

# THE ECONOMIC IMPACT OF UNEMPLOYED EDUCATED PEOPLE IN SRI LANKA: SPECIAL REFERENCE TO AKURESSA DIVISIONAL SECRETARIAT

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## ABSTRACT

Educated people are one of the major sources of Economic growth and society. Most of the time, socio economic condition of unemployed educated people affects their standard of living. This study has presented various demographic factors and socio-economic condition of the unemployed educated people, with reference to Akuressa divisional secretariat in Sri Lanka. Majority of the unemployed educated people have to face various problems in finding employment opportunities because of low management skill, low education qualification and less availability of the resources. Hence, this study aims to analyze impact of unemployment of educated people on GDP in Sri Lanka. This research based on the sample size of 100 the educated people in Akuressa Grama Niladari Division. According to the findings of the study, in the study area, monthly expenditure, monthly income, monthly consumption, saving and income earning assets are highly affecting the unemployed educated people. Under this sample 22 peoples are educated employee people and 78 people are unemployed educated people in this village. Further, lot of educated unemployed people depend on their parent's income or their salaries. As well as they are burdened to the economy. Because they haven't income generation method and also, they haven't fixed income sources. Also, in this village educated unemployed people not enough savings for future expectations. Hence, government should conduct new entrepreneur awareness programmer for these people to increase these people income level.

**Keywords:** unemployment, educated people, socio economic condition

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## Introduction

The education system in Sri Lanka is categorized into Primary, Junior Secondary, Senior Secondary and Collegiate level. The primary level is the first five years in school, grades 6-9 accounts for the Junior Secondary education while the Senior Secondary level is represented by grades 9-11. This level is also called the GCE Ordinary Level after international standards. Sri Lanka has common school curriculum in school up to year 11. After that the education is divided into three streams, namely science, arts and commerce. This takes place in years 12-13, which is called GCE Advanced Level or Collegiate level. Unlike most countries in the region, Sri Lanka introduced non formal strategies to meet educational needs of non-school going children only recently in 1981. These centers attempt to equip children with literacy and numeracy skills and those kinds of core competencies that will help them to entry the formal school. It is organized into three levels with courses both for children with no schooling experiences and those that have dropped out from different levels in primary classes. In Sri Lanka, higher education institutions are almost synonymous with universities. Entry to universities is thus highly competitive and is based on performance at the GCE Advanced Level examination. Alternative opportunities or higher education are minimal Education is a fundamental requirement of the development economy. It is main key Factors of the wealth and future of the nation. Sri Lankan has provided free Education for the all number of Student in a country. So Education is good measurement in a development country. Thus educated people are very highly valuable human resources in country. They can create lot of problems in the economy. Educated people define as “secondary or third level education include that a person”.

The overall unemployment in Sri Lankan is relatively lower level. But we identify that unemployment of higher educated people are very high .Higher educated people have to waiting for a long time until get suitable jobs similarly their qualifications or skills. As well as they expect to get good jobs within government or private sector and stable their jobs. They expect get good salaries through their jobs. Unemployment of Educated people creates lot of economic problem and violent conflict in a country. It causes too many reasons. As well as attribute of lack of educational opportunity, employment and poor attitudes about among higher education. Thus some analysts certify that educated people are very lazy and unwilling to meet the demands of their employer or job. Reflecting a supply driven education system with relevance to labor market conditions. In Sri Lankan situation we can see that unemployment of higher educated people is dramatically increased every year. It is not good situation in a country. It creates lot of problem in the labor market. Thus some of analysts discovered that some reason of the unemployment of highest educated people who have negative attitudes, lack of communication skills and lack of English knowledge. Education is a fundamental criterion for measuring the development of the country. In addition, it is key factor of measuring the wealth of the nations. Educated unemployment means skilled people who are actively seeking for a job. Educated people are the quality workforce in the country. Their

