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Title: Strategic Workforce Recovery Plan for Sri Lanka's Tourism Sector Post-Economic Crisis

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Abstract

- The tourism sector in Sri Lanka has historically played a critical role in driving economic growth, cultural exchange, and rural development. Accounting for nearly 12% of the country's GDP and 11% of total employment before the 2022–2023 crisis (SLTDA, 2019), the industry served as a vital source of income for both formal and informal workers. However, the sector faced an unprecedented collapse due to a compounded crisis involving political unrest, inflationary pressures, fuel shortages, and currency depreciation.
- As tourism demand plummeted, hotels, guesthouses, and tour operators were forced to cease operations or scale down drastically. This decline triggered a mass departure of workers, including tour guides, hotel staff, and tourism managers. Many sought alternative employment locally or migrated abroad, further depleting Sri Lanka's skilled tourism workforce (ILO, 2023). Women, in particular, bore the brunt of the crisis, often being the first to lose jobs due to care responsibilities and informal employment arrangements.
- This report outlines a strategic workforce recovery plan grounded in global best practices and labour resilience frameworks. The plan emphasizes four pillars: rapid re-employment schemes, targeted upskilling programs, ethical labour recruitment, and institutional reforms. These pillars are informed by successful interventions in post-crisis economies such as Greece, Nepal, and Thailand, where tourism rebounded through coordinated policy responses (Baum & Hai, 2020).
- The report incorporates insights from international organizations, academic journals, and government data to develop a context-specific roadmap for Sri Lanka. The goal is not just to revive tourism jobs but to build a more inclusive and future-proof workforce. By aligning recovery strategies with Sustainable Development Goals (SDGs), especially SDG 8 on decent work and economic growth, the plan aims for equitable and sustainable revitalization.

- Key to this recovery is the formalization of the tourism workforce, which remains predominantly informal, lacking access to social protections or legal safeguards. The plan also calls for addressing systemic gender disparities, ensuring that recovery initiatives do not replicate pre-crisis inequalities. It recommends creating training pathways that enable youth and women to re-enter the sector with enhanced skills and security.
- Ultimately, the strategic workforce recovery plan recognizes that Sri Lanka's tourism crisis is not just an economic issue, but a human one. Addressing it requires a comprehensive and compassionate policy approach that rebuilds trust, capacity, and resilience across the labour ecosystem.

Introduction

- Sri Lanka's tourism sector has long been celebrated for its diversity—ranging from ancient temples and wildlife sanctuaries to pristine beaches and vibrant cultural festivals. Before the crisis of 2022–2023, it was a key driver of foreign exchange earnings and rural employment. Tourism generated over USD 4 billion in annual revenue and provided direct and indirect employment to over 500,000 individuals, making it one of the most labor-intensive industries in the country (SLTDA, 2019).
- However, the industry's success was abruptly halted by a deepening economic and political crisis. After already struggling to recover from the COVID-19 pandemic, Sri Lanka's tourism industry was dealt another blow due to severe currency depreciation, surging inflation, power outages, and a breakdown in public transport systems. These disruptions made it difficult for tourists to visit and for businesses to operate efficiently (World Bank, 2023).
- Political unrest, marked by mass protests and a government collapse in mid-2022, further eroded international confidence in Sri Lanka as a safe travel destination. Travel advisories were issued by several countries, leading to large-scale cancellations and a collapse in tourist arrivals. This created a ripple effect across the sector—businesses closed, livelihoods were lost, and service standards declined rapidly (DailyFT, 2023).
- One of the most damaging outcomes of the crisis has been the exodus of skilled tourism workers. From experienced chefs to multilingual tour guides, many professionals migrated to other countries or shifted to sectors like retail, delivery services, or construction. This "brain drain" now threatens the quality and scalability of Sri Lanka's tourism offerings in the post-crisis phase (ILO, 2023).
- The crisis also exposed deep-rooted structural vulnerabilities in the labour market. The tourism workforce was heavily dependent on informal contracts, seasonal employment, and daily wage systems. As a result, many workers were left without social protection or retraining support when the crisis hit. This precariousness particularly affected women, youth, and rural workers, who lacked both job security and access to upskilling resources.
- Given this context, the purpose of this paper is to propose a practical and inclusive workforce recovery strategy tailored to Sri Lanka's unique challenges. The plan blends emergency interventions with long-term institutional reforms to ensure a resilient tourism sector that values its human capital. By drawing lessons from global case studies and

aligning with national development goals, the strategy aims to restore livelihoods, rebuild trust, and reinvent tourism as a sustainable engine of growth.

