YOULEAD

YOUTH LABOUR MARKET ASSESSMENT

SRI LANKA

Prepared for YouLead by
Verité Research

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YOUTH LABOUR MARKET ASSESSMENT

SRI LANKA

Published December 2018

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the sole responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government.

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Acknowledgements

The authors express their gratitude to Dr. Nishan De Mel, Executive Director of Verité Research for the guidance provided throughout the research process, from research conceptualization and design to research execution.

The authors also express their thanks to Mr. Mahen Muttiah of Vanguard Survey (Pvt) Ltd for his support in designing the youth and employer surveys and his valuable support during survey implementation.

The team is also grateful to Mr. Charles Conconi and Ms. Shehara de Silva of YouLead for their feedback on the draft report.

The team is grateful to Ms. Ishani Jayamaha of YouLead and the Kalawa for formatting and designing the report for publication.

This report was edited by
Venya De Silva of Verité Research

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GLOSSARY OF TERMS

Youth is a person between 15 – 35 years of age.

Labour Force refers to all economically active individuals, and thus includes all individuals who are currently employed or searching for employment (unemployment).

Economically Active refers to a person who is currently employed or searching for employment.

Employed refers to individuals who are presently in paid or unpaid work (including internships and apprenticeships), self-employed, own and operate their own business, or work as a contributing family member in their family's income generation activities.

Unemployed refers to a person who is currently searching for employment and is willing and able to start employment. As such, youth are engaged in education or training activities are not included in the count of unemployed.

Constrained refers to a person who is currently not employed and not searching for employment due to circumstances constraining their ability and willingness to participate in the labour force. (This group is usually categorised as "economically inactive" in statistical nomenclature; however, due to the negative connotation attached to the word inactive we use this term to ensure sensitivity to all groups of persons.)

Critically Unemployed refers to unemployed youth who are uncertain about their future employment status. This excludes currently unemployed youth who have secured employment to start working in the future

Not In Education, Employment Or Training (NEET) refers to an individual who is not engaged in any form of education or training and is not in employment. A person who identifies as NEET can either be unemployed or constrained.

Not In Labour Force, Education Or Training (NLET) refers to an individual who is currently not engaged in any form of education or training and not in employment or searching for employment. A person who identifies as NLET is constrained but cannot be unemployed (as they are not searching for employment).

Micro Enterprise is an enterprise employing 1-10 employees.

Small Enterprise is an enterprise employing 11-50 employees.

Medium Enterprise is an enterprise employing 51-200 employees.

ACRONYMS

BAS	Business Management and Account Studies
CEFE	Competency-based Economics for the Formation of Entrepreneurs
DTET	Department of Technical Education and Training
ES	Entrepreneurial Studies
GCE A/L	General Certificate of Education Advance Level
GCE O/L	General Certificate of Education Ordinary Level
ICT	Information and Communication Technology
IDB	Industrial Development Board
ILO	International Labour Organization
KII	Key Informant Interview
MSME	Micro, Small and Medium Enterprises
NAITA	National Apprentice and Industrial Training Authority
NEDA	National Enterprise Development Authority
NEET	Not in Education, Employment or Training
NIE	National Institute of Education
NLET	Not in Labour force, Education or Training
NVQ	National Vocational Qualification
NYSC	National Youth Services Council
PEC	Personal Entrepreneurial Competencies
PSU	Primary Sampling Unit
SED	Small Enterprise Development Bureau
SME	Small and Medium Enterprises
TVEC	Tertiary and Vocational Education Commission
TVET	Technical and Vocational Education and Training
WEF	World Economic Forum
WICF	Women in Construction Forum
YGGI	Youth Gender Gap Index

EXECUTIVE SUMMARY

- A labour shortage in several booming industries and a high youth unemployment rate is a paradox that is observed in Sri Lanka. The national unemployment rate of youth (aged 15-35) stands at 11%, and unemployment among those in the 15-19 and 20-24 age groups is much higher. This is evidence of poor school-to-work transition in the country.

- Unemployed youth, on average, spend about 21 months searching for employment. Young women spend a longer time searching for work than young men, and are twice as likely to be unemployed than their male counterparts.

- Although vocational education is viewed by youth as a way of increasing their employability, only 13% of youth who participated in the YouLead Youth Survey had undergone any kind of vocational training, confirming the lack of attractiveness of vocational training as a path to skills and career development. There are about 55,000 youth aged 15-19 years who are not employed nor looking for work – they represent a category that youth who may be absorbed into vocational education and training.

- The lack of soft skills and the lack of applicants with job specific technical skills were the two main recruitment-related challenges faced by employers. While employed youth display significantly higher ability in most skills, their unemployed counterparts fall below the skill levels expected by employers. The largest skills gap appears to be in English language skills.

- Youth display strong preferences for traditional and high-security jobs. They also value jobs that allow them to use their existing skills, offer a good work-life balance, and provide a safe working environment. Youth also reproduce gender stereotypical attitudes towards jobs in non-traditional industries like tourism.

- Many youth have a strong preference for working closer to home – they do not like to travel long distances to work, and this is a significant factor that influences their choice of employment. However, youth indicate that the provision of safe transport will enable them to accept jobs that are located further away from their homes and is also likely to increase female labour force participation.

- There are discernible gaps in the flow of information from employers to youth, as youth appear to be unaware of many industries and occupations. As a result, they tend to crowd into selected industries and occupations, which results in a labour shortage in several fast-growing industries such as tourism and construction.

- Labour force participation of young men is very high, especially as they move away from educational activities. The labour force participation of young women is much lower and flattens out during the mid-twenties as women start to become responsible for household and family work. Personal family responsibilities are a major constraint, which prevents about 436,000 young women aged 25-35 years from participating in the labour force.

- Young dependents have a greater impact on the work status of youth than elderly dependents. Furthermore, the presence of young dependents has opposite effects on young men and women: they increase the probability of being employed for young men and decrease the probability of being employed for young women.

- Youth who are NLET[1] are mostly GCE O/L and GCE A/L qualified. Around 21% of this group have held a job in the past and report having, on average, 2-5 years of work experience. This indicates quite clearly that the labour market is losing out to the domestic sphere. The private sector, with its rigid working environments, appears to suffer the most.

- Approximately 69% of youth in education and 29% of youth who are NLET display a keen interest in working – this is equivalent to about 1.2 million youth. There is scope then for increasing the quantity of work-while-studying, internship and apprenticeship options and introducing return-to-work programmes. These youth appear to possess the minimum educational and work experience requirements of employers to fulfil non-management job roles.

- However, there is a skills gap in English and other language skills that needs to be addressed for these youth to be absorbed into the tourism and hospitality sector. For the construction industry, gaps in the technical, numerical, teamwork and leadership skills need to be addressed.

- Transport services, on-site crèches/day care centres, flexible working hours and accommodation for employees are the factors that are most likely to enable young women to get into work. While employers are very unlikely to introduce direct measures to address the lack of quality and affordable childcare, they are more likely to provide equal training opportunities, transport services and flexible working hours.

- Job satisfaction is likely to increase with pay and there appears to be a "sweet spot" at a monthly wage of Rs 40,000.

- The top 3 challenges faced by employers in recruitment are: competition from other employers, the lack of job-specific skills among candidates, and the low prestige or status of a job. Guaranteeing a minimum salary of around Rs 40,000, offering letters of employment, structuring work hours to not exceed 8 hours a day, and offering flexible working hours are likely to improve retention of young people in jobs.

- Female recruitment into apprenticeships is higher in the traditional sectors, but dropout rates are much higher than their male counterparts. Additionally, women who are enrolled in male-dominated fields of study also display even higher dropout rates. Greater efforts need to be made to improve female recruitment into apprenticeships and to improve completion rates.

- A new Youth Gender Gap Index developed in this study highlights the gender inequality in labour force participation, wages and occupational roles in the provinces. None of the provinces display gender parity in any of the 5 indicators that were examined. The Sabaragamuwa Province has the best gender parity while the Uva Province has the worst.

- Entrepreneurial training providers appear to struggle to attract youth into their programmes and about 68% of the students are over 35 years of age. In addition, many have already set up businesses prior to starting the course; therefore, curriculum content relating to expanding and operating a business is more pertinent to them than business idea generation.

- The most common source of finance for seed money is personal or family savings and very few youth entrepreneurs report using micro-finance loans. Entrepreneurship students display lower levels of confidence in handling business aspects relating to seeking investments and financing than they do in other aspects of running a business.

- There is low utilisation of insurance for risk protection among MSME's. This is a gap that can be addressed in entrepreneurial training. Businesses development services are also very useful to entrepreneurs and finance institutions can be encouraged to develop and provide such services.

- Entrepreneurs receive the most support from spouses, followed by parents. Teachers, on the other hand, were the least supportive. They represent a significant barrier to school-level entrepreneurship programmes and therefore, their buy-in is vital to ensure the success of Ministry of Education interventions.

[1] NLET means Not in Labour Force, Education or Training

INTRODUCTION

While persistent and unresolved youth unemployment presents a significant problem for the development of a country, increased labour force participation are vital for Sri Lanka to maintain economic growth.

Bridging the skills gap in the high growth sectors of the economy is a priority for policymakers looking to increase youth employment in Sri Lanka. It is also a key motivation for many interventions of the YouLead Project. In the Market Assessment of June 2017, Tourism, Construction, Light Engineering and ICT/ BPO were identified as the priority sectors for the project due to the high growth exhibited by these sectors in recent years and their potential for high employment. Subsequent to the Market Assessment of 2017, YouLead selected healthcare as a fourth sector instead of light engineering due to its potential impact on women's employment and potential for future growth.

In 2017, the Youth Labour Market Assessment explained the paradox of high youth unemployment and the large number of employment opportunities available in the country using three gaps or mismatches: (i) the skills gap, (ii) the aspirational gap and (iii) the information gap.

- The skills gap refers to the disparity between the skills demanded by employers and the skills that are available among current and potential employees; this gap indicates that educational institutions are not equipping students with market-oriented skills.

- The aspirational gap occurs as young people aspire to hold jobs with high security, social status, better pay and benefits; however, when the labour market cannot provide such

employment opportunities, we observe a dearth in labour for the opportunities that do exist.

- The information gap occurs when there is an inadequate flow of information from employers to the youth and the labour market about job requisite skills and employment opportunities.

A fourth gap, the structural gap, arises when the skills and experience of both job seekers and those currently employed relate to sectors that are becoming increasingly redundant. This gap is observable at the macro level and does not relate to any one particular job. In this report, however, the use of the term 'structural gap' refers to the second meaning of this term: a gap that occurs due to the absence of the structural support which enables people to look for and engage in work. For example, these may be of an infrastructural nature, such as the lack of safe transport services or affordable child care.

The 2017 Market Assessment also helped to prioritise the Northern, Central, Sabaragamuwa and Southern Provinces of the country, as they exhibited the highest rates of provincial-level youth unemployment in the country.

The 2018 Youth Labour Market Assessment builds on the groundwork laid down in the preceding year and provides information and guidance for project interventions. With this objective in mind, we engaged in a variety of research methods to collate the information presented in this report.

In the sections that follow, we outline the methodologies used in our research. The subsequent chapters provide a detailed introduction to three different types of youth – the unemployed, the constrained (commonly referred to as economically inactive) youth, and the employed. This is followed by chapters devoted to an in-depth assessment of gender-specific issues and an assessment of youth entrepreneurship and training in the country. The final chapter highlights the key findings and recommendations based on our research.

METHODOLOGY

If we are able to address the four gaps; the skills gap, the aspiration gap, the information gap, and the structural gap, then we will be able to increase youth employment.

Verité Research used the following data collection tools to gather the primary data that is used in this report:

(i) a youth survey and an employer survey;
(ii) an entrepreneurship survey; and
(iii) key informant interviews with personnel in the priority sectors.

(i) Youth and Employer Surveys

The Youth and Employer Surveys investigated the hypothesis that if we are able to address the four gaps (the skills gap, the aspiration gap, the information gap, and the structural gap) then we will be able to increase youth employment. This hypothesis led to questions about the extent to which each of these gaps needed to be addressed, how these gaps were already being addressed, whether some of the existing processes and institutions could be improved/ further developed.

A cross-cutting theme of both the Youth Survey and the Employer Survey is gender. By treating gender as a cross-cutting theme (rather than a discrete theme), we recognise that there are specific challenges to accessing and remaining in work that are faced by both young women and young men. Therefore, the gendered nature of youth unemployment is a key theme of this Market Assessment, and our analysis is performed on gender-disaggregated data.

The surveys pay special attention to the five priority sectors of the economy: Construction, ICT/ BPO, Light Engineering, Tourism, and Healthcare (the final sector was added after the Market Assessment of June 2017, due to interest in the sector by the TVEC and its potential to employ young women). The Market Assessment and the surveys focus on these high-growth areas of the economy as they are the sectors in which the greatest level of job creation for school leavers is likely to be seen in the short-to-medium term. The survey data is complemented by information that was gathered through key informant interviews.

a. Youth Survey

The national survey of youth, hereafter referred to as the Youth Survey, was a nationally representative survey of young people from across the country. Data was collected from 2,000 young people aged 16-35 years. The sampling framework for the Youth Survey is based on the sampling framework of the Census of Population and Housing 2012.

The sampling framework was used to draw out a representative population for each of the 25 districts within Sri Lanka. Each district's unique population count was nested within the ethnicity (Sinhala, Tamil, Muslim, Burgher and others), gender (male, female) and age group (15-19, 20-24 ,25-29, 30-35). Therefore, the Primary Sampling Unit (PSU) was the district, then within the PSU different sub sampling units were drawn by ethnicity, gender and age group.

The sample covered 2,040 unique survey respondents amounting to a population representation of 5,725,597 respondents which is equivalent to 86.6% of the total youth population. The survey was conducted over the course of 4 months across the country.

b. Employer Survey

The Employer Survey sought responses from 211 employers and was based on a stratified sampling method. The potential respondents were stratified by the size of business, type of industry and region. The survey captured the views of HR employers/ senior management among different sectors identified. Thus, the sample responses were captured using a mixture of purposive sampling technique and snowballing whereby specific offices belonging to the specific sectors were selected to be interviewed. A mixture of face-to-face interviews, telephone interviews and email interview were used to conduct the survey.

The Youth and Employer Surveys were conducted using pen-and-paper questionnaires, filled by the enumerators during the interview with the respondent.

(ii) Entrepreneurship Survey

The survey of entrepreneurship students, hereafter referred to as the Entrepreneurship Survey, collected responses on 400 students who had undergone an entrepreneurship development course at one of the following institutes: the Industrial Development Board (IDB), the Small Enterprise Development Division (SED), the National Enterprise Development Authority (NEDA) and the National Apprentice and Industrial Training Authority (NAITA).

The survey sought to understand the challenges faced by young entrepreneurs in setting up and operating businesses, and the role that vocational education can play in helping to improve the environment in which they operate. The sampling framework is given in the annexures and was constructed by taking into consideration a) the region of the institute from which the student was reported (ie: the region in which the student was enrolled) and b) the institute from which they were reported.

The results presented in the subsequent chapters of the report are based on the responses of 400 students who are either currently attending or who have previously attended NEDA, SED, NAITA and IDB. It is a sample of a sample and limited in producing results that will be representative, but the results are indicative of trends and direction.

The Entrepreneurship Survey was conducted via telephone and the responses were entered into an online survey form. A total of 874 calls were made to receive 400 responses. Of the 874 calls that were made, 25% (219) were not contactable due to the numbers being disconnected; 20% (180) did not answer their phones; 64 refused to participate, submitted incomplete surveys, had wrong numbers, or engaged numbers; while 11 said they were not entrepreneurial training students. This left 400 usable responses, and the overall response rate was 46%.

(iii) Key Informant Interviews

Five key informant interviews (KIIs) were conducted with personnel in the priority sectors. The KIIs were designed to explore industry experience with skilled labour and women in work, and were used to address the lack of information on how best to develop market driven curricula and increase female employment in non-traditional sectors of the economy.

Our team engaged in interviews with personnel from one in-bound travel agency, two from large hotel chains, one in construction, and one in ICT.[2] Two of the priority sectors, tourism and construction, faced very specific challenges with recruiting and retaining women in the work force.

Limitations

The following limitations of the Market Assessment are outlined below:

Sources of information

a. **The Youth Survey:** The Youth Survey is representative of the population based on the age-gender-district distribution given in the Census of Population and Housing 2012 conducted by the Department of Census and Statistics. Any structural changes to the population that may have taken place after 2012 would therefore not be captured.

b. **The Employer Survey:** The small sample size of the employer survey limits its generalisability to all employers.

c. **The Entrepreneurship Survey:** We obtained a sample of a sample of students from four institutes that are working with YouLead on developing new entrepreneurship curricula. Given the varied data collection processes followed by these institutes, it was not possible to obtain student lists disaggregated by age and gender. Although the residential address of the students was also provided to us, due to time and resource constraints these could not be used to provide a more detailed district breakdown other than the district of the training institute from which the student was recorded.

PRIORITISATION OF PROVINCES[3]

Access to national level microdata in 2018 enables us to provide in-depth information to help YouLead assess the regions for prioritisation. There are two lenses that might be utilised for this purpose: (i) the proportion of unemployed youth in the region as a share of the total youth labour force in that region (provincial unemployment rate), (ii) the proportion of unemployed youth in the region as a share of the total unemployed youth in the country (share of youth unemployment). Results from each approach is described below.

(i) Provincial unemployment

Using this approach, the Northern, Central, Sabragamuwa and Southern Provinces[4] still show the highest rates of provincial youth unemployment. Uva also displays youth unemployment rates on par with the Northern, Central and Sabragamuwa Provinces, and may signal a new priority province for YouLead.

We can drill down into district-level unemployment to observe how each district fairs in comparison to the others. Eight of the top 10 districts (except Ampara and Monaragala) with the highest district-level youth unemployment rates are located in the priority provinces. The top five districts with the highest district-level female youth unemployment rates are Mannar, Ampara, Jaffna, Matara and Trincomalee.

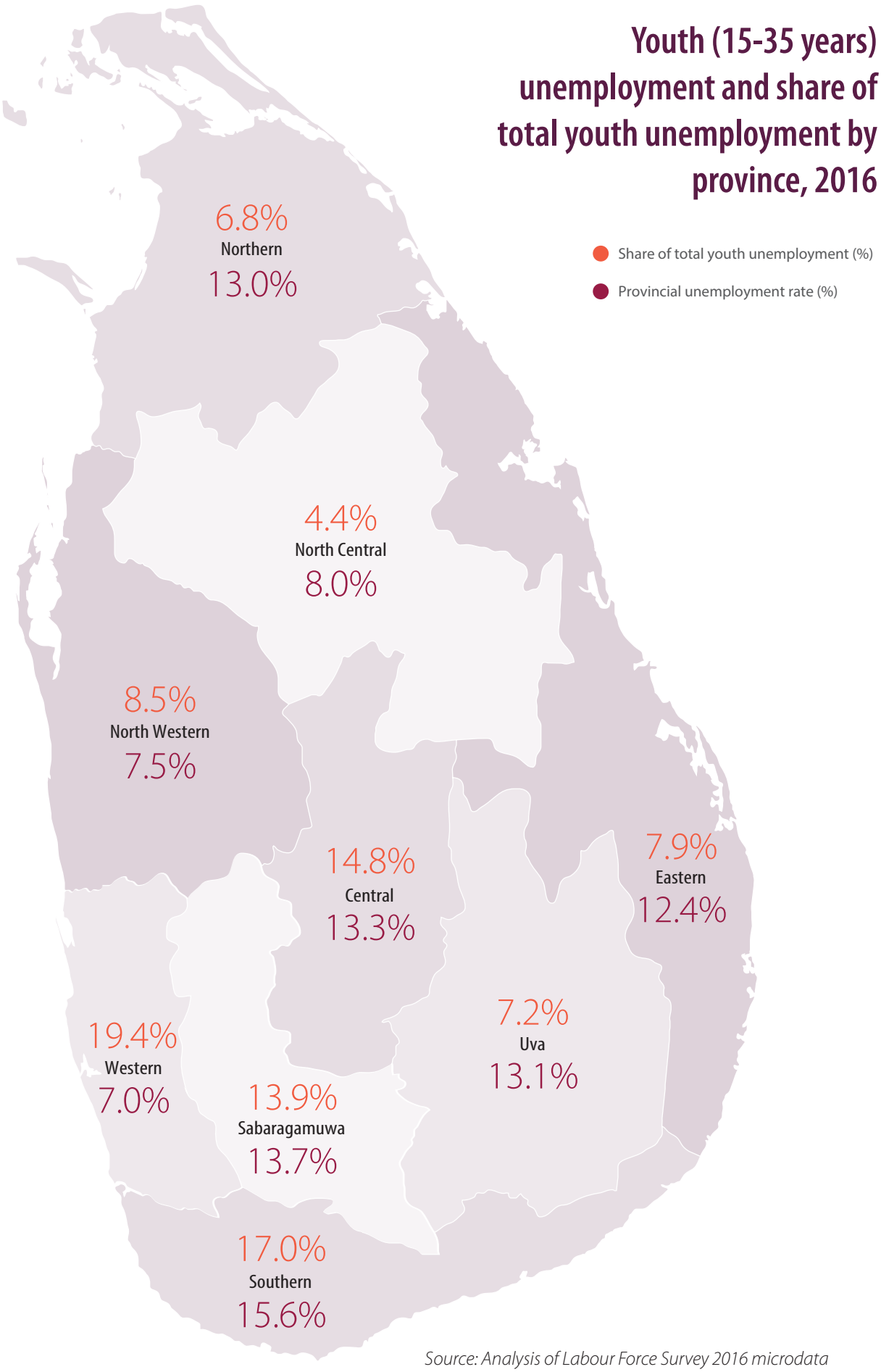
(ii) Share of total youth unemployment

Using this approach, we find that the Central, Southern and Sabaragamuwa provinces are still at the top of the list (Map 1). However, the Northern Province is pushed down the ranks by higher shares in the Western (19%) and Wayamba (8.5%) Provinces. The Western Province comes to the forefront, grossing the largest share of national youth unemployment. Looking at this share in terms of districts (Map 2), we see that the Colombo and Gampaha districts rank the highest, hosting 7.6%, and 7.3% of the unemployed youth in the country, respectively.

[2] We do not provide specific details of the interview respondents due to the confidentiality in which information was shared during the interview.
[3] The basis for the prioritization of industries is detailed in Section 1 of the 2017 YouLead Market Assessment.
[4] The basis for the prioritization of the provinces is detailed in the 2017 YouLead Market Assessment.

Map 1

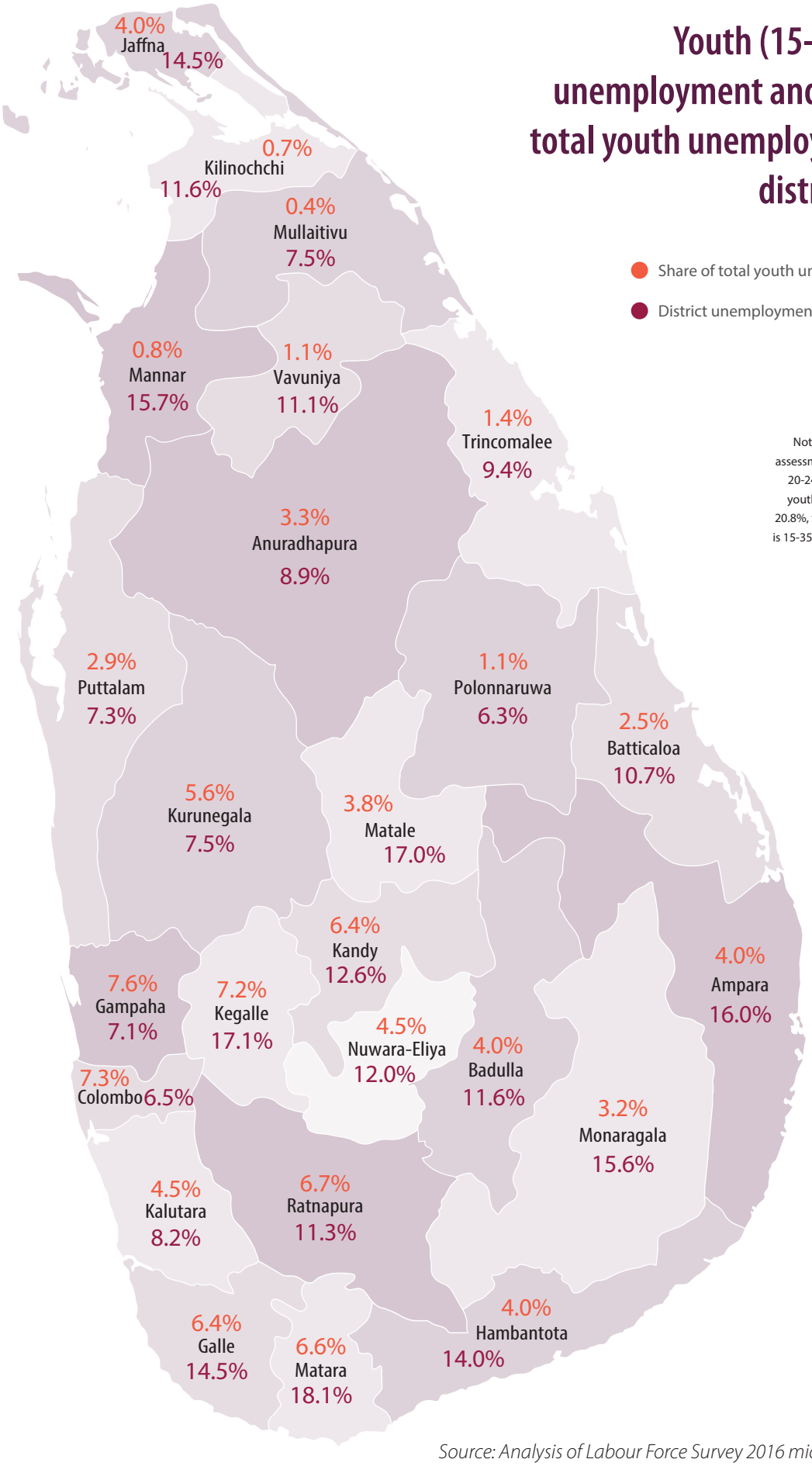
Youth (15-35 years) unemployment and share of total youth unemployment by province, 2016



Source: Analysis of Labour Force Survey 2016 microdata

Map 2

Youth (15-35 years) unemployment and share of total youth unemployment by district, 2016



Note: * The previous market assessment used the age range 20-24 years to determine the youth unemployment rate of 20.8%, the age range used here is 15-35 years and is not directly comparable.

Source: Analysis of Labour Force Survey 2016 microdata

Table 1 Youth (15-35 years) unemployment and share of total youth unemployment by district, 2016

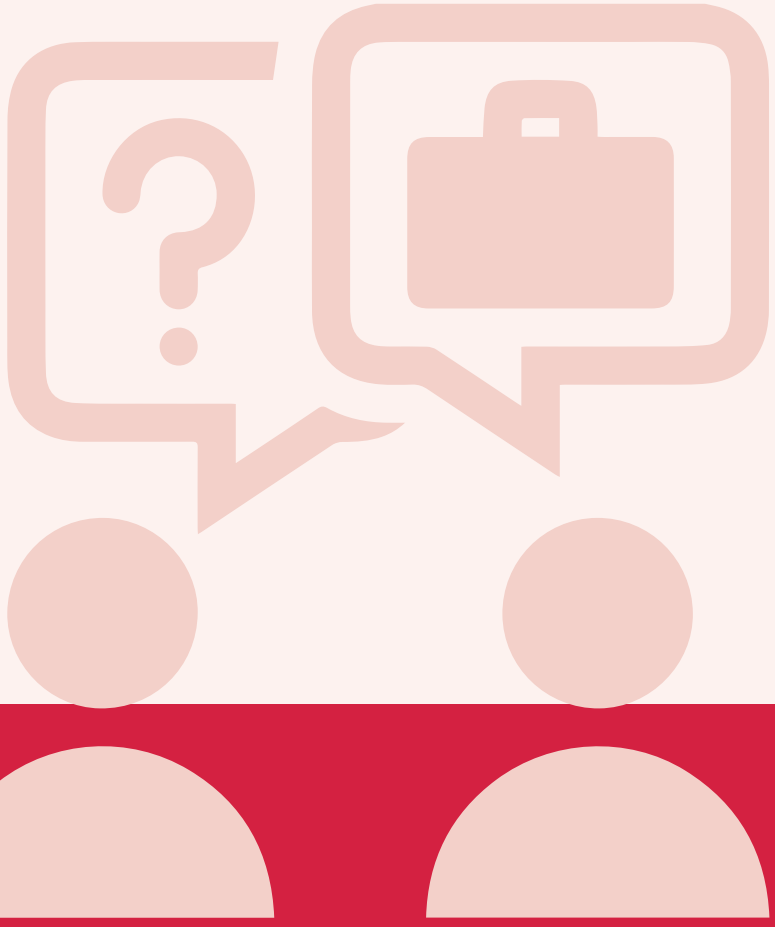
District	Male		Female	
	Share of total youth unemployment	Unemployment rate	Share of total youth unemployment	Unemployment rate
Colombo	9.5	5.8	5.6	7.6
Gampaha	6.4	4.1	8.5	12.0
Kalutara	5.1	6.2	4.1	12.1
Kandy	7.1	9.5	5.9	18.0
Matale	3.7	11.8	3.9	25.1
Nuwara Eliya	5.4	10.9	3.9	13.5
Galle	7.3	10.9	5.8	21.1
Matara	5.7	10.8	7.3	30.2
Hambantota	4.2	9.5	3.8	23.2
Jaffna	3.7	8.0	4.2	31.0
Mannar	0.5	6.3	1.0	39.4
Vavuniya	0.7	5.0	1.4	20.2
Mullaitivu	0.3	3.7	0.4	16.6
Kilinochchi	0.6	6.6	0.7	21.1
Batticoloa	1.5	4.0	3.3	24.8
Ampara	4.4	10.2	3.7	31.8
Trincomolee	0.8	3.2	1.9	25.3
Kurunegala	5.4	5.3	5.8	10.7
Puttalam	4.1	6.6	2.0	8.6
Anuradhapura	2.9	5.9	3.5	13.1
Polonnaruwa	0.7	2.7	1.4	12.1
Badulla	2.0	4.1	5.6	23.0
Monaragala	3.4	10.9	3.0	24.9
Ratnapura	7.5	9.0	6.1	14.9
Kegalle	7.2	13.2	7.2	22.1

It is evident that the Western Province hosts a large number of unemployed youth. This is primarily due to internal migration from rural areas into the city in search of jobs.[5] In addition, according to the TVEC Labour Market Bulletin, about 30% of the students in public sector training organisations are reported from training institutes in the Western region.

In a later chapter that explores constrained (or economically inactive) youth, we also see high concentrations of constrained female and male youth in the Western province. Therefore, any interventions that are aimed at getting more women into work may need to consider prioritisations based on the concentrations of this variable (ie: constrained youth), rather than unemployment alone. We also note that there is some overlap between the provinces that have high levels of unemployed youth and high levels of constrained youth – the Western Province, for example, continues to stand out in both respects.

We recommend that target provinces/districts be decided upon by considering the variable that the intervention seeks to impact – such as, unemployed or constrained youth. Prioritization based on approach 1 focuses on the principles of inclusion and equity, while approach 2 focuses on effectiveness in terms of targeting a larger share of unemployed youth. As such, based on the principles of inclusion and equity, it is appropriate to include Uva Province as a priority region in future YouLead interventions. Based on the second approach, however, there is also a valid case for the inclusion of the Western province.

[5] "Impact of internal and international migration: Country study Sri Lanka", R.W.D. Lakshman, P. Sangasumana & L.K. Ruhunage, 2011, Working paper series no.3, Dhaka: RMMRU



YOUTH UNEMPLOYMENT

Why are the unemployed, unemployed?

- Sachintha Fernando

This chapter dissects the problem of youth unemployment by taking both the perspectives of youth and employers. An in-depth understanding of the supply and demand factors affecting youth unemployment will help to design specific interventions that are targeted at enabling unemployed youth to access the labour market.

Context and Overview

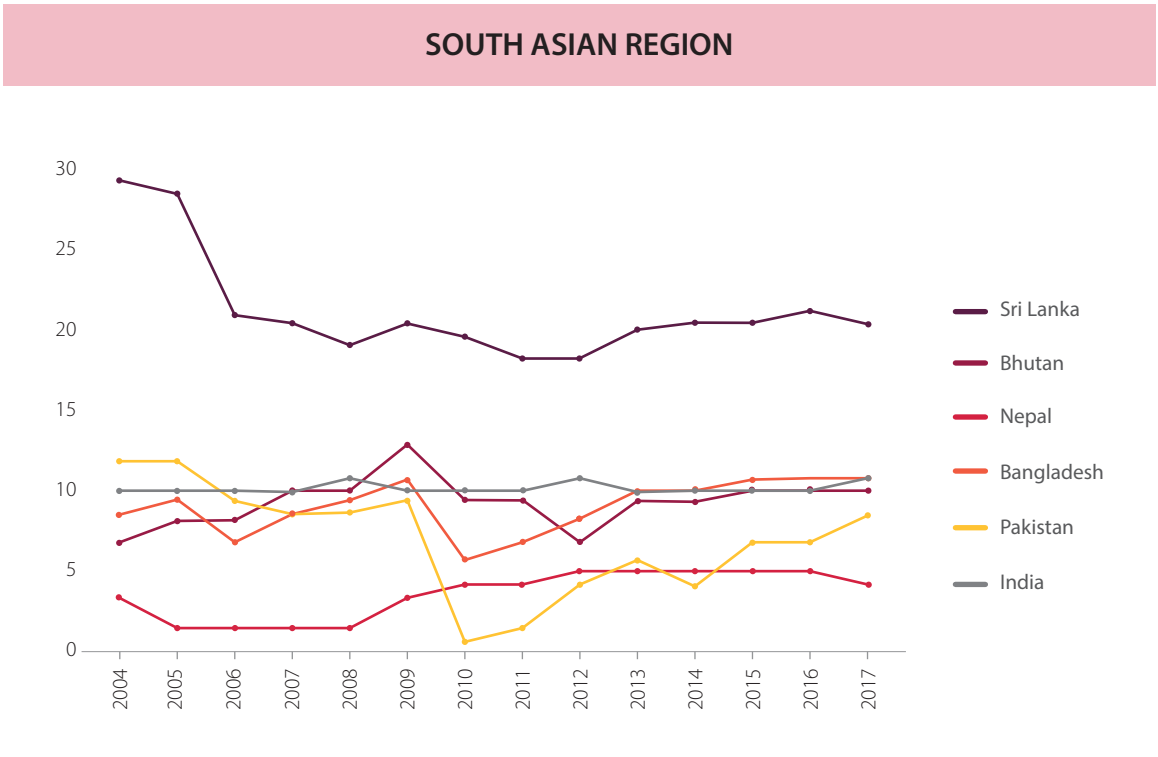
Persistent youth unemployment is not a new phenomenon in Sri Lanka. While the overall level of unemployment has remained fairly stable over the years, the high youth unemployment rate remains a pressing issue. According to the 2016 Labour Force Survey, the unemployment rate of youth (persons aged 15 to 35) was 11% in Sri Lanka.

This is almost eight times higher than the unemployment rate of the remaining adult population (persons aged 35 and over). In addition, unemployed youth who are in the 15 to 35 age group account for 87% of the total unemployed population in the country.

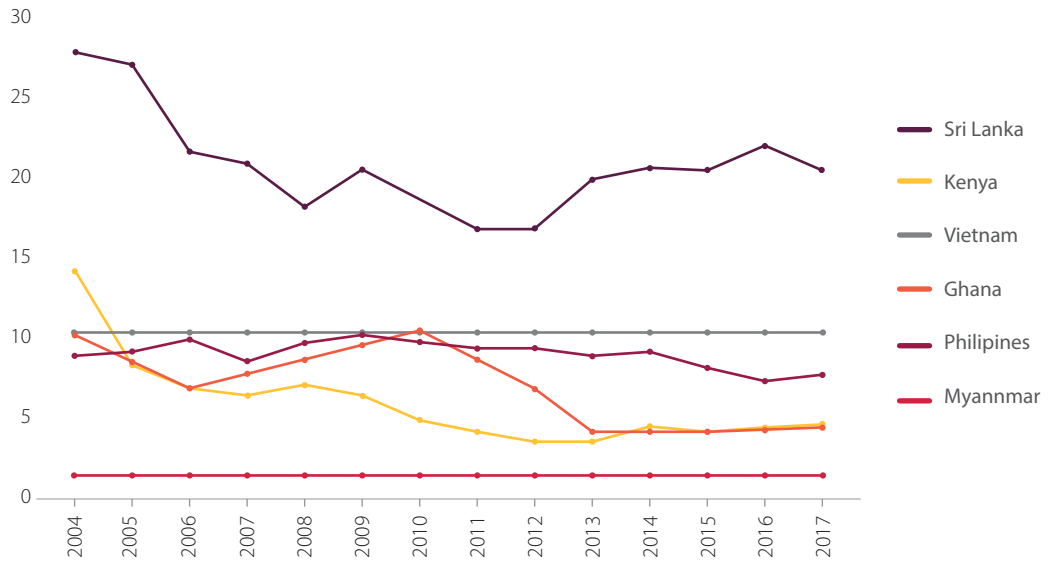
Sri Lanka's youth unemployment rate is also significantly higher than its regional counterparts and other comparable lower middle-income countries. Exhibit 1 illustrates this comparison and highlights that Sri Lanka's youth unemployment rate has consistently remained approximately twice as high as the South Asian average since 2004.

Exhibit 1

Youth (15-24 years) unemployment rates in Sri Lanka and other lower-middle income countries, 2004-2017



LOWER-MIDDLE INCOME COUNTRIES



Source: World Development Indicators, The World Bank

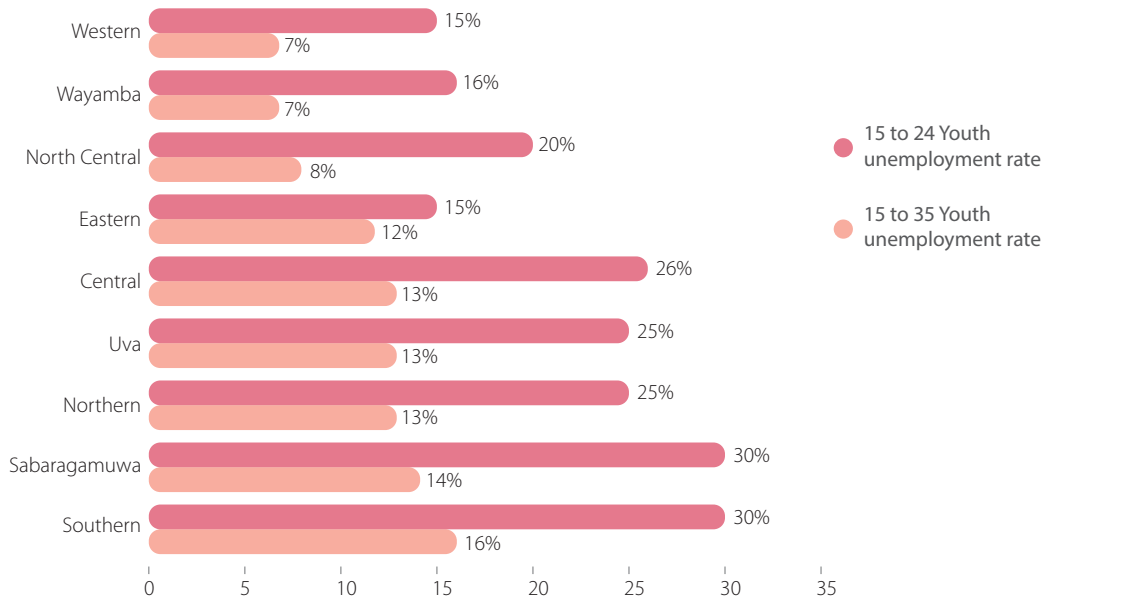
This trend appears paradoxical given Sri Lanka's high level of achievement in social development indicators, especially in comparison to other South Asian countries. However, we note that the high level of human capital development could be a contributing factor to Sri Lanka's high youth unemployment. For example, in Sri Lanka the mean number of years of schooling is 10.9, while in India, Nepal, Bangladesh and Bhutan it is 6.3, 4.1, 5.2, and 5.1 years respectively.[6] Therefore, it is likely that there is a significant number of youth who are entering the labour market in their late teens and early 20s and experiencing unemployment connected to the initial search process. However, the mean years of schooling for countries like Vietnam and Philippines are 8 and 9.3 respectively, which is comparable to Sri Lanka, but these countries experience a much lower rate of youth unemployment. Therefore, the incongruencies observed in Sri Lanka's youth labour market warrants further investigation.

Sri Lanka also experiences high disparity in provincial youth unemployment levels. While the unemployment rate among the youth aged 15 to 35 in the Western Province is 7%, this rate more than doubles in the Southern Province.

High provincial disparity in youth unemployment indicates the existence of inequality in terms of access to employment opportunities. This could be due to a number of reasons, including: a lack of jobs in certain provinces; youth aspirations and preferences misaligned with the available jobs in the provinces; youth from certain provinces displaying lower skill levels; or youth in certain provinces having less information about available jobs. In other word, different degrees of the skills gap, aspiration gap and information gap could exist in these different regions.

[6] http://hdr.undp.org/en/composite/HDI

Exhibit 2 **Youth unemployment rates by province, 2016**



Source: Annual Labour Force Survey 2016, Department of Census and Statistics

In the past, Sri Lanka has experienced social unrest, violence and conflict on numerous occasions. Previous research finds that the frustrations of educated unemployed rural youth were at the heart of the youth insurrections that Sri Lanka has experienced in 1971 and 1987-1989.[7] Hence unemployed youth, especially in high concentrations are vulnerable to potential violence and require special attention in the policy designing and targeting process. This rationalizes the prioritization of the four provinces – the Southern Province, the Sabaragamuwa Province, the Central Province and the Northern Province – that record the highest-levels of youth unemployment.

It is not unusual to observe high youth unemployment rates among the youngest age categories of youth due to the job search process, which induces high job turnover with intervening spells of unemployment: therefore, unemployment that is due to the initial search and matching process is temporary. However, persistent and unresolved youth unemployment presents a significant problem for the development potential of a country.

Increased labour force participation, expanded employment opportunities and higher rates of productivity are vital for Sri Lanka to maintain economic growth and achieve upper middle-income status.[8] Research indicates that experiencing long periods of unemployment, especially at the time of entry into the labour market, is associated with persistent lower employment prospects and low wages in the future.[9] Arulampalam, Gregg and Gregory (2001) find that long unemployment spells exceeding a year preclude the accumulation of work experience and bring about a deterioration of general skills.[10] Cockx and Picchio (2011) also find that unemployment spells prevent the accumulation of valuable on the job experience and communicates negative signals to potential recruiters.[11] Furthermore, the inability to find good jobs leads to the deterioration of the material and mental wellbeing of youth.

This chapter dissects the problem of youth unemployment by taking both the perspectives of youth and employers. An in-depth understanding of the supply and demand factors affecting youth unemployment will help to design specific interventions that are targeted at enabling unemployed youth to access the labour market, and these findings will help design and deliver effective solutions that address the core challenges faced by youth in gaining employment. Therefore, the chapter will focus on providing actionable solutions that can be achieved in the short to medium term.

[8] https://www.unicef.org/srilanka/challenge_youth_unemployment.pdf
[9] ibid
[10] Arulampala, W., Gregg, P., Gregory, M., (2008) "Unemployment Scarring", The Economic Journal, 111(475):577-584
[11] Cockx, B., Picchio, M., (2011) "Scarring effects of remaining unemployed for long term unemployed school-leavers", Center Working Paper Series No. 2011- 094.

THE DYNAMICS OF YOUTH UNEMPLOYMENT IN SRI LANKA

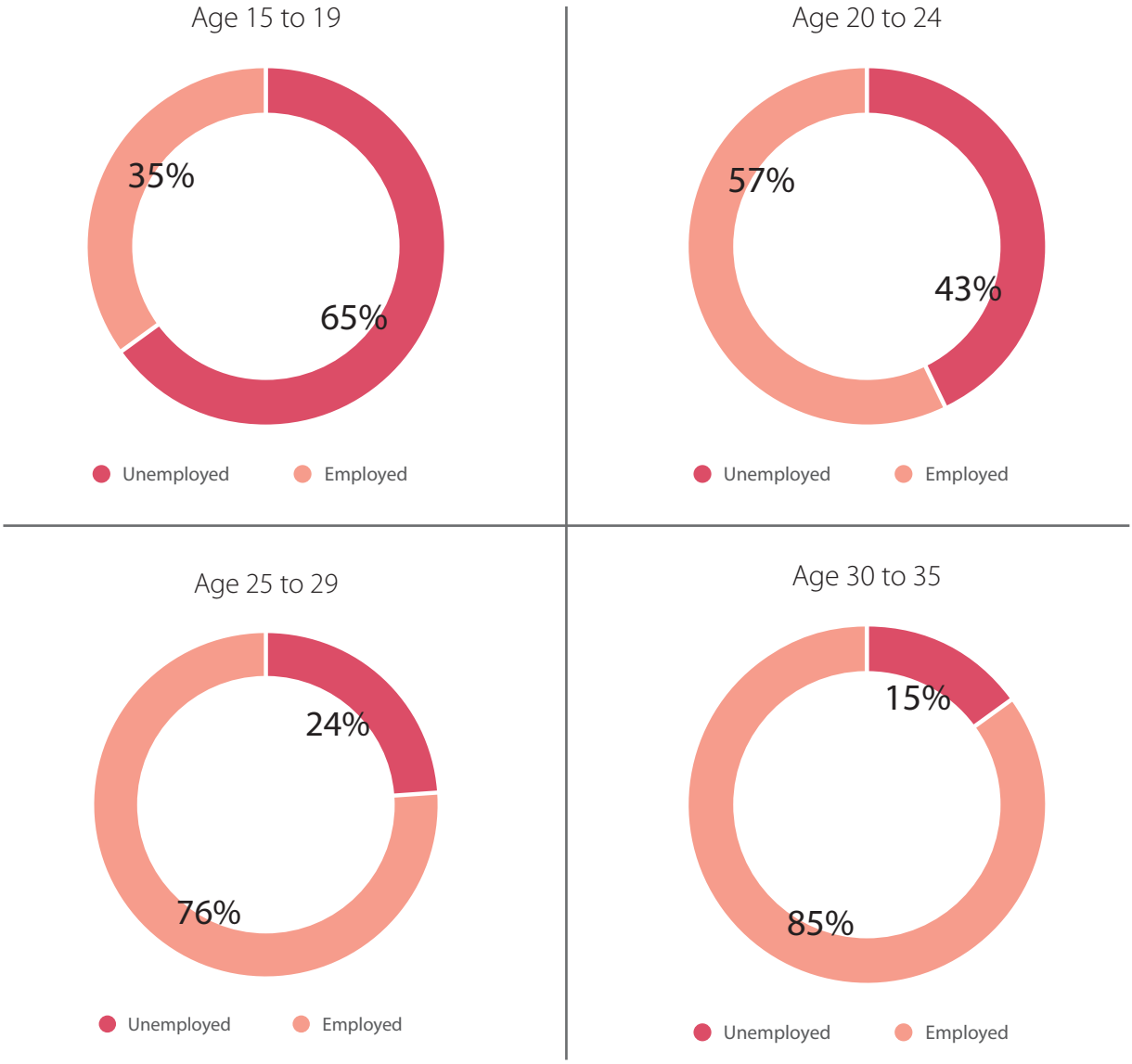
Why do some youth manage to find employment while others remain unemployed for a long period of time? To answer this question, we analysed data collected from the YouLead Youth Survey and the Employer Survey to identify the dynamics of youth unemployment in Sri Lanka.

