

GLOBAL ACADEMIC RESEARCH INSTITUTE

COLOMBO, SRI LANKA



GARI International Journal of Multidisciplinary Research

ISSN 2659-2193

Volume: 05 | Issue: 04

On 31st December 2019

<http://www.research.lk>

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GARI Publisher | Social Science | Volume: 05 | Issue: 04

Article ID: IN/GARI/ICCICE/2019/113 | Pages: 83-95 (12)

ISSN 2424-6492 | Edit: GARI Editorial Team

Received: 27.11.2019 | Publish: 31.12.2019

GRADUATE UNEMPLOYMENT IN SRI LANKA: CAUSES AND POSSIBLE CORRECTIVE ACTIONS

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ABSTRACT

In order to meet the rising demand for higher education in Sri Lanka, both the public and private sector higher education providers have increased their provision resulting in acute graduate unemployment and under-employment situation. Given this context, the main objective of this paper is to examine the principal causes contributed to this and possible corrective actions for the mitigation of the crisis. Attention is primarily drawn to understand a) the education mismatch and skills mismatch, b) insufficient attention given to quality and relevance of study programs. c) poor attention given to existing job opportunities and new jobs being created in the international job market and d) heavy dependence given to the public sector as the job creator.

Keywords: skills mismatch, graduate unemployment, under-employment

INTRODUCTION

Sri Lanka's economic history after about 1960 had a unique position among developing countries where there is low per capita income on the one hand and the higher Human Development Index (HDI) on the other. This was mainly attributed to the free of charge provision of health and education of the country. The major social reforms were facilitated with the granting of universal franchise in 1931, introduction of free of charge education in 1945 and the introduction of university

education in Sinhala and Tamil languages in 1959.

Although the Ceylon Medical College was established in 1870, the beginning of the university education in Sri Lanka marks with the establishment of the University College in 1921, and it gave an opportunity for the students to sit for the external degree offered by the University of London. The University of Ceylon was established in 1942 by expanding the University College. The number of students enrolled at the University College in 1921 was 166 and that was gradually increased to 338 in 1929 and 664 in 1938 (Warnapala, 2011). The University of Ceylon had only four faculties offering degrees of BA, BSc and MBBS and the medium of instruction was English. The language policy adopted in 1959 regarding university education resulted in getting students from a wide range of socio economic backgrounds and the demand for higher education increased tremendously (Samaranayake, 2016). With a view to meet the increased demand, the government first elevated two Buddhist Pirivenas (Buddhist monastic educational institutes) namely Vidyodaya and Vidyalkara Pirivenas into two universities as Sri Jayewardenepura university and Kelaniya university. Then three affiliated colleges namely Rajarata, Wayamba and Sabaragamuwa were elevated to universities. By 1978 there were seven universities in Sri Lanka.

During the academic year 2017/18, the number of students admitted to universities under the University Grants Commission (UGC) except the open university was 31,415 out of 163,160 students qualified to enter the university. (UGC Statistical Bulletin 2018). The rapid growth of student enrolment to universities after the introduction of Sinhala and Tamil language streams in 1959 changed the socio economic composition of students in universities noticeably where a substantial proportion of students has tended to come from lower middle class families and poor agricultural backgrounds. As a result, these students have mainly sought to enter to the faculties of Arts, Social Sciences & Humanities, Commerce and Management (De Silva, 1979).

There was a high concentration of students in degree programs of Arts and Humanities during 1966 and 1970. The following statistics show the concentration of students in those degree programs of the total intake (Warnapala, 2011).

1966/67	77%
1967/68	76%
1968/69	73%
1969/70	70%

Situation has gradually changed over time and the dominance in the Arts & Humanities gradually slowed down in recent years. One of the main decisions taken by the government regarding the introduction of new courses came with the admission of students to the Technology Stream in the academic year 2015/16. Table 1 below shows the composition of student admission in the academic year 2017/18 to Government Universities and institutions (except the Open University of Sri Lanka) under UGC.

