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DEPARTMENT OF SOCIAL SCIENCES  
FACULTY OF SOCIAL SCIENCES AND LANGUAGES  
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## Sociocultural Discourses of Suicide in Sri Lanka: An Overview of Literature

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### Abstract

*Suicide and self-harm are some sort of the critical public health concerns in Sri Lanka. In the global context, Sri Lanka still reports a very high rate of deaths by suicide despite and its declining trends during the last few decades. Meanwhile, studies had described different sociocultural factors that trigger suicidal behaviours. Thus, synthesizing previous works on sociocultural factors of suicide will be vital in forming preventive strategies. This paper, therefore, aims to answer what are the sociocultural factors triggering suicide and how they could be connected with historical and structural social dynamics in Sri Lanka. The study used content analysis to analyze 84 peer-reviewed articles selected via Google Scholar using appropriate search terms. The study finds that masculinity and feminine properties of Sri Lankan culture are essential factors in describing suicidal behaviour. Socio-political and structural changes that occurred in the post-independent era also been contributed to increasing suicide. Further, literature widely recognized issues around love, sex, and romance as critical risk factors that trigger suicide and self-harm among young people. Moreover, men's alcoholism and domestic violence are crucial aspects of suicide in Sri Lankan society. The review concludes that suicidal behaviour has been established in the social context as a form of problem-solving or a method of escaping from the distress caused by issues related to*

*everyday social life rather than mental problems. Thus, preventive measures must address these socio-cultural dynamics, while addressing the essential mental health problems that contribute to suicide in Sri Lanka.*

**Keywords:** *Deliberate Self-harm, Sociocultural Factors, Sri Lanka, Suicide, Suicide Prevention*

## **Introduction**

Suicide is a major global public health problem, contributing to over one million global deaths annually. According to the World Health Organization (WHO) (2019), over the last 45 years, suicide rates have been surprisingly increased by 60 percent across the world. Globally, 77% of deaths by suicide occur in low- and middle-income countries (LMIC), of which 29% are within South Asian countries (WHO, 2019). Also, it had been counted that 10–20 deliberate self-harm incidents occur for each death by suicide, contributing to approximately four million self-harm incidents every year in South Asia (WHO, 2014). According to the WHO reports, among the South Asian countries, India and Sri Lanka reported the highest suicide rates. For example, in 2019, India's suicide rate was 16.5 per 100,000 people, and it was 14.0 per 100,000 people in Sri Lanka. In the same year, the suicide rate in Bangladesh was 3.7 and 8.9 in Pakistan (WHO, 2019).

Historically, Sri Lanka reported a suicide rate of 47 per 100,000 persons, the world's highest suicide rate in 1995 (Sri Lanka Medical Association - SLMA, 2019). Although Sri Lanka's overall suicide rate had been declining during the last few decades, the country is still identified as a high suicide-rated territory in the world. For example, 15 deaths per 100,000 people were reported in 2022 (Bandara et al., 2024), a very high rate compared to the global standardized suicide rate of 9 deaths per 100,000 people (Rajapakse et al., 2014; Sorensen et al., 2014). Meanwhile, every year, thousands of people make nonfatal attempts, ranking the island nation worse than some Gulf and South American countries (Hamza, 2020). Further, social attention on suicide has been increased in recent times due to the devastating economic crisis in the country. Though scientific evidence is still scarce, Fazlulhaq (September 17, 2023), referring to the Police Department's records, saw an increasing trend of total deaths by suicide in Sri Lanka during the crisis period. Accordingly, in 2020, 3074 people died by suicide, while 3279 in 2021 and 3406 in 2022. Indeed, it is possible to argue that the existing economic crisis and financial strain will bring more socioeconomic and psychological pressure on people due to loss of employment



and collapse of livelihoods, increasing social and mental health issues leading to the suicide. This high suicide rate in the country leaves a very significant scholarly question, which is why Sri Lanka's suicide rate is still higher compared to the global standardized suicide rate while keeping deliberate self-harm also at a higher level.

WHO (2008) claimed that although the Southeast Asia and Western Pacific regions contribute to more than half of the global suicide deaths, policy and research efforts for the prevention of suicide are not been sufficient in comparison with the magnitude of the problem in these countries. Sri Lanka is not exempt from this claim. Although suicide had been growing alarmingly since the 1950s, the state's direct intervention in suicide prevention was put forward at the end of the 1990s. Since then, Sri Lanka had broadly practiced the restriction of access to lethal means as an effective method of suicide prevention. For example, Sri Lanka banned the importation and selling of the most toxic pesticides (WHO class I toxicity), which contribute to two-thirds of Sri Lanka's suicide deaths, in the 1980s and 1990s, and it had contributed largely to the reduction in suicide mortality between 1995 and 2005 (40 percent reduction) (Gunnell et al., 2007; Knipe et al., 2017; SLMA, 2019). However, despite the decline in pesticide-related deaths during the last two decades, the rate of suicide by hanging continues to be increased. This means that pesticide ingestion had been replaced by the other methods, primarily hanging (Bandara et al., 2024).

Indeed, restrictions on hazardous pesticides significantly reduced the number of deaths by suicide during the last few decades, but 'suicide culture' (De Silva, 2020) has not been changed to the same degree, resulting in the present rising nonfatal attempts and self-harm. *"We are in a suicide culture. That is why the suicide rate is high...,* The culture had shifted from buying pesticides to paracetamol. As a result, 'successful' suicides have come down in the present. We must change this culture. Otherwise, we could not be able to do anything to stop it" (De Silva, 2020). Thus, some have questioned the appropriateness of means restricting such as restricting more toxic pesticides and 'locked boxes' (Hawton et al., 2009) for storing pesticides to block easy access, especially targeting people who act impulsively to suicide prevention (Widger, 2015). Further, some have recognized the difficulty of means restriction of hanging but suggested paying due attention to minimizing access to means as far as possible, especially in institutions such

as prisons and hospitals (Bandara et al., 2024). The question here is to what extent this type of means restriction is possible in the general community, given the easy access to ligature points and material.

Widger (2015) claims that Asian countries, including Sri Lanka, have been succeeded in reducing the number of deaths by suicide during the last few decades but not nonfatal attempts. The existing prevention systems have primarily considered means restrictions but have not sufficiently considered how sociocultural systems produce 'suicide cognitive schemata'. As he described, self-poisoning is not only the problem of easy access and wide availability of poison but also it is a cognitively available factor in Sri Lankan society. He says, *"overwhelming preference for poison as a method of self-harm in the country is not simply reflective of its widespread availability, but rather how cognitive schemata of poison—a 'poison complex'—develops from early childhood and is a precondition for suicide schemata"* (Widger, 2015: 501). Thus, novel psychosocial programmes are required to limit the cognitive availability of poison complex in suicide rather than merely focus on self-harm methods and causes of self-harm because suicide is just one aspect of suicide cognitive schemata.

In short, the above mentioned introduction brings two essential factors to researchers, practitioners, policymakers, and stakeholders dealing with this public health problem in Sri Lanka. First, suicide and deliberate self-harm are still severe public health concerns in Sri Lanka, though various preventive measures have been launched. Second, the relationship between culture and suicidal behaviour in Sri Lanka is vital in developing preventive strategies. Against this background, the research question of this study is to answer what sociocultural factors are triggering suicide and how they connect with historical and structural social dynamics in Sri Lanka.

## Materials and Methods

The article is based on existing literature on suicide in Sri Lanka for the duration from 1950 to 2024. The research question of this study is what are the sociocultural factors triggering suicide and how do they connect with historical and structural social dynamics in Sri Lanka? A sample of 84 peer-reviewed articles were selected via Google Scholar using appropriate search terms to answer the research question. A

three-member team completed this search after deriving the keywords from the defined research questions. The keywords used for the literature search were Culture and suicide in Sri Lanka, Social factors and suicide in Sri Lanka, Culture and deliberate self-harm in Sri Lanka, Gender and suicide in Sri Lanka, Violence, suicide and self-harm in Sri Lanka, and Culture, ecology and suicide in Sri Lanka. This search was restricted to (i) peer-reviewed articles that were fully accessible and published in English and (ii) contained sufficient content on sociocultural aspects of suicide. Data analysis was done using Content Analysis. "Content analysis is the process of organizing information into categories related to the central questions of the research" (Bowen, 2017: 32). This process involved identifying initial codes, developing categories, refining and selecting codes, identifying themes and patterns, and interpreting. Each member used an a priori codebook to organize information, while the primary researcher integrated the individual results into one codebook. Table 01 gives the derived codes and themes that answer the research question. Any discrepancies were sorted out by consensus between the members. The results of this study are analyzed qualitatively and presented as a textual narrative based on emerging themes. It must be noted that we used some reports, databases, and grey literature sources on the topic, in addition to the sampled articles, to sharpen the findings.

Table 1: Derived Major Themes and Related Codes

Derived themes	Codes contained in texts
Historical anecdotes of sociocultural influence	historical accounts, violent nature of historical accounts, everyday social stressors, masculine and patriarchal values
Reading contemporary suicide statistics; social structural factors	Social modernization, rural-urban dichotomy, socioeconomic and political changes, social disarticulation and decreasing social and moral regulation, increase of pesticide,
Discourse of psychopathology	Limitations of psychopathology, sociocultural risk factors Vs mental disorders, the lack of psychological autopsy, presence of depression, hopelessness, violence, a mentally ill or suicidal household

Gender paradox	gender difference in suicide profiles, the notion of ' <i>lajja-baya</i> ' (shame-fear), 'respectability', self-esteem, 'dialogue suicide', patriarchal social structure, withdrawing from problems in life
Love, sex, and romance	Intimate partner's problems, generation mismatch about romance and sexuality, changes that occurred in traditional gender roles, increase in social media, the internet, and smartphones, media portrayal as heroic and sensational actions, Parents-child conflicts, bullying victimization
Alcoholism and domestic violence	Alcoholism and suicide, alcoholism and domestic violence,

Source: Developed by the Authors, 2024

We acknowledge that the non-incorporation of literature published in various local sources and languages other than English is a limitation of the review. Also, the non-incorporation of articles not available in Google Scholar but in different electronic databases like PubMed and Scopus is a limitation of the review.

## Results and Discussion

### Historical Anecdotes of Sociocultural Influence

Though Sri Lanka has over 3000 years of written history before the British rule (1796-1948), scientific evidence of suicide was not recorded, except in some stories related to the sacrifice of life of earlier kings and warriors in great historical chronicles like *Mahāvamsa* written in the 5<sup>th</sup> century CE. For example, King Sirisangabo's story (247-249 AD) is one example (Kathriarachchi, 2009). King Sirisangabo maintained life as a hermit and found that people were killing others to collect the bounty on his head imposed by Prince Gotabhaya (Kathriarachchi, 2009). Such chronicles present suicide stories of kings and warriors to demonstrate characteristics such as compassion towards society and dying with honour rather than falling into the hands of their enemies (Kathriarachchi, 2009). However, early historical accounts show that suicidal behaviour in Sri Lanka involved more violent methods (Kathriarachchi, 2009).

Existing evidence of suicide relates to the Kandyan period. Among anecdote evidence, early travellers' and colonial administrators' notes are essential sources. Widger (2014), referring to Robert Knox's notes in 1660, tells a fascinating story about suicide in the Kandyan period. He says, under the Kandyan law, suicidal behaviour was considered a *'sound mind' and masculine action, while having failed to save the life of that person is a fault of other villagers' duty of caring* (p.815). Further, Widger says, such suicidal behaviours were not frequently fatal. They were self-poisoning and other forms of self-harm like protest suicide in the modern-day. The suicidal threat was popularly used in debt collection by the creditor to avoid the nonpayment of the debtor. Widger quoted the London Morning in 1821, *"frequently the creditor will go to the person indebted to him and say he will poison himself unless he pays him directly. Instances have occurred of such threats being put into execution, and the debtor, who is considered the cause of his creditor's death, also forfeits his life"* (Widger, 2014: 815).

Sir John D'Oyly, a British administrator to Ceylon in 1833, provided a similar story. Suicide in Ceylon was *'easily provoked slander, nonpayment of debt, damage to crops, and thwarted love affairs'* (Widgar, 2014: 816). Straus and Straus (1953) discussed an essential aspect of the relationship of traditional Kandyan Law to the suicidal and homicidal behaviours of Kandyan women. I quote, *'If a woman of high caste had intercourse with a low-caste man, it was permissible to kill the woman and thus remove the stain on the caste and family'* (Straus & Straus, 1953: 463). They assumed that this rigid nature of traditional Kandyan law had influenced not only homicide but also suicide. *'In these cases, the killing of the mate or the rival is the traditionally acceptable solution, or, alternatively, one can commit suicide'*, say Straus and Straus (p. 463). Straus and Straus (1953), referring to Sir John D'Oyly, stated that *'provocations to suicide slander could be seen in a situation like an inability to obtain satisfaction for a claim, damage to one's crops by another's cattle, or a thwarted love affair'* (Straus & Straus, 1953: 463). In this sense, Sinhalese in Kandyan time committed suicide for an extraordinary *'contempt of life, and at the same time a desire for revenge'* (Straus & Straus, 1953: 463). Some other qualitative research also points out that suicidal behaviour among Sri Lankans was a kind of frequently used revenge response in everyday life. For instance,

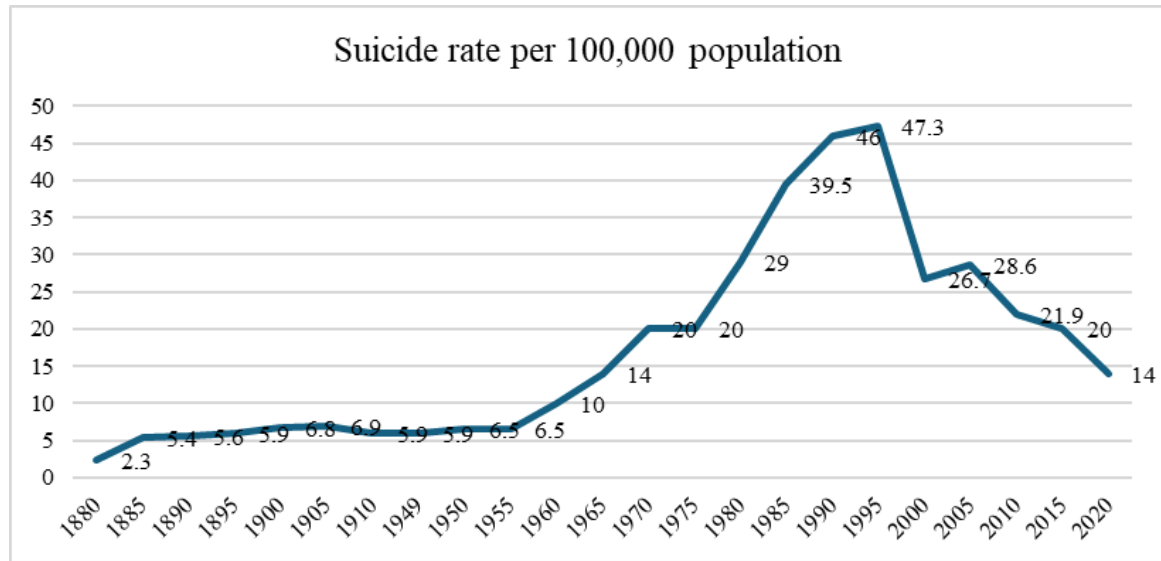
Marecek (1998, cited Weerackody,1989), *“suicide was not infrequent among the Kandyans and was committed owing to contempt for life and a desire for revenge”*.

The above historical discourses indicate that the suicide has been an aggressive response to everyday social stressors like nonpayment of debt, damage caused to crops, and issues around love. Further, those accounts described the influence of masculine and patriarchal values in triggering and demonstrating suicidal behaviours. Moreover, they show us how women's sexuality became problematic in the patriarchal social system, increasing her suicidal vulnerability.

### **Reading Contemporary Suicide Statistics; Social Structural Factors**

Sri Lanka's suicide rate was below 10 percent in the 1950s, but since the 1960s, it has been steadily increased, peaking in 1996 when the suicide rate in Sri Lanka was the highest in the world, 47 per 100,000 persons (SLMA, 2019). Since then, the rate has gradually been dropped due to various preventive strategies, resulting in a substantial decrease in the annual deaths by suicide, from a peak of 47 per 100,000 in 1996 to 21.9 in 2010 and 14.6 in 2019 (WHO, 2021). However, compared to the global age-standardized suicide rate, Sri Lanka's rate of suicide remains at a higher level.

Figure 1: *Overall Suicide Rate in Sri Lanka Per 100,000 Population from 1950 to 2020*



Source: Data Extracted from Marecek, 2006; Straus & Straus, 1953; Thalagala, 2009; WHO, 2021

The figure indicates that the suicide rate showed a slowly increasing pattern since the 1880s, and from the 1950s to the mid-1990s, it shows a steadily rising trend of 700 percent from 1948 to 1995 (Marecek & Senadheera, 2012). Several researchers have been studied this upward trend in suicide rates since the 1950s. They argue that this trend does not deviate much from suicide and homicide found in Western countries in the 19th century, but subcultural differences are essential to describe rising suicide in Sri Lanka (Bolz, 2002; Kearney & Miller, 1986; Spencer, 1990; Straus & Straus, 1953; Widger, 2014; Wood, 1961).

Straus and Strauss (1953) compared suicide in the West and Ceylon based on three major risk factors, namely, individual personality, tense situations, and sociocultural variables. They found that individual personality and tense situations are commonly applicable risk factors in both contexts. Among specific cultural reasons, suicide in the West was low among rural people and high among urban people, but in Ceylon, it was predominantly a rural phenomenon. Also, the elderly population was the high-risk group in the West, but in Ceylon, it was young people. Among the contextual factors that influenced the rapid growth of the suicide rate in Sri Lanka, they highlighted the collapse of the traditional social system composed of caste, family, religion, and kinship. More specifically, changes

in traditional values which are related to marriage and sex, simply, the increase in Victorian love and sex increased conflicts between young children and parents, resulting in the risk of suicidal vulnerability. In other words, the rising number of suicides from the 1970s to the mid-1990s could be attributed to the effect of modernisation and urbanisation in the post-independent period of Sri Lanka, and this situation was like to 19<sup>th</sup>-century suicide in the West (Straus & Strau, 1953; Wood, 1961).

