Exploration of Factors Affecting the Youth Unemployment in Sri Lanka

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ABSTRACT

The key responsibilities of Department of Census and Statistics (DCS) are the entrusting of all censuses and sample surveys relating to the socio-economic conditions of the people of Sri Lanka. Labour Force Survey has been conducted by DCS in order to address issues of unemployment of Sri Lanka. The unemployment has major impact on the economy at large and positive influence to juvenile delinquency. However the major portion in unemployment problem among the age group of 15 - 24 was not discussed in annual report of labour force survey.

This research is carried out to fulfill the shortage of annual report of Sri Lanka Labour Force Survey part of youth unemployment in Sri Lanka and it would be helpful to prepare policies to reduce the youth unemployment. The main outcome of this research is male has comparatively higher possibility in finding employment than the female and also possibility for finding employment is increased with the educational level and proficiency in English. In addition to main outcome, it is found that either living in urban or rural area or computer proficiency is not affecting to get the employment. Out of 20 districts Matara, Galle, Kandy, and Hambantota are identified as districts where contain high rate of youth unemployment.

KEY WORDS: Youth Unemployment, Youth Employment, Logistic Regression

INTRODUCTION

The Department of Census and Statistics (DCS) is the only governmental central statistical agency in Sri Lanka, which is responsible for collection, compilation, analysis and dissemination of all statistical data needed for planning, policy formulation and to monitor the progress of various development activities and also to measure the impact of various governmental policies. Sri Lanka Labour Force Survey is designed to measure the level and trends of employment, unemployment and economically inactive population in Sri Lanka. This survey is being conducted quarterly by the DCS since 1990.

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The persons who do not have employment opportunities and those who are employed in undervalued employments (the employment is not valued for the person's educational and other qualifications as well as capabilities) can be defined as unemployed persons. In terms of the Labour Force Survey, the persons above 10 years of age, and seeking some work for living during the reference period of time are defined as unemployed persons.

In Sri Lanka, the unemployment ratio is 5.8 at 2009. Even though it shows small number in digit wise, the unemployed population is approximately five hundred thousand. According to the breakdown of the unemployed persons by age group over the past two decades, more than 60% is young generation who are in the age group of 15-24 years. This implies that the majority of youth of the country has remained unemployed.

The unemployment is not an isolated problem. It is the root cause of lot of other social problems such as thefts, robberies, corruptions, suicides, health problems and drug addiction which are involved with

majority of unemployed youth. And also the young unemployed have less opportunity to achieve the goals at a proper age and it affects their families and at the bottom line society at large. As a result of very high youth unemployment rates, many countries have become unstable.

Research Objectives

The key objective of this study is identifying factors affecting the youth unemployment in Sri Lanka. Also identifying special features of youth population such as the gender wise distribution of unemployment, the expected salary with education levels and expected job opportunities in government sector and private sector.

Another objective of this study is identifying worst districts of youth unemployment in Sri Lanka.

LITERATURE REVIEW

Perera J. (2003) has identified that the unemployment has become a burning problem in Sri Lanka today. The number of unemployed is increasing day by day. According to a statement of the Central Bank the number is around 700, 000 and out of this 55% are females. Also, around 80% of the unemployed are in the rural sector. The unemployment is the highest among the age group of 20 – 30 years.

Perera says that this situation has arisen due to the outmoded education system and lack of skills. The existing curriculum should be changed to suit the present day needs. It appears that there are lot of jobs in the private sector, especially in technical and industrial sector. If lack of skills is the reason for high unemployment in the country, it is difficult to understand how a large number of people have found employment abroad.

High rates of the unemployment and the underemployment. have very dire consequences. It leads to poverty resulting in low living standards, malnutrition and

diseases and many other social problems. It is the bounden duty of the government to find ways and means to solve the unemployment problem of the country.

Author of the paper on "Street Youth Unemployment and Crime: Is it that Simple?" he has called for greater attention to be paid to the variables linking unemployment to crime. In particular it has been suggested that peoples' interpretation of their labor market situation plays a large role in shaping their response to it. This research examines the role that unemployment plays in the criminal behavior of 400 homeless street youth. Of particular interest is the way that these youths interpret their labour market experiences and how together these interpretations and experiences influence their criminal behavior. (Thomas Kieselbach, Department of Human and Social Sciences, University of Bremen in Germany, 2005)

The research paper "Suicide and Employment Status" reveals that employment is a protective factor against suicide. Relative to employment, unemployment is associated with a 2–3-fold increased risk of male suicide and undetermined death but generally a 4–6-fold increased risk in women. The unemployment was associated with greater increased risk of suicide and undetermined death when its level was low (2001–06) than in the period of decreasing unemployment (1996–2000). The unemployment is a stronger risk factor in men aged 35–54 years and with increasing age in women. (Ella Arensman, National Suicide Research Foundation-Ireland, 2009)

METHODOLOGY

The objectives of this research are the identification and analysis of factors which are associated with young unemployment problem of Sri Lanka and also to identify special features of youth population. Therefore this research is falling under the

category of "Applied" research. An applied research investigates practical issues that have implications for every day work and gives ideas for basic research to study.

The descriptive research answers questions about the current state of affairs and gives a picture of behaviors of a situation and the Correlational research gives measurements of two or more variables for the assessment of relationship among them. This research falls under both Descriptive and Correlational research.

DATA COLLECTION AND ANALYSIS

This research is based on the secondary data. The information on the employed, unemployed, and economically inactive population is extracted from the macro data sheet of the Sri Lanka Labour Force Survey-2009 conducted by DCS. This survey is based on an annual sample of 20,260 housing units excluding the Northern Province. All the data of the persons in the age group of 15 -24 have been used representing all districts in Sri Lanka according to the records in the survey. There are 11,632 peoples in the age group 15 - 24 and out of that 4258 are economically active and 7374 are economically inactive persons.

