

Labour Market Prospects for Business Graduates in Sri Lanka

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Abstract—The employment of graduates to raise an organization's intellectual capital is not a new phenomenon. But it is clear that there is a less demand for graduates all over the world. It is basically due to the miss-match between graduates' competencies and employers' expectations and also due to the weak relationship between university and the business sector. As a developing country under sever conflict situations in political, social and cultural Sri Lanka is not exceptional pertaining to this issue.

This paper attempts to investigate into the assessment of private sector employers towards recruiting business graduates in Sri Lanka. The study investigated 65 of private sector business firms who are the possible employers of providing job opportunities for potential employees in Sri Lanka.

Findings of the study showed that among the other state university graduates but except engineers and doctors, business graduates have more or less the necessary skills and qualities needed to work in private sector work places. But those skills and qualities are not up to the standard expected by the private sector employers. Among those skills Sri Lankan business graduates especially lack with ICT skills, English language proficiency and the applicability of practical knowledge. Hence the business graduates of Sri Lanka should improve the essential skills, attitudes and qualities in order to create a good demand for them in the available job market and to complete with other professionally qualified personnel.

Index Terms—Business Graduates, Employers, Employer expectation Labour Market and Soft Skills

I. INTRODUCTION

Investing in people is critical and essential for economic and social development of any country. Hence the education has to play a different role in economy especially; tertiary education institutions play an important role in supporting the country's economic objectives as well as in diffusing and applying new knowledge and developing a qualified indigenous labour force [3]. They further stated that the objective of higher education is to produce the output that meets the requirements of a society and therefore, important to identify what the labour market demands from higher education. The employment of graduates to raise an organization's intellectual capital is not a new phenomenon. Recruiting graduates to enable an organization's growth and constant innovation is deemed to be a wise decision [12]. According to reference [15], employers want graduates who are primed for work, able to communicate, share their skills and appreciate their place in a wider organization and its

business. Graduates want jobs that exercise their abilities, confer status and commensurate pay and a route for career development. But the demand for graduates is not seemed to be favorable at all the time. For the past ten years, educators, employers and university administrators have been greatly concerned about the quality of graduates [3] because those graduates have less demand in the labour market. Employers complain that most of the graduates lack necessary core skills needed to be succeeded at work and needed for their future career. But on the other hand, university graduates have few chances to develop and practice the necessary knowledge and skills which required by employers due to traditional teaching and learning process in the university system [6].

As a developing country, under sever conflict situations in political, social and cultural, Sri Lanka is not exceptional pertaining to this issue. Economic indicators show that unemployment rate of Sri Lankan graduates is high, employability rate is low and considerable amount of them are underemployed over the past period. But this national issue has not yet been addressed. But on the other hand, as per UGC statistics [16], the demand for both undergraduate and postgraduate degrees is rapidly increasing, especially in the field of commerce and management studies. As per the World Bank report – The Towers of Learning – records, Sri Lanka's future in the global knowledge economy of the twenty-first century depends critically on the country's intellectual and human capital [17]. In this context, Sri Lanka needs a higher education system that can produce skilled, hard-working and enterprising graduates. Hence the central theme of the study was to investigate the assessment of employers towards business graduates performance in Sri Lanka with its specific objectives;

- 1) To assess the perception of employers towards recruiting business graduates.
- 2) To examine whether the employers have any discrimination of recruiting local business graduates from other types of potential employers.
- 3) To assess the level of satisfaction of employers towards business graduates.

II. LITERATURE REVIWE

Knowledge is critical for development because everything depends on knowledge. For individuals and for countries, education is the key to creating, adapting and spreading knowledge. For the past ten years, educators, employers and university administrators have been greatly concerned about the quality of graduates [3] because those graduates have less demand in the labour market. Therefore numbers of research have been done addressing the employability and quality of

graduates and satisfaction levels of employers towards graduates.

