



# YOUTH LABOUR MARKET ASSESSMENT

## KEY FINDINGS

Prepared for YouLead by  
Verité Research





# **YOUTH LABOUR**

## **MARKET ASSESSMENT**

### **KEY FINDINGS**

Published December 2018

# CONTENTS

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|     |   |    |
|-----|---|----|
| 1.  | Introduction                                  | 03 |
| 2.  | Methodology                                   | 04 |
| 3.  | Definitions                                   | 05 |
| 4.  | Unemployed Youth                              | 06 |
| 5.  | Constrained Youth                             | 13 |
| 6.  | Employed Youth                                | 18 |
| 7.  | Gender  | 24 |
| 8.  | Recommendations to Private Sector             | 28 |
| 9.  | Recommendations to TVET Training Institutions | 29 |
| 10. | Recommendations to the Donor Community        | 31 |

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# INTRODUCTION

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. This is also a top priority for many private sector businesses as the shortage of skilled workers in many booming industries like tourism and construction continues to pose a major challenge to capitalising on the growth potential of businesses.

It is also a key motivation for many interventions of the YouLead project. The paradox of high youth unemployment and the large number of employment opportunities available in the country is explained using four gaps or mismatches:

- (i) The skills gap,
  - (ii) The aspirational gap,
  - (iii) The information gap and
  - (iv) The structural gap.
- 
- (i) **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.
  - (ii) **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.
  - (iii) **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.
  - (iv) **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 the Youth Labour Market Assessment, 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 Youth Labour Market Assessment of 2018 builds on the groundwork laid in the preceding year and is based on the primary research undertaken by Verité Research. This report is an abridged version of the full report and includes the key findings and recommendations that are pertinent to the private sector, the donor community and TVET training providers. The full report can be accessed online at [www.iesc.org/program/youlead](http://www.iesc.org/program/youlead)

# METHODOLOGY

Verité Research used the following data collection tools to gather the primary data that informs 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 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. Youth were stratified by age group, ethnicity, gender and district. The survey was conducted over the course of 4 months across the country.

The employer survey sought responses from 211 employers and was based on a purposive sampling method. The potential respondents were stratified by the size of business, type of industry and region.

## **ii. Entrepreneurship survey**

The survey of entrepreneurship students, hereafter referred to as the entrepreneurship survey, collected information from 400 students who had undergone the entrepreneurship development course at one of the following institutes: 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).

## **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 in developing market driven curricula and increasing female employment in non-traditional sectors of the economy. Our team engaged in interviews with personnel from one in-bound travel agency, two large hotel chains, one construction firm, and one ICT company.

## **LIMITATIONS**

The findings and recommendations presented in this report are subject to the following limitations:

- (i) 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. As such, any structural changes to the population that may have taken place after 2012 are not captured. Given the sample size of 2000 youth, there are limitations to drawing conclusions at a granular level.
- (ii) The small sample size of the employer survey limits its generalisability to all employers.

# DEFINITIONS

**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 (unemployed).

**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.

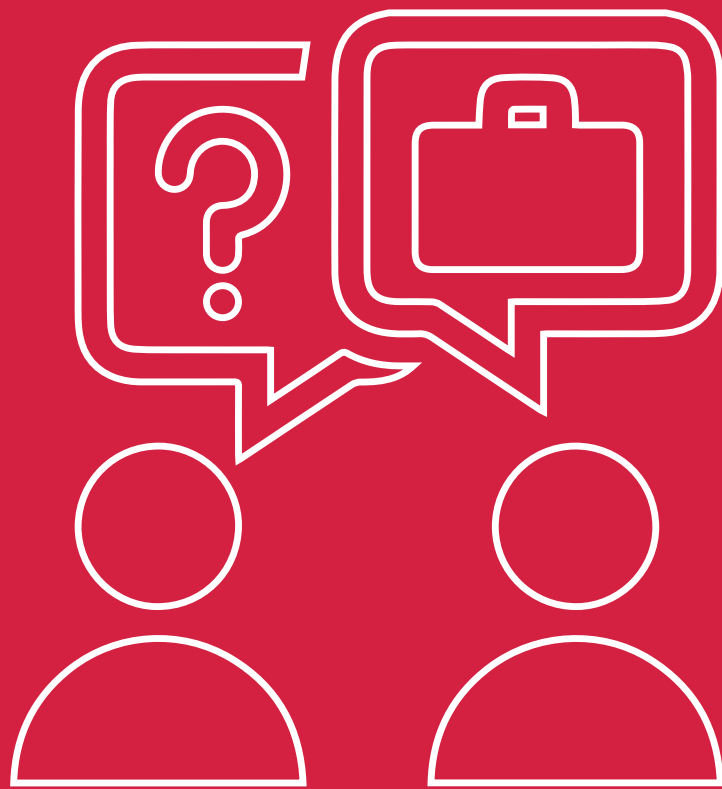
**Constrained** refers to a person who is currently not employed and not searching for employment due to circumstances constraining their ability and willingness to participate in the labour force. (This group is usually categorised as “economically inactive” in the statistical nomenclature; however, due to the negative connotation attached to the word inactive we use the alternative term “constrained” 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 economically inactive.

