When Crisis Amplifies Choice: Multi-Dimensional Determinants of Sri Lankan School Children Employment

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Abstract - *This study investigates the impact of economic, psychological, political, and socio-cultural forces on the employment of Sri Lankan 16-18-year-old school children, with economic crisis as the mediating variable. Utilizing an integrated flexible approach based on the 10Ps framework, data were collected from 230 parents through online and hard copies of questionnaires. Principal component analysis identified three significant components: psycho-economic background, political background, and socio-cultural background. Multiple linear regression revealed the following significant positive associations: psycho-economic background (β=0.8008, p=0.004) and political background (β=0.4624, p=0.029) with employment outcomes of children, while socio-cultural variables had no direct significant influence (β=0.2985, p=0.442). Economic crisis had a very strong positive main effect (β=0.7880, p<0.001) and strongly moderated the association between psycho-economic variables (β=0.2006, p=0.010) and political variables (β=0.8475, p<0.001) with employment outcomes. These findings imply that in times of economic crisis caused by the COVID 19 and Economic Downturn, psychological-economic and political variables are more likely to determine children's part-time work and hence offer key information for parents and policymakers alike to tailor interventions and support strategies.*

Keywords: Economic Background, Economic Crisis, Employment of School Children, Political Background, Psychological Background, Sociocultural Background.

I. INTRODUCTION

The youth unemployment rate declined from 25.37% in 2020 to 21.37% in 2021, indicating an improvement in youth employment levels, particularly among individuals within the typical school-age range (Macrotrends,2024). During the period, the economy of Sri Lanka (SL) went into a decline. As schools were mostly closed during the time, school children were forced to support their households through employment thus many employed schoolchildren increased as well. As a result of it, the government decided to enforce certain rules and regulations for employing children from 14 years old to 16 years old for them to give better future by polishing their skills and giving them exposure through part-time employment. Furthermore, the government would like to ease some of burden for families on them. Until 2021 the minimum working age was 14, after which an exception clause in a child labour act allowed children aged over 16 to work. Fact is the aforesaid act showed that although young were permissibly allowed to be above 16 years old, it cannot be forced labour.

Economic factors such as low wages or job shortage can create difficulties to find job opportunities for children. The cost of living is higher in urban areas in SL. This is a considerable economic constraint for urban families. This also led to a lack of support for employment of children from their parents. Further, Lee and Orazem (2010) studied the psychological factors which affect to employment of children. The balance between education and work life is a major psychological factor. Imbalance work and education can create mess in both. The stress of balancing work and education can demotivate children. Holden and Lynch (2004) examined the Sociocultural factors, and it highlights

negative mindset about working school children which can lead to reduced job opportunities. In Sri Lanka, social and cultural norms generally place greater emphasis on education than on employment. Therefore, this can create conflict with employment. Therefore, studying the selected factors is important to enhance employment and remove barriers. Further, Leadership, self-efficiency, academics achievements, and communication skills are used to evaluate the employment of school children. Therefore, this study aimed to study the impact of psychological, socio-cultural, economic, and political background on the employment of school children in Sri Lanka. This study contributes by recognition how multiple pressures intersect during crises to shape the multidimensional determinants of child employment among Sri Lankan school children which offers evidence-based insights for targeted policy interventions and child protection strategies.

The study is organized into several sections, beginning with the literature review, followed by the methodology, presentation of findings and discussion, and concluding with the conclusion.

II. LITERATURE REVIEW

The employment of school children is one of most argued topics globally. There were lots of studies carried out to find several areas of this topic. Some findings supported to the employment of school children while some did not. Also, there are limited studies carried out for this area of study in SL. The researcher selected the mostly impacted variables from worldwide literature and the experience.