1. Higher unemployment among lower age groups

The high unemployment rates at the lower age groups is evidence of a poor school to work transition experienced by Sri Lankan youth. Therefore, specific interventions should be targeted at the lower age groups to enable youth from the younger age categories to access the labour market.

Exhibit 3 illustrates the youth unemployment rate by different age categories. Higher unemployment rates are observed in the lower age groups, with a 65% unemployment rate recorded within the 15-19 age group.[12] This rate progressively declines with age. As youth get older they are more likely to find employment. However, despite the unemployment rate decreasing, we note that even the lowest unemployment rate of 15%, which is recorded in the age group 30 to 35, is still almost four times as high as the country's overall level of unemployment.

Exhibit 3 **Youth unemployment and employment by age group**



Source: YouLead Youth Survey 2018

[12] Youth in education are not counted as unemployed youth in labour market counting exercises, as they are not actively looking for work.

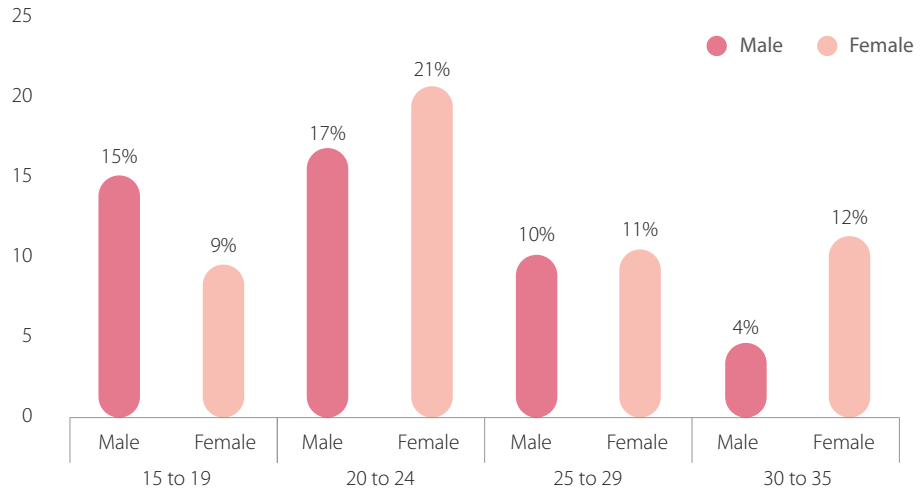
2. Youth unemployment and gender

Exhibit 4 compares the unemployed females in each age group as a percentage of total unemployed youth with the corresponding male figures. Female unemployment is higher in all age groups except in the 15 – 19 age group. It is evident that the overall gap between unemployed females and males increases with age, in favour of males. The need to prioritize interventions that assist females is evident and is discussed in further detail in the Gender Assessment.

3. Youth unemployment by educational attainment

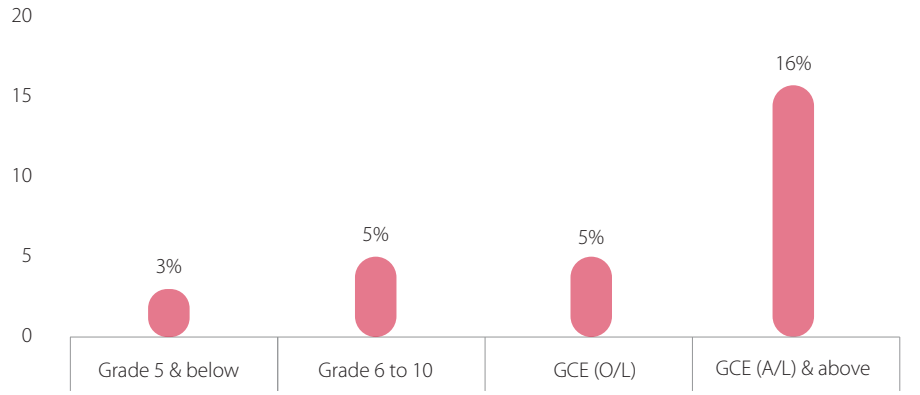
The national level data on the labour force participation of youth highlights that unemployment is higher among youth who possess higher levels of education (see Exhibit 5). One reason for this may be that youth with higher levels of education tend to be more discerning in their job preferences and are likely to engage in the job search for longer.[13] It is also possible that the education system, while providing degree certificates, does not equip youth with job-relevant skills.[14]

Exhibit 4 **Youth unemployment rates by gender and age group**



Source: YouLead Youth Survey 2018

Exhibit 5 **Youth unemployment as a proportion of total youth population by education level**

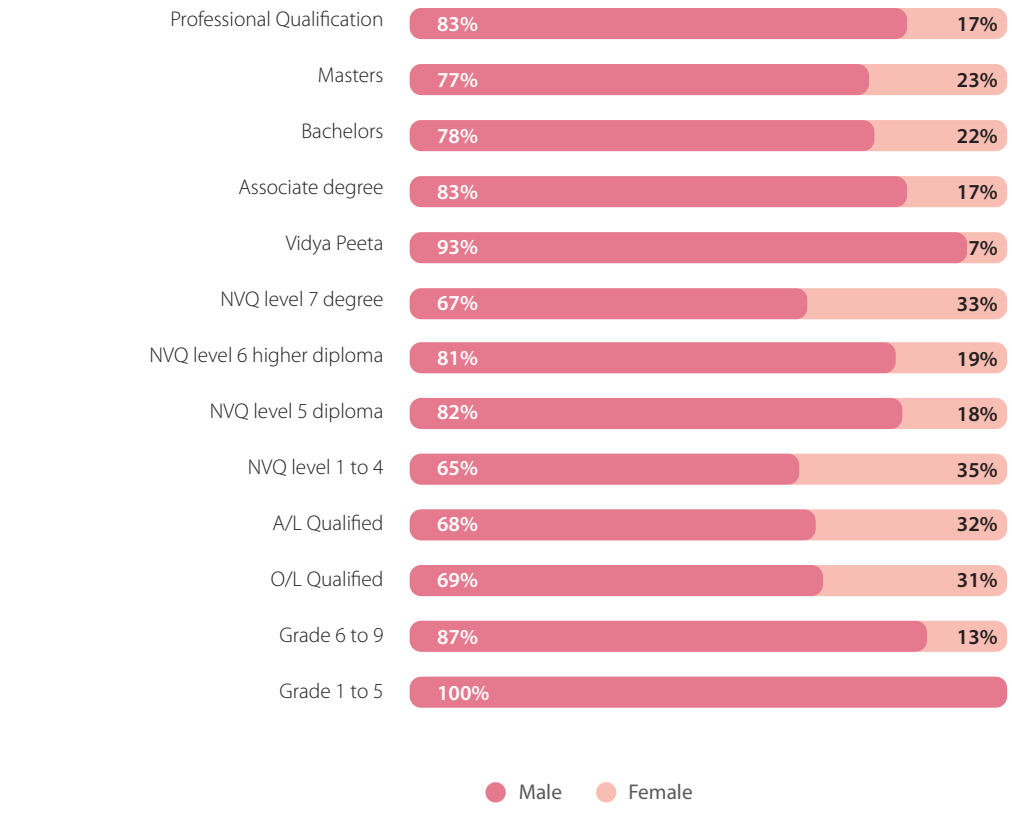


Source: Annual Labour Force Survey 2016, Department of Census and Statistics

[13] Deraniyagala, Dore, R. P., and Little, A. (1978), Qualifications and employment in Sri Lanka: IDS Research Project, Education Research Report No.2, IDS and NIBM
[14] Arunatilake, N. 2016. Labour Market Characteristics – Thematic Report based on Census of Population and Housing 2012. Colombo, Sri Lanka: UNFPA

The data from the Youth Survey was used to investigate the inverse relationship between education and employment. The results are presented in Exhibit 6.

Exhibit 6 **Youth employment and unemployment by highest level of educational attainment**



Source: YouLead Youth Survey 2018

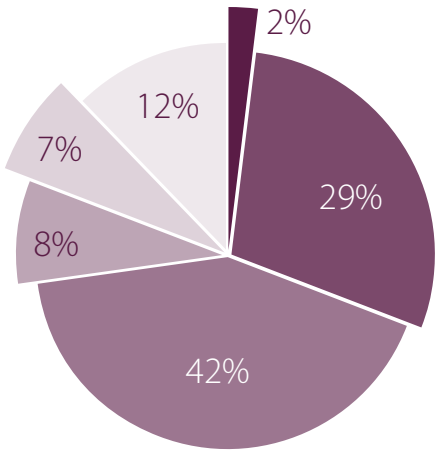
Exhibit 7 looks at the occupational level of youth by their highest level of educational attainment. Although youth who have completed primary education are the most employed (as shown in Exhibit 6), they are mostly employed in the "other non-management" level occupations. However, management-level jobs (top, middle and lower level) are dominated by those who have completed their education at a graduate level and above or have a professional qualification. The data also shows that 31% of the youth who are employed and have completed a vocational training course are employed in highly skilled non-management level jobs and 32% in other non-management jobs.

It is not conclusive that unemployed youth are unemployed because they lack these skills. It is likely that their skills will deteriorate the longer they remain unemployed.

Exhibit 7 Occupational level of youth by highest level of educational attainment

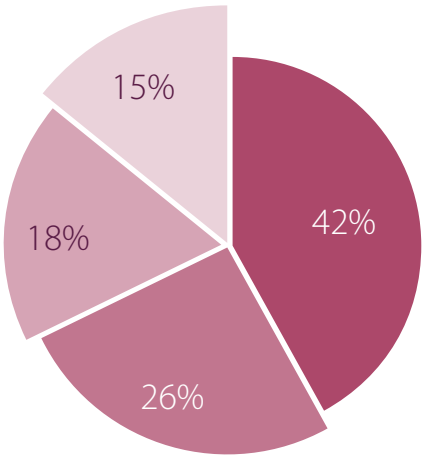
Professionals

Top Level Mgt	2%
Middle Level Mgt	29%
Lower Level Mgt	42%
Highly Skilled Non-Mgt	8%
Skilled Non-Mgt	7%
Other Non-Mgt	12%



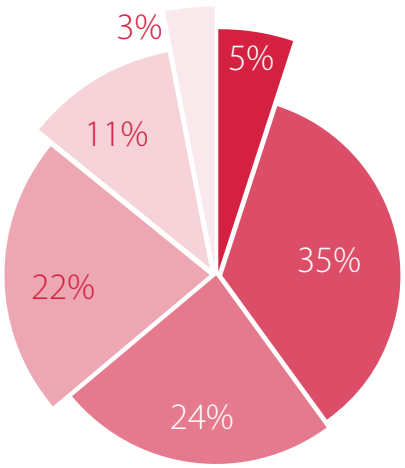
Post Graduate

Top Level Mgt	0%
Middle Level Mgt	42%
Lower Level Mgt	26%
Highly Skilled Non-Mgt	18%
Skilled Non-Mgt	15%
Other Non-Mgt	0%



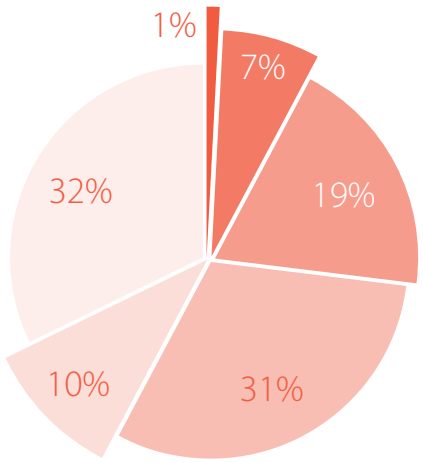
Graduate

Top Level Mgt	5%
Middle Level Mgt	35%
Lower Level Mgt	24%
Highly Skilled Non-Mgt	22%
Skilled Non-Mgt	11%
Other Non-Mgt	3%



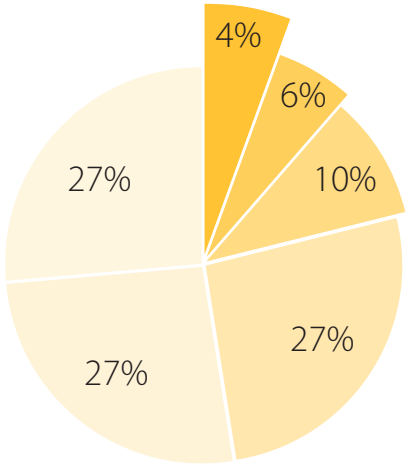
Vocational Education

Top Level Mgt	1%
Middle Level Mgt	7%
Lower Level Mgt	19%
Highly Skilled Non-Mgt	31%
Skilled Non-Mgt	10%
Other Non-Mgt	32%



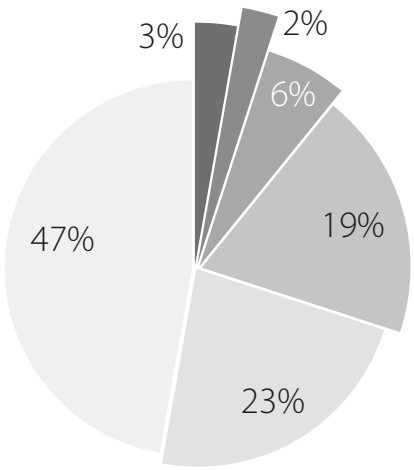
A/L Qualified

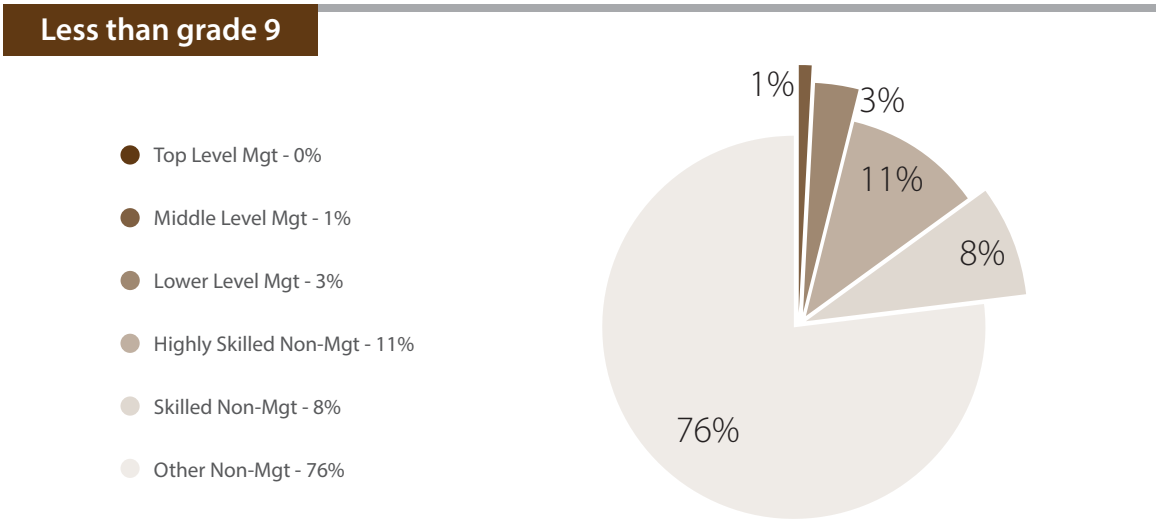
Top Level Mgt	4%
Middle Level Mgt	6%
Lower Level Mgt	10%
Highly Skilled Non-Mgt	27%
Skilled Non-Mgt	27%
Other Non-Mgt	27%



O/L Qualified

Top Level Mgt	3%
Middle Level Mgt	2%
Lower Level Mgt	6%
Highly Skilled Non-Mgt	19%
Skilled Non-Mgt	23%
Other Non-Mgt	47%





Source: YouLead Youth Survey 2018

The data provides an insight into the distribution of occupational roles of youth in relation to educational attainment. While supporting the existing research that demonstrates that unemployment increases with education, it also highlights the need for a greater number of medium to high-level occupational roles for youth with graduate, postgraduate and professional education.

The Youth Survey showed that 82% of youth who completed the NVQ level 5 diploma and 81% of youth who completed the NVQ level 6 higher diploma were employed. This is higher than the percentage of employed youth who have completed O/L, A/L, associate, bachelor's and master's degree programmes. This finding is interesting because the 32% and 31% of unemployed youth whose highest level of educational attainment is O/L and A/L, can potentially be attracted into vocational training to improve their employability. However, only 13% of the respondents had completed any form of vocational training, suggesting that this was not a popular further education option among youth.

4. Youth unemployment and skill

Are unemployed youth less skilled than their employed counterparts? Employed and unemployed youth are both characterized by their willingness to participate in paid employment. However, while some youth manage to find employment others remain unemployed for a long period of time. While there could be many reasons for this, the lack of job relevant skills is often cited as a key reason.[15] To investigate this, a detailed comparison of the skills of employed and unemployed youth was conducted to examine if there is any systematic differences in the skills levels between these two groups.

Unemployed vs Critically unemployed

The Youth Survey presented unemployed youth with five statements and asked respondents to select the statement that best described their status. The results are presented in Table 2. Of the 5 categories presented:

Category 1:

youth who have recently finished school and plan to look for work in the near future

These are youth who have recently finished school and have not commenced the job search. They can potentially find a job or failing which, will enter the unemployment pool.

Category 2

youth who have recently finished school and have plans to start work in the near future

These youth have already secured a job and will start working in the near future. Therefore, although they are currently unemployed, they will soon exit the unemployment pool.

Category 3

youth who have recently finished school and have plans to start their own business

Youth in this category are similar to category 2, except instead of securing a job, they are in the process of starting their own business.

[15] Gunatilaka, R., Mayer, M., Vodopivec, M., (2010) "The challenges of youth employment in Sri Lanka", The World Bank

Category 4

youth who are looking for paid employment

These are youth who are currently unemployed and actively looking for paid employment.

Category 5

youth who are looking to work on their own

These youth have not yet commenced the process and could potentially succeed in starting their own business or remain unemployed. Youth in this category, depending on the success of starting their own business, could either soon be employed or remain in unemployment.

Based on the above classification, unemployed youth can be clustered into two groups: youth who will soon exit the unemployment group, and youth who are "critically" unemployed. The data highlights that 94% of the unemployed youth belong to the latter category. Therefore, the skills comparison is conducted by taking into consideration the employed and critically unemployed groups.

Table 2 **Category of unemployment by age group**

Categories of unemployment		Total	Age 15 to 19		Age 20 to 24		Age 25 to 29		Age 30 to 35	
			Male	Female	Male	Female	Male	Female	Male	Female
1.	Recently finished school and plan to look for work in the near future	30.4%	8.2%	5.3%	6.9%	7.5%	1.0%	0.9%	0.3%	0.2%
2.	Recently finished school and have plans to start work in the near future	4.1%	1.3%	0.3%	0.7%	0.9%	0.6%	0.1%	0%	0.2%
3.	Recently finished school and have plans to start own business	1.7%	0%	0.2%	0.6%	0.3%	0.7%	0%	0%	0%
4.	Looking for paid employment	52.5%	4.3%	3.2%	7.3%	11.7%	5.4%	8.3%	2.5%	9.4%
5.	Looking to work on my own or start my own business	11.7%	1.0%	0.4%	1.6%	0.6%	2.3%	2.1%	1.1%	2.6%

Source: YouLead Youth Survey 2018

T-tests[16] were carried out to test if there existed a statistically significant difference between the skills possessed by youth in the above two categories. The survey respondents were asked to rank how often they performed a list of reading, writing and speaking, numerical and computer tasks in the past 12 months. The responses were ranked on a scale of 1 to 7, with 1 indicating "Never", and 7 indicating "Daily".

On average, these results show that there are significant differences in frequency in which the literacy (especially spoken language) and mathematical skills are performed. However, because employed youth are currently in work, it is likely that they perform most of these tasks more frequently than their unemployed counterparts during the course of their jobs. Therefore, it is not conclusive that unemployed youth are unemployed because they lack these skills. It is likely that their skills will deteriorate the longer they remain unemployed. Additionally, it is noted that frequency of performing tasks may not necessarily be a good proxy for proficiency levels.

[16] A description of T-tests is provided in the annexures

Table 3 **Frequency (mean values) of performing selected skills of employed youth vs. critically unemployed youth and T-test significance levels of difference**

	Employed	Critical Unemployed	T-test significance levels (Employed vs Unemployed)
Read Sinhala	2.94	3.04	-
Read Sinhala (including only Sinhala)	3.32	3.55	*
Read English[17]	1.60	1.82	**
Read Tamil	2.04	1.90	-
Read Tamil (Excluding Sinhala)	2.32	2.14	-
Write Sinhala	1.78	1.79	-
Write Sinhala (Only Sinhala)	1.93	1.99	-
Write English	1.31	1.23	-
Write Tamil	1.57	1.41	**
Write Tamil (Excluding Sinhala)	1.89	1.51	***
Speak Sinhala	4.51	4.00	***
Speak Sinhala (Only Sinhala)	4.97	4.64	***
Speak English	1.98	1.71	**
Speak Tamil	2.01	1.61	***
Speak Tamil (Excluding Sinhala)	2.53	1.71	***
Basic Math	4.42	3.95	***
Intermediary Math	3.98	3.65	**
Advance Math	1.70	1.70	-
Basic Computer	3.09	2.96	-
Advanced Computer	1.90	1.61	***

Note: ****P<0.01[99% confidence] **P<0.05[95% confidence] * P<0.1[90% confidence]*
Source: YouLead Youth Survey 2018

In addition, youth were asked to self-assess their communication, decision making, leadership, teamwork and technical skills on a scale of 1 to 5, with 1 indicating None, and 5 indicating Excellent. Unemployed youth on average rated these skills lower than employed youth. Interestingly, there is no significant difference between the self-assessment of English and computer skills by the employed and critically unemployed; indicating that critically unemployed youth have comparable English and computer skills to that of employed youth.

All other skills, however, show a significant difference between the skills of the employed and critically unemployed youth. These are important soft skills that are valued by employers.

Table 4 **Mean level of self-reported skills of employed vs. critically unemployed youth and T-test significance levels of difference**

Skill	Employed	Critically unemployed	T-test significance levels
Communication	3.17	2.82	***
Decision making	3.65	3.45	***
Leadership	3.55	3.29	***
Teamwork	3.67	3.42	***
English	2.70	2.66	-
Computer	2.65	2.68	-
Technical	3.34	3.10	***

Note: ****P<0.01[99% confidence] **P<0.05[95% confidence] * P<0.1[90% confidence]*
Source: YouLead Youth Survey 2018

[17] Critically unemployed record a higher mean

The Employer Survey asked employers to rank necessary skills of new applicants for administrative/ professional roles and manual/production roles on a scale of 1 to 5. (1= Not necessary at all; 2=Not particularly necessary; 3 = Somewhat necessary; 4= Very necessary; 5 = Essential). The mean results for each type of skill is presented in Table 5. On average, employers look for more skilled applicants for administration/professional roles than for manual/ production roles.

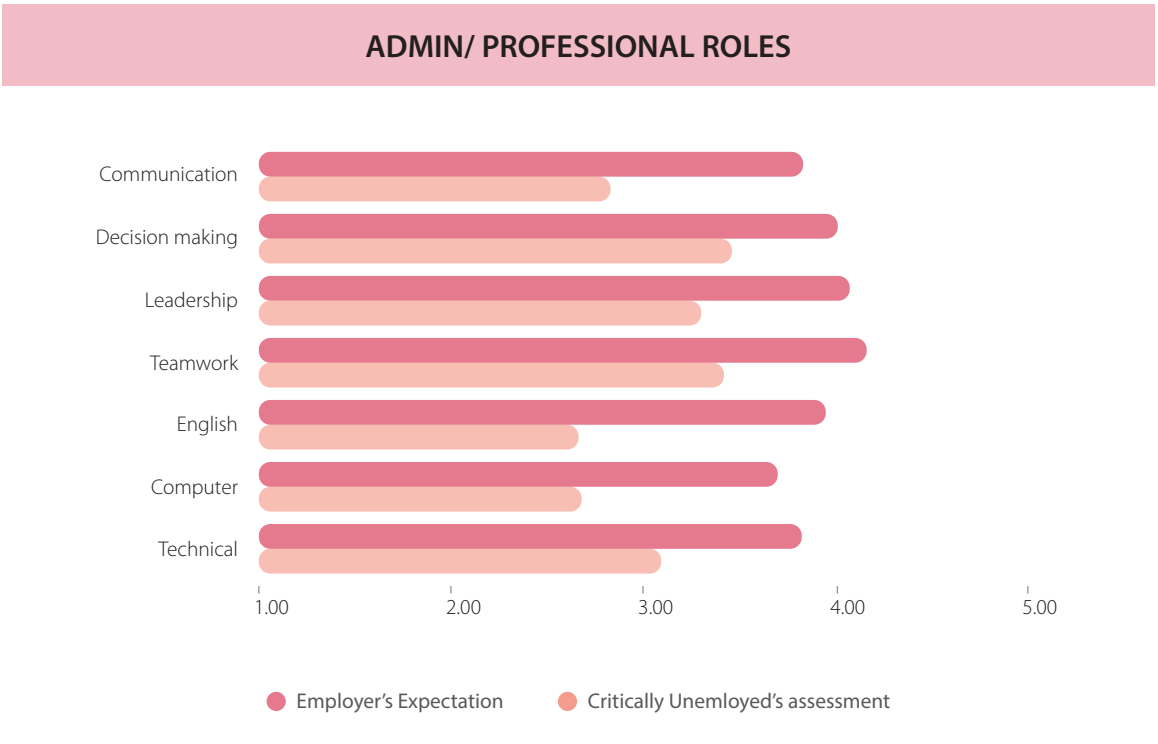
Table 5 **Mean level of employers' skill requirements for new applicants**

Skill	Admin/Professional roles	Manual/ Production roles
Communication	3.83	2.99
Decision making	4.01	3.23
Leadership	4.07	3.39
Teamwork	4.14	3.71
English	3.95	2.93
Computer	3.68	2.54
Technical	3.82	3.38

Source: YouLead Employer Survey 2018

A comparison of the skill requirements of employers and the self-assessed skill level of unemployed youth is presented in Exhibit 8.

Exhibit 8 **Skills gap analysis, employer requirements vs critically unemployed youth's self-assessment of skill**



Source: YouLead Youth and Employer Survey 2018

MANUAL/ PRODUCTION ROLES

Source: YouLead Youth and Employer Survey 2018

Employers require a high level of skills for administrative/professional roles. On average, employers scored almost all the skills close to 4, which is categorized as a very necessary skill. However, unemployed youth ranked all these skills consistently lower than the employer's expectations.

The biggest gap is recorded for English skills, with unemployed youth self-assessing their skill between the below average (2) and average (3) level. Interestingly, employers scored decision-making skills, leadership skills and teamwork the highest. Computer and Technical skills scored the lowest averages. This is indicative of the high degree of importance placed on the soft skills of new applicants by employers.

The skill requirements of employers for manual/ production roles were lower than the requirements for the administrative/professional workers. For two of the skills, decision making and computer skills, unemployed youth self-assessed their skills at a higher level than the employer's requirement. Similar to the requirements of admin/professional roles, employers scored teamwork, leadership and decision-making skills the highest.

On the other hand, the skills requirement of employers is higher than the self-assessed skills of employed youth as well. While there exists a skill gap, this may not then be the dominant factor driving unemployment.

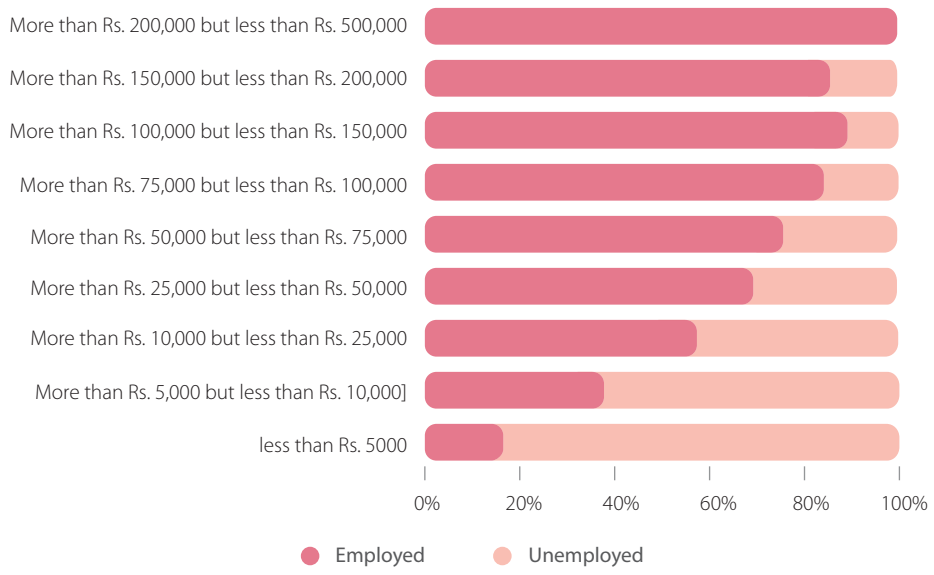
It is evident that employers consider soft skills an important criterion when recruiting new applicants. Therefore, education programmes should place greater emphasis on developing these skills among youth. In addition, developing proficiency in English will greatly boost unemployed youth's access to the labour market. Previous research highlights the difficulties in acquiring English language skills through the publicly provided general education system; therefore, higher education institutions and vocational training institutions should prioritize this training in their programmes.[18]

5. Youth unemployment and the distribution of monthly family income

Exhibit 9 shows that youth from lower income families are more likely to be unemployed, while the unemployment gap progressively decreases as family income levels increase.

[18] Gunatilaka, R., Mayer, M., Vodopivec, M., (2010) "The challenges of youth employment in Sri Lanka", The World Bank

Exhibit 9 **Youth employment and unemployment by income group (monthly family income)**



Source: YouLead Youth Survey 2018

One reason for this observation could be that youth from families with lower income levels face greater barriers in accessing education and skill acquisition opportunities as well as employment opportunities, compared to their counterparts from middle and upper-income households. Previous research confirms the importance of social status and networks in securing jobs and finds rural graduates lacking such contact at a disadvantage.[19] These family and social 'connections' are especially crucial to accessing jobs in the private sector.

6. Youth unemployment and past work experience

There exists a significant difference in the level of previous work experience of employed and unemployed youth. On average, employed youth possessed 10 months of work experience prior to starting their current job, while unemployed youth on average only possessed one month of previous work experience. In this context, previous experience is measured as the accumulated number of months spent in previous employment.

Table 6

Past working experience of employed and unemployed youth

	Both	Female	Male
Employed youth	10 months	8 months	11 months
Unemployed youth	1 month	1 month	1 month

Source: YouLead Youth Survey 2018

Further, on average, the unemployed youth had been looking for employment for a period of 21 months since their last job or since they finished school. This is a significant period of idle time, which can result in the depreciation of skills. Integrating such youth into the labour force might require significant re-skilling. This evidence supports the findings of previous research[20], that lengthy periods of unemployment are not favoured by recruiters. Therefore, it might be advisable to encourage unemployed youth to invest their time in acquiring and developing their soft skills through vocational training institutes or community engagement while searching for jobs. This will show employers that they have not remained "idle" while searching for employment.

[19] Gunatilaka, R., Mayer, M., Vodopivec, M., (2010) "The challenges of youth employment in Sri Lanka", The World Bank
[20] Arulampala, W., Gregg, P., Gregory, M., (2008) "Unemployment Scarring", The Economic Journal, 111(475):577-584 and Cockx, B., Picchio, M., (2011) "Scarring effects of remaining unemployed for long term unemployed school-leavers", Center Working Paper Series No. 2011 – 094.

THE EMPLOYMENT PREFERENCES OF UNEMPLOYED YOUTH

Understanding youth preferences is vital to understanding the behaviour and decisions made by youth. The unemployed youth who responded to our survey were provided with a list of statements and asked to select the statement that best described their current situations (see Table 7). Of these respondents, 38% stated that they had applied for jobs and were waiting to hear back from employers. On average, this 38% had applied for 5 jobs and had faced 2 interviews. Based on these results, youth have a 40% likelihood of being called for an interview for every job for which they apply.

Of the remaining 62% of youth, 19% felt that their qualifications or skills did not meet the employers' expectations, indicating that youth were self-aware that they lacked employable skills. A further 13% stated that the available work did not meet their expectations, while 12% felt that they were unable to find work that provides a good work life balance.

Unemployed youth were also asked to select the statement that best described their current position, in order to obtain a better understanding about their job expectations. Table 8 presents these results. There are significant gender differences in the job preferences of unemployed youth: 29% of unemployed male youth wanted jobs that were stable, well paid and appropriate to their level of qualification, while 30% of unemployed female youth required parental approval in addition to all of the above.

Table 7 **What is the main reason for not currently being in work?**

Reason	Total	Male	Female
I have applied for jobs and I am waiting to hear back from employers	38%	38%	38%
The available work doesn't meet my expectations (Salary, status, security, etc)	13%	17%	10%
My qualifications/skills don't meet employer expectation (qualification, training experience age etc)	19%	20%	18%
I am unable to find employers who are willing to accommodate my illness, injury, pregnancy, disability etc	5%	2%	7%
I am unable to find work that allows me to balance my work with personal family responsibility	12%	6%	19%
Other	13%	18%	8%
Total	100%	100%	100%

Source: YouLead Youth Survey 2018

Table 8 **Which of the following statements best describes your current position? "I am willing to…."**

Condition	Total	Male	Female
Accept any job, whatever the condition	6%	6%	5%
Accept any job, provided it is stable	9%	11%	7%
Accept any job, provided it is well paid	10%	14%	6%
Accept any job, provided it is appropriate to my level of education	26%	25%	27%
Accept any job, provided it is acceptable to my parents/guardians	5%	4%	6%
Accept a job only if it is stable, well paid and appropriate to my level of qualification	24%	29%	19%
Accept a job only if it is stable, well paid and appropriate to my level of qualification, and acceptable to my parent/guardians	21%	10%	30%
Total	100%	100%	100%

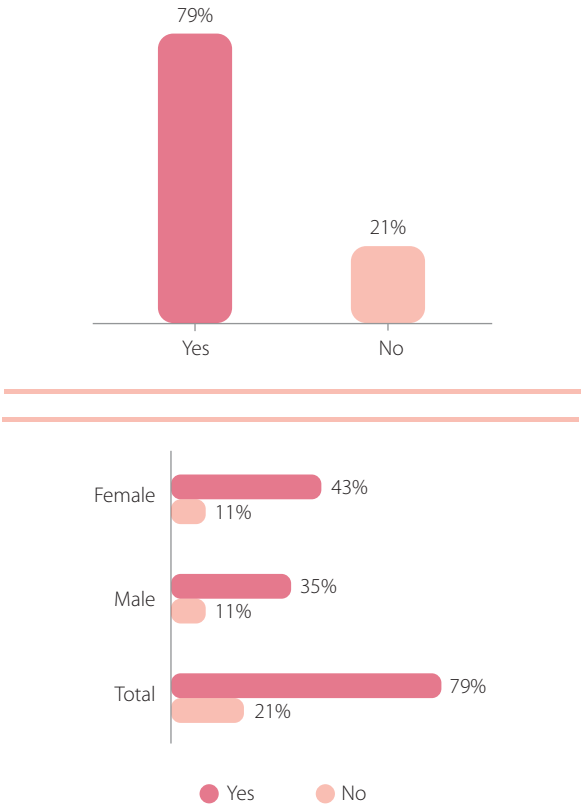
Source: YouLead Youth Survey 2018

The Youth Survey also revealed that 20% of the unemployed youth had turned down job offers in the past. The primary reasons given for turning down jobs were that the wages offered were too low (38%), followed by the work not being interesting (25%).

THE TRAINING PREFERENCES OF UNEMPLOYED YOUTH

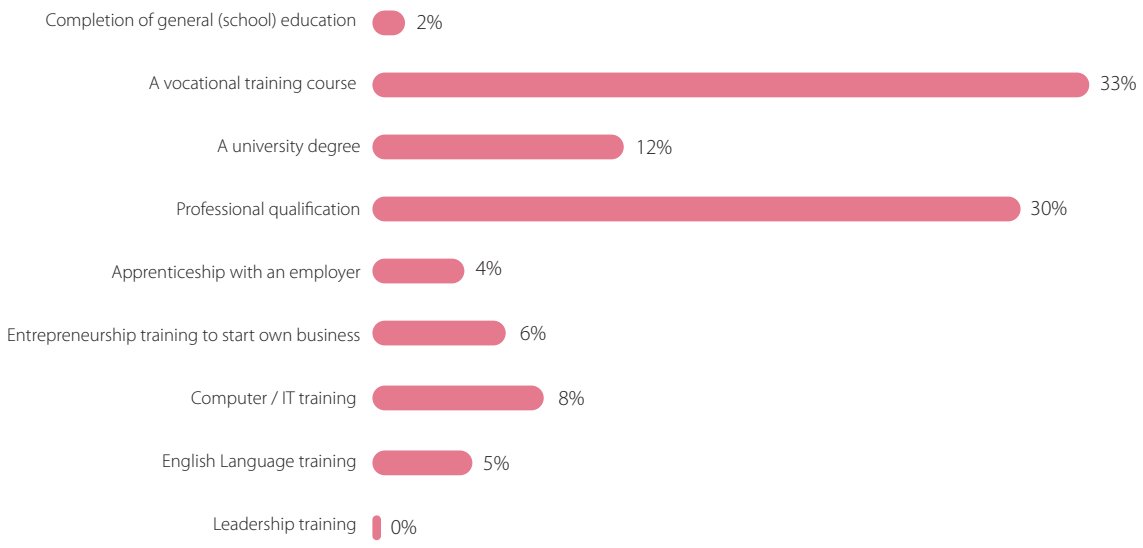
The unemployed youth responding to the Youth Survey were aware that they lacked certain skills, which could be acquired through additional training activities. As Exhibit 10 shows, 79% of youth agreed that additional training would be beneficial in helping them to find a job. This sentiment was almost equally reflected by both genders. Further, 33% of the youth felt that a vocational training course would be most helpful in finding employment, while 30% favoured a professional qualification (Exhibit 11).

Exhibit 10 **Do you think additional training will help you find a job?**



Source: YouLead Youth Survey 2018

Exhibit 11 **What training do you think will be most helpful in helping you find employment?**



Source: YouLead Youth Survey 2018

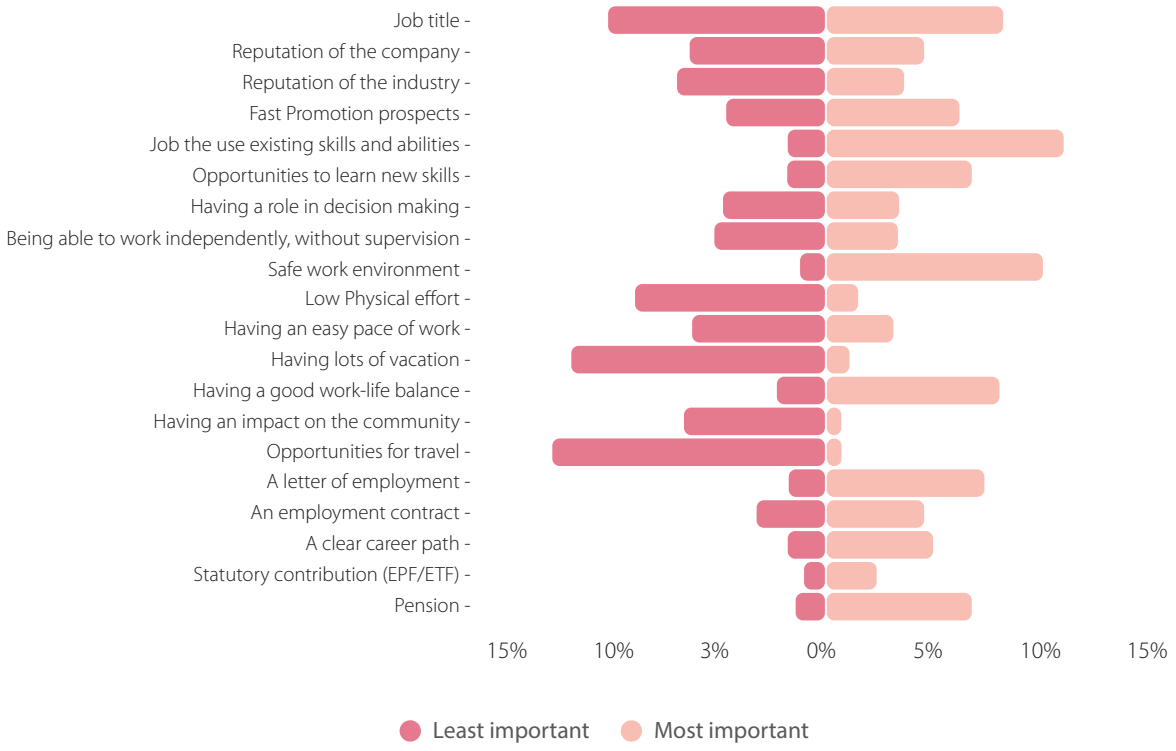
CHARACTERISTICS OF JOB PREFERENCES OF UNEMPLOYED YOUTH

Unemployed youth were asked to rank the most important and least important criteria (excluding wages) in looking for a job. The most important criteria for youth appear to be jobs that use existing skills and provide safe work environments, a letter of employment, pensions, opportunities to learn new skills and a good work life balance.

Employers were asked about their perceptions of what youth consider important in a job – the results are presented in Exhibit 12. The employer's ranked the most important criteria for youth (excluding wages) to be safe work environments, job title, reputation of the company, jobs that use existing skills and abilities as the most important criteria for youth respectively.

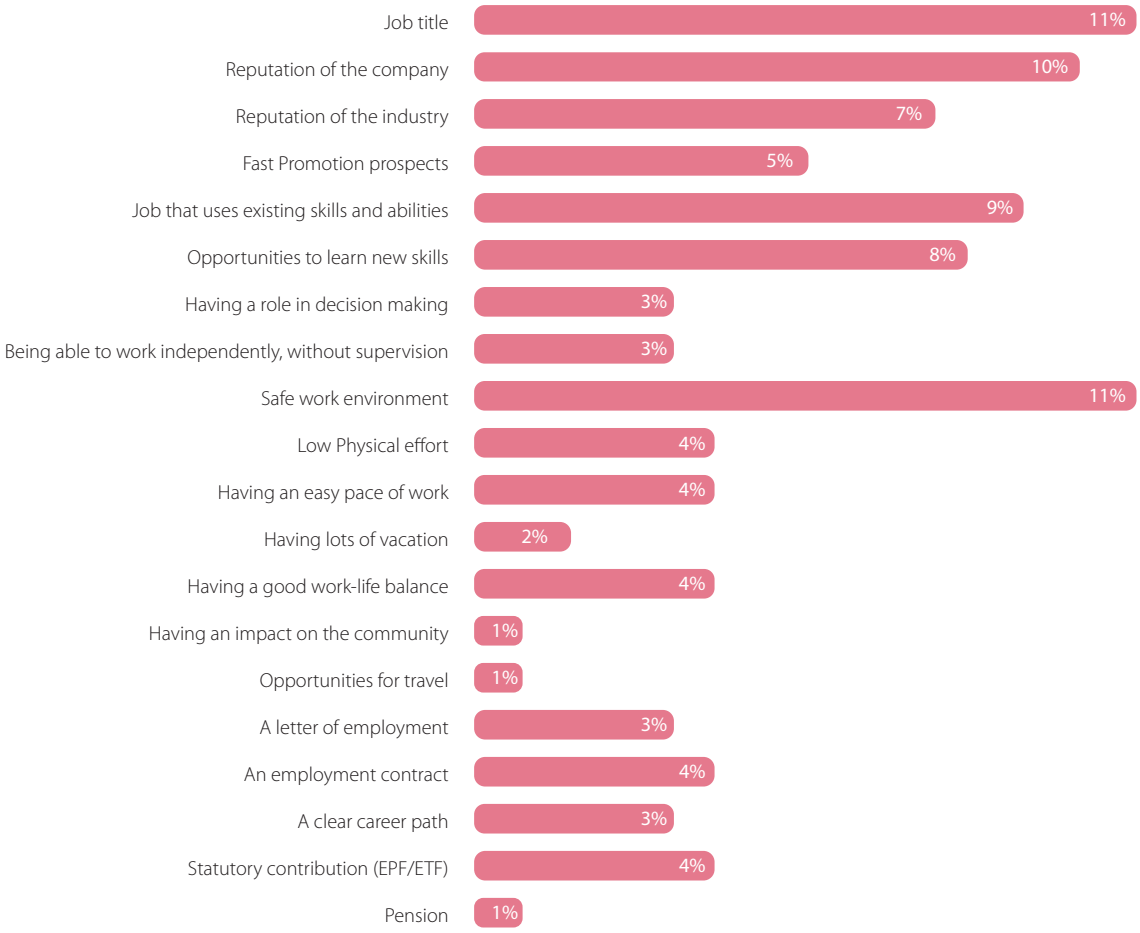
It is evident that employers are unaware of some of the criteria that is important for youth such provision of a letter of employment, pensions and having a good work life balance. Designing jobs that incorporate these criteria will increase their attractiveness to unemployed youth.