**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).



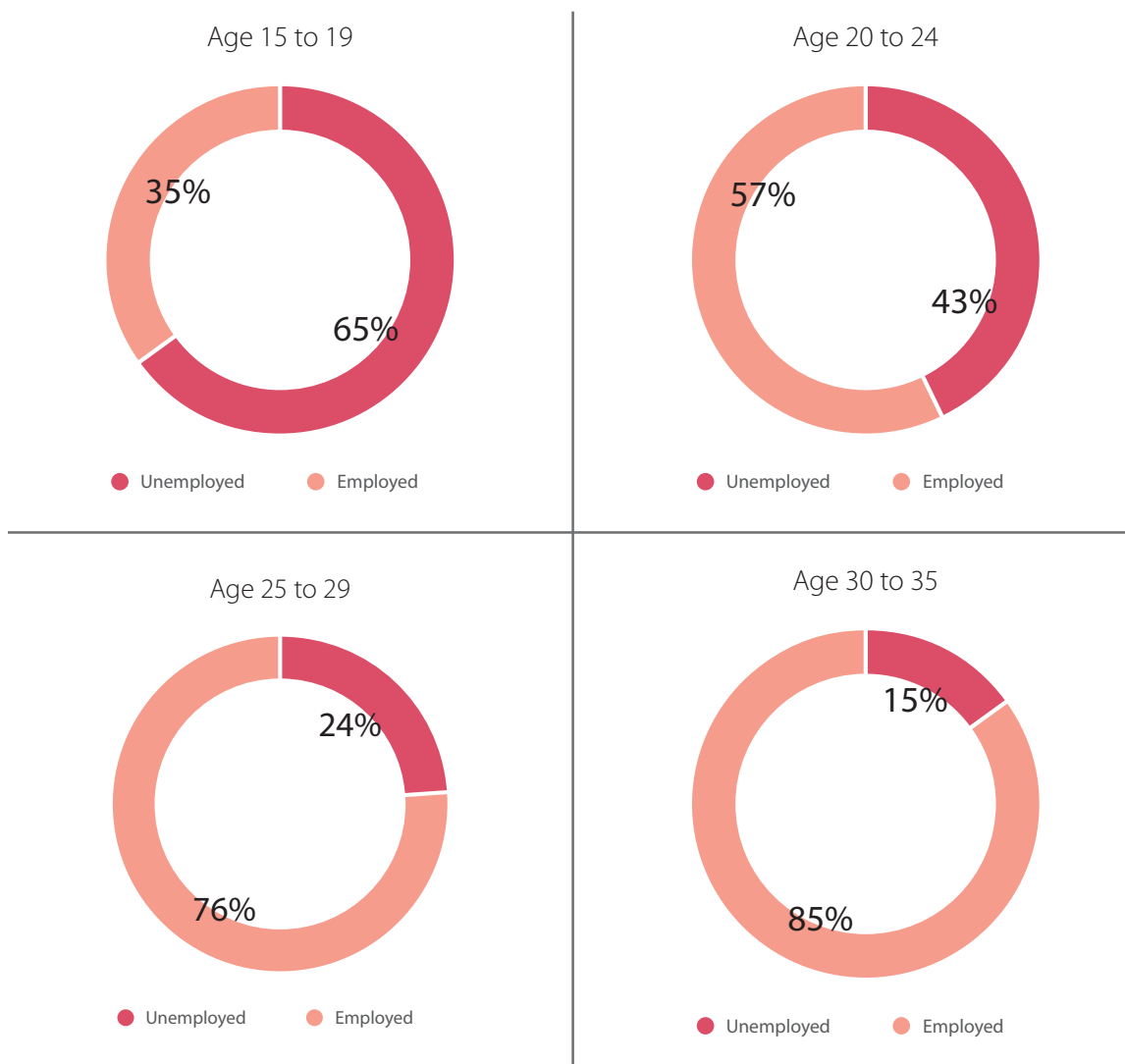


**UNEMPLOYED  
YOUTH**

## Poor school-to-work transitions

Higher unemployment rates are observed among the lower age groups of youth, with an unemployment rate of 65% recorded within the 15-19 age group. The rate of unemployment progressively declines in the higher age groups. Even though the unemployment rate decreases, we note that even the lowest unemployment rate of 15%, which is recorded in the age group 30 – 35, is still almost four times higher than the country’s overall level of unemployment. The high unemployment rates at the lower age groups is evidence of the poor school to work transition experienced by Sri Lankan youth.

### Youth Unemployment And Employment By Age Group



Source: YouLead Youth Survey 2018

On average, an unemployed youth spends 21 months searching for employment. This suggests that unemployed youth are unable to access the right information that is needed to secure suitable jobs. While employed youth possessed (on average) 10 months of work experience prior to commencing their current job, unemployed youth had (on average) only one month of prior work experience. Lengthy periods of unemployment are not favoured by recruiters and are associated with skill depreciation.

#### INTERPRETATION

Improved career guidance to youth aged 15-19 will help them to better prepare to enter the job market and ensure a smooth school-to-work transition. Focusing skills development initiatives on training youth in the youngest age cohorts of 15-19 years would be beneficial as they face the greatest difficulty in finding jobs.

## Vocationally trained youth had lower levels of unemployment

The Youth Survey finds 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 OL, AL, associate, bachelor's and master's degree programs. As 32% and 31% of unemployed youth whose highest level of educational attainment is the OL or the AL examination, they can potentially be attracted into vocational training to improve their employability.

Of the total number of unemployed youths who responded to the Youth Survey, 80% felt that additional training would increase their chances in finding employment. Of this 80%, 33% selected vocational training as the preferred skill acquisition mode. However, only 13% of the total survey respondents had completed any form of vocational training, suggesting that this was not a popular further education option among youth.

### INTERPRETATION

While there is a positive association between vocational training and employment, overall, there is a low uptake of vocational education among youth and this suggests that there may exist an informational or aspirational barrier that needs to be addressed. The vocational training institutions need to focus on improving the attractiveness of TVET courses among youth and parents through innovative tools and messaging.