Early studies on suicide in Sri Lanka have been theoretically more aligned with the Durkheimian theorisation of social disintegration and moral regulation. In this regard, many scholars identified resettlement in irrigation schemes from the mid-1930s onward as a significant factor that had been contributed to social disarticulation and decreasing social and moral regulation, and it had contributed to the rapid increase in suicide in resettlement schemes, increasing the overall suicide after the 1950s (Kearney & Miller, 1986; Kathriarachchi, 2009; Silva & Pushpakumara, 1989). In Mahaweli resettlement areas, nearly 70 percent of those reported were deaths by suicide (Silva & Pushpakumara, 1996).

Since the 1960s, the green revolution has been a cornerstone in the process of agricultural modernization in low- and middle-income countries, which dramatically increased the deaths by suicide in the rural areas in those countries (Karunarathne et al., 2020; Kathriarachchi, 2009; Knipe et al., 2017). In this regard, Sri Lanka has been a model country that recorded long-term trends in suicide throughout the Green Revolution. The easy availability of high-toxic pesticides significantly had been increased the lethality associated with self-poisoning, changing nonfatal poisoning to fatal poisoning. Ultimately, it resulted in a rapid increase in both pesticide and total suicides in Sri Lanka from 1960 to the 1990s (Knipe et al., 2017; 2019).

In the 1980s, Kearney and Miller (1988) conducted their study on the 'spiral of suicide' between the years 1950 and 1978. They identified four possible causal factors that had been affect the risk of suicide in post-independent Sri Lanka regardless of factors like gender, age, and ecological basis: (i) rapid population growth; (ii) expansion of educational opportunities; (iii) growing unemployment; and (iv) internal migration. Of course, the expansion of free education (1945) produced much more well-educated youth. However, the majority were woefully unemployed, underemployed, and had fewer



opportunities to climb the mobility ladder, increasing youth unrest and suicidal vulnerability. Finally, this had accumulated youth unrest exploded through armed youth insurrections in 1971 and 1988/9 in the south of Sri Lanka, while youth in the north and east joined with LTTE (Liberation Tigers of Tamil Eelam) (Silva, 1993; Spencer, 1990; Widger, 2014). Self-sacrifice has been a norm of collectivism as in both LTTE and JVP youth movements in Sri Lanka (Bolz, 2002). The 'Suicide Bomber' was a trained carder position in LTTE where primarily young women and child carders sacrificed their lives for the higher goal of the organization and were honoured as heroes. At the same time, 'Motherland or Death' was used as the motivation slogan of JVP (Janatha Vimukthi Peramuna- a communist youth movement) (Silva, 1993: 7). In addition to self-sacrifice, political conflicts and the violent environment established after the 1970s increased mental diseases, including post-traumatic stress disorders, challenging the well-being of not only the conflictive areas and individuals and families directly experienced or victimized the entire population and that ultimately resulted in the increase in suicide in Sri Lanka (Bolz, 2002; Jayasinghe & Foster, 2011; Silva, 1993).

In short, the discussion reveals that socioeconomic and political changes that had been occurred during the post-colonial period have contributed to the rapid growth of suicide from the late 1940s to the late 1990s.

### **Discourse of Psychopathology**

Many research points out that the popular psychopathology of suicide must be carefully applied to examine suicide in Asian countries because when compared to sociocultural risk factors, mental disorders do not significantly contribute to the suicide in these societies like in the West (Samaraweera et al., 2008; Sorensen et al., 2019; Whittall et al., 2018). Marecek, a leading researcher on suicide in Sri Lanka during the last two decades, radically stated that suicide in Sri Lanka cannot be effectively explained through Western psychological theories and prevention through conventional psychological counselling. To her, western psychology and psychiatry typically explain that mental illness, especially depression, is the dominant factor in suicide and deliberate self-harm. As Marecek (2006), suicide is a synonym for mental illness in the West. However, she says, mental disorders do not play a significant role in suicide and deliberate self-harm in Sri

Lanka. *"In short, counselling does not match the template and expectations of ordinary Sri Lankans"*, says Marecek (2006: 82).

In the relevant literature domain, evidence corresponds with this radical claim by Marecek. For instance, Hettiarachchi and Kodituwakku (1989), in a study of 97 patients hospitalized for self-poisoning during the 1980s, found that less than 14 percent had a psychiatric illness. Similarly, Kathriarachchi and Manadu (2002) stated that fewer than 4 percent of self-harm patients are referred for psychiatric evaluations, even in hospitals with psychiatric services. According to Marecek and Senadheera's (2012) study on self-harm patients at the Karapitiya Teaching Hospital, the number of individuals with psychiatric illness was even lower. Also, in a recent qualitative study by the same researchers (2023), interviews with 22 girls aged 15-18, admitted to Karapitiya Teaching Hospital with nonfatal suicidal attempts found that none of them had psychiatric problems, but their suicidal types of acts had been caused by impulsive behaviours triggered by relationship conflicts and everyday discourses of gender and sex in Sri Lankan society. The above empirical evidence indicates that sociocultural risk factors may significantly influence triggering deliberate self-harm rather than mental problems. However, this evidence may not be sufficient to claim that the influence of psychiatric factors on death by suicide is less significant in Sri Lankan society.

Further, the lack of psychological autopsy studies on suicide in Sri Lanka is a more significant limitation in describing the psychological aspect of suicide (Samaraweera et al., 2008). A study by Lokanwaththa and Ponnampereuma (2020) investigated that the association between psychological well-being and the prevalence of suicidal ideation among adolescents using 1479 participants aged 16-19 years, with 52 percent females and 48 percent males. The study found that the lifetime prevalence of suicidal ideation in the study sample was 22 percent, with 11 percent having active suicidal ideation. Notably, individuals with passive and active ideations had been reported poor psychological well-being status compared to participants with no suicidal ideation. Rajapakshe et al. (2014), while accepting the greater connection of interpersonal conflict to nonfatal self-poisoning for both males and females, found that irrespective of gender, the presence of depression and higher levels of hopelessness were strongly associated with predictors of suicidal intent. Further, childhood physical abuse and emotional abuse or

neglect increased the risk of self-poisoning in adulthood. Also, a child growing up in a household with violence, a mentally ill or suicidal household member and experiencing parental death/separation/divorce increases the risk of deliberate self-harm in adulthood in Sri Lanka (Knipe et al., 2019).

However, unlike in the West, long-standing depression does not contribute much to self-harm among Sri Lankans, but it often contributes to explosive anger, frustration, and humiliation (SLMC, 2019). Depression and alcohol abuse disorders contribute to self-harm among older people than youth and adolescents (SLMC, 2019). Similarly, Rasnayake and Navratil (2022) found that 'possible depression' symptoms triggered by high levels of dependency, chronic disease, physical inabilities, losing power, autonomy, and dignity in the family in old age create personality troubles contributing to elderly suicide in Sri Lanka.

### **Gender Paradox**

Like the global context, gender difference is an essential aspect of suicide and self-harm in Sri Lanka. In here, the gender differences remain important in total suicide as well as age-specific suicide rates. From the colonial period to the contemporary, deaths by suicide among males have been greater than females. However, the earliest statistical evidence to describe this gender difference in suicide profiles is found only after 1950. Table 02 presents the number of suicides in males and females per 100,000 population from 1950 to 2020. Accordingly, there is a higher suicide rate in males than females, especially after the 1960s, reporting male suicide is approximately three times higher than females.

Table 2: Gender Difference and Suicide Rate (per 100,000) in Sri Lanka (1950-2020)

Year	Total suicide	Male	Female
1950	6.5	9.6	3.9
1955	6.5	9.8	4.8
1960	10.0	13.2	6.0
1965	14.0	18.7	8.2
1970	20.0	26.3	11.5
1975	20.0	24.0	11.1
1980	29.0	37.3	18.8
1985	39.5	48.8	22.2
1990	46.0	56.8	19.5
1995	47.3	68.3	25.2
2000	26.7	39.3	14.4
2005	28.6	38.7	18.8
2010	21.9	33.0	11.4
2015	20.0	24.2	6.7
2020	14.0	22.3	6.2

Source: Data Extracted from Straus & Straus, 1953; Department of Census and Statistics, 2022

Qualitative studies have been described the gender paradox of suicide using specific social values, power relationships, and feminine and masculine properties of Sri Lankan society. Spencer (1990, cited Obeyesekere, 1984/87) situated homicide, suicide, and sorcery in Sri Lanka within the context of violence embodied in the culture. As he claimed, individual or collective forms of violence in Sri Lanka are a deep-rooted cultural phenomenon formed through the notion of '*lajja-baya*' (shame-fear), which expects 'respectable' or good public behaviour from both men and women. Marecek and Senadheera (2023) cited Obeyesekere (1984/4), and Spencer (1990) described *lajja-baya* as a valued attribute, a quality that parents seek to inculcate in their offspring beyond the fear of being shamed or criticized, the cultural ideal of *lajja-baya* also prescribes reticence, emotional restraint, and modesty, all of which are seen as critical elements of

proper public demeanour, especially for women (Marecek & Senadheera, 2023: 3). Therefore, in Sri Lankan society, especially in the Sinhala-Buddhist community, men and women are subjected to demonstrate a good, decent, and respectable public life. However, it also has a gendered entitlement (Abeyasekera, 2019; Spencer, 1990). For women, *lajja-baya* entails a value of modesty and a sexually controlled life. It is a way of regulating women's behaviour. At the same time, the notion of *lajja-baya* exerted greater control over men's activities because men's public roles made them more vulnerable to the judgements of others (Abeyasekera, 2019: 158).

Discourse on 'respectability' was a significant notion embodied in 'ideal Sinhala women' promoted by the Sinhala-nationalist movement in the 19th century, focused on demanding freedom from British rule and cultural revitalization (Abeyasekera, 2019; Spencer, 1990). In this regard, the discourse of 'respectable woman' or 'ideal Sinhala woman' was a central cultural slogan of the Sinhala Nationalist movement against Victorian norms and Christian values imparted by colonial rulers about love, sex, marriage, pregnancy and so forth. Thus, challenging the composite *lajja-baya* of one's everyday life, particularly women's, will create impulsive and self-violent behaviours (Abeyasekera, 2019; Spencer, 1990). Therefore, violence has become a necessary response or 'culture logic' in responding to everyday problems that challenge a person's self-esteem (Spencer, 1990).

Thus, suicidal ideation, threat, or act upon it is a form of logical action shaped by gender, status, and visibility in everyday life when self-esteem is challenged. *'Suicide provides an alternative outlet for aggression against those whom it would be unthinkable to attack more directly, people like parents and husbands'* says Spencer (1990: 613). In a similar vein, Marecek (1998), by exploring how ordinary individuals produce the discourse of suicide, says, *"respondents did not set suicidal behaviour apart from everyday life. Rather, their accounts situated it within the hurly-burly of life, connecting it to normal stresses and strains"* (Marecek, 1998: 79). In a broader sense, Marecek (2006) introduced 'dialogue suicide' to describe suicide and self-harm acts in Sri Lanka. Accordingly, dialogue types of suicidal acts are directed towards wrongdoers and may be carried out in the presence of others. These self-destructive acts serve to communicate emotional pain, to protest ill-treatment, and/or to establish moral claims about the victim and the

wrongdoer. Moreover, De Silva (2003) observed that suicidal behaviour is embodied in local cultures as a way of problem-solving and empathizing with those who attained suicide. As he claims, instead of nonviolent appreciation, in the local culture, physical and verbal abuse is accepted as personal methods of conflict resolution; therefore, frequent abuse and aggression ultimately make some people distressed and lead to *'suicidal behaviour as a cry for help or as a mark of protest'* (De Silva, 2003: 68).

Widger (2014), in his remarkable ethnographic study on suicide carried out in two villages known as Udagama (traditional village) and Aluthwatta (newly re-settled village) in Madhampe division in Puttalam District in Sri Lanka, found that issues of gender, kinship, social status, and social class were paramount in how people explained the reasons for their suicidal actions or those around them. More specifically, he said that young females set their self-harm about achieving some social function, like as a reaction to breaking a love affair and powerlessness in a patriarchal social structure, while older male suicide attempts were about withdrawing from problems in life more generally.

### **Love, Sex, and Romance**

Qualitative studies suggest that often related issues around unwanted pregnancies, breaking love affairs, unhappy sexual relationships and sexual assault frequently influence suicide attempts among teens and youth (Konradsen et al., 2006; SLMC, 2019). Most suicide attempts and self-harm occurred in Sri Lanka due to the conflicts between parents and young children in the family regarding their romantic love and sexual relationships (Abeyasekera & Marecek, 2019; Marecek, 2006; SLMC, 2019). These conflicts often occur due to the generation mismatch about romance and sexuality. Though social institutions such as marriage, family, love, and sex have been drastically changed during the last few decades still, senior members of the family maintain traditional norms and values, resulting in conflicts between young children and parents related to their romantic love and sexual behaviours (Abesekere, 2016; Lynch, 1999; Abeyasekera (2016) says that even among young urban middle-class women, 'choice of a person' is not an entirely individual agency's selection. It is embedded within and accountable to family and kinship. Similarly, cultural discourses like maintaining a 'modesty' and 'good girl' are valid in even the context of capitalist and national moral platforms (Lynch, 1999).

This intergenerational conflict is evident in the rural sector towards women's sexuality. Though traditional gender norms associated with romance and sexuality exist for both men and women, in particular, girls are expected and pressured by the family to conform to sexual modesty (Hewamamne, 2010; Lynch, 1999; Marecek, 2006; Rajapaksa & Tennakoon, 2016). Crowley et al. (2022) state that *'premarital sex is widely condemned, and strong emphasis is placed on preserving the virginity of unmarried women and girls, meaning the movements of females are monitored to a great degree by their families'* (Crowley et al., 2022: 10). Any form of sexual misbehaviour of girls brings dishonour to her and the rest of the family, and consequences may be as *'being ostracized from society, removal from the family and consideration or attempt of suicide'* (Crowley et al., 2022: 10).

Among many other possible reasons, changes that occurred in traditional gender roles during the last few decades in Sri Lanka are mentioned by much research as a gender-related factor that is closely associated with suicide in female youth (Rajapakse & Tennakoon, 2016). Traditionally, mate selection was done by parents, and young women had little or no voice in decision-making relating to mate selection and marriage, while culture and family hierarchy urged them to protect their virginity up to the marriage and maintain a modest life (Bolz, 2002; Hewamanne, 2010). However, with new social changes, young girls became an independent in making decisions regarding their boyfriends, marriage, and sexual and mate selection. These changes often created role conflicts between the traditional and cultural notion of the 'idealized and protected female' and the young women who leave home, work or have a boyfriend (Rajapakse & Tennakoon, 2016). At the same time, this role change had led to family conflicts, pushing young women to communicate their distress or anger through suicidal or self-harm behaviours. Hewamanne (2010) described that this cultural change has created 'in-between identities' among Sri Lanka's rural female youth where female youth are in between the dichotomy of traditional rural culture and highly urbanized, modernized, and individualistic culture due to the mobility opportunities received through the structural economic change in 1977. Hewamanne presented this conceptualization by analyzing suicide narratives of young female factory workers who came from the village to urban garment factories. She nicely worded this connection as 'suicide narratives are a local response to global capital and cultural flows' (Hewamanne, 2010: 01).

It is a globally accepted fact that the media could play an important role in suicide prevention. However, in the context of Sri Lanka, irresponsible media reporting of suicidality has been criticized by several studies claiming that cases are portrayed as heroic and sensational actions to increase media rating and financial benefit of media institutions (Jinadasa, 2016; SLMA, 2019; Sorensen et al., 2019). Individuals who self-harmed or died by suicide are judged according to their own or a close relation's behaviour, and such behaviour is often linked to the individual's gender. Nevertheless, such media episodes do not provide information about help-seeking (Sorensen et al., 2019). Ultimately, suicidal behaviour is justified by promoting suicidal ideation as an appropriate solution to overcome everyday life stressors. Jinadasa (2016) says, 'victims and vulnerable are encouraged to get into suicide, and they are generally encouraged to their action for faith' Jinadasa (Jinadasa, 2016: 237).

In recent times, a substantial increase in social media, the internet, and smartphones have also increased the suicide and self-harm risk among adolescents and young people in Sri Lanka (de Alwis, 2012; Bandara & Nawarathna, 2018). Parents-child conflicts often occur in Sri Lanka due to the parents' pressure on their children to spend more time on mobile phones, laptops, and social media, which lowers educational and social performance, producing a significant risk factor for teenage suicide (Bandara & Nawarathna, 2018). As Ryder (2017) and Hettiarachchi et al. (2018) documented, bullying victimization is a growing suicidal risk factor among young people in Sri Lanka. The blackmailers use naked images and videos as leverage for money or sex in return for not publicly shaming the women because exposure to private matters in public may create greater shame for the victim, conflicts with parents and teachers, saving suicidal behaviour or self-harm behaviour as a protesting action for such victimized girls (Weerasundera, 2014). Sometimes, bullying victimization happens, especially after breaking up love affairs, as a way of confronting or revenging the boyfriend (Ryder, 2017).

### **Alcoholism and Domestic Violence**

Alcohol use has a more significant relationship with suicide in Sri Lanka, like many more Asian countries. However, Sri Lankan males report the highest per capita alcohol consumption, both pure and illicit (Kasippu), in the South Asian Region with 6.2 liters (Asian Tribune, 2020), keeping alcohol abuse as a severe medical and social pathology. In



addition to the tragic connection of alcohol addiction to poverty and road accidents, it is one of the major causes of domestic violence in the family and violence against married women in Sri Lanka (Bandara et al., 2024; Jayasinghe & Foster, 2011; Siriwaradhana et al., 2013).