Exhibit 12 **Most important and least important criteria in looking for a job according to youth**



Source: YouLead Youth Survey 2018

Exhibit 13 **Employer's opinion on the most important criteria youth are looking for in a job**

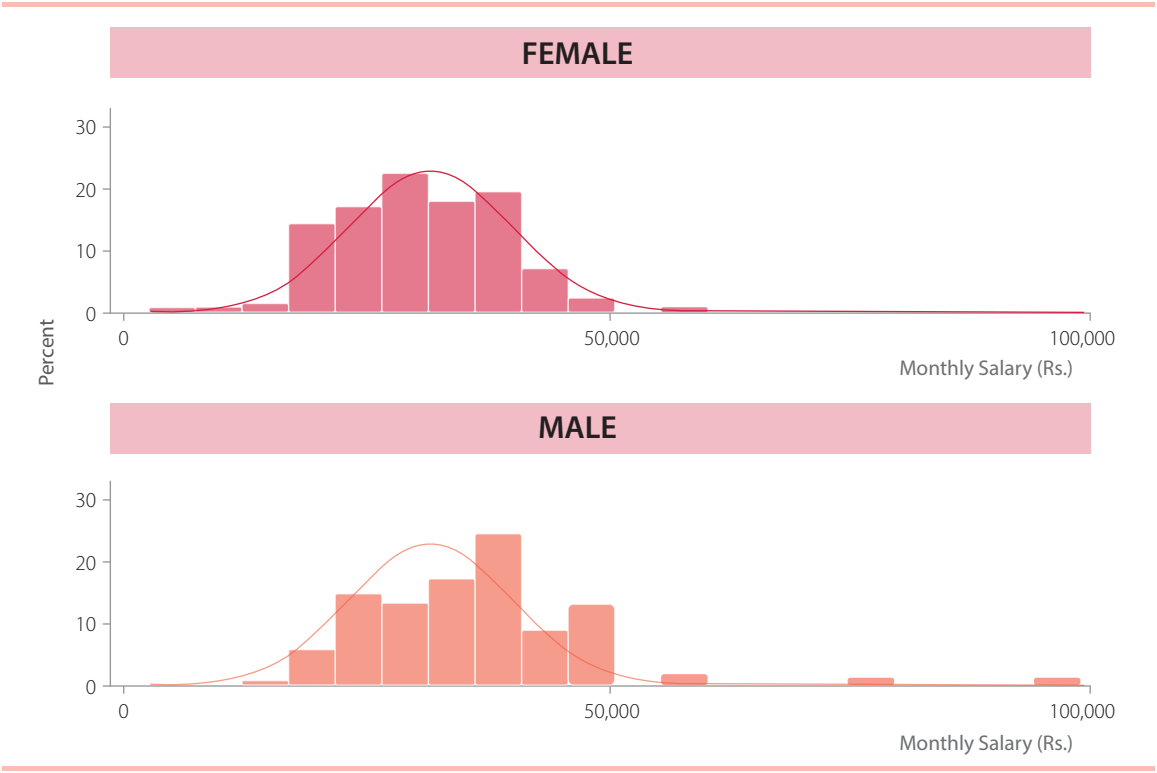


Source: YouLead Employer Survey 2018

The expected minimum wage or reservation wage of unemployed youth is presented in Exhibit 14. On average, the monthly reservation wage for females was approximately 31,000 rupees. For males, the average monthly reservation wage was approximately 40,000 rupees.

The most important criteria for youth appear to be jobs that use existing skills and provide safe work environments, a letter of employment, pensions, opportunities to learn new skills and a good work life balance.

Exhibit 14 **Minimum wage expected by unemployed youth by gender**



Source: YouLead Youth Survey 2018

The minimum wage expectation of unemployed youth examined by province and education level are presented in Table 9 and Table 10 respectively.

Table 9 **Minimum wage expectations of unemployed youth by province and gender**

Province	Minimum wage, male (Rs.)	Minimum wage, female (Rs.)
Central Province	40,671	33,076
Western Province	45,401	32,536
Eastern Province	39,963	34,479
North Central Province	37,649	32,351
Northern Province	38,828	30,912
North Western Province	41,743	27,011
Sabaragamuwa Province	29,570	31,121
Southern Province	36,827	30,326
Uva Province	32,391	29,766

Source: YouLead Employer Survey 2018

Table 10 **Minimum wage expectations of unemployed youth by highest level of education**

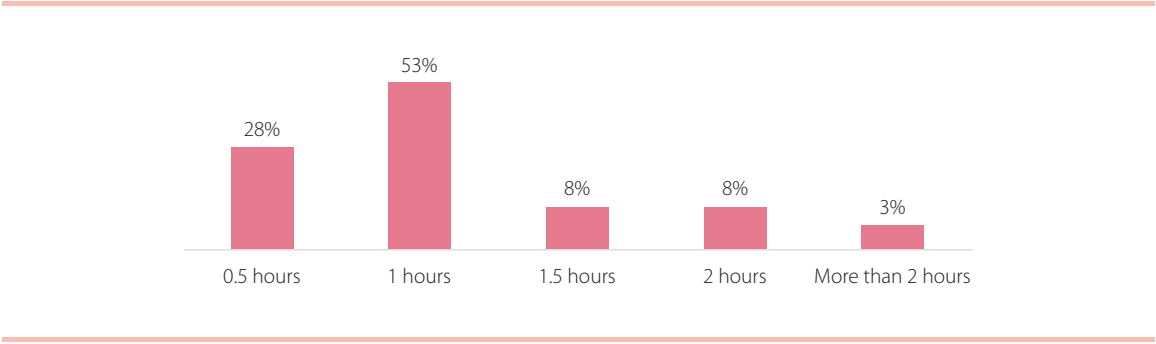
Education level	Minimum wage (Rs.)
Less than grade 9	32,057
O/L qualified	31,541
A/L qualified	36,698
Vocational education	35,782
Graduate level	41,950
Postgraduate level	35,394
Professional Qualification	39,596

Source: YouLead Employer Survey 2018

Graduates expect higher salaries than youth with postgraduate and even professional qualifications. This could be an explanation for the higher unemployment rates experienced by graduates compared to youth who have completed other educational qualifications.

The travel time preferences of unemployed youth were also surveyed, and Exhibit 15 highlights these results. Over 50 percent of the youth did not want to spend more than one hour commuting to work, while only 8% of youth were willing to travel two hours commuting to and from work, and only 3% were willing to travel for more than two hours. On average, there was no significant difference in the gender preferences, which reflected the overall time preferences reported by youth.

Exhibit 15 **Maximum number of hours a day youth would like to spend commuting to and from work**



Source: YouLead Employer Survey 2018

YOUTH PREFERENCES TO WORK IN THE PUBLIC-SECTOR VS PRIVATE SECTOR

Youth show a strong preference towards jobs in the public sector. Table 11 presents the willingness of unemployed youth to relocate for a job in the public and private sector. The questionnaire presented 5 scenarios and asked youth to rate their willingness to move from current residence on a scale of 1 to 5 (1 = Very likely, 2 = Somewhat likely, 3 = Somewhat unlikely, 4 = Very unlikely, 5 = Not willing to move).

While youth prefer to work close to home, regardless of whether it is a major town or a rural area, they are also less willing to take up jobs in the private sector than the public sector.

Table 11 **Unemployed youth willingness to relocate to jobs in the public vs private sector**

Move to…	1= Very Likely				2= Somewhat likely			
	Male		Female		Male		Female	
	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector
To an adjacent major town	56%	40%	45%	29%	23%	35%	26%	29%
To a distant major town of city	35%	23%	27%	17%	31%	36%	28%	30%
To an adjacent rural area	53%	40%	49%	28%	28%	28%	23%	28%
To a distant rural area	29%	20%	23%	11%	33%	33%	30%	27%
To another country	22%	23%	10%	7%	18%	18%	11%	8%

Move to…	5= Not willing to move				4= Very Unlikely			
	Male		Female		Male		Female	
	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector
To an adjacent major town	10%	9%	11%	17%	5%	5%	10%	15%
To a distant major town of city	12%	14%	16%	22%	12%	11%	11%	15%
To an adjacent rural area	8%	10%	11%	16%	4%	9%	10%	18%
To a distant rural area	11%	12%	16%	22%	12%	13%	15%	21%
To another country	35%	33%	44%	42%	15%	13%	25%	31%

Source: YouLead Youth Survey 2018

While youth show a strong preference for working close to home, Table 12 highlights that the provision of good transport – either public or employer-provided – is the strongest motivator for youth to take up jobs that are not located in their current village or town. Further, youth prefer employer provided on-site accommodation in comparison to subsidized accommodation. However, females show less preference than their male counterparts for both of these options.

Table 12 **Factors that will motivate unemployed youth to take up a job that is not located in their current village/ town city**

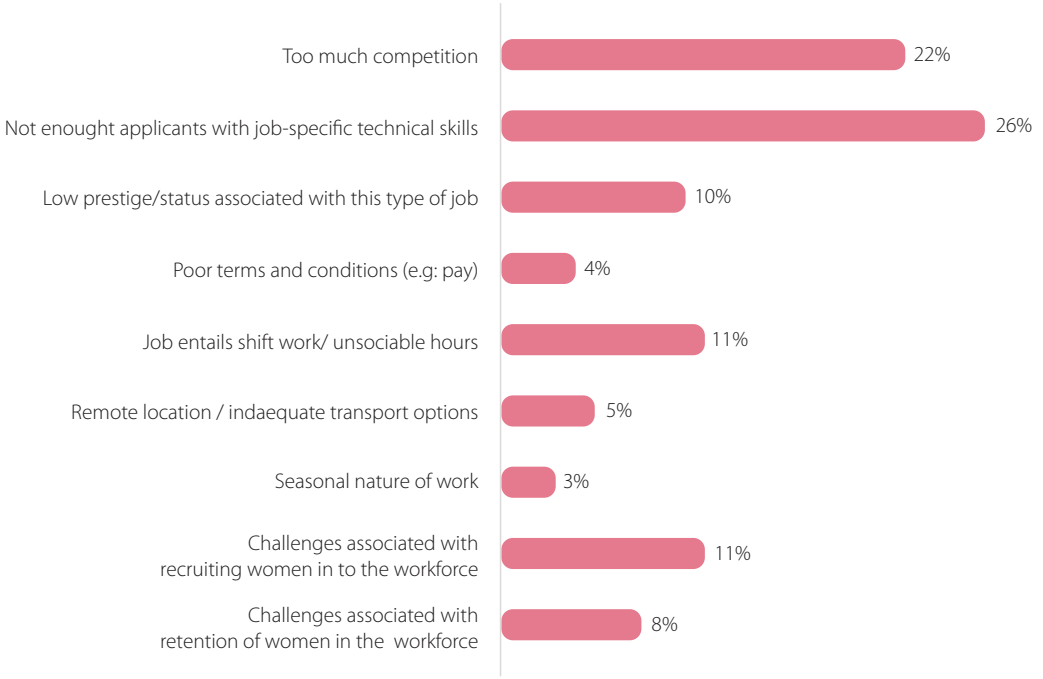
Move to..	Good public transport		Employer - provided transport		Subsidized accommodation for youth		Employer provided on-site accommodation		None of these	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
To an adjacent major town	38%	41%	28%	27%	8%	6%	13%	7%	13%	19%
To a distant major town of city	12%	21%	29%	33%	18%	10%	26%	9%	16%	27%
To an adjacent rural area	31%	31%	26%	28%	12%	8%	17%	11%	14%	22%
To a distant rural area	11%	17%	22%	20%	15%	9%	32%	17%	20%	37%

Note: *Percentage of youth who selected the option as a factor that will help them.*
Source: YouLead Youth Survey 2018

THE EMPLOYER'S PERSPECTIVE

The difficulties faced by employers in the recruitment of employees are presented in Exhibit 16. Of the total number of respondents, 26% stated that the lack of applicants with job specific technical skills was the biggest obstacle faced in recruitment.

Exhibit 16 **Difficulties reported by employers in recruitment of employees**



Source: YouLead Employer Survey 2018

This finding was further analysed with attention to the priority sectors to obtain a better understanding of the specific difficulties faced by these sectors. The results are presented in Table 13. The highlighted cells show the top three difficulties faced by employers in the recruitment process.

The lack of applicants with job specific technical skills and the high level of competition from other employers are the most common challenges faced by employers in all four priority sectors. Additionally, the health care, ICT and tourism industries face challenges in recruiting women. The tourism industry also faced challenges in retaining women in the workforce.

Table 13 **Difficulties faced by employers in YouLead priority sectors in recruitment of employees**

Challenge	Construction	Health Care	ICT	Tourism
Too much competition	27%	19%	21%	24%
Not enough applicants with job-specific technical skills	16%	22%	31%	18%
Low prestige/status associated with this type of job	13%	9%	0%	9%
Poor terms and conditions (e.g: pay)	2%	3%	3%	3%
Job entails shift work/ unsociable hours	18%	9%	7%	6%
Remote location / inadequate transport options	7%	3%	3%	9%
Seasonal nature of work	4%	9%	3%	0%
Challenges associated with recruiting women into the workforce	9%	16%	21%	15%
Challenges associated with retention of women in the workforce	4%	9%	10%	15%

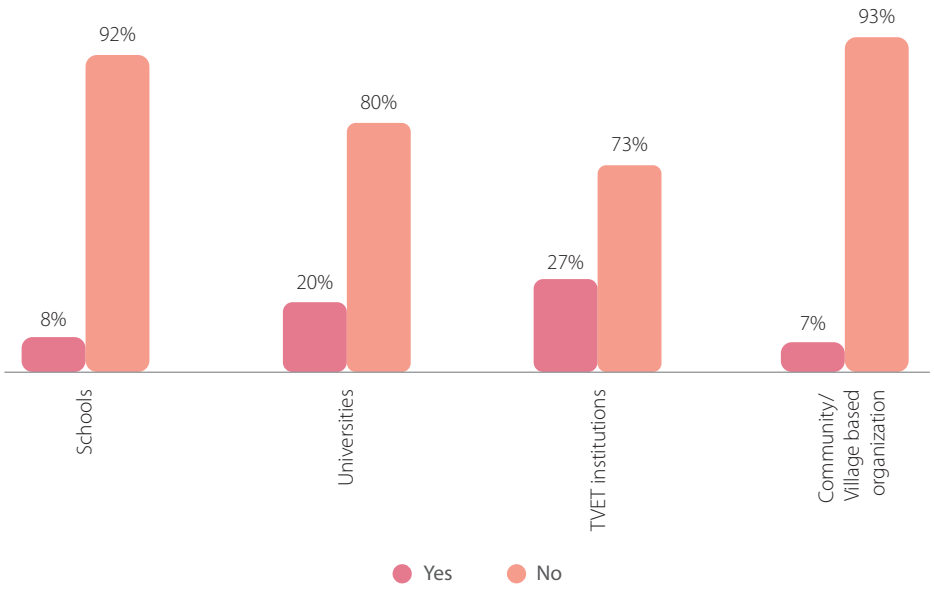
Source: YouLead Employer Survey 2018

One of the methods of addressing the lack of applicants with job specific technical skills would be to directly tap into the higher education institutes. However, as shown in Exhibit 17, 73% employers do not have recruitment links with educational institutes and is a cause for concern.

It is vital that a close relationship is maintained between the TVET institutes and the industry: this is beneficial to employers as it provides access to skilled labour and is beneficial to the TVET institutes as it enables them to design and deliver education that is demanded by the industry.

Building awareness of the available job opportunities and the kind of skills that employers require at a young age can allow youth to make the right decisions that would help to increase their employability.

Exhibit 17 **Employer recruitment links with education institutes**



Source: YouLead Employer Survey 2018

KEY FINDINGS

- There exists a gap between employers expected level of skills and the skill level of the critically unemployed youth as well as the employed youth, especially in terms of soft skills. In addition, employers identified the lack of applicants with job specific technical skills to be one of the main difficulties faced in recruitment. This is indicative that the skill level of youth is not on par with employer's expectations. However, employed youth have significantly higher levels of skills than the critically unemployed youth, with the better skilled youth finding it easier to access employment.

- The biggest skill gap existed in critically unemployed youths' self-assessed English language skills.

- 80% of the total number of unemployed youth felt that additional training will increase their chances in finding employment. Of this 80%, 33% selected vocational training as the preferred skill acquisition mode. However, only 13% of the survey respondents had completed any form of vocational training, suggesting that this was not a popular further education option among youth. While there is a positive association between vocational training and employment, overall, youth do not seem to act on this indicating that there may exist an informational or attractiveness barrier.

- On average, the current unemployed youth have been searching for employment for 21 months. In addition, unemployment rate even at the highest age bracket 30-35 years remains at 15%. This suggests that unemployed youth are unable to access the right information that is needed to secure suitable jobs.

- On average employed youth possessed 10 months of work experience prior to commencing their current job. In contrast unemployed youth on average only have 1 month of prior work experience. Indicating that previous work experience is valued by recruiters. Lengthy periods of unemployed are associated with skill depreciation and are not favoured by recruiters.

- Youth have a strong preference for jobs that use their existing skills (match their skill level), offer a good work-life balance, provide a safe

working environment and on average provide a monthly remuneration of rupees 30,000 to 40,000 a month.

- The provision of an employment letter and an employment contract are important to youth and are indicators of the stability that youth desire. Most youth stated that they would like to undertake further skills training programmes. These provide interesting insights to employers especially the private sector who can incorporate these features to increase their attractiveness among youth.

- As expected, youth show a strong preference towards public sector jobs as opposed to private sector jobs. The high level of job security, pension provisions, are primary motivating factors for their preference towards these jobs.

- Most youth show a preference for working close to home. The survey revealed that provision of good transport facilities is the most likely factor to motivate youth to take up jobs in the private sector. The provision of flexible working hours and the ability to work from home are potential areas that employers can look into to attract youth and promote a better work life balance.

RECOMMENDATIONS FOR REDUCING YOUTH UNEMPLOYMENT

1. Enable a smooth transition from school to work.

This can be achieved by providing counselling and careers advice to youth while they are still at school – ideally, from the O/L grades onwards, as a significant number of youth in Sri Lanka do not remain in school to complete their A/L. Building awareness of the available job opportunities and the kinds of skills that employers require at a young age can allow youth to make the right decisions that would help to increase their employability. This will allow youth to select suitable educational streams and programmes as well as engage in activities that increase the soft skills that are desirable to employers. Additionally, a more streamlined information flow regarding the types of job opportunities that are available to youth will help them form realistic aspirations while achieving their life goals.

2. Increase the attractiveness of vocational training programmes.

There is a need for better information about the availability of vocational training programmes and their potential to lead to employment, both among youth and their parents, teachers, and guardians. In addition, vocational training institutes could offer reskilling programmes to attract older unemployed youth. Such institutes can also develop short courses to attract youth who are searching for employment to acquire additional skill, whilst they engage in the job searching process.

Vocational training institutes should also actively build links and maintain close ties with the industry to ensure that they deliver job-relevant programmes as well as provide access to employment opportunities to their graduates.

4. Focus on soft skill development and English language programmes.

All higher education programmes should place a strong emphasis on developing soft skills and English language. This can be done by making it compulsory for youth to complete such courses alongside their main curriculum.

5. Provide financial aid, career counselling and job placement or matching services for youth from low income households.

Accessing employment opportunities is more challenging for youth from low-income families than it is for youth from middle and upper-income households. This may be because youth from low income families may find it more difficult to finance their education, which hinders their ability to acquire marketable skills. Therefore, the provision of some form of financial aid for youth from low-income households to attend vocational training programmes is one initiative that can be implemented to address this challenge.[21]

These youth may also have fewer connections and networks to rely on in finding productive employment. Establishing job placement agencies that provide career guidance for these youth could be one method of addressing this problem. These agencies could also assist youth in matching with available internship and apprenticeship programmes, which enable youth to gain work experience.

[21] Welamedage, L., (2017) "Access to finance for private technical vocational education and training providers and students in Sri Lanka", World University Services of Canada.

6. Break the informational barriers to help unemployed youth access employment.

The lack of adequate information is a recurring problem that arises throughout this chapter and we see this as a dominant factor preventing unemployed youth from entering into the labour force. This is exacerbated in the context of Sri Lanka, due to the high dependence of social connections and networks in finding employment. Therefore, enabling access to accurate and timely information from school days can help youth make better decisions regarding their future. As stated before, provision of career guidance at school level and throughout their higher education will help youth make efficient choices. Even with regard to vocational training, youth should have easy access to updated information regarding availability courses and prospective job opportunities. The industry and higher education institutes should work more closely with each other. This will allow a constant feedback loop and help higher education institutes produce youth with job relevant skills. Accurate information will also help youth have more realistic job aspirations.

UNDERSTANDING AND ADDRESSING THE CHALLENGES FACED BY CONSTRAINED YOUTH

- Rehana Thowfeek

This report examines youth who are constrained from participating in the labour force as a distinct category from youth who are unemployed, as considering both constrained and unemployed youth together will not allow us to direct due attention to the challenges faced by youth who may be willing but are unable to participate in the labour force.

Context and Overview

Individuals who are currently not in work or in search of employment are categorised as "economically inactive" persons in labour market counting exercises. This category includes a number of persons who are active in the domestic sphere but are excluded from economic valuation primarily due to difficulties in valuing the work that is carried out in the household where there is no monetary transaction taking place. Studies[22] that have attempted to value contributions made in the domestic sphere estimate that the total unpaid work that takes place in homes could be equivalent to 40-60% of a country's GDP.[23] Regardless of the macroeconomic gains, earning an income, especially by women, has been shown to have a compound positive effect on the household and community.

Studies that have attempted to value contributions made in the domestic sphere estimate that the total unpaid work that takes place in homes could be equivalent to 40-60% of a country's GDP.

In the Market Assessment we refer to these individuals as "constrained" individuals rather than "economically inactive", because we believe that their ability and willingness to participate in the labour force is constrained by some factor. We emphasize that the term "constrained" is statistically equivalent to the term "economically inactive". While constrained individuals of any age represent an underutilisation of labour, youth who are constrained represent a far more significant loss to the economy than their adult counterparts, as their potential economic contributions are curtailed at a young age. Data from the Labour Force Survey suggests that approximately 50.3% of youth are economically inactive or constrained.[24] While much of the literature that attempts to deal with the issue of getting more people into the labour force colours it in the light of a female-specific problem, this chapter explores a variety of ways in which to increase the labour force participation of both young women and young men.

In the youngest age groups, labour force participation is constrained largely due to educational and training engagements, but this declines as individuals move away from education towards employment and other non-employment activities. While those who are currently engaged in education may very well become a part of the work force in the future, the segments that do not join the work force become youth who are "Not in Education, Employment or Training" (NEET). Apart from educational engagements, the primary constraint is the need of the household to meet the demands of both work and family: while cultural norms have

[22] "The way we measure economics is inherently sexist" published on April 2016 by the World Economic Forum and "Putting a price tag on unpaid housework" published May 2012 by Forbes.
[23] "Empowering women is smart economics", A. Revenga and S. Shetty, Finance & Development Series Vol. 49, No. 1 published by the International Monetary Fund (IMF)
[24] Analysis of Labour Force Survey 2016 microdata

placed the burden of providing for the family upon men, the burden of caring for the family falls upon women.

This report examines youth who are constrained from participating in the labour force as a distinct category from youth who are unemployed, as considering both constrained and unemployed youth together will not allow us to direct due attention to the challenges faced by youth who may be willing but are unable to (ie: constrained from) participating in the labour force.

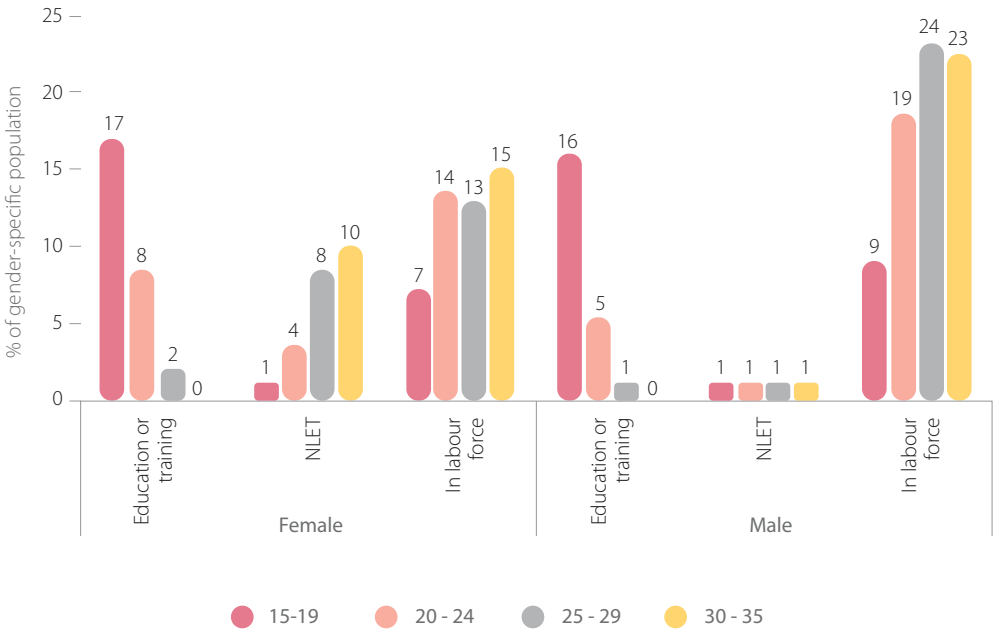
Hence, we define a new term "Not in Labour force, Education or Training" or NLET – that is, those that are currently not working or looking for work or engaged in educational or training activites but can be drawn into work or into looking for work by mitigating the factors that are constraining their participation. The primary reason for using NLET is because NEET includes unemployed individuals. The Labour Force Survey 2016 tells us that 26% of all youth are NLET.

Characteristics of the constrained youth population

In this chapter, we attempt to understand the characteristics of the constrained youth population and explore the viability of the proposed solutions to solving the impediments that constrain these youth from participating in the labour force.
Characteristics of the constrained youth population
According to the 2016 Labour Force Survey data 2.96 million youth aged 15-35 years are constrained from participating in the labour force: 48% are in educational activities while 52% are constrained due to other reasons.

Exhibit 18 shows that of the population of young women, 49% are in the labour force (sum of "in labour force" columns on "female" side), 28% are in education and training activities and 23% are not in the labour force, education or training (NLET). Of the population of young men, 74% are in the labour force, 22% are in education and training activities and 4% are neither in the labour force, education or training (NLET).

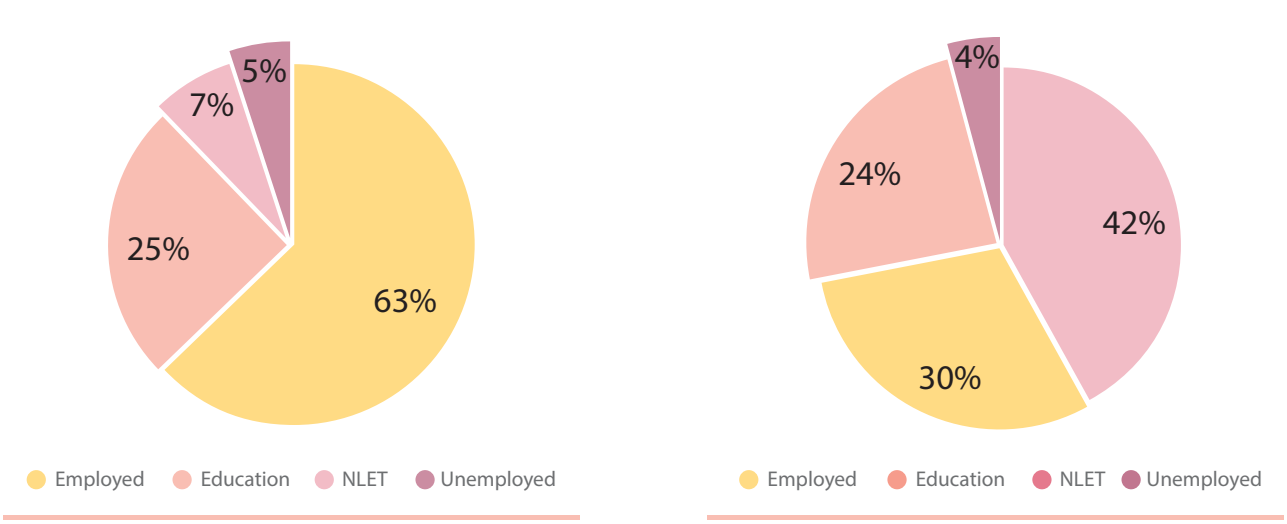
Exhibit 18 **Population of youth in education or training, NLET and in labour force, by gender**



Source: YouLead Employer Survey 2018

There is indeed a stark difference between males and females in the employment status and constrained status as seen in Exhibit 19 below.

Exhibit 19 **Employment and constrained status of youth by gender**



Note: *The values shown are a percentage of the total gender-specific population, and therefore the percentage of the population unemployed is not equivalent to the unemployment rate, which is calculated as a percentage of the labour force.*

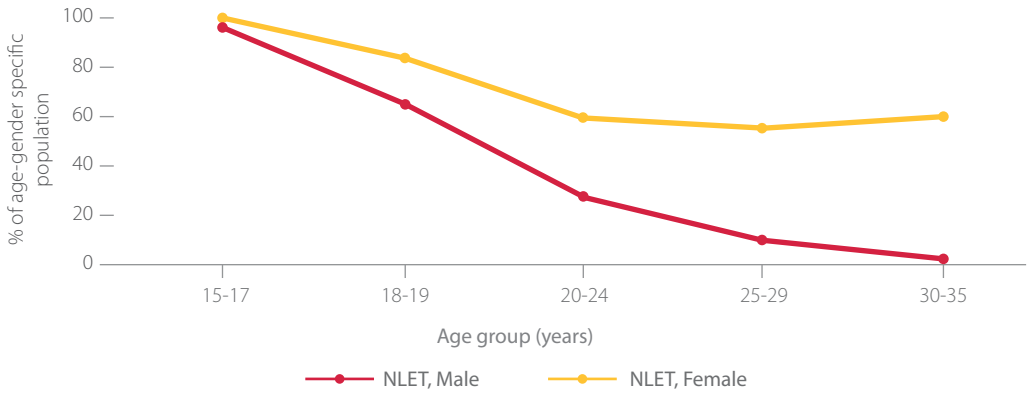
Source: Analysis of Labour Force Survey 2016 microdata

The YouLead Youth Survey 2018 allows us to investigate the characteristics of the constrained youth population. Understanding the factors enabling and disabling the labour force participation of these youth is important for driving effective solutions that are most likely to be favoured by this segment of the youth population.

In the 15-19-years age cohort, labour force participation is generally constrained due to educational and training engagements, but this declines with age as people move away from education towards employment and other non-employment activities. The constrained status of young men dips steeply once they enter their early twenties and then again in the mid-twenties (Exhibit 20). Once men reach their 30's labour force participation is very high, and the share of men constrained from participating in the labour force is very low.

The constrained status of young women shows the steepest decline after the late teens. However, after the early-twenties we see that the curve flattens out at around 55-60%, signalling that young women replace labour market participation with other activities at around this age.

Exhibit 20 **Constrained participation as a share (%) of age and gender specific population**

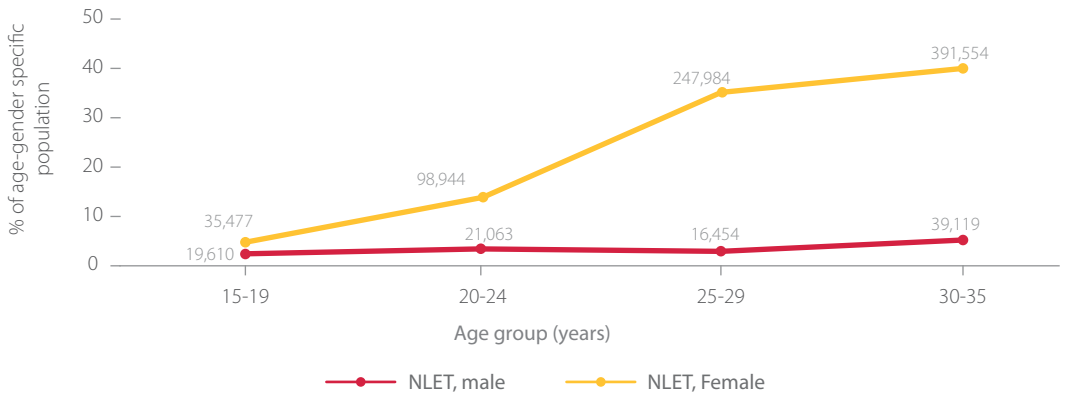


Source: Analysis of Labour Force Survey 2016 microdata

The number of very young individuals who NLET is also significant. There are about 55,000 youth aged 15-19 years who are currently NLET, and another further 120,000 youth aged 20-24 years who are NLET (Exhibit 21). In total, there are approximately 870,000 youth between the ages of 15-35 who are NLET. While the older cohorts of youth may be absorbed into the labour force, these younger individuals, about 55,000 of them could be absorbed into education and training.

Apart from educational engagements, many individuals are unable to work or search for work due to responsibilities in the domestic sphere. This largely impacts women, as cultural norms that dictate women should be care providers and home makers tend to be pervasive in Sri Lanka. To delve into the factors reducing labour force participation, the Youth Survey asked respondents the main reason for not looking for work right now.

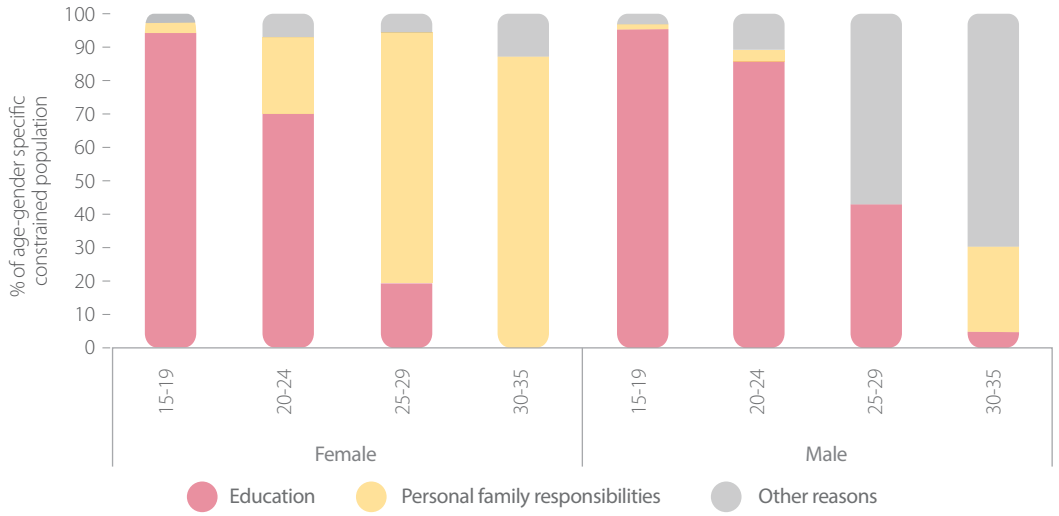
Exhibit 21 **NLET population as a share (%) of age and gender specific population**



Note: *Total numbers were scaled to match the NLET population of the Labour Force Survey 2016*

Source: YouLead Youth Survey 2018

Exhibit 22 **Reasons for not participating in the labour force as a share (%) of age and gender specific constrained population**



Note: *"Other reasons" include "own illness, injury or pregnancy", "awaiting busy season", "available work doesn't meet my expectations (salary, status, security etc.)", "qualifications/skills don't meet most employer expectations (qualifications, training, experience etc.)", "already found work to start later", "already made arrangements for self-employment to start later", "unsure where to look for work" and "other reasons not listed here".*

Source: YouLead Youth Survey 2018

Personal family responsibilities featured heavily in the responses of young women, and the results show that women actually replace labour market representation with family and care work. About 74% of constrained women in the age cohort 25-29 and 84% in the age cohort 30-35 cited "personal family responsibilities" (Exhibit 22) as the main reason they were currently not participating in the labour force. When we account for the percentage of women who are constrained we see then that 41% of all young women aged 25-29 and 48% of all young women aged 30-35 are constrained due to personal family responsibilities.

Cross tabulating these figures with labour force data shows us that 436,000 young women between the ages of 25-35 years are constrained due to family responsibilities.

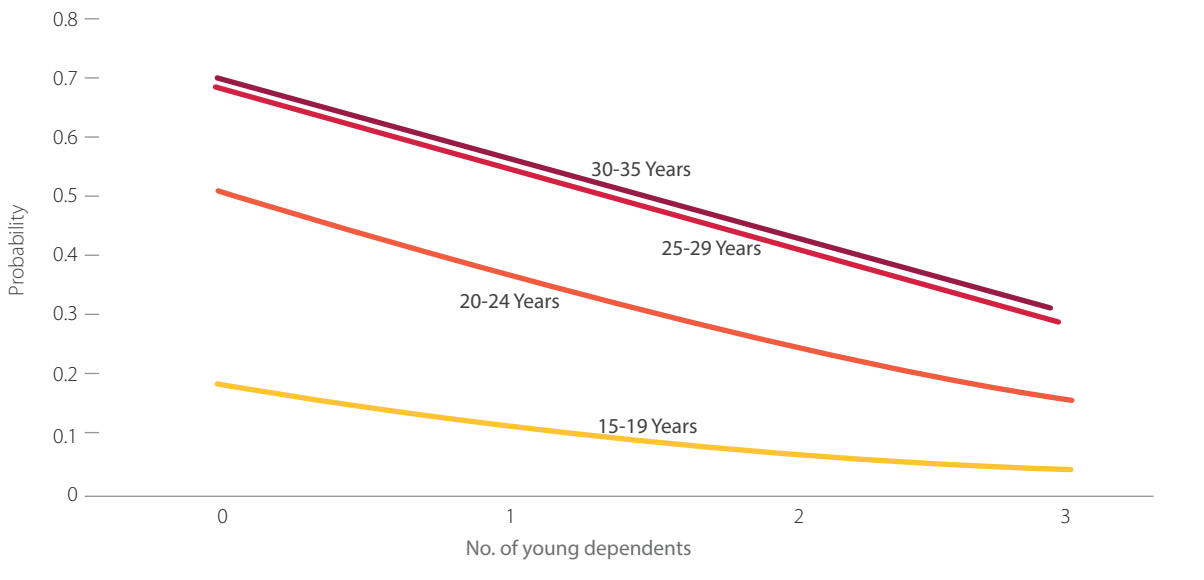
About 25% of men in the age cohort 30-35 cited personal family responsibilities as the main constraint, but we must keep in mind that that only 5% of men in this age group were constrained to begin with – therefore, this figure is equivalent to only about 270 young men.

Effects of dependants on labour force participation

The data demonstrates that most young women in Sri Lanka must choose between career and family at some juncture in their lifetime. The dependency ratio[25] was 55% in 2016,[26] meaning that for every 100 people of working age (15-64 years), there were 55 young and old dependants. When we disaggregate this figure by young and old dependants, we see that the child-dependency ratio is 39%, and the old-age dependency ratio is 16% - therefore, children form a larger proportion of dependants than older people.

We analysed the probability[27] of being economically active given the presence of young dependants in the household. Across all age groups, the probability of being economically active declines as the number of young dependants increases. In other words, those with no young dependants have the highest probability of being in the labour force (Exhibit 23).

Exhibit 23 **Probability of being economically active given the presence of young dependents by age group**



Source: YouLead Youth Survey 2018

[25] Dependency ratio = $\left(\frac{\text{Population 14 years and below + Population 65 years and above}}{\text{Population in working age,between 15 and 64}}\right)$ x 100

[26] Analysis of Labour Force Survey 2016 microdata

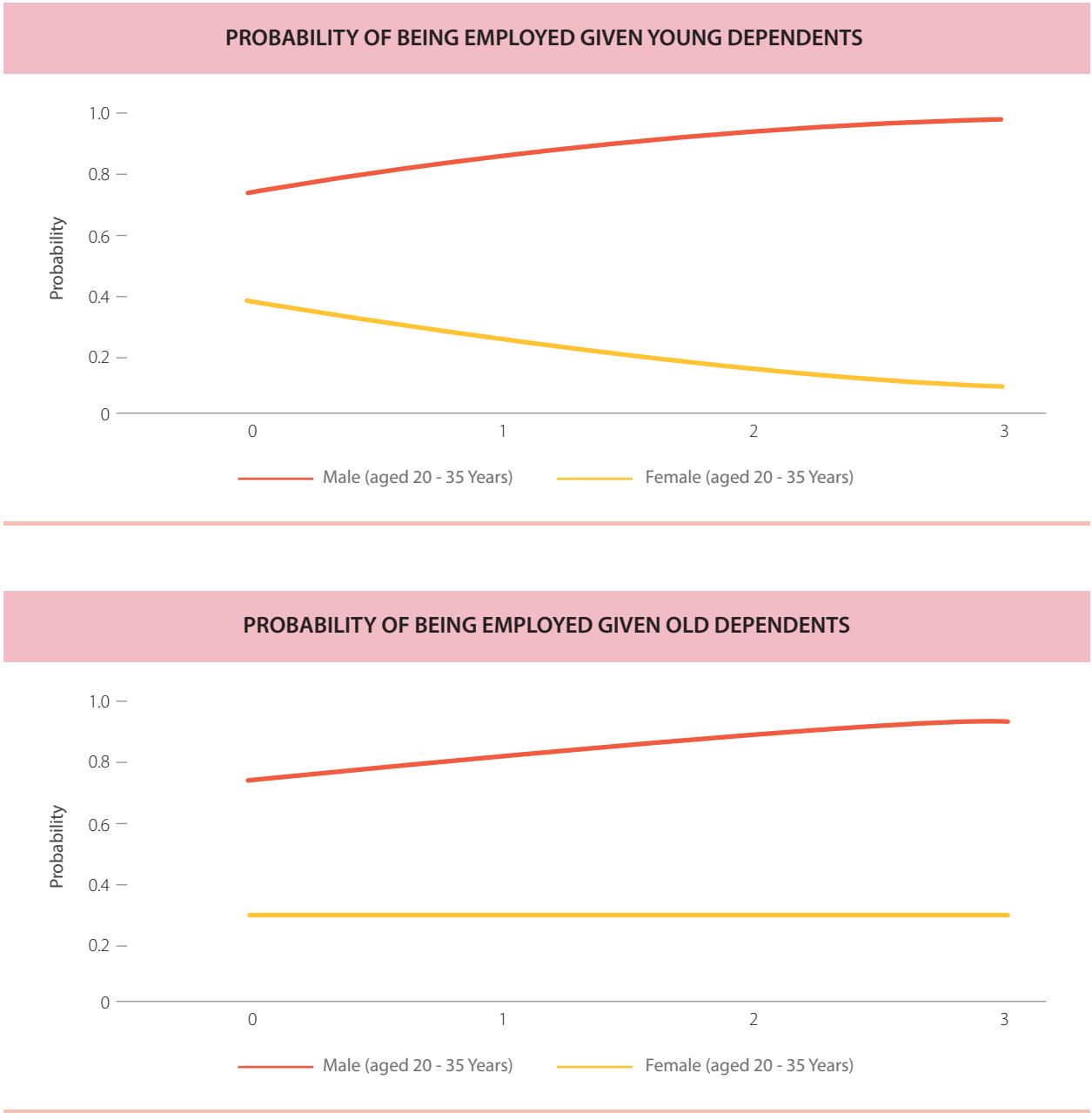
[27] In this analysis a young dependent refers to an own-child who is below 5 years of age living in the household while and old dependent refers to a person who is over 65 years of age who lives in the household.

Among females, the probability of being employed is highest when there are no young dependents, across all age groups (Exhibit 23). The probability declines as the number of young dependents increases. The first young dependent (first child) has the biggest impact on this probability; the marginal impact of the subsequent dependents is also pronounced, although not as great as the first. A woman with 3 young dependants has only a 7% probability of being employed.

In comparison, among males, the probability of being employed is lowest when there are no young dependents but increases as the number of dependents increase. Similar to women, the first dependent has the biggest impact on this probability, although in the opposite direction to women. When there are 3 young dependents, the male probability of being employed is very close to 100%.

The effect that elderly dependents have on the probability of being employed follows a similar pattern but is not as pronounced as that of young dependents (Exhibit 24).

Exhibit 24 **Probability of being employed given the presence of young and old dependents by gender and age**



Source: YouLead Youth Survey 2018

Table 14 **Percentage of individuals NLET by marital status by gender and parental status**

Marital status	Female		Male	
	Have children	No children	Have children	No children
Never married	-	4.5	-	3.8
Married	50.9	26.8	3.6	1.1

Note: *There were no NLET individuals in the separated/divorced or widowed categories and "–" means there were no observations*

Source: YouLead Youth Survey 2018

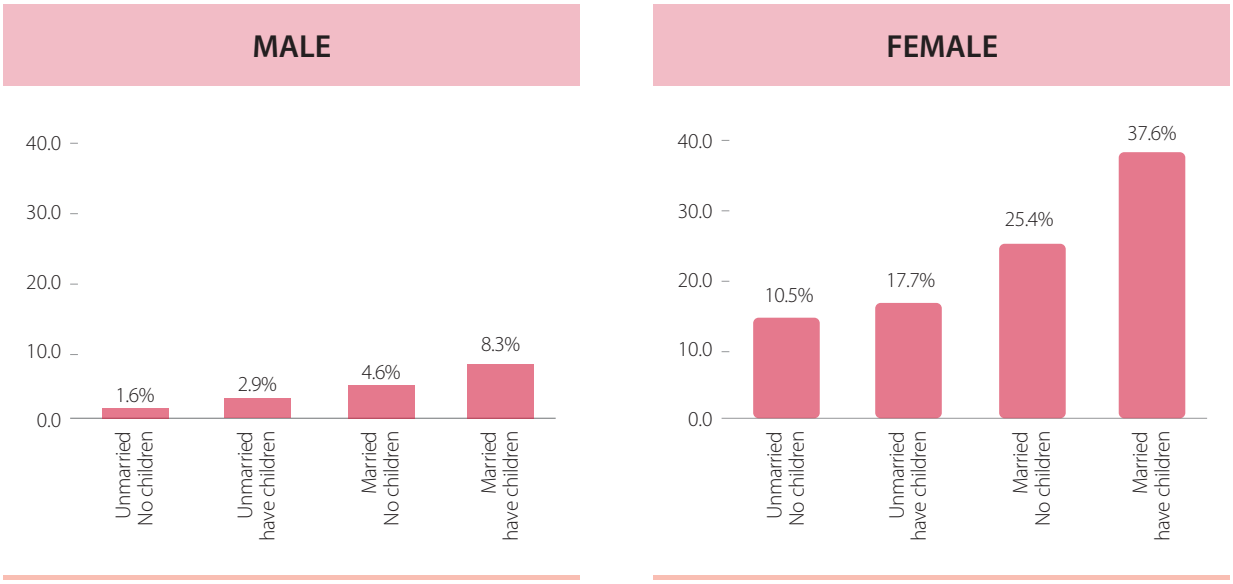
Table 14 shows the percentage of individuals NLET by marital status, gender and the number of children. We see that married females with at least one child have the greatest likelihood of being NLET. **In the short term, the married NLET women who do not have children may be absorbed into the labour force if adequate measures are taken to attract them to the available employment opportunities.**

Furthermore, we find that 50% are these young women are GCE O/L qualified and another 36% are GCE A/L qualified. According to findings from the Employer Survey, these are sufficient educational qualifications to meet the requirements of many employers.

We ran a logistic regression to predict the probability of being NLET using gender, marital status, parental status (having children or not). In this model we use age, education, household income and province as control variables. There is 99% confidence level in the results of the regression. The model shows that an unmarried male with no children has a very low probability of being NLET, at 1.6%. This probability increases slowly as the marital status and the parental status changes (Exhibit 25).

The probabilities for women start at a much higher base. An unmarried female with no children has a 10.5% chance of being NLET, which increases by 15% points when married (to 25.4%, when married without children). Once there is a child the probability increases by another 12% points - therefore, **a married woman with children has a 37% chance of being NLET, in comparison to a married man with children who only has an 8% chance of being NLET.**

Exhibit 25 **Probability of being NLET by gender, marital status and parental status**



Note: *All predicated probabilities are statistically significant at 0.1% or 1% levels.*
Source: YouLead Youth Survey 2018

Our findings are quite clear – **the presence of dependents, young or old, places the burden of care on women and causes them to move away from the labour force, while the burden of income generation is placed on men and increases their probability of being employed.** Therefore, the presence of dependents has opposite effects on labour force participation of men and women, increasing men's participation but lowering women's participation. This is not surprising, as working parents in Sri Lanka have traditionally relied on a network of grandparents and extended family to care for children while they are at work. In the absence of such familial support system and adequate formal child care services, much of the burden to care for children falls on the women, as our data shows.

