

TOWARDS CUSTOMER ORIENTED HIGHER EDUCATION: IMPROVING QUALITY AND RELEVANCE OF UNDERGRADUATE EDUCATION IN SRI LANKA

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ABSTRACT

Unemployment rates have shown declining trend since 1990, but remain very high among educated youth. Unemployment rate declined from 15.9 percent 1990 to 5.2 percent in 2008¹. The age groups, that worst affected, are the 20-24 and 25-29 year groups. This is the age group which many people enter the labor force. The majority of the graduates who come out of the universities are in the age group 25-29 years, with hardly any work experience. This is one of the main reasons for their inability to gain suitable employment, especially in the private sector. While the unemployment rate has continued to decline, graduate unemployment remains high. Graduate unemployment in Sri Lanka is a major problem because a significant proportion of the able and skilled workforce, which could contribute to the economic growth of the country, remains unemployed. It has become common to see graduates from state universities staging protests in order to obtain jobs; however, the jobs they ultimately get may or may not be sufficient to live.

The objective of this paper is to examine the reasons of unemployment among graduates. The findings endorse that the skills mismatch among other things, is a major contributor towards increasing rate of unemployment among educated youth. Attitude towards jobs such as “good” jobs and “bad” jobs is another contributor. Youth look for a stable job with generous fringe benefits (including pensions), requiring low work effort.

Key Words: Graduate unemployment, tertiary education, skill-mismatch, attitude, quality.

¹ Sri Lanka Labour Force Survey, Annual Report - 2009

1. INTRODUCTION

The unemployment in Sri Lanka has been reducing significantly since 1990. The unemployment rate has reduced from 15.9 percent 1990 to 5.2 percent 2008. (Census and Statistics Sri Lanka 2009). Yet the unemployment among the educated youth has dramatically increased. Unemployment rate among youths educated GCE A/L and above remains 2006 -26.9%, 2007 32.8% and 2008 32.6% (Census and Statistics 2009). It is therefore, not surprising that Sri Lankan youth perceive Sri Lankan society as unjust and unequal (Report of the Presidential Commission on Youth, 1990), and are frustrated by the failure of mainstream institutions to address existing inequalities in the distribution of both resources and gains generated by economic development.

It is argued that the *skills mismatch* contribute significantly towards increasing rate of unemployment among educated youth (World Bank 1999). Another contributor towards unemployment in Sri Lanka is a perceptual factor i.e. Sri Lankan perceives as some jobs are “good” while others are as “bad” jobs. Another variable contribute for unemployment among youth is they look for a stable, pensionable-job with generous fringe benefits, requiring low work effort.

2. RESEARCH ISSUE

Unemployment rates have shown declining trend since 2000, but remain very high among educated youth. Unemployment rate declined from 8.8 percent 2002 to 5.2 percent in 2008. Unemployment rate is particularly high among the females, youth and the more educated. In 2005, female unemployment rate (10.7 percent) was

slightly more than twice that of the male rate (5.3 percent). By geographical distribution, female unemployment rate is highest in the Eastern Province (16.6 percent) whilst the Western Province recorded the lowest (6.1 percent)

3. RESEARCH OBJECTIVE

Therefore, this study is an attempt to investigate critical contributors towards unemployment among graduates in Sri Lanka.

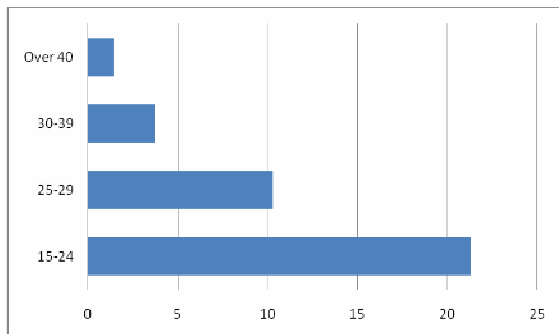
Salient Trend: Youth Unemployment in Sri Lanka