The most pathetic outcome of alcohol addiction is its contribution to the suicidality of women related to domestic violence in Sri Lanka. Ryder (2017) cited a note of suicide by Dr. Chithramalee de Silva, Sri Lankan Director of Mental Health, *"harassment by an alcoholic spouse and family disputes were reported as the most common reason...while matters associated with love affairs ranked second"*. Of course, this conflict affects both men and women, but women are the most vulnerable group in the patriarchal social setup in Sri Lanka. Much research shows that there is a greater connection between alcoholism, suicide and self-harm in Sri Lanka (Jayasinghe & Foster, 2011; Knipe et al., 2018; SLMC, 2019; Sorensen, 2014). Asian Tribune (2020) says that about 48% of about 4000 suicide deaths in Sri Lanka were directly related to alcohol abuse, keeping the rural males on top of the problem.

## Conclusion

This literature review had provided an overview of the sociocultural aspect of suicide in Sri Lanka. The study finds that suicide in Sri Lanka has been increasing even in the later part of the colonial period but steadily increased after the 1950s to the mid-1990s. During the following decades, the suicide rate reduced significantly, mainly due to the means of restrictions such as restricting the importation and selling of the most dangerous pesticides. Nevertheless, Sri Lanka still reports higher rates of suicides and nonfatal deliberate self-harm attempts, which challenges the sustainability of the achievement of suicide prevention. This review finds that socioeconomic and political changes that occurred after colonialism and independence must be carefully analyzed when answering, why Sri Lanka has a high suicide rate. The negative consequences of social modernization that occurred since the 19th century, such as an increase in individualization, violence, social disarticulation, poverty, unemployment and generational gaps between parents and children, have increased the psychosocial risk of suicide and deliberate self-harm and have weakened the social support system for people at risks.

This review finds that studies have situated suicidal behaviour in Sri Lanka primarily as an aggressive response and problem-solving method related to everyday social discourses and social structural factors rather than mental problems like in the West. However, it does not mean that the contribution of mental disorders to suicide is insignificant. Issues surrounding love, sex, virginity, pregnancy, family disputes, domestic violence, financial crisis, unemployment, and alcoholism seem to be central triggering factors of mental problems and suicide. More specifically, masculinity and feminine properties of Sri Lankan culture are essential factors in describing violence, including suicide and self-harm behaviours. However, suicidal behaviour could be described along with a single risk factor. They are essentially interconnected with individual, relational, familial, and social domains, requiring a holistic approach to address the problem.

Though the relevant literature vehemently stressed the importance of social and cultural factors that influence the higher suicide rate in Sri Lanka, there is doubt about whether those sociocultural factors have been considered sufficiently in forming preventive mechanisms. It seems that the medicalized approach and means of restriction have been prominent in suicide prevention, which seems to be insufficient in addressing the problem. A broader understanding of sociocultural risk factors is required to form sustainable preventive mechanisms. In this regard, an integrated effort is required to develop social and cognitive restrictions on suicide while following evidence-based preventive measures such as means restrictions. Enhancing social and life skills in individuals, promoting help-seeking behaviour, and empowering community-based systems are primary requirements for developing social and cognitive restrictions against this dangerous public health problem.

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## The Role of Microcredit on Women Empowerment in Sri Lanka: Evidence from Samurdhi Program Beneficiaries in Weligama Divisional Secretariat Division

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### Abstract

*Empowerment of women is one of the important issues in developing countries, especially in Asia and Africa. Also, one of the most important concerns of the United Nations' Sustainable Development Goals is the empowerment of women. Women have less access to resources that can generate income, finances and land. National governments and their development partners have viewed microcredit as a strategic tool for the empowerment of vulnerable groups, notably women. The main aim of microcredit is to empower women. Accordingly, the objective of this study is to identify the role of microcredit on women's empowerment in the Weligama District Secretariat Division (DSD). To address the research objectives the researcher chooses pragmatism, a mixed approach (quantitative approach and qualitative approach) where the researcher studied the sample as 140 women in the Weligama DSD. A sample was selected under a simple random sampling technique. The data were analyzed using the Pearson Correlation Coefficient and Multiple Linear Regression model with the support of SPSS. The results of the study, reflect that self-employment, income generation and living standards have a clear positive relationship with women empowerment. The finding also pointed out that self-employment highly influences women's empowerment. Finally, this study provided recommendations for Samurdhi banks and other relevant parties to further formalize Samurdhi Bank's micro-credit facilities for poor women.*



**Keywords:** *Income Generation, Living Standards, Microcredit, Self-Employment, Women Empowerment*

## **Introduction**

Women's role is very important in the world. They have a significant contribution not only to the family but also to the society. Both men and women work in the same roles in industrialized and developing countries, contributing politically, socially, and economically without gender imbalance. Gender equality in the workforce means being paid the same salary for equal work, regardless of gender. However, some countries are unable to provide equal opportunities to women in all spheres due to social, cultural, and religious rigidities. Women continue to face various barriers to education and health care, as well as economic development. Women account for over 70% of the world's poor (Noreen, 2011).

Therefore, nowadays women's empowerment is an important context in the world. The Millennium Development Goals' third goal is to promote gender equality and women's empowerment (MDG). The term "Women Empowerment" has become popular in the development field since the 1980s. Women's empowerment is widely recognized as critical for developing countries' long-term economic growth and poverty reduction (Klasen, 1999). Women's empowerment is defined as a process that improves women's capacity for self-determination to meet their practical and strategic requirements by gaining equal rights, power, authority, and resources in society and the economy as males (World Bank, 2001). Access to finance is a critical tool for women's poverty reduction and empowerment. Microfinance is the supply of loans, savings and other basic financial services to the poor. Therefore, microfinance delivery is one of the strategies for empowering rural women. According to the Central Bank report (2022), the empowerment of women is considered a major outcome of microfinance.

In theory, providing women with microcredit (as one component of microfinance) develops their financial basis and raises their economic contribution to their families and communities; it promotes welfare, lowers subordination, and boosts women's voice (Yogendraraja, 2011). Since the 1980s, specialized microcredit organizations that provide loans to underprivileged women all over the world have been popularly connected with their ability to 'empower' women. More than 65 million poor people have used microcredit programs, with nearly three-quarters of them being women (Nycander, 2008). Small loans, often known as microfinance or microcredit in its broadest sense, have become a popular tool for poverty reduction in developing and least-developed countries in the modern era (Ahmed, 2004).

In the Sri Lankan context, it still is challenging to promote economic development. In Sri Lanka, the feminization of poverty is a serious issue. It is defined as women bearing the burden of poverty in developing countries (Asim, 2008). Women in Sri Lanka especially in rural areas faced numerous challenges throughout their lives. As a developing

country, Sri Lanka has a long history of social programs and food subsidies in particular. Microfinance as a separate industry emerged in Sri Lanka in the late 1980s, when the government switched its social welfare policy methods from providing consumer subsidies to providing credit to the poor for income-generating economic activities as a primary tool for addressing poverty. The government decided to create a better national poverty alleviation program to reduce poverty as much as possible, and the main poverty alleviation program is the Janasaviya program. The Janasaviya program was later replaced by the Samurdhi development program in 1994.

The Samurdhi development program is currently the most extensive social program in Sri Lanka. The Samurdhi program receives about 1% of Sri Lanka's gross domestic product (GDP), accounting for nearly half of the government's welfare spending, excluding education and health (Jayasuriya, 2007). Samurdhi program has three main components namely consumption grant transfer, saving and credit program and rehabilitation and development of community infrastructure through welfare and social development programs. Among them, the Samurdhi credit program is a major component of poverty reduction. Samurdhi banks were established under the Samurdhi program in 1996. Self-employment, agriculture, fishery, consumption, and emergency purposes are among the five categories of loans available to poor households. The Samurdhi Banks were also established with the primary goal of supporting the underprivileged in escaping poverty by breaking the poverty cycle. For this study, Samurdhi Bank is selected among the other microcredit programs. It was started in December 1998 in Weligama.

Empowerment of women is one of the most important priorities of the nation. Women empowerment is not a sufficient condition, it is still a necessary condition for the development process. In addition to that, poverty is one of the country's most pressing issues today. Furthermore, investigations conducted in several nations indicated that women make up the majority of those living in poverty (Bernard, Lock & Khin, 2017). At present, Women make up a disproportionately higher percentage of the poor in Sri Lanka, than in other Asian countries. In modern days, Microcredit has played a significant role in poverty reduction and women's empowerment in Sri Lanka. Therefore, it is very important to identify the role of microcredit in women's empowerment. Microcredit is becoming more popular due to its favourable influence on empowerment, particularly among women borrowers. Existing literature in Sri Lanka was on women's empowerment through all microfinance institutions not only Samurdhi Bank but also Sri Lankan context there is a lack of knowledge, research, empirical evidence as well as experiences about the role of microcredit on women's empowerment. Therefore, the knowledge gap regarding the role of microcredit in women's empowerment is still existing in Sri Lanka. Women empowerment through microcredit programs of Samurdhi banks has been highlighted in a few previous research papers. As a result, the basic problem of this study is to explore the role of microcredit on women's empowerment in the Weligama DS Division.

## Literature Review

Microfinance is defined by Schreiner and Colombet (2001) as the endeavour to enhance access to small deposits and small loans for impoverished people overlooked by banks. Microcredit is recognized as a crucial component in expanding women's participation in home-based income-generating activities. The success of reaching women with microcredit, according to Goetz and Gupta (1996), was very impressive. Microcredit has not only increased women's productivity but has also given them more power (Chavan and Ramakumar, 2002). According to Cons & Paprocki (2008) found that microcredit's main goal is to help recipients (often women) improve their financial security by giving them small loans to buy productive assets. One of the key purposes of microcredit is to ensure women's empowerment (Mamun, 2014).

Microcredit has been viewed as a strategic tool for the empowerment of vulnerable populations, particularly women, by national governments and their development partners (Alhassan and Akudugu, 2012). Microcredit has been viewed as a strategic tool for the empowerment of vulnerable populations, particularly women, by national governments and their development partners (Alhassan and Akudugu, 2012). According to Gunatilaka and Salih (2017), Samurdhi's group savings and intragroup credit components, as well as the Samurdhi bank program, are major sources of emergency credit for beneficiaries. Gunawardane (2014), finds that the Samurdhi credit scheme plays a significant role in empowering women in Sri Lanka. The Samurdhi Banking Union system is the world's fourth-largest microfinancial structure, according to the Asian Development Bank (Nadeeka & Jayamini, 2014).

'Women hold up half the sky' is a Chinese proverb that succinctly sums up the idea of women's equal contribution to the world. Women frequently play a dominant role in business and professional life by starting their modest businesses (Warren, 2001). Empowerment can begin to be understood by examining the concepts of power and powerlessness. Empowerment is the development of freedom of choice and action, according to the World Bank handbook on Empowerment and Poverty Reduction. Women's empowerment is critical for achieving greater gender equality. Another goal of women's empowerment is that it will serve as a means of eradicating poverty in society (Volart, 2004 & Mayoux, 2000). Women's empowerment, according to Dejene (2007), refers to growing and improving women's social, economic, political, and legal strength to ensure equal rights for women and to give them the confidence to assert their fundamental rights. 'A process by which persons who have been denied the ability to make strategic life choices acquire such ability', Kabeer (2005) described women's empowerment.

According to Miled & Rejeb (2015), Microfinance is viewed positively by women as a source of economic growth and empowerment. As a result, the study includes a variety of crucial criteria aimed at determining the degree of women empowerment that may be attributed to microcredit (Mamun, 2014). Lakmali and Mallika (2019) defined that there

is a significant impact between microcredit and women empowerment. The issue of women having limited access to financing was highlighted at the First International Women's Conference in Mexico in 1975. Using various approaches and techniques, several scholars have sought to quantify women's empowerment using several factors and dimensions (Amin, Becker, Byes, and Abdul, 1998; Pradhan, 2003; Kishore and Gupta, 2004; Kabeer, 2005; Schuler, 2006; Klasen, 2006). Microcredit facilitates self-employment. Micro-lending creates opportunities for self-employment (Chuks, 2007). According to Mushtaq (2008), one of the main goals of microcredit schemes is to empower women at home as decision-makers and in society through active economic engagement, as well as to create self-sufficient and self-employed communities. Furthermore, adopting microcredit expands job opportunities and diversifies economic activities, resulting in additional jobs for women (Teng, Prien, Mao & Leng, 2011). Le and Raven (2015) found that microfinance aided numerous women's businesses. Over the last three decades, Sri Lanka has seen a proliferation of microfinance institutions and initiatives aimed at encouraging underprivileged people, particularly women, to engage in self-employment and small businesses (Colombage, 2004; Ahmad & Chandrabose, 2008). According to Ayadurai (2004), the women entrepreneurs in Sri Lanka's North East must be recognized as an essential unit contributing to the country's economic success.

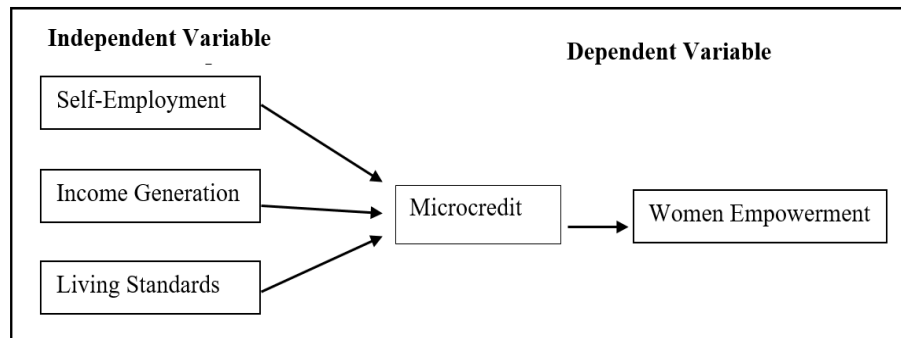
Women's skillfulness (money gained from their skill) is also a crucial component of empowerment (Rahman, Junankar, and Mallik, 2009). According to Poornima and Wasana (2013), individuals can acquire a loan through the Samurdhi program by stating on their applications that they will be invested in income-generating firms, which is in keeping with the program's primary purpose. Moyle, Dollard, and Biswas (2006) inferred that Personal and economic empowerment were supported by women who worked in income-generating activities. Banerjee & Newman (1993) and Paulson & Townsend (2004) stated that "Microcredit loans are primarily used to supplement people's income". The influence of microcredit on women's income generation capabilities in Ghana's Tamale Metropolitan Area has been explained. Beneficiary women are given more opportunities to engage in income-generating activities than males (Alhassan and Akudugu, 2012). According to Khan and Rahaman (2007), microcredit helps poor people to improve their living standards themselves.

### **Conceptual Model**

Most of the researchers studied the role of microcredit on women's empowerment using various study areas. All empirical evidence explored that self-employment, income generation and living standards positively affected women's empowerment (Noreen 2011; Kumari 2014; Haque 2014; Dohara 2011 & Gunawardane 2014). However empirical literature does not provide any empirical that the role of microcredit on women empowerment in the Weligama DS division. Therefore, this research attempts to examine women empowerment among women microcreditors in Weligama DSD. In this study, women empowerment as a dependent variable as well as self-employment, income

generation and living standards are independent variables. The conceptual model of this study is shown in Figure 1. The present study constructs the three hypotheses.

Figure 1: Conceptual Model



Source: Developed by Author, 2022

## Materials and Methods

According to the viewpoint of the objective of this study, this research is related to the descriptive type, since the study tries to explore the role of microcredit on women's empowerment. In line with the viewpoint of the mode of inquiry, this research is based on a mixed approach (quantitative and qualitative approach). When it comes to the mode of thinking, this research is categorized under the abductive mode (Mixed approach): quantification also allows us to describe fine differences between the opinions of people and helps us to make accurate and reliable measurements of the relationships between variables while qualitative approach focuses on understanding the meaning individuals attribute towards a particular social problem. This research has the potential to forecast exact relationships, which means that under the ontology concept, researchers can construct a directive type of hypothesis about research called objectivism. Based on the nature of the objective, the research philosophy developed as "The role of microcredit on women empowerment" belongs to the philosophy of pragmatism. Due to being pragmatism, under the Epistemology concept researcher has applied both quantitative and qualitative approaches to measure reality through valid tools as it is the most appropriate methodology for this study.

The study uses primary sources to collect needed data through a structural questionnaire and personal interviews to achieve the hypotheses. To collect precise quantitative information, a questionnaire was distributed physically in the Weligama DS division. This questionnaire consists of three sections: Section A (demographic characteristics), Section B (Samurdhi bank and micro-credit details), and Section C (This section included 15 questions that are related to the dependent variable and independent variables). Five-point Likert scales are commonly used to measure it, providing a range of responses to given questions and statements.

In this study, the scale for variables' dimensions ranged from (1) strongly disagree, (2) disagree, (3) neutral, (4) agree to (5) strongly agree. The three items that asked to measure self-employment are: Microcredit gives me more opportunities to start my own business, Microcredit encourages me to start my own business, and Microcredit gives strength for me to start my own business. The three items which asked to measure income generation are; I ensure that my savings have increased after getting microcredit, I can purchase whatever after getting microcredit, and I have enough money for my needs after getting microcredit. For Measure living standards asked three items; I have better housing conditions after getting microcredit, I have better access to children's education after getting microcredit and I have better access to health care after getting microcredit. For qualitative analysis, the researcher conducted interviews with selected micro-credit beneficiaries. Further, previous research studies on the same topic and other relevant topic articles, the internet, books and journals are used for this research.

The population for this study is female Samurdhi beneficiaries who have taken microcredit from Samurdhi Bank during the last 4 years (2018-2021) in Weligama. The researcher was unable to collect information from the whole population for this study. Therefore, the researcher used a probability sampling technique, while giving a chance of every consumer to be selected for the sample in Weligama DSD. According to that researcher used the Simple Random Sampling method to gather data. Through it researcher has collected responses from 10% women for the study.

In this study, descriptive statistics are explained using figures for the data presentation. Statistical package for the social sciences (SPSS) software was used to analyze the sample's obtained data. The data analysis method employed by the researcher in this study was multiple linear regression and Pearson's correlation. Before running the regression test the validity and reliability of the variables. KMO (Kaiser-Meyer-Olkin) statistic and Bartlett's Test of Spherical are used to measure the validity of the variables and Cronbach's Alpha value is used to measure the reliability of variables.