Literature Review

- **1. Sri Lanka's Tourism Economy Pre-Crisis**

Before the crisis, Sri Lanka enjoyed a tourism renaissance, with annual tourist arrivals reaching nearly 2.3 million in 2018. This growth was attributed to increased global interest in cultural tourism, Ayurveda wellness, and eco-tourism. According to the World Bank (2020), the sector contributed 12% to GDP and employed a diverse mix of individuals across formal and informal segments. However, the sector was heavily fragmented, with thousands of small businesses operating with limited regulatory oversight or financial buffers.

- The informal economy played a major role, especially in rural and coastal regions. Over 60% of the tourism workforce, including tuk-tuk drivers, unlicensed tour guides, and home-stay operators, lacked formal registration (ADB, 2022). This informality made it difficult to implement effective labour protections or social insurance programs. Despite its economic significance, tourism was under-prioritized in national labour and development planning.
- Furthermore, pre-crisis tourism policy focused heavily on marketing and infrastructure, with less attention given to skills development, ethical employment, or digital transformation. As a result, workers were ill-prepared to adapt to shocks such as pandemics, political instability, or fuel shortages. These pre-existing weaknesses left the workforce highly vulnerable when the crisis hit.

- **2. Effects of Economic Crisis**

The crisis that began in 2022 rapidly dismantled Sri Lanka's tourism ecosystem. The ILO (2023) estimates that over 300,000 workers exited the sector within a year. Sharp increases in the cost of living, food shortages, and lack of public transportation made it impractical for workers to continue in low-wage tourism roles. The fuel crisis, in particular, disrupted mobility and supply chains, rendering many hotels and tour operators non-functional.

- Hotel closures and bankruptcies surged, with occupancy rates dropping below 20% in most regions (WTTC, 2023). As tourist demand vanished, even established businesses laid off staff or suspended operations. The ripple effects extended to connected sectors like handicrafts, transport, and agriculture. Many experienced professionals sought jobs in the Middle East, Australia, or the ASEAN region, leading to a significant brain drain.
- Inflation further exacerbated inequalities, with many women leaving the workforce due to care responsibilities and safety concerns. The lack of digital infrastructure also prevented displaced workers from accessing online job markets or upskilling platforms. The crisis therefore not only destroyed jobs but also widened socio-economic gaps and deepened mistrust in the system.

- **3. Labour Market Vulnerabilities and Global Comparisons**

Sri Lanka's tourism labour market has long been characterized by informality, poor data collection, and limited institutional support. Nearly 60% of workers lacked contracts or legal protection (ADB, 2022), making it difficult for them to claim severance or unemployment benefits. Moreover, vocational training programs were outdated and disconnected from industry needs.

- Gender imbalances were striking—women made up a large part of the hospitality workforce but were often relegated to low-paying, unstable roles. Post-crisis studies indicate a disproportionate impact on female-headed households, who lost both income and social security (UN Women, 2023). These challenges mirror trends seen in other post-crisis contexts.
- Lessons from countries like Greece and Nepal highlight the need for holistic recovery models. In Greece, workforce reintegration involved tax incentives for rehiring, while Nepal focused on community-based tourism supported by NGO-led upskilling (Baum & Hai, 2020). Such models emphasize that rebuilding tourism is not just about infrastructure—it's about rebuilding people's capacity, trust, and dignity.

Methodology

This strategic workforce recovery plan for Sri Lanka's tourism sector employs a **qualitative research approach** rooted in document analysis and comparative case study review. The goal of this methodology is to synthesize insights from national and international sources to propose actionable, context-sensitive recommendations for labour market stabilization and recovery. The study follows an interpretivist paradigm, acknowledging the complex social, economic, and cultural variables shaping post-crisis tourism recovery in Sri Lanka.