Unemployment rates have shown declining trend since 2000, but remain very high among educated youth. Unemployment rate declined from 8.8 percent 2002 to 5.2 percent in 2008. Unemployment rate is particularly high among the females, youth and the more educated. In 2005, female unemployment rate (10.7 percent) was slightly more than twice that of the male rate (5.3 percent). By geographical distribution, female unemployment rate is highest in the Eastern Province (16.6 percent) whilst the Western Province recorded the lowest (6.1 percent) (Table 1). In 2009 close to one-third of the individuals in the 15-24 and 25-29 age groups are unemployed (21.3 and 10.3 percent respectively²). In all other age groups, the unemployment rates are less than 5 percent. And unemployment rates are particularly high for the well educated -- in 2004, 2005, 2006, 2007 and 2008 unemployment rates were highest for the A/L qualified (31.0, 28.9, 26.9, 32.6 and

² Labor Force Survey Annual Report 2009, Department of Census and Statistics, Sri Lanka. Available at http://www.statistics.gov.lk/samplesurvey/LFS_Annual%20Report_2009.pdf

32.8 percent respectively) with unemployment among graduates also being above the average (Figure 1).

Figure 1: Unemployment by Age Group



Source: Labor Force Survey Annual Report 2009

The government has always been sensitive to the unemployment in general and unemployment of youth in particular since they are more active in politics. The government recruits unemployed graduates, as satisfying their electoral promises. For example, the government promised to recruit 40,000 unemployed graduates and make another 40,000 temporary staff permanent, in 2005³.

According to Report of the Presidential Commission on Youth, 1990, majority of young people experience a feelings of injustice in the society as well as in political institutions and these experiences are not just perceived but based on real-life experiences (A highly politically-intervened-society has resulted in people rely on political favoritism and powerful network for employment opportunities rather instead of a system of merit. A study on youth unrest in Sri Lanka reveals that such unrest is predominantly attributed to frustration, aggravation and disappointment with policies and mechanisms that are perceived as discriminatory (Thangarajah CY,

³ The Budget Speech (2005).

2002, Mayer M, 2004).

Problems with the Educational System in Sri Lanka

Despite the progress over the last 50 years, the general education is facing huge problems relating to quality and relevance for employment opportunities. (Central Bank of Sri Lanka, 1998:69) The Sri Lankan Poverty Reduction Strategy Paper of 2003, produced by the government, has summarised the problems of the educational sector into four types of constraints:

-Quality constraint – There is a divide between level of school attainment, measured by indicators such as enrolment rates and number of school years completed, and perceptions of learning achievements measured in terms of language competency and mathematical ability.

-Institutional Constraints- Weaknesses of the system that hinders satisfactory levels of learning achievement are among others: Restrictive legislation that constrains private sector participation in education. The teachers are not spread properly over the country, which as usual means that there are inadequate resources in poor, rural areas. The centralised education management system is inefficient and contributes to administrative delays, poor stakeholder involvement in decision making and a limited responsiveness to community needs. There is also an insufficient attention to the role of education in promoting respect for different kinds of cultures multi-ethnic society.

- Language Constraints – The lack of competence in modern international languages such as English has lead to only a limited participation, both domestically in the private sector employment, and

internationally. The policy of segregating schools according to language streams has also contributed to the lack of mutual understanding of cultural similarities and diversities among communities.

- *Tertiary Education Constraint*- The relatively high enrolment in secondary education has led to a huge demand for tertiary education. There is a waiting period of up to two years before getting a place at a university. Even though there is such a low participation level at the universities, the unemployment among the graduates is high despite the critical skill shortages in some key areas of the economy. Many employers are not satisfied with the competencies and skills of graduates. Curricula in many disciplines are not in tune with broader economic and social needs. (Government of Sri Lanka, 2003:74).

English is the global business language and many universities in Sri Lanka have to recognise the importance of improving graduates' proficiency in English. Competency in English opens up job prospects in the global economy and many graduates in Sri Lanka are not proficient in English language skills and are unable to secure employment. Another problem with the university system in Sri Lanka is the absence of university–industry linkages. This has led universities to be too academic and impractical. This has also prevented graduates gaining employable skills⁴.