Results validity test shows all the variables' KMO value is greater than 0.5 and Bartlett's Test of Spherical test for P-values are less than 0.05. The results of Cronbach's alpha value for women empowerment were reported as 0.882 and Cronbach's alpha value for self-employment, income generation and living standards were reported as 0.902, 0.881 and 0.921 respectively. Generally, the acceptable reliability of Cronbach's Alpha should be more than 0.70. These values imply that the specific indicators are suitable for use in further analysis. For this study, a multiple linear regression model was used to determine women's empowerment. A multiple linear regression model is displayed below,

Where,

= Women Empowerment

= Intercept

, and coefficients for the selected independent variables

= Self-Employment

= Income Generation

= Living Standards

= Error term

## Results and Discussions

### Self-Employment and Women Empowerment

The literature shows that Dubreuil & Mirada (2010), through self-employment and micro enterprises, microcredit has a direct impact on women's empowerment. Female labour force participation is a key factor in women's empowerment (Ashraf and Ashraf, 1993; Kozel and Alderman, 1990; Azid, Aslam and Chaudhry, 2001). According to Oshadhi (2019), microfinance programs are intended for economically and socially uplifting women. The study's key finding is that access to microfinance has aided women's empowerment by allowing them to improve their businesses. MFIs contribute to poverty alleviation in the study region by providing micro-credit and creating self-employment opportunities for disadvantaged people (Ahmed, Siwar, Idris, and Begum, 2011). The findings of Shafique & Siddique (2020) stated that women can be involved in a variety of earning opportunities by providing them with microfinance loans that can help them become financially independent. Microcredit has also aided in the creation of job opportunities for women (Teng et al., 2011). Microfinance creates job opportunities among the poor (Chhy, 2009). Furthermore, the study found that microfinance for education and skill development for self-employment has a large impact on rural women and is the most effective instrument for empowering disadvantaged rural women (Rathirane & Semasinghe, 2015). According to Kumar, Sharma & Sharma (2008), microcredit creates self-employment opportunities for rural poor women. Idris & Agbim (2015) has explored that microcredit has a significant impact on the self-employment of women. Therefore, this study has formulated a hypothesis;

*H<sub>1</sub>: There is a positive relationship between self-employment and women empowerment through microcredit in the Weligama DS division.*



### Income Generation and Women Empowerment

Many Scholars have examined the relationship between income generation and women empowerment. Based on the findings of Noreen (2011), it can be concluded that enhancing rural women's income-generating activities by providing loans can greatly increase their empowerment status in Bahawalpur City. Rural women's financial empowerment results from microcredit programs (Parveen & Chaudhury, 2009). According to Alam & Zaman (2001), their study found that microcredit and loans are a basic technique in most developing countries, particularly in South Asia, to help women achieve self-confidence. The outcome of this research is uncertain, with some positive characteristics and some limits. The result of said strategies shows that the vulnerability of the poor has reduced to some extent, and asset creation and income of women have increased gradually. Teng et al., (2011) inferred that the mean of the household's income increases consequently during this loan period. The study investigated the use of microfinance to help poor people to earn more money (Chhy, 2009). Kumari (2014) studied the influence of microfinance on Sri Lankan small businesses. Her findings revealed that the Samurdhi initiative prioritizes the development of income-generating projects for women in the area. Women can create their income-generating activities with the help of microfinance services. Hashemi et al., (1996) examined the impact of microcredit on several factors of empowerment. They discovered that women's access to credit was a positive factor in the size of their stated economic contributions. After getting microcredit, 60% of respondents saw an increase in their income (Haque, 2012). As a result, microcredit improves the position of women in the home by providing them with a source of independent income (Asim, 2008). Based on the findings of Ilavbarhe & Izeke (2015), the respondents' income after using microcredit was higher than their income before using microcredit. Thus, the study can predict that,

*H<sub>2</sub>: There is a positive relationship between income generation and women empowerment through microcredit in the Weligama DS division.*

### Living Standards and Women Empowerment

Researchers have identified living standards of women are important to understanding women's empowerment. According to Dobra (2011), microcredit not only allows opportunities for self-employment but also helps to improve the household's status. Many scholars agree that microfinance is an important tool for poor people in developing countries to eliminate poverty and improve their living standards. Puhazhendhi and Satya Sai (2001) discovered that microfinancing improves the living standard and quality of life for participating households. Muhammad et al., (2012) observed that microfinance resulted in an improved standard of living for women. Haq and Kamran (2009) employed the role of microcredit on women's empowerment in Pakistan. This study found that women's position within their family and community has positive changes through microcredit. Microcredit helps people improve their living



standards in areas like health, education, food, and other social issues (Ali & Alam, 2010). Based on the findings of Olusanya & Olumuyiwa (2012), there is a significant relationship between microfinance and the standard of living. The study conducted by Gunawardane (2014), It can be stated that having access to loans through the program allowed many women to increase their social status within their families, and society, and self-confidence in community development activities. Modi, Patel & Patel (2014) explored living standard of women and their families has improved through microcredit. The study found that using credit could help households enhance their living and other spending capacities, such as spending on medical treatment to make them healthier (Teng et al., 2011). According to Jayasuriya (2007), the Samurdhi credit plan assists poor individuals in maintaining their current living conditions. Therefore, this study assumes that,

*H<sub>3</sub>: There is a positive relationship between living standards and women empowerment through microcredit in the Weligama DS division.*

The results of this study indicate that the age category of respondents represents that the majority of the respondents belong to the age group of 35 years to 44 years, 41 per cent out of the total sample. Here, it noted that the majority of women creditors are between 35 and 44 years old. When considering the religion of the sample respondents, most of them are Muslim (54 per cent). According to marital status, 44 per cent of respondents out of the total sample represent married women, and 32 per cent of respondents represent widows. Out of the total sample of this study, 36 per cent of women were illiterate. 71 per cent out of the total sample respondents' family is a nuclear family, and the remaining 29 per cent of respondents' family is a joint family. 31 per cent out of the total sample respondents sewed their self-employment while the remaining portion of respondents did self-employment as a handicraft, cattle fostering, milk production, sweets making, and others. When considering the respondents' membership period in Samurdhi, a Total of 71 respondents have more than five years of membership in Samurdhi, which is equal to 51 per cent. The majority of respondents access the micro-credit from Samurdhi Bank thrice (42 per cent ). Out of the total sample of this study, 72 per cent of respondents said that the procedure of obtaining loans from Samurdhi Bank is easier than from conventional banks. Total respondents (100 per cent ) had personal lives affected by micro-credit.

"I am 30 years old, have completed G.C.E (A/L), and have three children. My husband passed away 5 years ago. I have been a member of Samurdhi since my husband's death. I had taken micro-credit twice from Samurdhi Bank. I feel it was beneficial to me to start my own business".

"I am doing cattle fostering. Although I have been a member of the Samurdhi for 10 years. I accessed the loan 3 times. I think that the Samurdhi Bank helps women to empower themselves. My savings increase every month".

This can be further confirmed by the above statement of some respondents.

### Pearson Correlation Analysis

Before identifying the model, it is necessary to identify whether there is a relationship between the dependent and independent variables. The correlation values ranged from -1 to 1, with -1 indicating a perfect negative correlation, 0 indicating no correlation, and 1 indicating a perfect positive correlation. Correlations were categorized as weak ( $|r| < 0.5$ ), moderate ( $0.5 \leq |r| < 0.7$ ), and strong ( $|r| \geq 0.7$ ). Statistical significance was determined at a significance level of  $p < 0.05$ . The results revealed a moderate positive correlation between X and Y.

Table 1: Pearson Correlation Test

Variable	Pearson Correlation
Self-Employment	0.829
Income Generation	0.860
Living Standards	0.439

Source: Sample Survey, 2022

According to Table 1, there is a strong positive correlation between women's empowerment with self-employment and income generation which are reported as 0.829 and 0.860 respectively. Further, a low degree of relationship can be seen between living standards and women empowerment, which is reported as 0.439. According to the results of significant, self-employment, income generation, and living standards are statistically significant, so there was a statistically significant correlation with women empowerment.

Table 2: Collinearity

Variables	Tolerance	VIF
Self-Employment	0.351	2.847
Income Generation	0.322	3.104
Living Standards	0.833	1.201

Source: Sample Survey, 2022

According to the collinearity statistics (Table 2), the decision rule is that if the VIF value is less than 10 and the Tolerance value is greater than 0.1, there is no multicollinearity. Therefore, there is no multicollinearity in this model.

### Regression Analysis

Multiple linear regression is a statistical tool used to assess the linear relationship between one dependent variable and several independent variables. The objective of

multiple linear regression is to use the independent variable values to predict the value of the single dependent value. The researcher analyzed the impact of factors such as self-employment, income generation, and living standards on women's empowerment. Moreover, the researcher used Analysis of Variance (ANOVA) and R-square value and tested the hypothesis with a 95% confidence level.

According to the model summary, R-squared explains the proportion of the variation of women empowerment is explained by the independent variables, which are self-employment, income generation, and living standards, by using the estimated model.

Table 3: ANOVA

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	135.133	3	45.04	187.3	.000
Residual	32.716	136	0.24		
Total	167.849	139			

Source: Sample Survey, 2022

The results of Table 3, provide an ANOVA (Analysis of Variance) table, which provides the fitness of the model. The overall significance due to the F-value of the ANOVA table is 0.000, which is less than 0.05, as the F value is significant under the 0.05 significance level. Therefore, the estimated model is suitable.

Table 4: Coefficients of the Model

Variable	B	Std. Error	t	Sig.
Self-Employment	0.481	0.077	6.234	.000
Income Generation	0.461	0.063	7.362	.000
Living Standards	0.142	0.049	2.885	.005
Constant	-0.329	0.242	-1.357	.177

Source: Sample Survey, 2022

According to the above table, the fitted regression model is as follows;

**Women empowerment = -0.329 + 0.481 self-employment + 0.461 income generation + 0.142 living standards +  $\epsilon$**

The results of the multiple regression analysis are shown in Table 4. This fitted model explains that according to the collected data of the sample. It states that women's empowerment depends on self-employment (0.481), income generation (0.461), and living standards (0.142). Moreover, the P-values of self-employment, income generation, and living standards factors are 0.000, 0.000, and 0.005, respectively. Hence, these three variables were found to have a significant impact on women's empowerment. When keeping other variables constant, if the self-employment of women increases by 1%, then her empowerment goes up by 0.481%. Also when the income generation of women increases by 1%, women's empowerment increase by 0.461% and If the living standards of women increase by 1%, then her empowerment goes up by 0.142%

Based on the above results, it can be concluded that the formulated hypothesis,

*H<sub>1</sub>: There is a positive relationship between self-employment and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. Considering the previous research, they have also examined similar results regarding the study. Chirkos (2014) found that there is a significant relationship between self-employment opportunities and women's empowerment through micro-credit. Similarly, Kumari (2014) looked at the influence of microfinance on Sri Lankan small businesses. Her research found that the Samurdhi program provided little job opportunities for women in rural areas. According to Paramanik & Lavoore (2014), there is a positive effect of employment creation through microcredit on women's empowerment. There is a positive relationship between the self-employment of women through microcredit found by Chowdhury (2009). Therefore, this study also examined self-employment's positive influence on women's empowerment through micro-credit in Weligama DSD.

*H<sub>2</sub>: There is a positive relationship between income generation and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. According to the results of the study (Oshadhi, 2019), results shows that access to microfinance has positively impacted the empowerment of women through an increase in their income level. The study (Al-Shami, Majid, Mohamad & Rashid, 2017) on the impact of loans provided by Amanah Ikhtiar Malaysia (AIM) on women's household welfare and empowerment. This study suggested microcredit significantly affects borrowers' household income. Ediom-Ubong and Iboro (2010) explored micro-credit programs that have a huge potential for increasing income production. Paramanik & Lavoore (2014) explored microcredit has a significant impact on income generation on women's empowerment. Microfinance initiatives for women have a significant impact on economic growth by boosting women's income-generating activities (Hunt and Kasynathan, 2002). Similarly, micro-credit borrowers' incomes have increased more than those of non-credit borrowers in Asian countries (Remenyi and Benjamin, 2000). Niaz & Iqbal (2019) explored that by increasing

women's income levels, microfinance has a significant impact on women's empowerment, poverty alleviation, and social standing. Kapila, Singla, and Gupta (2016) stated that microcredit has a positive impact on women's economic empowerment (i.e., their ability to earn money) in rural areas. Women's income has a strong, significant effect on all dimensions of women's empowerment, as well as overall women's empowerment (Islam, Ahmed, and Alam, 2014). The study discovered that microfinance considerably impacted people's income and savings levels Gunawardane (2014). Therefore, this study also found that income generation positively impacts women's empowerment through microcredit in Weligama DSD.

*H<sub>3</sub>: There is a positive relationship between living standards and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. Past research has also examined similar findings. According to Weerasinghe & Dedunu (2017), their study found that microfinance has a positive impact on the standard of living of poor people and their lifestyle. Kapila et al. (2016) found that there is a positive effect of microcredit on improving the living standards of women. The study conducted by Oshadhi (2019) also revealed that access to microfinance had positively impacted the empowerment of women through improvement in their living standards. The most important conclusion was that microcredit programs had a positive impact on household consumption, particularly among female borrowers (Hasan, Shetu, Chakraborty, and Khan, 2019). Furthermore, many scholars agree that microfinance is a significant instrument for reducing poverty and raising the standard of living for poor people in developing countries (AddaeKorankye, 2012; Morduch & Haley, 2002). Similarly, Imoisi, Anthony, and Opara (2014) observed a positive effect of microfinance on living standards in the Nigerian environment. There is a positive impact of improving the living standard of women through microcredit was found by Chirkos (2014). Islam, Robel, Adnan, and Ekram (2013) explored that micro-credit initiatives have a positive influence on food intake, health, household expenditures, and living standards. Therefore, this study also examined whether there is a positive relationship between living standards and women's empowerment through micro-credit in Weligama DSD.

Table 5: Summary of Hypothesis Test

Hypothesis	Description	P-value	Decision
H <sub>1</sub>	positive relationship between self-employment and women's empowerment	.000	Accepted
H <sub>2</sub>	positive relationship between income generation and women empowerment	.000	Accepted
H <sub>3</sub>	positive relationship between living standards and women's empowerment	.005	Accepted

Source: Sample Survey, 2022

If the p-value is less than 0.05, the null hypothesis ( $H_0$ ) can be rejected for all three tests. Table 5 explains the hypothesis of this study, and the researcher can accept all three hypotheses because all p-values are less than 0.05.

### Conclusion

Empowerment is a difficult process of change that everyone goes through in their unique way. For women, credit and other financial services are needed, desired, and profitable. Empowering women begins with strengthening their financial foundation and economic commitment to their families and communities. At present, empowering women has become a very important concept. The essence of empowerment appears to be allowing children to become self-sufficient self-assured and active members of the family who can participate in decision-making and other relevant issues. To confront gender subordination at the micro level, women's empowerment necessitates a fundamental change in the development scheme, not only at the micro but also at the macro level.

The study revealed the role of microcredit on women's empowerment. The researcher chooses Weligama DSD women for this study. The researcher had set a few objectives at the inception to be achieved through the study. The key objective that the researcher intended to achieve was identifying the role of microcredit on women's empowerment in Weligama DSD. Therefore, the researcher identifies the relationship between variables and what kind of influence they have on it. With the identified problem area in the study, the researcher developed a conceptual framework by referring to previous studies for the current study to examine the impact of independent variables (self-employment, income generation, living standards) on the dependent variable of women empowerment. According to Yogendrarajah (2011), microcredit financing plays an essential role in empowering women in rural areas, and hence there is a positive relationship between micro-finance and women's empowerment.

In the Sri Lankan context, there are lack of knowledge, research as well and empirical evidence regarding the role of microcredit on women empowerment in Weligama DSD. This study examined how the Samurdhi credit program plays a significant role in

empowering women in Weligama DSD. The researcher has mainly focused on and identified how self-employment (0.481), income generation (0.461) and living standards (0.142) influence women's empowerment. Findings obtained from the data analysis reflect that all variables positively influence on dependent variable. The leading factor is self-employment which was highly influenced by women's empowerment through microcredit.

Especially, the evidence suggests that access to credit for poor woman has increased income in their families. Hence, women's capacity to manage their household activities as well as other social obligations has been enhanced through these programs. Finally, it can concluded that access to credit from the program gave many women the opportunity to improve their social status within their family, and society and build self-confidence in participating in community development activities. Moreover, this study finding explored that women participating in saving has increased after this microcredit. Most of the women reveal that their power increases through their businesses and their living standards. Overall, the evidence suggests that most of the women agree with the notion microcredit from Samurdhi Bank empowered them.

Thus, to increase the microcredit facilities for poor women through Samurdhi banks in Sri Lanka, some of the recommendations could be adopted in that sector such as, Microcredit is essential for women and makes them good self-employers and income generators for sustainable economic development for Weligama DS division. However, the majority of women are unaware of the availability of microcredit loans. The awareness programs should be held regularly, and allowances should be paid to guarantee that they attend; Samurdhi bank should increase the amount of microcredit to female Samurdhi beneficiaries and provide assistance to females in filling out their applications correctly; There is a pressing need to raise awareness among the country's citizens about the importance of women's empowerment and their role in household support; The government and other political parties should give more attention to improve the Samurdhi bank microcredit facilities; Gender discrimination should be eliminated by legislation, and women should be provided equal opportunities in the workplace and access to microcredit; Reduce the interest rates on initial deposits for microcredit and computerize the banking system.

The study used cross-sectional data that only shows the net effect of predictor variables towards particular criteria within a specific period. The researcher decided to select only women microcreditors in the Weligama DS division and this study limited the amount of sample size compared to the beneficiary population. So future researchers can focus on increasing the sample size. Furthermore, the study confirms that the Samurdhi credit Program plays a vital role in women's empowerment. Women's empowerment can be influenced by a variety of factors. However, only the use of microcredit is examined in this study. Moreover, for this survey, only the microfinance institution Samurdhi Bank was taken into account when finding out microcredit programs. This study will also help



to continue the research in other areas in Sri Lanka and give academics and practitioners who want to work in the same area new directions to add to the literature on women's empowerment.

