & Trade	Trade Dynamics	GT1	Changes in global trade patterns	exports, trade flows	Trade slowdown
	Foreign Direct Investment	GT2	Trends in FDI inflows	investment, capital flows	Declining FDI
	Global Value Chains	GT3	Participation in supply chains	GVCs, outsourcing	Uneven participation
	Services Trade	GT4	Growth of service-based trade	digital services, exports	Rising service exports
Policy & Institutional Context	Labour Market Policies	PI1	Government interventions in labour markets	labour laws, employment policy	Need for reforms

Main Theme	**Sub-Themes**	**Code**	**Description**	**Indicators / Keywords**	**Data Source** [Example]
	Education & Training	PI2	Skill development systems	education alignment, TVET	Skills mismatch issues
	Social Protection Systems	PI3	Welfare and safety nets	pensions, benefits	Weak coverage
	Economic Policy	PI4	Macro and industrial policies	fiscal policy, industrial strategy	Need for transformation
Sri Lanka Contextual Mapping	Informality in Sri Lanka	SL1	Extent of informal employment	SMEs, agriculture	High informality
	Youth Unemployment	SL2	Graduate and youth joblessness	skills mismatch	High youth unemployment
	Female Participation	SL3	Women’s labour force participation	cultural barriers	Low female LFPR
	Trade Dependence	SL4	Reliance on exports and remittances	garments, migration	External vulnerability
	Digital Readiness	SL5	Capacity for digital transformation	ICT sector, skills	Emerging but limited

Source: Author, 2026