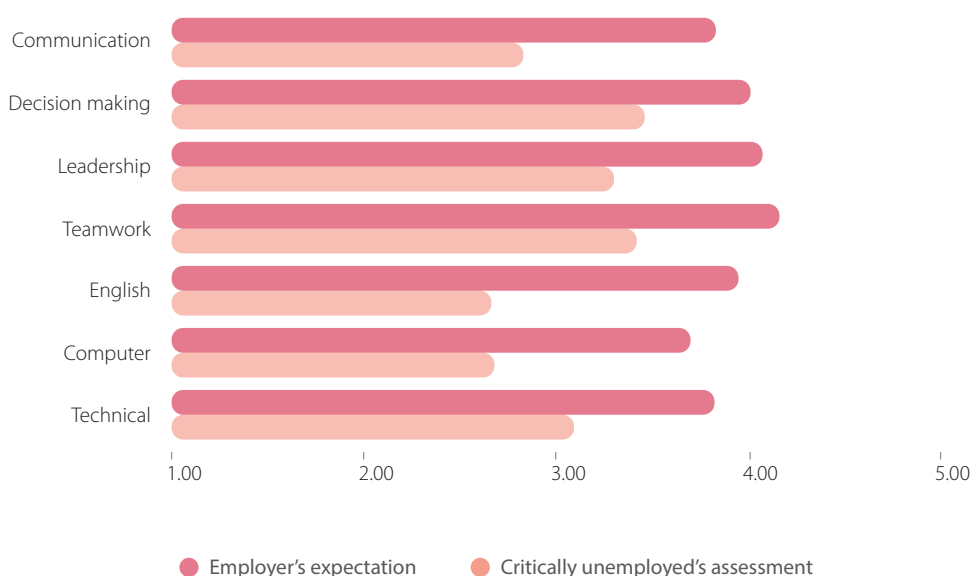
## Skill levels of unemployed, employed, and NLET youth

### Unemployed:

Employers identified the lack of applicants with job specific technical skills to be one of the main difficulties faced in recruitment. However, employed youth have significantly higher skill levels than the critically unemployed youth, with the better skilled youth finding it easier to access employment. Therefore, there exists a gap between the level of skills expected by employers and the skill levels of the critically unemployed youth. This gap is highlighted in the graph below.

### Skills Gap Analysis

#### ADMIN/ PROFESSIONAL ROLES



## MANUAL/ PRODUCTION ROLES



Source: YouLead Youth and Employer Survey 2018

### NLET:

There is only a marginal difference between unemployed youth and NLET youth in their self-assessment of skills. However, there is a statistically significant difference in the mean scores of unemployed and NLET youth vs employed persons, with the mean scores of the unemployed and NLET group being lower than their employed counterparts. Employed individuals self-assessed much higher on technical and communications skills, compared to their NLET and unemployed counterparts.

#### INTERPRETATION

*There needs to be significant upskilling of unemployed and NLET youth to match the level of the current workforce. As there is only marginal difference between NLET and unemployed individuals, 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.*

## Parental approval

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.

| I am willing to...   | 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%         |
| <b>Total</b>   | <b>100%</b> | <b>100%</b> | <b>100%</b> |

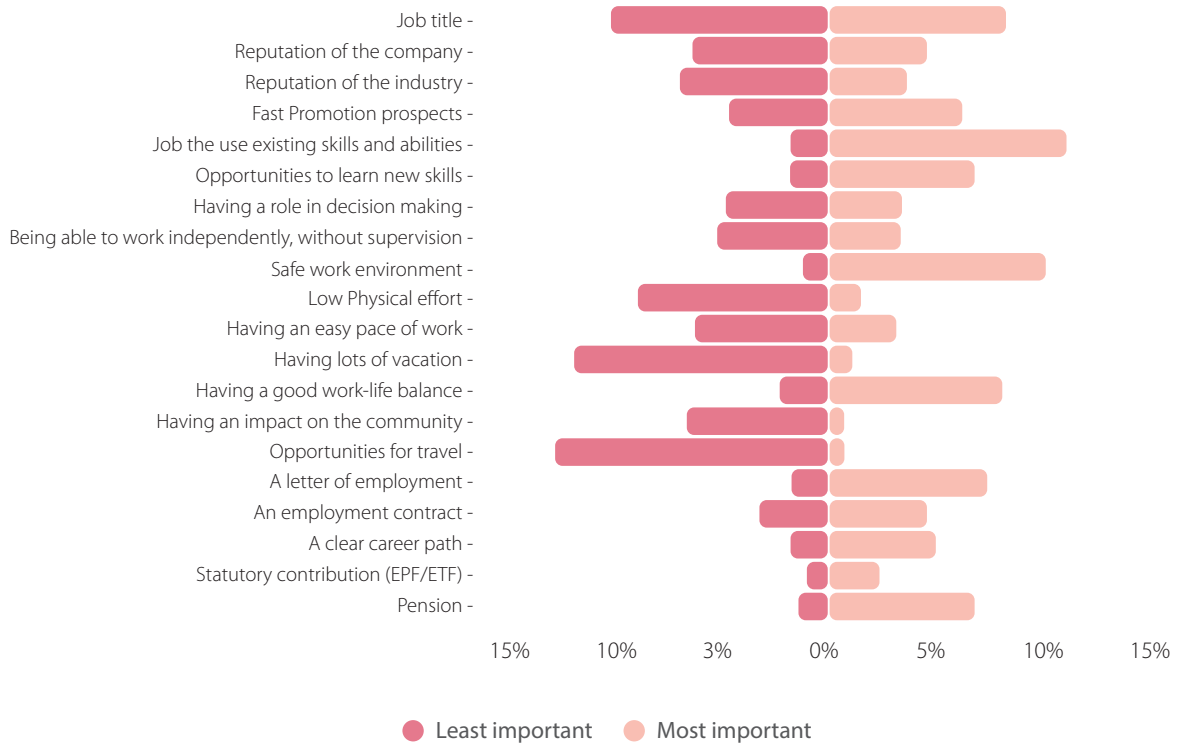
Source: YouLead Youth Survey 2018

Youth, in particular young women, consider parental approval paramount in job selection; therefore, initiatives that are aiming to attract young women into non-traditional roles and sectors must consider the importance of changing perceptions and attitudes of parents as well. If parents cannot be convinced to encourage their children to take up these non-traditional jobs, there will only be a marginal improvement in female labour force participation in these occupations and sectors.