A. Socio- cultural background

The influence of socio-cultural background extends beyond individual circles. McKechnie et al. (2014) revealed that society's perception on education act as a major role in shaping of employment. Most of Asian societies value educational achievements over any other extracurricular achievements. Therefore, this situation creates unnecessary pressure on children. This also reduce the employment of children. Even if a child finds an employment, the skill development and other objectives of the employment may not be achieved due to societal pressure. However, some societies do not take educational achievements as a priority. Children who are living in these surroundings tend to jeopardize their education due to the employment. These findings show the crucial role of socio-cultural background in shaping the employment of school children.

Furthermore, McBeath et al. (2017) deeply studied the impact of cultural and social attitudes towards employment of children. Negative attitude towards part time employment may create inequality of opportunities. This creates discrimination and lesser opportunities for children. Children could face challenges such as tough working conditions and schedule, unsupportive employers in the working place. This highlights the importance positive attitudes towards both employment and education of the society towards responsible employment.

Saliya, (2021) opposed that understanding the effect of part-time work on school students entails taking into consideration the interplay of individual characteristics, social-cultural influences, the dual effects of work, and now, the wider societal and educational context. As such, rather than stating whether working part-time affects students in this or that way, one needs to recognize these trends' interconnections and be mindful of how they cumulatively affect students.

In this connection, it is crucial for society and educational institutions to strive to cooperate to make part-time work a beneficial factor that contributes to shaping the lives

of students through fostering a balance between work and education. Hence, the following issues should be considered as a part of the said agreement. Making sure that students and their families work closely with educators and employers to evaluate students' satisfaction with their workload and subject it to change. Building a collaborative ecosystem that supports responsible work-life balance (Walsh, A. & Powell, P. 2018).
By acknowledging the complexities and working collaboratively, society could create a supportive surrounding to enhance the employment of children while empowering their educational background. This may contribute to overall well-being and future success of children.

B. Political background

There are various studies that argue employment's association with people's upbringing and socio-political affiliations. For example, Gilens (2012) conducted a study, and their results indicated a positive relationship between individuals' political affiliation and their socio-economic status. Therefore, it is possible that children whose parents are from different socio-political affiliations have different advantages compared to other. Children whose parents are from low socio-political status are disadvantaged in terms of education, resources, and exposure. These can affect their employment although indirectly.

Looks like nepotism has a big role to play in the employment of school children. Weak institutions and political connections of parents may lead to preferential hiring procedures. Political beliefs do not have a major impact, only the parent's political capital matters on most of occasions. This leads to violating proper procedures and creates an unfair advantage for children with politically connected parents.

Other than that, social networks also can be influenced by political affiliation. Some specific industries are dominated by political influence. Therefore, children coming from politically connected backgrounds may have an advantage in finding better networking opportunities in those sectors. Even if the advantage does not guarantee the opportunity, it creates unfair advantage.

However, Hansen & Hoag (2018) stated that the impact of political background on employment is difficult to consider alone. Family education, and regional opportunities may act as a significant factor. Additionally, studying the employment of children is highly future-oriented. It is hard to find direct impact of political background of the employment since Children's career path yet to be solidified.

In summary, while a child's political background may exert some influence on future employment prospects, such effects are often mediated through broader structural factors, particularly socioeconomic status and the strength of social networks. In territories where legal frameworks remain uncharted, the interplay between these variables becomes even more complex. It is through longitudinal investigations, supported by critical policy disaggregation, that meaningful insights into youth employment trajectories can be uncovered. Such an approach holds the potential to ensure that career outcomes are shaped primarily by individual merit and effort, rather than political ideology.

C. Economic background

Parents' occupation can affect the effective part time employment of school students. Ralston (1997) found that parents who held higher-status jobs also had more resources and connections than other parents to help their children secure, relatively high-quality part-time work which utilized the training they were receiving from formal schooling. In contrast to those at the top of this hierarchy, parents in lower-status jobs have far fewer means to provide their children with safe opportunities. Moreover, the schedule and working hours of the parents can influence their employment too. If the parents work long hours, it is possible that their time for child employment is less. The parent's profession contributes to effective part-time work of school students. The parents and schools must cooperate in such a manner that a healthy balance between work and education can be established among all the students irrespective of parental professions.