Table 1: Student Admission to Undergraduate Courses in the Universities in 2017/18 Academic Year

Courses	Female	Total	Female as % of Total
Arts	8,196	9,923	82.6
Commerce	3,938	6,179	63.7
Physical Science	1,772	5,787	30.6
Bio Science	4,783	6,889	69.4
Technology (a)	906	2,267	40.0
Other (b)	174	370	47.0
Total	19,769	31,415	62.9

- (a) Include both Engineering Technology and Bio Systems Technology
- (b) Some odd subject combinations

Source: UGC Statistical Annual Report 2018

The above table has highlighted the following features in the university admission.

- (i) Almost 2/3 of university students are females
- (ii) Admission to Arts stream has come down to about 32% of all students
- (iii) Admission to Commerce stream is around 20% while Arts and Commerce taking together comes to little over 51%.
- (iv) Students admitted to Physical Science, Bio Science, Technology and other streams come to about 49%.

Although university enrolment expanded rapidly over the past two decades, the demand for higher education appears to be much higher. For instance, the university admission in the academic year 2017/18 was 31,415 out of 163,160 qualified students to enter university, which is only 19.25%. Owing to the limited places available in the universities under the UGC, non-state higher education providers have come to offer different degree and diploma programs. In 2015, there were 16 non-state degree awarding institutions registered under the Ministry of Higher Education offering 64 degree programs. There were 8,892 students at these institutions registered for degree programs. There are some non-state unregistered higher education providers offering degree programs as affiliated higher education institutes of foreign universities and they had 4,518

nts registered for degree programs in . In addition, a large number of nts were registered for Diploma

programs. It is also estimated that about 12,000 students leave the island for higher education in other countries annually. All these numbers add to the graduate output aggravating the graduate unemployment.

The Table 2 below provides key information regarding the higher education sector, according to which new student admission has increased more than 4.3 times from 1990 to 2018 while the graduate output increased more than 5.8 times during the same period. Although the student admission and the graduate output increased rapidly, expenditure on university education as a percentage of government expenditure increased by only 1.9%.

Table 2: Higher Education Indicators: 1990 – 2018 *

Year	1990	2000	2010	2013	2016	2018
New Admission (No)	7,152	11,805	21,547	24,198	29,083	31,415
Progression to Uni. from A/L						
-% eligible for University	45.20	49.66	61.00	63.04	51.43	64.40
-Admission as % of Eligible	20.74	16.08	17.20	16.71	18.68	19.25
Graduate output (No)	4,476	9,374	21,248	21,216	31,460	26,024
Institutional Development						
-Universities (No)						
-Faculties (No)	9	13	15	15	15	15
-Departments (No)	32	55	79	82	93	103
-Teacher (No)	226	337	462	481	556	623
-Institutes (No)	2,040	3,241	4,984	5,439	6,286	6,841
University Education Expenditure as % of Govt. Expenditure	1.16	1.59	1.21	1.68	2.10	2.21

Source: Sri Lanka University Statistics – 2018

*Data is applicable only to Universities and HEIs under UGC

Graduate unemployment was not an issue until about 1960 mainly due to the fact that the number coming out from the universities was not very high and they were able to be absorbed to both the private sector and public sector positions. In fact, in early years, a sizable portion of them were able to getting to the private sector positions through the relations their parents had with the private companies while the balance was absorbed to the public sector for such posts as medical officers, engineers, lawyers, officers in the administrative services, academic staff in universities, secondary school teachers and various positions in other sectors.

However, with the expansion of university education, this situation has changed and many graduates who had obtained degrees in the stream of Arts and Humanities left unemployed for few years (Lakshman, 1998).

Apart from internal students of the universities, there is a large number registered for external degrees compromising the quality of the graduate. Warnapala (2011) noted that “the poor quality of the graduate is due to a variety of reasons; the primary reason is the absence of proper facilities for them to acquire knowledge and skills. At present, the advice and guidance given by universities to external students is limited to administrative matters and examination regulations. The existing external degree programs cover 11 universities, and the number of students registered for external degrees with universities is 206,152 and this in effect means that the total number of students, who sit the A/L examinations annually, enter the external degree programs. ... The quality of the product has virtually declined and no employer, except the government, wants to provide employment to external graduates.”