## Job preferences

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

### Most Important And Least Important Criteria When Looking For A Job According To Youth

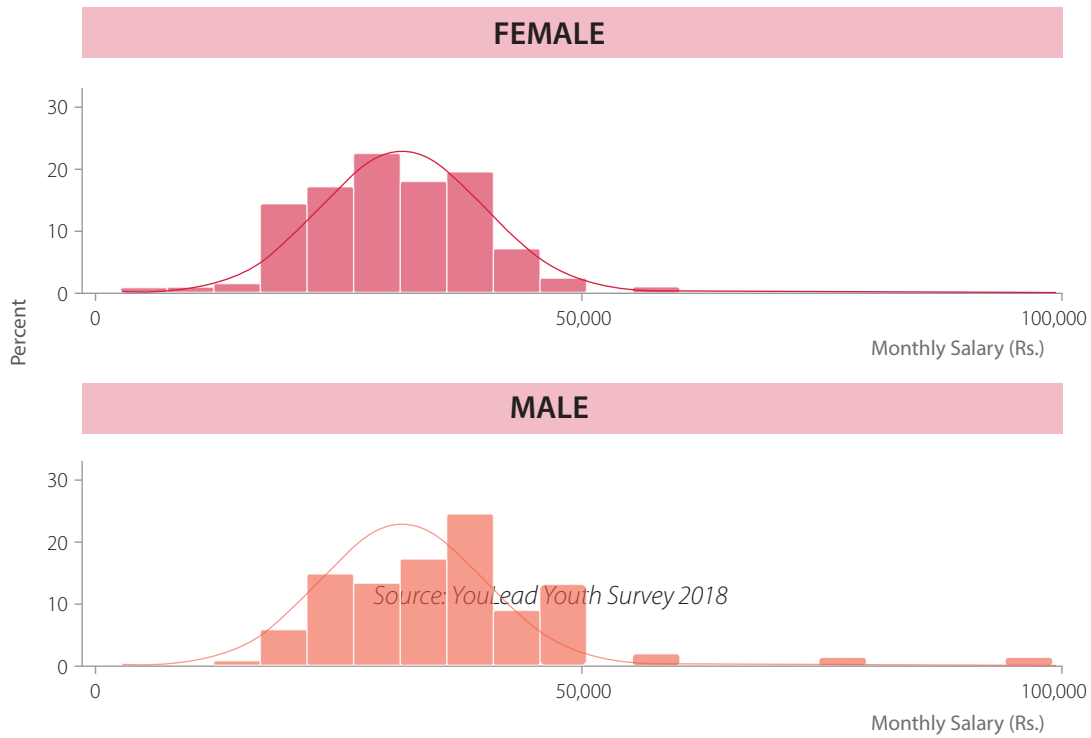


Source: YouLead Youth Survey 2018

On the other hand, 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 as the 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.

**Remuneration:**

On average, the monthly reservation wage for females was approximately Rs 31,000. For males, the average monthly reservation wage was approximately Rs 40,000.



Graduates expect higher salaries than youth with postgraduate and even professional qualifications. This may explain the higher unemployment rates experienced by graduates compared to youth who have completed other educational qualifications.

**Private vs public sector:**

Youth show a strong preference towards jobs in the public sector. 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.

**Travelling to work:**

While youth show a strong preference for working close to home, 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.

**INTERPRETATION**

*Designing jobs that cater to youth preferences and communicating these particulars to youth during recruitment would improve the attractiveness of the jobs to youth. The tourism and construction industries, which appear to suffer from a severe negative outlook may in particular benefit from changing job structures to suit these criteria. Where such change is not possible, additional incentives should be provided to compensate.*

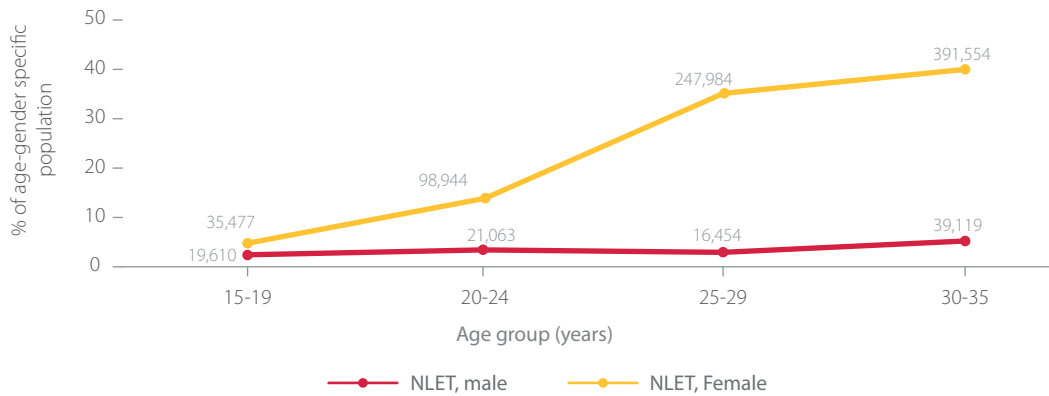


**CONSTRAINED  
YOUTH**

## Youth who are not in the labour force, education or training (NLET)

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. 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 (around 55,000 youth) could be absorbed into education and training.

### 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

#### INTERPRETATION

Youth in the younger age cohorts may be absorbed into training and education opportunities. Given that many of these youth may be unaware about potential training opportunities, better career guidance and skills development for such youth should yield good outcomes.

## Constrained from participating in the labour force due to family responsibilities

Personal family responsibilities featured heavily among the reasons that young women cited for not participating in the labour force: 74% of constrained women in the age cohort 25-29 and 84% in the age cohort 30-35 cited "personal family responsibilities" 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.

#### INTERPRETATION

Cross tabulating the above figures with labour force survey data shows us that approximately 436,000 young women between the ages of 25-35 years are constrained from participating in the labour force due to personal family responsibilities. This is large pool of potential labour for the industries to tap into. More flexible work environments or programs and policies that make it easier for women to enter/re-enter the workforce would increase women participating in the workforce. This also provides employers a potential labour force to engage.

