



GOVERNMENT EMPLOYMENT SCHEMES AND GRADUATE UNEMPLOYMENT IN SRI LANKA: ARE WE SOLVING THE RIGHT PROBLEM?

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Educated youth is an important human capital requirement for the development of a nation. Enrollment in tertiary education is relatively low in Sri Lanka despite subsequent expansions of the state university system and addition of private higher education institutes. Graduate unemployment has been a considerable issue for decades. Graduate recruitment schemes have been the major solution to redress this issue. Such mass scale recruitment of graduates to permanent ranks in the public service, merely to resolve unemployment, has been a recurrent policy decision of successive regimes since 90s. Mass scale recruitment of unemployed graduates to permanent ranks in the public service is a development challenge to Sri Lanka. This study examines effectiveness of government employment schemes as a policy response to graduate unemployment in Sri Lanka. Accordingly, this study analyzes the prevalence of unemployment among graduates across different academic streams, with a particular focus on identifying the most affected disciplines; investigate the underlying causes of graduate unemployment in Sri Lanka, particularly the mismatch between academic qualifications and job market demands; and assess whether graduate schemes address the said causes. Based on comprehensive literature review and data triangulation, the study found that unemployment among Arts stream graduates is relatively high, but unemployment extends to all academic programmes which lack career oriented training. Inadequacy of skills development in terms of practical skills, technical skills and soft skills is the main cause for graduate unemployment in Sri Lanka. Graduate schemes have failed to address the main cause of graduate unemployment which is lack of job-oriented skills. Therefore, mass scale recruitment is ineffective as a policy response to address graduate unemployment.

Keywords: graduate unemployment, graduate schemes, academic stream, skills mismatch

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INTRODUCTION

Fulfilling a major campaign promise, President Gotabaya Rajapaksa's regime in 2020 decided to provide state sector employment for 65,000 unemployed graduates. Following a Cabinet Paper to the effect, around 51,682 unemployed graduates and Diploma holders were enrolled in state institutions for training and subsequently they were appointed to the public service on permanent basis in January, 2022. (Ministry of Public Services, 2022) Similarly in 2019, the Yahapalana regime decided to recruit 20,000 unemployed graduates into permanent public service ranks. Such mass scale recruitment of graduates to permanent ranks in the public service on the basis of their unemployment has been a recurrent policy decision of successive regimes since 90s. But graduate unemployment prevails as a burning issue in spite of such measures.

This paper discusses the said phenomenon in light of successive government policy responses to resolve the same. Ariyawansa (2008), Ariyawansa (2013) and Ambepitiya (2016) have conducted research on the employability of Sri Lankan University graduates and identified the persisting trend of graduate unemployment, but a significant gap exists in literature on the effectiveness of graduate employment schemes as a policy response. Hence, the research problem explored in this study is the effectiveness of government employment schemes as the key government response to graduate unemployment in Sri Lanka. In that context this study also aimed to analyze the prevalence of unemployment among graduates across different academic streams, with a particular focus on identifying the most affected disciplines; investigate the underlying causes of graduate unemployment in Sri Lanka, particularly the mismatch between academic qualifications and job market demands; and assess whether graduate schemes address the said issue.

METHODOLOGY

This study adopts a qualitative approach, relying on a comprehensive literature review to evaluate the effectiveness of government employment schemes in addressing graduate unemployment in Sri Lanka. Secondary data from academic publications, government reports, and credible media sources were collected and analyzed. Data triangulation was employed to ensure reliability of the findings, cross-referencing multiple sources to validate information and address potential discrepancies. The study focused exclusively on government employment schemes, providing a detailed examination of their impact on graduate unemployment while acknowledging the limitations of relying solely on existing literature. The analysis was structured around key themes, which are the historical context of graduate unemployment, the mismatch between academic qualifications and job market demands, to offer a nuanced understanding of the issue.

RESULTS AND DISCUSSION

GRADUATE UNEMPLOYMENT

Generally, graduates are considered as one of the most important human capital in a country. (Ariyawansa, 2013) University entrance in Sri Lanka is highly competitive. Approximately 61% of students who sit for the GCE Advanced Level examinations become eligible for university admission, but only 17.2% of them gain admission to a national university. (Dissanayake cited in Devarajan, 2017) The university enrollment rate in 2014 was as low as 5% of the population aged 20-24. As per the 2012 population census only 4% of the population aged 25 and above had completed a degree or higher level education. Despite the liberal policy reforms that have been implemented since 1977, higher education in Sri Lanka continues to be provided largely by the public sector (Asian Development Bank, 2016). Percentage of undergraduates studying in private institutes and pursuing external degrees has increased in the past decade, though state university output is still higher.