Family wealth also affects the success of school students in their part-time employment (Lewis, 2019). Students may come from wealthier families that are able to provide more resources and assistance in finding a better part-time job related to their school, which offers them benefits such as working condition, marginally limited job opportunities with higher wages for the satisfaction of these beneficiaries. Contrastingly, if the students belong to a not so good financial background than they may have limited resources and are pressurized to do poor quality, cheap labor jobs which are irrelevant to their education or career options. Consequently, there will be a clash between work and education resulting in frustration of work life as well as reaping revenue from job.

The role of parent's education, occupation and family wealth which comprised the parental background is also important. Ralston (1997) and Lewis (2019) suggest that steady, high-status employment opportunities can be enhanced by family wealth. Despite these promising features, this review falls short in its interpretation of the engagement with economic aspects together with socio-cultural and psychological; it largely overlooks considerations around students' experiences having meaning holistically.

In addition, students from rich families can afford extra classes and tuition. Therefore, their part-time job could claim more time on campus than a student coming from the rest of population who would need to sit hours in library being tied up with family budget. Finally, family economic background plays a major role on the employment of school children. Schools and surrounding community could act together to enhance the support and resources to guide children coming from any background balance their formal education and responsibilities related to employment. It also helps to secure quality employment opportunities.

D. Psychological background

The context in which the school children grow and learn also influences effective part-time employment and this is demonstrated by family dynamics. Indeed, as mentioned earlier, family dynamics and their complex influence on child labour have been of interest to various scholars. Although Patton & Smith (2015) posit that a positive, supportive family has the greatest influence on an individual's job satisfaction and performance with the focus on encouragement and educational goals, McFadden et al. (2015) found that the challenges faced with precarious family dynamics and lack of supports to enable children who are disconnected from their nuclear families secure and sustain employment draw attention to the importance of networks for employment prospects.

Furthermore, Wenz (2010) deeply evaluated the impact of financial capabilities of the family on psychological background. He suggested that the families which have strong financial capabilities may create resources for employment opportunities.

However, this creates uneven ground for the children with challenging background. In conclusion, the impact of psychological background on the employment of children has multiple outcomes based on the different demographics. Supportive families and access to resources can create an ideal surrounding. the family's financial situation has a non-negligible impact on family psychological background. It is important that all main stakeholders such as parents, educational institutes work together to create more equal ground for employment. Generally, psychological background of the family can significantly impact the employment of school children. Also, family, and surrounding society can create a supportive environment to enhance the psychological background.

E. Economic crisis

Economic crises can interrupt the social and personal life of adults as well as children. The impact of economic crisis on employment is not analyzed as desired. The economic crisis of a country and child employment has clear direct link (Shafiq, 2010). Additionally, Households' income methods blocked due to economic crisis (Jolly & Cornia, 1984). This struggle leads parents to encourage the employment of their children. Due to economic crisis governments tend to cut budget on education. This creates a less accessible education system (Filmer et al., 2001). Children who come from economically challenged backgrounds can be pushed towards employment. Also, economic hardships influence parents to change their attitude towards the employment of school children (De Janvrin et al., 2006).

However, the impact of economic crisis on employment of children is not the same in every study. There are other factors that can drastically improve the severity of an economic crisis. For example, girls may have to leave school and look for more house-based work (Duryea et al., 2007). Age also plays a major role as younger children more vulnerable for unsafe working conditions (Funkhouser, 1999). Whilst Socioeconomic background also has a part as children from economically challenged families tend to drag towards employment since there are only limited social safety nets (Fallon & Lucas, 2002).