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## Impact of Financial Literacy on the Performance of Small and Medium-Sized Enterprises: Special Reference to Colombo District

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### Abstract

*The research explores how financial literacy levels influence various indicators of firm's performance, including profitability, growth, and sustainability, within the context of SMEs. The performance of the SME will be measured as an indicator of their business performance. The study analyzed the financial literacy of SME owner-managers, specifically focusing on their financial behavior and handling, financial knowledge, financial attitudes, and financial awareness of their firms' performance. Therefore, a quantitative investigation based on "Prospect Theory" and Exchange Theory has been performed. To obtain the necessary data, a representative convenience sampling method was employed on a sample of 170 SMEs in the Colombo district. The study utilized primary data collected via a question-naire. Analysis were conducted using Structural Equation Modelling, alongside reliability and validity tests. The study showed a positive correlation between business performance and financial literacy. Independent variables like financial behavior, knowledge, attitudes, and awareness significantly*

*impact SME performance. Financial literacy directly affects the performance of sustainable businesses, confirming that a strong understanding of finance improves company performance. Thus, increasing financial literacy is crucial for developing successful entrepreneurial strategies. This study also concluded that business owners and staff ought to have greater levels of education. It should be encouraged knowledge sharing among employees and the hiring of more skilled workers, according to the exchange theory's rationale. Therefore, policymakers and business owners should set up training programmes to advance financial literacy.*

**Keywords:** *Exchange Theory, Financial Literacy, Prospect Theory, Small and Medium Enterprises, Structural Equation Modelling*

## **Introduction**

Small and medium-sized enterprises (SMEs) have a substantial impact on a nation's economic growth, and the literature is clear about this (Agyei and Nsiah, 2018). Despite the role that SMEs play in an economic development, studies have shown that their performance is lower in underdeveloped countries, which prevents them from fulfilling their share of the responsibility for the economy's growth (Ye and Kulathunga, 2019 and Omiunu, 2019). In general, it was found that barriers to SME performance included a lack of capital and credit facilities, a lack of skilled labour, a lack of raw materials, poor infrastructure, a lack of workforce with the necessary management skills, and restrained use of new, emerging, and constantly changing technologies (Oláh et al., 2019 and Wu and Si, 2018).

SMEs, which account for 80% of all companies in Sri Lanka, are crucial to the country's economy (CBR, 2021). These can be found in the economy's primary, secondary, and tertiary sectors and provide jobs for both skilled and unskilled employees. Enterprises that engage in the production of herbs, fruits, and vegetables, as well as manufacturers who take part in a variety of industrial operations, make up about 20% of all businesses that are defined as SMEs. SMEs make up the majority of service suppliers, because they account for about 35% of all jobs, SMEs are essential to the industry (CBR, 2021). SMEs play a critical role in promoting broad-based economic success. However, as mentioned, Sri Lanka's SMEs contribute more than 90% of its GDP (Bamunusinghe, 2022). SMEs in

Sri Lanka generate roughly 52% of the country's GDP and 5% of its exports. Sri Lanka is currently experiencing an economic crisis, which has prompted the government to intervene and initiate numerous new regulations to protect the market and the nation's diverse companies (Bamunusinghe, 2022).

Financial literacy refers to the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing (Lusardi and Mitchell, 2014). According to the Global Financial Development Report, World Bank (2019), Financial literacy seems to be the main challenge for societies in the near future; financial knowledge and skills are quite poor worldwide. Evidence shows that many individuals are not well-equipped to make sound financial decisions (Allgood et al., 2013). Sri Lanka has been experiencing lower economic progress over decades for several reasons. In 2021, the Sri Lankan economy grew by only 3.3 percent in real terms (World Bank, 2021). Aslam et al. denoted that lower financial literacy among the general public is another reason for this situation (Aslam et al., 2017). Most of the financial concepts had been designated under personal financing apply to the nation's financial health. Though the government investment, borrowing, and taxation policies are also driven by finance fundamentals, due to a lack of financial literacy, people did not question the viability of certain economic decisions made by present and former governments (Weerakoon, 2017). Financial literacy is crucial for a business to perform better, and it would also offer an entrepreneur an advantage when making financial or investment decisions. In a fast-paced business environment, entrepreneurs face various obstacles that can be overcome by developing their financial literacy. Numerous studies above have been shown that entrepreneurs with financial literacy are more successful than those without it, but few such studies are in the Sri Lankan context. In fact, most SMEs in the informal sector are financially illiterate, have little to no primary education, and many business owners don't maintain records. To answer the study question, "How does financial literacy influence the firm performance of SMEs?" It is an interesting task to look into whether financial literacy impacts SMEs' performance.

This study aims to address the existing research gap by exploring the impact of financial literacy on the business performance of Small and Medium-scale Enterprises (SMEs) in the Colombo area of Sri Lanka. Specifically, the objectives are to examine the

relationship between financial variables, such as financial behavior, knowledge, attitudes, and awareness skills and company performance.

### **Literature Review**

Financial literacy makes personal finance decisions in real estate, insurance, investing, saving, tax planning, and retirement. It is also involving intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, the time value of money (Chijwani, 2014). Financial behaviour could be defined as any human behaviour relevant to financial management, whereas common financial behaviours include budgeting, credit utilization, and saving (Rahman et al., 2021). According to Hidajat, personal finance is the application of the principles of finance to the monetary decisions of an individual or family unit (Hidajat, 2015). It addresses how individuals or families obtain, budget, save, and spend monetary resources over time, taking into account various financial risks and future life events. Moreover, it denotes components of personal finance might include savings accounts, credit cards and consumer loans, retirement planning, investments and insurance policies and income tax management. A firm's ability to survive depends on both its financial behaviour and the efficient use of its financial resources (Abiodun and Harry, 2016). Financial behaviour includes choices that aim to increase wealth, sales, profits, and market share. Financial behaviour such as debt management, cash flow management, and for small and medium enterprises, savings and investment methods that optimize returns all have a positive correlation with financial literacy (Grohmann et al., 2018).

*H<sub>1</sub>: financial behaviour has a significant positive impact on performances of SMEs.*

In order to achieve a quality life as working adults, money management skill plays an important role because students' spending habits on campus will influence the way they manage money throughout their lives (Iqbal et al., 2014). As a result, money management is considered one of the dimensions that could affect the financial literacy level. Successfully managing money is an important learning skill for individuals as financial resources and financial conditions affect their quality of life and social relationships. Investment involves postponing consumption today in order to put



savings to work and also investment can be described as the bridge between having surplus cash and reaping returns. In other words, investment has the potential to move the surplus funds of one person to another who needs or requires those funds (Tawiah, 2015). To make investment decisions, individuals require knowledge beyond fundamental financial concepts including the relationship between risk and return; and how bonds, stocks, and mutual funds work (Lusardi, 2008). Interest rates, the size of the monthly payments for installment loans, expectations regarding future income, and wealth are all the factors that affect individuals' decisions to borrow (Klapper et al., 2011).

*H<sub>2</sub>: financial handling has a significant positive impact on the performances of SMEs*

A person who are conscious of their financial capabilities can take action to alter their financial outcomes by being financially aware (Pahlevi and Nashrullah, 2020). A business owner needs financial literacy as a fundamental financial concept to manage finances and make short- to long-term investment choices (Damayanti, et al., 2019). The company owner's behavior in terms of how they handle money has been influenced by their financial awareness. Understanding the financial market and how new product development could be able to satisfy the changing demands on the financial market is also helpful (Dalkilic and Kirkbesoglu, 2015). According to Taviti (2020), issues with the economy and financial markets promote the use of novel financial products. As a consequence, the effectiveness of financial awareness will be impacted by new products developed "to satisfy new needs in financial markets" (Eniola and Entebang, 2017). Since finances are central to small companies' social lives, owners are realizing how crucial it is to manage financial situations (Dalkilic and Kirkbesoglu, 2015). A small company owner's choice of which financial advisor to consult when facing financial difficulties is influenced by their financial literacy as well (Eniola and Entebang, 2017). For SME owners, having financial knowledge aids in retirement planning. According to (Esiebugie et al., 2018), educational level and business courses completed have an impact on people's awareness of financial products. The owner of a SME may make poor financial decisions that affect the expansion of their company. In this respect, financial literacy training for SME owners is an essential task for the expansion of their companies. Depending on the type of SME, a different degree of financial awareness might be required. Owners and managers must, however, comprehend fundamental financial reports and accounting principles, cash flow and profit, customized reporting to meet the

unique needs of the type of SME, assistance in identifying weaknesses in key operational areas of SME, monitoring of year-over-year income and expenditure, and locating automation options to save time and money.

*H<sub>3</sub>: Awareness has a significant positive impact on performances of SMEs.*

Small business managers will perform better for their businesses if they are eager to increase their bottom lines by becoming more knowledgeable about financial management. It has been suggested that having an understanding of finances is a requirement for a manager to have a sound financial attitude (Hathaway and Khatiwada, 2008). According to one theory, a manager's financial attitudes will be advanced if they have a solid understanding of these attitudes (Eniola and Entebang, 2017). According to studies, developing the proper financial mindset is in terms of, among other things, instruction, tolerance for risk, and time orientation can improve financial literacy. Abiodun and Harry (2016), noted that the business activities like being capable of obtaining various forms of finance and growing capital, to name a few, are affected by the manager of SMEs' attitude towards financial matters. Furthermore, it was asserted that successful people were financially literate, having made long-term investments and savings to guarantee their future well-being.

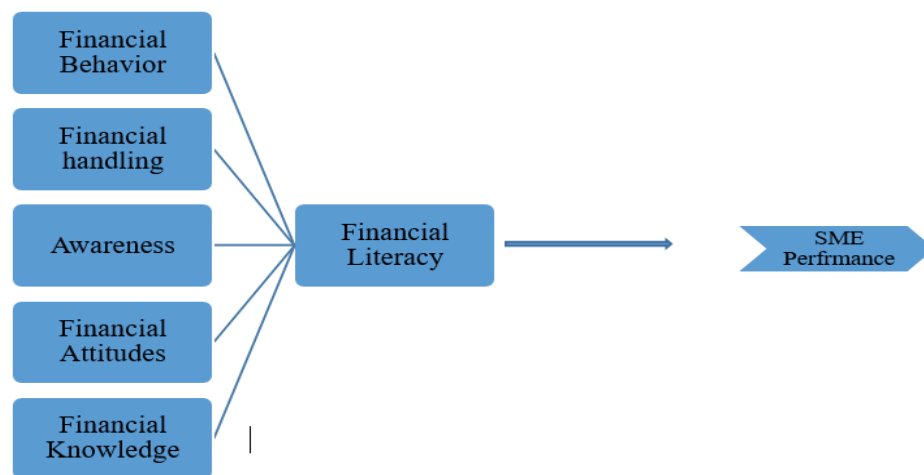
*H<sub>4</sub>: Financial attitudes have a significant positive impact on the performance of SMEs.*

Financial knowledge, as described by (Huston, 2017), is the capacity to comprehend the key financial concepts and terms that an individual or organization needs for carrying out everyday activities. Potrich et al. (2016), provided a slightly different definition for financial knowledge, referring to it as a particular type of capital that a person can acquire and including the ability to handle managing expenses, incomes, and savings securely. For both individuals and businesses, having a solid understanding of finances is crucial when making financial decisions. It is generally asserted that increasing financial literacy will lead to better financial choices because it encourages more responsible financial behaviour (Ghobakhloo and Tang, 2015). A higher degree of knowledge is positively correlated with people exhibiting several financial "best practices," according to empirical research.

*H<sub>5</sub>: Financial Knowledge has a significant positive impact on the performances of SMEs.*

The dependent variables and the independent variables for this research are depicted in the conceptual framework (Figure 1). The research attempted to quantify these factors about the influence of SME performance on financial literacy. The above derived five hypotheses are described in this framework.

Figure 1: Conceptual Framework



Source: Developed by the Researcher, 2023

## Materials and Methods

The study attempts to investigate the financial knowledge of SME owners, which may be influenced by their financial behavior on firm's performance that emanates from individuals and aims to identify which aspects of financial literacy they consider to be of extreme significance to them in determining higher performance in making financial decisions. As a result, the population for this study consisted of all manufacturing SMEs in Colombo district. Colombo is the commercial capital and largest city of Sri Lanka, serving as the country's economic hub. It hosts a significant concentration of businesses, including a large number of SMEs. This makes it an ideal location to study business dynamics and financial practices due to its vibrant economic activity. Data was collected in a single period rather than multiple periods. A size of 170 SMEs were selected using a size determination formula with a convenient sampling method. Convenience sampling had been chosen due to the lack of a comprehensive sampling frame for SMEs in the

Colombo district. Given the operational inconsistencies and low survival rates of these firms, compiling an exhaustive list was not feasible.

A semi-structured questionnaire is covering six areas, respondent personal information, financial behavior, financial handling, financial attitude, financial understanding and financial performance, is created in order to gather data. The key variables in this study were been measured using a structured questionnaire designed specifically for this purpose. Each variable was assessed using a series of items on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

This approach had been chosen to capture the perceptions and attitudes of respondents in a quantifiable manner. The Structural Equation Model is used to achieve the research objectives. Confirmatory factor analysis (CFA) was used to examine the construct reliability of the measurement models for each variable. Before performing CFA, it is critical to conduct an exploratory factor analysis (EFA). To confirm EFA, the Kaiser-Meyer-Olkin (KMO) value, Bartlett's Test of Sphericity for sample adequacy, and factor loadings for internal consistency were calculated. The integrity of fit of the measurement model had been assessed using Chi-square/df3, GFI > 0.9, AGFI > 0.9, CFI > 0.9, and RMSEA 0.08 values (Hair et al., 2010). When the overall statistical method is accepted (Chi-square/df 3, fit indices >0.9, and RMSEA 0.08), all factor loadings were greater than 0.5, and discriminant validity is met, the structural model is developed, and goodness-of-fit had been assessed. The SMARTPLS Software, SEM was then used to test and validate hypotheses.

Sample distribution is presented in the Appendix 1 table. The percentage of participants by gender is shown in the Appendix 1 table, with female participants making up 47.10% (80) and 52.90% (90). Further analysis reveals that the age range between 39 and 46 accounts for 23.50% of all SMEs, followed by that of 18 to 25 years old (21.8%), 25 to 32 years old (20%), 32 to 39 years old (19.40%), and more than 46 years old (15.30%). The educational qualification of the participant with a bachelor's degree has the highest percentage of 70.60 (120), followed by secondary scholars with a percentage of 20 (34), and the participant with primary school and other completed education has the lowest percentage. The master's degree normally has a 5.30 (9) %. Small business owners account for 52.9% of SMEs, followed by medium-sized business owners with 47.10% of

SMEs (90). The majority of SMEs are sole proprietorships, accounting for 34.10 percent of all SMEs, partnerships accounting for 33.50 percent of all SMEs, private limited companies accounting for 21.20 percent of all SMEs, and cooperative societies accounting for 11.20 percent of all SMEs. Out of all the other areas, Colombo has the highest percentage of SMEs (22.40%; 38), while Maharagama and other areas have the second-highest percentage (17.1%; 29). Nugegoda and Piliyandala, with a percentage of 14.7% each, are the localities with the lowest (25). The SMEs started their businesses at varying years. The chart shows that the SMEs' average age of operation ranged from 0 to 5 years for the most recent, 20% (34) for 5 to 10 years, 10.6% for 15 to 20 years, 10% (17) for 10 to 15 years, and 2.40% for enterprises established more than 20 years ago. Most SMEs distribute their operations among 0 to 10 branches, where the biggest percentage is 91.80 % ( 156), while others distribute their operations among 10 to 20 branches, where the percentage is 7.60 % ( 13), and more than 20 branches only take up 0.06 % (1). The majority of SMEs started their businesses with private capital, accounting for 40 % ( 68) of all startups, followed by retained profits (22.9%), money from friends and family (21.7%), bank loans (14.1%), and other sources 1.2% ( 2). According to the table, 61.20 percent (104) of respondents have fewer than 20 employees, 18,8% (32) have between 20 and 40, 8.2% (14) have between 40 and 60, 5.9% (10) have between 80 and 100, and 2.9% (5) have between 60 and 80 in their firm. 2.4 % ( 4) of the workforce in companies with more over 100 employees is the lowest. According to the table, the majority of respondents 54.7% (93) of the forms are owners, followed by 22.9% (39) of managers, 12.4% (21), chief accountants, 8.8% (15), finance managers, and 1.2% (2) of respondents who don't have any positions at all. Finally, the table shows that the majority of respondents do not have a bookkeeping system, with a percentage of 75.3(128), while 24.7%(42) do, and that the majority of respondents have business outstanding loans, with a percentage of 65.9%(112), while 34.1%(58) do not, and that the majority of respondents still need more funding for their firms, with a percentage of 99.4(169), while only one respondent does not need more funding for his or her business.

## Results and Discussion

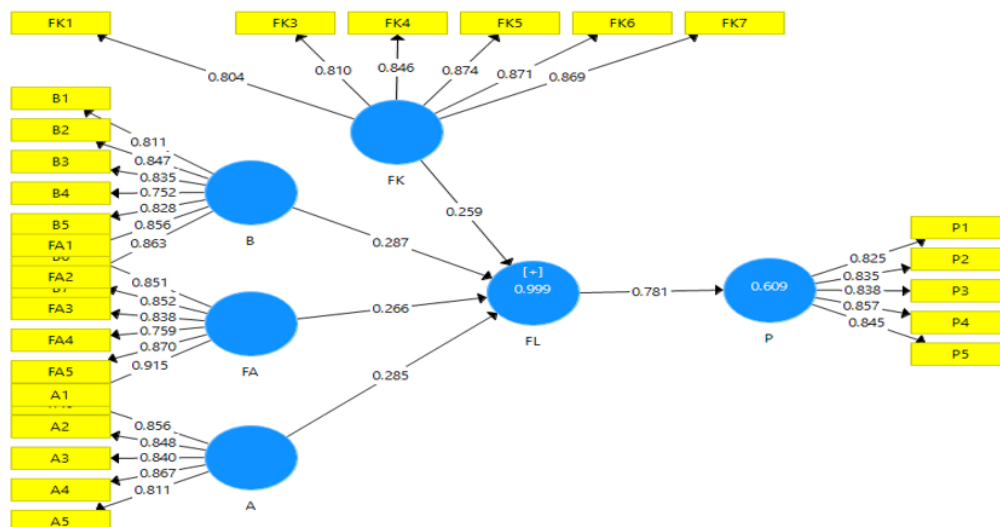
Based on specified goals, this section presents and interprets the data that was acquired. The results were then considered to be seen if they agreed or disagreed with the literature that had been analyzed. There is no multicollinearity issue between the

indicators if the VIF values of all the indicators are less than 5.0. One-dimensionality Measurement items' is been accounted for through factor loading. For an established item, the factor loading value should be 0.7 or higher than it. If items' factor loadings are low, they must be eliminated one at a time from the measurement model. Due to low factor loadings, one item (from the FK (2)) was removed from the current analysis.