The objectives of the study

Job creation for the youth and unemployed graduates has been a major challenge to every government elected for the last several decades. The issue of unemployment would generate two major effects on the economy and society in general. The first is the unrest among unemployed youth which at times destabilize the whole affairs of the country. That is why the youth insurrections that took place in 1971 and 1988 in Sri Lanka were claimed to have direct links to youth unemployment as well. The second is the waste of valuable human resource for the development of the country. Situation is further worse when it comes to unemployed graduates as a huge cost in terms of free education was already

incurred on them by the government. Given this context, every government is pressurized to provide jobs, particularly for the unemployed graduates on urgent basis. In view of the above situation, the main objective of this study is to understand the principal causes for the graduate unemployment in Sri Lanka and try to suggest possible solutions for mitigating the same. The arguments and conclusions were tried to make on the basis of empirical surveys and studies conducted earlier. Having discussed the background of the study in the first section, thematic areas of skills mismatch, relevance and quality of degree programs, international job market, and the dependency on the government as the job creator were discussed from section 2 to section 5. Section 6 was devoted to summarize the main contributory factors for graduate unemployment while section 7 provided some observations and suggestions.

2. Education mismatch and skills mismatch

The education mismatch occurs when the required level of education for a job varies from the level of education of the employee. The employee's education could be higher than that needed for the job, in which case he is over-educated. If he has got lower level of education than required, he is under-educated. Basically, there are three different ways by which the variance from the required level of education is measured. The first is based on the information included in the job descriptions while the second method relies on the worker's assessment about the education requirements for the job. The third is a statistical method that uses data on realized matches (Piracha, M. & Vadean, F. 2012). Education mismatch mainly occurs due to the demand side deficiencies of the economy. In other words, it is the lack of job creation in the economy to absorb educated youth to the

job market. A study by Senarath, S.A.C.S. et al. (2017) has confirmed the hypothesis that education mismatch is visible in the graduate labor market in Sri Lanka. This situation would generally create lower productivity in the work place and lower level of job involvement resulting high rates of employee turnover. On the part of the employer, he has to bear extra costs on screening, recruiting and training new employees. Another problem associated with both the general education and higher education in many countries including Sri Lanka is the skills mismatch, which is defined as the gap between a worker's skills and the demand in the job market. The Annual Report of the Central Bank of Sri Lanka (2018) states that skills mismatch has resulted in a labor shortage for some industries in Sri Lanka requiring to import labor. Construction industry is a case in point and the authorities are compelled to import labor from China, India, Nepal and Myanmar. This situation undermines the productivity and forces a challenge to growth ambitions of Sri Lanka.

A large share of employers in the private sector is reported to have complained with the types and levels of output given by both the Technical and Vocational Education Training (TVET) system and the universities in Sri Lanka except a few areas. Annual Report of the Central Bank (2014) noted that there is significant shift in sectoral contribution to GDP over the years; agriculture share of GDP declined from 20% to 11% between 2000 and 2013 while industry share increased from 27% to 33% and service sector from 53% to 57% during the same period, showing substantial shifts in labor and skills requirements. "The school leavers and graduates with basic degrees in Sri Lanka seem to have a good subject knowledge, but their suitability for the job market is a question when one considers the skills gap or the mismatch between the

education system and the employability in the country” (Grero, M.L, 2018 p.9).

As per the results of the UGC tracer study (2018) about 74% of employers were of the view that finding graduates with relevant soft skills particularly competency in the English language, communication and inter-personal skills, leadership and influencing skills are the greatest challenge. When considering the field of study for graduate recruitments, graduates in social science and humanities have got only 11% of chances for employment in the private sector while graduates in business management & economics, engineering, and ICT have obtained 74%, 62% and 60% chances.