The impact of economic crisis on the employment of children is a long-lasting thing. It may lead to drawing attention from education (Duryea & Morales, 2011). Unsafe working conditions may create mental and physical health problems for children. Low attention to education reduces the future earning abilities (Grootaert, 1994).

There are lots of learning gaps in this area of study due to lesser research. Most of previous studies focused on short term impacts of the economic crisis. There were very little studies which had some attention for long term influences. Furthermore, those studies only studied about the countries with short term economic crisis. Finally, there was more quantitative research into this area while there was a lack of qualitative data.

In conclusion, economic crises sometimes generate unnecessary situations. Parents may have to sacrifice their child's education to balance the family economy during economic crisis. The literature highlights the growing concern about the rise in child labor. This scenario creates lots of future problems for the surrounding society and the country's economy. Further research should identify and address the gap mentioned in the area. Policy makers have a huge role to play in such situations to empower children's rights and achieve the objectives of the employment of schoolchildren.

III. METHODOLOGY

The integrated flexible approach (Saliya, 2023) was applied because it offers adaptive research design that could be modified to accommodate the multi-dimensionality of the factors influencing the employment of children in Sri Lanka's fast-evolving socio-economic environment. This is particularly suitable for exploratory research involving multiple stakeholders' perspectives and emergent phenomena such as impacts of economic crisis caused by Covid 19 and economic downturn. Each dimension of the 10Ps framework was converted into measurable indicators through a structured questionnaire, forming the basis for the Principal Component Analysis (PCA) (Saliya, 2022). The 10Ps framework also provided an overall analytical tool through which the interconnected psychological, political, and socio-cultural dimensions could be examined systematically without sacrificing rigorous methodology. PCA was employed to identify latent constructs within the 10Ps dimensions, and regression analysis was subsequently used to test their predictive effects on. Together, these tools enabled the research to chart static as well as dynamic connections between variables and remain attuned to contextual nuances specific to Sri Lankan society.

A. Data

The study used a purposive convenience sample method to identify the sample for the study (Valerio et al, 2016). The survey was distributed by using email platforms, WhatsApp and physically among the sample of parents of students between age 16 and 18. Distributing the survey physically was the main data collection mode and email and WhatsApp groups were traced through the O/L and A/L tuition class parent groups. The survey was designed based on the conceptual framework. The questionnaire was further improved based on the experience and understanding of the researcher with a pilot survey. Mostly the wording was improved after the pilot survey. The aim was to collect fresh data within four weeks. Although the convenience-based sample may limit generalizability, the inclusion of diverse districts and respondent categories helped reduce selection bias. The consent from the respondents were taken before the survey commenced and the anonymity was secured throughout data collection.

Table 1 demonstrates the demographic and other characteristics of the sample. It is important understand the demographics of the sample before analysing. The survey gained a comparatively same gender representation. There were 300 surveys distributed and out of those 230 responses received comprising 185 physical hard copies and 45 online responses. Females had a slight majority (55%) compared to males (45%). 81% of total respondents were aged below 50. and those above 50 years old (19%). Almost 77% the participants were living in Colombo. Finally, all the respondents have OL or above education qualification. When the researcher considers the occupation of the participants, there was no clear data about the trend of occupation since 43% of participants selected “other” as their occupation.

Table 1. Characteristics of the Sample

Demographics	Categories	N	Percentage
Gender	Male	103	45%
	Female	127	55%
Total		**230**	**100%**
Age group	31-40	74	32%
	41-50	113	49%
	Above 50	43	19%
Total		**230**	**100%**
No. of children	1	77	33%
	2	70	30%
	3	70	30%
	4	13	6%
	5 or above	0	0%
Total		**230**	**100%**
Occupation type	Labour	43	19%
	Professional	56	24%
	Manager	14	6%
	Executive	7	3%
	Owner	10	4%
	Other	100	43%
Total		**230**	**100%**
Educational/professional qualification	Primary	0	0%
	Passed Grade9		0%
	Passed OL or AL	146	63%
	Diploma	20	9%
	First degree	37	16%
	Post grad	14	6%
	PhD	13	6%
Total		**230**	**100%**
Living district	Colombo	176	77%
	Gampaha	7	3%
	Kalutara	32	14%
	Matara	3	1%
	Galle	6	3%
	Kandy	6	3%
Total		**230**	**100%**
Monthly income	Less than 30K	57	25%
	30K-60K	107	47%
	60K-120K	42	18%
	120K-200K	10	4%