Since the present education system does not prepare school leavers when they enter the job market, they are therefore without employable skills. 1997 the government implemented the *Tharuna Aruna Scheme* to assist unemployed university graduates in finding employment in the private sector. The conclusions drawn from that scheme confirms the

above reasoning. Employers prefer Science and Commerce graduates who are well equipped with analytical and computer skills. Fluent English is also something of great demand. The problem is that the Sri Lankan students have very limited exposure of English and the developments of technical skills have been neglected at even higher levels of education. Instead, nearly 80 percent of the applicants were graduates in Humanities and Arts and did not possess the skills needed. There are also problems with the attitudes towards the public sector culture and work ethic, insistence on hierarchy and resentment of managers who do not have graduate degrees (Bell et al, 1999:19).

4. METHODOLOGY

The Department of Census and Statistics was the source for the secondary data used for the study. Primary data was collected from 927 graduates of University of Colombo who pass out in 2002 and 2003 covering the first 3 years of their work history.

The sample comprises of 410 graduates who completed their degree at the Faculty of Management and 517 graduates who completed their degree at the Faculty of Arts, University of Colombo during 2002 and 2003, was selected from the the records available at the Registrar of the University. Graduates were randomly chosen from records of enrolment at the Registrar's in 1998 and 1999 were included in this sample. The empirical data were gathered to a questionnaire with face to face interviews by enumerators.

Data. A survey includes personal profile information namely: family, and community

⁴ Randiwela, P. and Herath, S. K. (2010)

characteristics and their labor market history. And also, qualitative information such as health status, job satisfaction, attitudes and perspectives of the respondents was also collected. Among respondents 42% were male, with the ethnic breakdown as follows: 71% Sinhala, 18% Sri Lankan Tamil, 11% Moor.

5. FINDINGS

Majority of university graduates remain unemployed for long periods after finishing their degrees. About 56 percent of the sample participants, who has completed their degrees three years back, were unemployed until 2006.

Relationship between employability and the field of study:

The discipline or the field of study shows a significantly affects on employability and earning capacity. A graduate who has read for a History, Sinhala, Demography or Political Science degree had a longer unemployment duration, whilst graduate in the field of Business Administration or Commerce were comparatively shorter unemployment period. A graduate with a special degree (Four year degree) in Sinhala, History or Geography was likely to obtain a monthly salary that was 66% less than of a graduate with a Business Administration degree in the private sector.

Social status and unemployment

Graduates from low socioeconomic strata have significant disadvantage in securing a job, and female and rural graduates have lower relative likelihood of being employed in formal private sector compared with the public sector. 71% of the

graduates obtained the first-job either after applying for vacancy advertisements. 24% were told that they knew about the job by someone he or she knew, and 5% were offered the job by someone he or she knew. Prior to 2005 i.e. before the government recruitment drive were introduced, 10% were given the job, and 38% were told about the job by someone whom he or she knew. Females graduates had a lower likelihood of being employed in the formal private sector, compared to the public sector. Also, graduates from lower socioeconomic groups showed longer unemployment duration.

Attitude towards Jobs

A positive attitude towards public sector job was shown by the majority of graduates and as a result job satisfaction was comparatively higher in the public sector (pensionable-jobs), even though the salaries and fringe benefits were the lowest. According to sample graduates the public sector demands lower working hours while providing greater stability for their job. Only 7% of the public sector graduates were unhappy with their job. They were also unhappy due to the fact that their work place was not closer to their residence. 21% of the formal private sector employed graduates were unhappy and they were mainly concerned with the work environment and heavy work load. Another 45% who were attached to the informal sector were unhappy with their job. The mean gross salary of the first job for private formal sector was 56% and for informal sector 25% higher than public sector. However, work-hours for the private sector was 38% higher than the public sector. Wage per hour was 22% higher in formal sector, and 5% lower in informal sector than the public sector. The job

security was highest in the public sector followed by the formal private sector.