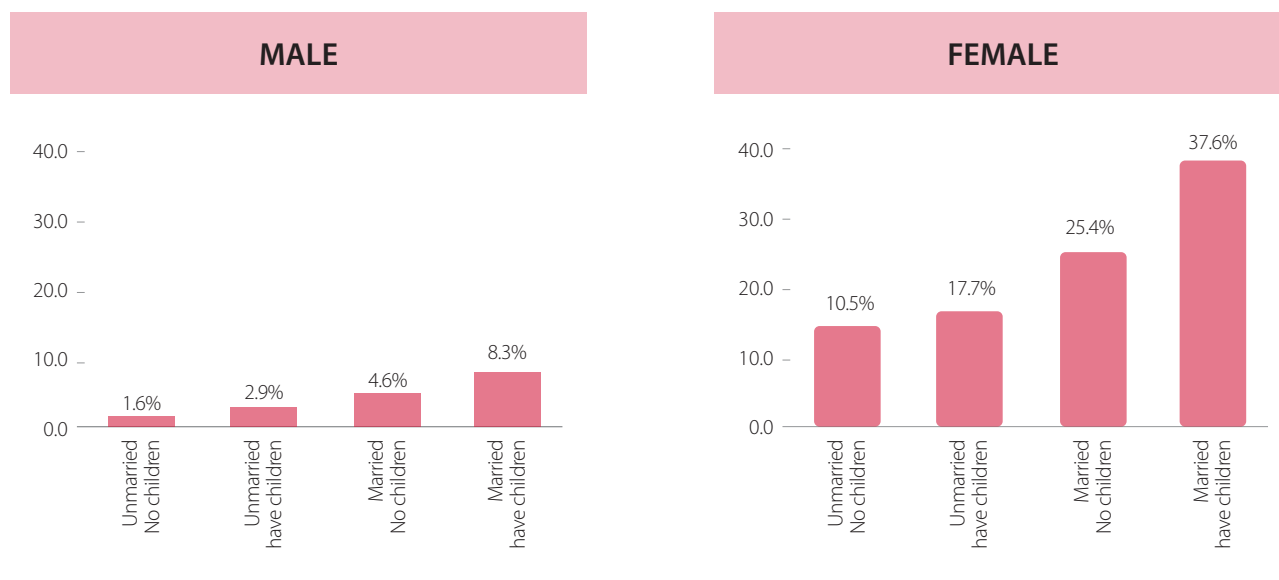
## Effect of dependants on employment by gender

The presence of dependants, young or old, places the burden of care on women and causes them to move away from the labour force. In contrast, the burden of income generation is placed upon men and increases their probability of being employed.

Based on a logistic regression, we find 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.

The probabilities for women start at a much higher base. An unmarried female with no children has a 10.5% probability of being NLET, which increases by 15% points when married (to 25.4%, when married without children). With children, 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.

### Probability Of Being NLET By Gender, Marital Status And Parental Status



Source: YouLead Youth Survey 2018

#### INTERPRETATION

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, safe and affordable child care services are critical to improving the labour force participation of youth, especially young women who have so far shouldered the burden of care within the household.

## Labour market vs. domestic sphere

The labour market is losing relatively experienced youth to household work. Around 21% of the currently NLET youth population has had at least one job in the past. Most NLET individuals in non-management positions had on average 2-5 years of work experience. 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. 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.

Given the varying levels of job security in the different employment sectors it is not surprising that many currently NLET population who had previously been employed had left private sector jobs, rather than jobs in the public sector or any other sector. Self-employment, family businesses and the informal sectors provide flexible working options for young parents, indicating that female youth do not have to leave the workforce completely if they have been working in these sectors.

#### INTERPRETATION

The labour market is losing relatively experienced youth to the household. The costs that were incurred in training these youth, as well as the replacement costs to firms, are high and represent a loss to employers. It's important to develop and implement measures to improve retention rates of youth at risk of leaving the workforce altogether.

## Absorbing NLET youth into the labour force

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. NLET young men and women who have never been married (single) were more interested in potentially looking for work than their married counterparts.

Of the youth who are currently in education (and not currently working), 69% expressed an interest in taking up a job – equivalent to 988,000 youth. This signals an opportunity for employers to introduce working-while-studying opportunities, apprenticeships, and on-the-job training.

Further, the level of interest in working or looking for work is higher among NLET individuals who had worked previously: 41% of those who had held at least one job in the past, vs 25% of those who had never worked before.

Based on the employer survey, 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 scope for return-to-work programmes and may register success in attracting individuals back into the labour force and should therefore be considered by the private sector.

### INTERPRETATION

*These findings highlight the potential for employers to attract NLET youth who have been employed in the past into return-to-work programmes, and youth in education into working-while-studying opportunities, apprenticeships and on-the-job training opportunities. In addition, 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. This is total potential labour force of 243,000 workers and 988,000 trainees.*

## Skills gap of NLET youth

The biggest skills gap is recorded for English skills, with unemployed youth self-assessing their skills at the below average or average level. We were also informed during our interviews with tourism 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.

The top 5 source markets for the tourism industry in Sri Lanka are India, China, United Kingdom, Germany and France. Therefore, the ability of hotel staff and tour operator staff to communicate in languages such as Mandarin, French and German is of growing importance. In addition to language skills, employers also noted the importance of the ability to teach other staff.

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 employers in the construction sector reported this to be a “very necessary” or “essential” skill but only 17% of NLET youth reported “above average” or “excellent” ability.

### INTERPRETATION

*In the tourism and hospitality industry, English language skills and other relevant languages are of utmost importance and there is 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.*

*On the other hand, in the construction industry, 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. There is also 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.*

## Provision of transport

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 men and women) stating that transport services would help them return to 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.