	Above 200K	14	6%
Total		**230**	**100%**

Source: Authors' compilation based on survey data

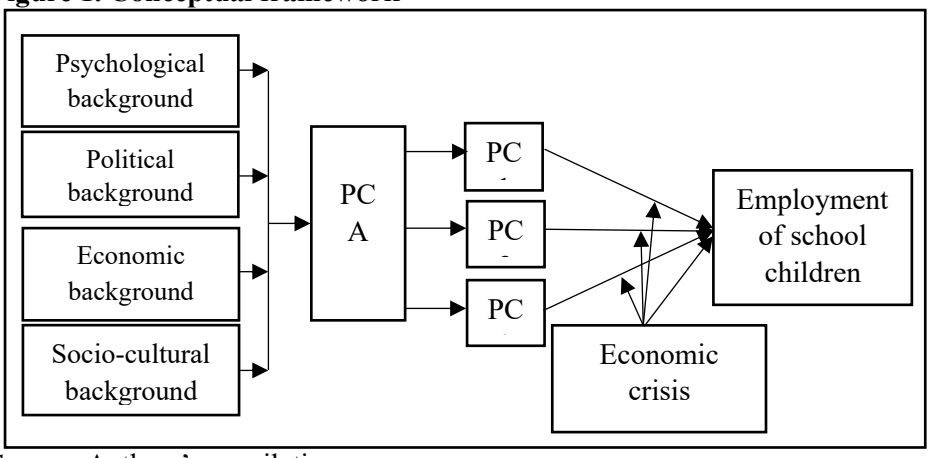
B. Research approach, framework and hypothesis

This study employed integrated flexible approach (Saliya, 2023) based on the 10Ps framework (Saliya, 2022) in designing and conducting the research process. Drawing on the insights from the literature review, Saliya and Wickrama (2021) demonstrated the use of PCA as a methodological approach. In line with this, the present study will first apply PCA to identify the three variables that most strongly influence the employment of school children. These variables will be extracted from four dimensions: sociocultural background, economic background, psychological background, and political background.

Firstly, correlation analysis was conducted to check the multicollinearity between the independent variables and checked Cronbach alpha value to confirm internal reliability of the sample. The researcher used principal component analysis to reduce independent variable to 3. Then multiple regression model used to identify and measure the impact on dependent variable. With that can identify the pattern and trend of the model.

As shown in Figure 1, the top three components were selected and subjected to regression analysis to examine their relationships in the presence of the moderating variable, the "economic crisis in Sri Lanka." Following PCA, the principal components will be clearly labelled to facilitate interpretation.

Figure 1. Conceptual framework



Source: Authors' compilation.

C. Methodology

According to Aguinis & Gottfredson (2010), following is the most common way of stating the moderating linear regression model.

$$Y = \alpha + \beta_1 PC1 + \beta_2 PC2 + \beta_3 PC3 + \beta_4 Z + \beta_5 (PC1xZ) + \beta_6 (PC2xZ) + \beta_7 (PC3xZ) + e$$

y – Dependent Variable (Employment of school children)
α - Intercept (constant)
β – Beta Coefficient
PC1– Independent Variable 1: (Principal component 1)

PC2– Independent Variable 2: (Principal component 2)
PC3– Independent Variable 3: (Principal component 3)
Z- Economic Crisis (Moderator)
PC1xZ- Interaction Term 1
PC2xZ- Interaction Term 2
PC3xZ- Interaction Term 3
e– Error

IV. RESULTS

Holden and Lynch (2004) founded that the reliability of the questionnaire analysis has been divided into two parts and Cronbach Alpha values for both the independent and dependent variables will be calculated as part of the process of assessing the reliability of the data set that will be used in the research project. If the tested value of Cronbach's Alpha is more than 0.7, the instrument is regarded reliable.

