

## **The Impact of Macroeconomic Variables on Unemployment in Sri Lanka**

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### **Abstract**

Unemployment is a worldwide issue that both developed and emerging economies must address. Unemployment rates above 8% suggest a labor shortage, increased poverty, low living standards, and an increase in social evils. The purpose of this study is to examine the effects of a few macroeconomic variables on unemployment in Sri Lanka. The study was led by four objectives: to examine the relationship between GDP and unemployment, Examine the relationship between unemployment and inflation, Examine the relationship between macroeconomic variables and unemployment in further detail and determine the long-term and short-term relationships between macroeconomic variables and unemployment in Sri Lanka. Employees, managers of organizations, social groups, environmental organizations, the government, unemployment associations, associations of unemployed graduates, and ECT will all benefit from the study. The analysis will be conducted quantitatively, utilizing annual data from 2000 through 2020. The Central Bank of Sri Lanka, the Department of Census and Statistics, the International Labor Organization, and the World Bank provided the secondary data for this study. The Vector Autoregressive (VAR) model will be used to evaluate the effects of macroeconomic factors in this study.

**Keywords:** *GDP Growth, Inflation, Unemployment, Sri Lanka*