Given the gender wage gap and higher unemployment rates among women, the opportunity cost of men staying away from employment is higher than that of women doing so. Therefore, from the point of view of the household, it is a rational decision to utilise female labour to carry out the work needed in the household, rather than male labour. Of course, cultural factors do also play a part here, where it is seen as suitable for a man to work and a woman to become a homemaker than the other way around. **Our analysis signals quite clearly that safe and affordable child care services are therefore critical to improving the labour force participation of youth, especially young women who have so far shouldered the burden of care within the household.**

Household, geographical and educational characteristics

There is no noteworthy variation in constrained (NLET) participation by household income level. This signals that the factors restricting labour force participation may be similar across income groups.

However, there is a significant presence of both constrained and NLET populations in the Western province – 29% of NLET women and 26% of NLET men, followed by the Southern province, 19% of NLET women and 16% of NLET men. The Sabaragamuwa province also hosts a large share of NLET men, at 27%.

The data highlights that a majority of NLET youth are also fairly well educated – 51% are GCE O/L qualified (or have passed the equivalent grades) and another 35% are GCE A/L qualified (or have passed the equivalent grades). About 3.2% were NVQ Level 1-4 certified and 1.1% had an NVQ Level 6 diploma.

Employment history of NLET population

We now look into the employment histories of the NLET population, as this can show the drain of resources from the labour market. **Our survey finds that about 21% of the currently NLET youth population has held at least one job in the past:** 29% of these individuals had held low-level non-management occupations in their previous jobs, 31% had held semi-skilled non-management occupations, 24% had held highly skilled non-management occupations, while the rest (16%) had held an occupation in either lower, middle or top level of management.

Table 15 **Distribution (%) of NLET youth by education levels and gender**

Level of education	Female (%)	Male (%)	Both (%)
No formal education	0.7	0.0	0.6
Grade 1-5	1.5	0.0	1.3
Grades 6-9	5.7	7.5	6.0
GCE O/L (grades 10-11)	51.5	47.8	51.0
GCE A/L (grades 12-13)	34.6	40.5	35.4
NVQ Level 1-4 certificate	3.3	2.8	3.2
NVQ Level 6 Higher Diploma	1.3	0.0	1.1
Degree and above	1.4	1.4	1.1
Total	100	100	100

Note: *As a share of the NLET population*
Source: YouLead Youth Survey 2018

Table 16 **Distribution (%) of occupation levels of the most recent job of NLET population who have held at least one job in the past, by gender**

Occupation level	Definition	Female (%)	Male (%)	Both (%)
Top level management	Individuals responsible for bottom-line of company	1.9	0.0	1.6
Middle level management	Individuals who have a command of procedures/systems and work provide specific objectives for lower level staff	3.3	0.0	2.8
Lower level management	Individuals who have a command of procedures/systems and work with specific objectives with little supervision. Provides targets and supervision to non-management staff. They are involved in hiring and developing non-management staff. Typically, responsible for budgets and has good people skills.	13.9	0.0	11.9
Highly skilled non-management staff	Individuals who have solid experience with procedures/systems, work in close coordination with lower-level managers. May assists with budgetary decisions	22.1	33.4	23.7
Semi-skilled non-management staff	Individuals who have some experience with procedures/systems, work under general supervision and make some decisions based on experience.	33.9	11.4	30.6
Other non-management staff	Individuals who follow standard work routines, with close supervision and have little decision-making ability, no budgetary responsibility.	25.0	55.2	29.3

Source: YouLead Youth Survey 2018

We find that most NLET individuals, other than those who have been in a top-level management position in their previous job, have at least 2 years of work experience. Those who had been in a top-level management position in their last job on average had 1.2 years of total work experience (many young people do not make it to top level positions before the age of 35). NLET individuals in non-management positions had average 2-5 years of work experience (Table 17).

We see that more mature individuals who are now NLET but held a job previously already have some work experience under their belt. It is largely women that leave the workforce completely, usually in their mid-twenties, to undertake family responsibility and this is a significant loss as they have garnered about 2-3 years of experience during their time at work. Therefore, the labour market is losing relatively experienced youth to the household. The costs that were incurred training these youth, as well as the replacement costs to firms, are bound to be high and it would be a worthy attempt to quantify this loss.

Table 17 **Mean total work experience (years) of NLET population who have held at least one job in the past, by occupation level of most recent job and gender**

Occupation level	Female (years)	Male (years)	Both (years)
Top level management	1.2	-	1.2
Middle level management	5.9	-	5.9
Lower level management	6.5	-	6.5
Highly skilled non-management staff	3.8	5.0	4.1
Semi-skilled non-management staff	2.2	3.9	2.3
Other non-management staff	2.8	7.2	4.0

Note: *"-" means no observations in that group*
Source: YouLead Youth Survey 2018

Table 18 **Mean total work experience (years) of NLET population who have held at least 1 job in the past, by occupational level of most recent job and age group**

Occupation level	15-19 (years)	20-24 (years)	25-29 (years)	30-35 (years)
Top level management	1.2	-	-	-
Middle level management	-	-	5.2	7.0
Lower level management	-	-	5.8	6.6
Highly skilled non-management staff	-	4.0	3.8	4.3
Semi-skilled non-management staff	1.2	1.2	2.2	2.6
Other non-management staff	0.0	3.5	2.8	4.9

Note: *"-" means no observations in that group*
Source: YouLead Youth Survey 2018

The problem for the private sector

Our Youth Survey finds that a large proportion of the NLET ever-been-employed population held their previous job in the private sector: 81% of NLET ever-been-employed women and 73% of NLET ever-been-employed men.

For women, job security during maternity is invariably an important factor. The formal private sector is bound to provide maternity leave and pay to its female employees as stipulated by the law. However, the benefit is less than that of the public sector, as shown in Table 19. In addition, the private sector is only bound to provide these benefits in full to the first and second child and the statutory benefits provided to any subsequent children are less.

Therefore, job security in the public sector is much higher than in the private sector – women who take very long periods of maternity leave are unlikely to be asked to leave from a government job.

Given the varying levels of job security in the two sectors it is not surprising that many currently NLET population who had previously being employed had left private sector jobs, and not jobs in the public sector or any other sector – self-employment, family businesses and the informal sectors provide flexible working options for young parents, meaning that female youth do not have to leave the workforce completely if they have been working in these sectors. **Therefore, the private sector, which is the most rigid in terms of flexible working options, suffers the most due to this drain of resources from the labour market.**

Table 19 **Rights to maternity leave under current statutory arrangements**

Legislation/ Regulation	Coverage	Provisions
Shop and Office Employees' Remuneration Act	All females employed in or related to the business of a shop or office.	84 working days (which could be taken as maximum 14 days prenatal and 70 days postnatal) for the first two children and thereafter from the third child it is reduced to 42 days
Maternity Benefits Ordinance	All females employed on a wage in any trade, industry, business undertaking, occupation, profession, or calling except, a) females covered by the Shop and Office Employees' Act or b) whose employment is of casual nature, c) home workers and d) domestic workers in private households.	84 calendar days (which could be taken as maximum 14 days prenatal and 70 days postnatal) for the first two children and thereafter from the third child it is reduced to 42 days.
Establishment Code	All females employed in the public sector or in Statutory Boards or covered by provisions of the Establishment Code (Chapter XII) or Administrative Circular (No. 4/22005, February 2005).	84 working days (which could be taken as 14 days prenatal and 70 days postnatal) and 84 calendar days half pay and another 84 calendar days no pay leave. This benefit is available for all births.

Source: "Study on the Establishment of Maternity Protection Insurance in Sri Lanka" by A.T.P.L Abeykoon et al. 2013, Institute for Health Policy.

In our interviews with employers, we were told by many employers that they often lost trained employees as young people moved frequently between jobs. The Employer Survey finds that attrition rates are highest among non-management staff. This is an important finding for the tourism and construction industries as it **presents a strong case for employers in the private sector to improve their retention programmes and to support employees to continue to work and attend to their family duties.** By dissociating themselves from the work-life balance required by their employees, employers are unlikely to solve their labour shortage issues.

Later on in this chapter we discuss employer reception towards implementing measures to improve retention.

CAN THIS CONSTRAINED POPULATION BE ABSORBED INTO THE LABOUR MARKET?

The Youth Survey finds that about 55% of the constrained youth population are interested in working or looking for work if certain conditions were different, and another 11% were unsure if they were interested.

Of the NLET youth population, 29% were interested in working or looking for work if conditions were different: this is equivalent to about 243,000 youth (29% of the 870,000 NLET youth identified in the Labour Force Survey). Another 12% were unsure of their interest in working if certain conditions were different – these individuals could also become part of the potential workforce if they can be convinced. This is equivalent to another 104,000 youth who could potentially be absorbed into the labour force.

Of the interested NLET youth, 85% are women and of the unsure NLET youth 77% are women – these figures are not particularly surprising as many women who are NLET are held back by factors such as obligatory household care work, rather than the inability to work.

As many youths who are currently in education display very high levels of interest in working, we identify **the opportunity for introducing working-while-studying opportunities, apprenticeships and on-the-job training.**

Table 20 **Share (%) of in-education and NLET population interested in working/looking for work if certain conditions were different, by gender**

Level of interest	In education			NLET		
	Female (%)	Male (%)	Both (%)	Female (%)	Male (%)	Both (%)
Interested in working	72.2	64.9	68.9	28.0	31.3	28.5
Unsure if interested in working	8.2	14.2	10.9	10.6	20.1	11.9
Not interested in working	19.6	20.9	20.2	61.4	48.6	59.6

Source: YouLead Youth Survey 2018

NLET young men and women who have never married (single) were more likely to be interested in working than their married counterparts (Table 20 and Table 21). As previously discussed, in the short term, NLET young women, particularly those who are single or married with no children may be absorbed into the labour force if adequate measures are taken to attract them to the available employment opportunities.

As noted in previous research,[28] there are important differences in the factors that constrain labour force participation of married and single women and female heads of households, which are likely to be driven by the different roles that these women must undertake: as primary caretaker, income earner, or both. While a single solution will not improve the labour force participation of all these different categories of women, solutions will need to be tailor made to address the unique challenges that these different groups face.

[28] "To work or not to work? Factors holding women back from market work in Sri Lanka", R. Gunatilaka, 2013, ILO Asia-Pacific Working Paper Series.

Table 21 **Share (%) of NLET population interested in working/looking for work if certain conditions were different, by gender and marital status**

Gender	Level of interest	Never married (%)	Married (%)
Female	Interested in working	33.5	27.4
	Unsure if interested in working	6.7	11.1
	Not interested in working	59.8	61.6
Male	Interested in working	37.3	12.3
	Unsure if interested in working	14.2	38.9
	Not interested in working	48.5	48.9

Source: YouLead Youth Survey 2018

A "taste" of employment

We further find that the level of interest in working or looking for work is higher among NLET individuals who had worked previously (Table 22). In fact, 21% of employers said that women who had taken time off work to raise a family had applied for jobs at their companies. **This signals that return-to-work programmes may register success in attracting individuals back into the labour force and should therefore be considered by the private sector.** There is also further potential for return-to-work programmes and late-comers programmes.

In addition, the data suggests that a taste of employment has a positive impact on an individual's interest in working. In a broad sense this signals that exposing the younger categories of youth (aged 15-19) to the world of work may be a productive approach to improving labour force participation in the longer term.

Table 22 **Share (%) of NLET population interested in working/looking for work if certain conditions were different, by previous work experience**

Level of interest	Never worked (%)	Have held at least 1 job (%)
Interested in working	25.1	40.9
Unsure if interested in working	11.0	15.3
Not interested in working	63.9	43.8

Source: YouLead Youth Survey 2018

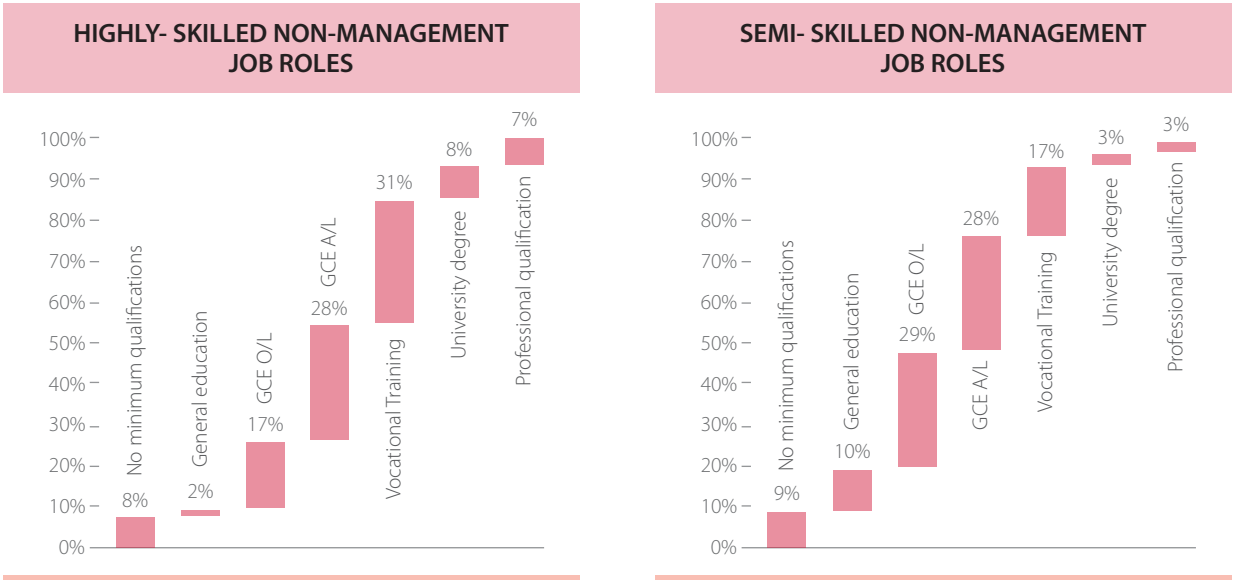
DO THESE POTENTIAL WORKERS HAVE WHAT IT TAKES?

Educational and work experience requirements

While there may be significant demand to return to work, these entrants may not have the required work experience to re-join the workforce. Therefore, we asked employers what their working experience requirements were for employees of different occupation levels. While 72% of employers said they required no experience for "other non-management staff", 44% said they required no experience for "semi-skilled non-management staff" and 20% said they required no experience for "highly skilled non-management staff".

In addition, the minimum education requirements of employers also do not exceed those that are supplied by the potential workforce. The exhibit below shows the responses from employers about the educational qualification requirements they expect from entrants for highly-skilled and semi-skilled non-management job roles.

Exhibit 26 **Minimum educational qualification expected from entrants to highly- skilled non-management and semi-skilled non-management job roles**



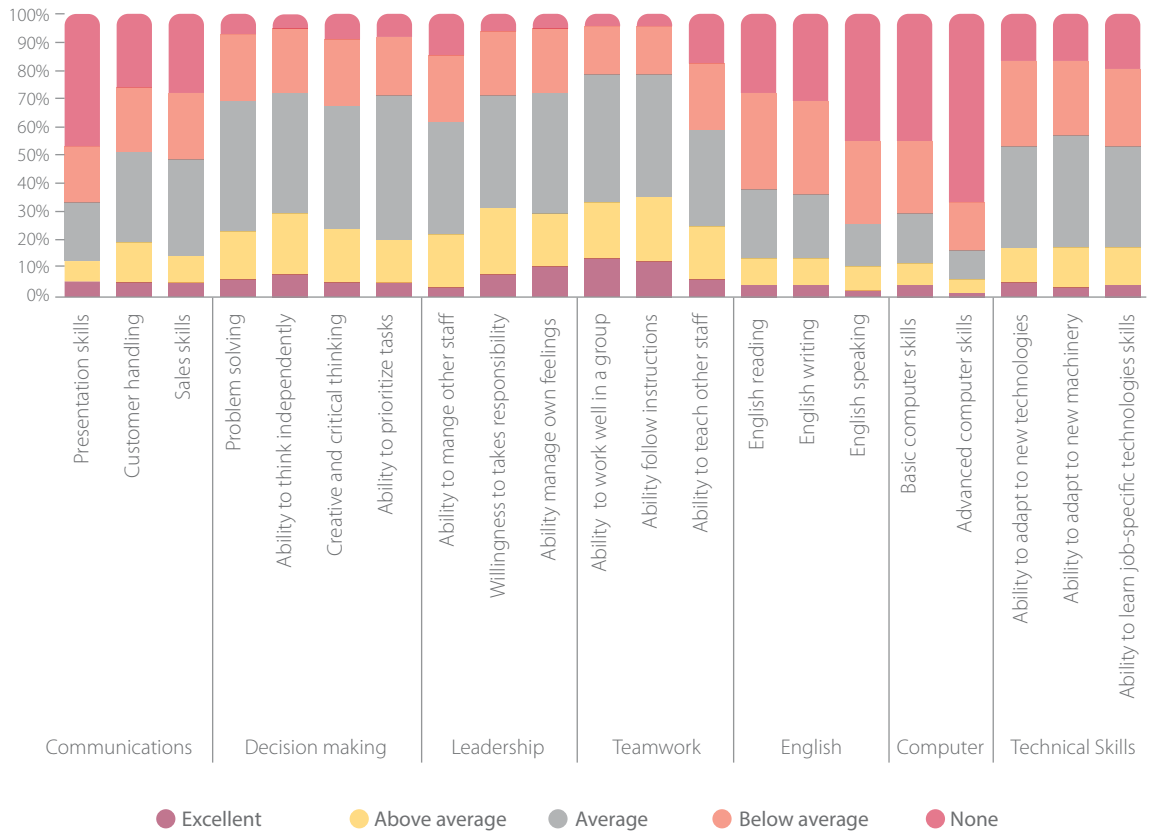
Source: YouLead Youth Survey 2018

Given what we know about the working experiences and education levels of currently NLET individuals from the previous section of the chapter, we can conclude that **the potential labour force (that is, constrained individuals interested in working) is sufficiently able to meet the work experience and educational requirements of employers to join as non-management staff.** These are the types of job opportunities that are largely available in the YouLead priority sectors of tourism, construction, ICT and healthcare.

Skills required to do the job

Based on a self-assessment of skill levels by youth, we find that, for the most part, NLET individuals report low ability in almost all assessed skills. The lowest skill levels were reported in computer and English-speaking skills. We compare this to an employer assessment of skills to locate the skills gap.

Exhibit 27 **Self-assessed skill levels of NLET individuals**



Note: *The following 5-point scale was used to record responses in the self-assessment of skills*

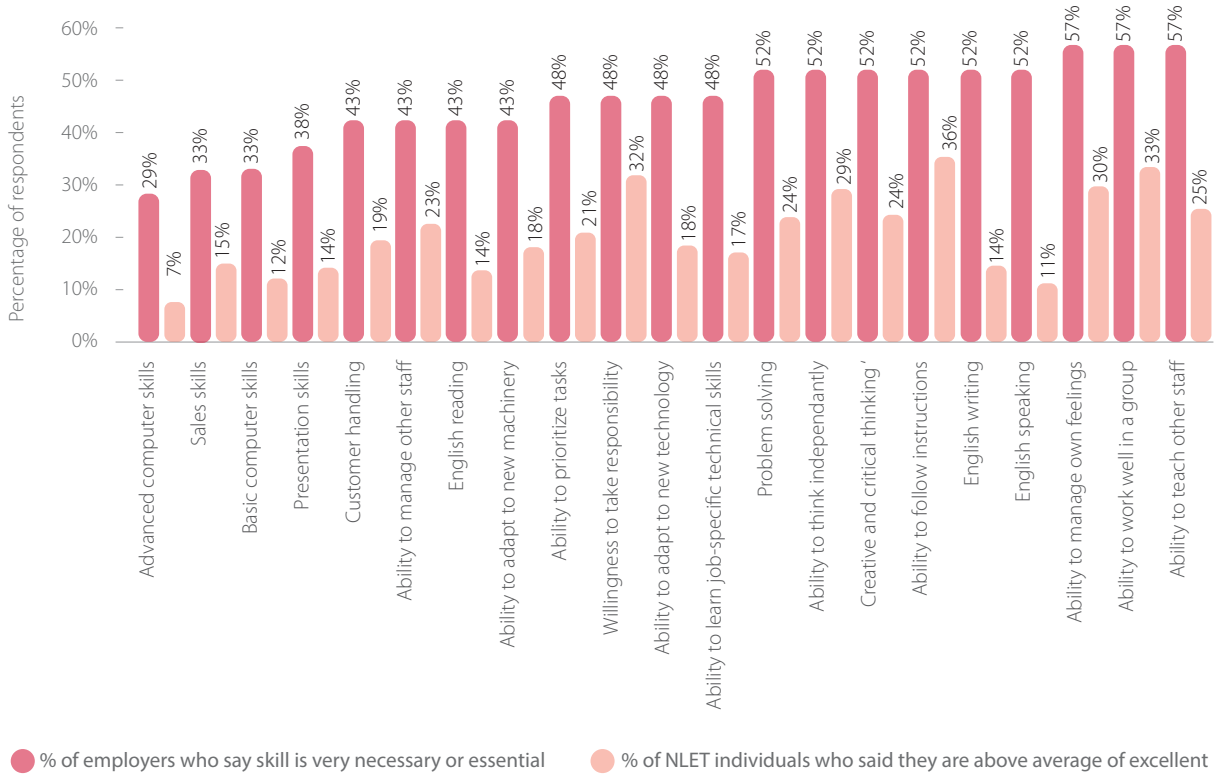
1. None (no ability in relation to the specified skill) or don't know/unable to rate
2. Below average (very limited ability)
3. Average (need improvement in all/many areas)
4. Above average (some/few areas need improvement)
5. Excellent (no further training required)

Source: YouLead Youth Survey 2018

Tourism and hospitality

Comparing the results of the employer assessment of skills needed for non-management roles in the tourism and hospitality industry with the self-assessed skill levels of the NLET population, we see that the most glaring deficiencies are in the ability to communicate in English (writing and speaking) and the ability to teach other staff. Due to the focus on "very necessary" and "essential" skills identified by employers, a direct comparison of the percentage of youth who said they have "above average" or "excellent" level of ability in that particular skill is shown below (Exhibit 28).

Exhibit 28 **Skills mismatch between employer expectations for non-management job applicants in the hospitality and tourism industry and NLET youth**



Note: *A 5-point scale is used to measure the necessity of the skill by the employers*

1. Not necessary at all – this skill is definitely not necessary to perform this job OR not applicable
2. Not particularly necessary – this skill may be helpful in performing the job
3. Somewhat necessary – this skill is sometimes helpful in performing the job
4. Very necessary – it is difficult to do the job without this skill
5. Essential – cannot do the job without this skill

Source: YouLead Youth Survey 2018 and YouLead Employer Survey 2018

We were also informed during our interviews with industry officials that besides English there is a need for skills in other languages to better cater to the different types of tourists who visit the island. India, China, United Kingdom, Germany and France are the top 5 source markets for the tourism industry in Sri Lanka,[29] and the ability of hotel staff and tour operator staff to communicate in languages such as Mandarin, French and German is of growing importance.

Therefore, in the tourism and hospitality industry, English language skills and other relevant languages are of utmost importance and there is indeed a mismatch between the ability of the NLET population to cater to these needs - this is a gap that needs to be bridged, and any efforts to bring NLET youth into the tourism and hospitality workforce will need to address these gaps.

Construction

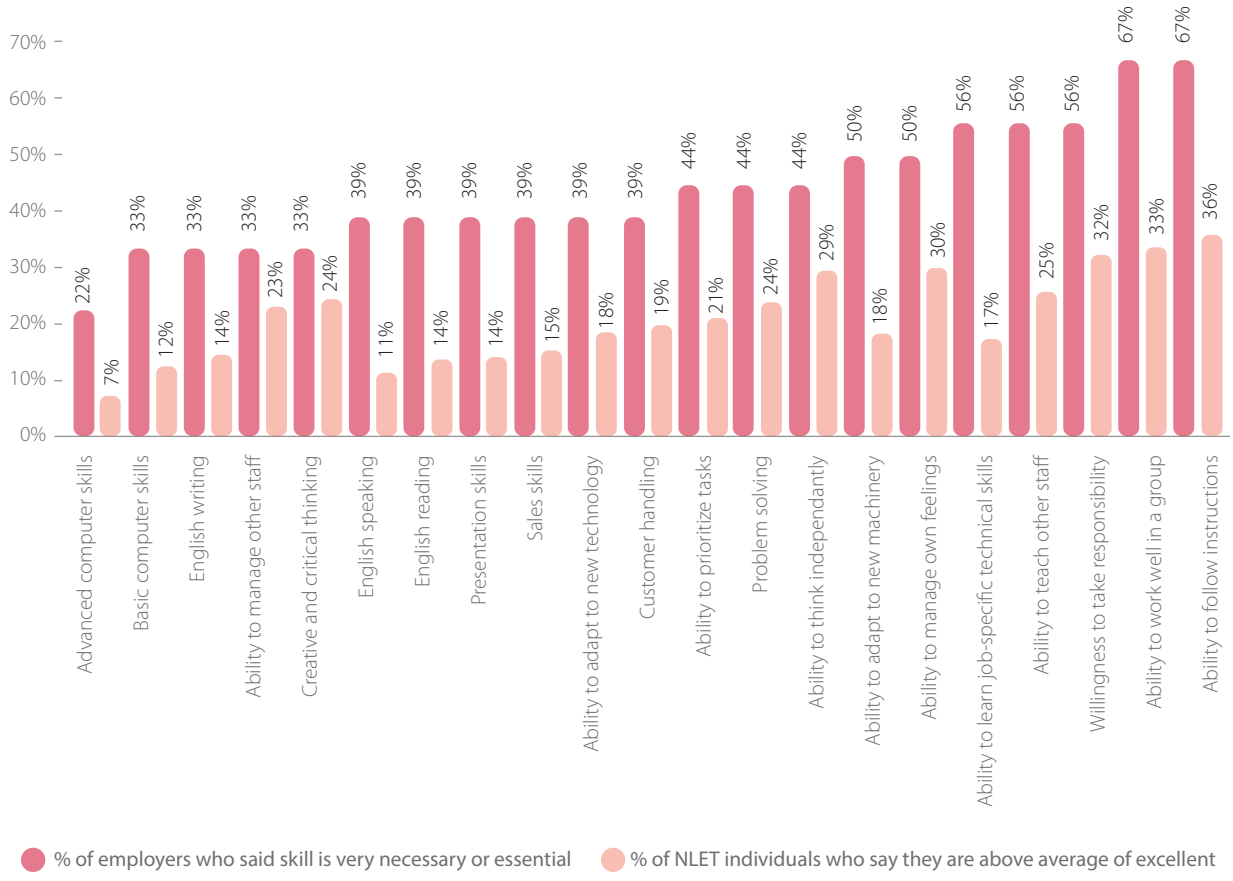
The ability to follow instructions and the ability to work well in a group are the most vital skills needed in the construction industry. However, there is significant gap in the ability of NLET youth to respond to these needs, with only 36% and 33% reporting "above average" or "excellent" ability.

There is also a deficiency between employer expectations and the self-assessed skill levels of the NLET population in the ability to learn job-specific skills – 56% of construction employers reported this

[29] Annual Statistical Report 2016 published by the Sri Lanka Tourism Development Authority

a "very necessary" or "essential" skill but only 17% of NLET youth reported "above average" or "excellent" ability. In the construction industry, therefore, there is mismatch in the technical, teamwork and leaderships skills that needs to be bridged if NLET youth are to be brought into the construction workforce.

Exhibit 29 **Skills mismatch between employer expectation for non-management job applicants in the construction industry and NLET youth**



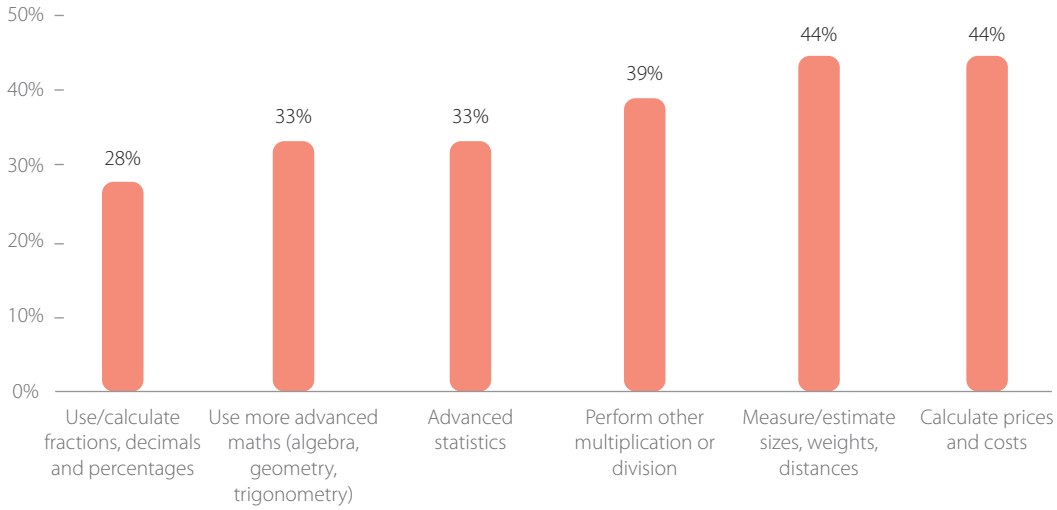
Note: *A 5-point scale is used to measure the necessity of the skill*

1. Not necessary at all – this skill is definitely not necessary to perform this job OR not applicable
2. Not particularly necessary – this skill may be helpful in performing the job
3. Somewhat necessary – this skill is sometimes helpful in performing the job
4. Very necessary – it is difficult to do the job without this skill
5. Essential – cannot do the job without this skill

Source: YouLead Employer Survey 2018

Further, in the construction industry, numerical skills, particularly the ability to calculate prices and cost, measure/estimate sizes, weights and distances are of high importance. From the Youth Survey, we find that about 46% of the youth had scored grades low grades ("weak", "simple pass" and "fail") for mathematics at their GCE O/L examinations, while 31% had scored average grades ("C'), and only 23% had scored high grades ("A", "B" and "distinction"). There is an evident gap in the requirements of numerical skills needed in the construction industry and the ability of the youth to deliver on these requirements.

Exhibit 30 **Employer assessment of the necessity of numerical skills for employees in non-management (manual and production) roles in the construction industry**



Note: *This figure shows the percentage of construction employers who responded that the skills is "very necessary" or "essential". A 5-point scale is used to measure the necessity of the skill*

1. Not necessary at all – this skill is definitely not necessary to perform this job OR not applicable
2. Not particularly necessary – this skill may be helpful in performing the job
3. Somewhat necessary – this skill is sometimes helpful in performing the job
4. Very necessary – it is difficult to do the job without this skill
5. Essential – cannot do the job without this skill

Source: YouLead Employer Survey 2018

Employed vs. NLET – what is the gap?

We conducted a Student's T-test between the NLET and employed individuals to see how much of an improvement was needed. There is a statistically significant difference in the mean scores of NLET and employed person with the mean scores of the NLET group being lower than their employed counterparts. Employed individuals self-assessed much higher on technical and communications skills. **Looking at the scores themselves, we see that employed individuals are generally above average when compared to their NLET and unemployed counterparts– therefore, there needs to be significant upskilling of NLET and unemployed youth to match the level of the current workforce.**

As there is only marginal difference between NLET and unemployed individuals,[30] any programmes that are aimed at improving the skill levels of unemployed youth would not need to invest significantly more in improving the skills of NLET individuals as both groups seem to require the same level of up-skilling.

POTENTIAL FOR WORK-WHILE-STUDYING, INTERNSHIP, APPRENTICESHIP AND ON-THE-JOB TRAINING OPPORTUNITIES AVAILABLE TO YOUTH

Youth who are in education display a significant interest in working. This signals significant scope for the private and public sector to increase the quality of apprenticeships, internships, on-the-job training and other work-while-studying options.

During YouLead consultations with the National Apprentice and Industrial Training Authority (NAITA), YouLead learnt that many employers who provide apprenticeships often complain about the attitudes of the apprentices – specifically, that they are largely interested in the remuneration aspect of the programmes and less interested in gaining work experience. From our Youth Survey we find that a majority of apprentices/interns earn about Rs 10,000

[30] A Students T-test was conducted to determine the statistical difference between NLET and unemployed youth. NLET individuals had lower self-assessed scores than their unemployed counterparts, however the difference was marginal allowing us to conclude that the skill levels between NLET and unemployed youth are similar.

a month, and many have been working in this position for 2-3 years. The highest reported earnings by an apprentice/intern in our survey was Rs 25,000 a month.

Although our sample is limited,[31] we asked these apprentices/interns what the most important criteria was in selecting their current job. Based on weighted scores, "opportunities to learn new skills" ranked first, "a clear career path" ranked second and a "safe work environment" was ranked third. While five out of the eight respondents said they were satisfied with their job, a majority (75%) were looking to change their jobs within the next 12 months. The primary reason for wanting to change jobs was to achieve a higher pay (33%), while other reasons included better working conditions (17%), better promotion prospects (17%) and the advice of a close relative (17%). Half of the apprentices/interns aspired for higher wages, ranging from Rs 5,000-15,000 more than their current salary.

However, recent analyses highlight the precarity of employment that is characterised by internships and other short-term work opportunities: these reports[32] highlight that employers use such options as a means of employing cheap labour, providing little pay, no benefits and no career pathway to young people. In our survey, none of the apprentices/interns reported receiving any statutory or other benefits, but a majority (6 out of 8) were on permanent contracts, so they did have job security. There is anecdotal evidence that apprentices sometimes do tasks that are completely irrelevant to their field of study, and sometimes just mark time because there is no work to be done. While there are no standardised guides, learning outcomes or material for apprenticeships, these aspects of the programmes are decided upon by the NAITA inspectors and the employers on an arbitrary basis. Overall, the NAITA apprenticeship completion rates are about 60%.[33]

Of the 211 employers responding to the Employer Survey, only 94 provided at least one of the following: on-the-job training, apprenticeships, paid internships, unpaid internships or work placements for youth in education/training. Of these 94 employers, 38 employers provide apprenticeships – this is only about 18% of the total number of respondents (211 employers). Of the 10 construction companies that responded to the survey, none reported providing apprenticeships, while 2 provided paid internships and on-the-job training. **Overall, there is a dearth in the provision of apprenticeship opportunities for youth from employers.**

In addition, there appears to be an inaccurate perception among employers that apprentices/interns receive job satisfaction only from remuneration – our findings show that, in fact, apprentices and interns seek to learn new skills and find a career pathway. However, when asked what employers thought young employees considered important, only 22% ranked "opportunities to learn new skills" among the top 3 most important factors, while only 10% ranked "a clear career path" within the top 3 most important reasons. It is evident therefore that the existing apprenticeship structures do not cater to youth aspirations, and furthermore, that employers misunderstand the aspirations of youth.

Our recommendation to the TVET sector is to develop standardized teaching and learning guides with clearly defined learning outcomes for apprenticeships. In addition, we recommend that the private sector increases the number of apprenticeships available to youth and maintains the quality of such opportunities by following teaching guides and minimum apprenticeship standards, to ensure that youth leave the apprenticeship with the adequate learning and development.

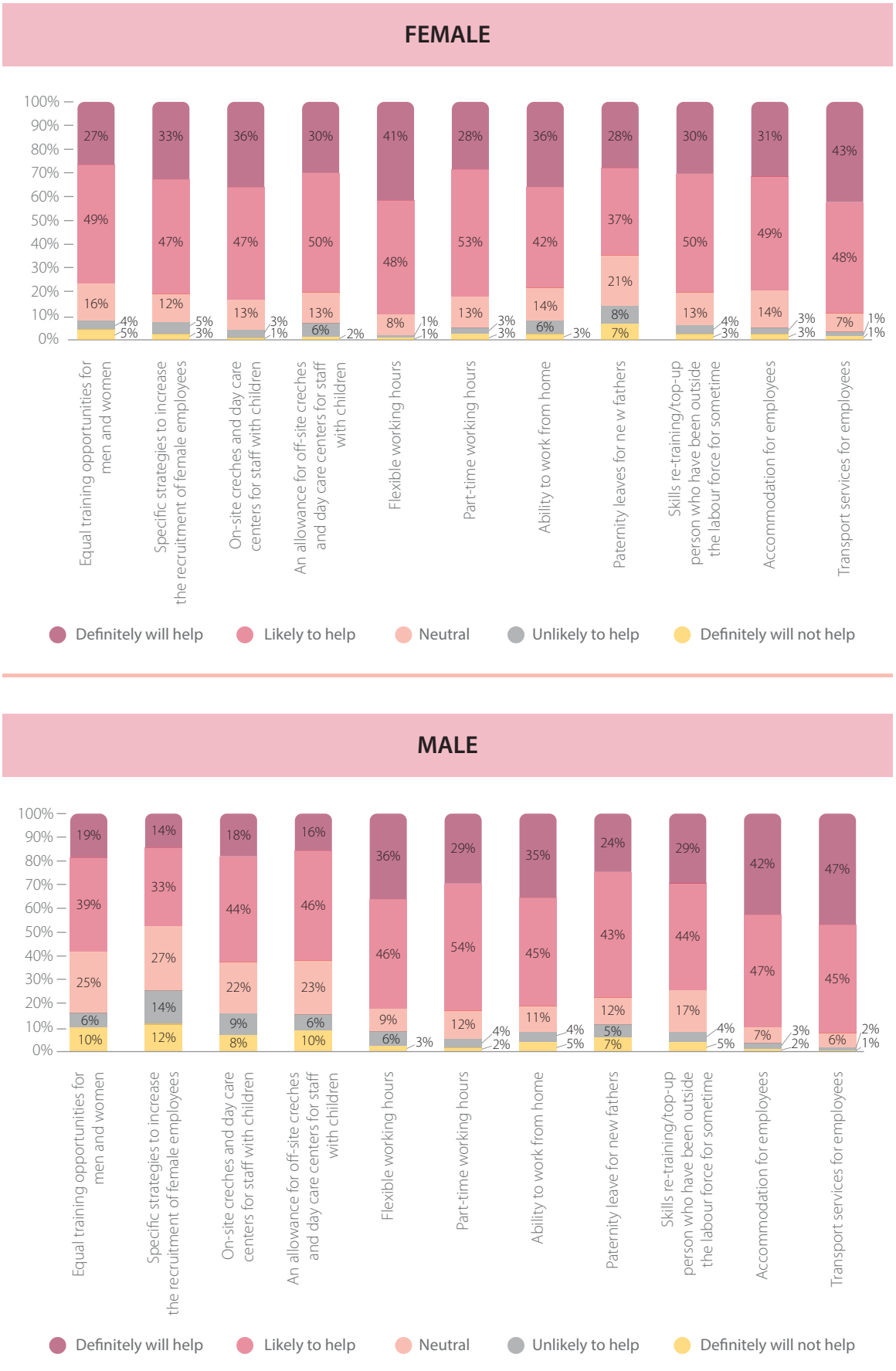
SOLVING THE STRUCTURAL IMPEDIMENTS CONSTRAINING YOUTH LABOUR FORCE PARTICIPATION

Previous research has proposed various means of increasing labour force participation. In our survey, we asked constrained individuals who showed some level of interest in working or looking for work whether any of the proposed solutions were likely to help them look for work or return to work in the future. The results are calculated on a 1-5 scale, with 5 being "definitely will help" and 1 being "definitely will not help".

The graph (Exhibit 31) below shows the responses by gender. We see that for men, the highest scoring solutions are the availability of transport services to employees and accommodation for employees. For women, transport services to employees, flexible working hours and on-site crèches and day care centres were the highest scoring solutions.

[31] Sample size=8
[32] "The precarity penalty: the impact of employment precarity on individuals, households and communities and what to do about it", 2015, Poverty and Employment in Southern Ontario (PEPSO) and McMaster University. Also see "In in together: Why less inequality benefits all", 2015, OECD.
[33] Based on data provided to Verité Research by the Ministry of Skills Development and Vocational Training

Exhibit 31 **Responses to proposed solutions to structural impediments by NLET individuals, by gender**



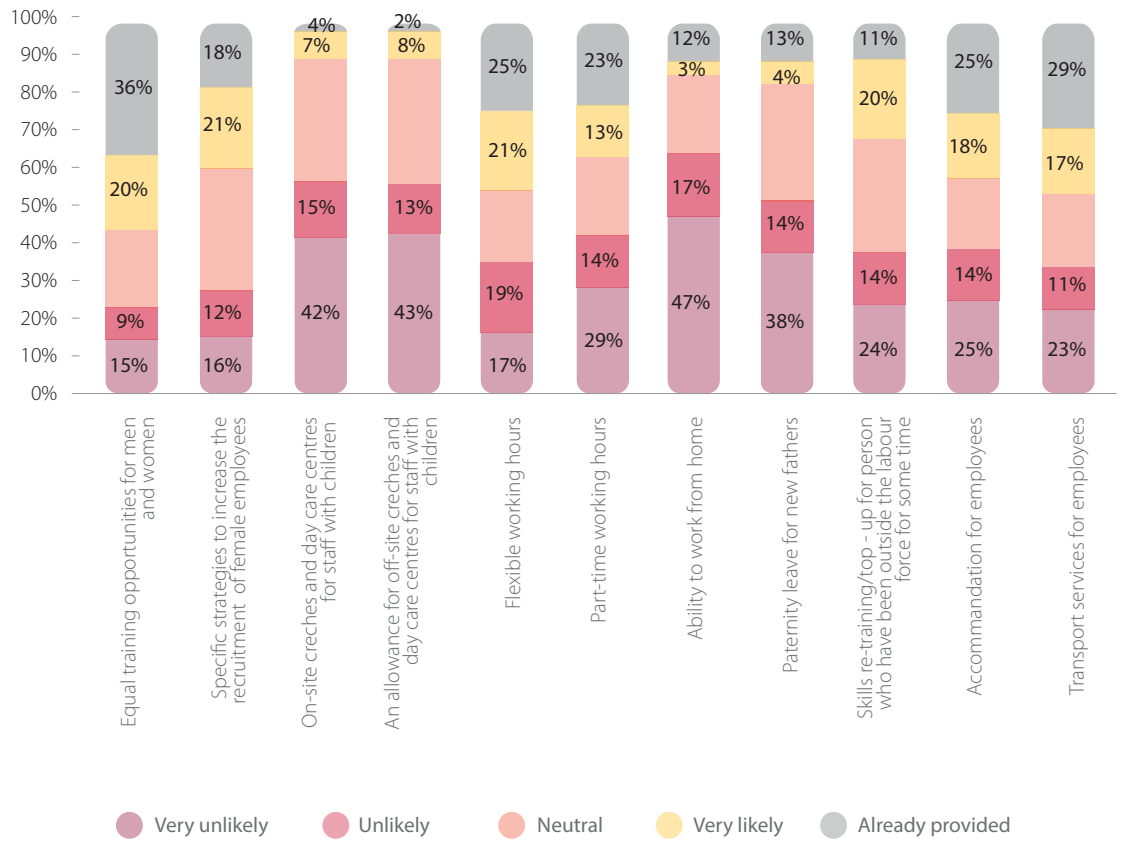
Source: YouLead Youth Survey 2018

Safe travelling and transport are important concerns for youth. The provision of transport services received the most support among the currently NLET population who displayed an interest in returning to work, with 90% of these youth (both among men and women) stating that transport services would help them return to work. Among currently employed youth who had ever turned down an offer of employment, 36% ranked "location was not convenient" as one of the top 3 reasons for turning down the offer. Of those who were currently searching for work and had ever turned down a job offer, 33% ranked "location was not convenient" as one of the top 3 reasons for turning down the offer. Additionally, 86% of those unemployed said that transport services for employees would help them in their search for work.

Employer reception towards providing transport services to employees was positive, with 46% of responding employers saying they already provide or are very likely to provide this facility to their employees (Exhibit 32). **There is match between the expectations of employees and employers, and we recommend that employers improve the quantity, and indeed the visibility of transport and travel benefits in order to attract youth in their workforce.**

Employer response to providing accommodation to employees was also positive. A leading hotel chain which has started providing meals, accommodation and utilities to its staff has managed to increase their female staff representation to 13%, which is much higher than the industry average. This is significant increase and demonstrates the effectiveness of these strategies in attracting youth (especially female youth) into the workforce.

Exhibit 32 **Employer responses to the proposed solutions to structural impediments**



Source: YouLead Youth Survey 2018

On the other hand, employers were least likely to provide solutions to address the lack of quantity, affordability and quality of child care services. Only 11% supported on-site crèches/day care centres, 10% supported providing an allowance for off-site crèches/day care centres and 15% supported working from home options. Even employers in the tourism industry showed very little support for these initiatives. For women, this can be a major game changer – in the absence of employer support to negate this issue, the effectiveness of other measures may be limited in attracting large numbers of NLET women into the workforce.

The support for on-site crèches and day care centres is higher than the support for an allowance for off-site crèches – this finding makes sense given the current low quality of formal child care services in the country. While the literature on the quality of formal child care services is limited, a study by Herath et al[34] finds that a majority of such care is of substandard quality, with most centres being characterised by high child-staff ratios, overcrowding and under staffing. The few centres that offer better care are significantly costlier.

In contrast, on-site crèches would allow parents the opportunity to observe their children's care providers, thus alleviating much of the worry they face about leaving their children in centres while they are at work. We note that the provision of on-site crèches is only financially viable for large businesses. In the next chapter, Chapter 6, we provide case studies of businesses that have undertaken such initiatives, to meet the needs of employees while furthering strategic business objectives.

Policy level barriers

Although employers may voluntarily set up equal opportunity hiring practises as proposed, there are still legal impediments that may hinder employers from effectively carrying out the practise. For example, one of the most prominent legal barriers to employing women in night-work is the legislation relating to the "Employment of Women, Young Persons and Children". This legislation makes it a punishable offence to hire women to work in night-time work (unless transport or accommodation is provided), actively preventing employment in certain industries that operate on a shift-basis. Another legislation, the Excise Ordinance passed in the 1950's, bans women from working in bars, which is unfavourable to the tourism industry. While maternity pay, and leave is mandated by law for private sector employers, employers are fully liable to bear the cost of providing maternity benefits, in practise this may cause women to be unfairly discriminated against. For example, if there is an equally qualified young woman and a man up for a job, it is possible that the employers will choose the young man because they will see the future costs of hiring a young woman (for example, maternity leave and pay) as an avoidable expense.

Such legislative barriers will hinder the application of any well-meaning gender-neutral practises aimed at levelling the playing field for men and women. Even though addressing these barriers is beyond the YouLead project, they are barriers that will continue to function as constraints to the labour force participation of young women.

The ideal working conditions of the potential labour force

In the Youth Survey we asked youth who displayed some interest in joining the labour force about their ideal working conditions. Although these conditions are subject to variation by the type of occupation, the experience of the individual, and other subjective factors, we provide the most frequently occurring response (mode) as a method to gauge the ideal conditions for engaging in or retuning to work.