According to the research findings of reference [1] conducted in Nigeria, most of the university graduates have fewer chances in the labour market due to three lack competencies which were pointed out by the managers of the surveyed firms. They are (a) university graduates are poorly trained and unproductive on the job; (b) graduate skills have steadily deteriorated over the past decade; (c) shortcomings are particularly severe in oral and written communication and in applied technical skills. The research found that there are three reasons for the poor performances and poor quality in higher education. These reasons are (a) acceleration of poor quality deterioration (b) quality deterioration in key skill areas (c) production of poor quality graduates by poor quality staff. Similar findings have been identified by Harvey L. [5] and [4] – research done in Birmingham, Duoc and Metzger [3] – research conducted on quality of business graduates in Vietnamese institutions, Murray and Robinson [13], Nabi and Bagley [14] – research covered the graduates in the UK. All these research concluded that graduates should develop a range of soft skills including business skills, general and transferable skills, self and personal skills, attitudes, in order to increase their employability in the potential labour market as well as to meet the employer expectations.

Among those findings most of the authors have identified in their research that communication skills and ICT skills are the most important skills which the graduates must develop in order to increase their employability in the potential work places. For example, the reference [11] consider that oral communication, problem-solving skills and self-motivation are the three main competencies, expected by employers from graduates. Similar findings have been recognized in reference [9] and in the reference [8], conducted in New Zealand. As per reference [7] shows poor communication skills, especially written communication, have been identified as the most important issue which the graduates lack with by employers. This study further found that the relevance and applicability of technical knowledge of graduates to the work place context is rather poor.

According to reference [10] – research on graduate employment in Finland, soft skills and the education aspects alone are not enough as a criterion of selection for employees to be recruited. Further they stated that work experience has become the central factor in recent graduate employment and also in-depth knowledge of the content of jobs and of the links between content of study is needed. These findings also confirm by the reference [7] and [2].

One of the researchers of the paper [6] has done a similar study on employability of graduates within Sri Lankan context. According to her findings, while the level of satisfaction of employers towards business graduates is relatively low, especially on soft skills, it is favorable and high on business professionals. As she further pointed out that Sri Lankan business graduates should have both academic and professional qualification along with soft skills in order meet the employer satisfaction.

III. METHODOLOGY

A. Research Design

This study was mainly a quantitative research that uses deductive approach. And also this was basically a quantitative research in descriptive format that uses relatively less complex and common statistical tools such as descriptive statistics, cross-tabulations, custom tables and one-way ANOVA test for data analysis. The study used the software package of SPSS 15.0 version which is a common statistical package widely used in data analysis purposes in research.

B. Sampling

The sample of employers consisted only with the private sector employers as in Sri Lanka private sector creates more job opportunities than the public sector. And also unlike private firms the public sector recruits employers periodically.

The sample of employers included 65 employers. The study selected top level managers who involved in the recruitment process of their respective companies. They were selected based on the random and convenience sampling method. 62% of companies represent the large scale companies and the remaining 38% represent the medium and small scale companies.

C. Method of Data Collection

For this purpose, the study used two main research instruments as structured questionnaires and interviews. Interviews were used as the main research instrument to collect data mainly from the employers followed by the structured questionnaire.

When preparing the questions the study was careful of the level of understanding and the convenience of answering of the respondents. The questionnaire included short answer questions, multiple choice questions, questions on the likert's five point scale system, ranking questions and open ended questions.

IV. DATA ANALYSIS

A. Graduates Labour Supply

As per the UGC Statistics, during the last decade the number of universities has increased from 12 – 15 with a 25% increase simultaneously with a significant increase of 62% and 39% in number of faculties and departments respectively. This is a favorable situation as the expansion in universities and other physical facilities upgrade and improve the quality of undergraduate education which leads the economy to its growth. But the growth rate of university teaching staff has increased only by 9% which records a significant decline compare to the improvement of universities, faculties and departments. In contrast, undergraduate population has increased by 73% which records a remarkable increase. Similarly the student enrolment rate during the last decade has increased by 73.7% in the field of commerce and management studies. As per the table I, during the period 1995-2006 the graduate output has remarkably increased, especially it has recorded 580.9% of significant growth in the field of commerce and management studies.