Cronbach Alpha of independent and dependent variables. Since the Cronbach Alpha values for each combination are closer to 0.7 and all are greater than 0.65. We can conclude that the collected data is good enough to proceed for further analysis.

Table 2: Correlation Analysis Results

	Psychological background	Economic background	Political background	Socio-cultural background	Economic crisis	Employment of children
Psychological background	1					
Economic background	0.2616*	1				
Political background	0.2276	0.3093	1			
Socio-cultural background	0.3549	0.2322	0.2111	1		
Economic crisis	0.3768	0.2942	0.3562	0.3481	1	
Employment of children	0.7768	0.7942	0.8562	0.7482	0.8182	1

*P < .001
Source: Authors' calculation based on surveying data.

The Pearson product moment correlation coefficient measures the strength and direction of the relationship between two variables on at least an interval scale (Pearson Correlation). Pearson correlation coefficients range from -1 to +1. A value of 0 indicates that there is no link between the two variables. If the Pearson correlation value greater than 0, that represent positive relationship between two variables. If the result less is than

0 that indicates a negative relationship. The Pearson Correlation Values obtained for each variable for hypothesis testing may be found in the table above. If the absolute value of the coefficient is equal or greater than 0.7, multicollinearity between the variables is significantly high according to.

As shown in Table 2, There is no coefficient of correlation higher than 0.5 between independent variables according to the analysis. The correlation coefficients between dependent and independent variable are higher than 0.7. All the P-values of two tail test are lesser than 0.05.

A. Principal component analysis

PCA is a powerful and useful method reducing variables and understanding the most important variable from a variable set. This section targets to describe the results of a PCA conducted in Stata. This provides the most influential variables out from selected 4 independent variables.

This analysis involved 230 observations. Also, the researcher yielded three PCs. These components show more compressed type of the original sample. It is capturing the most significant sources of variation.

B. Extracted variance and overall structure.

The "Eigenvalue" column of Table 3 shows the variance explained by each Principal component (PC). PC1 explains the most variance (2.1143). it is responsible for a significant portion of total variance of the data set. The following PCs (PC2 and PC3) describe less variance compared to PC1. The "cumulative" value (0.9102) represent that the top three PCs cumulatively explained 91.02% of this total variance. Therefore, we can safely say that first 3 components effectively represent the total variability of the data set.

Table 3 Eigen Values and Variance

Component	Eigenvalue	Difference	Proportion	Cumulative
PCl	2.1143	1.0907	0.5286	0.5286
PC2	1.0236	0.5209	0.2559	0.7845
PC3	0.5027	0.1434	0.1257	0.9102
PC4	0.3592		0.0898	1

Source: Researcher's analysis results

C. Principal components

The "Principal components and loadings" table shows the key understanding of the PCA. the "loadings" columns show the influence of each independent variable has on PCs respectively. When the absolute value of the loading closer 1, that variable have a strong hold on the relevant component. If the absolute lading is near to 0 indicates a weaker influence on the PC (Saliya,2021). Researcher gains understanding about the underlying factors for each PC by analysing the loadings. Table 4 shows the summary of results.