actions directly affect to development of the final output in the country. Educated unemployment rate is relatively high. This problem has arisen in some area in humanities and social sciences and some management graduates as a large no of students are graduated annually. Sri Lanka has a free education. Government spends more monetary and non- monetary resources for education per year. In 2016, government expenditure on education is 151.8Bn and in 2017, it will increase to 190.2 Bn. Even though education level is in satisfactory level, unemployment of educated people is remain high, education expenditure is the wastage of resources. Education is the long term investment. Because of it will lead to development of the country. Nevertheless, if country cannot employ educated human resource efficiently, expected development cannot achieve. Government policies to increase the employment are important in addition to improve education. Unemployment is measured at point in time. Nevertheless, unemployment can experienced through time. Special problems are the long-term unemployment, the intermittently employed, people who go through a repeated cycle of finding a job, employment and losing the job. Low unemployment rate means majority of the people are working and receiving income which to consume the goods and services and finally it led to continue economic growth. When unemployment increases, government expenditure on social programmed also increases. This requires additional tax revenue reduction of government programed or increase in public debt. All of these contain social costs. By keeping unemployment is low, social cost are reduced. Hence, this study aims to analyze impact of unemployment of educated people on GDP in Sri Lanka.

### **Review of Literature**

Disanayake (2010) said, “There are mainly three determinants of unemployment. The first is age: the probability of being unemployed is highest among the youth, and it declines with age. The second is education: studies indicate that unemployment rate increases with the level of education. The final determinant is benefit from family support: the probability of being out of job is higher among individuals who live with their parents.” Based on the previous literatures, there are many reasons for increasing unemployment of educated people than overall unemployment rate. One reason is mismatch between skills of the workforce and demanded skills in the employers. This study considering the gender perspective, the unemployment among educated females is significantly higher than the same of educated males (for 2010, 15.8 percent and 7.9 percent respectively), whilst economic inactivity among educated females is also relatively high (69.5% of total female population is inactive, out of whom 9.3% are having high educational levels)”. Educated females have a selection of jobs. They do not work some type of jobs due to difficulties of balance with their responsibilities. Sometime their family rules do not allow to works in some areas. Majority of the female are waiting for a government job. Patrizia and Rose (2015) said that wages earned by educated individuals are lower than wages earned by the well-matched workers. That means current education is not the only one reason to match with the job market. This study report that in many graduates and

non-graduates enter job positions that do not require their skills. That means their education do not relate to their jobs.

### Methodology

Under the study area and data of the methodology which are explained by the population, sample size of the research and what are the type of using data methods. Simultaneously, Primary data and the secondary data obtained from the Labor Force Surveys are used to describe the magnitude and trends of unemployment amongst the highly educated' people in the country. This study is an empirical data analysis, which based on Primary data gather from questionnaire from unemployment of educated person (under A/L above Educated people) secondary data obtained from the Quarterly Labor Force Surveys conducted by the Department of Census and Statistics, central bank annual reports, journal articles and World Bank data. The collected data were processed and analyzed using the statistical package of SPSS.V.21.0 program and with the analysis of linear correlation matrix and multiple linear Correlation matrixes, and obtained research results are presented and interpreted by creating tables.

### Results and Discussion

	monthly income employee educated people	Monthly income unemployment of educated people
Chi-Square	9.273 <sup>a</sup>	84.538 <sup>b</sup>
Df	3	2
Asymp. Sig.	.026	.000

**Table 1 Monthly income of employee educated people and unemployed educated**

**$P \leq 0.05$  (Reject  $H_0$ )**

$H_0$  = Monthly income employee educated people is independent

$H_1$  = Monthly income employee educated people isn't independent

$P = 0.026$

$0.026 < 0.05$  if reject  $H_0$

Conclusion: Monthly income educated employee people is independent

**P<= 0.05(Reject H0)**

H0= Monthly income unemployed educated people is independent

H1= Monthly income unemployed educated people isn't independent

P= 0.000

0.000<0.05 if reject H0

Conclusion: Monthly income educated unemployed people is independent.