TABLE I: FIRST DEGREE GRADUATE OUTPUT IN SRI LANKA UNIVERSITIES BY MAJOR FIELDS 1995-2006

	1995	2000	2006	% change
Arts and Law	1730	4127	4572	164.2
Commerce and Management	347	2448	2362	580.9
Science	844	1264	2038	141.4
Computer science	0	0	100	100
Medicine and Dental	508	981	1019	100.5
Vet and Agriculture	263	249	494	87.8
Engineering and Architecture	514	603	789	53.5

Source: Sri Lankan University Statistics 2002 and 2007

B. Employment Distribuion among Educational Qualifications

As per table II, labour force participants, who have completed school education up to grade 5, relatively have good chance of being employed; their unemployment rate is only slight less than 5% in year 2008. But participants who comprise the junior secondary education are facing significant level of unemployment problem and more precisely 39% of them were unemployed in the year 2008. But during the period of 2000 to 2008 this rate has dropped from 45% to 39% but still the rate is significantly high. The same pattern can be seen among those who have G.C.E (O/L) qualifications. But in contrast, the situation is worse among the crowd those who have G.C.E (A/L), university education or other tertiary level education qualifications. They are still facing a continuous unemployment problem. In the year 2000, the unemployment rate of them was only 25% and it has remarkably increased up to 33% by 2008 with 7.5% increase.

TABLE II: UNEMPLOYMENT RATE BY LEVEL OF EDUCATION AS A % OF POPULATION 2000-2008

	2000	2002	2004	2006	2008	% change
Below grade 6	3.1	4.7	5.4	4.6	4.2	1.1
Grades 6 -10	45.6	40.7	36.6	41.9	39.3	- 6.3
GCE(O/L)	26.0	25.2	26.2	26.6	23.4	- 2.6
GCE (A/L) & above	25.3	29.4	31.7	26.9	32.8	7.5

Source: Quarterly Report on Labour Force Survey – 2009, Department of Census & Statistics

As per the labour Market Information Bulletin – Volume 2/2006 presents, Tertiary and Vocational Education Commission conducted a newspaper advertisement survey to determine the demand for the Sri Lankan labour.

The table 5.7 shows the number of job advertisements published in the year 2006 by educational attainment. This table shows the number of job advertisements published during the period from 2000 to 2006.

TABLE III: NUMBER OF JOB ADVERTISEMENT BY EDUCATIONAL ATTAINMENT

	2000	2003	2006	% Change
Degree & above	1,521	2,131	4,409	189
GCE (A/L)	1,258	1,579	4,635	268
GCE (O/L)	1,609	1,288	2,634	63
Below GCE (O/L)	17	15	132	676
Not specified	40,009	48,110	93,029	132
Total	44,414	53,123	104,839	136

Source: Labour Market Information Bulletin – Volume 2/2006

As per the table III shows during the period from 2000 to 2006 the demand for the labour who has different educational qualifications has remarkably increased. The demand for the labour with the qualification level below GCE (O/L) has recorded 676% increased which is a dramatic change when compare to the labour with GCE (O/L) qualification. But the significant feature which has recorded during this period is that more than 85% of job opportunities have not aimed any specific educational level. This is a very critical issue as government spends 11.7% as a percentage of government expenditure¹ on both general and university education with the purpose of creating qualified work force. But the labour market does not focus on the qualified work force.

C. Perception of Employers recruiting Business Graduates

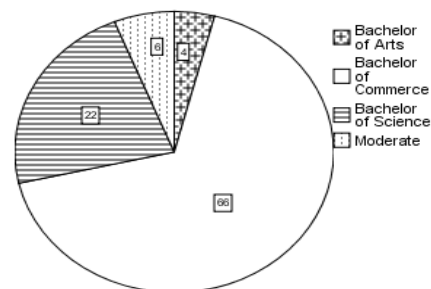
As per the table.IV, out of the total sample of employers 90% of employers have positive attitude towards recruiting business graduates to their organizations. Similarly in the labour force of the each company of the entire sample includes considerable rate of graduates.

TABLE IV: PERCEPTION OF EMPLOYERS RECRUITING BUSINESS GRADUTES

	Frequency	Percentage
Interested in recruiting graduates	60	92
Not interested in recruiting graduates	5	8
Total	65	100

The study further analyzed that the employers are interested in recruiting gradates for their carder positions based on the field of the degree, except which are required special qualifications. It revealed that 66% (Figure 1) of companies are interested in recruiting business graduates to their organizations those who have commerce and management degrees as they believe that they are well qualified in handling business problems than other graduates who are graduated in the fields of science and arts.

Figure 1: Preference of recruiting graduates



But the table.V shows rather different picture when compare business graduates with other qualified potential employees. It illustrates majority of the private sector employers give their first priority to professionals having training. However, they would prefer to recruit local business graduates having training as their second option. In

percentage vice while 34% of employers are interested in recruiting professionals with training. However, if it is ignored the training experiences 40% of employers prefer to recruit local business graduates, which is significantly higher than all other qualification categories.