Table 4 Principal Components and Loadings

Variable	PC1	PC2	PC3	Unexplained
Psychological background	0.5463	-0.3815	-0.3764	0.1489
Socio-cultural background	0.531	-0.3017	0.7715	0.0114
Economic background	0.576	0.2027	-0.4653	0.1475
Political background	0.2963	0.8499	0.2159	0.0514

Source: Researcher's analysis results

PC1: Psychological background (0.5463) and Economic background (0.5760) have the highest positive loadings. This suggests that PC1 reflects a factor where both psychological background and economic background contribute positively. In other words, observations with high values on both psychological background and economical background will have high scores on PC1. Therefore, researcher decided to combine both variables based on their loadings and create one variable. Schkade & Kahneman (1998) stated that psycho-economic factors act as an umbrella term encompassing the combined influence of psychological and economic factors. Therefore, we can consider that combine effect of both psychological and economic variables as psycho-economic background.

PC2: Political background (0.8499) has the highest positive loading on PC2. This indicates that PC2 is likely influenced by political background.

PC3: Socio-cultural background (0.7715) has the highest positive loading on PC3, suggesting that this component is influenced by socio-cultural background.

Table 5. Variable Selection

Pc	Variable	Loading	Justification
1	Psychological background	0.5463	High positive loading (chosen for better accuracy)
1	Economical background	0.576	High positive loading
2	Political background	0.8499	Highest positive loading
3	Socio-cultural background	0.7715	Highest positive loading

Source: Researcher's analysis results

As table 5 shows. the PCA was successfully able to reduce the number of variables to 3 while represent the total variance too. The researcher analysed loading carefully and thoroughly to understand underlying factors. By diving deeper into the loadings helps to explain variance and more thorough understanding of the behaviour of

the data set. This understanding can be much important in further examination and modelling of the collected data.

D. Multiple Linear Regression

Regression analysis is one of major data exploration method used worldwide. Regression could reveal the underlying relationships between variables. Regression analysis is a key to unlocks relationships. Regression also allowing to quantify the ideas according to (De la Rica et al., 2015). Also**,** a moderator could significantly change the relationship between variables (van Vegchel et al., 2005).

Table 6. Summary of ANOVA results for the regression model

Source	SS	df	MS	F (7,230)	P>	R Sq	adj R sq
Model	186.8853	7	26.6979	51.02	0	0.6167	0.6046
Residual	116.1799	222	0.5233				
Total	303.0652	229	1.3234				

Source: Researcher's analysis results

In table 6, F (7, 229) shows the F-statistic. It tests the null hypothesis when all the beta coefficients are zero. The p-value for this regression analysis is 0.0000. That is less than the significance level of 0.05. Therefore, the researcher rejects the null hypothesis. Then conclude that there is a statistically significant relationship between at least one of the independent variables and the dependent variable. R-squared reflects the coefficient of determination. It represents the percentage of total variance of the dependant variable explained by the independent variables. The R-squared value for the study is equal to 0.6167, which means that 61.67% of the variance in employment of school children is explained by the selected independent variables. Adj R-squared is the adjusted R-squared. This coefficient takes the number of independent variables in the model. It's a more accurate value rather that R-squared. The adjusted R-squared coefficient in for the developed model is 0.6046.

Table 7. Summary of Regression Analysis Results

Variable	Coef. (beta)	Std. Err.	T	P>t
Psycho-economic background (PC1)	0.8008	0.2733	2.93	0.004
Political background (PC2)	0.4624	0.2101	2.2	0.029
Socio-cultural background (PC3)	0.2985	0.3878	0.77	0.442
Economic Crisis(Z)	0.7880	0.0491	16.05	0
Interaction term 1(PC1xZ)	0.2006	0.0774	2.59	0.010
Interaction term 2(PC2xZ)	0.8475	0.1037	8.23	0.0
Interaction term 3(PC3xZ)	-0.1418	0.1139	-1.24	0.215
Intercept	1.0695	0.2947	3.63	0

Source: Researcher's analysis results

The Table 7 shows the calculated beta coefficients for each independent variable with their standard errors, t-statistics, and p-values. Sociocultural background and interaction term 3 are not significant statically due to their P value is higher than 0.05. The following equation is the final regression model. The highest correlation coefficient was estimated was 0.3768 between psychological background and the economic crisis. Even that value is much lesser than the cutoff value of 0.7. Therefore, we can be factually saying that multicollinearity is not a major concern between independent variables.