Monthly income represents the highest values that majority is between 20000-30000- & 30000-40000-income level of educated employee people. Thus, unemployment of educated people represents the under the below 10000 income level who are majority under the income level which is 82.05% of the 78 people of the unemployment of educated people in this village. So, they haven't job and lot of people in this sample depend on their parent income.

**Table 2 Monthly savings employee educated people and unemployed educated people**

	Monthly savings employee educated people	Monthly savings unemployed educated people
Chi-Square	3.909 <sup>a</sup>	62.821 <sup>b</sup>
Df	2	1
Asymp. Sig.	.142	.000

Sources : Field survey, 2018

**P<= 0.05(Reject H0)**

H0= Monthly savings employee educated people is independent

H1= Monthly savings employee educated people isn't independent

P= 0.142

0.142>0.05 if don't reject H0

Conclusion: Monthly savings educated employee people isn't independent

**P<= 0.05(Reject H0)**

H0= Monthly savings unemployed educated people is independent

H1= Monthly savings unemployed educated people isn't independent

P= 0.000

0.000<0.05 if reject H0

Conclusion: Monthly savings educated unemployed people is independent

Under the educated employee people save their more than 5000- 10000 of savings level. They save money for future expectation Unemployment of educated people saves their money under the below 1000 level. Thus, they haven't job and they haven't fixed income sources

**Table 3 Income earnable assets earn by employee educated people and unemployed educated people**

	Income earnable asset of employee people	Income earnable asset of unemployment people
Chi-Square	.727 <sup>a</sup>	40.205 <sup>b</sup>
Df	1	1
Asymp. Sig.	.394	.000

Sources : Field survey, 2018

**P<= 0.05(Reject H0)**

H0= Income earnable assets employee educated people is independent

H1= Income earnable employee educated people isn't independent

P= 0.394

0.394>0.05 if don't reject H0

Conclusion: Income earnable assets educated employee people isn't independent

**P<= 0.05(Reject H0)**

H0= Income earnable assets unemployed educated people is independent

H1= Income earnable assets unemployed educated people isn't independent

P= 0.000

0.000<0.05 if reject H0

Conclusion: Income earnable assets educated unemployed people is independent

Most of Employee educated people have income earnable assets such as three wheels, van tractor and other income earnable assets. But most of unemployment of

educated people don't have enough income earnable assets. So, they haven job and fixed income generation methods.

**Table 4 Loan Amount of educated employee people and unemployed educated people**

	loan amount employment people	loan amount of the unemployment people
Chi-Square	6.909 <sup>a</sup>	36.744 <sup>b</sup>
Df	5	4
Asymp. Sig.	.227	.000

Sources : Field survey, 2018

**P<= 0.05(Reject H0)**

**H0=: loan amount of employee educated people is independent**

**H1= loan amount of employee educated people isn't independent**

**P= 0.227**

**0.227>0.05 if don't reject H0**

**Conclusion: loan amount of educated employee people isn't independent**

**P<= 0.05(Reject H0)**

**H0= loan amount of unemployed educated people is independent**

**H1= loan amount of unemployed educated people isn't independent**

**P= 0.000**

**0.000<0.05 if reject H0**

**Conclusion: loan amount of educated unemployed people is independent**

Lot of educated employee people gets between 15000-25000 and 25000-50000 amounts of loans. But unemployment of educated people gets among the 5000-10000 amounts of loans. They get lower level of loans to fulfill their basic requirements. Thus, they don't get large amount of loans because they haven't sources of the pay loans. They haven't major income generation method.