As per the University Grants Commission (2020), 24,565 graduated with bachelor's degrees from 14 state universities (excluding the Open University) and six institutes affiliated to the state universities. Number of admissions for bachelor's degrees have been gradually increased by respective governments. This explains the increase from 15,418 graduates in 2012 from 15 state universities and 17 institutes (Department of Census and Statistics as cited in NHRD, 2013) to the said figure in 2020. According to Samaranayaka (2016) such expansion of university education in Sri Lanka has directly contributed to graduate unemployment. But Sri Lanka's gross tertiary enrollment rate of 21%, was below the average of lower middle-income countries (22%) by 2014. (Asian Development Bank, 2017).

According to the Labour Force Survey Report 2019 (Department of Census and Statistics, 2020) unemployment is the highest (8.5%) among population with G.C.E. (A/L) and above. Students pursuing degrees in high demand fields where the undergraduate emerges as a professional set on a specific career path such as, traditionally, medicine, law, engineering, architecture and recently IT, designing and logistics are comparatively highly employable. Graduates in science and management are also reasonably safe from unemployment in the traditional sense. (NHRD, 2013) It is commonly accepted that students following undergraduate programmes in social science, humanities and arts are less employable in Sri Lanka, given the lack of professional training. Ariyawansa (2008) concurs observing that the output of arts stream graduates exceeds the job market requirements. This aligns with the fact that most graduates come from the arts stream. For example, in 2019, out of the 24,565 graduates, 11,558 were arts stream graduates. (University Grants Commission, 2020)

Historically the Sri Lankan Arts graduates have faced unemployment. Job opportunities for graduates, particularly of the Social Sciences and Liberal Arts has been dwindling since the late 1960s (Samaranayake, 2016). He quotes Seers (1971) that two thirds of Arts graduates were unemployed in the early 1970s. Many of the graduates having passed out obtaining a certificate, which does not help enough for them to find suitable employments. (Ariyawansa, 2008) However the notion that only arts graduates face unemployment is incorrect and irrelevant today. Ariyawansa (2008) quoting Wickramarachchi (2008) observes that Management and Commerce graduates also face unemployment. This is substantiated by the fact that nearly half of the unemployed graduate population in 2019 have followed disciplines other than the Art stream. (Department of Census and Statistics, 2020) Therefore it is evident that unemployment is a common issue faced by Sri Lankan graduates regardless of the academic discipline, whilst it is more prevalent among the social science, humanities and arts graduates.

GRADUATE SCHEMES

In light of the skills mismatch between demand and supply of the graduate employment market, it is essential to discern whether the main government response has redressed such cause. As illustrated above, graduate unemployment is not new to Sri Lanka and has existed at least since 1960s. (Samaranayake, 2016; Weligamage & Siengthai, 2003) Giving state jobs and pensions to unemployed was one of the several key economic strategies promoted by a fiscal-counter revolution which started around 2002 by Sri Lanka's Janatha Vimukthi Peramuna. The policy became a mainstay of an administration led by United National People's Alliance for almost a decade from 2005 to 2015 (economynext, 2021).

Respective governments have attempted to solve the issue in various manners over the years and such attempts are vaguely referred to as graduate schemes. The Graduate Employment Bureau was established and graduate placement schemes were launched in 1969. Then, the job bank system, which led to youth displeasure due to the political bias, was implemented in 1977 and all public institutions were required to ensure that suitable candidates registered with the job bank are recruited to their vacancies. A political authority was appointed for each district for this purpose and it was stipulated that a person seeking a job had to obtain a letter of recommendation from the political authority. (Samaranayake, 2016) In 1990, the Government launched the 'Unemployed Graduate Employment Scheme (UGES) where the graduates were placed in private sector for a training period, however, with no assurance of permanent job opportunity. In the wake of 1994 General Election, then



government placed majority of unemployed graduates in permanent employment in the public sector under the 'Graduate Employment Training Scheme' (GETS). In 1997, 'Tharuna Aruna' was launched as the key project to assist unemployed graduates to find jobs and improve their practical skills through placement in the private sector. (Samaranayake, 2016; Weligamage & Siengthai, 2003) In 2004 about 24,000 graduates were given permanent employment in the public sector and in 2012 51,420 graduates were appointed to permanent employment in the state sector as development officers (NHRD, 2013). In 2017, the regime at the time provided public sector employment for over 6,000 unemployed graduates whilst the next regime made a policy decision to employ 65,000 unemployed graduates in state sector in 2020.