### INTERPRETATION

*There is a match between the expectations of employees and employers: we recommend that employers improve the provision, and indeed the visibility, of transport and travel benefits in order to attract youth into their workforce.*

## The human resource problem

The table below summarises the human resource problem with respect to recruiting and retaining youth employees.

| What is the problem?   | What could explain it?   |
|--|--|
| <b>Recruitment</b>   |  |
| A quantity problem: there aren't enough applicants   | 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.) |
| A quality problem: there are enough applicants, but very few have the necessary requirements | Skills gap – the skills that interested youth bring do not match the requirements of employers (technical skills, soft skills, cognitive skills etc.)  |
|  | Information gap – training providers are not aware of the skills that 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.  |
| <b>Retention</b>   |  |
| 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 – existing structures do not support life choices of youth and there are no other alternatives (lack of child care services etc.)   |





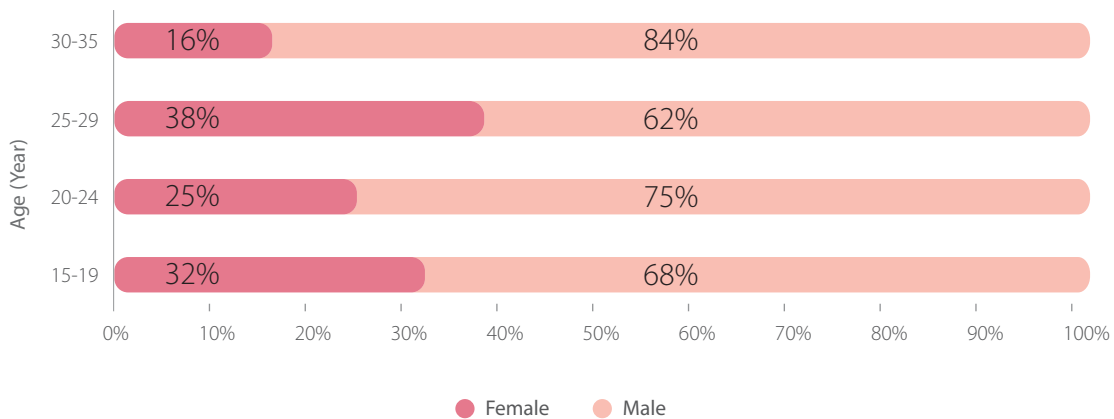
**EMPLOYED  
YOUTH**

## Youth employee turnover

Of the youth survey respondents, 14.6% of employed youth expressed a desire to change their current job, with those aged 15-19 and 20-24 demonstrating the highest probability of leaving their current job. In comparison, older youth express a lower interest in moving from their current job.

Interestingly, 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.

### Percentage Of Youth Willing To Move Jobs By Age And Gender

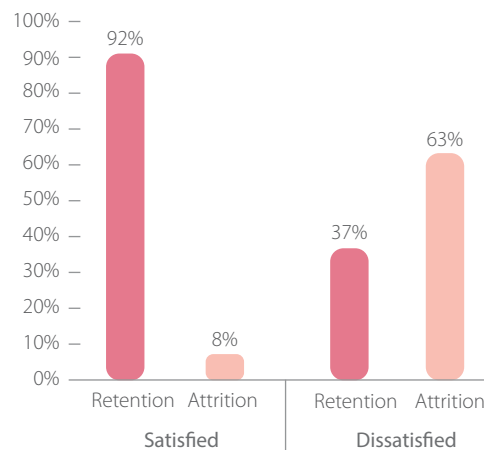


Source: YouLead Youth Survey 2018

### Job satisfaction :

Only a small percentage of individuals expressed a desire to leave their current workplace despite having job satisfaction. In other words, retention is highest amongst youth who remain satisfied with their job in comparison to those who are dissatisfied: 92% vs. 37%, respectively. Attrition among dissatisfied youth is higher, at a rate of 63% as opposed to their satisfied counterparts (8%).

### Retention And Attrition Rates Among Satisfied And Dissatisfied Youth



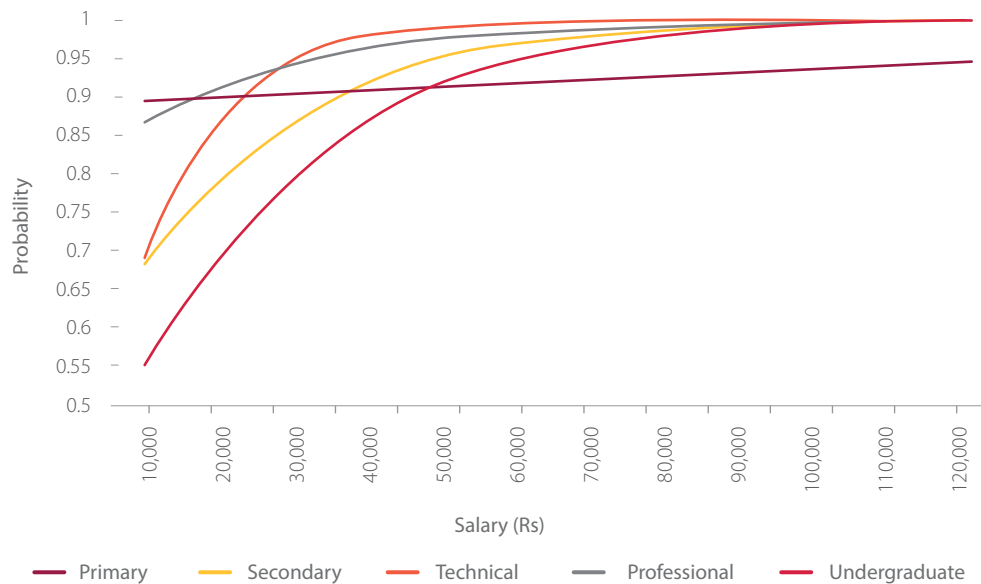
Source: YouLead Youth Survey 2018

### Pay satisfaction and retention:

Payments at or above Rs.40,000 lead 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.

Furthermore, those with secondary, technical and undergraduate levels of education gain the most with respect to job satisfaction due to increments in the current wage.