1. Sri Lanka Tourism Development Authority (SLTDA)

The SLTDA served as a foundational data source, providing baseline statistics on pre-crisis and post-crisis tourism performance. Key indicators such as tourist arrivals, employment rates, sectoral GDP contributions, and regional workforce distribution were used to understand the magnitude and structure of job losses during the crisis (SLTDA, 2023). Policy papers from SLTDA were analyzed to identify existing tourism strategies, budget allocations, and institutional bottlenecks. These documents also highlighted gaps in training infrastructure and public-private partnerships in tourism labour development.

2. ILO Country Reports (2022–2023)

The International Labour Organization's (ILO) country-specific analyses were critical in evaluating the depth of the tourism workforce collapse. ILO reports offered data on the number of displaced workers, changes in employment informality, and the extent of social protection coverage among tourism employees (ILO, 2023a). These insights were especially relevant in

framing ethical hiring practices and re-integration policies for informal workers. The ILO's framework on decent work and inclusive employment was used as a guiding principle for developing recovery measures (ILO, 2022b).

3. Ministry of Labour and Foreign Employment – Sri Lanka

Reports and press releases from Sri Lanka's Ministry of Labour and Foreign Employment (2022–2023) were reviewed to track emergency employment initiatives, skill development campaigns, and labour migration trends. These documents provided insights into internal workforce mobility, remittance flows from tourism-related migrant workers, and national policies targeting vulnerable groups such as women, youth, and rural employees (Ministry of Labour, 2023). They also highlighted policy gaps in reintegrating skilled emigrants who left the tourism sector during the crisis.

4. Interviews and Articles by Tourism Association Leaders

Expert opinions from industry stakeholders were collected from published interviews, online webinars, and newspaper articles. These sources included commentary from leaders of the Tourist Hotels Association of Sri Lanka (THASL), the Sri Lanka Association of Inbound Tour Operators (SLAITO), and regional hospitality guilds. These qualitative accounts were vital for understanding on-the-ground challenges such as fuel scarcity, safety issues, and staff morale (Fernando, 2023). They also offered suggestions on improving coordination between government and private sector during workforce revival.

5. Comparative Frameworks: Greece and Nepal

This study incorporated **comparative analysis** by examining workforce recovery strategies in countries that faced severe tourism collapses. Nepal's response to the 2015 earthquake and Greece's recovery post-2008 financial crisis were studied through peer-reviewed journal articles, UNWTO reports, and NGO policy briefs. These cases provided examples of effective vocational retraining, women-led tourism micro-enterprises, and digital upskilling programs that helped stabilize labour markets (Baum & Hai, 2020; Sharma et al., 2018). Lessons learned from these contexts were adapted to Sri Lanka's social and economic landscape to ensure cultural and structural relevance.

6. Analytical Approach

Data triangulation was applied to validate insights across the five source categories. Information was coded thematically to identify patterns in workforce vulnerability, gender disparities, migration trends, and policy responses. Thematic clusters such as "labour informality," "reskilling and upskilling," "social protection," and "gender-sensitive recovery" were developed to guide the formulation of the strategic plan. The qualitative nature of this study allows for a

nuanced understanding of both systemic challenges and localized experiences, which is crucial for building an inclusive recovery roadmap.

Findings

1. Labour Market Dynamics Before and After the Crisis

Metric	2019 (Pre-Crisis)	2023 (Post-Crisis)
Employment in Tourism	~480,000	<200,000
Informality	56%	67%
Women in workforce	43%	29%
Average Monthly Wages	LKR 36,000	LKR 28,000
Active Licensed Hotels	2500+	1400

2. Key Structural Weaknesses

Weak enforcement of labour contracts

One of the most persistent challenges in Sri Lanka's tourism sector is the inadequate enforcement of labour contracts. A large portion of workers, especially in small hotels, tour operations, and seasonal employment, often work without formal agreements. Even when contracts exist, there is minimal oversight by labour authorities, leading to wage theft, sudden terminations, and denial of leave or benefits. This lack of enforceability undermines job security and discourages skilled professionals from remaining in the industry. Without contractual protection, workers cannot seek legal redress or claim unemployment benefits during crises like the COVID-19 pandemic or the 2022 economic collapse.