Graduate schemes are unsuccessful in addressing graduate unemployment sustainably as has been repeatedly observed. They are hastily conceived ad-hoc solutions with political motives presented as campaign promises. The policy decisions to implement graduate schemes have no empirical grounds and their only objective is to reduce graduate unemployment at that specific time. Further, such schemes have made graduates employed in the private sector switch to the public sector. (Ekanayake, n.d.) They have aggravated the problem of graduate unemployment and nearly half of such recruits (48%) are dissatisfied with the methodology of their recruitment. A study conducted by the National Human Resource Development Council of Sri Lanka on job satisfaction of graduates recruited under graduate schemes found that 78% of such graduate recruits disagreed with this methodology of recruitment. This policy response has been unproductive and an increased burden on the taxpayer (Public Finance.lk, 2020). The minimum additional cost per annum due to recruiting 60,000 unemployed graduates in 2020 is Rs.22.67 billion. This is equal to 1.2% of government revenue in 2019.

CAUSES FOR UNEMPLOYMENT

As discussed above, graduate unemployment remains a major societal issue of the country despite repeated government responses. It is important to note that successive governments have recognized the same as an issue to be resolved. This is evident in it being included in the election manifestoes of major political parties. Graduate unemployment reoccurs annually when fresh graduates pass out and fail to secure jobs to their liking. Therefore, it is evident that provision of state sector employment, regardless of availability of vacancies, is only a short term solution which is unsustainable due to high cost and low return. It is important to discern the cause for graduate unemployment to implement a sustainable solution.

Despite gaining a higher academic knowledge and the respective qualification in selected disciplines, job market does not guarantee employment to graduates. That is to say, the supply is higher than the demand. Private sector plays its role as a main actor in the labour market through its generation of labour market demand for persons qualified in computer science, finance, management and marketing with a sound knowledge of English. (Weligamage & Siengthai, 2003) Private sector is the major employment provider for graduates. Ariyawansa (2013) concurs in his study by reviewing determinants of graduates' employability of Sri Lankan universities and observes that 78% of job opportunities for graduates are in the private sector. Hence a sustainable solution entails redressing the shortcomings in the supply.

Training/experience is a highly required factor in the job market whilst proficiency of English and IT skills are also important requirements according to Ariyawansa (2013). Ambepitiya (2016) observes that academic knowledge and, soft, practical and technical skills development are the major factors that prepare an undergraduate for future employment. Further, Figure 5 depicting the percentage of graduates employed in irrelevant jobs according to the Academic Stream, cited from the UGC Tracer Study of employability of Graduates indicate that employers are dissatisfied with communication skills and English proficiency of their graduate employees. Lack of technical skills (such as IT) and soft skills is a major cause for graduate unemployment.