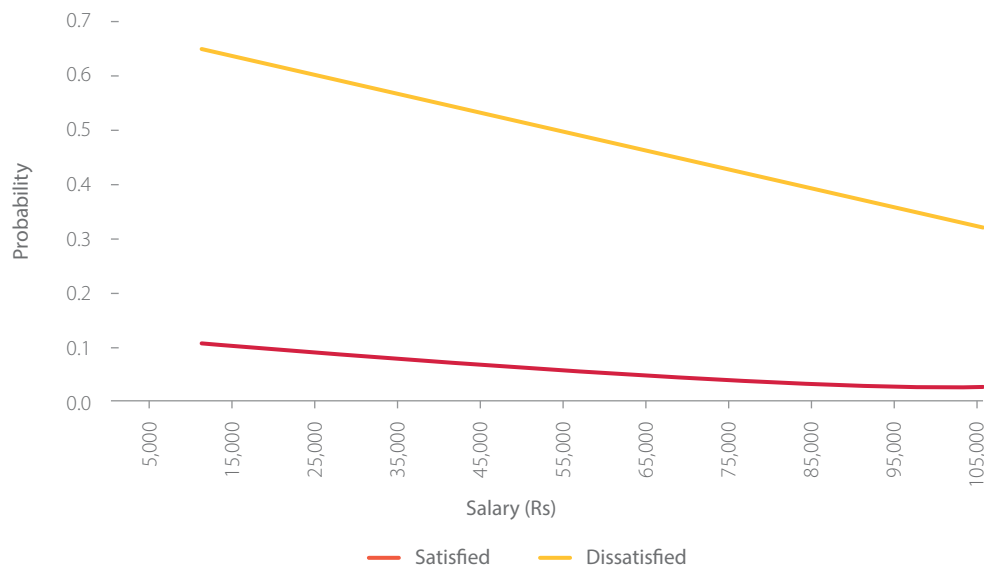
### Probability Of Job Satisfaction By Minimum Wage And Education Level



Source: YouLead Youth Survey 2018

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

### Probability Of Wanting To Change Jobs Between Satisfaction Levels And Across Salary Bands



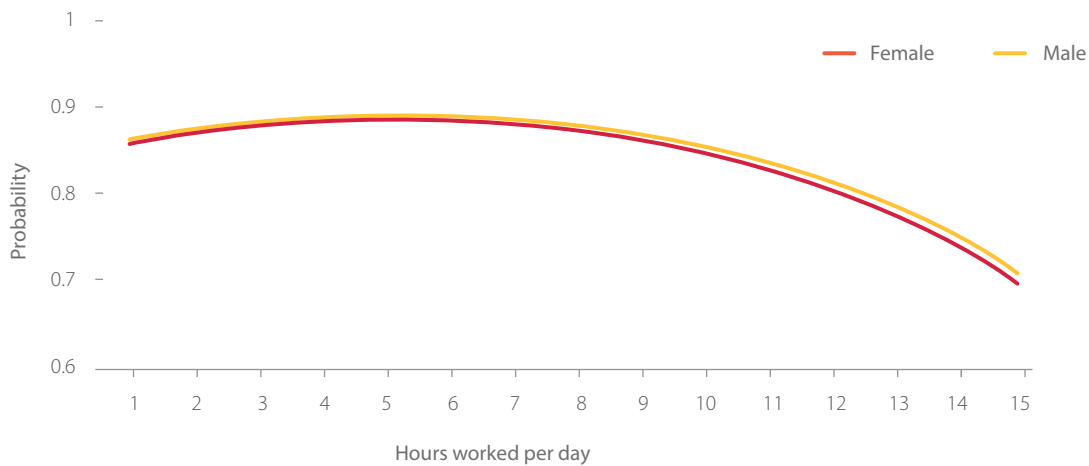
Source: YouLead Youth Survey 2018

For employers, 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 :**

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.

**Probability Of Having Job Satisfaction Given Work Hours**

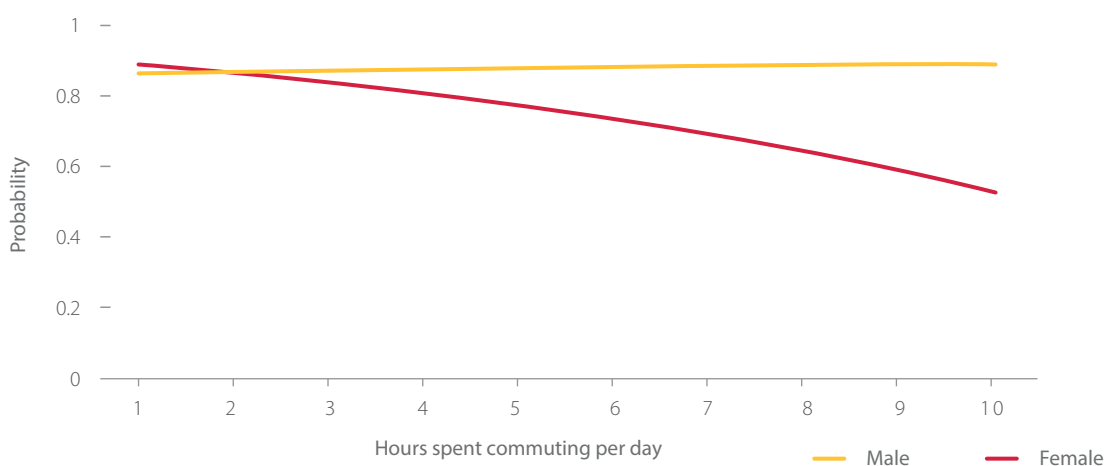


Source: YouLead Youth Survey 2018

**Travel time :**

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 satisfaction as commuting duration increases, changes in job satisfaction among the male group is marginal.

**Probability Of Having Job Satisfaction Given The Duration Spent Commuting**



Source: YouLead Youth Survey 2018

This variation in behaviour may be due in part to the constraints placed on women, especially employed women, by society and the concern of safety when travelling alone. In addition employed women, they are likely to face the double burden of economic and household work, leading to the higher levels of dissatisfaction that are experienced with increased commuting time.

*Improving job satisfaction is key to improving retention among youth employees. While job satisfaction is not purely dependant on pay satisfaction, improvements to pay were found to improve job satisfaction and thus retention. On the other hand, without improvements in job satisfaction, any increments in pay are unlikely to have much improvement on retention. Hence employers must focus on methods to improve job satisfaction among youth employees.*

## Measures to improve recruitment

### **Overtime pay**

The provision of overtime payments would motivate youth to take up employment 27.8 times 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 times faster than at the baseline level, where no expense allowances were available.

