

Characteristics of Youth Labour Market in the Northern Province of Sri Lanka

N.Balamurali¹ Priyanga Dunusinghe²

¹ Department of Social Studies, The Open University of Sri Lanka

²Department of Economics, University of Colombo nbala@ou.ac.lk
[,pmdunu@yahoo.com](mailto:pmdunu@yahoo.com)

ABSTRACT

This study attempted to compare unemployment based problems of youth in the formerly war-affected Northern province and the country as a whole. Sri Lanka has been grappling with the problem of youth unemployment for nearly four decades in which nearly 80 percent of all unemployed in 2006 were youth (Ramani Gunatilaka et al, 2010). It denotes that the problem of youth unemployment should be critically studied. The study was administrated with four years of macro level data obtained from the Labour Force Survey

(LFS) from 2011 to 2014. This study found that Sri Lanka's youth Unemployment rate was recorded to be 14.7 per cent while it was 13.9 per cent in the Northern province in 2014. It is interesting to note that although Northern Province is formerly war-torn Province, the unemployment rate of youth is lower compared to some other Provinces such as Sabaragamuwa with the highest unemployment rate of 21.3 per cent and Southern Province with 20.2 per cent as the second highest unemployment rate. In addition, Gap between the gender based Unemployment is larger in the Northern Province than the national level. However, A positive trend in the Northern Province can be observed in female youth's unemployment rate as gradually reduced by 9.6 per cent where at the national level, it declined by 0.4 per cent during the period of 2011 to 2014. It is 24 times higher decline in the Northern Province. The largest share of youth unemployed have been waiting for a job for more than one year in which the Northern Provincial situation is worse than the National situation. Although Informal economy still plays a very big role in the creation of employment opportunities. The share of workers in the private sector is lower by 10 per cent in the Northern province than the National share. And, the the proportion of agricultural workers in Sri Lanka continuously declining than the Northern province level. Share of Males who engaged in agriculture in the Northern Province in 2011 declined by 8.3 in 2014 where it shows 1 per cent decline for female gender.

Keywords: Employment, Informal Employment, Labour Force Participation, Under Employment, Unemployment

Introduction and research problem/issue

This study explores the issues pertaining to labour force participation, unemployment, employment, underemployment, of Northern Province youth compared to Sri Lankan youth, where appropriate. Despite the war coming to an end and a consequent increase in the country's economy and decrease in overall employments, with rising unemployment and under-employment in the Northern Province should be carefully studied. The youth unrest that led to decades of violent conflict in Sri Lanka has often been attributed to lack of employment and educational opportunity as well as to poor attitudes about work among youth. In turn, violence and conflict have left large numbers of young Sri Lankans even more vulnerable and more critically disadvantaged in terms of their human capital. Hence, it is paramount important to identify the problem of youths living in the formerly war-affected areas. This study aims to analyse youth labour market issues in post-war Northern Province of Sri Lanka with the comparison of the national trend to share some lights on the above area. Therefore, Youth labour market information such as Labour force participation, employment, unemployment, and under employment should be clearly studied. This research was conducted with the research problem of, to what extent does labour market characteristics of the youth in Northern province differ from overall island? This study compares Northern Province with the National trend in terms of Labour force participation, under-employment, employment and unemployment based characteristics of the labour market.

Research Methodology

This study is a quantitative research in statistically descriptive format. We extracted data from the Labour Force Survey (LFS) of four years from 2011 to 2014, conducted by the Department of Census Statistics of Sri Lanka. This study used only youth who fall between 15 years to 29 years old regardless what they do and their civil status. In addition, the researcher purposively omitted fulltime students as this study analyses the status of youth labour market. Because of the civil war, the LFS surveys did not cover Northern and Eastern provinces from 1990 to 2010. Hence, the data for this study covers the currently (2015) existing data from 2011 to 2014. With such imitations, sample was extracted from the Macro level data as 9703 in 2011, 10213 in 2012, 12601 in 2013 and 12606 in 2014. The study was conducted by facilitating basic tables, graphical displays and percentage values etc. have been used to explore the above statistical relationship as a preliminary analysis to present the data.