**Table 5 Consumption of employee educated people and unemployment of educated people**

	Consumption employee educated people	Consumption unemployed educated people
Chi-Square	4.818 <sup>a</sup>	13.000 <sup>b</sup>
Df	4	2
Asymp. Sig.	.306	.002

Sources : Field survey, 2018

**P<=0.05(Reject H0)**

H0= Consumption of employee educated people is independent

H1= Consumption of employee educated people isn't independent

P= 0.306

0.306 > 0.05 if don't reject H0

Conclusion: Consumption of educated employee people isn't independent

**P<=0.05(Reject H0)**

H0= Consumption of unemployed educated people is independent

H1= Consumption of unemployed educated people isn't independent

P=0.002

0.002 < 0.05 if reject H0

Conclusion: Consumption of educated unemployed people is independent

Under the educated employee people spend 47.06% of 20000-50000 amount and 23.53% of people spend above 50000 value of their monthly consumption. Majority of them spend a lot of money for their consumption and flow a large amount of money to the economy. But a lot of unemployed educated people spend a low amount of money for their consumption. It represents among the below 10000 value of the expenditure. So, flow the low level of money in to the economy.



Table 6 Expenditure of the employment educated people and educated people

	Monthly expenditure employee person	Monthly expenditure unemployment people
Chi-Square	8.818 <sup>a</sup>	60.564 <sup>b</sup>
Df	2	3
Asymp. Sig.	.012	.000

Sources : Field survey, 2018

**P<= 0.05(Reject H0)**

H0= Monthly expenditure of employee educated people is independent

H1= Monthly expenditure of employee educated people isn't independent

P= 0.012

0.012<0.05 if reject H0

Conclusion: Monthly expenditure of educated employee people is independent

**P<= 0.05(Reject H0)**

H0= Monthly expenditure of unemployed educated people is independent

H1= Monthly expenditure of unemployed educated people isn't independent

P= 0.000

0.000<0.05 if reject H0

Conclusion: Monthly expenditure of educated unemployed people is independent

Under the employee educated people spend lot of money between 20000-30000 monthly expenditure. They earn money through their job and create lot of needs and wants. Thus, unemployment of educated people spends money among the 10000-20000 level. It is 61.54% of the total educated unemployment level.

**Conclusion**

Analysis of demographic factors and socio-economic condition shows different specific characteristics relating to unemployment of educated people. These people have low level of education qualification, poor health condition and less employment opportunities. Most of the unemployment of educated people are getting relatively lower level of income Higher education is not a necessary condition for the unemployment of educated people, but it helps to manage their income in a proper manner and to achieve very good standard of living by investing

their income in other income generating sources. There is high attraction from younger generation to unemployment of educated people due to less social recognition and lack of willingness for hard working. Monthly expenditure, monthly income, monthly consumption, savings, income earnable assets are highly affected on unemployment of educated people in this area.

Under this research we can identify that both of educated unemployment people in this area. They highly effect on the economy. Thus, lot of educated unemployment people depends on their parent's income or their salaries. As well as they are highly burden in the economy so they haven't income generation method and also, they haven't fixed income sources, lot educated unemployment haven't income earnable assets and they are highly burden in the economy. In this village educated unemployment people not enough savings for future expectations. According to my research researcher identify that both of educated unemployment people are highly depend on their parent's income souses. They are highly burden on the economy such as they haven't income generation method, savings, and income earnable assets. And also, they don't contribute to the build economy. So, they are unemployment. Government spends lot of money for them. But they don't usage effective people's money.

### **Recommendation**

According to this study experience, lack of education qualification, skills trainings skills attitudes highly affect to the unemployment of educated people in Akuressa Gramaniladari division. Therefore, to achieve higher benefits from educated people, it is recommended that the responsible institutes such as higher education Authority should develop strategies to further improve these factors and their skills qualifications and job opportunities. Those institutes should provide facilities to find good job for the educated people in this area. It helps to reduce unemployment among the educated people in this area and hence, increase income of the same. In addition to that institutes and government authorities should introduce safety methods and equipment at low charges or fair conditions and instruction to educated person to start own business.

Government should launch workshops and conduct awareness programs to develop career skills for educated person in this area through government can reduce unemployment and growth economic level. And also, government should conduct new entrepreneur awareness programmer for these people. So, government can increase these people income level. They should contribute build the economy.

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