The rate of unemployment reported by Annual Labor Force Survey (ALFS) 2017 for Sri Lanka is 4.2% while the under-employment is 2.8%. However, the rate of unemployment among the educated, i.e. group representing A/L & above, is reported as 8.1%. Considering the visible under-employment situation in terms insufficiency of the volume of work, particularly among some graduate employment, it should be a much higher rate of under-employment. Development Officers attached to Divisional Secretariat Divisions (generally more than 100 graduates in each secretariat), is a case in point. The UGC tracer study (2018) reported that approximately one in every ten employed graduates was under-employed, without utilizing his education to job roles.

3. Relevance and Quality of Study Programs

Improvement of the quality of education in both general education and university education is in the education reform agenda for decades. Presidential Task Force on university education, which was formed in 1997 identified many aspects of improving quality and relevance of university education. Some of

the reform proposals include the following;

(a) Diversification of university courses and curricula

(b) Develop undergraduates to interact with the private sector and the industry introducing in-plant training courses and placement procedures

(c) Developing skills in graduates relevant to employment opportunities

(d) Introducing new courses with more concern towards technological, cultural and science based contents

(e) expanding external degree programs and distance learning processes

(f) Upgrading of physical infrastructure including plants and laboratories, and developing human resources

(g) Establishment of career guidance units at all universities

With a view for university graduates to effectively contribute to economic and social development of the country, a project with the World Bank funding was implemented by the Ministry of Higher Education in collaboration with the UGC from 2003 to 2009 under the title “Improving Relevance and Quality of Undergraduate Education” (IRQUE). The project was implemented addressing the above issues in the public sector universities.

With respect to the issue of relevance and quality of graduates, it is common to see that the blame has been put on the universities for producing a mass of unemployable graduates without skills to the labor market. Another factor highlighted during the entire period since 1960s was the relationship between the youth unrest and graduate unemployment. However, graduate unemployment varies from time to time because of the introduction of special graduate recruitment programs by the government. There is widespread belief that the present graduate, especially in Arts, Social Science and Humanities, is unable to meet

the current labor market requirements. Hence, they become the largest contingent of unemployed graduates (Warnapala, 2011). Further, the incidence of unemployment is prevalent among graduates in Social Science and Humanities who have passed “General Degrees” and external degree programs.

The UGC in its tracer study (2018) noted that “Irrespective of the discipline, our universities will have to think of revising their curricula together with methods of teaching, learning and assessments for students to be equipped with knowledge, skills and values so that learners could achieve their full intellectual, personal, emotional and social potential. Teaching-learning progression and assessment methods at the university should encourage and facilitate learners to acquire and practice skills that will assist them to become effective in responding to future challenges in their lives and to play active and responsible roles in society after graduation”.

4. International Job Market

International migration of people has increased over the years and such movements for employment purposes have also increased in some regions than the rest of the world. For an example, people of the countries in the South Asian region have been migrating to Middle Eastern countries for employment for many decades now. Over 1.5 million people from Sri Lanka have found employment in this region at present. The history was such that they mainly demanded housemaids or unskilled labor such as domestic helpers, construction workers, drivers etc. However, there is some change to absorb other job categories such as Quantity Surveying officials, skilled workers in hospitality and hotel industry, banking and financial sector professionals, engineers etc. In 2012, housemaids and unskilled workers made up 64% of migrants from the Sri

Lanka, which semi-skilled and skilled workers constituted only 25% of migrants of all foreign employment.

Foreign employment becomes the second largest source of foreign exchange earnings in Sri Lanka during the past few years. In the year 2016, the total workers’ remittances accounted for a sum of Rs. 1,091,972 million and it was 8.2% of GDP of the country. Statistics on foreign employment shows that there has been a continuous decline in departures for foreign employment since 2014 and it can be mainly attributed to the policy actions taken by the government to minimize the departures for employment of unskilled labor. As per the Corporate Plan 2017-2021 of the Sri Lanka Bureau of Foreign Employment, “the strategy for the five-year period is to reduce the number of total departures, but to increase the number of departures of skilled male workers. Special attention is given in reducing female domestic workers as they are more vulnerable”. The following table provides information with regard to the current foreign employment situation in Sri Lanka.