Results and findings

Youth in Labour force Participants (LFP)

Youth Labour Force Participation Rate (YLFPR) recorded its highest rate in 2013 compared to the four years of duration from 2011 to 2014 in both the National and Northern Provincial

levels. YLFPR is higher in the Northern Province compared to the national rate in all the years. Although Sri Lanka's Youth YLFPR declined from 58.4 per cent to 55.9 per cent in 2012, it increased slightly from 58.4 per cent to 59.2 per cent in the Northern Province. And, it reached the peak in 2013 where YLFPR was 56.7 per cent in Sri Lanka and 61.2 per cent in the Northern Province. However, it again dropped in to 54.7 per cent in Sri Lanka and 58.6 per cent in Sri Lanka. Moreover, YLFPR in Sri Lanka in the last four years (2011 – 2014) recorded its lowest rate in 2014. The national and the provincial level statistics show nearly the same pattern in terms of the YLFPR by age. YLFPR of the youth in the first category (15 – 19 years) was observed to be the lowest level where youth in the category (25 – 29 years) youth at the highest YLFPR. However, YLFPR of the first category of youth always tends to be higher in the national level than the Northern Province whereas YLFPR in the third category, is higher in the Provincial level than the National level. YLFPR of male youth in the Northern Province was recorded lower than the national level whereas YLFPR of female youth in the Northern Province was higher than the the national level. The largest Gap between the youth LFPR in National and Provincial in the selected four years was registered in 2013. Labor force participation of young men is higher than that of women. One of the main reason for lower labour force participation of young women is education. They stay longer in full time education and therefore do not seek jobs.

Youth Unemployment

It is interesting to note that although Northern Province is formerly war-torn Province, the unemployment rate of youth is low compared to other Provinces: Sabaragamuwa, Southern, Central and Uwa provinces. It is also notable that youth Unemployment rate of the Northern Province increased from 12.9 per cent to 14.5 per cent from 2012 to 2013 while Sri Lanka's Unemployment rate of youth also increased from 12.3 per cent to 14.5 per cent in the same period. As at 2013, The North Western Province records with the lowest Unemployment rate of 8.6 per cent. Sri Lanka's youth Unemployment rate was recorded to be 14.7 per cent while it was 13.9 per cent in the Northern province. Unemployment rate of female youth is very high compared to males in the Northern Province in the last four years (2011 – 2014). A positive trend in the Northern Province can be observed in the Northern Province. Female youth's unemployment rate in the Northern Province gradually reduced by 9.6 per cent from 34.5 in 2011 to 24.9 in 2014 where at the national level, it declined by 0.4 per cent only from 2011 to 2014. It is 24 times higher decline in the Northern Province than the decline of national unemployment rate. Youth Unemployment by age in Sri Lanka shows that the third category of youth (25 – 29) have lowest unemployment rate in the national and the Northern Provincial level. Likewise, share of unemployment is very high among the youth who are below than 25 years old. Particularly among the youth who are between 15 years to 19 years have the highest unemployment rate in an increasing rate in the four consecutive years, where the unemployment rate of the same age category of youth in the Northern Province had rapidly declined in 2012 by 8 per cent, and increased again nearly by 2 per

cent in 2013 thereafter kept the status quo in 2014 too. Largest share of youth unemployed have been waiting for a job for more than one year. This is a very crucial condition for youth to wait more than one year for a job. Northern Provincial situation is worse than the National situation. That is to say, the share of youth who have been waiting for a job for more than one year. As at 2014, There are 53.7 per cent of unemployed youth have been waiting for a job for more than one year in the Northern Province while it is 40.6 per cent of youth in Sri Lanka. It is 13.1 per cent higher in the Northern province than the national context.

Youth Employment

The main source of the employment is the private sector, where around 80 percent of employed young males and females were working in Sri Lanka. While the workers in Semi government sector reduces, workers in the Government sector is gradually increasing in the last for years in Sri Lanka. The share of workers in the private sector is lower by 10 per cent in the Northern province than the National share. On the other hand, Government sector records higher in the Northern Province than the national level. That is, share of workers in the government sector increased from 17.8 per cent in 2011 to 24.1 per cent in 2014. It shows 6.3 per cent increase where it is only 1.8 per cent increase in Sri Lanka. It is noteworthy that larger proportion of Youth (by 10 per cent) in the Northern province engage in the government sector than Sri Lanka. In the Northern Province, Contribution of Agriculture on the youth employment was declining from 2011 to 2013 and it slightly increased in 2014. However, the agriculture covered 11.4 per cent of total employment in 2011 but it declined to 6.8 in 2014. When compare National statistics with the Northern province, the proportion of agricultural workers in Sri Lanka continuously declining. Notably it declined from 8.5 in 2011 to 5.2 in 2014. Although larger share of agricultural workers are males, males are the ones who leave agriculture in a large extent than females in the Northern Province and National level. Share of Males who engaged in agriculture in the Northern Province in 2011 declined by 8.3 in 2014 where it shows 1 per cent decline in terms of female agricultural workers.