Among women, a job that required working a minimum of 31-40 hours and a maximum of 41-50 hours was identified as being ideal, with a monthly pay of Rs 25,000 and maximum travel time of 0.5 hours. Among men, a job working a minimum of 31-40 hours and a maximum of 41-50 hours was identified ideal. The ideal pay was higher for men than women, at Rs 40,000. Men were willing to travel longer than women – a maximum of one hour – for this ideal job. We also saw that there was a lot of support among the potential labour force for joining the labour force, if transport services were more readily available.

KEY FINDINGS

- The presence of young and old dependants in the household impacts negatively on the female probability of being employed but has the opposite effect on male employment. The effect that young dependants have on the ability to work is much greater than the effect of older dependants. We find that being a married female with at least one child makes one's chances of being NLET to 38%.

- Within an environment that lacks quality-assured child care and elder care services and given the presence of the gender pay gaps and the higher unemployment rates among

[34] "Assessment of quality of childcare centres in Colombo Municipal area", Herath, H.M.D, P.M.G Punchihewa, H.M.B Herath, and H.M.M. Herath, 2013 in the Sri Lanka Journal of Child Health

young women, households seem to be making a rational decision to internalise the costs of child and elder care through the use of female labour, as the opportunity cost (on average) of men staying away from the labour force is much greater than that of women staying away from the labour force.

- Most NLET youth are GCE O/L (or equivalent) and GCE A/L (or equivalent) qualified individuals. About a fifth of the current NLET youth population reported having been employed previously, and many report having at least 2 years of work experience. These profiles match the previous work experience and educational requirements of most employers to fill non-management job roles.

- Many of the NLET population who had worked in the past had held their previous jobs in the private sector, with less occurrence in the public, informal, semi government, self-employed or family business sectors. This confirms the wide perception among young people that private sector jobs do not offer adequate benefits or job security, thus making it less preferable than the public sector.

- A sizable proportion of NLET individuals (nearly a third) showed a keen interest in joining the labour force). The interest is higher among individuals who are single in comparison to their married counterparts. It may be the double burden placed on working women to care for the household as well as attend to work that leads married women to show less interest. In addition, we find that the interest in joining the labour force is higher among individuals who had previously held at least one job.

- There is significant interest in working among those young men and women who are currently engaged in educational and training activities, signalling opportunities for employers to increase work-while-studying, internship, apprenticeship and on-the-job training programmes.

- The skills of potential returnees/latecomers to the labour force and their unemployed counterparts are only marginally different, with most reporting average and below average skill levels. While skills upliftment is necessary for both unemployed and NLET individuals, the data indicates that a significant additional investment is not required on the part of employers to attract NLET youth who express an interest in working.

- There is a significant gap in the skills that are required by employers and the skills of the current NLET population: in the tourism and hospitality industry English and other language skills need to be addressed, while in the construction industry there is a mismatch in technical, teamwork, leadership and numerical skills that needs to be addressed.

- Employers are supportive towards providing equal training opportunities for men and women, transport services for employees, flexible working hours and accommodation for employees, but are unlikely to provide direct solutions to the issue of the lack of quantity, affordability and quality of child care services in the country, which can be a game changer to getting women into work.

RECOMMENDATIONS FOR GETTING CONSTRAINED YOUTH INTO WORK

1. **Increase the number of high-quality work-while-studying, internship, apprenticeship and on-the-job training opportunities available to youth.**

   Youth who are currently engaged in education and training register significant interest in working, despite being engaged in education. This signals significant scope for work-while-studying, internship, apprenticeship and on-the-job training opportunities for youth.

   We note the opportunity that exists for the private sector to work closely with the TVET system to set up comprehensive apprenticeship, internship and work-while-studying programmes. Due to the low quality of the existing apprenticeship programmes, a quality assurance system must be put into place to ensure that such youth achieve the anticipated training outcomes. To assure high quality in such training, standardised, comprehensive training guides, assessments and learning outcomes will need to be developed and implemented.

2. **Improve the quantity and visibility of employee benefits related to transport and travel.**

   There is low visibility of transport and travel benefits at the point of recruitment: if employers do provide these benefits, they are not usually emphasized in job advertisements. We recommend that employers provide this

benefit to employees and that they provide sufficient prominence to such benefits both when advertising vacancies and during the interview stages. The tourism and construction industries in particular, which are perceived as not being women and family friendly, are likely to achieve significant gains in employment by utilising such strategies.

3. Implement return-to-work programmes to attract NLET individuals who would like to return to/start work.

Employers wishing to bridge the shortage of workers may wish to invest in developing and implementing returner programmes to attract those who have left the workforce some time ago as well any older workers who may be interested in working following a decrease in their family responsibilities. In fact, 21% of employers saw such returnees applying for jobs in their companies.

This may also help circumvent the low appeal of the tourism industry for unmarried young women as it is socially perceived as an unsuitable work environment for women. However, women who are already married, and those with children may not face this barrier – therefore, the tourism industry may successfully attract these women into their workforce through return-to-work programmes.

4. Outreach and behaviour change.

Even if employers were to implement structural changes to make the labour market more attractive to married women and women with children and other dependants, there needs to be a reallocation of household duties among men and women to ensure that women do not face a double burden of working inside and outside the home. Therefore, structural, behavioural and attitudinal changes need to take place concurrently. While beyond the scope of the YouLead project, significant behavioural change would be necessary to reallocate at least some of the duties that are carried out by women to men, as household work is still seen in Sri Lanka as a woman's sole responsibility. However, YouLead can contribute to igniting this type of change in mindset though a behavioural change campaign, focusing specifically on the Uva, Southern and Eastern provinces where a large proportion of NLET women are to be found. An in-depth understanding of the structural impediments and the cultural attitudes and willingness to change would need to be explored in these provinces in order to design an effective behavioural change campaign.

This task is beyond the scope and lifetime of the YouLead project, however if would be an impetus to the country in the long run and perhaps calls for action from government and private sector stakeholders.

EMPLOYED YOUTH

Strategies for Recruitment and Retention

- Mihindu Perera

The varying nature of the recruitment and retention problem changes the way in which the problem can be solved. Difficulties in recruiting youth are two-fold: either there aren't enough applicants - a quantity problem or there are enough applicants but very few have the necessary requirements - a quality problem.

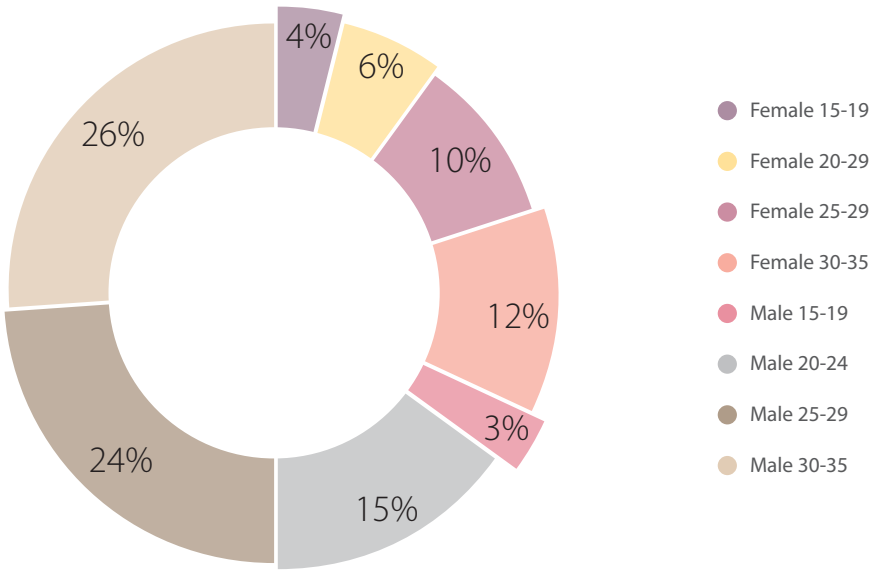
Context and Overview

Of youth aged 15-35 who responded to the YouLead Youth Survey, about 43% were currently in employment. Of this cohort, approximately 70% were young men: approximately 50% in the age cohorts of 25-29 years and 30-35 years (Exhibit 33).[35]

According to the Youth Survey, many young people were occupied in "other non-management" (35%) and "semi-skilled non-management" (21%) roles. "Other non-management" roles refer to jobs in which individuals follow standard work routines, work with close supervision, have little decision-making ability and no budgetary responsibilities – for example, entry level jobs and trainees. "Semi-skilled non-management" roles refer to jobs in which individuals who have some experience with procedures/systems, work under general supervision and some make decisions based on experience, such as factory workers and management trainees.[36]

About 22% of the youth workforce are in "highly skilled non-management" roles – this is a job in which individuals have solid experience with procedures/systems, work in close coordination with lower-level managers and may assist with budgetary decisions, such as line operators.

Exhibit 33 **Age and gender breakdown of employed youth**



Source: YouLead Youth Survey 2018

[35] The level of employment among male youth aged 25-29 and 30-35 is 46% according to national level data (Labour Force Survey 2016 microdata).
[36] As defined in the YouLead Youth Survey 2018 questionnaire

WHAT IS THE CURRENT HUMAN RESOURCE PROBLEM AND HOW DO THE GAPS FIT IN?

In our consultations with employers, particularly in the priority industries of tourism and construction, we find that the biggest human resource problems that were faced related to the recruitment and the retention of the right kind of employee. Difficulties in recruiting youth are two-fold: either there aren't enough applicants (a quantity problem) or there are enough applicants but very few have the necessary requirements (a quality problem). Difficulties in retaining youth are three-fold: employers may lose a good employee to a competitor, lose employees to another industry or lose an employee because they leave the workforce altogether (for example, to take on responsibilities in the domestic sphere).

The varying nature of the recruitment and retention problem changes the way in which the problem can be solved. A lack of applicants may signal an "attractiveness" problem, in which the job or the industry is unattractive to youth (aspirational gap). Alternatively, the challenge could be the result of an "informational gap", where youth are simply not aware of the occupations or the job opportunities available in certain industries. The lack of adequately qualified applicants indicates a "skills gap" in which potential employees are obtaining skills that are not relevant to fulfilling the available opportunities. The skills gap may arise due to an "information gap" between employers and training providers.

Table 23 summarises the human resource problem with regard to youth. The subsequent sections of this chapter examine youth labour turnover rates and the costs of labour turnover to employers, and what employers can do in case retention measures fail.

Table 23 **A summary of the human resource problem**

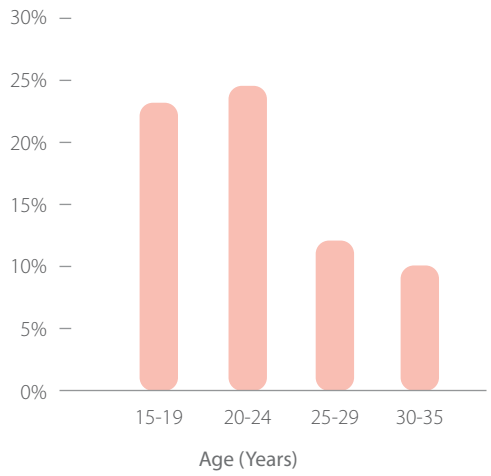
What is the problem?	What could explain it?
Recruitment	
There aren't enough applicants - quantity problem	Aspirations gap - the job or industry does not cater to the aspirations of the youth (job security, salary, status etc.)
	Information gap - youth are not aware of new jobs or opportunities available in the industry
	Structural gap - there is a structural barrier preventing the conversion of interested youth into potential applicants (distance from home, lack of adequate transport options, lack of affordable housing etc.)
There are enough applicants, but very few have the necessary requirements - quality problem	Skills gap - the skills that interested youth bring in do not match the requirements of employers (technical skills, soft skills, cognitive skills etc.)
	Information gap - training providers are not aware of the skills employers are looking for
	Information gap - youth are not aware of the skills that potential employers are looking for
	Structural gap - training providers are aware of the skills employers require but are not adapting teaching and training fast enough
Retention	
Losing employees to competitors	Aspirations gap - the employer is unable to cater to the aspirations of their employed youth workforce (salary, promotion prospects etc.)
	Structural gap - available structures do not support life choices of youth, but another employer may offer better support (child care facilities, affordable housing)
Losing employees to another industry	Aspirations gap - the industry is unable to cater to the aspirations of their employed youth workforce (status, career prospects etc.)
	Structural gap - available structures do not support life choices of youth but another industry may offer better support (better transport services, better accommodation services etc.)
Losing employees to the domestic sphere	Structural gap - available structures do not support life choices of youth and there is no other choice (lack of child care services etc.)

YOUTH EMPLOYEE TURNOVER RATES - THE COSTS OF LABOUR TURNOVER

Employee turnover remains a major issue for organizations. According to previous research, the employee turnover cost can account for over 150% of the remuneration package provided by the firm.[37] Other research has shown the costs to vary by the employee, amounting to up to 50% of the worker's annual salary,[38] due to lost productivity, lost sales, and the management's time.[39] Studies have also shown that job satisfaction enhances retention in the work force.[40] Therefore, an effective deterrent to youth turnover would be to enhance job satisfaction.

According to the YouLead Youth Survey, 14.6% of employed youth expressed a desire to change their current job. Exhibit 34 shows that those aged 15-19 and 20-24 have the highest probability of leaving their current job. In comparison, older youth express a lower interest in moving from their current job

Exhibit 34 **Share (%) of youth expressing an interest in moving jobs**

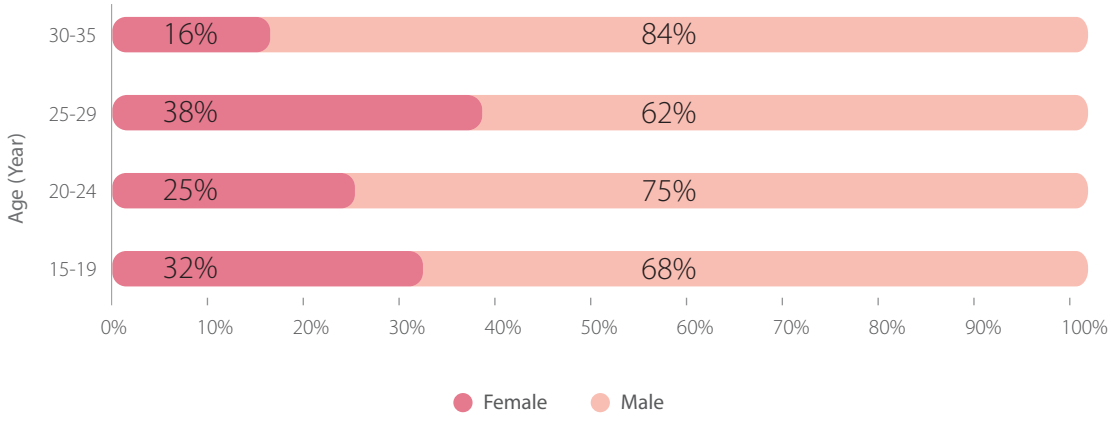


Source: YouLead Youth Survey 2018

This trend may be due to a few reasons. Those entering the labour market at the age of 15-19 may be looking to gain experience (rather than establishing a career), while those aged 20-24 may be searching for their ideal job, and thereby have a high rate of turnover. In contrast, those in the older age bracket may be less likely to move from their current job, either due to constraints such as marital status and family obligations, or reasons such as the individual identifying with their current job.

The willingness to change jobs differs between the genders, as shown in Exhibit 35 below. The willingness to change jobs is lower among currently employed young women than currently employed young men. This potentially makes young women a more attractive new hire than young men. The evidence also suggests that focused mechanisms to improve retention can be introduced by an organisation to minimise turnover costs.

Exhibit 35 **Gender distribution of youth willing to move jobs by age group**

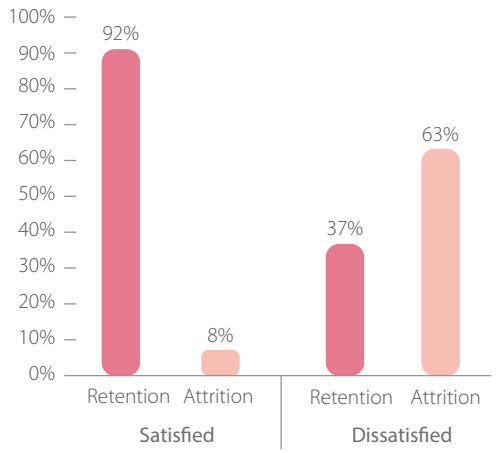


Source: YouLead Youth Survey 2018

[37] Schlesinger, LA & Heskett, JL 1991, "Breaking the cycle of failure in services," MIT Sloan Management Review, Vol. 33, No. 3, pp. 17-28.
[38] Johnson J, Griffeth RW, Griffin M (2000). "Factors discrimination functional and dysfunctional sales force turnover", J. Bus. Ind. Mark. Vol. 15, No. 6, pp. 399-415.
[39] Catherine M Gustafson (2002). "Staff turnover: Retention". International j. contemp. Hosp. manage. Vol. 14, No. 3, pp. 106-110.
[40] Mobley, W.H. (1977), "Intermediate linkages in the relationship between job satisfaction and employee turnover", Journal of Applied Psychology, Vol. 62, pp. 237-40.

Exhibit 36 shows the distribution of employed youth who remain satisfied with their current job and their intention to stay (retention) or leave (attrition) against dissatisfied youth. Retention is highest amongst youth who remain satisfied with their job in comparison to those who are dissatisfied: 92% vs. 37%, respectively. A small percentage of individuals expressed a desire to leave their current workplace despite having job satisfaction. This segment accounted for 8% of the satisfied youth. Attrition among dissatisfied youth is higher, at a rate of 63% as opposed to their satisfied counterparts (8%).

Exhibit 36 **Job satisfaction vs attrition and retention among youth**



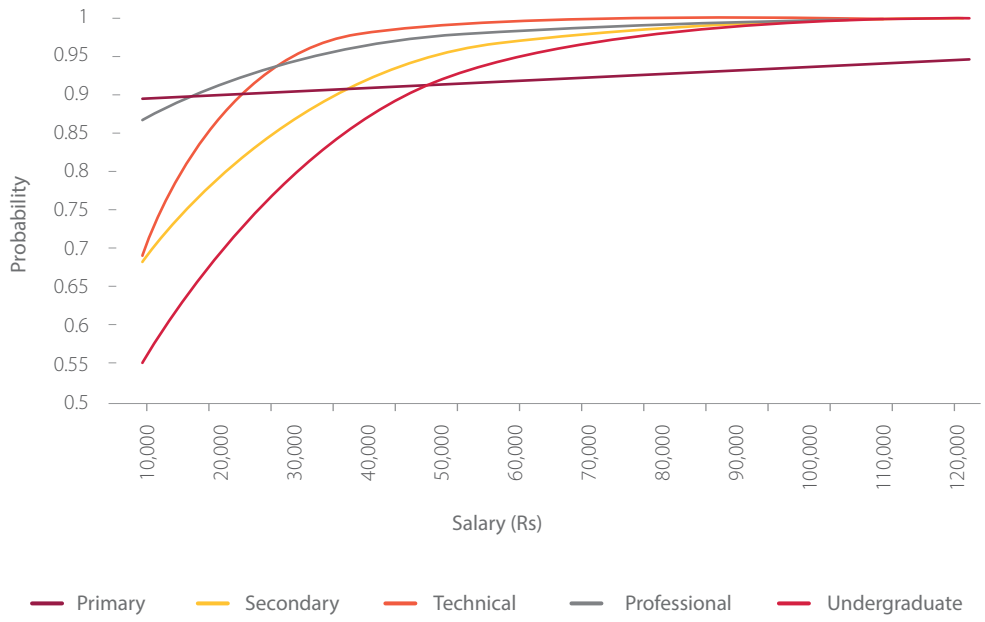
Source: YouLead Youth Survey 2018

Pay satisfaction and job retention

Previous research shows that pay satisfaction – although a strong determinant – is not a key determinant of employee retention due to the multifaceted nature of job satisfaction.[41] Therefore, compensation alone is not a strong means of reducing labour turnover given that many individuals identify with their job beyond the simple measure of pay.[42]

The Youth Survey demonstrated that the probable intent to move from a current job based on pay satisfaction was 61.2%: as such, improvements in the current minimum wage for youth can lead to drastic improvements in job satisfaction and retention for certain categories of youth. The analysis below considers how improved pay satisfaction across education levels can increase job satisfaction and thereby improve youth employee retention (Exhibit 37).

Exhibit 37 **Probability of job satisfaction by minimum wage and education level**



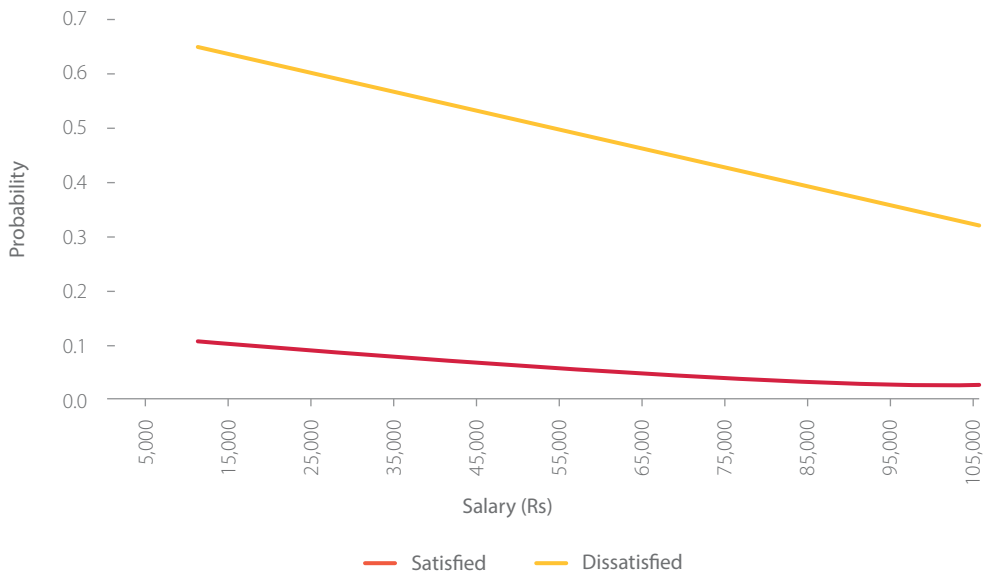
Source: YouLead Youth Survey 2018

[41] Shields, M.A., and M. Ward., (2001). "Improving Nurse Retention in the National Health Service in England: The Impact of Job Satisfaction on Intentions to Quit." Journal of Health Economics, Vol. 20, pp.677-701.
[42] Dochery, A., and A. Barns., (2005). "Who'd be a Nurse? Some Evidence on Career Choice in Australia." Australian Bulletin of Labour, Vol. 31, No. 4, pp.350-383.

The results indicate that higher wage payments lead to higher levels of job satisfaction. Furthermore, those with secondary, technical and undergraduate levels of education gain the most with respect to job satisfaction due to increments in the current minimum wage, leading to lower youth turnover. Payments at or above Rs.40,000.00 leads to a probable level of job satisfaction (90% likelihood) at all bands of educated youth. Therefore, ensuring a pay structure above such a level could lead to an improvement in job satisfaction and reduced labour turnover.

Exhibit 38 highlights two findings. First, the probability of employed youth moving from their current job decreases across higher salary bands, for both satisfied and dissatisfied youth in a workplace. Second, if job satisfaction already exists, an increase in salary does not lead to major improvements in the retention rate, although still positive.

Exhibit 38 **Probability of wanting to move jobs by satisfaction level and salary**



Source: YouLead Youth Survey 2018

Identifying if youth remain satisfied or dissatisfied with their job is key here. While any pay rise will be readily accepted by a rational individual, this will only lead to a minor improvement in retention if employees are satisfied, in comparison to large improvements in retention in an environment where employees are dissatisfied.

Working hours and job retention

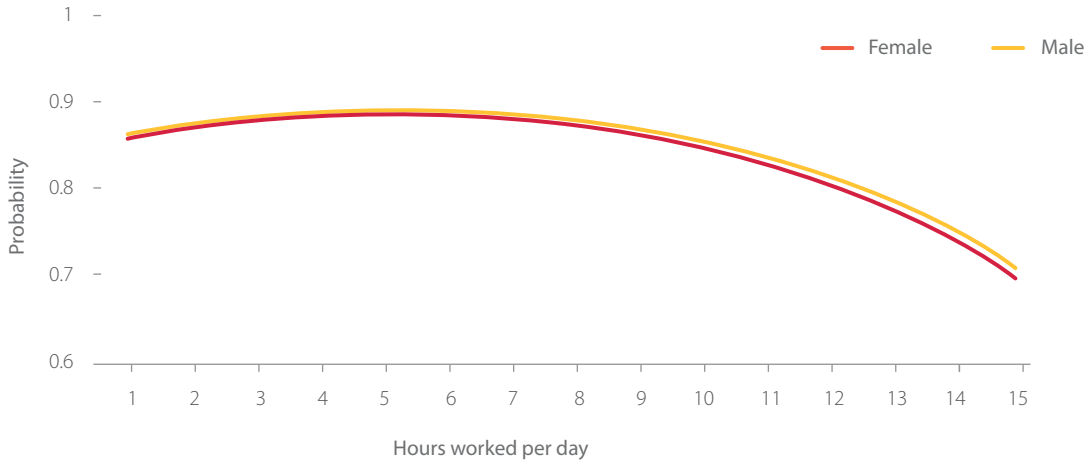
Long working hours have been linked to higher employee turnover due to low levels of job satisfaction.[43] One study has shown job satisfaction to suffer directly given excessive hours of work due to employees being overworked.[44] Therefore, we examined if there was a link between job satisfaction and working hours, using the data from the Youth Survey.

Exhibit 39 illustrates that the highest likelihood of job satisfaction occurs when youth work between 6-8 hours. The data demonstrates that longer working hours lowered the probability of job satisfaction by nearly 20%; in some cases, work hours extended close to 16 hours per day among survey respondents. The data also demonstrates that this attitude is similarly expressed by both male and female youth employees.

[43] Tsai, Yu-Hsuan., Huang, Nicole., Chien, Li-Yen., Chiang, Jen-Huai., Chiou, Shu-Ti., (2016). "Work hours and turnover intention among hospital physicians in Taiwan: does income matter?" BMC Health and Service Research, Vol. 16, No. 667, pp2-8.

[44] Lyness, Karen S., Gornick, Janet C., Stone, Pamela., Grotto, Angela R., (2012). "It's All about Control: Worker Control over Schedule and Hours in Cross-National Context" American Sociological Review, Vol 77, No. 6, pp1023-1049.

Exhibit 39 **Probability of having job satisfaction given work hours, by gender**



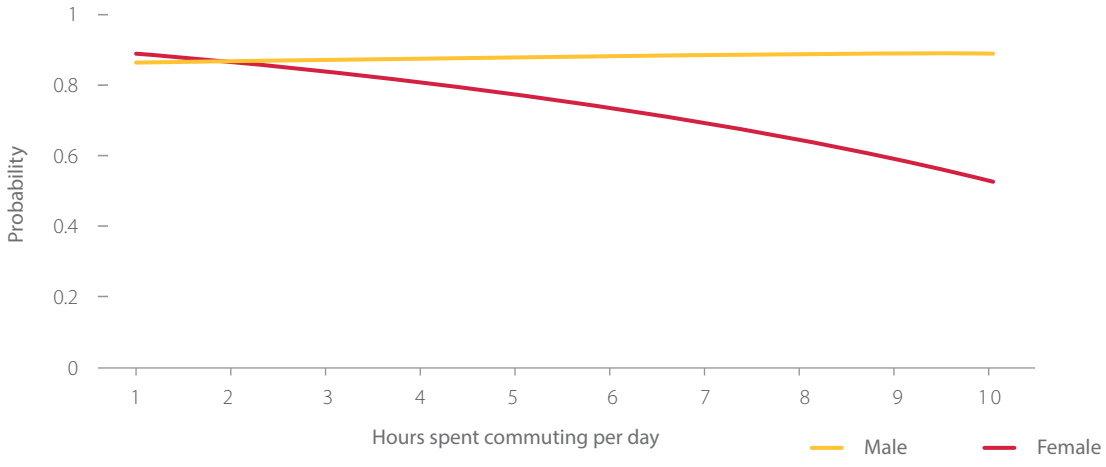
Source: YouLead Youth Survey 2018

Therefore, the second recommendation of this study is to set work hours for youth at a maximum of eight hours per day. Extending working hours further results in a rapid reduction of job satisfaction. As a countermeasure to lower job satisfaction, improvements in pay satisfaction may be used: for example, over-time or fringe benefits that youth focus upon when choosing a job.

Travel time and job retention

Job satisfaction among youth is also linked to travel time, as highlighted in previous research.[45] A longer commuting distance to work has been linked to job dissatisfaction and a drop in employee retention.[46] Our findings from the Youth Survey show that the effect of commuting duration per day against job satisfaction varies between the genders. While female youth demonstrate a monotonic decrease in job satisfation as commuting duration increases, a minor yet negligible increase in job satisfaction is seen with the male group. The results are shown in Exhibit 40.

Exhibit 40 **Probability of having job satisfaction given hours spent commuting to work, by gender**



Source: YouLead Youth Survey 2018

[45] Novaco, R. W., Stokols, D., Milanesi, L., (1990). "Objective and subjective dimensions of travel impedance as determinants of commuting stress" American Journal of Community Psychology, Vol. 18, No. 30, pp.231–257

[46] Kluger, A. (1998). "Commute variability and strain". Journal of Organizational Behavior, Vol. 19, pp.147–165.

This variation in behaviour may be due in part to the constraints placed on women, especially employed women, by society. Sri Lanka still exhibits a broadly patriachal family system in which men act as the primary bread winners of the family and women undertake the day to day activities of the household.

However, as women have increased their participation in the formal employment sector, thereby creating a dual role, they must function as the household's primary or secondary breadwinner with the added responsibility of household duties. This double-burden that is placed upon women may explain why a greater time spent travelling to and from work is experienced more negatively by women than men.

Flexible hours of work can be used as means of retaining women in the workforce, whilst still fullfilling the required eight hour time period. This will also enable female youth to circumnavigate periods of traffic caused by office opening and closing hours, thereby reducing travel time to and from work. Another approach, if work hours are staggered later into the night, would be to provide night time transportation.

Using such initiatives will lead to increased youth retention through improvements in job satisfaction, and help mitigate the costs of employee turnover that must be borne by an organization.

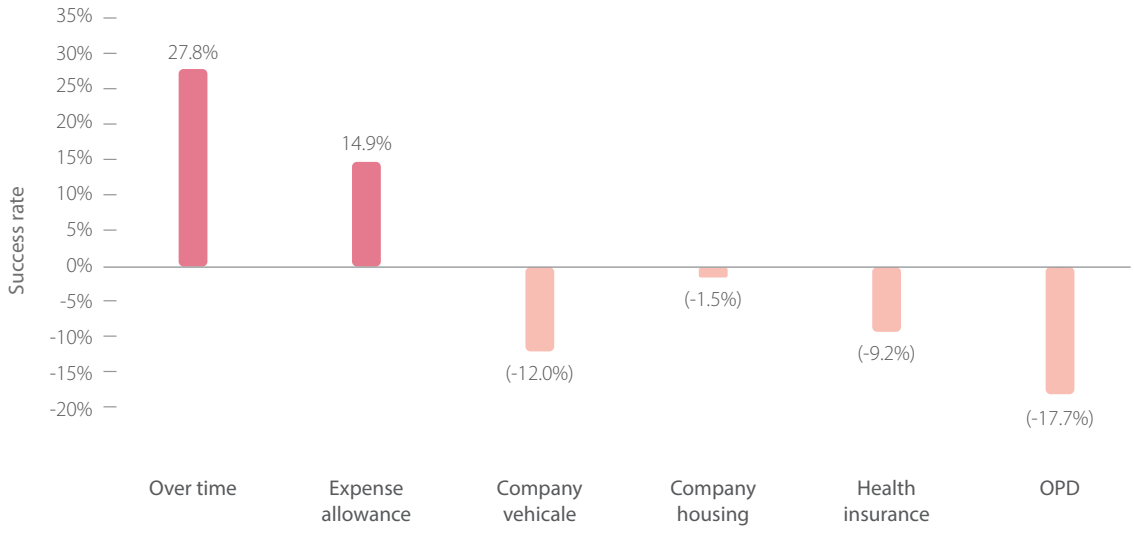
IF RETENTION FAILS – WHAT ELSE? FAST RECRUITMENT AND HOW TO ACCOMPLISH IT

Most employers observe a high turnover of youth employees. However, this is not unusual, as youth are in the early stages of their careers and are likely to keep searching for opportunities until they find the right job that matches their skills and aspirations. Due to this high turnover of youth, it is necessary for employers to continuously recruit new staff to ensure that no productivity losses take place. Therefore, it is important for employers to understand the job characteristics and benefits that motivate youth to take up employment. Further, understanding what youth want will help employers retain staff as well as maintain a motivated workforce.

A duration analysis approach is adopted to study the factors that induce youth to leave unemployment and enter the workforce. The speed at which youth enter into employment (or the workforce) is measured as a success rate, which shows the relative success of becoming employed. Therefore, larger success rates lead to shorter spells of unemployment.

The analysis that follows will look at the factors that are within the control of an organization and the success rates associated with these factors. Three factors will be examined specifically: 'other benefits',[47] job characteristics, and methods of publishing job advertisements.

Exhibit 41 **Success rate vs other benefits**

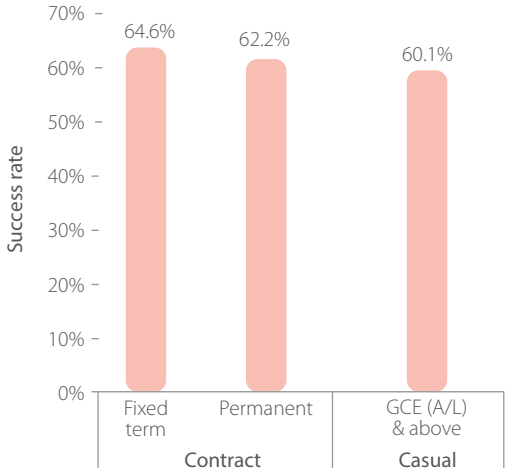


Source: YouLead Youth Survey 2018

[47] Other benefits comprise overtime payments, an expense allowance, a company vehicle, company housing, health insurance, and OPD facilities.

As illustrated in Exhibit 41, overtime payments and expense allowances have positive success rates. This indicates that the provision of overtime payments would motivate youth to take up employment 27.8% faster than if no such provision was available. Similarly, providing expense allowances would motivate youth to leave unemployment and enter the labour force 14.9% faster than at the baseline level, where no expense allowances were available.

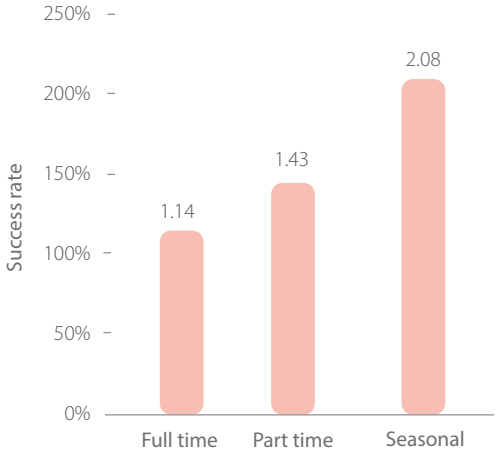
Exhibit 42 **Success rate vs employment type**



Source: YouLead Youth Survey 2018

The above exhibit illustrates that youth are most motivated to enter employment if they are offered a fixed term contract. Fixed term contracts seem to attract more youth than a permanent contract. This may be because youth believe that such jobs are more readily accessible to younger workers with limited work experience. Alternatively, the structure of fixed term contracts may be favoured by youth who value both job security and flexibility – in contrast to a 'job for life', which reflects the aspirations of an older generation of employees.

Exhibit 43 **Success rate vs type of work**

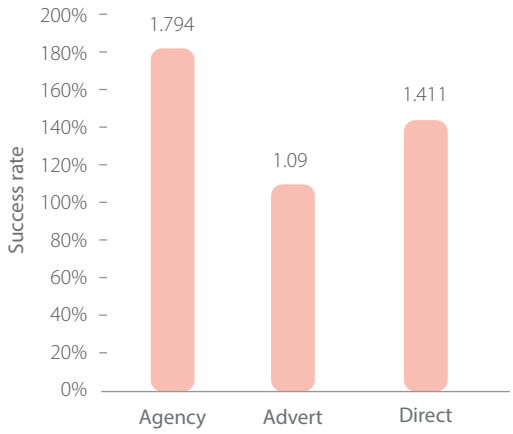


Source: YouLead Youth Survey 2018

When it comes to the type of work, youth exit unemployment fastest to enter into seasonal work, followed by part time and full-time work. On the one hand, this result appears to counter the previous findings that revealed that youth are motivated by job security. However, we note that the finding is most likely the result of the ready availability of seasonal and part-time work and the less stringent hiring requirements of such opportunities. Therefore, youth enter seasonal work at a faster rate, even though this may not be their first preference in terms of type of employment.

The channel that youth take to identify their prospective job also appears to play a role in enabling fast recruitment. Exhibit 44 demonstrates the rates at which youth exit the unemployment pool depending on their means of searching for employment.

Exhibit 44 **Success rate vs method of job acquisition**



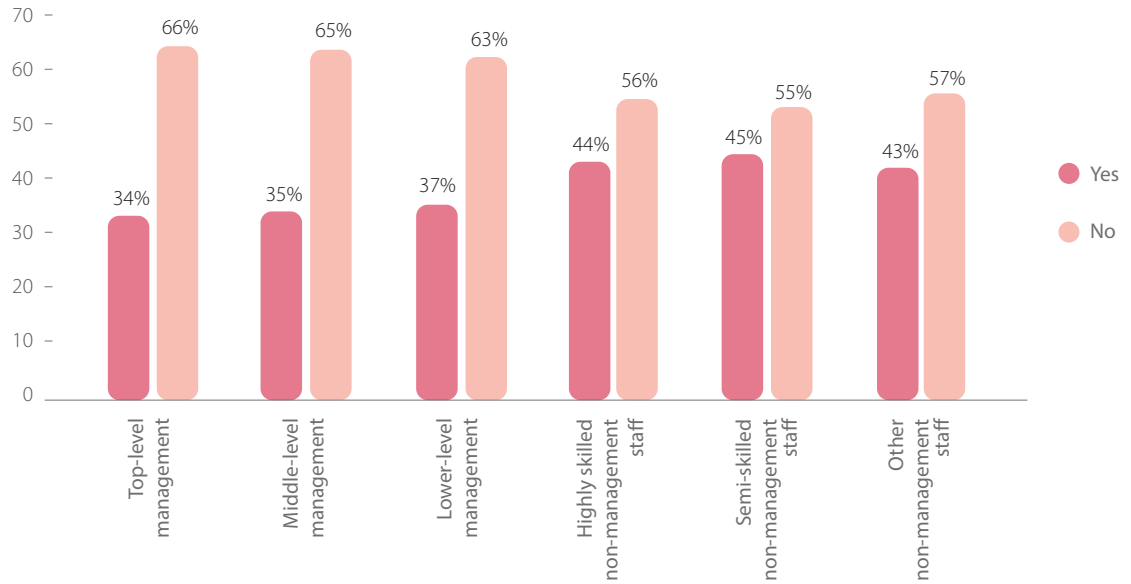
Source: YouLead Youth Survey 2018

Youth enter into employment 1.8% faster when their channel of employment acquisition was through an agency. This may be due to employment agencies providing clarity on the job offer or the application process to youth seeking employment. According to the Employer Survey, 23% of employers advertise jobs through agencies. As such, a further aid to fast recruitment would be to advertise job vacancies through an agency.

EMPLOYER VIEWS ON RECRUITMENT – WHERE IS RECRUITMENT FAILING AND WHAT CAN BE DONE?

This section draws on data from the Employer Survey to examine the challenges faced by employers during recruitment. The results indicate that staff recruitment is most problematic at the non-management staff level.

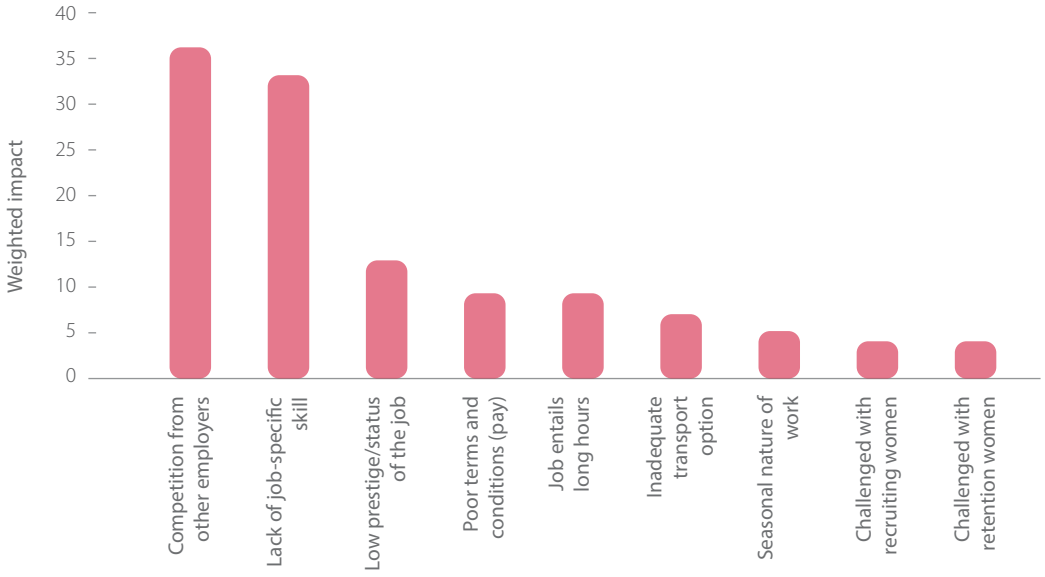
Exhibit 45 **Percentage of employers facing challenges with recruitment**



Source: YouLead Youth Survey 2018

As youth have been identified as the greatest proportion of non-management staff, the Employer Survey also looked into factors that impeded the recruitment process for employers. Each of these factors was given an average weighted scored assigned from most to least important, and the findings are presented in Exhibit 46.

Exhibit 46 **Impact on recruitment process**



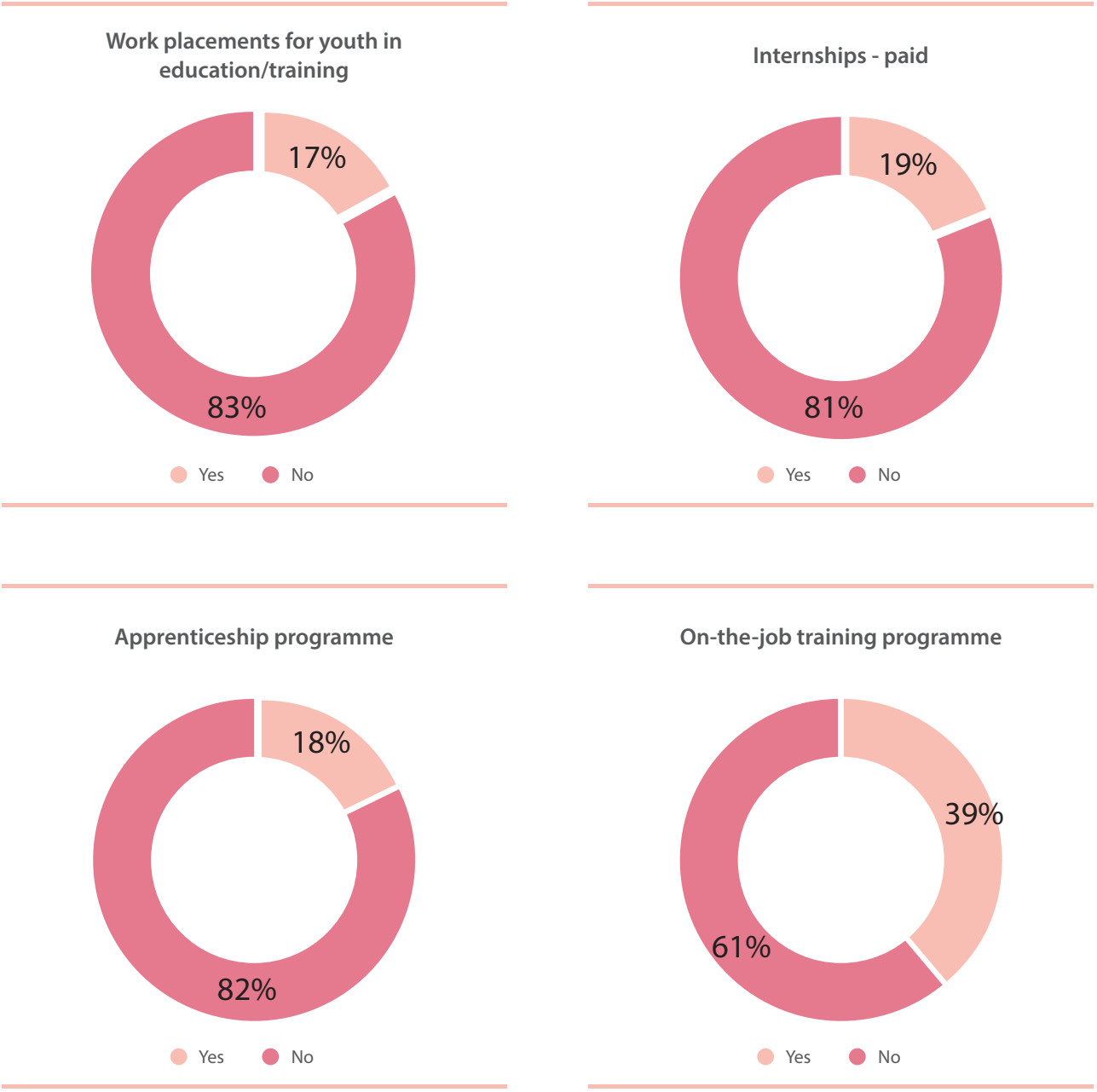
Source: YouLead Youth Survey 2018

The top three reasons that were identified by employers were: competition from other employers, the lack of job-specific skills, and the low prestige or status of a job.

Both the construction section and the tourism & hospitality sector faced the greatest challenge due to competition from other firms. The ICT/BPO sector and the Hospitality & Tourism sector identified a lack of job-specific skills to be an issue with recruitment. The low prestige or status of a job was an issue faced by the construction and tourism & hospitality sectors.

Nearly 77% of employers stated that they did not offer recruitment programmes geared towards youth. Employers also reported a low provision of youth-focused opportunities such as work placement opportunities for youth in education, paid internships, apprenticeship programmes and on-the-job training (Exhibit 47).

Exhibit 47 **Percentage of employers with recruitment programmes targeting youth**



Source: YouLead Youth Survey 2018

Therefore, the data highlights that pathways for youth to actually enter employment are not a direct focus of a majority of employers. However, it is critical that employers actively respond to this need, in order address the challenges faced by firms due to high levels of turnover among the youth workforce.