Table 3: Foreign Employment Departures of Sri Lankans by Destination

Country	2018	% Share
Saudi Arabia	35,866	17.0
Qatar	50,774	24.0
Kuwait	46,951	22.2
U.A.E.	32,836	15.5
Other	45,032	21.3
Total	211,459	100.0
Male	129,774	61.4
Female	81,685	38.6

Source: Annual Report of the Central Bank of Sri Lanka 2018.

The above table highlights the dominant position taken by the Middle East countries for the migrant workers of Sri Lanka for taking a share of 78.7% of all migrants for employment in 2018. Males represent 61.4% of all migrant workers while the balance 38.6% for females in the same year. Some point out that unless the salary offered is about thrice the wage in Sri Lanka, there is no real incentive for workers to go abroad for employment. In

that sense, the salaries offered by Middle East market and some emerging markets such as Malaysia, particularly for unskilled and semi-skilled workers are not sufficient.

Sri Lanka Bureau of Foreign Employment (2017) highlighted the fact that vocational and professional training system should match the international standards so that employment opportunities in higher skilled categories in existing markets and new markets in developed countries can be secured. New destination countries such as Japan, New Zealand, Turkey, Rumania, Uganda, Fiji, and Papua New Ginia have concentrated their recruitments in skilled categories.

Japan is one of the countries that hires foreign job seekers not only as semi-skilled workers but as skilled professionals in many a field. People aged 65 years and older in Japan consist of a quarter of its total population and it is estimated to reach one-third by 2050. The rapidly aging society and the incidence of low birth rate have been changing the demographic structure of Japan and its population is expected to decline from about 127 million in 2019 to about 88 million in 2065 as predicted by the National Institute of Population and Social Security in Japan. This situation among others has affected to hire international labor into Japan. Following are the main promising job categories for foreign job seekers in Japan.

- (i) Engineers – electronics, automotive and heavy manufacturing industries
- (ii) Information technology professionals
- (iii) Workers for investment banking careers
- (iv) English teacher – though opportunities are high for native English speakers, there are opportunities
- (v) Office worker – many opportunities if there is Japanese language skills

(vi) Service industry worker – opportunities are there with polite Japanese language skills

(vii) Professional in many fields – expertise of foreign professionals is sought when Japanese companies are expanding globally

(viii) Research opportunities and Professorships

Table 4: Main Jobs Demanded in the International Labor Market for 2019 and Estimated Wages and Their Growth Prospects

Job Category	Estimated Annual Salary (US\$)	Growth Prospects through 2024
Application Software Developer	101,790	31%
Medical Service Manager	98,350	20%
Registered Nurse	70,000	15%
Medical Technologist	51,770	14%
Construction Worker	34,000	12%
Nursing Assistant	27,520	11%
Home Health Aid	23,210	47%

Source:cnbc.com/2019/01/24/here-are-the-most-in-demand-jobs-for-2019.html

When looking at employment opportunities in the international labor market, it is necessary to review our curricula and syllabi taught in the university. Since jobs in the international market has become one of the main important sources for lucrative jobs, particularly for our high quality graduates with the competency of foreign languages, universities should try to introduce new courses aiming at providing required knowledge and skills for such vocations.

5. Dependence on the Government as Job Creator

Sri Lanka history was such that people depended on subsistence agriculture until the time of European colonial domination, after which a new agriculture was developed aiming at exporting the produce. With this dual economy having its subsistence agriculture and export agriculture, service sector gradually expanded with the public service provision at the center. At the time of gaining independence in 1948, the provision of free of charge education and health services was seen as an important

duty of the government. Therefore, the employment in the public sector has increased gradually. The following table provides information regarding employment in 2017.

