CULTIVATION OF MINOR EXPORT CROPS AS A STRATEGY FOR EXPANSION OF EMPLOYMENT OPPORTUNITIES IN THE RURAL SECTOR (EVIDENCE FROM GALAGEDARA AG DIVISION)

H.G.K.N. Bandara[1]*, S.W.G.K. Bulankulama and A.N. Nuwan. [2]

[1] *Department of Economics, University of Rajarata, Mihintale*
[2] *Office on Missing Persons, Sir Marcus Fernando Mawatha, Colombo- 07*

*Email : kolithanishshankabandara@gmail.com

ABSTRACT

The composition of agricultural export crops in Sri Lanka has changed over the last decade. The export shares of large-scale traditional plantation crops such as tea and rubber have shown a declining tendency while the contributions given by small scale non-traditional minor export crops such as cinnamon, pepper, and clove have increased. A better understanding of competitive advantage of minor export crops provides the necessary framework to provide income, employment opportunities and earn foreign earnings. Micro export crops play an important role for unemployment and under employment problems faced by the people who live in rural sector. The past successive governments of Sri Lanka have addressed the issue of rural unemployment through different strategies, unemployment and underemployment rates as well as the dependent population are still high in the rural sector. The noticeable feature of this problem is that the rate of unemployment and underemployment among the educated youth is higher than that of other groups which can be used cultivation of Micro Export Crops as a strategy that could support to overcome the persistent problems of unemployment and underemployment in rural economies. This study identified the nature of occupancy of Micro export Crops in Rural sector and evaluated the moderating impact of awareness of Micro export Crops of Sri Lanka in coping with the problems of rural unemployment and under employment. This study further identified the degree of awareness on Minor Export Crops impacts on monthly household income which will enable to uplift the economy in the rural Sector.

Keywords : Foreign earnings, Minor Export Crops, Rural Sector, Unemployment, Under Employment

INTRODUCTION

In Sri Lanka, 24.8% of gross export earnings are derived from agricultural export crops. About 32% of total land area is devoted for agriculture, with 35.6% of employed population engaged in this sector (Central Bank of Sri Lanka, 2018). The export crops in Sri Lanka can be categorized into two sub-groups. Major export crops such as tea, rubber and coconut, which contributed 92% of total export earnings for the country by independence in 1948, contributed only 14.8% of total agricultural exports in 2016. Minor export crops include cinnamon, cloves, pepper, sesame seed, cocoa, cashew nuts

and cardamom which contributed around 14.5% of export earnings in 2013 (Spice Council of Sri Lanka, 2018).

According to Keynes, wage rigidity is the cause of involuntary unemployment. This means that a free enterprise capitalist economy always fails to reach full employment because of wage rigidity. He emphasized two other reasons that impact on unemployment of an economy (i) liquidity trap, and (ii) interest inelasticity of investment. Keynesian employment theory, however, gives two types of equilibria full employment equilibrium and underemployment equilibrium.

In Keynes' classification of unemployment by its causes, unemployment due to downward-rigidity of money-wages, which for the "classical" economists was the chief type of cyclical unemployment and the only important type of secular or persistent unemployment, hence finds no place. It is excluded precisely on the ground that resistance to reductions in money wage-rates generally does not involve a reduction in the volume of employment and is, if anything, favorable to employment rather than the reverse. Based on the above concept authors attempt to evaluate a model on monthly average wages in Micro export crops section impact on unemployment.

MATERIALS AND METHODS

The primary data was collected by means of a field survey and self-administered, structured questionnaire. Face to face interviews were employed to collect primary data from the 100 sample of farmers which was selected from the Galagedara AG Division in Kandy district using convenient sampling method. The sample included both unemployed and underemployed persons representing general demographics. Secondary data was collected mainly from the official publications of government departments and Institutions. Collected data were analyzed by using descriptive and inferential statistical method such as correlation test, percentages, tables, graphs and measures of central tendency and T Test.