Of the graduates who changed jobs, none moved out of public sector. The changes included 41% from informal sector to public sector, 20% from informal to formal private sector, and 14% from formal private sector to public sector. The rest were job changes within a particular sector. Graduates change jobs primarily to increase income, and reduce work hours. The motive for the 61% of the changes was better earnings, 21% was fringe benefits and 13% was less effort and more vacation. 96% of the changes were associated with an increment of income, with a mean increment of LKR 4,687 per month. 69% of the changes were associated with a reduction in the number of work hours, with a mean reduction of 14 hours per week. Of the graduates who shifted to public sector from private sector only 5% experienced a salary reduction, and this 5% shifted from private informal sector.

6. CONCLUSIONS

Youth graduating from state universities have severe difficulties in finding employment. A significant proportion has long unemployment periods after graduation. The low employability of these graduates calls for industry-led, job-oriented education at university level.

Relationship between unemployment and the field of study

Graduates who specialized in demography, political science, and history either have low employability or low earning capacity. The difference in earning capacity is reduced in the public sector. Equitable

wages in the public sector, plausibly, is distorting the market signals for investment in high-yield education.

School to work programs

Almost all graduates registered with Tharuna Aruna have selected the public sector job, which is not the target recipient of Tharuna Aruna. However, around 85% of graduates of the government recruitment drive were unemployed more than 3 years after their graduation. This equity enhancing programme of employing otherwise unemployable graduates, in addition to its negative effects on labour market and labour market support programmes raises questions on the productivity of public sector.

Social status and unemployment

The social status affects a graduate's ability to secure employment. In the formal private-sector, the preference for urban youth from higher social background may simply reflect the better ability of English language. However, as a significant proportion obtains employment through social contacts, the relative exclusion of rural youth from lower social status must be partially influenced by the lack of such contacts. The apparent discrimination of women may reflect the reluctance to invest in women and its perception that the women are less productive. However, since our model could not control for unobservable heterogeneity pertaining to motivation and other factors affecting productivity, discrimination can not be confirmed. Lower access to markets is plausibly the reason for the low employment opportunities for the people away from roads.

Attitude towards work and change of jobs

Since the survey was conducted within a year after the government recruitment drive, the result that the public sector has highest job satisfaction rate should be interpreted with caution. Sri Lankan graduates seem to derive higher rates of utility from better job security, and lower working hours. However, graduates change jobs primarily to increase income. Of the graduates who shift to public sector, most

receive a salary increase. With the average salary of private sector higher than the public sector, this result shows that the government sector is absorbing personnel with low productivity.

This result evidenced that the skills mismatch is confirmed by the finding that graduates of certain fields experienced longer unemployment durations and were paid lower wages.

Table 1: Unemployment Rate by Province and Sex

Province	Unemployment Rate											
	2005			2006			2007			2008		
	Both	Male	Female	Both	Male	Female	Both	Male	Female	Both	Male	Female
Sri Lanka	7.2	5.3	10.7	6.5	4.7	9.7	6.0	4.3	9.0	5.4	3.7	8.4
Western	6.6	5.3	9.4	5.7	4.6	7.8	5.6	4.6	7.7	4.4	3.5	6.1
Central	6.9	4.9	10.3	6.7	5.2	9.2	5.8	3.7	9.3	5.9	4.4	8.4
Southern	9.4	7.7	12.7	9.0	5.8	14.3	8.5	6.0	13.3	8.1	6.0	11.7
North Western	5.6	4.0	9.2	6.0	3.9	9.4	5.8	3.6	10.0	4.3	2.1	8.6
North Central	6.3	4.8	9.0	5.6	3.2	9.7	4.5	2.9	7.0	3.9	1.9	6.9
Uva	8.2	4.7	13.6	6.5	5.1	8.4	4.8	3.4	6.7	5.0	3.4	7.3
Sabaragamuwa	7.8	5.5	12.1	6.7	4.6	10.5	6.2	4.4	9.5	5.2	3.3	8.5
Eastern										7.7	4.8	16.6

Source: Census and Statistics Sri Lanka

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