Lack of emergency welfare benefits

The absence of structured emergency welfare benefits became glaringly evident during the 2022–2023 crisis. Most tourism workers—particularly those in informal or freelance roles—had no access to financial aid, unemployment insurance, or medical coverage when the industry shut down. This led to a humanitarian emergency where families were forced into debt, food insecurity, or migration. Unlike countries with robust social safety nets (e.g., France’s *chômage partiel* or India’s Jan Dhan direct benefit transfers), Sri Lanka lacked the policy infrastructure and funding to cushion tourism workers during shocks (ILO, 2023).

Poor digital skills among workers

The tourism workforce in Sri Lanka remains largely unprepared for the digital demands of modern hospitality. Many tour guides, front desk workers, and even hotel managers have limited

skills in using booking platforms, managing digital payments, or handling customer service apps. As tourism globally shifts toward online-first services—such as virtual tours, dynamic pricing, and mobile check-ins—Sri Lankan workers risk being left behind. This digital gap also affects the ability of workers to access online job portals or digital training, further marginalizing them in the recovery process (World Bank, 2022).

Absence of decentralised training institutions

While tourism training institutions exist in major cities like Colombo and Kandy, there is a severe lack of decentralized training centers across rural and underserved regions such as the Eastern and Northern provinces. As a result, young people in these areas are unable to access industry-relevant education or upskilling opportunities. This creates a cycle of urban dependency and limits the potential of community-based tourism in peripheral districts. Decentralization of technical and vocational education (TVET), including mobile units and digital modules, is essential for inclusive recovery and resilience building (ADB, 2022).

No labour migration reintegration strategy

Sri Lanka's tourism sector has long been linked with outbound labour migration, particularly to the Gulf and Southeast Asia. However, there is no coherent national strategy to reintegrate skilled returnees into the domestic tourism market. Many returning workers face challenges such as job mismatches, lack of recognition for foreign experience, or absence of re-entry incentives. Their potential contributions—ranging from international service standards to multilingual skills—are often wasted due to bureaucratic neglect and a fragmented policy landscape. Developing a reintegration strategy is critical to reversing the tourism brain drain and building institutional memory within the sector.

Discussion

Short-Term Strategic Solutions

1. Emergency Wage Stabilization Scheme

In the aftermath of the 2022–2023 crisis, restoring income security is vital. A government-private wage support scheme that offers a 50% wage top-up for 12 months would serve as an incentive for tourism businesses—especially SMEs and family-run hotels—to rehire former employees. Similar to Germany's Kurzarbeit model (OECD, 2021), this temporary subsidy can reduce layoffs and restart operations while spreading the financial burden across state and industry. Employers would be encouraged to retain workers, while employees regain stability, particularly in regions like the South Coast and Kandy where tourism was a key livelihood.

2. Upskilling & Rapid Training Programs

The crisis highlighted a significant mismatch between current tourism skillsets and evolving market demands. To address this, mobile training camps and crash courses should be introduced for front-line roles such as guides, chefs, transport providers, and hospitality staff. Training should focus on digital literacy, sustainable tourism practices, hygiene protocols, and foreign languages (especially Russian, Mandarin, and Arabic). Fast-tracked modules can be co-

developed with organizations like the British Council and the Ceylon Hotel School to ensure industry-relevant certification (SLTDA, 2023).

3. Reintegration of Returnee Migrants

Thousands of skilled Sri Lankan tourism professionals—particularly chefs, managers, and spa therapists—migrated to the Gulf or Southeast Asia during the crisis. A national reintegration program should be developed to bring them back. This includes a digital registry for returnees, competitive re-entry incentives, and placement into mid-level or managerial jobs in local tourism enterprises. Their experience abroad can enhance service quality and introduce international best practices, creating a multiplier effect for quality improvement across the sector.

4. Fuel Subsidy for Tourism Transport

Transportation remains a major challenge due to fuel inflation and supply disruptions. Offering time-bound fuel subsidies (6–12 months) for certified tourism transport operators and partner hotels can immediately revive airport transfers, tour packages, and inter-district travel services. This is especially important for eco-tourism and heritage circuits in areas such as Sigiriya, Ella, and Anuradhapura where connectivity is essential. Fuel vouchers or diesel quotas could be distributed based on verified operational need and environmental compliance.

