



# Youth Labour Market in the Northern Province of Sri Lanka

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## 1 INTRODUCTION

This study explores issues pertaining to labour force participation, unemployment, employment, underemployment of youth in the Northern Province. Despite the war coming to an end and a consequent increase in the country's economy and decrease in overall employment, the rising unemployment and under-employment in the Northern Province should be carefully studied. The youth unrest that led to decades of violent conflict in Sri Lanka has often been attributed to the lack of employment and educational opportunity as well as to poor attitudes about work among youth. Hence, it is of paramount important to identify the problem of youth living in the formerly war-affected areas. This study aims to analyze youth labour market issues in the post-war Northern Province of Sri Lanka by way of comparison with national trends to shed some light on the above area. This research was conducted with the following research problem: to what extent do the labour market characteristics of youth in Northern Province differ from that of the rest of the island? This study compares the Northern Province with the national trend in terms of labour force participation, under-employment, employment and unemployment-based characteristics of the labour market.

## 2 METHODOLOGY

This study is a quantitative research in a statistically descriptive format. We extracted four years (from 2011 to 2014) of data from the Labour Force Survey (LFS) conducted by the Department of Census Statistics of Sri Lanka. This study used only youth who fall between 15 years and 29 years old regardless of what they do and their civil status. In addition, the researcher purposively omitted fulltime students as this study analyses the status of youth in the labour market. Because of the civil war, the LFS surveys did not cover Northern and Eastern provinces from 1990 to 2010. Hence, the data for this study covers the current (2015) data from 2011 to 2014. With such imitations, the sample was extracted from the macro level data as 9,703 in 2011, 10,213 in 2012, 12,601 in 2013 and 12,606 in 2014. The study was conducted by facilitating basic tables, graphical displays and percentage values etc. which have been used to explore the above statistical relationship as a preliminary analysis to present the data.

## 3 RESULTS AND DISCUSSION

### 3.1 Youth as Labour Force Participants (LFP)

The Youth Labour Force Participation Rate (YLFPR) is higher in the Northern Province compared to the national rate in

all the years. Although Sri Lanka's YLFPR declined from 58.4 per cent to 55.9 per cent in 2012, it increased slightly from 58.4 per cent to 59.2 per cent in the Northern Province. It reached the peak in 2013 where the YLFPR was 56.7 per cent in Sri Lanka and 61.2 per cent in the Northern Province. However, the YLFPR in Sri Lanka in the last four years (2011 – 2014) recorded its lowest rate in 2014. The national and the provincial level statistics show nearly the same pattern in terms of the YLFPR by age.

The LFPR of the youth in the first category (15 – 19 years) was observed to be the lowest level where youth in the category (25 – 29 years) youth was at the highest in the YLFPR. However, the YLFPR of the first category of youth always tends to be higher at the national level than in the Northern Province whereas YLFPR in the third category, is higher at the Provincial level than at the National level.

The YLFPR of male youth in the Northern Province was lower than the national level whereas the YLFPR of female youth in the Northern Province was higher than the national level. The largest gap between the YLFPR at the National and Provincial level in the selected four years was registered in 2013. Labour force participation of young men is higher than that of women. One of the main reason for the lower labour force participation of young women is education.

### **3.2 Youth Unemployment**

It is interesting to note that although the Northern Province is a formerly war-torn Province, the unemployment rate of youth is low compared to some other Provinces such as the Sabaragamuwa, Southern, Central and Uva Provinces. As at 2013, The North-Western Province records the lowest Unemployment rate of 8.6 per cent. Sri Lanka's youth Unemployment rate was recorded to be 14.7 percent while it

was 13.9 per cent in the Northern Province. The unemployment rate of female youth is very high compared to males in the Northern Province in the last four years (2011 – 2014). The unemployment rate of female youth in the Northern Province gradually reduced by 9.6 percent from 34.5 in 2011 to 24.9 in 2014 whereas at the national level, it declined by 0.4 percent only between 2011 and 2014. The decline in the Northern Province is 24 times higher than the decline in the national unemployment rate. The data on Youth Unemployment by age in Sri Lanka shows that the third category of youth (25 – 29) have the lowest unemployment rate at the national and the Northern Provincial level. Likewise, the share of unemployment is very high among youth who are below 25 years old. The largest share of unemployed youth have been waiting for a job for more than one year. This is a very crucial condition for youth to wait more than one year for a job. The Northern Provincial situation is worse than the National situation. As at 2014, there are 53.7 percent of unemployed youth who have been waiting for a job for more than one year in the Northern Province while this rate is 40.6 percent of youth in Sri Lanka. It is 13.1 percent higher in the Northern Province than for the national level.