Conceptual framework
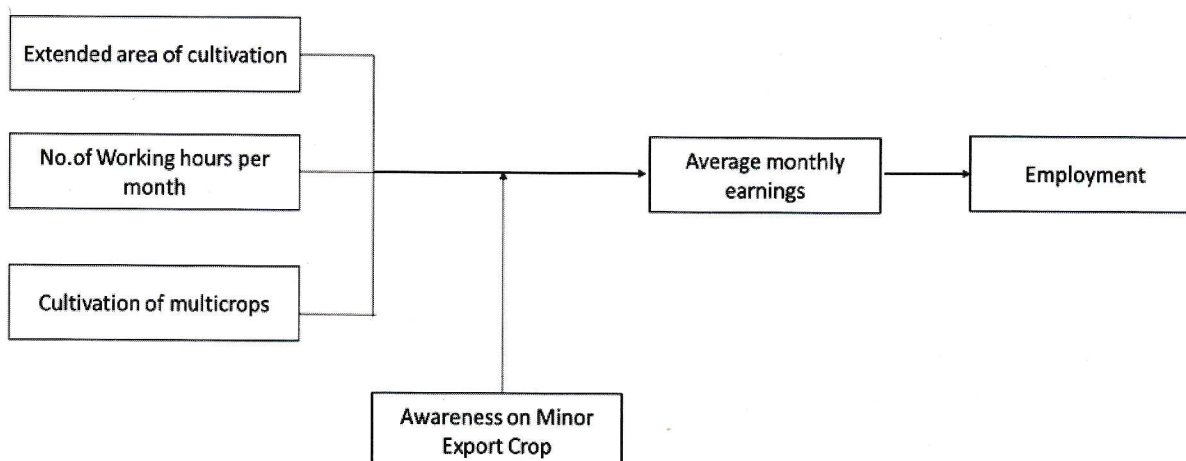
RESULTS, DISCUSSION, RECOMMENDATIONS AND CONCLUSIONS

Taking a deeper look on the findings of the study average no of working hours per month is 68, approximately 9 days (rest of 21 days are underutilized) and average monthly earnings is Rs.3400 per person those who practice multiple cropping and newly developed agricultural systems, generated much more income per month. Based on the observational findings most of cultivators are Monoculture agricultural practice of producing. Based on the discussion had even with male youth people are also inadequately tooled with appropriate knowledge and technologies for Micro Export Crops production.

Table 1: Correlation Analysis

Table 1. Correlation test

		No.of Working hours	Extended area of Cultivation	Cultivation of multicrops	Awareness on Minor Export Crop	Average monthly earnings	Employment
No.of Working hours	Pearson Correlation	1	.294**	-.370**	-.010	.183	-.061
	Sig. (2-tailed)		.003	.000	.922	.069	.549
	N	100	100	100	100	100	100
Extended area of Cultivation	Pearson Correlation	.294**	1	.036	.385**	-.288**	.258**
	Sig. (2-tailed)	.003		.719	.000	.004	.059
	N	100	100	100	100	100	100
Cultivation of multicrops	Pearson Correlation	-.370**	.036	1	.587**	-.717**	.579**
	Sig. (2-tailed)	.000	.719		.000	.000	.000
	N	100	100	100	100	100	100
Awareness on Minor Export Crop	Pearson Correlation	-.010	.385**	.587**	1	-.784**	.703**
	Sig. (2-tailed)	.922	.000	.000		.000	.000
	N	100	100	100	100	100	100
Average monthly earnings	Pearson Correlation	.183	-.288**	-.717**	-.784**	1	.859**
	Sig. (2-tailed)	.069	.004	.000	.000		.000
	N	100	100	100	100	100	100
Employment	Pearson Correlation	-.061	.258**	.579**	.703**	.859**	1
	Sig. (2-tailed)	.549	.059	.000	.000	.000	
	N	100	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Compiled by author based on survey

The present study provides analytical description of significant between awareness of minor export crops and monthly average income in table 1. Based on the correlation coefficient 7% positive correlation can be seen between Awareness of minor export crops and employment, and there is a significant relationship between multicrops cultivation and Monthly Average Income. Cultivators those who have awareness on Micro export crops utilized their time effectively to generate higher income and those who have no awareness create Unemployed problems though they have ample resources. However, besides the aforementioned environmental challenges, producers of these crops are increasingly feeling the pressure of growing demand and productivity due to their family owned small-scale nature. In order to overcome the challenges, these cultivators

must first identify which of their resources and capabilities that could lead to the creation of economic value.