### **Fixed-term contracts**

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.

### **Employment agencies**

We also find that youth enter into employment 1.8 times 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, only 23% of employers advertise jobs through agencies.

*Finding jobs through agencies appear to improve the probability of finding employment but very few employers have any direct links with such agencies. Setting up a mechanism to interlink with job agencies will help source potential employees faster and more effectively.*

## Apprenticeships

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 or training. Of these 94 employers, only 38 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.

Furthermore, 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.

*The private sector needs to increase the availability of quality apprenticeships and other training programmes for youth. A lack of such opportunities at present maybe due to a misperception among employers that youth do not value or appreciate such training, however we find that they do indeed value learning opportunities.*





**GENDER**

## 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 apprenticeship 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.

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 was 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 the male-dominated fields than female-dominated fields. Although some female youth may be breaking the mould to enrol in male-dominated fields of study, many 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 – potentially due to unsuitable study/work environments, a lack of safety, or a lack of acceptance.

### INTERPRETATION

While there are few apprenticeship opportunities for youth in Sri Lanka, the opportunities for young women are even scarcer. The enrolment rates of women are lower than young men and dropout rates among young women are higher than young men, resulting in a scarce supply of fully trained young apprentice women in the labour market. TVET institutions and employers need to take greater efforts to make apprenticeships more women-friendly, if they are to meet their skilled labour needs.

## Youth and gender stereotypes

The following are 2 scenarios presented to respondents of the youth survey.

**Scenario 1:** “Imagine that your unmarried, 23-year-old female friend works in a big hotel as a junior waiter in the hotel’s restaurant. She is happy at her job and had hopes to continue working there. What do you feel about the following statements?”

| 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%               |
|  |        | 5%             | 8%    | 41%     | 29%      | 16%               |

**Scenario 2:** “Imagine that your 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.”

|   | 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 advance                | 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%     |

We find that youth do in fact stick to gender stereotypes perpetuated in society. 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.

**INTERPRETATION**

*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 that these environments are suitable and safe to work in.*

# RECOMMENDATIONS TO PRIVATE SECTOR

- **Design jobs that cater to youth aspirations**

There is a mismatch between employers' understanding of youth aspirations and what youth really want in jobs. We have highlighted above the conditions that youth find ideal, including working hours (8 hours per day), and commuting time (ideally not exceeding 1.5 hours). In addition, the implementation of flexible working options and accommodation for employees were seen as enablers of improved labour force participation, especially among women.

- **Minimum salary of Rs 40,000**

Salary payments at around Rs 40,000 leads to a probable level of job satisfaction of 90%. Increased job satisfaction was also linked to decreased likelihood of wanting to leave their existing jobs. Therefore, guaranteeing a minimum salary of Rs 40,000 to youth will increase job satisfaction and job retention.

- **Increase the quantity and quality of apprenticeships, internships and on-the-job training opportunities**

The lack of job-specific skills among candidates is one of top three challenges employers reported facing. As many youth who are still in education (higher education and vocational education) show a high level of interest in working if they are able to, employers are presented with a significant opportunity to set up and offer job-specific training opportunities.

Youth aspire to learn new skills and to find career pathways through such opportunities, and following the completion of the training, employers will be able to directly tap into a pool of potential youth employees. The private sector must work with the TVET system to ensure that high-quality opportunities are provided by developing and using standardized teaching and learning materials.

- **Improve the quantity and visibility of employee benefits relating to transport and travel.**

Transport is a critical issue for many youth, particularly young women. As employers responded positively towards providing transport services to employees, there is a match between the expectations of employees and employers. We recommend that employers improve the provision, and indeed the visibility, of transport and travel benefits in order to attract youth into their workforce. 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.

- **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 as any older youth workers who may be interested in working following a decrease in their family responsibilities.

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.

# RECOMMENDATIONS TO TVET TRAINING INSTITUTIONS

- **Develop standardized teaching and learning guides for apprenticeships**

Due to the low quality of the existing apprenticeship programmes, a quality assurance system must be put into place to ensure that 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.

- **Increase the attractiveness of vocational training programmes**

Currently, vocational training programmes face challenges in attracting youth. While many youth are aware that the training will help improve their employability, very few youth actually take up vocational training. Therefore, 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.

- **Focus on soft skill development and English language programs**

There is a significant gap in soft skills and English language skills among the youth of Sri Lanka. For the tourism industry, in particular, this is a critical issue. All higher education programs 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.

- **Maintain close ties with industry**

Closer collaboration between higher education institutes/TVET institutes will enable better communication and feedback from the industry. This will help institutes design curricula and deliver technical training that is demanded by the industry ensuring graduates with job relevant skills enter the job market. Through closer collaboration with higher education institutes, the private sector can provide internships/apprenticeships to youth. This will allow youth to get hands-on work experience and develop inter-personal/soft skills that will be favoured by future employers. These institutes can also develop partnerships with the private sector and include internships as a compulsory component of their education curriculum.

- **Improve the recruitment of females into apprenticeships and adopt measures to decrease dropout rates**

Female recruitment for apprenticeships in the hotel and tourism, building and construction, and other traditionally male-dominated fields is much lower than the recruitment level of males. 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.

A “strength-in-numbers” approach may work in recruiting females into male-dominated fields such as hotel and tourism and building and construction.

Refer the case study “A closer look at the Women in Construction Forum (WICF)” included in the full report for more details about a program that has successfully trained women to work as paint technicians in the construction sector.

- **TVET to play a role in creating safe work environments for women**

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.

This is particularly vital in the tourism and construction industries to improve safe working conditions for women.

# RECOMMENDATIONS TO THE DONOR COMMUNITY

- **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 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.

These youth may also have fewer connections and networks on which they can rely to find 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.

- **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, there is a need for a behavioural change campaign that will help to reallocate at least some of the domestic duties that are carried out by women to men in the household.





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