Table 5: Employed Population by Employment Status and Gender – 2017

Employment Status	Total		Male		Female	
	No	%	No	%	No	%
Total	8,208,179	100.0	5,279,158	100.0	2,929,021	100.0
Employee	4,734,031	57.7	3,102,053	58.8	1,631,978	55.7
- Public	1,178,708	14.4	650,219	12.3	528,489	18.0
- Private	3,555,323	43.3	2,451,835	46.4	1,103,489	37.7
Employer	247,470	3.0	216,143	4.1	31,327	1.1
Own Account Worker	2,571,023	31.3	1,822,502	34.5	748,521	25.6
Contributing Family worker	655,655	8.0	138,460	2.6	517,195	17.7

Source: Sri Lanka Labor Force Survey, Annual Report – 2017

Out of the total employment of 8,208,179 persons 14% of them are in the public sector and it is a big number to the population (21.44 million in 2017) showing that there is one employee in the public sector for every 18 citizen of the country. Of the people work in the public sector, 55% are males and 45% are females. However, considering the total employed population in 2017 male participation comes up to 64.3% while the females are 35.6%. Out of the total employees of 4,734,031 in the public and private sector, private sector represents 75% while the balance 25% is in the public sector. Provision of university education is a state monopoly. According to UGC, 72% of the annual enrolment of undergraduates takes place under 14 conventional universities which are under UGC. Annual enrolment into other Higher Educational Institutes (HEI) outside the conventional universities is about 12,000 at present. These are students entering into 5 universities set up outside UGC, locally recognized degree programs by different HEIs but excluding external degrees and degrees offered by the Open University of Sri Lanka.

The UGC tracer study (2018) reveals that the overall employment rate of state university graduates is 65.5% as compared to 66% in non-state sector. In both sectors, employment rate of males is higher than

females, showing 81% for state university male graduates as against 76% in non-state sector. Graduates produced by the Arts and Performing Arts stream of the state universities had low employment rates of 45.6% and 37.1% respectively. Non state sample in the study represents only management, engineering, IT and law streams and the highest employment rate of 83.8 was recorded in management stream graduates.

According to the same study, 46.2% of graduates were employed in the private sector while 44% were in the public sector. Although the majority of the graduates were employed in the private sector, that percentage is very much low when comparing to 75% of employees calculated for the employees in the private sector to both private and public sector employees for the whole economy for 2017 given in table 5. Though the public sector employs 44% of graduates, their productivity is questioned on several grounds. First, government provides employment for graduates from time to time not necessarily for the need of specific labor requirement but to ease the unrest of the unemployed graduates highlighted by various demands and protests by them. Second, the education sector absorbs 34.4% of the graduates, indicating the highest percentage. A higher percentage of Arts (55.1%), Agriculture (40.4%) and Science (39.3%) graduates were employed in the education sector, mainly as teachers. Third, the governments in power for the past several decades implemented graduate recruitment programs mainly to ease the unrest of unemployed graduates, who put the blame entirely on the government for their being unemployed. In view of the foregoing it is clear that there is over dependence on the government as the job creator. It is essential to appreciate that a sustainable solution to graduate unemployment lies in the level of economic development of the country,

which in turn determines the capacity of the economy to absorb unemployed youth on the one hand and the ability of the universities to produce graduates who are of right quality and relevant to employers in the job market on the other. However, the perception of the graduates and their parents is that only the government is responsible for the issue of graduate unemployment and they pressurize the government to provide jobs.

6. Factors Contributing to Graduate Unemployment

Graduate unemployment is a major topic of discussion since 1960s as it has gradually increased over time. This has been cited as one of the principal causes for youth insurrections in 1971 and 1988. Therefore, the governments in power wanted to address this issue by way of implementing graduate recruitment schemes from time to time. Either unemployment in general or graduate unemployment in particular can be attributed to a host of factors. Slow economic and industrial growth, lack of investments, skill mismatch etc. are commonly cited as contributory factors for unemployment. Among others described below are some major contributory factors for graduate unemployment in Sri Lanka.