Table 2: Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866[a]	.750	.737	.42886

a. Predictors: (Constant), Average monthly earnings, No. of Working hours, Extended area of Cultivation, Cultivation of multicrops, Awareness on Minor Export Crop
Source: Compiled by author based on survey

In order to evaluate proposed model researchers have tested the R square, which indicates the proportion of variance in the dependent variable (intentions) that is explained by the model. In the model researchers have identified a somewhat high R-square value, with a measure of 0.75 meaning 75% of variance of unemployment is explained by defined independent variables. This measure indicates that the model does fit the data very well.

Table 3: Regression Analysis

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.311	4	9.328	27.823	.000[a]
	Residual	31.849	95	.335		
	Total	69.160	99			

a. Predictors: (Constant), Awareness on Minor Export Crop , No. of Working hours, Extended area of Cultivation, Cultivation of multicrops

b. Dependent Variable: Employment

Source: Compiled by author based on survey

ANOVA table shows that F=27.823 and is statistically significant. This indicates variance between group and within group. Also model is considered to be good fit if significance value falls 0% to 5%. In ANOVA table shows the sig. value of .000 which means that relationship between Independent variables and employment in rural sector is highly significant hence the model is fits perfectly.

Table 4: Regression Analysis   Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.806	.445		6.305	.000
	No. of Working hours	.003	.002	.094	1.576	.118
	Extended area of Cultivation	-.042	.057	-.044	-.736	.463
	Cultivation of multicrops	-.082	.139	-.048	-.593	.050
	Awareness on Minor Export Crop	.117	.153	.068	.765	.046
	Average monthly earnings	-5.808E-5	.000	-.870	-8.897	.000

a. Dependent Variable: Employment

Source: Compiled by author based on survey

Based on the coefficient table 4, which clearly indicates that Cultivation of multi-crops and Awareness on Minor Export Crop determinants are statistically significant and Average monthly income and employment also significant based on the SOBEL test which means there is a clear impact to downsize the unemployment in rural cultivation sector.

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5$$

Where;

Y= Unemployment in rural cultivation sector
X1= No. of Working hours
X2= Extended area of Cultivation
X3= Cultivation of multicrops
X4(Moderating Variable)= Awareness on Minor Export Crop
X5(Mediating variable)= Average monthly earnings

$$Y = 2.806 - .003X1 - 0.042X2 - 0.082X3 + .117X4 + -5.808E-5 \ X5$$

Testing Hypothesis

Assimilation of Hypothesis

Based on the results in the coefficient table, Independent variables are significant with average monthly earnings of cultivators and average monthly earnings have a significant impact on employment/ Unemployment of rural cultivation sector.

This study has extended our understanding on the extent of high Unemployment and Underemployment level among cultivators in the study area due to the significant gap of awareness between Micro Export Cultivators and various strategies, programs which

have been implemented by government of Sri Lanka to develop Micro Export Crops and enhance Employment opportunities in Sri Lanka and It makes sense to see that skill-based qualifications are emphasized to increase productivity of well- being integrated social and economic approaches in this sector, finally research was concluded as, to be more close connection with employment opportunities and awareness of rural Minor Export Crops of Cultivators and also which should be developed in well constant manner. Therefore, government officials and policy makers should pay high consideration in dealing with rural Unemployment and Underemployment problems using Minor Export Crops Cultivation and it is recommended that each awareness programmes launched by the government should be directly focused on the target market and to increase that sort of programme through relevant channels.

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