KEY FINDINGS

- The greatest increases in job satisfaction (and therefore retention) due to increases in the current minimum wage are seen for youth with secondary, technical and undergraduate levels Payments at or above Rs.40,000.00 leads to a probable level of job satisfaction of 90%. Employers face issues in the recruitment of non-management staff over management staff, and a majority of non-management staff are youth.

- The top three challenges to recruitment as identified by employers are: (i) competition from other employers; (ii) the lack of job-specific skills among candidates; and (iii) the low prestige or status of a job.

- The provision of overtime payments motivates youth to take up employment 27.8% faster than if no such provision was available. Similarly, expense allowances motivate youth to leave unemployment and enter the labour force 14.9% faster than if no expense allowances were available.

- Employers do not have established methods to attract youth into jobs and this exacerbates the challenges associated with the recruitment of non-management staff.

RECOMMENDATIONS IMPROVING RECRUITMENT AND RETENTION

1. **Guarantee minimum wages at above Rs. 40,000.**

   This will help to increase job satisfaction and retention of the youth workforce, minimising the costs to the firm due to attrition.

2. **Set work hours for youth at a maximum of eight hours per day.**

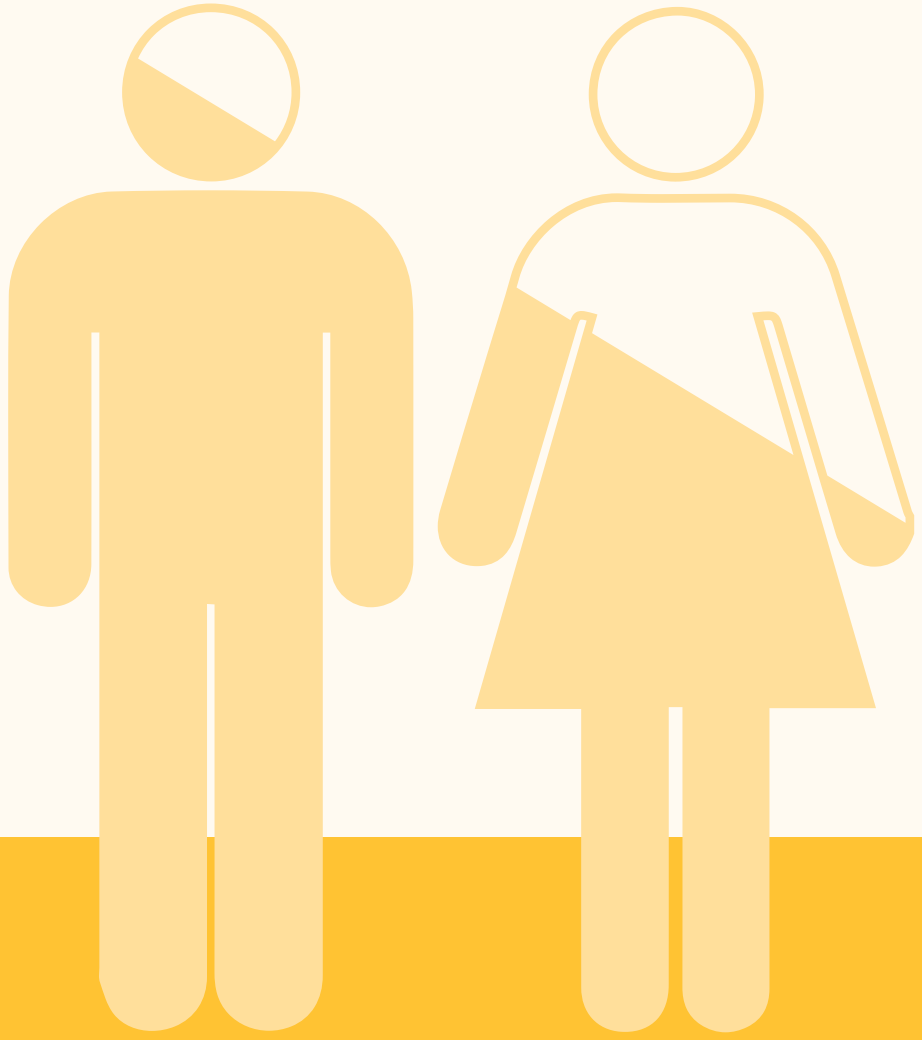
   Extending working hours beyond 8 hours a day results in a rapid reduction of job satisfaction. As a countermeasure to lower job satisfaction, improvements in pay using over-time or fringe benefits.

3. **Offer flexible hours of work.**

   Flexible work hours and work-from-home options can be used as means of retaining young women in the workforce, whilst still fulfilling the required eight-hour time period. Staggered work hours would also enable female youth to circumnavigate periods of traffic caused by office opening and closing hours, reducing travel time to and from work. If work hours are staggered later into the night, employers should be willing to provide night time transportation.

4. **Employers should utilise the services of job agencies to better attract youth into jobs**

   In addition, employees can adopt techniques like offering benefits such as overtime pay and an expense allowance enhancing the number of recruitment programmes targeting youth would improve the recruitment of youth employees.



GENDER ASSESSMENT

- Sachintha Fernando
- Rehana Thowfeek
- Venya De Silva

Achieving sustainable economic growth in Sri Lanka depends on realising the full potential of the country's female workforce - in other words, enabling women to function both as productive and reproductive agents.

Context and overview

The Gender Assessment forms an integral component of the 2018 Youth Labour Market Assessment and is intended to highlight gender-specific employment challenges that are not discussed elsewhere in this report. Across the report, we have attempted to differentiate our interpretation of results by gender and provide recommendations that are gender-sensitive. In this chapter, we examine the potential drivers of female employment and labour force participation and offer several specific recommendations for getting greater numbers of women into work.

The target population of the YouLead project includes youth aged 16-35 – this includes unmarried young women, young wives, and young mothers. Therefore, we propose taking a life-course view to examine the factors enabling or discouraging female employment and labour force participation.[48] By highlighting the challenges that women face in accessing work, remaining in work, and returning to work, we hope to move towards a more nuanced understanding of female unemployment.

Framing the Gender Assessment, therefore, are questions about how we can make markets work better for women – are there ways in which we can bridge the distance between the sphere of economic activity, and the sphere of the home? What does work look like through the eyes of women in Sri Lanka? What does it mean to be a woman in or out of work?

The specific challenges that we focus upon are as follows:

A. Challenges faced by women seeking to enter the workforce

- Lack of employable skills
- Employer and employee perceptions
- Fertility and nuptiality decisions replacing labour market engagement

B. Challenges faced by women in the workforce

- "Invisible work" in the labour market
- Gender pay gap and occupational pay gap
- Occupational segregation

C. Challenges faced by women seeking to re-enter the workforce

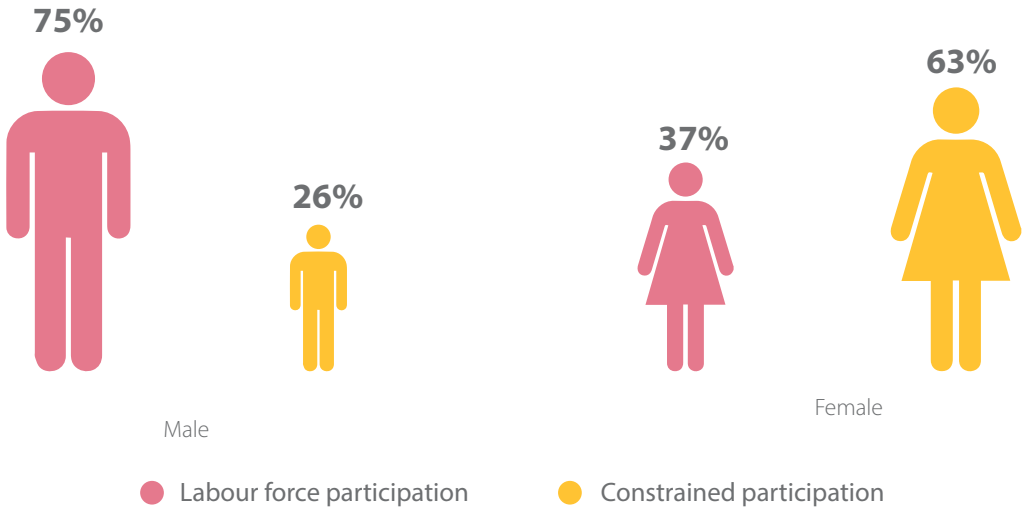
- De-skilling
- Inadequate childcare services

The social norms and expectations that shape the decisions that are made by men and women, workers and their employers, coupled with the rigidities of the labour market, mean that most young women in Sri Lanka must choose to participate in either the economic or the domestic sphere. However, **achieving sustainable economic growth in Sri Lanka depends on realising the full potential of the country's female workforce – in other words, enabling women to function both as productive and reproductive agents.** The Gender Assessment contributes to this objective by facilitating an evidence-based approach to understanding the constraints and opportunities that are faced by women in and out of work.

Investing in the workforce participation of women has a direct and positive impact on a country's economic and development outcomes, with research showing that women's exclusion from the workforce can potentially reduce a country's Gross Domestic Product (GDP) by as much as 2%.[49] A level playing field – where women and men have equal opportunities to participate in social and political decision making – helps to build representative and inclusive institutions that in turn place economies on a more sustainable development path. The inclusion of Gender Equality as one of the 17 United Nations Sustainable Development Goals (SDGs) introduced in 2015, with over 150 leaders adopting this agenda, further accentuates the importance of addressing the challenges that are specific to women's lives.

[48] For a detailed discussion of the methodology please see the Gender Assessment Research Design, October 2017.
[49] "World Development Report 2012: Gender equality and development", 2012, World Bank.

Exhibit 48 Gender differences in economic activity



Source: Labour Force Survey 2017 Quarterly Report, Department of Census and Statistics

Women represent approximately 50% of the population in Sri Lanka, but there exist glaring inequalities in the labour market outcomes of women and men in the country. The labour force participation rate of women is significantly lower than the male labour force participation rate, and the economically inactive female population is more than double the size of the economically inactive male population (Table 24). This is a persistent trend in Sri Lanka, where female labour force participation rates have not shown any significant improvement in the past three decades.[50]

Table 24 Key labour market indicators, 2016

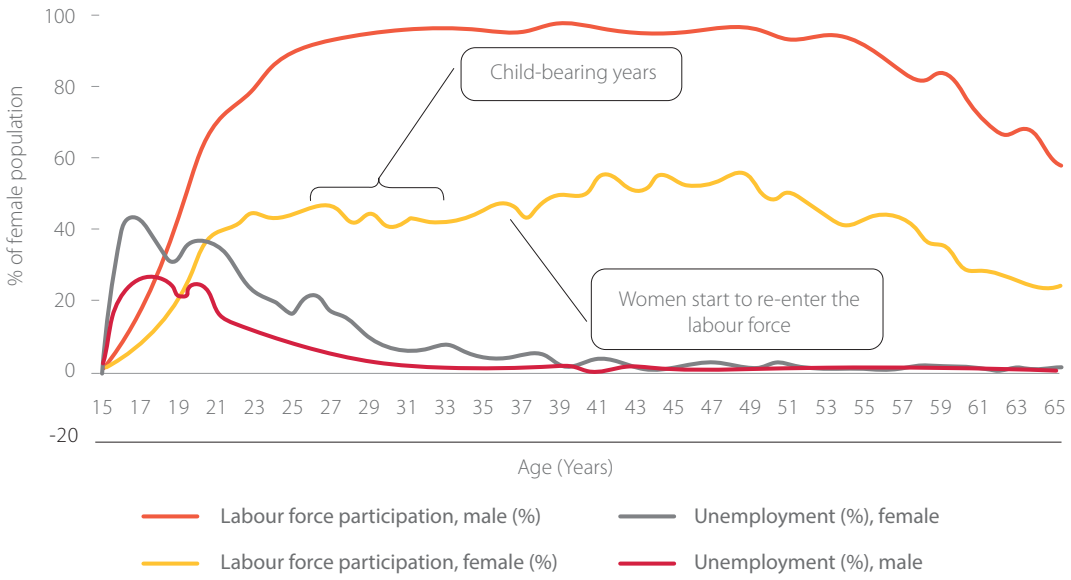
Age group	Population		Labour force participation rate (%)		Unemployment rate (%)	
	Male	Female	Male	Female	Male	Female
15-17	499,075	493,281	8.6	3.7	23.1	41.2
18-19	281,764	298,583	37.7	16.6	23.4	32.6
20-24	596,702	703,342	74.2	40.1	14.9	28.2
25-29	551,316	710,566	92.6	44.6	4.9	15.7
30-35	761,433	978,468	96.4	42.3	1.1	5.9
36+	4,374,445	5,199,703	79.2	37.0	0.4	1.6
Total	7,064,736	8,383,943	75.0	35.8	2.8	6.9

Source: Analysis of Labour Force Survey microdata 2016

While women make up 54% of the youth population in Sri Lanka (Table 24), the labour force participation of young women is less than half that of their male counterparts. Furthermore, unemployment among young women is significantly higher than among young men (Exhibit 49). Between the ages of 25-30, there is a clear divergence in women participating in the labour force and women engaging in household activities. This coincides with the observed age at which Sri Lankan women usually have their first child (Exhibit 50).

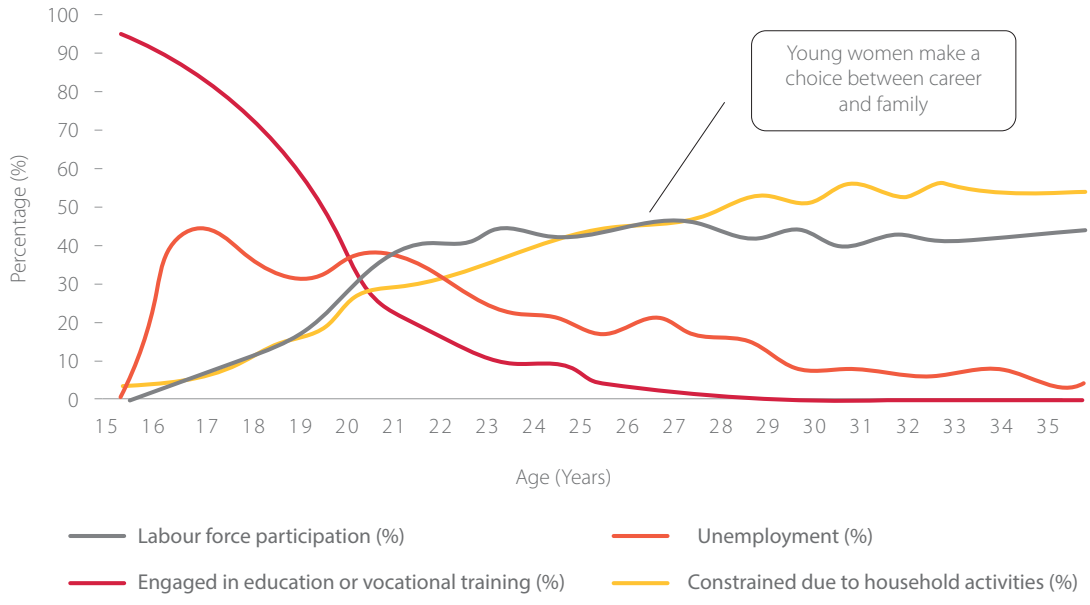
[50] "Getting to work: Unlockling women's potential in Sri Lanka's labour force", J.L. Solotaraff, J. George & A. Kuriakose, 2018, World Bank.

Exhibit 49 Labour force participation and unemployment by gender, 2016



Source: Analysis of Labour Force Survey microdata 2016

Exhibit 50 Labour market trends for Sri Lankan women, 2016



Source: Analysis of Labour Force Survey microdata 2016

The low participation of women in the labour force has high economic costs for Sri Lanka, which faces a labour shortage in the rapidly expanding industries of tourism and construction. The tourism industry projects 300,000 additional jobs by 2020[51], while the construction industry anticipates the need for 700,000 more workers.[52] However, tapping into the unemployed youth population of 310,000[53] in order to meet this demand will not suffice – it is vital therefore, to increase the participation of women in the labour force.

At present, however, women's participation in high-growth industries such as tourism and hospitality, construction, and ICT is low,[54] with a majority of female workers concentrated in sectors such as education and the health care services.[55]

Gender-specific challenges and constraints

The objective of YouLead is to create new and better employment for young women in Sri Lanka. Therefore, the target beneficiaries include not only unemployed women but also women who are already employed but may be seeking better employment. The distribution of these different categories of women in Sri Lanka (aged 15 and above) are mapped by Exhibit 51. Addressing the labour market needs of the country, however, also depends on responding to a third category of young women: those who are not actively seeking employment but identifying themselves as likely to seek employment in the future, if certain conditions were different.

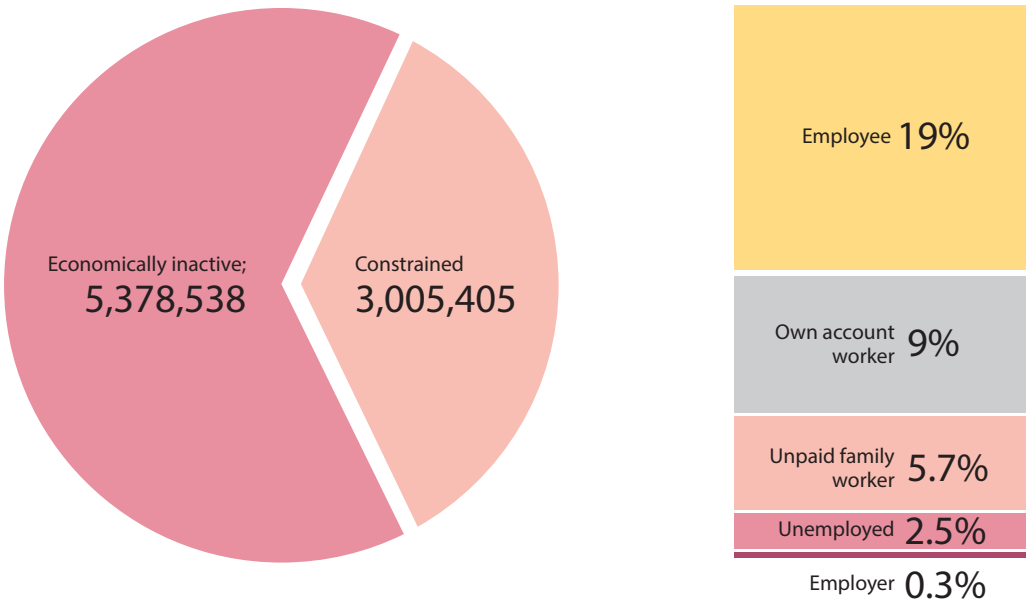
Therefore, the Gender Assessment considers the employment-related challenges and opportunities faced by the following categories of young women:

1. Economically active women:
   A. Unemployed women, or women actively seeking to enter the workforce.
   B. Employed women, or women already in the workforce.

2. Constrained women:
   C. Women who are not in the labour force but register an interest in joining the labour force if certain conditions were to change.

While it may seem counterintuitive to include constrained females in the consideration of women seeking to enter the workforce, the data from the Youth Survey highlights that this demographic represents a large untapped labour force that is interested in employment but not actively looking for work.

Exhibit 51 **Economic status of all women (15 years and above), 2016**



Source: Analysis of Labour Force Survey microdata 2016

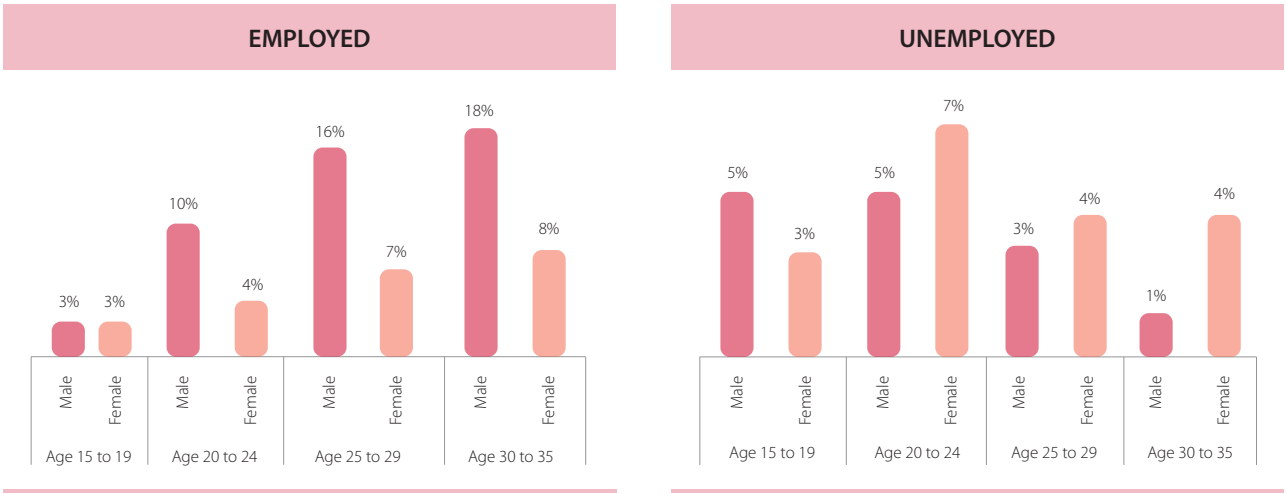
[51] As reported in the Sunday Times article "Sri Lanka's hotel sector likely to get more workers from overseas", published 04 December 2016, http://www.sundaytimes.lk/161204/business-times/sri-lankas-hotel-sector-likely-to-get-workers-from-overseas-218604.html
[52] As reported in the Daily FT articles "Sri Lanka battles labour shortage amid massive building boom", published 20 April 2017, http://www.ft.lk/article/610259/Sri-Lanka-battles-labour-shortage-amid-massive-building-boom
[53] Analysis of Labour Force Survey microdata 2016
[54] "The skills gap in four industrial sectors in Sri Lanka", S. Chandarasiri & R. Gunatilaka, 2015, International Labour Organisation (ILO)
[55] "Sri Lanka Labour Force Survey Annual Report 2016", Department of Census and Statistics, 2016

A. UNEMPLOYED WOMEN – YOUNG WOMEN ACTIVELY SEEKING TO ENTER THE WORKFORCE

Women in Sri Lanka find it twice as hard as their male counterparts to find employment. The Youth Survey revealed that the number of females employed in each age category was significantly less than the number of males, while this trend reverses for unemployment (Exhibit 52). Our data also highlighted that unemployed young women spent more time looking for work than their male counterparts (Table 25). On average, young men spent 18 months looking for work, while young women reported spending 23 months doing so.

Previous research has already examined the way in which gender norms prescribe the role of women in the workforce: specifically, the ways in which marriage and motherhood lower the probability of women being in paid employment (Gunawardena, 2015). Our research demonstrates that the perceptions of what are gender appropriate roles for females are strongly subscribed to by youth: these gender prescriptive roles are reproduced equally by young men and young women in their consideration of a young woman's participation in the workforce.

Exhibit 52 **Employed vs unemployed youth, by gender**



Source: YouLead Youth Survey 2018 (percentages are calculated as a total of employed and unemployed youth)

Table 25 **Quantitative characteristics of youth unemployment, by gender**

Characteristics of unemployed youth	Mean value (average)	
	Male	Female
Number of months since last job/ school ended	28 months	34 months
Number of months looking for work since your last job/ education ended	18 months	23 months
Number of jobs applied (since starting to look for work)	5 jobs	6 jobs
Number of interviews faced (since starting to look for work)	2 interviews	2 interviews

Source: YouLead Youth Survey 2018

Attitudes towards employment

In our survey, youth were presented with a hypothetical situation describing an unmarried female friend who works as a junior waiter in the restaurant of a hotel. The extent to which male and female youth agreed with a series of statements relating to this hypothetical situation are recorded in Table 26.

While 38% of male youth and 41% of female youth (those who selected 'strongly disagree' and 'disagree' as responses) felt that that young women should not continue working after marriage, an increased share, 45% of male and female youth, felt that the young women should not continue working after she had a child.

Table 26 Attitudes towards female employment in the tourism and hospitality sector

Statement	Gender	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
I am happy that my friend has a job she enjoys	Male	26%	53%	13%	6%	1%
	Female	26%	52%	31%	8%	1%
I think she has a good future in the industry	Male	15%	39%	31%	11%	4%
	Female	16%	39%	29%	12%	4%
Her job will not affect her marriageability	Male	8%	19%	44%	26%	3%
	Female	8%	18%	41%	28%	6%
She should continue working at the hotel after marriage	Male	6%	12%	44%	31%	7%
	Female	5%	12%	42%	32%	9%
She should continue working at the hotel after she has her first child	Male	6%	10%	39%	31%	14%
	Female	5%	8%	41%	29%	16%

Note: *The survey asked respondents to imagine that their unmarried, 23-year-old female friend works in a big hotel as a junior waiter in the hotel's restaurant. She was happy at her job and had hopes to continue working there. Respondents were asked what they thought of the statements presented in the table.*

Source: YouLead Youth Survey 2018

Interestingly, a significant number of youth (44% of male youth and 42% of female youth) were undecided as to whether the young woman described in the scenario should continue working after marriage. Similarly, approximately 39% of male youth and 41% of female youth were undecided about whether or not a young woman should continue working after the birth of her first child. These findings signal the potential viability of return-to-work schemes and re-skilling programmes as strategies for increasing women's labour force participation.

In a different scenario described in the survey, youth were presented with the hypothetical example of a close female relative (a sister in this case) working in a clothing store as a salesperson or working as a waiter in a hotel. Table 27 presents the responses gathered in relation to this situation.

Table 27 Attitudes towards a close female relative working in a clothing store vs a hotel

	Gender	Clothing Store	Hotel	Either	Neither
1. Which job do you hope your sister gets?	Male	50%	11%	23%	16%
	Female	54%	12%	21%	13%
2. Which job do you think offers the best opportunity to advances?	Male	39%	28%	12%	20%
	Female	42%	26%	13%	19%
3. Which job do you think offers the better salary?	Male	33%	42%	10%	15%
	Female	36%	42%	10%	13%
4. Which job do you think your parents/guardian would like your sister to get?	Male	44%	9%	13%	34%
	Female	52%	9%	11%	28%

Note: *The survey asked respondents to imagine that their sister had just finished school education and was looking for a job. She has applied to a job to work as a salesperson in a clothing store and to work as a waiter in a hotel. Both jobs are located in a town which is 30 minutes away. She has attended interviews for both and is sure of being offered one of the jobs. Respondents were asked what they thought of the statements given in the figure.*

Source: YouLead Youth Survey 2018

There was a strong preference among youth, both male and female, that a close female relative works in a clothing store rather than a hotel. Further, more young women rather than young men (52% of females and 44% of males) also felt that their parents would prefer if the female relative described in the scenario were to take up work in the clothing store rather than the hotel, despite the fact that 42% of both male and female youth felt that the hotel industry offered better remuneration.

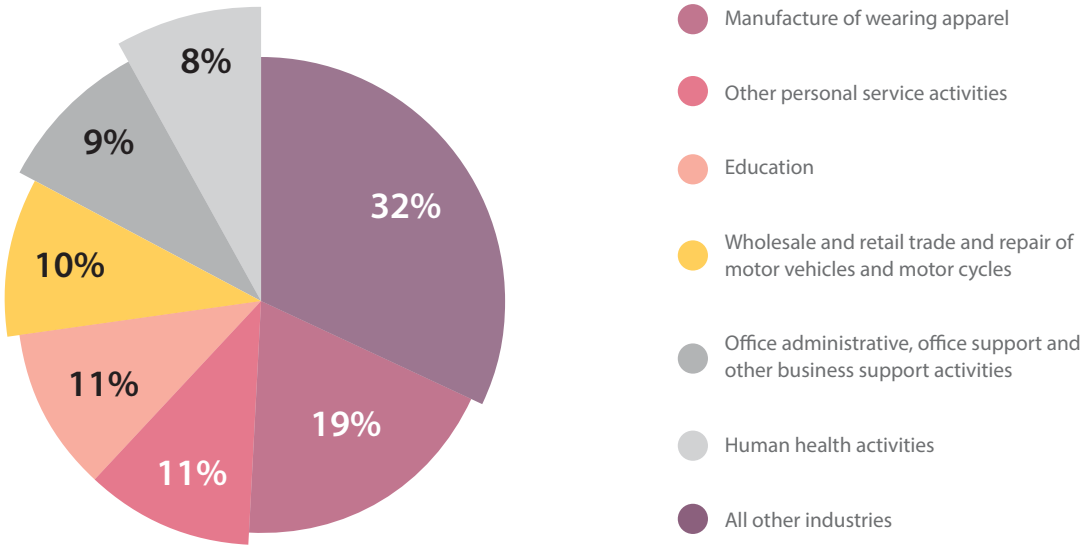
The responses to both scenario questions reveal that there is a negative perception associated with women working in the tourism industry among youth. It is evident that there are informational gaps and socio-cultural barriers affecting parental as well as youth perceptions of what are acceptable economic sectors for young women to work. To successfully integrate women into the workforce, particularly in the high-growth sectors such as construction, ICT, light engineering, tourism and hospitality, and personal care, it is necessary that the misconceptions regarding the labour market are addressed. Communication strategies, while disseminating information regarding labour market opportunities and benefits for women, need to also build confidence in parents and youth.

B. EMPLOYED WOMEN – YOUNG WOMEN ALREADY IN THE WORKFORCE

Our Youth Survey shows clear horizontal occupational segregation among young men and women in the labour market. Horizontal occupational segregation refers to the high concentration of women in particular industries. In the survey, 27% of female respondents were employed, while 57% of male respondents were employed.

The following 10 industries accounted for 80% of the employed young women: manufacture of wearing apparel (19%); education (11%); wholesale and retail trade and repair of motor vehicles and motor cycles (10%); office administrative, office support and other business support activities (9%); human health services (8%); other personal service activities (11%); crop and animal production hunting and related service activities (3%); manufacture of food products (4%); other manufacturing (2%); and information service activities (2%).

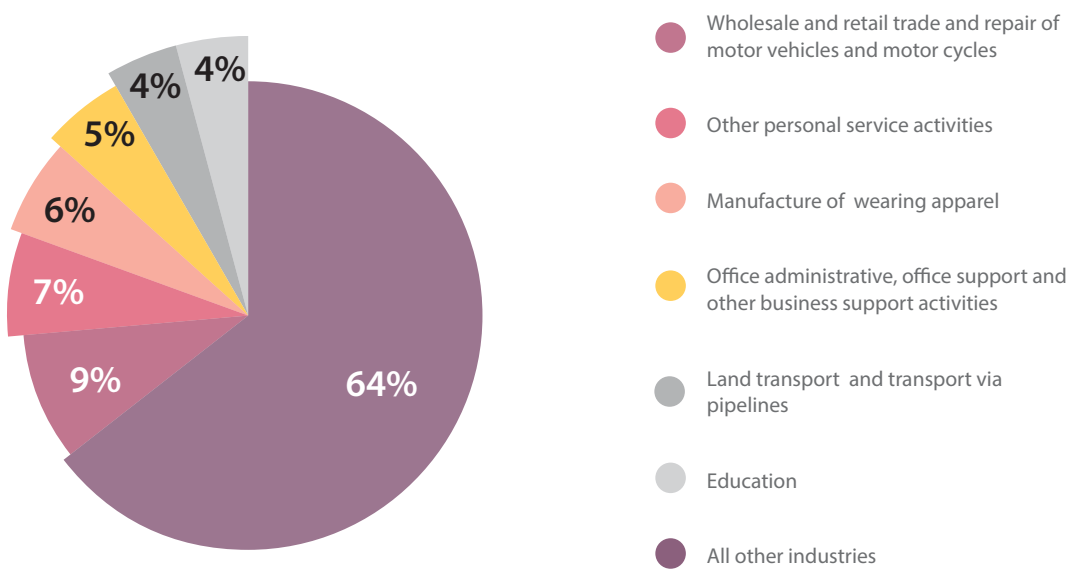
Exhibit 53 **Industry of employment (%), female**



Source: YouLead Youth Survey 2018

Employed young men exhibited a wider dispersion across industries (Exhibit 54), with 9% in wholesale and retail trade and repair of motor vehicles and motor cycles; 7% in other personal service activities; 6% in manufacture of wearing apparel; 5% in office administrative, office support and other business support activities; 4% each in land transport and transport via pipeline; 4% in education; 4% in crop and animal production, hunting and related service activities; 4% in public administration and defence; 4% in security and investigation activities and 4% in construction of buildings.

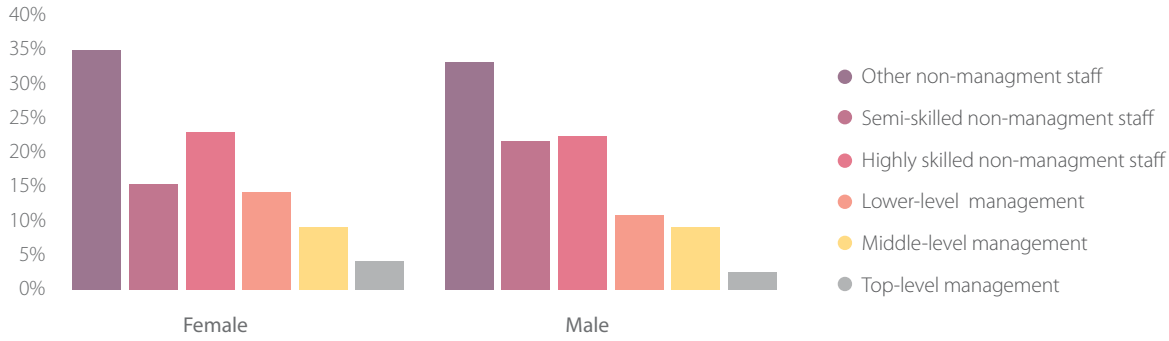
Exhibit 54 Industry of employment (%), male



Source: YouLead Youth Survey 2018

In contrast to the high concentration of employed women in just 10 industries, the top 10 industries of male employment account only for 52% of employed young men. On the other hand, our data does not show evidence of vertical occupational segregation – young men and women show similar levels of concentration along occupational levels as shown in Exhibit 55. It maybe that women face "glass ceilings" later on in life, or in totality, but this does not appear to be an issue for the young women who responded to our survey.

Exhibit 55 Occupational levels of employed youth (%), by gender



Source: YouLead Youth Survey 2018

WOMEN IN APPRENTICESHIPS

NAITA is the only public TVET institution that provides apprenticeships to youth in the country. Recent data shows that NAITA managed to recruit approximately 11,500 female trainees in 2017 – however, this was only about 33% of its total recruitment base. About 43% of the recruited female trainees dropped out during the training. In comparison, only 29% of male trainees dropped out. NAITA provides 4 different types of training: enterprise-based training, situational training, village-based training, and centre-based training.

The recruitment of female apprentices was highest in village-based (73%) and centre-based (68%) training, and lowest (25%) in enterprise-based training (commonly known as on-the-job training). While dropout rates are very high in all types of training among both young men and women (Table 28), dropout rates among women in situational training is higher than their male counterparts in the same type of training. Village-based training shows the lowest female dropout rates. The YouLead project considers enterprise-based training and the on-the-job component of centre-based training as "apprenticeships".

Table 28 **Recruitment, dropout and completion, by type of training**

Type of training	Females as a % of total recruited	Dropout %		Females as a % of total completing
		Female	Male	
Enterprise based training	25.0	25.6	23.8	18.1
Situational training	48.8	42.5	27.9	46.0
Village based training	72.5	16.3	26.9	58.9
Centre based training	68.0	68.6	73.3	67.7
Total	**36.6**	**43.2**	**29.1**	**24.2**
Apprentices only[56]	**34.7**	**44.6**	**29.3**	**20.5**

Source: Data provided to Verité Research by the Ministry of Skills Development and Vocational Training.

The recruitment of females is highest in the "traditional" sectors – medical and health sciences, office management, textile and garments, finance banking and management and ICT. Female recruitment for apprenticeships in the hotel and tourism, building and construction, and other traditionally male-dominated fields is much lower. There is zero female recruitment in traditionally male-dominated fields such as gem and jewellery cutting, electronics, refrigeration and air conditioning, rubber and plastic, and wood-related fields.

We also notice that female dropout rates are higher in male-dominated fields than female-dominated fields. This signals that, although some female youth may be breaking the mould to enrol in male-dominated fields of study, they are unwilling or unable to continue their training. Since the female student size is small in these male-dominated fields, there might be a domino-effect that takes place when a handful of female students decide to dropout, adding pressure on the remaining females to do the same – this may be due to unsuitable study/work environments, a lack of safety, or a lack of acceptance.

[56] YouLead considers trainees enrolled in enterprise-based training and center-based training as apprentices

Table 29 **Recruitment, dropout and completion of NAITA enterprise-based training, by field of study**

Field of study	Females as a % total recruited	Dropout %		Females as a % of total completing
		Female	Male	
Medical and Health Science	92	12	8	88
Office Management	85	22	23	86
Textile and Garments	81	33	29	78
Finance, Banking and Management	80	27	28	82
Other	64	21	36	37
Information Communication and Multimedia Technology	61	59	43	56
Printing and Packaging	55	67	44	80
Leather and Footwear	25	204	69	35
Art, Design and Media (Visual and Performing)	17	0	14	0
Hotel and Tourism	11	42	43	7
Gem and Jewellery	8	100	17	18
Building and Construction	5	8	4	5
Agriculture Plantation and Livestock	4	20	36	4
Automobile Repair and Maintenance	1	52	44	1
Refrigeration and Air Conditioning	0	50	68	1
Metal and Light Engineering	0	50	32	1
Electrical, Electronics and Telecommunication	0	-	38	0
Rubber and Plastic Product Occupations	0	-	19	0
Wood Related	0	-	51	0

Note: *Recruitment refers to the number of trainees recruited in the calendar year. Completion refers to the number of trainees completing the course in the calendar year. It is possible for a trainee to be recruited in one calendar year and complete the course in the following year, as courses are sometimes 1.5-3 years long.*

Source: Data provided to Verité Research by the Ministry of Skills Development and Vocational Training.

Table 30 **Recruitment, dropout and completion of NAITA centre-based training, by field of study**

Field of study	Females as a % total recruited	Dropout %		Females as a % of total completing
		Female	Male	
Medical and Health Science	100	6	-	99
Other	82	13	0	86
Textile and Garments	82	18	8	75
Languages	78	0	0	-
Information Communication and Multimedia Technology	77	10	9	77
Art Design and Media (Visual and Performing)	71	41	14	48
Printing and Packaging	63	24	18	58
Hotel and Tourism	41	-	0	0
Leather and Footwear	11	0	13	14
Wood Related	5	0	34	0
Automobile Repair and Maintenance	2	0	32	0
Building and Construction	1	0	1	0
Electrical, Electronics and Telecommunication	1	150	23	4
Metal and Light Engineering	0	-	21	0
Refrigeration and Air Conditioning	0	-	19	0

Note: *Dropout refers to the number of trainees dropped out in the calendar year. It is possible for a trainee to be recruited in one calendar year and dropout of the course in the following year, as courses are sometimes 1.5-3 years long, so the dropout is reported in the dropout year, so it is possible for dropouts to exceed the enrolments for the year.*

Source: Data provided to Verité Research by the Ministry of Skills Development and Vocational Training

The data signals that more needs to be done to improve the recruitment of females into apprenticeships in the high-growth sectors, and that further steps need to be taken to ensure low drop out and high completion rates. A "strength-in-numbers" approach may work in recruiting females into male-dominated fields such as hotel and tourism and building and construction. As we see later on in this chapter, this approach was used by the Women in Construction Forum to get women into construction.

While our survey did not explore the incidence of sexual harassment in the workplace, several previous studies highlight that this is a common experience of many employed women in Sri Lanka, irrespective of socioeconomic background.[57] According to a study by the UNFPA, 90% of women have also experienced sexual harassment on public transport.[58] Most cases of sexual harassment, both in the workplace and in public transport, remain underreported and the perpetrators face few ramifications. This is largely due to misplaced feelings of shame and fear by victims, the fear of reprisal and continued harassment, the lack of social and institutional support in reporting the crime, and delays in the legal system.[59]

However, as discussed in the Youth Labour Market Assessment, safe working environments are very important to youth. Our survey shows that unemployed youth consider a safe working environment the second most important factor when applying for a job – and women may in fact find it harder to achieve this due to high expectations of what is considered "safe". While many organisations have policies to address these issues, the enforcement and acceptance of such work place policies takes place much more slowly. We discuss the opportunities for creating a safe work environment later on in this chapter.

C. CONSTRAINED WOMEN – POTENTIAL LABOUR MARKET ENTRANTS AND RETURNEES

As detailed in the previous chapter on the constrained youth population, we saw that a large proportion of women who are constrained from participating in the labour force are engaged in home duties. By contrast,

[57] "Sexual harassment at the Sri Lanka workplaces and its legal remedy", W.M.M. Karunarathne, 2015
[58] "Sexual harassment on public buses and trains in Sri Lanka", UNFPA, 2017
[59] "Beyond glass ceilings and brick walls – gender at the workplace", M. Wickramasinghe & W. Jayathileka, 2016

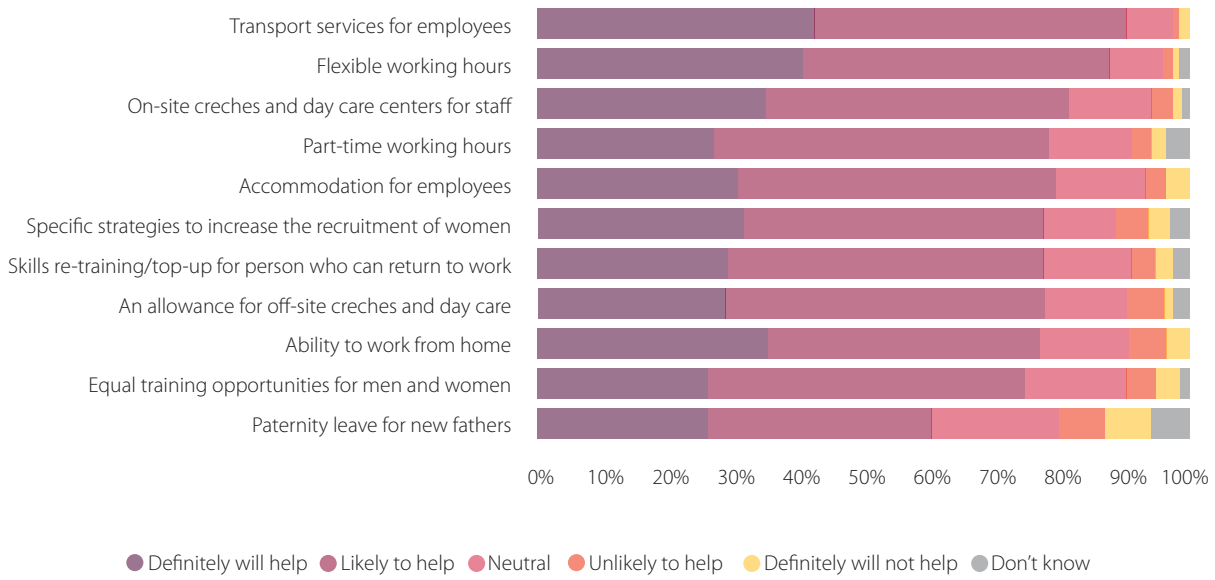
only 3% of the constrained male population was engaged in home duties.

Of the youth surveyed, 65% of young women engaged in education activities and 31% of women who were NLET said that they would be interested in looking for work/ starting work if conditions were different. Another 14% of women engaged in education and 20% of NLET women expressed that they were unsure of their interest in working. This indicates that about 1.5 million young women could potentially be integrated into the workforce (79% of women engaged in education and 51% of NLET women). While the survey finds a very large number of prospective entrants to the labour force, identifying and addressing the barriers that prevent these young women from actively looking for work is critical to addressing the labour market needs of the country.

Based on our survey we find that the ideal working conditions for such women is a job that enables them to work a maximum of 8-9 hours a day (41-50 hours per week), receive a minimum wage of Rs. 25,000 and entails a maximum travel time of 0.5 hours.

Given the research that already exists on the potential ways in which constrained young women could be motivated to participate in the workforce, our survey measured the level of support for several such initiatives (Exhibit 56). The top 5 factors most likely to encourage increased female labour force participation were: transport services, flexible working hours, on-site crèches/day care centres, part-time work and accommodation for employees.

Exhibit 56 **Factors that are likely to assist the potential female labour force to search for work**



Source: YouLead Youth Survey 2018

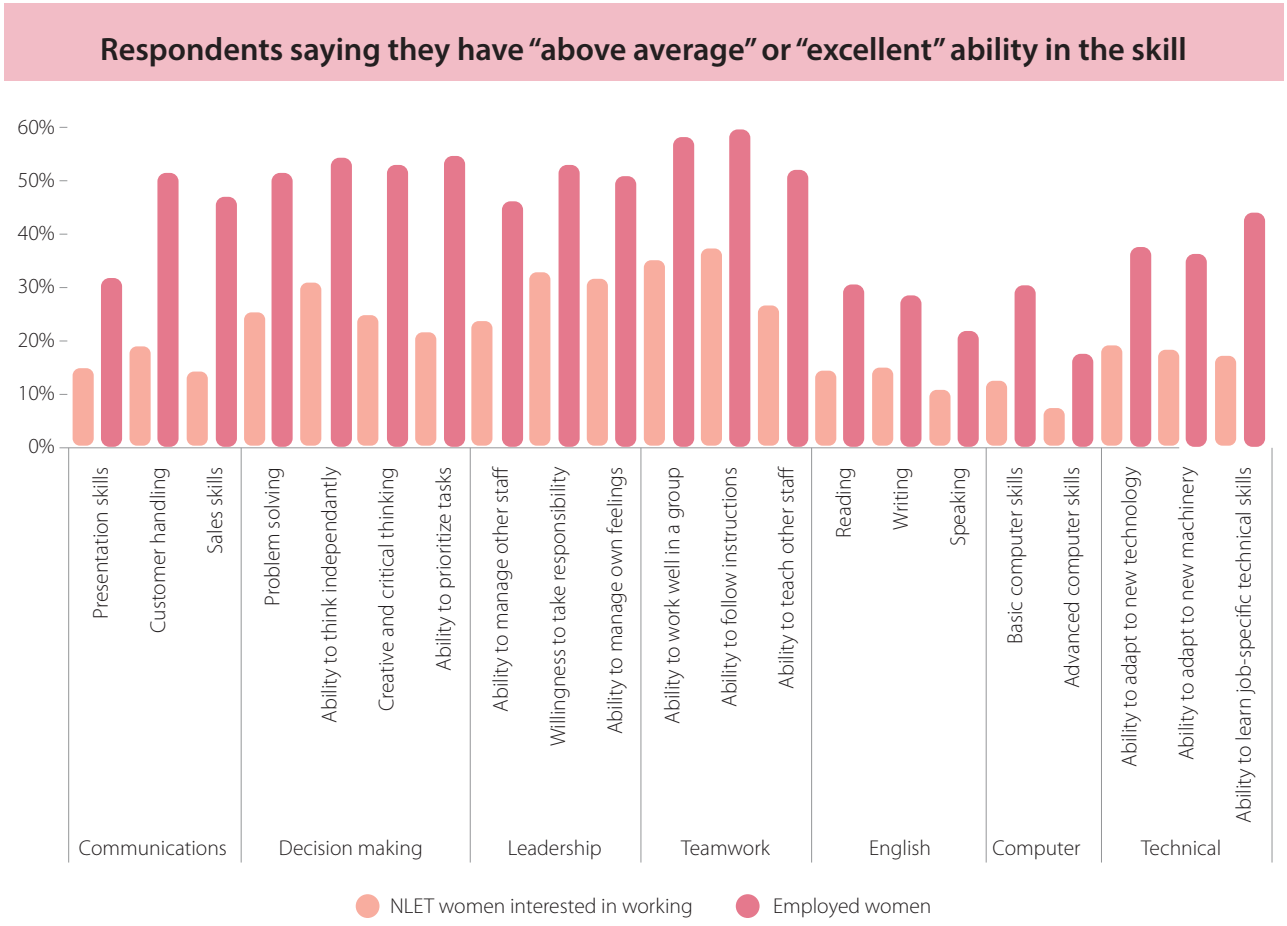
Our results showed that women with O/L and A/L education were more likely to show an interest in looking for or returning to work: 50% of NLET women interested in joining the labour force were GCE O/L (grade 10-11) qualified, and 34% were GCE A/L (grade 12-13) qualified. This indicates that a fairly educated pool of employees that can potentially be accessed by employers who are willing to implement at least some of the initiatives identified above.