(a) Increase of enrolment in degree programs including external degrees

The discussion in the early part of this paper has shown that the ever increasing number of graduate output owing to the increase of graduate enrolment in public universities and university institutions in the private sector has made it unmanageable resulting in noticeable graduate unemployment over the years. Table 2 above has indicated that the graduate output from 1990 to 2018 has increased from 4,476 to 26,026, which is more than five times. Therefore, it is clear that the principal factor behind unresolved graduate unemployment is the rapid increase of graduate enrolment,

particularly after 1990. Further, a sizable portion of them (1/3 or above of the total) came from the Arts stream, where they have the least employable skills, according to private sector employers. The situation has further worsen owing to the addition of external degree recipients mainly in the Arts stream.

(b) Inadequate investment in education resulting set-back in quality.

The table below shows that there is comparatively low rate of government expenditure on education in Sri Lanka when compared to the situation of some selected countries in the Asian region.

Table 6: Government Expenditure on education as % of GDP in selected countries in Asia

Country	Year	% value	Country	Year	% value
Afghanistan	2017	4.1	Malaysia	2017	4.7
Bangladesh	2018	2.0	Maldives	2016	4.1
Bhutan	2018	6.6	Nepal	2018	5.2
India	2013	3.8	Pakistan	2017	2.9
Indonesia	2015	3.6	Sri Lanka	2017	2.8

Source: data.worldbank.org/indicator/SE.XPD.TOTLGD.ZS

Education expenditure consists of both the expenditure on general education and the higher education. Except for Bangladesh, the government expenditure incurred on education as a percentage of GDP is the lowest in Sri Lanka. There has been a strong demand and protests from university academics in Sri Lanka for some time now for increased allocation of expenditure. According to Table 2 above for the period from 1990 to 2018, student admission for the universities under UGC increased more than 4 times and the graduate output more than 5 times but the expenditure on university education as percentage of total government expenditure increased only less than 2%. This situation would have affected the quality of education by way of not having sufficient physical infrastructure facilities including space, equipment, plants and lab facilities, library facilities with quality reading materials and also the trained human resources. Private sector employers often complain of the poor quality of graduates in some streams,

particularly of their poor competency in English and practical understanding of the theory they learn at universities.

(c) Skills mismatch

Skills mismatch is a common factor for unemployment in many countries and this is one of the main factors for graduate unemployment in Sri Lanka too. In relation to skills mismatch, many studies have focused mainly on the technical skills and socio-emotional skills or what we commonly refer to as soft skills. The UGC tracer study (2018) has considered 11 areas of skills and competencies valued by employers in recruitment of graduates. They are the skills relating to communication, team work, good reading & writing skills, ability to adapt to new situations, analytical & problem solving ability, effective use of IT, English language competency, good decision making, sector specific skills, good with numbers and planning & organizational skills. According to this study 84% of employed graduates agreed that soft skills were instrumental in securing the current job. Competency in English language and some experience in to the work environment are also found to be very useful in finding employment. Although the overall employment rate of Arts stream graduates is at low percentage of 46, the percentage among English Medium Arts graduates is at satisfactory level of 71.9.

Employers of the private sector complain that the Arts degree offered by the university is mainly concerned with the production of academic knowledge, often without consideration of applied skills or learning. There is no component in it towards skills developments, vocational training, etc., and the results of which would lead to unemployed graduates. It is therefore suggested that study curricula be revisited together with the industry representatives to understand and incorporate employability skills so that the relevance of the degree program in

terms of finding employment could be improved. This is particularly important as a large percentage of students is admitted to Arts stream of the conventional universities and that is 32% of all students in 2017/18 academic year.