The measurement model had been tested utilizing construct reliability, convergent validity, and discriminant validity, according to Hair et al. (2010). The construct reliability of the model was measured using composite reliability and Cronbach alpha. The composite reliability of measurement model's ranged from 0.923 to 0.951, while the construct's factor loading value ranged from 0.752 to 0.934 (above the threshold level ( $>0.5$ )). The measurement model is fit and trustworthy for additional testing (Hair et al., 2010). Fornell and Larcker (1981) used the average variance extracted (AVE) to assess the convergent validity of each component. The AVE values of all constructs exceeded the threshold value of  $>0.5$ .

All of the remaining item loading is above the suggested value, as shown in Figure 2.

Figure 2: Structural Model



Source: Sample Survey, 2023

Note: A= Financial Awareness, B= Financial Behavior, FA=Financial Attitudes, FK=Financial Knowledge, FL=Financial Literacy, P =Performances

### Hypothesis Testing and Testing Association

Following the direct relationship, it shows the evaluation of structural path for the evaluation of path coefficients (relationships among study constructs) and their statistical significance (Table 1). H1 and H2 assess if financial conduct and management have a significant and positive impact on the performance of SMEs. Financial conduct and handling have a significant and beneficial impact on the performance of SMEs ( $\beta=0.223$ ,  $t = 16.962$ ,  $p = 0.001$ ). As a result, H1 and H2 were been supported. H3 assesses if Financial Awareness has a significant and positive impact on the performance of SMEs. Financial Awareness has a significant and beneficial impact on the performance of SMEs, according to the findings ( $\beta=0.224$ ,  $t = 13.399$ ,  $p = 0.001$ ). As a result, H3 had been approved. H4 assesses if Financial Attitudes have a significant and positive impact on the performance of SMEs. Financial Attitudes had a significant and beneficial impact on the performance of SMEs ( $\beta=0.208$ ,  $t = 12.296$ ,  $p = 0.001$ ). As a result, H4 had been approved.

Table 1: Direct Relationships

Relationship		$\beta$	SD	t Statistics	P Values	Result
H1	B -> P	0.223	0.013	16.962	0.000	Supported
H2	B -> P	0.223	0.013	16.962	0.000	Supported
H3	A -> P	0.224	0.017	13.399	0.000	Supported
H4	FA ->P	0.208	0.017	12.296	0.000	Supported
H5	FK -> P	0.202	0.013	15.603	0.000	Supported
H6	FL -> P	0.781	0.058	13.458	0.000	Supported

Source: Sample Survey, 2023

H5 assesses if Financial Knowledge has a significant and positive impact on the performance of SMEs. Financial Knowledge has a significant and beneficial impact on the performance of SMEs, according to the findings ( $\beta=0.202$ ,  $t = 15.603$ ,  $p = 0.001$ ). As a result, H5 also had been approved. H6 assesses if Financial Literacy has a significant and positive impact on the performance of SMEs. Financial Literacy has a significant and favorable impact on the performance of SMEs, according to the findings ( $\beta=0.781$ ,  $t = 13.458$ ,  $p = 0.001$ ). As a result, H6 had been approved.

Table 2: Specific Indirect Relationship

Relationship	$\beta$	Standard Deviation	t Statistics	P Values
A -> FL -> P	0.223	0.013	16.962	0.000
B -> FL -> P	0.224	0.017	13.399	0.000
FA -> FL -> P	0.208	0.017	12.296	0.000
FK -> FL -> P	0.202	0.013	15.603	0.000

Source: Sample Survey, 2023

According to the specific indirect relationship (Table 2) , there are significant relationship between financial awareness, financial behavior, and handling, financial attitudes, and financial knowledge with financial literacy and firm performances. Hence all the p values are less than 0.001

The conclusion that financial literacy has a strong favorable impact on business performance is supported by other studies as well (Purnomo, 2019). This study also supports the findings of Memon et al. (2019), who found that managers with financial literacy are better able to spot possibilities and innovative solutions that may enhance performance. Thus, this study's findings that financial knowledge, awareness, behavior, and attitudes are related to firm performance have led to the conclusion that improving



financial literacy is essential to creating a successful strategy for boosting entrepreneurial performance (Adomako et al., 2014), (Oseifuah, 2010), (Glaser and Walther, 2013). The results, therefore, differ from those of (Potrich et al., 2016), who came to the view that the financial behavior of SMEs has a significant impact on the performance of the organization. Despite the fact that the majority of owner-manager respondents indicated a high correlation between financial knowledge, awareness, and attitudes and business success, financial awareness (skill) also appears to be associated with firm performance. According to Sucuahi (2013), financial awareness (SKIL) may benefit a company's future. This conclusion is consistent. Contrary to what had been discovered here, (Chatterjee and Das, 2016) study concluded that microbusinesses had a detrimental impact on the economy. The future of the company could be benefited from financial awareness (Sucuahi, 2013). Additionally, numerous studies had been demonstrated that human capital and financial literacy (SKIL) are unquestionably the main forces behind SME growth (Parisa et al., 2018), (Perks, 2010). In several studies, it has been demonstrated that business performance improves economic, environmental, and social results (Eltayeb et al., 2011). This study discovered a strong link between financial literacy and firm performance, which is consistent with their findings. This result is consistent with a previous study's explanation of a connection between financial literacy and firm performance. According to certain studies, there is a causal link between literacy and firm performance that extends both in the negative (from firm performance to literacy) and the positive (from Literacy to firm performance) directions. Additionally, a company's engagement in sustainability initiatives will change depending on how well it performs financially in one era. Strong financial performance in the past increases the likelihood that a business will use the extra funds to give sustainability projects top priority. Sustainability activities are less likely to be prioritized by a company with a poor financial history. According to certain studies, a business will fare well in terms of sustainability if it is doing well financially.

A study by Chang and Kuo (2008), found a correlation between the two ideas; stronger financial performance tends to be associated with sustainable policies, and vice versa. This study found that owner-managers are helpful in selecting a financing choice, budgeting, estimating costs, and deciding on output.

## Conclusion

The primary objective of this study was to investigate the impact of financial literacy on the operational efficacy of small and medium-sized enterprises within the Colombo region. Owner-managers of SMEs are the essential decision-makers who steer the company in the right direction. One of the key ideas to be considered while assessing business performance is financial literacy. The findings of the study indicate that the four aspects of financial literacy knowledge, awareness, behavior and handling, and attitudes have a significant impact on SMEs' success. Additionally, this study shows a substantial correlation between financial awareness, financial knowledge, financial attitudes, financial conduct, and financial handling and firm performance. Taking into account the aforementioned findings, the researcher suggested that efforts be made by banks, microfinance institutions, as well as government agencies in an effort to improve the literacy levels of business owners. The researcher also had been suggested that financial education programmes to be organized in order to increase the awareness of SME managers on various financial matters, including but not limited to demonstrating knowledge about all kinds of finance for businesses in their infancy. Such measures would result in the growth and expansion of SMEs, particularly in areas where they had previously failed.

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## Differential Impact on the Students' Performance in the Grade Five Scholarship Examination in Sri Lanka: Based on the Nuwara-Eliya District

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### Abstract

*The grade five scholarship examination emerged as one of the three critical examinations in Sri Lanka. It is evident that the Central Province and the Nuwara-Eliya district recorded the lowest performance in the grade five scholarship examination. Those performed well in the examination take opportunities to attend popular schools and are entitled for bursaries to continue secondary education. Recently, this examination has been malformed by an enormous competition that creates unbearable pressure on students at their early ages, and the performances are not up to a better level in some areas. Without a better understanding of the differential impact on children's performance in the grade five scholarship examination, it is scarcely expected to be a good performance. This study attempts to investigate the differential impact on the children's performance in the grade five scholarship examination in Sri Lanka based on the Nuwara-Eliya district. The primary data gathered through a sample survey were employed in this study. A sample of 378 children was selected using multistage stratified sampling. The multiple linear regression technique was applied to achieve the objective. The coefficient of determination and F test of ANOVA were utilised to evaluate the goodness of fit of the fitted model. The fitted model predicts that monthly family income ( $\beta=0.002$  with  $p$  value=0.000), children's nutritional status ( $\beta=-3.54$  with  $p$  value=0.002) and enrolment with private tuition ( $\beta=6.33$  with  $p$  value=0.000) have a significant differential impact on the children's performance in the grade five scholarship examination. Children from higher-income families, those not suffering from low nutritional status, and those attending private tuition are more likely to perform well in the examination than their counterparts. The coefficient of determination ( $R^2$ ) is 0.888,*



*which justifies the estimated model adequately fits in the data emphasizing the selected explanatory variables for describing the performance are significant. This study provides guidance to policy implications to increase performance in the grade five scholarship examination by addressing these significant factors.*

**Key words:** *Examination, Grade Five Scholarship Income, Multiple Linear Regression, Nutritional Status, Tuition*

## **Introduction**

In the Sri Lankan education system, primary education is the initial stage of formal education. It comes immediately after nursery education and before secondary education. Primary education continues for five years and belongs to child centered and activity-based education. It emphasises more on mind, basic skills, and ability development than on structure and examinations (Ministry of Education, 2005). At the end of the five years of primary education, its success is evaluated through the grade five scholarship examination. The grade five scholarship examination emerged as one of the three critical examinations in Sri Lanka. The Grade five scholarship examination was introduced to Sri Lanka in 1948 (Abayasekara, 2019). This examination is conducted annually by the Department of Examination, Ministry of Education, Sri Lanka. Those who performed well in the examination take opportunities to attend popular schools and are entitled to bursaries to continue secondary education. Recently, the grade five scholarship examination has been malformed with an enormous amount of competition that creates unbearable pressure on students at an early age.

Many students who are in primary school are, naturally, more likely to be playful and not interested in keen studies. Most of the fifth-grade schoolchildren feel anxious and used to complain about headaches and many other abdominal pains. For these symptoms, any medical basis is not obvious. Psychiatrists have identified the psychological impact of this exam on these schoolchildren (Jazeel, 2018). Many controversial discussions and suggestions came forward from time to time for cancellation or making some adjustments to the grade five examination to decrease the severe psychological burden on grade five schoolchildren. Most parents have no exact idea about this, and they force their children to reach unrealistic targets. They send their children to several tuition classes since they think that it is the only way to reach better performance. The children need to achieve a high score, at least an average of 90 marks per paper to enter the most popular schools with more facilities. However, past results have not shown a satisfactory level of performance in some areas.



Table 1: Performance of the Grade Five Scholarship Examination by Province

Province	Number sat	Above cut-off marks %	Marks of 100 or Above %
Western	76470	13.58	67.71
Central	43021	10.29	61.63
Southern	40470	15.59	69.25
Northern	18097	17.54	62.26
Eastern	29681	12.63	57.14
North Western	40042	16.06	70.49
North Central	28877	16.26	66.78
Uva	22832	16.13	65.41
Sabaragamuwa	30774	16.24	69.47
Island	326264	14.46	66.11

Source: Department of Examination, 2020

Table 1 shows that only 14.46% of the children who sat for the exam have obtained above-cutoff marks considering overall Sri Lanka. It is less than one fifth, less than 20%. The percentage of children who obtained marks of 100 and above is less than 75%. Even though the grade five scholarship examination has become a critical exam and the parents are sending their children to several tuition classes, spending more money without even a nutritious meal on time for the children, the performances are not up to a better level. Without a better understanding of the differential impact on children's performance in the grade five scholarship examination, it is scarcely expected to be a good performance. Very little is known about the differential impact of various factors on children's performance in the grade five scholarship examination. This has not received proper attention from scholars, and research studies on this are rare in the previous literature. The objective of this study is to investigate the differential impact on the children's performance in the grade five scholarship examination in Sri Lanka based on the Nuwara-Eliya district.

Comparing all the provinces, central province recorded the least performance (10.29%) in the grade five scholarship examination in terms of above-cutoff marks (Department of Examination, 2020). The percentage of children who obtained marks of 100 and above is 61.63% (Department of Examination, 2020) and is less than 75%.

Table 2: Performance of the Grade Five Scholarship Examination in the Central Province by District

District	Number sat	Above cut-off marks %	Marks of 100 and above %
Kandy	21979	10.45	64.91
Matale	8380	11.3	65.29
Nuwara Eliya	12662	9.35	53.52

Source: Department of Examination, 2020

According to Table 2, considering three districts in the central province, both the percentage of marks above the cutoff (9.35%) and the percentage of marks 100 and above (53.52%) are lowest in the Nuwara Eliya district. Therefore, Nuwara Eliya district was selected as the study area, and it is timely to investigate the differential impact on the children's performance in the grade five scholarship examination. Grade 6 is the immediate class where the students are studying and showing their performance in the grade five scholarship examination. Therefore, grade 6 children in the government schools in the Nuwara Eliya district were considered in selecting the sample for the study.

### Literature Review

According to the previous empirical literature, many researchers and philosophers have identified the differential impact of income, nutritional status, enrollment with private tuition, daily school attendance, gender, age, mothers' educational level, fathers' educational level and many other factors on students' performance in education.

Asmare et al. (2018) have verified an association between monthly income and academic performance. According to Ali et al. (2013), in the study of graduate students at a university, income was found to be a significant factor contributing to their academic performance. As found in the cross-sectional study conducted by Ayalew et al. (2020) using primary school students in Lalibela town, income from 550 to 2999 ETB increased academic achievement. Farooq et al. (2011) conducted a study with secondary school students in Pakistan and revealed that socioeconomic status is an important predictor of the students' academic performance. Further, they found that the high and average socio-economic status influence the students' academic performance more than the lower-level socio-economic status. According to Sothan (2019), socio-economic status seemed to be positively associated with academic performance among the university students in Cambodia. By contrast, the results of the study conducted by Hijazi and Naqvi (2006) have proved a negative and insignificant relationship between income and the academic performance of students in Pakistan.

The relationship between the nutritional status of children and their schooling seems to be of increasing importance in developing countries. Malnutrition in terms of stunting was found to be related to educational achievement in developing countries (Aturupane et al., 2011). According to Asmare et al. (2018), the prevalence of undernutrition is common among school children. According to Prado and Dewey (2014), undernutrition and stunting influence lower achievement in education. Malnutrition was associated with lower school achievement (Faught et al., 2017; Izidoro et al., 2014). Duyar and Pelin (2010) pointed out that undernutrition is a key challenge in the context of public health, influencing educational achievement in schools. According to Shariff et al. (2000), low and poor educational achievements exist among stunted children due to their low ability to learn at school. According to Asmare et al. (2018), malnourished children are more likely to have a low level of educational performance than those among normal children. According to Haile et al. (2016), stunting is significantly associated with academic performance. Aluyor and Uwameiye (2017) investigated the different impacts of categories of nutritional status on the academic performance of public secondary school food and nutrition students in Edo State.

Aturupane et al. (2011) conducted a study on determinants of academic performance using primary school students in Sri Lanka and found that enrollment in private tutoring classes causes an increase in education performance. According to Farg et al. (2015), average hours per day for revision have influenced the academic achievements of the students studying at the Faculty of Sciences and Humanities at Thadiq, Shaqraa University, KSA. By contrast, according to Ali et al. (2013), tuition was not a significant factor contributing to the academic performance of the students. According to Aturupane et al. (2011), high daily attendance causes an increase in educational performance. A significant positive effect of students' attendance on their academic performance was found by Fernando (2017) in the study of undergraduates in the faculty of management studies and commerce at the University of Sri Jayewardenepura in Sri Lanka. According to Sothan (2019), attendance at classes seemed to be positively associated with academic performance among university students in Cambodia.

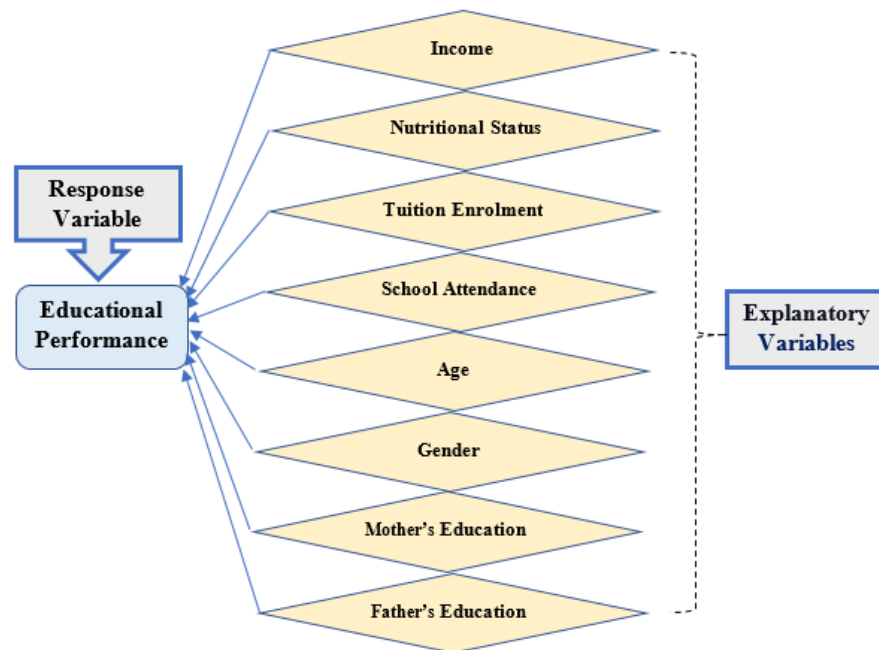
Gender is another factor influencing academic performance, as found in many studies. Farooq et al. (2011) found that gender is a significant predictor of students' academic performance and further revealed that academic performance among girls is better than that of boys. Gutman et al. (2002) investigated whether gender plays a role in academic achievement among African American students and revealed that females had higher achievement in academic tasks than did males. Further, they confirmed that females show higher performance compared to males. However, Sothan (2019) observed that the evidence is insufficient to show a significant association between gender and academic performance among university students in Cambodia. By contrast, according to Ali et al. (2013), gender was not a significant factor contributing to the academic performance of the students. A significant relationship between gender and students' performance was not apparent among university students in Malaysia (Remali et al., 2013). According to

Goni et al. (2015), a significant difference between gender and academic performance among college students has not appeared. Asmare et al. (2018) has verified an association between a child's age and academic performance in Ethiopia using a fitted logistic regression model. According to Ali et al. (2013), in the study of graduate students at a university, age was found to be a significant factor contributing to their academic performance. However, Sothan (2019) observed that the evidence is insufficient to show a significant association between age and academic performance among university students in Cambodia.