### **3.3 Youth Employment**

The main source of the employment is the private sector, where around 80 percent of employed young males and females are working in Sri Lanka. While workers in the semi-government sector reduces, workers in the Government sector have gradually increased in the last four years in Sri Lanka. The government sector records higher in the Northern Province than at the national level. That is the share of workers in the government sector increased from 17.8 percent in 2011 to 24.1 percent in 2014. It shows a 6.3 percent increase whereas there is only a 1.8 percent increase in Sri Lanka. In the Northern Province, the contribution of



agriculture to youth employment declined from 2011 to 2013 and it slightly increased in 2014. However, agriculture covered 11.4 percent of total employment in 2011 but it declined to 6.8 percent in 2014. When National statistics are compared with data from the Northern Province, the proportion of agricultural workers in Sri Lanka continuously declines. Notably, it declined from 8.5 in 2011 to 5.2 in 2014. Although the larger share of agricultural workers are males, males are the ones who leave agriculture to a larger extent than females both in the Northern Province and at the National level. The share of males who engaged in agriculture in the Northern Province in 2011 declined by 8.3 in 2014 where it shows a 1 percent decline in terms of female agricultural workers.

### **3.4 Informal Employment**

The research findings show that the rate of informal employment is decreasing continuously in the Northern Province as well as in Sri Lanka. 82.5 percent of the total employment of youth in 2011 declined to 78.4 in 2014 in Sri Lanka.

And, in the Northern Province 97.6 percent of total youth employment was informal employment in 2011 and it declined to 93.0 percent in 2014. The results reveal that Sri Lanka's overall rate of informal employment is lagging behind the Northern Province by 14.6 percent in 2014. Likewise, when it comes to the employment sector, the informal sector of employment is declining both at the National level as well as at the Provincial level. However, the percentage of youth who work in informal sector employment in the Northern Province is higher than the data for Sri Lanka. The statistics show that youth employment participation in the informal sector in Sri Lanka declined by 6.2 percent from 68.6 percent in 2011 to 62.4 percent in 2014 whereas it declined by 12.7 from 92.9 in 2011 to 80.2 in 2014. It shows that although the decline is two times higher in the Northern Province than for Sri Lanka, the Northern Province has a

larger share of youth who engage in informal sector employment. As at 2014, youth employment in the informal sector is 17.8 percent higher than the data for Sri Lanka. Informal employment is available in the formal sector whereas formal employment is available in the informal sector. According to the data, 18.1 percent of informal employment in Sri Lanka was in the formal sector in 2011 and it increased by 3.8 percent in 2014. Likewise, in the Northern Province, it increased by 10.2 percent from 4.8 percent in 2011 to 15.0 percent in 2014. Furthermore, the participation of formal employees in the informal sector decreased in Sri Lanka by 0.6 percent from 6.1 percent in 2011 to 5.5 percent in 2014 whereas it increased rapidly in the Northern Province as it increased by 16.7 percent from 2011 to 2014. The statistics show that informal employment in the formal sector is increasing in Sri Lanka as well as in the Northern Province. Formal jobs in the informal sector are decreasing in Sri Lanka while it rapidly increases in the Northern Province.

The informal employment rate declined by 18.8 percent from 95.3 percent to 76.5 in the Mannar district; by 17.9 percent from 89.1 percent to 71.2 percent in the Jaffna district; by 11.5 percent from 97.4 to 85.9 in the Mullaitivu district; by 3.8 percent from 81.9 percent to 79.2 percent in the Vavuniya district. Although the informal employment rate declined by 6.6 percent in the Kilinochchi district from 2011 to 2014, it can be observed that it started increasing as it was 80.5 percent in 2013 and increased to 81.9 percent in 2014. Informal employment is continuously decreasing in the Northern Province. However, the rate of informal employment declines very fast in the Jaffna and Mannar districts. In the Vavuniya district, the decline is very slow. Interestingly, the informal employment rate started to increase in the Kilinochchi district only in 2014.

### 3.5 Under-employment

Youth under-employment is not a big problem in the present context as it had been recorded less than 0.5 in 2014. However, youth under-employment in 2013 was somewhat problematic in the Northern Province as it was 2.1 percent in 2013. Thereafter it declined to 0.4 percent in 2014. The national level youth under-employment rate is recorded at 0.3 percent in 2014 which is the lowest rate in the last four years.

### 4 CONCLUSIONS AND RECOMMENDATIONS

Although the Northern Province is a formerly war-torn Province, the unemployment rate of youth is lower compared to some of the other Provinces. Furthermore, the gap between the gender-based unemployment is larger in the Northern Province than at the national level. A positive trend in the Northern Province can be observed in the unemployment rate of female youth. The largest share of unemployed youth who have been waiting for a job for more than one year is higher in the Northern Provincial situation than the data for the entire Island. Although the informal economy still plays a very big role in the Northern Province, the contribution of the informal economy declines faster in Northern Province than at the National level.

The share of workers in the private sector is lower by 10 percent in the Northern Province whereas the proportion of Government workers is higher in the Northern Province. However, the continuously declining rate of the informal economy and agricultural workers may result in some issues related to youth unemployment in the future.

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