Skills of the potential female labour force

As discussed in Youth Labour Market Assessment, the most pronounced shortage of relevant skills among the potential female labour force was in English language skills. In addition, constrained women exhibit lower ability in technical and communications skills.

We noted previously that there is only a marginal difference between skill levels of NLET and unemployed youth, so this suggests that return-to-work programmes targeted at women who have been out of the labour force for a period of time do not require substantial additional investments on the part of employers, as their skills deficit is similar to that of their unemployed counterparts.

Exhibit 57 **Self-assessed skills of NLET women interested in working vs employed counterparts**



Sources: YouLead Youth Survey 2018

OPPORTUNITIES AND RECOMMENDATIONS

In the final section of this chapter, we outline several evidence-based, differentiated approaches to increasing women's workforce participation and retention in Sri Lanka, including measures for increasing female entrepreneurship activity. Below are five opportunities for achieving these objectives:

1. Attracting women into non-traditional occupations;
2. Strengthening home and community-based livelihood development programmes;
3. Creating safe work environments;
4. Upskilling women to re-enter the labour market; and
5. Private sector investment in the care economy

The first opportunity examines a partnership between industry experts, a community-based organisation, and the private sector, that has worked together successfully to design and deliver a skills training programme to increase women's employment in a high-growth sector that is not traditionally viewed as an appropriate work environment for women in Sri Lanka.

The second opportunity builds on the knowledge that the domestic sphere is still the primary sphere of activity for many women especially in rural parts of Sri Lanka and identifies several recommendations for improving the viability of home and community-based economic activities of female entrepreneurs.
Third, we examine the work environments of women, and the measures that must be taken by policy makers and employers to increase the retention of women in the workforce.
Next, we examine the opportunities for increasing female labour force participation by up-skilling or re-skilling women who have left work due to care responsibilities.

Finally, we examine the potential for childcare services provided by employers to increase female labour force participation. Drawing on two case studies, we outline the business case for private-sector investment in the care economy.

1. Attracting women into non-traditional occupations

Cultural norms and gender stereotypes are the root of occupational segregation the world over, including Sri Lanka. We investigated one innovative programme in Sri Lanka that has attempted to break the brick walls and increase the employment of women in an unconventional industry: construction.

A closer look at the Women in Construction Forum (WICF)

The WICF was inaugurated in 2016 with the objective of promoting women in the male-dominated construction industry. We spoke with Prof. Chitra Wedikara, the President of the WICF, to find out more about the programme.

The decision to establish the WICF was founded on the following observations.

(i) Occupational segregation in the construction industry (Exhibit 58): most female employees in the construction industry occupied professional and highly-skilled roles, while very few female employees were in manual occupations.

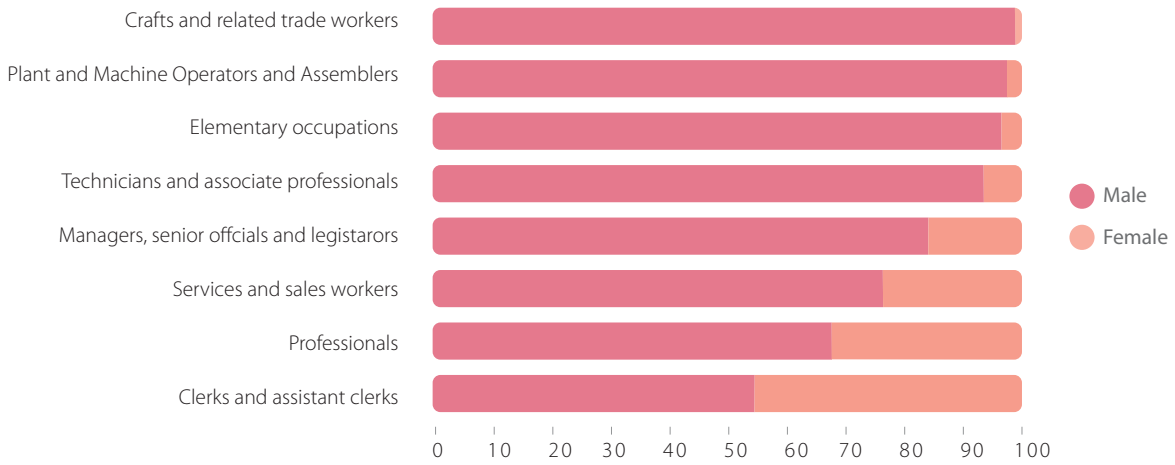
(ii) A severe shortage of skilled labour in the industry: the industry was struggling to find the required skilled labour, both in quantity and quality, and was turning to foreign labour to bridge the shortage.

(iii) The migration of women to the Middle East to engage in domestic work and other low skilled jobs: women would not choose migration if they were able to look after their families while earning a decent income.

The WICF decided to train a selected number of women in the light trades of painting, tiling, carpeting, plumbing and aluminium work and connect them to jobs in the industry. They began with training 40 women in the painting trade, which was deemed to be an easily acquired skill. The women were identified with the support of "Community Concerns Society". The women were residents of the Colombo suburbs and were mostly daily-wage workers engaging in domestic work and other odd jobs to earn an income. In our interview with Prof. Wedikara, she noted that the women were very enthusiastic, albeit a little nervous because of their lack of knowledge about the industry. The beneficiaries were mostly young mothers, but also included a few older women.

The training itself was conducted by Multilac, one of Sri Lanka's premier paint companies. Multilac provided a one-month training programme on painting techniques. At the completion of this training, the women were given certificates at a graduation ceremony. Multilac provided each of the women with painting toolkits, a company ambassadorship and workmen's compensation insurance. After this, the women were placed in on-the-job training programmes at the work sites of some of the big construction companies in Colombo, where they worked on-the-job for between six months to one year. The employers continued the payment of the Rs 5,000 allowance at the request of the WICF.

Exhibit 58 **Vertical occupational segregation in the construction industry**



Sources: Analysis of Labour Force Survey microdata 2016

Salient features of the WICF training programme

- To attract the women into the programme, an allowance of Rs 5,000 per month was offered to each participant – this was because the women were daily wage workers, and if the opportunity cost of joining the training programme was not covered, it would be difficult to retain the women for the duration of the training programme. The first allowance was paid to women after a commitment of one week. Additionally, Multilac provided the women with lunch, tea and refreshments during the training period so that they did not have to incur any significant costs in attending the programme. During the on-the-job training this allowance was continued, which helped with retaining the women during the training period.

- A 3-day orientation was held prior to beginning the training. The orientation programme was important to provide the women with information about the construction industry, including the nature of work environments, benefits, and how they should dress for work.

- Women were placed in groups into the worksites for the on-the-job training and WICF requested that a female supervisor be placed at the sites. This was important to ensure that the women did not feel unsafe or isolated while working. In addition, WICF requested the use of separate toilets and lunch rooms facilities for the women. Although this was an additional cost, the contractors willingly provided these to the women.

Successes of the WICF training programme

- Many of the women continue to work in construction; some work for major construction companies while others are self-employed as painters.

- The companies and contractors that worked with WICF have requested that more women be trained and placed within their workforce, which is indicative of the quality of the training that is provided to the beneficiaries.

- The women have experienced an increased quality of life for themselves and their families. Most of the women now earn approximately Rs. 50,000 – 60,000 a month and can afford to spend on their children's education and the other wants and needs of their families. They are also visibly more confident in themselves and are proud of their skills and newfound financial independence.

- The women can rely on the fixed and stable income to even request loans to further expand their business activities.

- The introduction of women into the sites has also boosted the productivity of the male employees as the supervisors observed less shirking at the worksites.

Testimonials

Reflections by the women painter technicians and beneficiaries of the Women in Construction Forum and Community Concerns training program:

- "Life was very difficult for me before I joined this programme. I was working as a housemaid, but I couldn't even afford to buy milk for my child. That is why I thought I should join this [programme] and learn a skilled trade. I underwent the one-month training at the centre and then one-year on-the-job training. I do private contract work now. When I go for a job I tell them I will paint one room and if they are happy with my work, let me paint the rest too. So far, I have completed painting 7 full houses. I feel empowered now to do even more, and even build my own house by myself." – Chandrika

- "I have been working as a painter now for one and a half years. We trained by painting on small wooden planks, now we can paint huge walls and any surface. When we were training I was scared to climb the ladder, but now I am up even five stories with no issue. I see a lot of women like me going to work abroad as housemaids, and this makes me very sad, because it affects the entire family. But with this job I am earning Rs 1,500 a day when I work, and that is enough for us, so I encourage all my sisters to join this industry. It will help us earn more and be with our family too. People say the male colleagues in this job are difficult, but they were very respectful, they respect our work and efforts. We were taught how to face any challenge, which was helpful. I love this job and I think we might even build houses soon, not just painting. I ask these organisers to raise awareness about these jobs." – Champi

- "I was doing nothing at home (mama nikamek wagey hitiye gedara). I love playing cricket, but

I needed Rs 30,000 for that. I used to expect money from my parents, but I didn't want to ask them for that money. So, I joined this training thinking 'what do I have to lose'. During the on-the-job training I got to paint one floor by myself, I was worried but did it anyway, I thought I will try my best. After about five months on the training, the supervisor asked if I can look after some golayas (assistants). I was worried at first because they are men. But I agreed. Initially these boys were teasing me, so I kept to myself and did the work, but they soon came and asked me to teach them too. Now I have contacts with these colleagues from Matara, Badulla and Anuradhapura and they call me to come and join them to finish a painting job. Sometimes I go." – Sashini

Recommendations For Increasing Female Employment In Non-Traditional Sectors

- **Industry experts should work in partnership with the private sector and community-based organisations:** the success of initiatives such as the WICF depends on the partnerships between these different types of organisation, which combine the knowledge of industry needs with the ability to design viable skills training programmes for unemployed and underemployed women.

- **Understand the social perceptions that are specific to the industry:** the negative connotations relating to the employment of women in the tourism sector, for example, are different to the construction sector. While construction is viewed as a job that women "can't" do given the physical demands, the tourism is industry is viewed as a job that women "shouldn't" do, signalling the different types of misperception that need to be addressed by training initiatives.

- **Invest in enhancing the status of training programmes seeking to attract women into the industry:** the WICF, for example, concludes with a grand graduation ceremony where the women are provided with certificates. These efforts are important to ensure that the trade is viewed with dignity by the trainees as well as their families and enhances the perception of the industry in society more broadly.

- **Recognise and address the shortcomings and limitations of existing vocational training programmes:** according to the TVET course guide, many of the qualifications available under the public training institutions require a level of general education up to Grade 10 or the completion of ordinary level qualifications. However, many of the beneficiaries of the WICF programme have not even completed grade 8 education. Similarly, the NVQ system is a potential hindrance to the upskilling women for employment in the construction sector: the process imposes minimum entry requirements and entails long training durations, which cannot be sustained by women who are daily-wage workers.

2. Strengthening home and community-based livelihood development programmes

There are many livelihood development initiatives in Sri Lanka that are targeted at the economic upliftment of low income families. These programmes have been organised by the Samurdhi Development Authority, the Department of Rural Development, NGOs, and the private sector. A member of our research team attended an exhibition of small-scale arts and craft businesses organised by one such scheme in December 2017. The products on sale were mostly cane-woven arts and crafts, jewellery, clothing and footwear, snacks and sweet items, and were all produced by female entrepreneurs from the Northern and Eastern Provinces. Our researcher observed that many of the products on sale were homogenous products with a marked lack of differentiation: while hardly any branding was visible, the packaging used was also unlikely to seize the attention of consumers. The products, sometimes even by the same producer, were of varying quality. Furthermore, items such as woven cane baskets and bags have a "one-time" demand rather than a recurring demand, highlighting the limited market for such products.

Based on the conversations that our researcher had with the women at the exhibition, we outline below a few key challenges faced by these female entrepreneurs:

- We were told by the women entrepreneurs that they usually made products to sell at these types of exhibitions and stalls. As these women resided in the Northern and Eastern provinces and the exhibition was held in central Colombo, we understood that they did not have a regular market and were reliant on other organisations to create a market place for their products. While the exhibitors hoped to attract large-businesses as potential customers, this was a weak strategy in the long-term as it is relied on the capacity of the exhibition organisers to attract a large volume of prospective clients to the exhibition.

- One of the resounding complaints of the entrepreneurs in attendance was the lack of support that they received from micro-finance institutions. Even a relatively small amount of money was hard to come by for many of these women. While there are some loan schemes that are targeted at women, such as the "Vanitha Navodya" Loan Scheme and the "Liya Isura" loan scheme under the sponsorship of the Ministry of Child Development and Women's Empowerment, the success of such programmes is uncertain as there are no publicly available evaluations or assessments. (Both schemes are given on an interest free basis and require no collateral as security.)

- Most of these small-scale businesses operated without working capital, due to the lack of funds. All available funds were spent on purchasing raw materials, which was followed by production, and sales. The revenue that was generated through sales was then re-invested to purchase more raw materials for a new cycle of production. The different stages in the supply chain occur in a linear fashion, presenting a significant barrier to the operation of a smooth business and certainly to any prospect of expansion.

"These bank officers don't give us money, they only give the people who already have money. Sometimes 10 of us must get together to request a loan of Rs. 10,000."
– Woman entrepreneur, Village in the City exhibition organised by Women in Management

3. Creating safe work environments

Creating safe environments for women is crucial to increasing female labour force participation in the country and cannot be addressed without the active participation of employers of all sizes and across all sectors. While large corporations in Sri Lanka appear to have policies to address the prevalence of sexual harassment at workplaces, smaller corporations are lagging in the formal adoption of such policies.

A code of conduct relating to sexual harassment in the workplace released by the ILO and the Employers Federation of Ceylon (EFC) notes that at institutions where there is no awareness of sexual harassment and no established processes to address the problem, victims often find that lodging formal complaints leads to being unfairly penalised themselves.[60]

Employers, especially Human Resource Managers, should promote the adoption of the ILO and EFC's "Code of conduct and guidelines to prevent and address sexual harassment in workplaces", and undertake active measures to promote a zero-tolerance environment.

However, the effectiveness of zero tolerance policies is limited in certain service sectors like tourism, where customers tend to enjoy unspoken privileges and impunity. In addition to taking stronger measures to protect female employees within the industry, private sector firms wishing to build better relationships with local communities can also play a role in raising awareness of sexual harassment of women in and around tourism hotspots. These companies can work with existing organisations to create safe environments both in the workplace and the wider community.

Creating safe work environments for women: a role for TVET institutes

TVET institutions can play a significant role in raising awareness among young men and women about sexual harassment in the workplace. This can be done by introducing course content that includes but is not limited to:

- What is sexual harassment?
- The psychological effects on those who are victims
- How to prevent sexual harassment from occurring in the workplace
- How to be allies in the prevention of sexual harassment in the workplace, and
- The legal recourse that is available to victims.

[60] "Code of conduct and guidelines to prevent and address sexual harassment in workplaces", ILO & Employers Federation of Ceylon (EFC), 2013

4. Upskilling women to re-enter the labour force

While a majority of women leave the workforce for extended periods of time due to care responsibilities, their ability to gain employment in the case of re-entry diminishes as the skills that they possess become redundant in the workplace. The impact of de-skilling is compounded for women whose skills are in fields characterised by rapid technological advances.[61] However, there exists limited research on the skills mismatch faced by women seeking to re-enter the workforce.

To combat the de-skilling that is observed as a consequence of spending an extended period outside the workforce, many firms in the UK and the USA have launched return-to-work initiatives. While a majority of these programmes abroad are targeted at professional women in the financial, consulting and STEM sectors,[62] return-to-work programmes in Sri Lanka should target women in both high-skilled and low-skilled occupations.

There is a valid business case for returner programmes, as they offer mutual benefits to both employers and employees.

- Caregivers are strong multitaskers, possessing good organisational and coordination skills. They represent a large pool of high-potential mature individuals who can support the growth of businesses. Furthermore, women who have taken time out of the labour force to raise children are less likely to face the "marriageability" barrier that young women often face when choosing their employment and career paths.

- Return-to-work programmes offered by the private sector present a means of tackling the shortage of labour in the high growth sectors; furthermore, they present an opportunity for corporations to achieve their gender and diversity targets.

- Showcasing the investment that a firm makes in attracting and retaining returners also signals to younger women that the business cares for women: this increases the attractiveness of the firm to younger female talent and could be particularly valuable to industries such as tourism and construction that are not perceived as suitable work environments for young women in Sri Lanka.

However, based on our research with employers, we find that there is very limited awareness of this potential labour force or the concept of returning to work. There is the need for strong research to highlight the rationale for return-to-work programmes, both from the point of view of employers and potential employees.

In the case of Sri Lanka, where many women may not have entered the workforce to begin with, returner programmes should not isolate women who have not previously been in the workforce. Therefore, the return to work programmes should be organised in parallel with entry to work programmes for young women. Given the lack of familiarity with return-to-work programmes even within the private sector in Sri Lanka, it is vital that the implementation of such programmes receives the buy-in of senior executives.

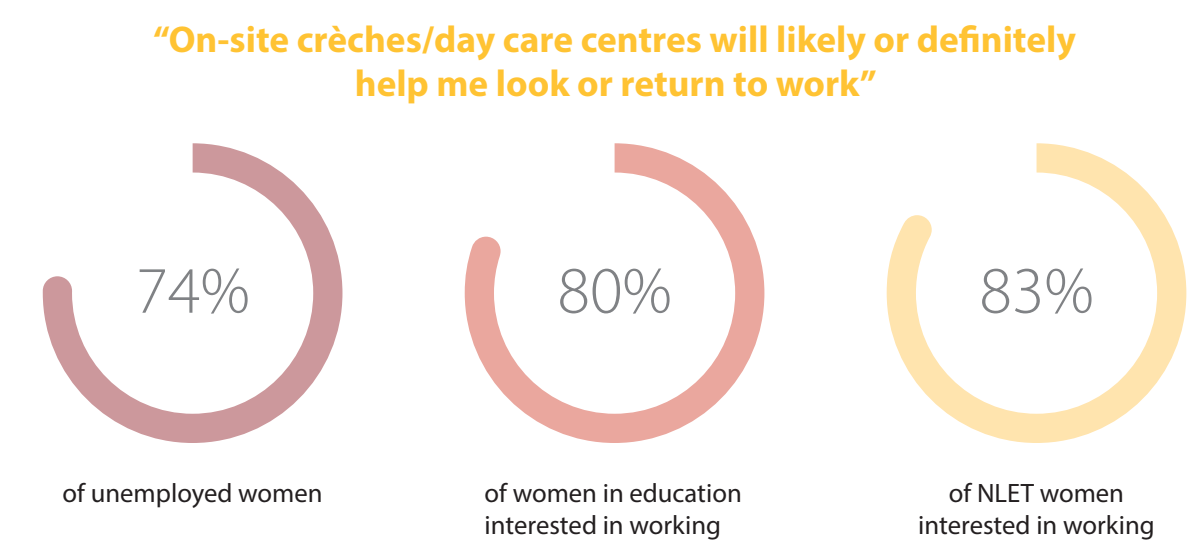
5. Private sector investment in the care economy

Working parents in Sri Lanka have traditionally relied on a network of family members to raise and care for their children while they are at work. This familial support system is vital for enabling many young working parents to remain in work, due to the unavailability and unaffordability of formal childcare services. An ILO study[63] reported that 48% of women who had been previously employed cited homemaking as the primary reason for giving up their jobs. As mentioned before, some 31% of women who are NLET show a definite interest in working.

As noted previously in Chapter 4, Herath et al[64] suggest that women are eager to work if good quality child care is more widely available and affordable. On-site crèches and day care centres have been suggested for a long time, but few companies have taken the initiative to provide these facilities to women, and we find very few employers who would support this.

[61] The term "de-skilling" refers to the skills mismatch that occurs as a consequence of time spent outside the workforce and is distinct from the skills mismatch experienced by youth seeking employment.
[62] "Returners programmes: best practices guidance for employers", Timewise & Women Returners, 2018, Government Equalities Office
[63] "Women's activity outcomes, preferences and time use in Western Sri Lanka", R. Gunatilaka, 2016
[64] "Female labour supply and child care: urban young parents with pre-school children", Premaratne, S.P., Undated.

Exhibit 59 **Impact of childcare assistance in bringing women into work**



Sources: YouLead Youth Survey 2018

In our survey, we asked young women if they were willing to make use of such facilities if offered. An overwhelming 74% of young women who were looking for work (unemployed) said that on-site childcare facilities would "likely" or "definitely" increase their ability to secure employment, while 68% of these young women said that an allowance for off-site child care facilities would "likely" or "definitely" help them secure work (Exhibit 59).

Of the young women who were not in the labour force, education or training, one-third (31%) expressed a desire to return to work if certain conditions were different: of these women 83% said that on-site crèches and day care centres would "likely" or "definitely" help them return to work, while 78% said that an allowance for off-site childcare facilities would "likely" or "definitely" help them return to work. The support for on-site child care facilities was stronger than the support for off-site facilities, perhaps due to the worry about the quality of care that is available and the inability to keep a check on the level of care provided by off-site facilities.

Our data not only confirms the findings of previous research, but also indicates the extent to which the provision of childcare facilities or allowances for such is likely to assist Sri Lanka in bringing women into the workforce. The evidence points to a critical solution to unlocking women's labour force participation in Sri Lanka.

The two examples below highlight the business case for private sector investment in childcare support: a win-win situation for both employers and employees.

Borusan – Turkey[65]

Borusan is a leading industrial conglomerate in Turkey that has championed the participation of women in the workforce as the solution to attracting and retaining a skilled workforce. To date, Borusan has helped establish 10 crèches at industrial zones throughout Turkey, through Public-Private Partnerships (PPPs) with the government. While Borusan finances the crèches, which are open to Borusan employees as well as women working at other companies in the industrial zone, the hiring of teachers, obtaining licences, and regulatory compliance is handled by the government. However, given the nature of the work at a heavy industrial zone, the group also recognises that a creche is not an option for all its companies. The employees at these companies are provided with childcare subsidies. Apart from the social impact of these initiatives, the group derives a direct strategic interest from retaining the skilled workforce that it needs to maintain its leading position in a competitive market. While the centres currently operate a no-fee model, they are at full capacity and have a waiting list. Therefore, they are now considering expanding capacity by shifting to a sliding fee scale that is determined by salary and financial need and charging for the care of older children during school vacations.

MAS Kreeda Al Safi – Jordan[66]

Based in Jordan, MAS Kreeda Al Safi is a manufacturing arm of MAS Active – the active wear unit of MAS holdings headquartered in Sri Lanka. It operates an on-site childcare centre for its employees, which mirrors the working hours of the factory. Since opening the childcare centre, the management has observed reduced absenteeism, reduced employee turnover, and more stable production lines. A survey that was conducted among employees found increased levels of happiness, satisfaction and motivation among married and unmarried female workers (the latter felt that they could continue to remain in employment after they had children). The women also said that they chose to work at MAS Kreeda Al Safi over other local opportunities due to the existence of the centre: mothers specifically cited the centre as the reason for applying for a job with the factory. Additionally, the centre was seen by the community as an effort on the part of the employer to keep mothers close to their children – the management felt that this increased the acceptability of women's work. The centre also played a crucial role in solidifying the relationship of MAS Kreeda with a major US buyer with specific labour market and gender equity regulations. Therefore, the centre was critical to gaining access to an important market and supported strategic business objectives and plans for future growth.

The business case for private-sector investment in the care economy

- Attracting and retaining the right talent, including girls and women: retention is a must in industries that invest heavily in training their employees (the five priority sectors – construction, ICT/ BPO, light engineering, tourism & hospitality, and care services – are characterised by private-sector firms that provide this type of specialised training to employees).
- Reputational gains: creates a public profile as a socially responsible cooperation; furthermore, social sustainability and gender equality initiatives play an increasing role in company benchmarks and ranking indices.
- Access to new investors and markets, which depends increasingly on compliance with regulations enabling women's workforce participation.
- Increased market value, through enhanced relations with various stakeholders and increased scope of operations.

Sri Lanka Youth Gender Gap Index – a new way to measure youth gender disparities in labour market outcomes

The YouLead Youth Survey provides us access to data that allows us to construct a Youth Gender Gap Index (YGGI) to capture the magnitude of regional gender-based disparities that exist in Sri Lanka for selected labour market outcomes. This index adopts the methodology used by the World Economic Forum's (WEF) Global Gender Gap Index. The YGGI comprises 5 indicators that capture youth females labour market outcomes: labour force participation, average wage, representation in managerial level jobs (top management, middle management and lower management), representation in highly-skilled non-management job roles, and representation in private sector job roles.

The index ranks each province by measuring female outcomes over male outcomes –

[65] IFC 2017. Tackling Childcare: The Business Case for Employer-Supported Childcare. Washington, D.C.: The International Finance Corporation.
[66] Ibid.

therefore, a value of 1 indicates equal outcomes. The YGGI enables the comparison of provinces across the country and would ultimately allow us to track the progress towards gender equality by each province.

There are 3 underlying concepts to the YGGI:

1. The focus is on measuring gaps rather than levels.

2. It captures the gaps in outcomes rather than inputs.

3. It ranks provinces based on gender equality rather than women's empowerment.

More about these concepts can be read in the methodology section of the WEF Global Gender Gap Report 2017.

The methodology used to construct the index is detailed below.

1. All data is converted to female-male ratios. This captures gaps in the level of attainment, rather than the levels themselves. For example, if the number of women in private sector jobs in the Western province is 20%, this is assigned a ratio of 20 women to 80 men, resulting in a value of 0.25.

2. The ratios are then truncated at the equality benchmark. For all indicators the equality benchmark is 1. This assigns the same score to provinces that have achieved parity between women and men and province in which women have surpassed men.

3. The third step involves calculating the weighted average of the indicators. Indicators are normalized by equalizing their standard deviations. That is, the standard deviation of each indicator is calculated, then 0.01 is divided by the standard deviation. This gives us what a one percentage point change would translate to in terms of standard deviation. This method of weighting ensures that each indicator has the same relative impact on the sub index. An indicator that has a small variability (standard deviation) will be assigned a larger weight than an indicator that has a large variability. Therefore, a province that has a large gender gap in an indicator that has a small variability will be more heavily penalized. Table 31, presents methodology and the weights assigned to each indicators.

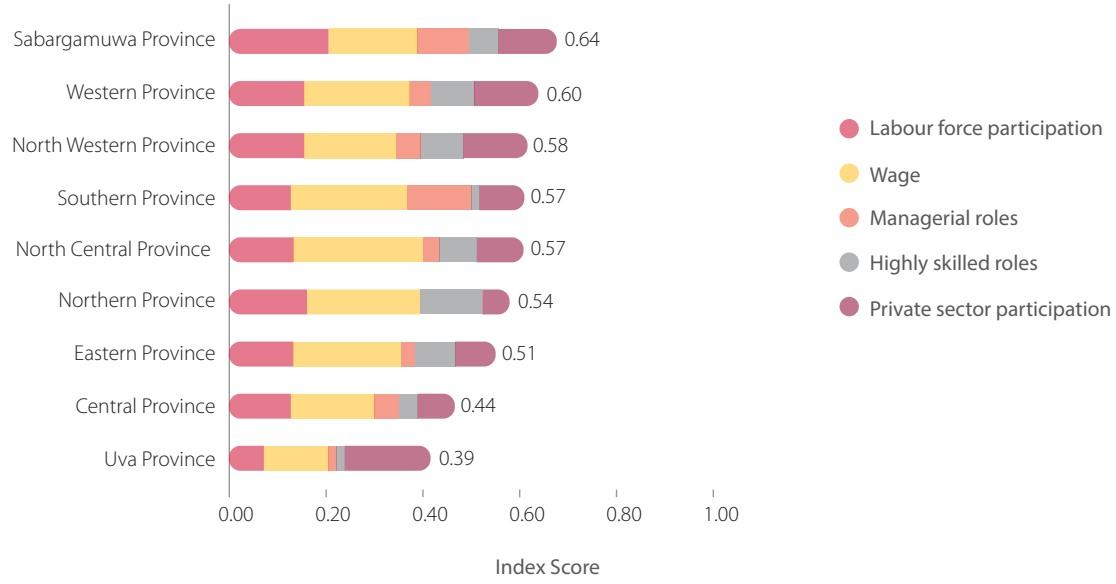
4. The final score is calculated by adding the weighted scores of each of the 5 indicators.

Table 31 **Weights assigned to YGGI Indicators**

Indicators		σ	σ per 1%-point change	Weights
1	Female labour force participation rate over male value	0.12	0.08	0.29
2	Female average wage over male value	0.13	0.08	0.27
3	Number of females in managerial roles over male value	0.43	0.02	0.08
4	Number of females in highly skilled non-management over male value	0.25	0.04	0.14
5	Number females in private sector over male value	0.16	0.06	0.22

Exhibit 60 shows the overall performance of each province and is a weighted cumulative of the scores calculated for each indicator. The contribution of each indicator to that provinces overall score is clearly shown by the stacks in each bar.

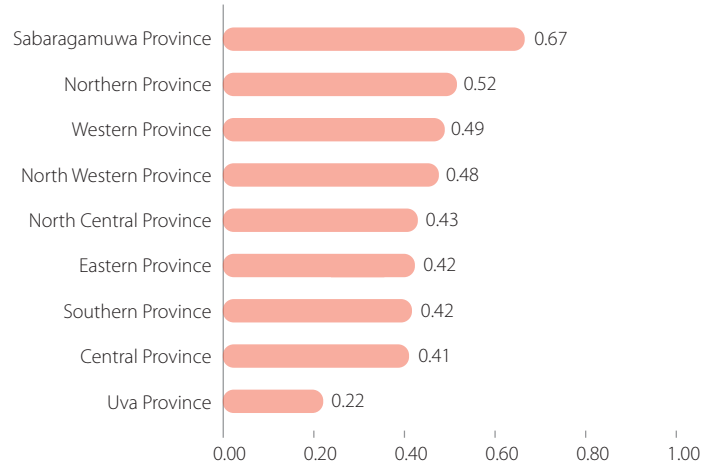
Exhibit 60 **Overall performance of provinces on the YGGI**



The Sabaragamuwa provinces fares best in terms of gender parity, achieving the highest overall score of 0.64 and the Uva province fares the worst. However, as we will see in the subsequent section, when we look at each indicator separately, no one particular province fares best in all indicators. So, there is definite room for improvement on the way forward towards parity.

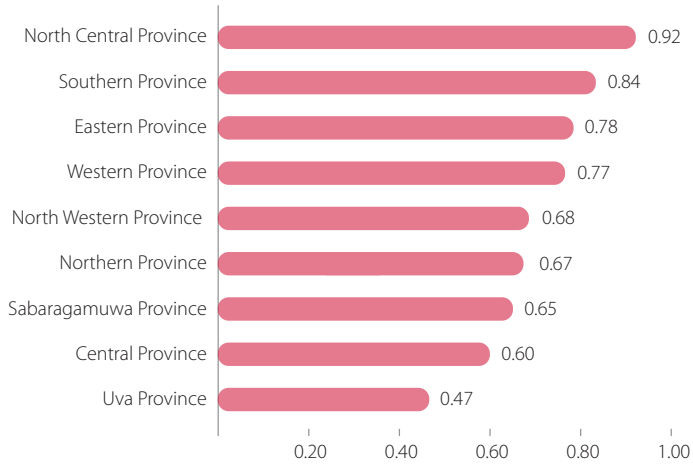
Performance under each indicator

1. Gender labour force participation



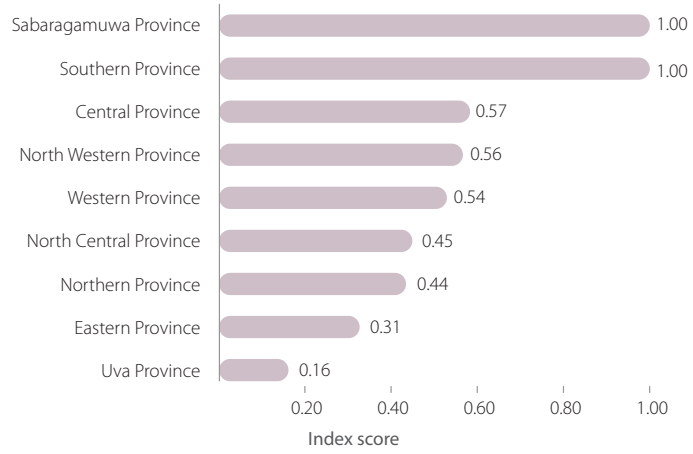
Province	Score	Rank
Sabaragamuwa Province	0.67	1
Northern Province	0.52	2
Western Province	0.49	3
North Western Province	0.48	4
North Central Province	0.43	5
Eastern Province	0.42	6
Southern Province	0.42	7
Central Province	0.41	8
Uva Province	0.22	9

2. Gender wage gap



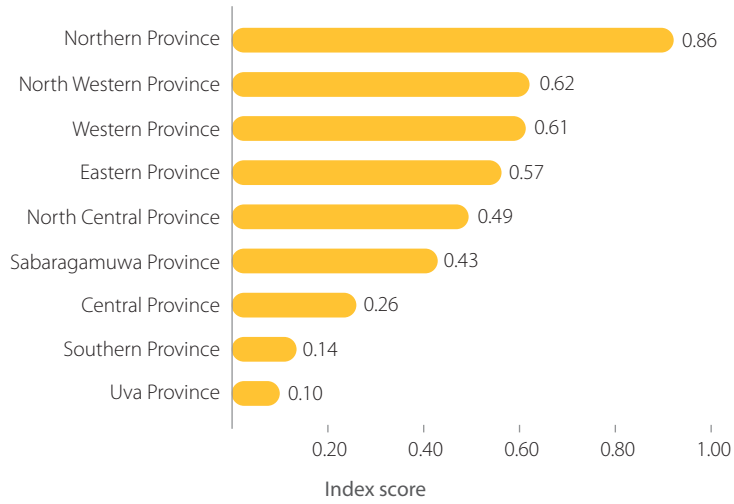
Province	Score	Rank
North Central Province	0.92	1
Southern Province	0.84	2
Eastern Province	0.78	3
Western Province	0.77	4
North Western Province	0.68	5
Northern Province	0.67	6
Sabaragamuwa Province	0.65	7
Central Province	0.60	8
Uva Province	0.47	9

3. Gender managerial level gap



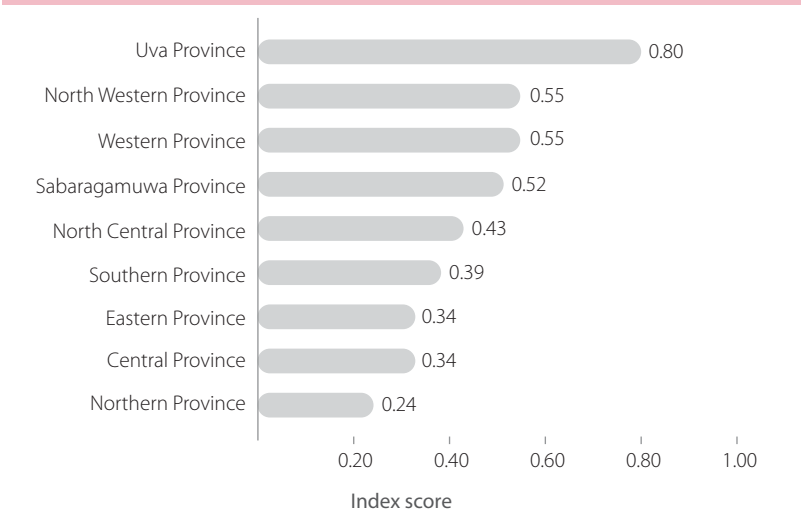
Province	Score	Rank
Sabaragamuwa Province	1.00	1
Southern Province	1.00	2
Central Province	0.57	3
North Western Province	0.56	4
Western Province	0.54	5
North Central Province	0.45	6
Northern Province	0.44	7
Eastern Province	0.31	8
Uva Province	0.16	9

4. Highly skilled non-management roles



Province	Score	Rank
Northern Province	0.86	1
North Western Province	0.62	2
Western Province	0.61	3
Eastern Province	0.57	4
North Central Province	0.49	5
Sabaragamuwa Province	0.43	6
Central Province	0.26	7
Southern Province	0.14	8
Uva Province	0.10	9

5. Gender gap in private sector participation



Province	Score	Rank
Uva Province	0.80	1
North Western Province	0.55	2
Western Province	0.55	3
Sabaragamuwa Province	0.52	4
North Central Province	0.43	5
Southern Province	0.39	6
Eastern Province	0.34	7
Central Province	0.34	8
Northern Province	0.24	9

On average there exists high gender disparity in the country's labour market outcomes. This is visible from the low scores assigned to each province on each of the indicators. All the provinces score less than 0.5 on all the indicators. The comparison of female attainment levels to the male attainment levels provides an alternate method to assessing the provincial gender disparity in terms of labour market outcomes. This allows the prioritization of provinces and targeted interventions to address the specific issues faced by each province.

YOUTH ENTREPRENEURSHIP and Entrepreneurship Training

- Rehana Thowfeek

Entrepreneurship is not widely viewed as a means of social mobility for young people. Parents, teachers and even youth tend to prefer the relative safety of a traditional white-collar job over a risky foray into entrepreneurship.

Context and Overview

Most entrepreneurs in Sri Lanka may be classified as "push" entrepreneurs – those who are pushed into entrepreneurship by their dissatisfaction with other income earning positions. This is opposed to "pull" entrepreneurs – those who are pulled into entrepreneurship, driven by the desire to initiate and implement a new idea. It is this former category of push entrepreneurs that makes up a large majority of entrepreneurs running the fast-growing enterprises in the country.[67] In Sri Lanka, one study found that pull-entrepreneurs not only came from business-owning families but also were more successful business starters[68] than their push-entrepreneur counterparts.

Entrepreneurship is not widely viewed as a means of social mobility for young people, and parents, teachers and even youth tend to prefer the relative safety of a traditional white-collar job over a risky foray into entrepreneurship. Sri Lankan society displays mixed attitudes towards entrepreneurship and entrepreneurs. Due to its inherently risky nature, entrepreneurship is rarely seen as a career option for young people and is therefore not encouraged; however, successful businesses and business people are held in high regard in society.

There are many benefits to providing entrepreneurship training to young people and previous research identifies the potential for entrepreneurship training to create employment opportunities, integrate marginalized youth into the economic sphere, address delinquency and other psychosocial issues arising from unemployment among the benefits.[69] However, the research also cautions against an overzealous assessment of youth entrepreneurship as a solution to youth unemployment, emphasising instead the importance of economic conditions, market opportunities and consumption patterns in developing an environment suitable for the success of youth entrepreneurs.[70]

Access to finance continues to be a significant hindrance to increasing youth entrepreneurship. Many lending institutions utilise collateral based forms of lending, which constrains the ability of many potential entrepreneurs to seek out the funds they need to start businesses. In addition to the already lacklustre entrepreneurship culture, this is a severe barrier to developing enerprising youth and has provided very little incentive for young people to attempt to start a business.

While creating an enabling environment through policy and regulation is of utmost importance for developing young entrepreneurs, these are elements of a wider macroeconomic approach. In the following sections we present findings from our Entrepreneurship Survey and provide recommendations to YouLead to improve its entrepreneurship related interventions, which focus mainly on changing the entrepreneurial culture and entrepreneurship training curriculum development.

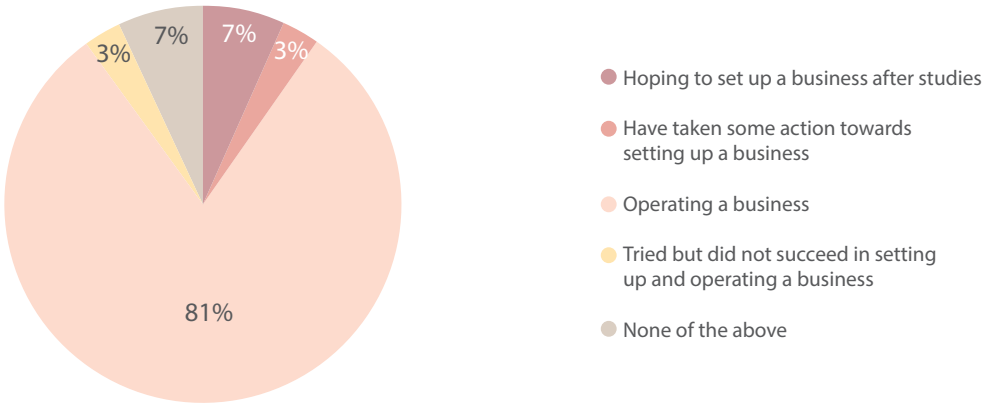
A methodological description of the Entrepreneurship Survey is included in the introductory chapter of the Market Assessment and descriptive statistics from the survey are provided in the annexures.

Profile of respondents

Out of 400 respondents based on a random sample of entrepreneurship students, we find that a majority (68%) were above 35 years of age, and 85% of respondents were of Sinhalese ethnicity. The entrepreneurship status of the survey respondents is shown below: a majority, 81%, were operating their own businesses at the time of response.

[67] "Chapter 7 Developing youth entrepreneurs: a viable youth employment strategy in Sri Lanka?", N. Weeratunge in "The challenge of youth employment in Sri Lanka" published by World Bank 2012.
[68] "Micro-entrepreneurs and entrepreneurial cultures in Sri Lanka: implications for poverty reduction", N. Weeratunge, Centre for Poverty Analysis, 2001
[69] Ibid.
[70] Ibid.

Exhibit 61 **Entrepreneurship status of survey respondents**



Source: YouLead Entrepreneurship Survey 2018

Of the 400 respondents to our survey, 30% were GCE O/L qualified, and another 35% were GCE A/L qualified, suggesting that most of the individuals who seek out entrepreneurial training are educated at a school level. Only about 15% said their highest qualification was a vocational certification (certificate level and NVQ level 1-6 qualifications).

ENTREPRENEUR TRAINING

There are many entrepreneurial training providers in Sri Lanka, but many of these courses are not specifically targeted at young people. Furthermore, these entrepreneurship training courses are provided as an optional top-up to the completion of the technical skills training undergone by students and is not a mandatory course for vocational students.

The literature on entrepreneurship training is limited, but training programmes are often critiqued for their lack of practicality, lack of cultural sensitivity and a lack of long-term vision.[71] The current entrepreneurial training system appears to be facing the after effects of transplanting rashly adopted "international best practises"[72] without any significant localization or identification of the grassroot-level challenges and would therefore require significant upheaval to achieve desired outcomes.

Furthermore, Haseki[73] notes that many training providers are of the opinion that the entrepreneurial curricula taught are based on out-dated program content and identifies a need to revise and standardise entrepreneurial development course content.

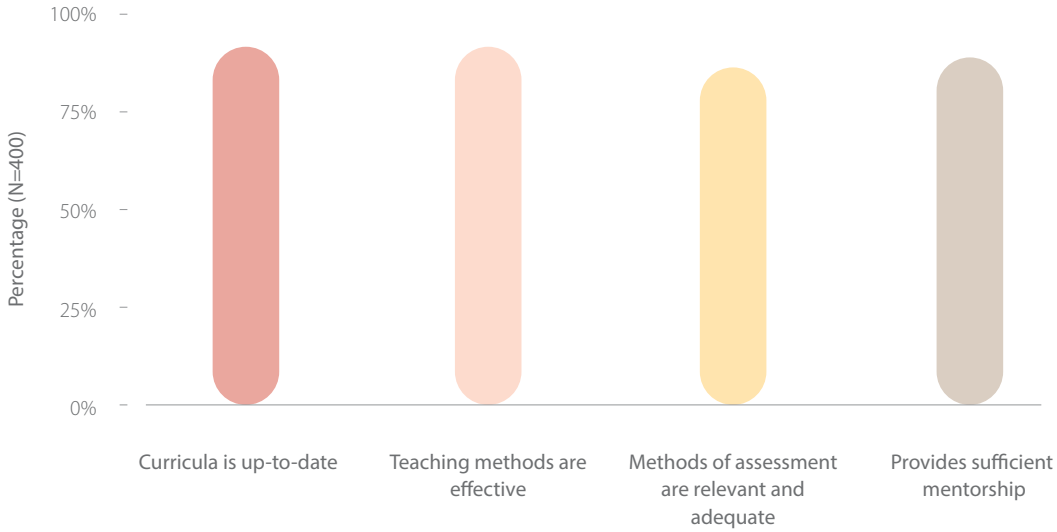
We find that many of the institutes offering entrepreneurial training courses (referred to by the institutes as entrepreneurship development) make use of their own variation of the Competency-based Economics for the Formation of Entrepreneurs (CEFE) curriculum. The CEFE, in its entirety is meant to be a comprehensive set of training materials provided to enhance the business management and personal competencies of budding entrepreneurs. However, the variations used by the institutions are only broadly based on the CEFE and do not cover all areas stipulated by the CEFE. Therefore, there is currently no standardised entrepreneurial training curriculum in the TVET system.

A review of the course content delivered at these institutes shows a heavy concentration on identifying personal entrepreneurial competencies, business idea generation, and the making of business, marketing, production and financial plans. These are done through participatory games, classroom exercises, and fieldwork-type activities. Institutes deliver the Personal Entrepreneurial Competencies (PEC) self-rating exercise to trainees, which is a tool devised by the CEFE curriculum. Course outlines are fairly similar among the institutes, but each institute has its own mode of delivery. The duration of the entrepreneurship training course can last anywhere between 3-21 days, depending on the institute.