(d) Attitudes of graduates

Aggestam & Hallberg (2004) state that queuing behavior for “good jobs” is a contributory factor for the unemployment problem in Sri Lanka. They were of the view that the problem of unemployment is not due to the shortage of job opportunities as such, but rather there is segmentation between jobs that are of greater demand (“good jobs”) and those which are not in demand (“bad jobs”). Larger majority of graduates due to a host of reasons such as employment security even having pension rights after retirement, lower work effort, flexible work environment, non-wage benefits etc. wish to have public sector jobs than the private sector jobs. The government recruited a massive number of 42,000 graduates in 2005, who claimed themselves as unemployed. According to Samarasinghe (2003) the estimated unemployed graduates were around 20,000 in 2003. Therefore, a high proportion of graduates recruited in 2005 should have been working either in the private sector or doing some self-employment by that time. This shows the attitude of graduates for employment in the public sector.

Annual Report of the Central Bank of Sri Lanka (2018) noted that in addition to skills gap, there is a large gap between job seekers expectations and the job requirements where the younger generation prefers non-routine and cognitive jobs over routine and manual jobs. According to the UGC tracer study (2018), 40% of private sector employers in the sample stated that it is difficult to find graduates with “right attitudes” for employment. Moreover, lack of commitment and lack of ethical

considerations were highlighted by 21% and 17% of employers respectively.

OBSERVATIONS AND SUGGESTIONS

There is a steady increase of student admission to conventional universities under the UGC over the past three decades. In addition, student admission to non-state higher education institutes and admission to external degree programs have been on the rapid increase. All these have created a scenario where there is ever increasing graduate output. Therefore, the governments in power have been pressurized to provide employment for the graduates, particularly for those graduates who are not demanded by the private sector. As per the tracer study (2018) by UGC, the private sector has provided employment to 46% of graduates while the public sector to 44% of graduates. Looking at the study disciplines, Arts and Performing Arts graduates in the survey reported the lowest employment rates of 46% and 37% respectively. These graduates constitute the majority of unemployed graduates and governments in power have implemented various recruitment schemes for them. However, one should ask a question as to how the government provides employment in increasing numbers in the future as well. Some are of the view that it has come to its limits. Signals are already there as there is some under-employment among those graduates recruited to the state sector. In this situation, the answer has to be found in the private sector. Targeted action is called for to encourage the private sector employers to recruit more graduates to their industries, after providing training if required.

If one looks to the perception of the private employers, it is very clear that there is some skills mismatch. That is why only about 11% of employers recruited

graduates from Humanities and social sciences. Private sector employers further say that these graduates have problems with soft skills including Communication skills, English language competency and commitments towards work. Although the industry tries to bridge this gap, it is said to be expensive. To get out of this situation it is necessary that universities map their academic programs considering the requirements of the potential employment opportunities in the industry. In short, university academics should regularly review their programs with industry representatives on regular basis so that industry suggestions could be suitably incorporated in to the curricula enhancing the employability of graduates.

Universities under UGC still admit a sizable portion of students to the Arts stream (32%), though there is very high incidence of unemployment if there are no government programs to recruit them. Therefore, it is suggested that student numbers to particular subject areas be discussed and decided considering the employment opportunities and sufficient awareness to students. It may be possible to come out with better subject combinations to enhance employability, if relevant university academics and industry representatives conduct discussions.

Labor mobility has been increasing over time. Therefore, our graduates should be prepared to develop the characteristics that are required to become global graduates. High standard communication skills, leadership and English language competency at higher level, interpersonal skills etc., in addition to subject specific knowledge and skills are to be developed. Universities should create an environment where graduates during their learning can be informed of the employment opportunities abroad so that talented graduates can compete and secure opportunities.

It is observed that in addition to subject specific knowledge, the employability of

graduates enhances with soft skills including English language competency and also some kind of training or experience in the relevant field. It is therefore suggested to have internship programs as much as possible to arrange with the industry to give them a valuable training. Student community should be encouraged to understand the value of English competency and provide resources for their use.

It is valuable to inculcate an entrepreneur culture in to university so that some graduates can start their own business ventures. Instead of being employed under someone, one can be proud of his own business providing employment opportunities to others. If young graduates are supported to start new ventures, there is high chance that they will succeed as their commitment is naturally high at this time.

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