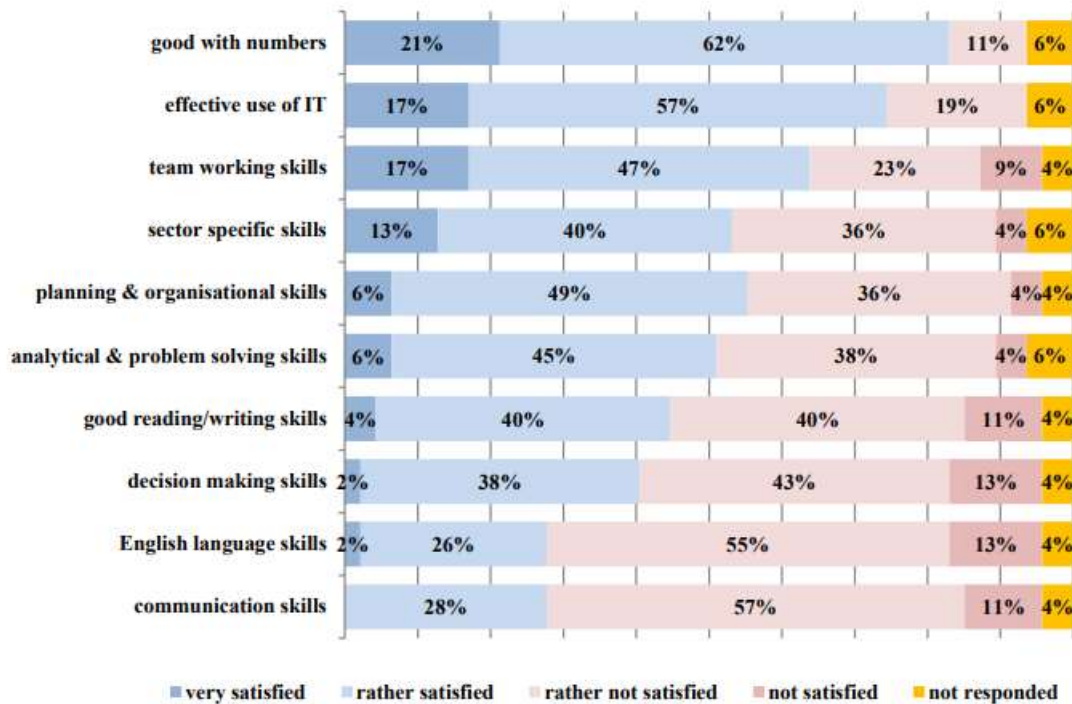


Figure 4: Employer satisfaction with skills & competencies of graduates (Gunaratne, Ramanayake, & Panagoda, 2018)

As per Figure 5, nearly 45% of Arts graduates are employed in jobs unrelated to their academic discipline. Therefore, irrelevance of academic training to job market demands in Art stream is a major cause contributing to the graduate unemployment. Secondly, recruitment to public sector employment on the basis of vacancies is competitive, and requires the candidates to qualify from a written exam and/or an interview. Traditionally majority of government positions of repute such as all-island and executive services consisted of Arts graduates. For example, the majority of recruits to Sri Lanka Administrative Service (SLAS) in 1973 had studied Sinhala, Economics, History and Geography in that order. (Amunugama, 2018) In contrast only 5% of the 2017 SLAS intake has pursued Art degrees (other than Bachelor of Laws) whilst the highest number of recruits were drawn from the Science stream.

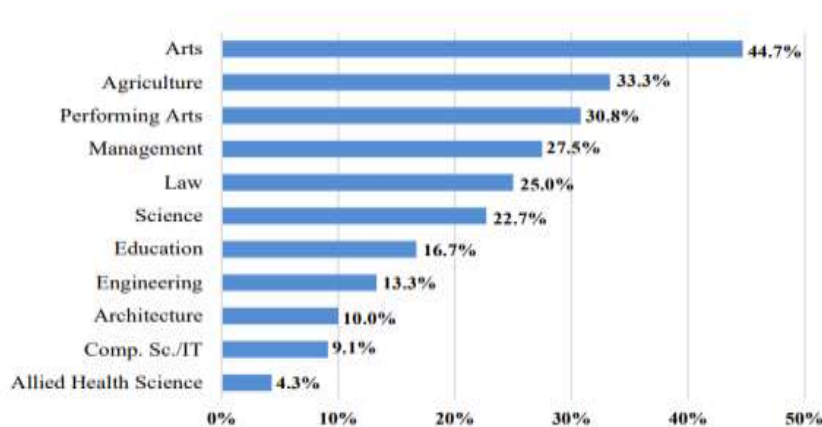


Figure 5: Percentage of graduates employed in irrelevant jobs with their University training according to the Academic Stream (Gunaratne, Ramanayake, & Panagoda, 2018)



This reveals a skill mismatch between the skill requirements for entry level graduate employment and the skill level possessed by the entry level graduates. This skill mismatch is majorly pronounced in the Arts stream graduates.

CONCLUSION

Graduate unemployment is a development challenge Sri Lanka has been facing since 1960s. Unemployment among Arts stream graduates is relatively high, but unemployment extends to all academic programmes which do not provide a career oriented training. Graduate schemes through which unemployed graduates are absorbed into the state sector, has been the main government response to this development issue. It fails to address the main cause of graduate unemployment, the lack of employable skills. Comparatively, introduction of the Technology stream for Advanced Level which narrowed the gap between the science and non-science disciplines is a successful policy response, at least with reference to reducing the skill mismatch.

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