Although the training providers seem to be in consensus[74] that the course is out-dated, many present and former students held the opposite view and felt that course content is up-to-date.[75] There is no variation based on whether the individual completed the course recently or sometime ago.[76]

[71] "Chapter 7 Developing youth entrepreneurs: a viable youth employment strategy in Sri Lanka?", N. Weeratunge in "The challenge of youth employment in Sri Lanka" published by World Bank 2012.
[72] Ibid.
[73] Observation report to IESC by YouLead Volunteer Muge Haseki, who engaged with many of the entrepreneurial training institutes during her assignment in Sri Lanka.
[74] Observation report to IESC by YouLead Volunteer Muge Haseki, who engaged with many of the entrepreneurial training institutes during her assignment in Sri Lanka.
[75] Based on a 5-point scale
[76] The duration since completion was broken into four – less than 6 months ago, 6 months to 1 years ago, 1-2 years and more than 2 years ago.

Exhibit 62 **Percentage of respondents who "agree" or "strongly agree" on statements related to curriculum**



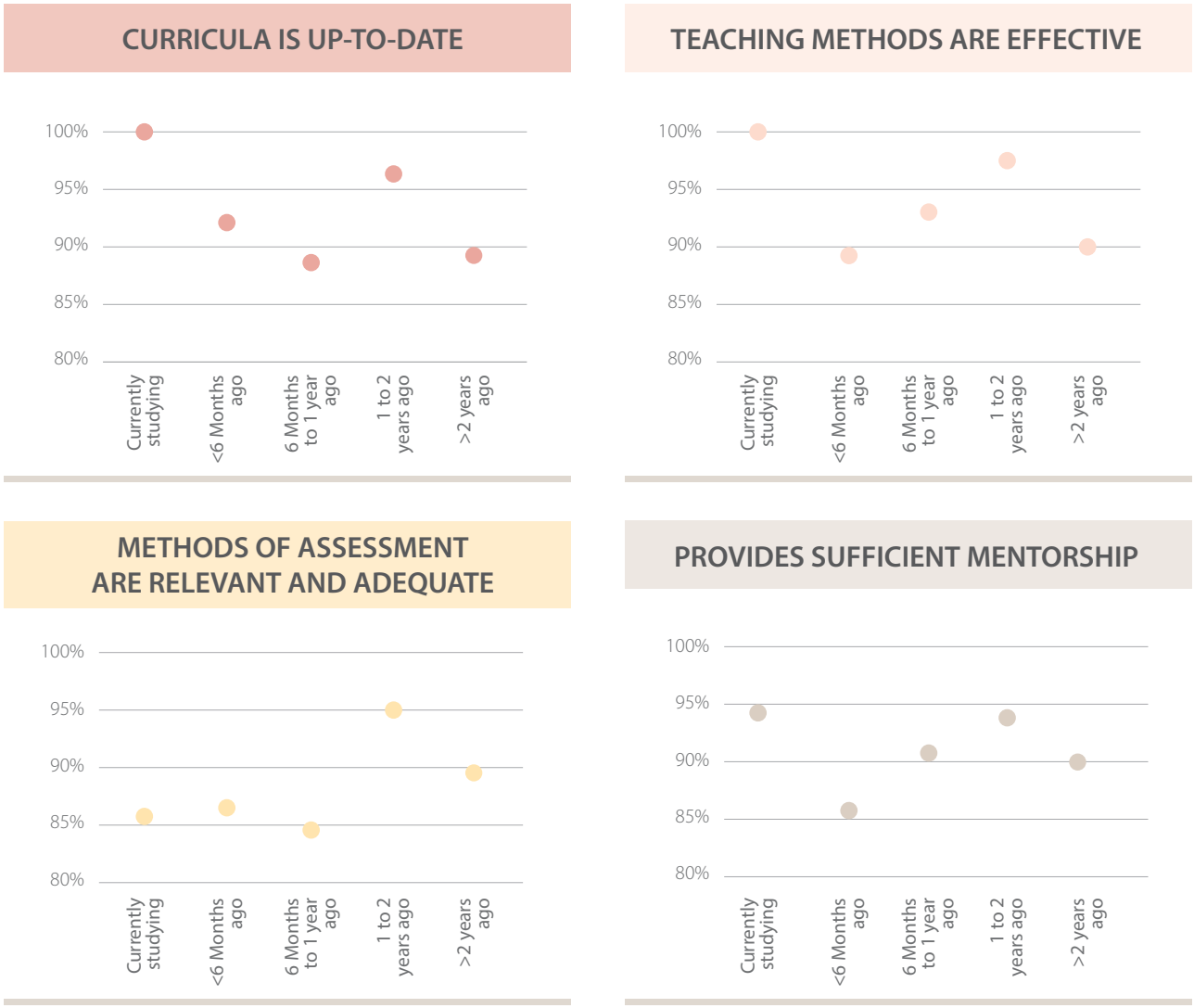
Source: YouLead Entrepreneurship Survey 2018

Many students also felt that the course "teaching methods were effective", "methods of assessment were relevant and adequate" and "provided sufficient mentorship" (Exhibit 62). There is a gap in the perception of the curriculum between the training providers and the students – training providers think it is out of date, but students who have undergone the programme and are applying those skills think otherwise.

As the Exhibit 63 shows, when we look at the level of satisfaction by student status – that is, currently studying, completed the course less than 6 months ago, completed the course 6 months to 1 year ago, completed the course 1 to 2 years ago and completed the course more than 2 years ago – those still studying had a better outlook about the course, which immediately drops after they finish the course and then picks up again with time.

The criteria "Methods of assessment are relevant and adequate" scored the least among all student groups – this signals room for improvement on how learning outcomes are assessed.

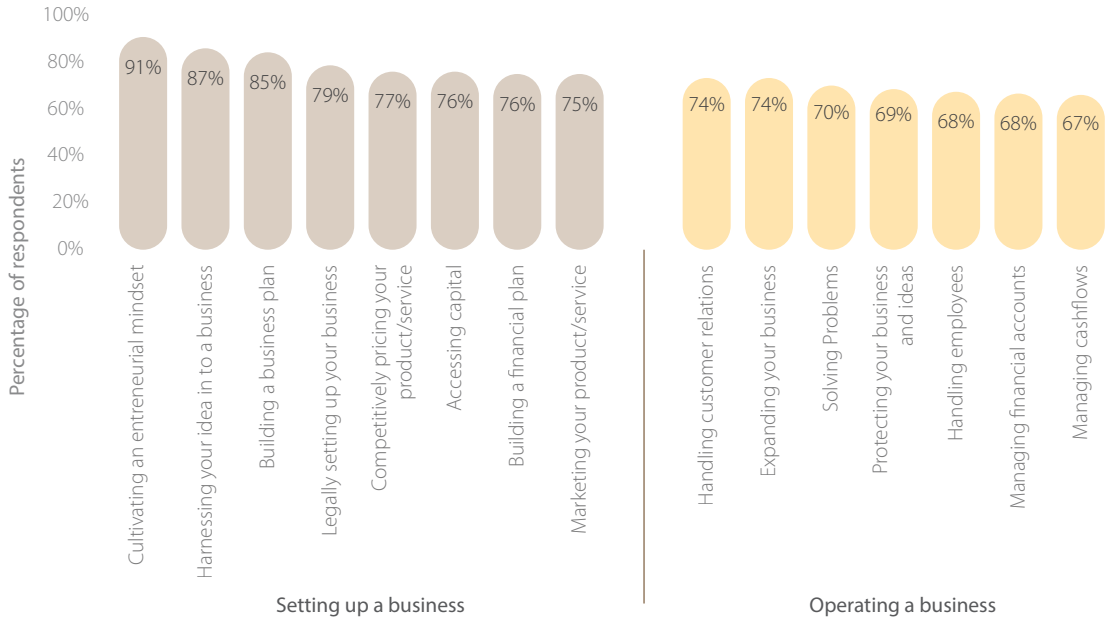
Exhibit 63 **Percentage of respondents who "agree" or "strongly agree" on the following statements, by student status**



Source: YouLead Entrepreneurship Survey 2018

Overall we find that aspects related to "operating a business" score is less than aspects related to "setting up a business". Content such as making financial and marketing plans are a key focus area of the present entrepreneurship training course but are the lowest scoring aspects on setting up a business. This signals that there is room for improvement of curriculum content related to operating a business, especially with respect to managing cashflows and financial accounts, handling employees, and protecting the business.

Exhibit 64 **Percentage of respondents who "agree" or "strongly agree" on the following statements**



Source: YouLead Entrepreneurship Survey 2018

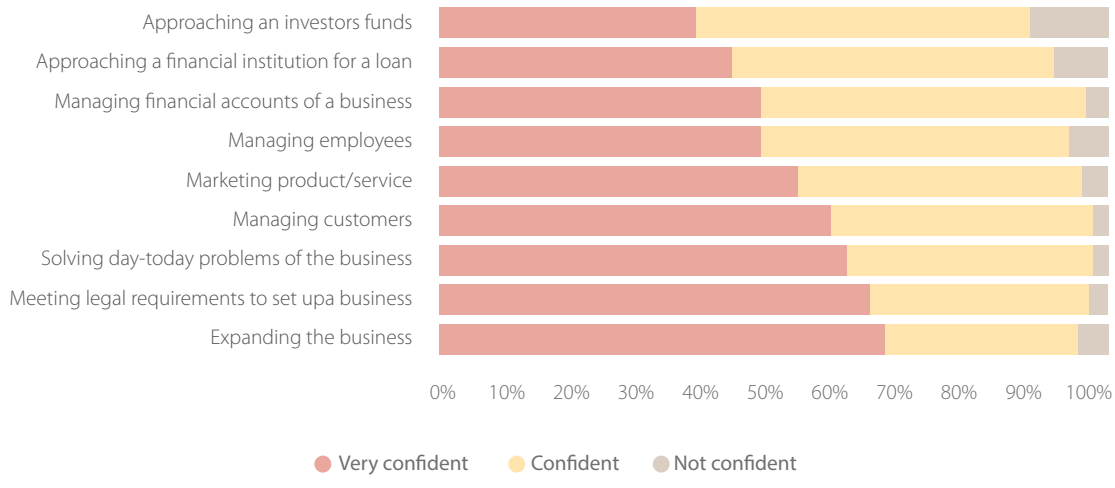
Application of entrepreneurial skills

As the success of what is taught lies in how it is applied, our survey asked respondents how confident they felt in applying their skills to handle business affairs.

Respondents were most confident about managing customers and solving day-to-day business problems.

In contrast, respondents were the least confident on capital acquisition aspects of the business, that is, approaching investors for funds and approaching a financial institution for a loan. Access to finance is a continuous issue in the country, and it is worrying that even those who have undergone training are apprehensive about their ability to approach financial institutions and investors.

Exhibit 65 **Confidence level in handling business activities**

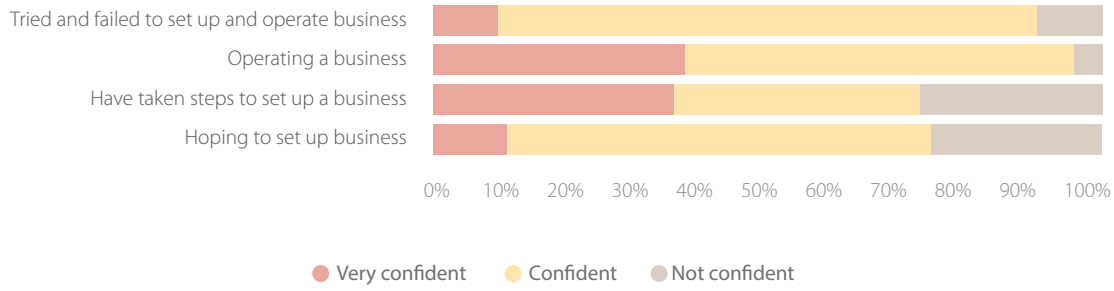


Source: YouLead Entrepreneurship Survey 2018

Those who are currently operating a business were the most confident about accessing finance aspects (Exhibit 66 and Exhibit 67), while those who had failed to set up and operate a business showed the least level of confidence. We also see that confidence in handling such matters grows with experience. Those who had been operating their businesses for over 3 years reported more confidence than those who been operating their businesses for less than 1 year.

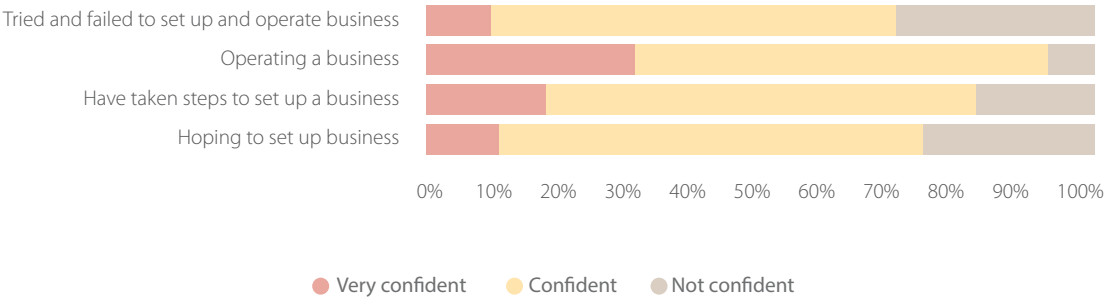
The lack of success in starting a business may lead individuals away from wanting to try again because they have a lower level of confidence in their abilities.

Exhibit 66 **Confidence level in approaching a financial institution for a loan, by entrepreneurship status**



Source: YouLead Entrepreneurship Survey 2018

Exhibit 67 **Confidence level in approaching an investor for funds, by entrepreneurship status**



Source: YouLead Entrepreneurship Survey 2018

Overall it appears that the curriculum does a good job in teaching content related to the logistics of setting up and expanding junctures of a business but does not strongly cover aspects related to seeking capital and the operation of a business (such as handling employees and financial accounts). These are areas that the new curriculum should aim to address.

Business start-up rate

In order to calculate an approximate start-up rate, we cross tabulate how long respondents have been running the business with how long it has been since they completed the course. We get an approximate start-up rate of about 19% among entrepreneurial students, that is those starting a business after completing the training course.

Start-up rates vary among institutions. For example, the SED program claims an overall business success rate (start up and expansion) of 30%.[77] However, we are able to derive an approximate start-up rate of 23%.

Overall there is a business operation rate of 81%, which is certainly positive. Many of the businesses (89%) in operation among these students were micro enterprises, employing between 1-5 people (Table 33). Very few (less than 3%) had more than 20 employees. While 64% of the business owners were making a profit, 19% were breaking even and 2.5% were loss making. Surprisingly, about 15% said they were unsure or did not know the financial status of their business.

Table 32 **Size of the enterprise**

Size	Share of respondents
1-5 employees	89.2
5-10 employees	6.2
10-20 employees	1.9
More than 20 employees	2.8

Source: YouLead Entrepreneurship Survey 2018

Since many students appear to come to the course after setting up the business, it would be appropriate if the curriculum focused on enhancing a student's abilities related to operating the businesses, and less so on business idea generation and creation.

Since the pool of students join the training course at different stages of their entrepreneurship activities (that is, hoping to start a business vs already operating a business), it is pertinent to recommend that, rather than having a "one-size-fits-all" curriculum, the institutions would benefit from identifying the motivations of students, and having the curriculum segregated to cater to these varying needs. In order to respond to these various motivations and needs, the institutions need to ask: are the students idea or resource driven? Are they "pushed" or "pulled" into entrepreneurship? Are they first time entrepreneurs or more experienced ones? What do the students want to learn from the course?

Entrepreneurship curriculum for schools

The ILO Enter-Growth project together with the Ministry introduced a Entrepreneurial Studies subject at the GCE O/Lto schools in 2007. As YouLead is attempting a similar activity, it is prudent to learn from ILO's attempts. The following section summarizes the findings and some of the lessons from the ILO Enter-Growth project.[78]

Lessons from the ILO's attempts to introduce an entrepreneurial studies course at the school level in 2007

The ILO Enter-Growth project had 3 main components: (i) increasing market access of micro and small entrepreneurs, (ii) improving the policy and regulatory environment for growth of micro and small entrepreneurs, and (iii) enhancing the enterprise culture by positively changing the way enterprises are perceived and valued. Introducing an entrepreneurial studies course into the school system was one of the main activities of the project.

In 2007, the Entrepreneurial Studies (ES) course was introduced as a 2-year O/L "first category" optional subject into 11 schools in the Polonnaruwa and Puttalam districts. The National Institute of Education (NIE) trained 3 master trainers for a period of 7 days in 2006. With the help of the zonal education officers, the teachers were trained by master trainers during a 3-day program.

The ES course replaced the Business Management and Accounts Studies (BAS) course that was previously offered as a "first category" option. The implementation of the ES course was deemed unsuccessful, as only 3 of the 11 schools continued to teach the course 6 months after implementation.
The impact assessment report notes that there were several programming hiccups that led to the failure of the course becoming a part of the school's curriculum.

- The delayed issuance of teaching materials during the year made the teaching of the course difficult.
- Lack of teachers and the lack of interest among teachers to teach the new course were also significant barriers.
- The ES course was competing with the BAS course, which was more established in terms of acceptance and teacher interest.

[77] "Chapter 7 Developing youth entrepreneurs: a viable youth employment strategy in Sri Lanka?", Nireka Weeratunge in "The challenge of youth employment in Sri Lanka" published by World Bank 2012.
[78] A more detailed account can be found in the ILO publication "Enterprise for Pro-Poor Growth Project: Impact Assessment on the Enterprise Culture Component" authored by Nireka Weeratunge in October 2008.

There were significant negative attitudes towards the new course by teachers. The report notes that "tuition teachers of BAS discouraged students from taking the ES course and lobbied for the reintroduction of BAS, arguing that students needed the O/L foundation to continue to A/L subjects in business studies or commerce".

In addition, many teachers and unions also protested the removal of BAS from the "first category" basket. The teachers also pressured students to select the Sinhala language option as more teachers were able to teach in this medium and insisted that BAS would be more useful to students if they were to go aboard. The report very strongly impresses that the lack of support from those with influence in the education system was a major hindrance to the success of this exercise. The shortage of teachers in the English and Tamil medium was also a barrier to introducing the course nationally.

While teachers and students alike felt the ES course provided a new avenue for students to pursue after leaving school and allowed students more options to cater to their strengths, it was not successful due to the lack of commitment from teachers. It appears that the teacher's role in guiding students was a crucial factor in selecting the BAS subject over the ES course.

Much needs to be done to attract young people into entrepreneurial training, such as through the school system. The ILO Enter-Growth project which attempted to do this notes that despite an overall increase in the positive views towards businesses and the idea of starting a business, only a minority of school students who underwent the ILO Entrepreneurial Studies course considered actually going into business as a career option. Many still continued to favour government jobs as a first-choice, followed by jobs in the private sector.

As our Entrepreneurship Survey finds, many of the individuals who sought out entrepreneurship training in our survey were O/L (30%) and A/L (35%) qualified – therefore, this period in school appears to be an ideal time to introduce young people to entrepreneurship. Introducing such a course into the school system will ensure that attitude towards entrepreneurship is cultivated at an earlier age.

The national Youth Survey finds that only 2.5% of youth had any entrepreneurial aspirations. We reiterate the importance of continuing to change the perceptions relating to entrepreneurship among youth, parents and teachers. In addition, we need to better equip young people with the necessary information to actually transform themselves into entrepreneurs.

The survey also finds that teachers were the least supportive of youth's entrepreneurial aspirations. Since teachers play a significant role in guiding students, in addition to raising awareness among teachers on the benefits of this course, better career counselling provided to students may help in averting the negative perceptions of the course

Things to get right

- Get the buy-in of teachers to advocate the new course
- Ensure all training material is physically available in 3 languages in a timely manner
- Ensure there is adequate supplementary learning material like past papers and revision guides available
- Ensure there are adequate number of teachers in all 3 languages
- Provide sufficient extra learning materials like past papers and revision handouts for students

Financing

Access to finance still remains a challenge for young entrepreneurs, despite the existence of many micro-finance and bank loan schemes. Collateral based lending practises of banks remain a key barrier that prevents young people from seeking out such lending facilities. For a young person, finding collateral to be used when borrowing funds is difficult, if not impossible – they would have to rely on assets of close members of the family to do so.

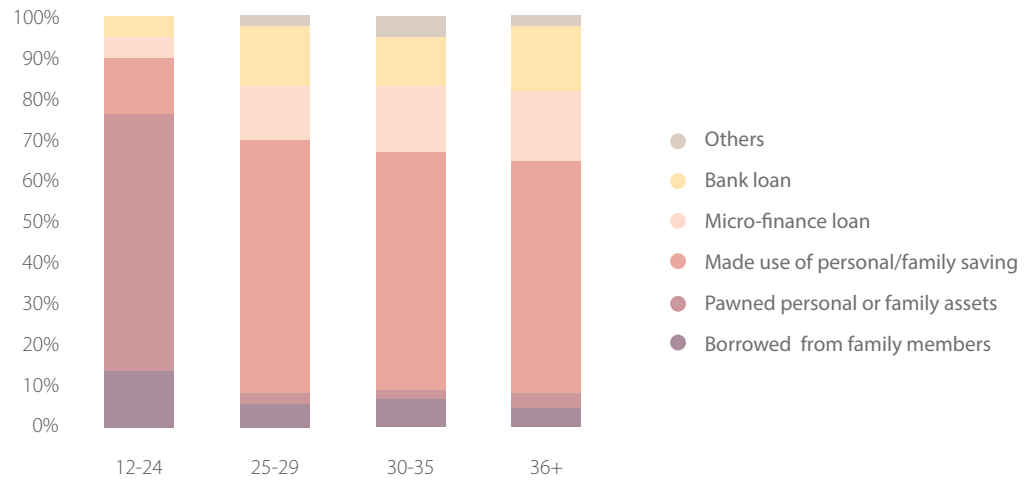
Personal savings or assets are also limited for young borrowers. In addition, most entrepreneurs in Sri Lanka are "push" entrepreneurs, meaning they are pushed into starting a business rather than pulled towards it. This causes an adverse selection problem in the financing market, leading lenders to be extra wary about lending to entrepreneurs, especially those with no proven track record.

In our survey, we asked respondents how they planned/managed to secure the initial capital they required to start their businesses. Regardless of the age of the entrepreneur, "making use of personal/ family savings" appeared to be the most common source of initial capital for entrepreneurs, but the use of this source declined with age.

The use of micro-finance lending increases marginally with age, as does the use of bank loans – however, family or personal assets/ borrowings remain the main source of initial

capital. The use of personal or family savings is inherently risky for entrepreneurs as the success of their business is even more critical. The loss of savings in a failed business venture can have detrimental psychological and social impacts on individuals and their families.

Exhibit 68 **Sources of initial capital, by age group**



Source: YouLead Entrepreneurship Survey 2018

The use of micro-finance and banking loans is lowest among the youngest age group. Weeratunge[79] notes that the loan sizes available to youth through micro-financing institutions are often too small to finance a business start-up. This may be why youth are not seeking out micro-finance lending options to start their businesses in addition to the barrier placed by the need for collateral.

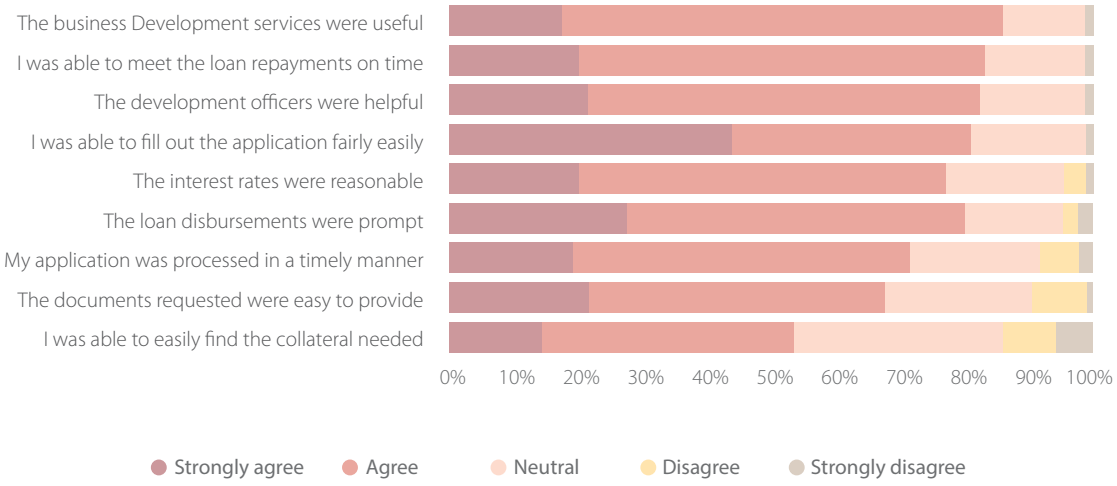
Many entrepreneurial training institutions have created links with state-sponsored lending schemes to provide loans for business start-ups. However, the amount that is available is too little to meet the demands of all the trainees and as a result only a few trained entrepreneurs are able to access funds from these schemes. Haseki[80] documents that out of 200 students who underwent the entrepreneurial development program at the Department of Technical Education and Training (DTET), only 30 (that is, just 3% of the students) received start up loans. Haseki further notes that of 21,000 students who underwent the training program at the National Youth Services Corps (NYSC), only 15% were even eligible to apply for loan facilities.

Notably, none of the Entrepreneurship Survey respondents said they had used funds from investors as the source of their initial capital. This is not surprising, given that angel investors and venture capitalists operate in very limited sectors in Sri Lanka. angel investments and venture capital is mostly available in Sri Lanka for the technology sector, and this too is accessible to youth from Colombo who come from upper-middle income backgrounds.

As Exhibit 69 shows, the highest ranked aspect was the "usefulness of business development services provided by the institutions", with 72% agreeing that they found these services useful. Weeratunge[81] notes that Sri Lanka does not have a sizable market for business development services and many entrepreneurs do not see the benefits of these services. However, our survey suggests that there has been a shift in this dynamic, and entrepreneurs are able to better appreciate business development services. This signals that micro-finance institutions, and indeed other institutions catering to MSME's must develop and improve the provision of business development services to entrepreneurs.

[79] "Chapter 7 Developing youth entrepreneurs: a viable youth employment strategy in Sri Lanka?", Nireka Weeratunge in "The challenge of youth employment in Sri Lanka" published by World Bank 2012.
[80] Observation report to IESC by YouLead Volunteer Muge Haseki, who engaged with many of the entrepreneurial training institutes during her assignment in Sri Lanka.
[81] "Chapter 7 Developing youth entrepreneurs: a viable youth employment strategy in Sri Lanka?", Nireka Weeratunge in "The challenge of youth employment in Sri Lanka" published by World Bank 2012.

Exhibit 69 Responses to statements about micro finance lending

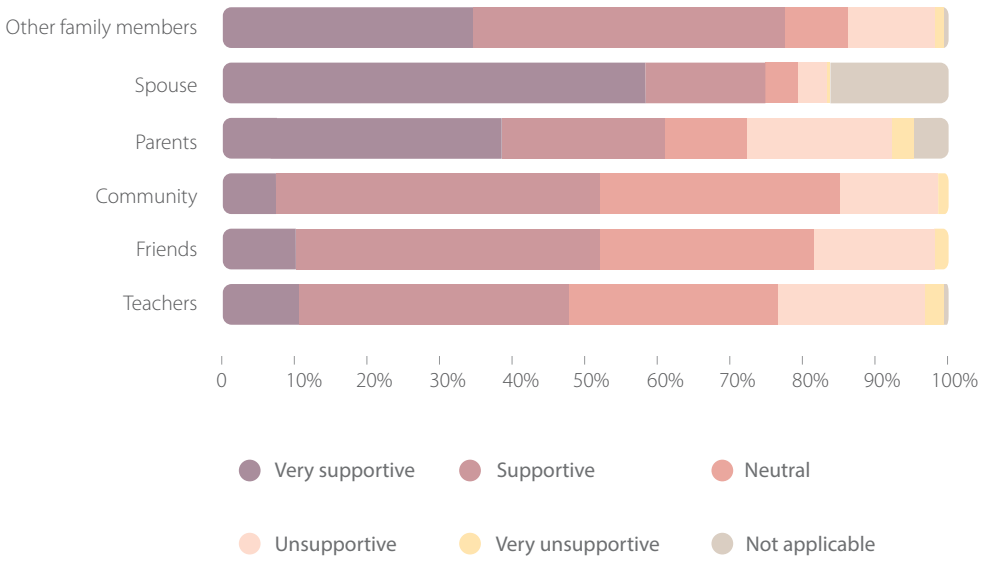


Source: YouLead Entrepreneurship Survey 2018

Society and entrepreneurship

The data from the Entrepreneurship Survey affirms the barriers that the ILO faced in getting entrepreneurship education into schools.[82] While teachers provided the least support to entrepreneurs, the most supportive were the parents and spouses of the entrepreneurs.

Exhibit 70 Level of support received from family and close acquaintance

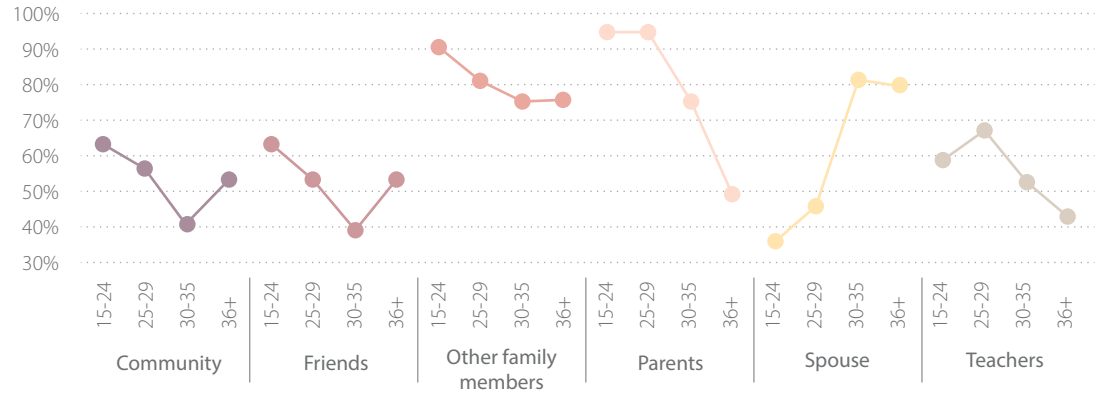


Source: YouLead Entrepreneurship Survey 2018

[82] Final report "Impact assessment on the enterprise culture component" of the Enterprise for Pro-Poor Growth Project, International Labour Organisation (ILO), 2008.

When we look at the age of the entrepreneurs, we see that the youngest age cohort (15-24 years) receives the most support from all acquaintances, except spouses. The oldest group of entrepreneurs reported the least support from parents and other family members – this may be due pressures from the family to ensure a stable income to provide for children.

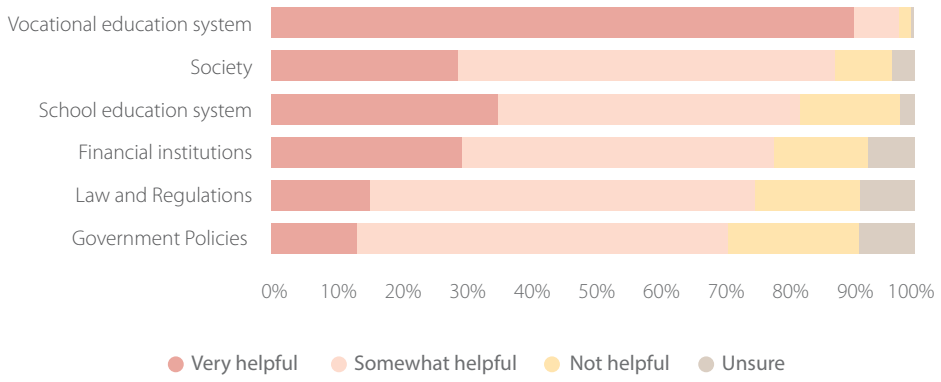
Exhibit 71 **Percentage of respondents who said relation was "supportive" or "very supportive", by age group**



Source: YouLead Entrepreneurship Survey 2018

The vocational education system is viewed by these entrepreneur students as the most helpful to young entrepreneurs in the country – this is encouraging as this shows that the institutes are in a prime position to a positive impact. On the other hand, government policies and laws and regulations are viewed as the least helpful. While a lot has been done recently to make the policy environment easier for entrepreneurs, especially for MSME and SMEs, there may be a lack of information on these policy developments or these policy changes may not be addressing the challenges faced by these businesses.

Exhibit 72 **Institutional and policy support for entrepreneurs**



Source: YouLead Entrepreneurship Survey 2018

Risk management

As a society, the utility of insurance products is relatively low in Sri Lanka, except for motor insurance, which is often mandated by law. Insurance can protect start-ups from making detrimental losses. If adequately insured, start-ups can weather even the most unexpected events with little or no financial damage. However, in Sri Lanka, insurance is not seen as a necessity, especially among micro enterprises and SMEs.

Usage of insurance among small entrepreneurs is low - our survey finds that only 8.3% of existing businesses insured the property in which they conduct their business,[83] while 8.2% insured the equipment or machines they used, and 5.7% insured their businesses against personal injury or property damage caused by products sold or supplied through their businesses. Vehicle insurance, which is a legal requirement for vehicles, was reported by 49% of the respondents. The use of insurance, even vehicle insurance, was lowest among smallest businesses, that is those that employ between 1-5 employees.

A study by Verité Research finds that there is a low uptake of natural disaster insurance among SMEs.[84] It notes that it is mostly major industrial and commercial properties that utilise natural disaster insurance coverage. Globally, 70% of SMEs operate informally and risk management among informal MSMEs is weak and inefficient.[85]

Proper risk management can be very beneficial to small businesses. Much like seeking access to finance, seeking access to insurance can be difficult for informal businesses without formal accounts, formal registrations and with a perceived high-risk of failure – in fact Verité Research also identifies insurer-to-insuree language barriers as a critical barrier to natural disaster insurance penetration of SMEs in the country[86]. Insurers would be the most suitable for providing these specialised services to entrepreneurs, but the insurance industry itself appears to be risk-averse and may not find an incentive to provide new products tailored for the MSME sector.

In the previous section we saw that entrepreneurship training did little to improve knowledge on "protecting your business and ideas". Although this could relate to risk management as well as safe guarding intellectual property and business ideas, an examination of course content shows that there is no component on utilising insurance to manage risks related to business. Adequate risk protection can alleviate the losses faced in the case of business failure. In such a context, starting a business would not be viewed as a "one chance to make it work" type of activity. We therefore recommend that content related to risk protection and insurance be introduced into the new entrepreneurship curriculum.

KEY FINDINGS

- A majority, 68% of the 400 randomly sampled entrepreneurship students surveyed were above the age of 35, which is evidence of the struggle to attract youth in entrepreneurship. About 81% of them currently operate businesses, but only about 19% had started their businesses after completing the course. About 89% of the businesses were microenterprises employing 1-5 people.

- About 64% of those operating a business were making a profit. 19% were breaking even and another 15% did not know the financial status of their businesses.

- Entrepreneurship training largely seems to attract entrepreneurs who have already set up businesses, and not those looking to start – so course content related to setting up a business is unlikely to be of use to these students. There is room for improvement on course content related to aspects of operating a business, such as managing cashflows and financial accounts, handling employees and protecting the business.

- In terms of handling business affairs, students are least confident about approaching an investor for funds and approaching a financial institution for a loan.

- Regardless of age, the most common source of initial capital among entrepreneurs was personal or family savings. Only about 14% reported using micro-finance loans as seed money.

- Business development services were deemed as very helpful to entrepreneurs who used micro-financing, signalling a scope for improvement.

- Teachers are the least supportive of entrepreneurial aspirations, whereas spouses were the most supportive. Youth aged 15-24 received the most support from all close acquaintances, more so than their older counterparts.

[83] Of those who said this type of insurance was applicable to their businesses.
[84] Policy Note "Natural Disaster Insurance Coverage: Solving the lethargy on language policy will help SME's island-wide", April 2018, Verité Research
[85] "Insurance for micro, small and medium-sized enterprises", A. Chatterjee & R. Wehrhahn, ADB Briefs No. 78 April 2017, Asian Development Bank.
[86] Ibid.

- The vocational education system is viewed as the most helpful in developing young entrepreneurs while government policies and laws and regulations are deemed the most unhelpful.

- There is very low utilisation of insurance among these business owners – only about 8.3% of existing businesses insured the property in which they conduct their business, while 8.2% insured the equipment or machines they used, and 5.7% insured their businesses against personal injury or property damage caused by products sold or supplied through their businesses. This signals the scope for raising awareness on risk protection among MSME and SMEs.

RECOMMENDATIONS FOR IMPROVING YOUTH ENTREPRENEURSHIP

1. Develop content-driven campaigns to equip potential entrepreneurs with necessary information

Current campaign material that addresses negative attitudes towards entrepreneurship does not provide sufficient content to encourage action. YouLead campaigns should address this and provide sufficient information for the youth on how to go about setting up and operating a business. It must be a "call to action" for engaged youth.

In addition, this could also raise awareness of the favourable policy changes and the support that the government can provide to setting up and operating a business can create an enabling environment to increase entrepreneurship among young people.

2. Develop differentiated curriculum content based on the entrepreneurial motivations and experience of the students

   As many entrepreneurial students already own a business, content related to starting a business may not be relevant to them. Instead, these youth may find content related to operating or expanding the business more helpful, such as managing cashflows and financial accounts, handling employees and protecting the business.

3. Introduce a short crosscutting module on entrepreneurship in every technical training course so that all those who undergo technical training in the TVET system are exposed to the idea of owning their own business. This can include content business idea generation and creation and basic information on how to start a business.

4. Introduce components on risk management and using insurance into the entrepreneurship curriculum.

5. Support lending institutions to improve and develop better business development services to their clients, especially to MSME and SMEs.

6. Assure the quality of the teachers who will deliver entrepreneurship training

7. The quality of the teachers delivering any new entrepreneurship curriculum at school level will be the deciding factor on the success of such an initiative, a lack of teacher buy-in will be detrimental as learnt from ILO's attempts. Selected teachers must have very positive attitudes towards entrepreneurship and be able to advocate entrepreneurship among young people.

   There also needs to be an adequate quantity of well trained teachers available in all 3 languages. Ensuring the availability of training materials in all 3 languages is also important.

KEY RECOMMENDATIONS

We summarize below the key recommendations based on the research presented in the preceding chapters.

1. Set up comprehensive apprenticeships, internships and work-while-studying programmes in the private sector

Due to the low quality of the existing apprenticeship programmes, we recommend that a quality assurance system is also put in place to ensure that such youth receive the necessary training outcomes.

2. Focus skills development and entrepreneurship interventions on youth aged 15-19 years and 20-24 years

This will allow youth to develop skills that are demanded by employers at an early age and therefore increase their employability when they enter the labour force. Soft skills development among youth is a key skills deficit that would need to be addressed. This age also appears to be an ideal time to introduce young people to entrepreneurship.

3. Increase the awareness about vocational training and the increase the attractiveness of TVET

Increasing information and awareness relating to the availability of vocational training programmes, career pathways, linkages to industry mentors, salary structures is likely among youth, their parents, teachers, and guardians is likely to improve TVET enrolment. Currently there is a lack of information and/ or a lack of popularity of vocational training programmes.

4. Improve the provision and visibility of transport services to employees

Inconvenient locations and the lack of safe transport are significant disablers of youth workforce participation, the provision of transport services will enable unemployed youth to take up work in different locations. It will enable youth, particularly women, to join the labour force or return to work.

If such services/benefits are provided, employers must ensure to that youth are made aware of these benefits during recruitment programmes to increase the desirability of the job.

5. Tourism and construction industry must revise pay structures to ensure a fixed salary of Rs 40,000 a month

If employers in the tourism and construction are able to revise pay structures to ensure a fixed income of Rs 40,000 per month, rather than adhering to variable income structures it will increase job satisfaction and retention of youth in their workforce. Recruiting women is not as costly as thought if employers account for turnover costs (such as loss of productivity, sales, replacement and training costs) incurred due to high attrition, as retention rates among young women are significantly higher than among young men.

6. Implement return-to-work programmes to attract young women into the labour force

Employers can implement 'return-to-work' recruitment programmes, targeted at youth (predominantly women) who have been out of the labour force for some time during their 20s and early 30s, but are now interested in returning to work. Such a programme will not require substantial additional investments on the part of employers, as their self-assessed skills deficit is similar to that of their unemployed counterparts. Given the predominance of women in this category, the recruitment schemes should be designed with gender-sensitivity.

7. Encourage public discourse on reallocation of household duties among men and women

To make the labour market more attractive to married women and women with children or other dependants, there has to be concurrent reallocation of household duties among men and women to ensure that women do not face a double burden of working inside and outside the home. Therefore, structural, behavioural and attitudinal changes need to take place concurrently but there is no current public discourse on the reallocation of household duties.

Such a change campaign may wish to focus on the Uva, Southern and Eastern provinces, where a large proportion of NLET women are to be found. However, an in-depth understanding of the structural impediments, the prevailing cultural attitudes in these provinces, and the willingness to change would need to be explored first, in order to design an effective behavioural change campaign.

8. Content driven outreach activities to encourage increased youth entrepreneurship

While campaigns largely focus on mindset change there is a need for specific information and content that is disseminated in these outreach programmes. Individuals appear to be becoming entrepreneurs at later stages in life, in addition to changing mindsets about entrepreneurship among young there is a need to equip them with the necessary information they need to become entrepreneurs – such as how to set up a business, how to approach a bank or micro-finance institution etc.

9. Assure the quality of the teachers who will deliver entrepreneurship training

The quality of the teachers delivering any new entrepreneurship curriculum at school level will be the deciding factor on the success of such an initiative, a lack of teacher buy-in will be detrimental as learnt from previous such initiatives. Selected teachers must have very positive attitudes towards entrepreneurship and be able to advocate entrepreneurship among young people.

There also needs to be an adequate quantity of well-trained teachers available in all 3 languages. This is equally important in the TVET system.

ANNEXURES

Descriptive statistics – YouLead Youth Survey

Category	Female	Male	Total
Total (N)	1008	1032	2040
Age			
15-19	208	248	456
20-24	272	285	557
25-29	263	252	515
30-35	265	247	512
Education			
No formal education or less than primary	1	0	1
Grade 1-5	6	4	10
Grade 6-9	38	57	95
GCE O/L (Grades 10-11)	394	404	798

GCE A/L (Grades 12-13)	355	338	693
NVQ Level 1-4 Certificate	87	89	176
NVQ Level 5 Diploma	6	22	28
NVQ Level 6 Higher Diploma	13	10	23
NVQ Level 7 Degree	1	4	5
National Colleges of Education (Vidya Peeta)	12	5	17
Associate Degree	6	7	13
Bachelor's Degree	62	66	128
Masters Degree/MBA	4	12	16
Professional qualification/diploma	23	14	37
Residential district			
Colombo	50	101	151
Gampaha	66	71	137
Kalutara	62	53	115
Kandy	44	41	85
Nuwaraeliya	28	38	66
Matale	28	23	51
Jaffna	62	50	112
Kilinochchi	67	79	146
Vavuniya	32	24	56
Mullaitivu	34	18	52
Mannar	32	40	72
Badulla	48	48	96
Moneragala	19	15	34
Anuradhapura	55	80	135
Polonnaruwa	19	16	35
Galle	37	49	86
Hambantota	49	28	77
Matara	31	23	54
Trincomalee	18	20	38
Batticola	47	40	87
Ampara	42	45	87

Ratnapura	40	46	86
Kegalle	50	49	99
Puttalam	26	17	43
Kurunegala	22	18	40
Ethnicity			
Sinhalese	787	812	1599
Tamil	185	162	347
Muslim	27	50	77
Other	9	8	17
Marital status			
Never married	529	746	1275
Married	476	285	761
Separated/divorced	1	1	2
Widowed	2	0	2
Economic status			
Employed	285	596	881
In education/training	243	222	465
Unemployed	241	180	421
Not in labour force, education or training (NLET)	239	34	273

Sampling framework – YouLead Entrepreneurship Survey

Institute	Sample size
IDB Rexene Katubedda	25
IDB Footwear Katubedda	51
NAITA Kurunegala	7
NAITA Nuwaraeliya	5
NAITA Jaffna	10
NAITA Rathnapura	20
NAITA Mannar	25
NEDA Galle	15
NEDA Matale	15

NEDA Kandy	15
NEDA Western	20
SEDD Western (Colombo)	120
SEDD Western (Gampaha and Kaluthara)	20
SEDD Central (Kandy, Matale, Nuwaraeliya)	8
SEDD Southern (Galle, Matara, Hambantota)	15
SEDD Northern (Jaffna, Mannar, Vavuniya, Mullaitivu, Kilinochci)	3
SEDD Eastern (Batticoloa, Ampara, Trincomolee)	3
SEDD North Western (Kurunegala, Puttalam)	10
SEDD North Central (Anuradhapura, Polonnaruwa)	3
SEDD Sabaragamuwa (Rathnapura, Kegalle)	5
SEDD Uva (Badulla, Monaragala)	5
Total	**400**

Descriptive statistics – YouLead Entrepreneurship Survey

Category	Female	Male	Total
Total	257	143	400
Age			
15-19	0	1	1
20-24	10	13	23
25-29	19	22	41
30-35	37	28	65
36+	191	79	270
Education			
Below grade 10	36	15	51
GCE O/L	79	40	119
GCE A/L	97	45	142
Vocational/NVQ L1-L4 certificate	25	27	52
NVQ L5 diploma	3	1	4
NVQ L6 degree	1	2	3
Bachelors & above	16	13	29

Residential district			
Colombo	110	31	141
Gampaha	9	5	14
Kalutara	11	4	15
Kandy	15	9	24
Matale	15	3	18
Nuwara Eliya	4	2	6
Galle	26	12	38
Matara	12	7	19
Hambantota	3	3	6
Jaffna	4	6	10
Mannar	1	33	34
Mullaitivu	1	1	2
Batticaloa	1	1	2
Ampara	1	5	6
Kurunegala	11	5	16
Puttalam	6	1	7
Anuradhapura	1	0	1
Polonnaruwa	1	1	2
Badulla	3	1	4
Monaragala	1	2	3
Ratnapura	18	10	28
Kegalle	3	1	4
Ethnicity			
Sinhalese	244	95	339
Sri Lanka Tamil	10	27	37
Indian Tamil	0	3	3
Sri Lankan Moor	3	12	15
Burgher	0	5	5
Prefer not to say	0	1	1

Description: T-tests

A comparison of the skills of the critically unemployed youth and the employed youth were undertaken to understand if there exists a significant difference between the skills possessed by them. In order to do this T -tests were carried out to test for equality of means.

In summary the T-tests were used to test the following hypotheses:

H0: skills mean of employed = skills mean of critically unemployed

HA: skills mean of employed ≠ skills mean of critically unemployed

Accepting the null hypothesis, would indicate that there isn't a significant difference between the skills means of the employed and the critically unemployed youth. However, rejecting the null hypothesis in favour of the alternate hypothesis would indicate that there exists a significant difference between the skills means of the employed and the critically unemployed youth. Significant results would indicate that there exists a significant difference between the means of the employed and true unemployed youth.

YOUTH LABOUR MARKET ASSESSMENT

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