Aturupane et al. (2011) found that educated parents caused an increase in education performance in a study conducted on determinants of academic performance using primary school students in Sri Lanka. Farooq et al. (2011) have found that parents' education has a significant impact on the students' academic achievement. Farg, et al. (2015) found that father's and mothers' educational levels have influenced the academic achievements of the students studying at the Faculty of Sciences and Humanities at Thadiq, Shaqraa University, KSA. As found in the cross-sectional study conducted by Ayalew et al. (2020) using primary school students in Lalibela town, the high status of maternal education caused an increase in academic achievement. According to Hijazi and Naqvi (2006), a mother's educational level seems to have a positive relationship with the academic performance of the students in Pakistan. However, Sothan (2019) observed that the evidence is insufficient to show a significant association between parents' education and academic performance among university students in Cambodia.

Figure 1 given below, demonstrates the conceptual framework designed for the differential impact on children's performance in education.

Figure 1: Conceptual Framework



Source: Developed by the Author, 2022

### Hypothesis 1:

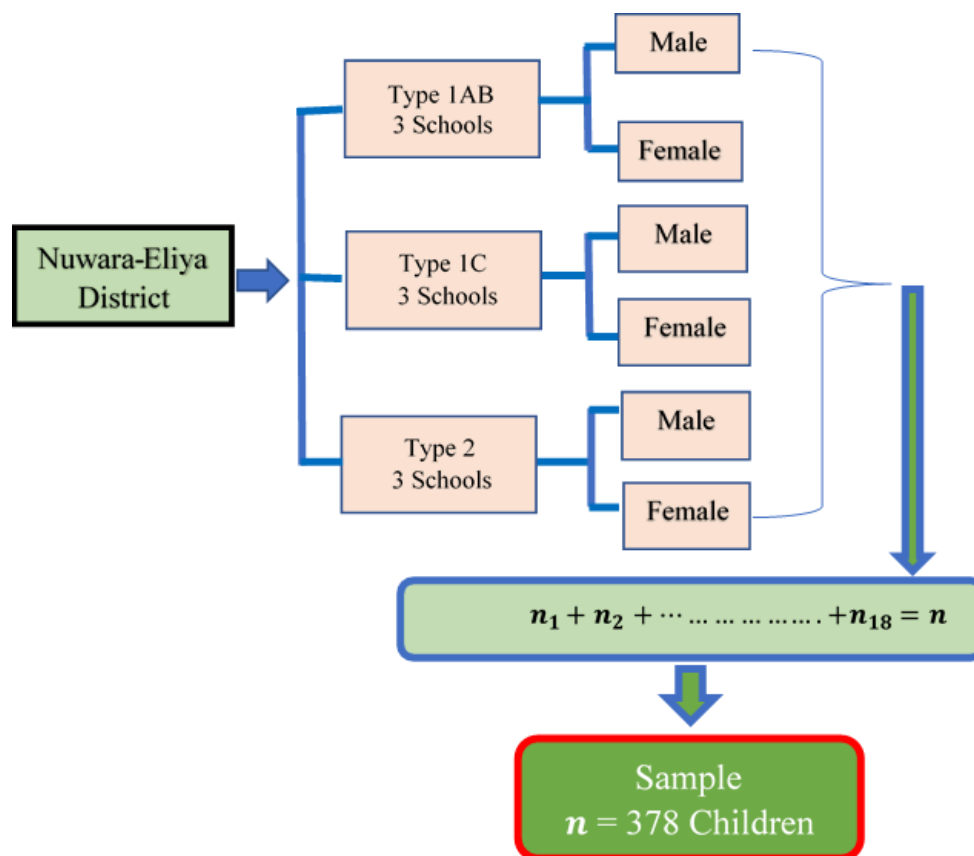
Null: There is not a significant differential impact of different factors on children's performance in the grade five scholarship examination in Sri Lanka

Alternative: There is a significant differential impact of different factors on children's performance in the grade five scholarship examination in Sri Lanka

### Materials and Methods

This study followed the quantitative research approach. Primary data collected through a structured questionnaire were used in this study. In the Sri Lankan educational system, four types of schools (Type 1AB, Type 1C, Type 2, and Type 3) exist (Ministry of Education, 2019). The target population of this study is the total number of grade 6 school children studying in government schools in the Nuwara Eliya district. The size of the population is 12963 school children studying in grade 6 in government schools in Nuwara Eliya district (PDE, 2021). They belong to 3 types of schools: Type 1AB (4366), Type 1C (5158), and Type 2 (3439), since the Type 3 schools do not hold grade 6 classes (PDE, 2021).

Figure 2: Sampling Procedure



Source: Developed by the Author, 2022

The sample size for this study is 378 and it was decided based on Krejcie–Morgan table. The multistage stratified sampling technique was applied to draw the sample of grade 6 school children as shown in Figure 2. Three schools from each type of school were selected randomly based on equal allocation. Final units to the sample were selected representing both male and female from grade 6 children of selected schools using the proportional allocation. The survey was conducted from 01<sup>st</sup> May 2021 to 30<sup>th</sup> June 2021.

The multiple linear regression model was derived to investigate differential impact on the performance in the grade five scholarship examination. The multiple linear regression equation for predicting Y can be expressed as follows.

$$PGE = \beta_0 + \beta_1 INC + \beta_2 NUS + \beta_3 EPT + \beta_4 GEN + \beta_5 FAE + \beta_6 MOE + \beta_7 DSA + \beta_8 ACH + \varepsilon$$

$\beta_0$  = intercept

$\beta_i$  = Slope coefficients (Regression coefficients)

Dependant variable (Y) = Performance of the grade five scholarship examination

Independent variables ( $X_i$ ):

*INC* = Monthly Family Income

*NUS* = Nutritional Status

*EPT* = Enrollment with Private Tuition

*GEN* = Gender

*FAE* = Fathers' Education

*MOE* = Mothers' Education

*DSA* = Daily School Attendance

*ACH* = Age of Child

$\varepsilon$  = Error term

The response (dependent) variable (Y) is the performance of the grade five scholarship examination, measured by the marks obtained by the students in the grade five scholarship examination, which was held on 11th October 2020. Income, nutritional status, enrolment in private tuition, gender, father's education, mother's education, daily school attendance, and age of the child were considered as explanatory variables. The explanatory variable, monthly family income, was considered a continuous variable, while nutritional status, enrollment in private tuition, daily school attendance, gender, age of the child, mothers' education, and fathers' education are categorical or dummy variables. The nutritional status of the children was measured using the WFH (Weight for Height) z score. WFH scores less than -2 z was defined as malnutrition, and it was considered to have low nutritional status in this study.

## Results and Discussion

The key requirement for applying the multiple linear regression technique is satisfying several underlying assumptions. The major assumptions of linearity, no multicollinearity, no autocorrelation, homoscedasticity, and normality were checked for the multiple linear regression model. Firstly, the assumption of no multicollinearity was checked before fitting the model.

Table 3: Checking Multicollinearity among Independent Variables

Determinants	Nutritional status	Enrollment with private tuition	Daily school attendance	Gender
Enrollment with private tuition	Chi-Square (p value=0.962)			
Daily school attendance	Chi-Square (p value=0.000)	Chi-Square (p value=0.000)		
Gender	Chi-Square (p value=0.484)	Chi-Square (p value=0.673)	Chi-Square (p value=0.255)	
Age of child	Chi-Square (p value=0.000)	Chi-Square (p value=0.000)	Chi-Square (p value=0.956)	Chi-Square (p value=0.099)
Mother's education	Chi-Square (p value=0.000)	Chi-Square (p value=0.381)	Chi-Square (p value=0.095)	Chi-Square (p value=0.013)
Father's education	Chi-Square (p value=0.000)	Chi-Square (p value=0.484)	Chi-Square (p value=0.574)	Chi-Square (p value=0.003)
Income	T test (p value=0.099)	T test (p value=0.053)	T test (p value=0.000)	T test (p value=0.850)
Determinants	Age of child	Mother's education	Father's education	Income
Mother's education	Chi-Square (p value=0.075)			
Father's education	Chi-Square (p value=0.004)	Chi-Square (p value=0.000)		
Income	T test (p value=0.004)	ANOVA (p value=0.003)	ANOVA (p value=0.007)	

Source: Sample Survey Data analysis, 2022

Table 3 shows the results of various tests for multicollinearity among all explanatory variables considered for the multiple linear regression model. The highlighted figures indicate that a significant correlation exists among the corresponding variables. The variables; daily school attendance, age of the child, mothers' education, and fathers' education initially considered were removed from the model building due to the presence of high collinearity among them.

Table 4 depicts the results of the fitted multiple linear regression model to investigate the differential impact on the performance of the grade five scholarship examination using only monthly family income, nutritional status, enrolment in private tuition, and



gender of the child as explanatory variables without violating the assumption of no multicollinearity.

Table 4: Results of Multiple Linear Regression Model

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	59.043	1.623		36.376	.000		
Nutritional status	-3.541	1.108	-.060	-3.197	.002	.855	1.169
Enrollment with private tuition	6.330	1.360	.084	4.655	.000	.924	1.082
Gender	-1.767	.928	-.033	-1.903	.058	.980	1.020
Income	.002	.000	.893	47.006	.000	.830	1.205

Source: Sample Survey Data Analysis, 2022

The statistical significance of each parameter in the model was tested using the t-statistic. Based on the above results, it is evident that nutritional status, enrollment in private tuition, and monthly family income have a statistically significant impact on the performance of the grade five scholarship examination at the 0.01 significance level. It indicates that gender is not statistically significant and had no direct effect on the performance of the grade five scholarship examination.

### Goodness of Fit

Goodness of fit of the fitted model was checked using  $R^2$  (Coefficient of determination) and ANOVA (Analysis of Variance) tests as given below.

Table 5:  $R^2$  (Coefficient of Determination)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.943	0.888	0.887	8.89478	1.774

Source: Sample Survey Data Analysis, 2022

Table 5 discloses that  $R^2$  and adjusted  $R^2$  values are 0.888 and 0.887, respectively. It concludes that 88% of the total variation in the marks obtained in the grade five scholarship examination can be explained by the fitted explanatory variables. It justifies the fact that the selected model adequately fits the data.

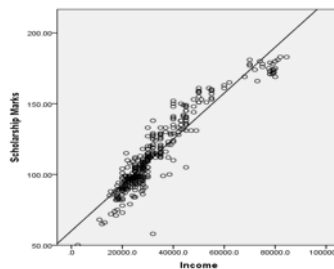
Table 6: ANOVA (Analysis of Variance) with F test

Model	SV	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	234946.41	4	58736.601	742.401	.000
	Residual	29510.663	373	79.117		
	Total	264457.07	377			

Source: Sample Survey Data Analysis, 2022

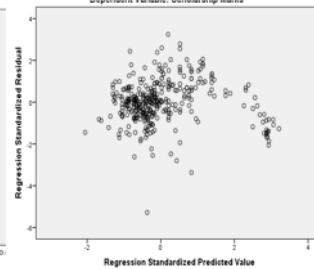
Table 6 provides that the p-value (Sig.) for the F test is less than 0.001 implying that overall, the fitted model is statistically significant.

Figure 3: Checking Linearity



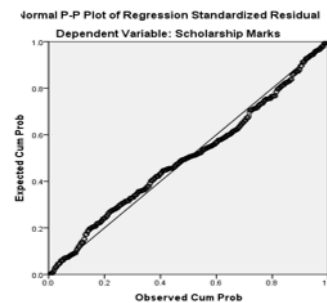
Source: Sample Survey Data Analysis, 2022

Figure 4: Checking Homoscedasticity (Equal Variance of Residuals)



Source: Sample Survey Data Analysis, 2022

Figure5: Checking Normality of Residuals (Residuals are Normally Distributed)



Source: Sample Survey Data analysis, 2022

The key requirement for applying the multiple linear regression technique is satisfying several underlying assumptions. The major assumptions of linearity, no multicollinearity, no autocorrelation, homoscedasticity, and normality were checked for the multiple linear regression model. Figure 3 shows the scatter plot for linearity for the marks obtained in the grade five scholarship examination and monthly family income. It revealed that the linearity assumption is satisfied for those variables. Figure 4 emphasises that the assumption of homoscedasticity (equal variance of residuals) of the fitted model is satisfied because the residual dots do not fan out in a triangular fashion. The PP plot given in Figure 5 emphasises that the assumption of normality (residuals are normally distributed) is satisfied. Once the model was fitted, the VIF value and tolerance

value given in Table 4 ensured that the assumption of no multicollinearity was satisfied. According to Table 5, Durbin-Watson's value is 1.774, and it is close to 2, satisfying the assumption of no autocorrelation for the model.

According to Table 4, the results of the multiple linear regression model point out that the regression coefficient associated with nutritional status is -3.541, indicating that there exists a negative relationship between nutritional status and the performance of the grade five scholarship examination. Further, it predicts that approximately 4 (3.541) marks are less in the grade five scholarship examination for a child who suffers from low nutritional status than a child who does not suffer from low nutritional status. These findings were supported by the results of several previous studies conducted by different researchers (Asmare et al., 2018; Faught et al., 2017; Izidoro et al., 2014). Endalew et al. (2015) have identified that malnutrition affects the learning ability of children.

As revealed in Table 4, the regression coefficient associated with income is 0.002, indicating that there exists a positive relationship between income and the performance of the grade five scholarship examination. Further, it predicts that increasing the income by one rupee causes an increase in the marks by 0.002 in the grade five scholarship examination, and it points out that being a child in a higher-income family is more likely to perform well in the examination than being a child in a low-income family. Results from this study agree with previous work by Ayalew et al. (2020). According to Ali et al. (2013), income was found to be a significant factor contributing to their academic performance. By contrast, the results of the study conducted by Hijazi and Naqvi (2006) have proved an insignificant negative relationship between income and academic performance.

As given in Table 4, the regression coefficient involved with enrollment with private tuition is 6.330 indicating its positive relationship with the performance of the grade five scholarship examination. Further, it predicts that approximately 6 (6.330) marks are higher in the grade five scholarship examination for a child who enrolled with private tuition than a child who did not enroll with private tuition. Similar findings were observed in the previous study conducted by Aturupane et al. (2011). Further, Farg, et al. (2015) found that average hours per day for revision have influenced the academic achievements of the students. In contrast, as found by Ali et al. (2013), tuition was not a significant factor contributing to the academic performance of the students.

Table 4 shows that gender is not statistically significant enough to explain the variability of the performance of the grade five scholarship examination. It indicates that the gender of the student does not directly affect the performance of the grade five scholarship examination. Parallel to these findings, Ali et al. (2013), Sothan (2019), and Remali et al. (2013) found that gender was not a significant factor contributing to the academic performance of the students. According to Goni et al. (2015), a significant difference between gender and academic performance among college students has not appeared. In contrast, Farooq et al. (2011) found that gender is a significant predictor of a student's academic performance and further revealed that academic performance among girls is

better than that of boys. Gutman et al. (2002) found that females had higher achievement in academic tasks than males.

### **Conclusion and Recommendations**

This study investigated the differential impact on children's performance in the grade five scholarship examination in Nuwara-Eliya district, Sri Lanka based on primary data. The study applied multiple linear regression to investigate the differential impact. Nutritional status, enrollment in private tuition, and monthly family income have a statistically significant impact on the performance of the grade five scholarship examination. Nutritional status, enrollment with private tuition and monthly family income have statistically significant impact on the performance of the grade five scholarship examination. The assumptions of multiple linear regression were checked and  $R^2$  value ensured that the model adequately fits the data in this study.

Child malnutrition has a statistically significant negative impact on performance in the grade five scholarship examination. The low nutritional status lessens performance. A child not suffering from low nutritional status is more likely to perform well in the examination. The children in the study area have the risk of insufficient nutritious food. They are involving economic activities due to prevailing poverty in the family and being absent from school. Foods with micronutrients and macronutrients are essential for children's brain development, cognitive capabilities and overall body function. Through these, low nutritional status might be related to poor performance in the grade five scholarship examination in the study area. Children from higher-income families are more likely to perform well in the examination than a children from low-income families in the study area. Well-financed families are able to provide more educational resources and create a stress-free positive atmosphere for their children's learning process. On the contrary, less-financed families may fight to survive their lives before spending money on their children's education. This situation may create poor performance in the grade five scholarship examination for children from low-income families in the study area. Further, the study pointed out that attending private tuition is a leading factor in performing well in the grade five scholarship examination. In private classes, the teacher gives students special attention, raising their motivational level and effectiveness in clarifying complicated concepts. Children who do not attend private classes lose this opportunity. Therefore, performance in the grade five scholarship examination might be lower for the children without attending private tuition than for those attending in the study area.

This study attempted to fill the prevailing research gap in investigating the differential impact on children's performance in the grade five scholarship examination in Nuwara-Eliya district, Sri Lanka. The study suggests that the government should strengthen its nutritional intervention and provide efficient food assistance in the schools enabling children to get nutritious food intake. Better food relief programmes should be implemented in the study area. The government should implement policies to

generate innovative income sources in the study area. Counseling programmes should be launched for household heads to refrain from unnecessary expenses (alcohol and smoking) to increase financial investment in their children's education. They should be emphasised the importance of child's education to break both poverty and malnutrition cycles. The government should strengthen, formalize and reform free education to refrain from tuition. Fair education opportunities for all children from low and high-income families should be provided. This study guides policy implementors to increase performance in the grade five scholarship examination by addressing these factors.