Informal Employment

The research findings show that rate of informal employment is decreasing continuously in the Northern Province as well as Sri Lanka. That is, 82.5 per cent of total employment of youth in 2011 declined to 78.4 in 2014 in Sri Lanka. And, in the Northern Province 97.6 per cent of total youth employment was informal employment in 2011 and it declined to 93.0 per cent in 2014. The results reveal that decline in the engagement of youth in the informal employment in the Northern Province is slightly quicker than the National level, larger share of youth is doing Informal employment in the Northern Province than Sri Lanka's overall rate. Sri Lanka's overall rate of informal employment is lacking behind the Northern province by 14.6 per cent in 2014. Likewise, when it comes to the employment sector, Informal sector of employment is declining both in the National level as well as

Provincial level. However, percentage of youth who work in the Informal Sector employments in the Northern Province is higher than Sri Lanka. The statistics show that youth's employment participation in the informal in Sri Lanka declined by 6.2 per cent from 68.6 per cent in 2011 to 62.4 per cent in 2014 where as it declined by 12.7 from 92.9 in 2011 to 80.2 in 2014. It shows that although the decline is two times higher in the Northern province than Sri Lanka, still Northern Province have larger share of youth who engage in Informal sector employment. As at 2014, youth's employment in the informal sector is 17.8 per cent higher than Sri Lanka. Informal employments are available in formal sector where as Formal employments are available in the Informal sector. According to the data, 18.1 per cent of informal employments in Sri Lanka was in the formal sector in 2011 and it increased by 3.8 per cent in 2014. Likewise, in the Northern Province, it increased by 10.2 per cent from 4.8 per cent in 2011 to 15.0 per cent in 2014. Further, participation of formal employees in the informal decreased in Sri Lanka as declined by 0.6 per cent from 6.1 per cent in 2011 to 5.5 per cent in 2014 whereas it increased rapidly in the Northern Province as it increased by 16.7 per cent from 2011 to 2014. The statistics show that Informal employments in the formal sector are increasing in Sri Lanka as well as in the Northern Province of Sri Lanka. And formal jobs in the informal sector decrease in Sri Lanka while it rapidly increases in the Northern Province. Informal employment rate declined by 18.8 per cent from 95.3 per cent to 76.5 in the Mannar district; by 17.9 per cent from 89.1 per cent to 71.2 per cent in the Jaffna district; by 11.5 per cent from 97.4 to 85.9 in the Mullaitivu district; by 3.8 per cent from 81.9 per cent to 79.2 per cent in the Vavuniya district. Although informal employment rate declined by 6.6 per cent in the Kilinochchi district from 2011 to 2014, it can be observed that it started increasing as it was 80.5 per cent in 2013 and increased to 81.9 per cent in 2014. That is, Informal Employment is continuously decreasing in the Northern Province. However, Rate of informal employment declines very fast in the Jaffna and the Mannar districts. In the Vavuniya district, the decline is very slow. And, interestingly, Informal employment rate started increase in the Kilinochchi district only as at 2014.

Under-employment

Youth underemployment is not a big problem in the present context as it had been recorded less than 0.5 in 2014. However, youth underemployment in 2013 was somewhat problematic in the Northern province as it was 2.1 per cent in 2013 thereafter it declined to 0.4 per cent in 2014. When it come to the national level youth under-employment, it records 0.3 per cent in 2014 which is the lowest rate in the last four years.

Conclusions, implications and significance

Although Northern Province is formerly war-torn Province, the unemployment rate of youth is lower compared to some other Provinces. Further, the Gap between the gender based unemployment is larger in the Northern Province than the national level. A positive trend in the Northern Province can be observed in female youth's unemployment rate. The largest share of youth unemployed have been waiting for a job for more than one year in which the Northern Provincial situation is worse than the National situation. Although Informal economy still plays a very big role in the Northern province, the contribution of informal economy declines faster in Northern Province than the National level. The share of workers in the private sector is lower by 10 per cent in the Northern province where proportion of Government worker is higher in the Northern province. However, continuous declining in rate of informal economy and agricultural workers may result in some issues related to youth unemployment in the future

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