TABLE V: PRIORITY OF RECRUITING EMPLOYEES TO ORGANIZATIONS BASED ON QUALIFICATIONS

	Percentage
Local Graduates	14
Foreign Graduates	3
Local Graduates with training	26
Foreign Graduates with training	9
Professionals	8
Professionals with training	34
A/L passed students	0
A/L passed students with training	0
Equally treated	5

However, as figure.2 shows 43% of employers have expressed that there is no matter of recruiting local business graduates to their organizations, but they should have a practical training in the relevant field to be recruited them to their organizations. Nevertheless, this is almost double than the figure which represents the preference of local business graduates without training. Conversely, 26% of employers are indifferent on this discrimination.



D. Assessment of Employers towards Business Graduates

The assessment level of employers towards business graduates is one of the most important factors which can be used to evaluate the satisfaction level of employers on those graduates. Assessment level of employers has been measured with five point likert scale, ranging from 1=very low to 5=very high based on the nine different dimensions, suggested by literature.

As per the table VI, employer assessment on graduates' English language proficiency, ICT skills, graduates soft skills, practical knowledge provided by the degree and relationships between the industry and universities is below the average. But the difference is not considerable. On the other hand, their assessment on graduates' applicability of theoretical knowledge, flexibility of graduates and graduates overall performance is high. The study further revealed that there is a high and considerable competition for graduates in the labour market with other similar level qualified personnel.

The one-way ANOVA was used to test the statistical significance of employer satisfaction and the quality of business graduates. Level of satisfaction of employers has been measured with five point likert scale, ranging from 1=highly dissatisfied to 5=highly satisfied. Assessment level

was used to measure the quality of business graduates. As per the table 4, there is a statistical significance between the quality of graduates and satisfaction level of employers on business graduates. This means that employers are highly satisfied with quality graduates and hence they have a favorable demand in the labour market.

TABLE VI: LEVEL OF ASSESSMENT OF EMPLOYERS TOWARDS BUSINESS GRADUATES IN %

	Above Average	Average	Below Average
Applicability of theoretical knowledge	30	40	30
Practical knowledge provided by the degree	12	30	58
Graduates' English language proficiency	20	26	54
Graduates' ICT skill	22	26	52
Graduates' soft skills (Analytical, decision making etc)	20	28	52
Flexibility in Graduates	26	28	44
Graduates' overall performance	25	35	40
Building links with private sector	20	28	52
Competition for graduates in the labour market	54	36	10

TABLE VII: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.889	14	1.064	2.771	.007
Within Groups	13.431	35	.384		
Total	28.320	49			

V. CONCLUSION

As per the study investigated employers always prefer to recruit more qualified personnel to their organizations and therefore they often select professionals than graduates as they believe with their experience that professionals are more qualified, skillful and more work oriented than business graduates. This problem appears to be caused by several factors including: (a) the relatively poor skills in graduates in general, (b) a perception among many private sector employers that business graduates lack the qualities of attitudes and skills needed to work efficiently in the private sector and (c) poor relationship between the industry and the universities and (d) outdated curricula of study programs which can't meet the employers expectations.

Even if the situation is favorable for the business graduates there is no any guarantee for them to be recruited. It basically depends on employers' needs and expectations and also on the quality and skills of business graduates. Finally it can be concluded that among the other state university graduates but except engineers and doctors, business graduates have more or less the necessary skills and qualities needed to work in private sector work places. But those skills and qualities are not up to the standard expected by the private sector employers. Hence the business graduates of Sri Lanka should improve the essential skills, attitudes and qualities, especially English language proficiency and ICT skills, in order to create a good demand for them in the available job market

and to complete with other professionally qualified personnel.

VI. LIMITATION OF THE STUDY

The study selected only 65 employers who represent the companies having different capabilities and characteristics. Hence those employers may have different experiences, attitudes, policies towards graduates along with their personal judgments. Because of the time and resource constraints, the study did not address the effect of other stakeholders as

There is no such comprehensive published research relating to the research topic in the context of Sri Lanka. Due to unavailability of existing literature in Sri Lankan context most of the literature and variables were identified through international studies conducted pertaining to the research topic, especially focusing the developing countries.

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