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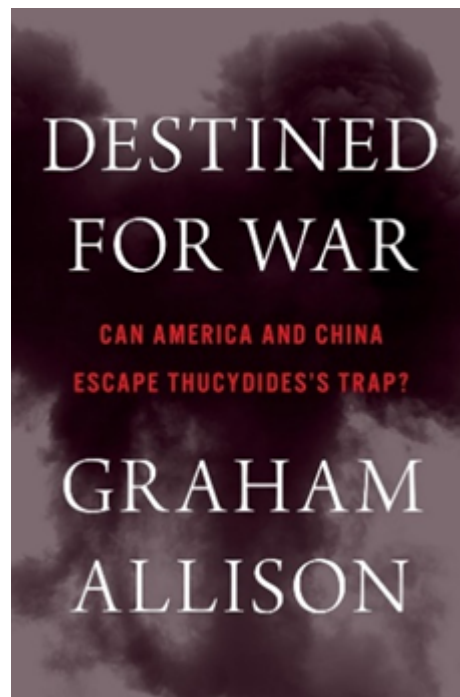




## A Book Review of *Destined for War: Can America and China Escape Thucydides's Trap?*

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**Introduction**

In his book "The Thucydides Trap", Graham Allison uses the works of the ancient Greek historian Thucydides on the Peloponnesian War to portray the increasing tensions between the United States and China as a typical example of a dominant power that is afraid of the advent of an emerging challenger. Allison, a prominent scholar at Harvard's Belfer Center for Science and International Affairs, contends that the structural tensions that exist between the Pacific countries might easily result in military war similar to the one, that ensnared Athens and Sparta if there are no intentional measures made to promote peace and collaboration.

**The "Thucydides Trap" Theory**

Allison's work builds upon foundational works like A.F.K. Organski's power transition theory, which explains how shifts in relative economic, military, and political power between nations increase the probability of war as rising, dissatisfied states attempt to change the existing international hierarchy (Organski, 1958). However, Allison's unique innovation is the psychological emphasis on the fear and perception of threats felt by the dominant state towards its emerging challenger as the key accelerant of tensions. Hence, the "Thucydides Trap" theory shares commonalities with the offensive realism paradigm

advanced by scholars like John Mearsheimer, which highlights how the security dilemma between great powers fuels worst-case planning, arms races, and cycles of action-reaction instability (Mearsheimer, 2001). Allison builds directly upon these realist premises about the self-help nature of international competition and the proclivity for rivalries to descend into hostilities (Allison, 2017: 97). Allison breaks new ground through his systematic historical case study methodology, quantifying how frequently these structural forces have resulted in violent conflict between transitioning powers over the past 500 years. Thus, Allison's work is groundbreaking in combining power transition theory, realpolitik analysis, and quantitative historical case studies into a unified framework for explaining the specific structural stresses intensifying between Washington and Beijing.

Allison derives his central theory from the ancient Greek historian Thucydides' analysis of the Peloponnesian War between Athens and Sparta. As Thucydides observed, "What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta" (p. xxv).

From this starting point, Allison develops the concept he calls the "Thucydides Trap" - the severe structural stress that emerges when a rising power causes fear in an established ruling power, making some form of violent conflict remarkably difficult to avoid (p. 30). He writes, "The Thucydides Trap refers to the natural, inevitable, inescapable discontent a rising power feels as a ruling power is unwilling to make the accommodating 'adjustments' the rising power wants, causing the rising power to consider a challenge" (p. 31).

Essentially, as a rising nation extends its influence and interests further outward, it inevitably comes to chafe against the constraints and status quo enforced by the dominant ruling power. The ruling power in turn sees any attempt by the rising power to change the established order as an existential threat to its supremacy (p. 49). Allison illustrates this dynamic through the concept of tipping points - lines that, once crossed by the rising power, become so unacceptable to the ruling power that violence becomes effectively inevitable: "When a rising power reached a 'tipping point,' the ruling power was overwhelmingly likely to strike first to retain its dominant position" (p. 47).

Through extensive historical cases studies, Allison found this "Thucydides Trap" had ensnared 16 rising power-ruling power dyads over the past 500 years. In a startling 12 of those cases, the rivals ended up going to war (p. 13). Allison argues this makes the "Thucydides Trap" an under-appreciated force in history repeating itself: "Time and again, the rulers of a reigning power have found themselves in positions so unappealing that they had little choice but to go to war" (p. 83).

He identifies numerous factors that contribute to the entrapping structural stress, including domestic political pressures, ideological disputes, historical grievances, geographical tensions, and the rapid shifting of economic and military balances between the powers (Pp. 124-134). Crucially, Allison highlights how even minor incidents between the rivals can spark dangerous conflicts that are difficult to control due to psychological biases, institutional inertias, and domestic constraints (Pp. 144-151). He terms this the "Punic Duel" model of escalation (p. 147).

Allison makes clear the "Thucydides Trap" is not a deterministic law, but rather identifies the powerful historical pattern of "forces that make contest terribly difficult to avoid once a new, rising power begins to threaten the established leader" (p. 44). Whether the U.S. and China can escape this trap depends on their efforts to build "extraordinary wisdom and watchfulness" into their relationship (p. 237).

In summary, Allison's "Thucydides Trap" theory asserts that when a rising power approaches parity with the dominant ruling power and begins pushing for changes to the established order, both nations enter an increasingly unstable scenario where historical forces make violent conflict extremely difficult to avoid absent conscious efforts to cooperate.

### **Methodology: 'Historical Case Studies'**

A core strength of Allison's book is his rigorous methodology using extensive historical case studies to develop and support his "Thucydides Trap" theory. He systematically analyzes 16 cases over the past 500 years when a rising power had emerged as a significant challenger to the dominant ruling power of that era (p. 13). For each case, ranging from the 16<sup>th</sup> century rise of the Spanish Habsburgs to the 20th century U.S.-Soviet rivalry during the Cold War, Allison consults a wide range of primary and

secondary sources to assess the key factors and dynamics that either resulted in violent conflict or a relatively peaceful transition of power.

Some of the earliest examples had been cited span the 16th to 18th centuries, as new nation-state rivals arose to confront the ruling European powers. This included the "stunningly rapid" rise of the Habsburg Spanish empire, which had come to repeatedly clash with the formerly dominant Portuguese through conflicts like the War of the Mantuan Succession from 1628-1631 (Pp. 52-53). As Spain's power peaked, the emerging commercial power of the Netherlands grew to directly challenge Spanish control of the high seas, erupting into the devastating Eighty Years' War from 1568-1648 (Pp. 55-56).

As the 18th century dawned, it was newly ascendant France under the leadership of Louis XIV that "posed an existential threat to Britain and the Dutch Republic" as the reigning maritime powers (p. 57). This tension had been erupted into a series of major wars as France aimed to establish its territorial claims and check the primacy of Britain and the Netherlands (Pp. 57-59). Allison points to 19th century, Germany as "the latest iteration of a rising power bent on overturning the established order" dominated by the British empire at its zenith (p. 61). The rapidly industrializing German economy allowed for massive military buildups that enabled an attempt to "escape the confines imposed by Britain's existing order" - escalating into the powder keg of World War I after a spiral of minor crises (Pp. 64-66).

The first half of the 20th century was defined by challenges from other rising powers like Germany and Japan disrupting Western primacy, contributing to the cataclysms of World War II (Pp. 71-77). And in the Cold War era, Allison argues that it was the Soviet Union's ascension that represented the latest iteration of the "Thucydides Trap" dynamic with the U.S. as the dominant but threatened ruling power (Pp. 78-79).

Allison identifies only four cases over this centuries-long period where rising and ruling powers managed to the transition power relatively peacefully: the U.S. overtaking Britain, the Soviet rises coexisting with Britain's decline, Germany and Japan's ascent over post-WWII Russia and China, and America eclipsing Britain's empire (Pp. 80-82). However, he deems these to be rare exceptions enabled by unique circumstances largely absent today.

Allison's sweeping historical examples illustrate that, what he sees as an enduring pattern: "In case after case, when a rising power began to approach the parity with the ruling power, structural stresses developed that made conflict terribly difficult to avoid" (p. 82). He argues this precedent raises grave concerns about the current U.S.-China relationship entering a perilous "Thucydides Trap" dynamic where miscalculation or domestic political incentives could be easily lead to an escalating conflict (p. 83). By marching through over 500 years of great power struggles that predominantly ended in violent collision between ascendant rivals and the status quo defenders, Allison constructs an analytical framework that serves as a stark warning for managing the growing Sino-American tensions in the decades ahead.

Allison's methodology is a significant strength in understanding the dynamics of power transitions. He uses primary source materials such as government records, intelligence files, and first-hand accounts to reconstruct key decision-making processes in his case studies. He also validates his factual claims and statistical evidence by cross-checking across multiple respected secondary sources and academic databases. His analysis of metrics like military spending, economic output, and energy consumption levels is meticulously cited from sources like the U.S. Military Posture Statements, SIPRI military expenditure databases, conference proceedings, and datasets from institutions like the World Bank. However, his methodology may introduce biases, as he had overemphasize adversarial structural forces compared to alternative frameworks. Additionally, his "Thucydides Trap" framing may oversimplify or project other contributing factors beyond the rising/ruling power dynamic. Critics argue that this results in strained analogies that could break down under scrutiny. Despite these criticisms, Allison's methodology provides a level of historical rigor that elevates his analysis above polemic argument. His robust sourcing from primary records, validation across credible secondary sources, and granular historiographical approach make his approach a substantial scholarly strength.

### **U.S. and China Outlined by Allison**

Allison highlights the increasing economic tensions between the U.S. and China as a major source of conflict and escalating rivalry. He cites issues like "America's massive trade deficits with China, lack of access for American companies to Chinese markets,

theft of intellectual property, and currency manipulation" as the major points of friction (p. 120). Disagreements over Chinese investment in critical U.S. infrastructure and key technology sectors have been also raised national security fears about overreliance (p. 121). At a deeper level, Allison argues the two nations' fundamentally different economic models - state capitalism in China versus free market capitalism in the U.S. - represent "a source of massive structural stress between them" (p. 122).

Another crucial flashpoint had been identified by Allison is the series of escalating territorial disputes between the U.S. and China, particularly in the South China Sea and East China Sea regions. He points to China's "breathtakingly comprehensive programme of artificial island construction" and militarization of these islands with advanced radar, missile systems, and aircraft as direct challenges to American primacy (p. 123). The risks of confrontation over vital trade shipments transiting these waters have been significantly raised tensions. Allison also highlights Chinese claims over Taiwan and its rejection of a "One China" policy as "the most volatile issue between the U.S. and China today" (p. 126).

Allison depicts the two nations as entering a new arms race driven by competing military buildups, cyber warfare capabilities, space-based assets, AI development efforts, and next-generation technologies like hypersonic missiles (Pp. 126-127). Fears about shifting military balances that could be tilted dominance have fueled debates over economic "decoupling," export controls, investment screenings, and the securitization of a wide range of dual-use technologies (p. 128). Allison warns the "ubiquitous opportunities for inadvertent or intentional provocations by military and paramilitary forces on both sides" increases risks of escalation spirals (p. 127).

Finally, Allison emphasizes the fundamental tensions arose from the conflicting ideologies and forms of governance between the two rival powers. He frames it as a clash between "a rising authoritarian capitalist regime fundamentally challenging a ruling democratic capitalist one" (p. 128). The mutual fears and distrusts caused by these differing value systems and models of political organization exacerbate domestic nationalist voices in both nations portraying the other as an existential threat (Pp. 129-132). Allison argues this dimension of intensifying ideological rivalry leaves less "space for compromise and co-existence" between the U.S. and China (p. 132).

Across all these critical flashpoint areas, Allison contends the structural forces at play are increasingly resembling the "Thucydides Trap" scenario that has been repeatedly led rising and ruling powers down a path toward devastating conflict throughout the history. Whether the U.S.-China relationship can buck these patterns depends on both nations' wisdom and ability to manage these intensifying tensions.

### **Criticisms on Allison**

One of the primary critiques is that Allison overstates the deterministic nature of the "Thucydides Trap" playing out between the U.S. and China despite key differences from previous historical cases. Ramo (2017) argues Allison's theoretical models caused him to "overly discount the ability of American and Chinese societies to shape their own destiny" beyond the structural forces he identifies.

Similarly, Beckley (2018) writes that Allison "loses sight of the profound differences between the U.S.-Chinese relationship today and great-power rivalries in the historical past" (p. 92). Beckley highlights how the economic interdependence, nuclear deterrence, and the presence of international institutions altered the current geopolitical landscape. Related to this, several critics contend Allison overlooks crucial factors that separate the contemporary U.S.-China dynamic from previous conflicts between rising and ruling powers. Rosecrance (2018) argues "globalization has raised the costs of war so high that neither Beijing nor Washington could win such a conflict" (p. 604).

Ferguson (2017) similarly suggested today's economic interdependence between the U.S. and Chinese economies means "the two countries have been too intertwined to slide into open conflict." Beckley (2018) added that nuclear weapons have "reduced the expected benefits of military conquest" compared to earlier eras (p. 108).

Kupchan (2017) argues Allison "gives short shrift" to how international institutions like the UN, World Bank, and global trade regimes could help mitigate to U.S.-China tensions in ways not available to previous rising and ruling powers. Another criticism is that Allison's structural theory overlooks the critical role individual leaders could play through diplomacy and prudent decision-making to avoid conflict. Ramo (2017) argues Allison "fails to sufficiently credit the agency of leaders" in being able to steer their nations toward more peaceful paths.

Economy (2017) adds that Allison spends too little time exploring "potential off-ramps from his tragic cycle of tensions" and how proactive efforts by leaders could be defused the "Thucydides Trap" risks he described. Some critics take issues with Allison's narrative style and structure of the book itself. Kupchan (2017) argued the book "bogs down the narrative" by overextending into too many background historical examples. While praising Allison's "masterful use of examples," Economy (2017) contends "the theoretical analysis overwhelms the examination of current U.S.-China tensions."

Hence, while many reviewers praised the book's comprehensive research and raising awareness of the U.S.-China rivalry's dangers, a common critique is that Allison overstates the determinism of great powers repeatedly falling into conflict. Critics argue he overlooked key differences separating the modern geopolitical context, as well as the agency of individual leaders to cooperate and find pathways to coexistence absent in previous eras.

### **The Impact and Implications for Policymakers**

Allison does not offer explicit policy suggestions concerning the bilateral relationship between the two nations. Allison's cautions regarding the "Thucydides Trap" are disquieting. The potential escalation of tensions among Pacific countries into instability and warfare may result in significant ramifications. It is imperative for national leaders who are been prioritized worldwide peace and economic well-being to not overlook this matter. Policymakers bear the duty of effecting substantial changes in these dynamics through the use of long-term strategic planning and the adept management of escalating tensions within the system. Reading "Destined for War" is crucial for policymakers and foreign policy practitioners who are been involved in U.S.-China relations, particularly those dealing with economic, security, or technology matters. Allison is urging for leaders that possess extensive knowledge and information, in order to prevent the costly errors of the past from being repeated. She had achieved this by doing a comprehensive analysis of the specific structural hazards of current era, taking into account historical occurrences of significant power rivalry.



## Conclusion and Recommendations

While Allison presents a stark warning about the potential for conflict between the U.S. and China, he is upfront that his book does not offer any simple policy prescriptions or solutions to avoid the "Thucydides Trap" (p. 237). Instead, he argues that by this systematically illuminating the powerful structural forces at play based on extensive historical precedents, leaders of both nations have a better chance to take prudent steps to maintain peace and vitiate these escalating tensions.

Allison makes clear that in his view, a violent clash between China and the U.S. is not a deterministic certainty, but rather a "daunting risk" that must be acted upon proactively (p. 237). He writes, "Nothing captures the reality of the Thucydides Trap better than recognizing the coin as still being in the air" (p. 237). The two Pacific powers still have agency to be controlled their own destinies if they are prioritizing open communication, negotiation of guardrails against conflict, and the construction of a larger framework for peaceful economic cooperation and coexistence.

However, Allison expresses deep concern about both nations' current trajectories pushing them towards an increasingly adversarial posture with rising suspicions, military buildups, and hardline nationalism. He argues this "steady re-creation of the dynamics that have been predictably led to tragedy" stems from accumulated "grievances, judgments, and actions [that are] almost calculated to make an eventual clash inevitable" (p. 238). Miscalculation, third-party provocations, or domestic political forces incentivizing confrontation could easily spark uncontrolled escalation from seemingly minor incidents, reflecting the escalatory models like "Punic Duels" seen throughout history (p. 147).

Allison's sobering conclusion is that avoiding a direct hegemonic challenge between the rising Chinese power and the reigning American order will be required both nations to take "heroic steps" and demonstrate "extraordinary wisdom and watchfulness" to defy the historical patterns he illuminates (p. 237). While intended as an urgent wake-up call, Allison sees immense constructive potential if the two nations could proactively addressed their structural stresses:

"If America and China could be able to escape the Thucydides Trap...their efforts could lay the foundations of an international order capable of allowing China and the U.S. to lead the world toward an extended period of peace and prosperity more fabulous than anything yet achieved in human history" (p. 242).

Ultimately, Allison hopes that by thoroughly diagnosing the uniquely acute dangers of the "Thucydides Trap" dynamic emerging between the U.S. and China, his book could be catalyzed the foresight and commitment required from leaders of both nations to steer their relationship towards the peaceful coexistence that had been eluded most rising and ruling powers throughout the past half millennium. Allison's extensively researched book serves as a profound call for farsighted statecraft by U.S. and Chinese leaders to escape the historical cycles of hostility between ruling and rising powers - cycles that had been repeatedly led to devastating consequences when left unattended. Thus, while Allison's theoretical arguments have some valid criticisms, he delivers a vital wake-up call about the uniquely perilous structural stresses intensifying between the Pacific powers. His book's insights and urgency make it an essential read for anyone seeking to uphold global stability amid the intensifying superpower rivalry reshaping the 21st century world order.

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