V. DISCUSSION

In the regression analysis, hypothesis related to Socio-cultural analysis (PC3) and interaction term3(PC3xZ) were rejected. It means that those two factors do not have significant impact on the employment of the school children. As it was already mentioned, the geographical distribution of this sample is mostly in urban areas of western province. this can be a major reason for the result. Other than that, the rejected variables are closely related the PC3. This was the least contributor to the variance of variables. Therefore, the dropping of these two variables is statically justified.

According to PCA, the largest portion of the total variance was denoted by the PC1. Psychological background and economic background have almost same loading on the PC1 according to table 7. Those values are closed to 0.5. These findings revealed that the combined influence of both economic and psychological has explain the employment of school children better.

Further regression analysis demonstrated a significant positive relationship between PC1 and employment. A one-unit increase in PC1 corresponded to a 0.8008 unit increase in the likelihood of employment while holding all other factors constant. This means that the strong psycho-economic background of a family enables more employment opportunities for their children. Edmonds (2022) also showed that income shocks and economic instability raise child labour risk.

The moderator also had a significant impact on the PC1. It was able to increase the beta coefficient by almost 0.2. it reveals that moderative impact of economic crisis on both psychological and economic background significantly improve the employment of school children. However, the standard error related to PC1 is comparatively higher than

others. This indicates a greater degree of uncertainty came with the estimated values of PC1.

The analysis revealed two key components. The first (PC1) likely captures the combined influence of psychological and economic factors, as discussed in previous paragraph. The PC2 can take the political background as it gives the highest loading to the relevant PC.

Interestingly, multiple linear regression analysis revealed a significant positive linear relationship between political background (PC2) and the employment of children in SL. This means that if a family have a strong political background, it increases the employment of school children even after controlling the other factors. Guo (2025) highlighted that political/social capital influences labour outcomes and that in downturns such capital becomes more salient. Therefore, having strong political background is a blessing for employment.

However, the influence of political background on the employment of children in SL becomes even more significant with moderating effect of economic crisis. The analysis revealed that during economic downturns, the positive relationship between political background and employment is increasing significantly. That means, during an economic downturn of a country, family's political connection becomes even more important. This creates hard uneven ground of opportunity for children with less political connections.

VI. CONCLUSION

This study provides novel evidence on the employment of Sri Lankan schoolchildren aged 16–18 by identifying psycho-economic and political backgrounds as the key determinants. While socio-cultural background showed no significant effect in the urban sample, the moderating role of the economic crisis highlights the vulnerability of young people's employment prospects to external shocks. These findings highlight the need for holistic strategies that integrate soft skills development in schools, parental support through extracurricular engagement, and policy reforms that counteract inequities created by political patronage.

The results carry important policy and practical implications. Teachers and parents should emphasize critical thinking, problem-solving, and teamwork to strengthen employment beyond academic performance, while policymakers should promote merit-based access to training and career pathways, particularly for disadvantaged youth. Public–private collaboration in targeted skill-building initiatives is crucial to addressing both immediate labor market needs and long-term resilience. Further, the findings extend academic understanding of multi-dimensional determinants of child labour within developing economies such as Sri Lanka. This provides actionable insights for national policymakers. It highlights the importance of strengthening child protection systems, expanding educational access, and improving income support for at-risk families emerge as urgent policy priorities.

While the study makes a significant contribution, its urban focus and reliance on parental perspectives limit generalizability. Future research should extend the framework to rural and elite contexts, incorporate insights from students, teachers, and experts, and further explore how economic crises moderate employment factors. Such extensions would enhance the validity of findings and provide more comprehensive guidance for policy interventions in Sri Lanka and beyond.

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