This research is detailed under three main categories. Under descriptive statistics, the special features of the economically active and inactive youth population with the level of education, residential area, gender, employment expectation and salary have been extensively discussed using a sample of 11,633 economically active/inactive youngsters.

In the primary analysis, how the variables such as gender, whether urban or rural, the level of education, fluency in English language and computer literacy will associate with the unemployment of the youth (15-24, who belong to labour force) is studied. This is done using the Chi-square analysis using a sample of 4,258 in employed and 939 in unemployed.

Under the secondary analysis, find the functional statistical relationship of each dependent binary variable which have a relationship with youth unemployment identified by the Chi- square analysis. This is studied by using step wise logistic regression method.

RESULTS AND DISCUSSION

The districts of Matara, Galle, Kandy, Hambantota, Batticlo and Kegalle have recorded the highest rate in youth unemployment and minimum youth unemployment has show in Nuwara Eliya district.

In Sri Lanka the youth labour force participation rate is 36.60% and the youth unemployment rate is 22.05% at 2009.

Districts	Youth unemployment rate (% within district)
Colombo	13.40%
Gampaha	18.40%
Kalutara	17.40%
Kandy	32.80%
Matale	21.60%
N. Eliya	11.70%
Galle	33.10%
Matara	35.70%
Hambantota	32.50%
Baticalo	27.90%
Ampara	23.10%
Tricomalee	24.60%
Kurunagala	20.40%
Puttalam	15.60%
Anuradapura	16.70%
Polonnaruwa	21.60%
Badulla	16.60%
Monaragala	22.70%
Ratnapura	19.50%
Kegalle	25.00%

The youth population in the age group 15-24, 63% is economically inactive, 28% is employed and 8% is unemployed. The majority of the economically inactive

population is females. While there is a tendency for seeking employment opportunity on monthly remuneration by youth a very limited group is engage in self employment or as entrepreneurs. Therefore, this will be a major reason to limit the opening of new avenues for employment thereby causing high levels of unemployment.

A large proportion of population is employed in the private sector while there is only a 14% employed in the government sector. This is because the state sector provides mainly the services only. Furthermore, the employees in the government sector can also service up to the age of 60 years, thereby restricting the opportunities for younger generation to serve in the government sector. As a result, the private sector attracts the major part of the active labour force in Sri Lanka.

.The majority of the current unemployed population is waiting for an employment for more than one year and the majority of the youth employed are engaging temporary & casual employment.

Out of the rural population in Sri Lanka, 23% is unemployed and 77% is employed. From the urban population 24.4% is unemployed and 75.6% is employed. Therefore, there is no difference in the unemployment problem between the rural and the urban populations.

According to the Chi-square test found that the unemployment is dependent on the gender (male-female), level of education (A/L and above qualified – below A/L) and proficiency in English (able-unable). Furthermore living in urban or rural area or hands on computer literacy is not affecting to get the employment.

Under the secondary analysis, a model is developed to demonstrate the relationship between unemployment and its causing factors.
The model:
$$\ln(Y) = -0.697(X_1) + 0.564(X_2) - 0.469(X_3)$$

Where,
    Y – Chance to get employment.
    X_1 - Education level.
    X_2 - Gender.
    X_3 - Proficiency in English.

The outcomes of the binary logistic regression test are the chance of being employed by a male is 1.757 times as that of a female, the chance of being employed by an A/Level and above qualified person is only 0.498 times as that of a person who is below A/L qualified and the chance of being employed by a person who is fluent in English is 0.626 times as that of a person who is poor in English language.

The A/L and above qualified who is fluent in English male and female person is having 0.637and 0.5 Probability of being employed respectively.

The below A/L qualified who is not fluent in English male and female person is having 0.354 and 0.238 probability to being employed.

The A/L and above qualified who is not fluent in English male and female person is having 0.524 and 0.385 probability being employed.

The below A/L qualified who is fluent in English male and female is having 0.467 and 0.332 probability to being employed.

CONCLUTION

The unemployment problem is one of the major macro-economic issues faced by the developing countries including Sri Lanka. Therefore the policy makers should pay special attention on this group of people.

The priority might be give Matara, Galle, Kandy, Hambantota, Batticlo and Kegalle districts to reduce the unemployment mainly. The majority of youth population is foreseen to sell the labour at higher rate at the labour market. The expected levels of salaries vary on the education levels of the unemployed. While the majority of non-occupied people are females, males are the

majority in every category of occupations (employers, self employers and employees) in Sri Lanka. The majority of the current unemployed population is waiting for an employment for more than one year.

The male has comparatively higher possibility in finding employment than a female. The possibility for finding employment is increased with the educational level and proficiency in English. In addition to main outcome, the residential area (Rural-Urban) or computer literacy (have-haven't) is not affecting to get employment.

The finding of this research would help the country to control the unemployment by strategically managing its root causes.

The recommendations of the research are given below.

- Sri Lankan education system should be changed to avoid accumulation of a young population in a single field of knowledge. They should be oriented forwards a variety of different fields such as industrial, constructional, shipping, Information Technology, agricultural field etc.
- Match the outcomes of the undergraduate courses with expectation of industry.
- Fix the retired age at 55 years and facilitate the life after retirement.
- Regarding the female unemployment problem, maintaining child care units within the factory or working places is a better way of improving the quality of female labour force. Providing the more job opportunities for the females in the government sector is also encouraged.
- Promotes self employees and entrepreneurship.
- Introduce systematically developed practical English education system from kindergartens to end of the school.

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