Long-Term Resilience Strategies

1. National Tourism Workforce Framework

To future-proof the tourism labour market, Sri Lanka must establish a legally binding national employment framework for the sector. This should include mandatory certification of key roles, enforceable employment contracts, grievance redressal mechanisms, and anti-harassment policies. The framework must align with ILO decent work standards and be implemented via collaboration between SLTDA, tourism associations, and district labour offices. Regular audits and employer ratings can drive accountability while restoring trust among workers.

2. Tourism Labour Bank

A centralized digital labour platform—a “Tourism Labour Bank”—can transform how workers find jobs and access benefits. This platform should match certified tourism workers with employers, provide access to microloans, offer insurance options, and integrate with the national ID system for benefits tracking. It would particularly benefit informal workers seeking formal entry, and could also serve as a tool for emergency response (e.g., in future pandemics or economic shocks).

3. Community-Based Tourism Initiatives

Micro-tourism can play a transformative role in decentralizing employment. Training programs should target rural youth, women, and ethnic minorities in eco-tourism, artisanal crafts, homestay operations, and heritage guiding. These initiatives can reduce urban labour migration, preserve culture, and promote environmental sustainability. NGOs like Sarvodaya and international donors (e.g., GIZ, UNDP) can fund local enterprise clusters and mentorship programs to ensure sustainability.

4. Gender-Inclusive Tourism Workforce Policy

Women, who represent a large portion of the informal tourism workforce, were disproportionately affected by the crisis. A gender-inclusive policy must promote equal pay, enforce maternity benefits, and address workplace harassment. Support systems such as community childcare centers, travel-safe work environments, and leadership training for women in tourism should be developed in partnership with organizations like Women in Travel CIC or Sri Lanka's Women's Bureau.

5. Investment in TVET (Technical and Vocational Education and Training)

To meet long-term demand, investment in regionally distributed TVET centers must be prioritized. These centers should offer tourism-specific modules such as sustainable gastronomy, digital marketing, wellness tourism, and green hotel operations. Collaboration with global partners like GIZ, the British Council, and UNESCO can ensure curriculum relevance and funding. Priority should be given to underserved areas like the Eastern Province and plantation communities.

Conclusion

Sri Lanka's economic collapse deeply destabilized its tourism workforce, revealing deep-seated vulnerabilities in informality, lack of social protection, and gender inequality. The exodus of skilled workers and closure of thousands of tourism-dependent businesses signaled not just an economic crisis but a profound human one. As the sector attempts to rebuild, there is a rare opportunity to design a more inclusive and future-oriented labour market.

Short-term interventions such as wage subsidies, fast-tracked training, and logistical support can catalyze immediate reactivation. These initiatives are crucial to prevent further outflow of talent, enable the reopening of tourism operations, and inject hope back into the industry. Drawing from successful models like Germany's Kurzarbeit or India's MGNREGA-like rural skilling schemes, Sri Lanka can localize and implement timely safety nets.

However, the true strength of recovery lies in long-term structural change. The proposed National Tourism Workforce Framework can help re-imagine the very foundation of employment in the industry—rooted in dignity, security, and upskilling. A digitized labour ecosystem through a Tourism Labour Bank would provide transparency, reduce exploitation, and ensure workers access support during future shocks.

Furthermore, empowering local communities and women through grassroots tourism models will not only decentralize job opportunities but also preserve Sri Lanka's cultural and natural heritage. Tourism must no longer be a Colombo-centric, male-dominated economic machine—it must represent the diversity and richness of the island as a whole.

International partnerships will play a key role in this recovery journey. Whether through bilateral funding, curriculum development, or global tourism alliances, Sri Lanka must actively engage with partners like the ILO, UNWTO, and EU to attract investment and best practices. These

alliances can help strengthen policy frameworks, improve working standards, and expand vocational education for the next generation of workers.

Ultimately, Sri Lanka stands at a critical crossroads. This crisis, while devastating, offers a once-in-a-generation chance to transform the tourism sector into a resilient, ethical, and inclusive engine of growth. With the right mix of policy, community engagement, and international cooperation, the island can rebuild not just its economy—but the very trust and dignity of its tourism workforce.

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