Determinants of Youth Unemployment in Sri Lanka

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Abstract

ශ්‍රී ලංකාව වැනි දියුණු වෙමින් පවතින රටවල තරුණ විරැකියාව දැඩි ගැටලුවකි. රටේ සමාජ-ආර්ථික සංවර්ධනය සඳහා වෙනත් ආකාරයකින් භාවිතා කළ හැකි හිඟ සම්පත් නාස්තියක් හෝ ඌන උපයෝගී කර ගැනීමක් එයින් පෙන්නුම් කෙරේ. ශ්‍රී ලංකාවේ තරුණ ජනගහනය (වයස අවුරුදු 15 ත් 24 ත් අතර) අතර විරැකියාව ඉහළ මට්ටමක පවතින අතර පසුගිය වසර කිහිපය තුළ එය වැඩි වෙමින් පවතී. එබැවින්, මෙම අධ්‍යයනයෙන් ශ්‍රී ලංකාවේ ජනසංගණන හා සංඛ්‍යාලේඛන දෙපාර්තමේන්තුව විසින් පවත්වන ලද 2016 ශ්‍රම බලකා සමීක්ෂණ දත්ත යොදා ගනිමින්, ප්‍රොබිට් ප්‍රතිපායන විශ්ලේෂණ ක්‍රමය භාවිතයෙන් ශ්‍රී ලංකාවේ තරුණ විරැකියාව නිර්ණය කරන සාධක විග්‍රහ කෙරේ. ප්‍රතිපායන විශ්ලේෂණයෙන් පෙනී යන්නේ අධ්‍යාපන මට්ටම, ස්ත්‍රී පුරුෂ භාවය, ජීවත්වන ප්‍රදේශය සහ වෘත්තීය පුහුණුව ශ්‍රී ලංකාවේ තරුණ ජනගහනය අතර විරැකියාව සඳහා ප්‍රධාන නිර්ණායකයන් වන බවයි. අධ්‍යාපනයට ඇති ප්‍රවේශය වැඩි දියුණු කිරීම, අවකාශීය අසමානතාවයන් අවම කිරීම, වෘත්තීය පුහුණුව ලබා දීම සහ තරුණයන් අතර විශේෂයෙන්ම වතු අංශයේ තරුණ තරුණියන් අතර විරැකියාව තවදුරටත් විශ්ලේෂණය කිරීම සාර්ථක ප්‍රතිපත්ති සම්පාදනය සඳහා අවශ්‍ය වේ.

මුඛද පද: තරුණ ජනගහනය, රැකියා වියුක්තිය, රැකියා නියුක්තිය, ශ්‍රී ලංකාව, නිර්ණායක,

Introduction

United Nations (United Nations, 2015) defines "Youth" as a period of transition from the dependence of childhood to adulthood's independence and awareness of our interdependence as members of a community. The capacity of youth to participate in productive operations has social and economic implications for any economy, and youth are an important source of resources to bring prosperity. "Energetic, courageous, and qualified, youth can make changes to the social-economic development of the country if they are well

utilized and managed" (Msigwa and Kipesha, 2013)geographical location, education, skills and marital status are all significant factors in explaining the difference in youth employment status in Tanzania. From the findings the study several recommendations are made, first, the government and policy makers should review job market laws and regulation in order to promote a smooth transition of youth from education to job market. The government should create specific interventions especially in the creation of more formal jobs and strengthening job market regulation relating to youth people to ensure that all youth with education or skills realize their investments in education and contribute to the country development. The study also recommends that the government and policy makers should strengthen the laws and regulation relating to gender balance in the job market in order to give equal chance to the youth with the same level of skills or education. 1. Introduction Youth is undeniably among the most important formidable force and resource a country can have in order to boost its social economic development. In addition of being large in number, the youth are energetic, courageous and poses new ideas that can make changes to the social economic development if they are well coordinated and involved in economic activities of the country. Regardless such importance youth have been faced with many challenges one of them being unemployment problem. Youth unemployment is among the major challenges facing both developed and developing countries in the world. The problem of youth unemployment is more critical to developing countries due to the high poverty levels requiring all people to work in order to ensure survival (ILO, 2011. Therefore, youth employment is a primary goal of any economy.

Unemployment or underutilization of any resource is a significant issue that directly impacts economic growth. International Labour Organization (2018) defines "unemployed" as the number of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and who have voluntarily left work. The Department of Census and Statistics in Sri Lanka also uses a similar definition.

High youth unemployment, especially among the educated youth, is a common phenomenon in many developing countries such as Sri Lanka. However, highly educated youth are in the quality workforce of a nation — the quality workforce assists in the efficient production of goods and services. However, the Department of Census and Statistics of Sri Lanka (2016) shows that 21.6% of educated youth are unemployed in Sri Lanka in 2016, which is a severe concern in the economy.

Education is an essential factor in deciding the welfare level of a country. "Higher education has long been recognized as a major contributing factor to the social, cultural, and intellectual life of society by improving the quality of human life" (Gedžūne and Gedžūne, 2010)assessment of research participants' personal experience with social exclusion in educational setting, their current understanding of the problem and individual suggestions for solving it were analysed qualitatively. The results indicate that, in teachers' opinion,

social exclusion in education can be caused by subjective and objective factors – pupils' personal characteristics, school climate, parental influence and social causes. The research participants particularly emphasise teacher's role in reducing pupils' social exclusion by adhering to values, such as fairness, equality, empathy, cooperation and respect. The research results highlight the need for addressing the issue of social exclusion in teacher education programmes by raising future teachers' awareness of the problem and their responsibility to overcome it.","author":[{"dropping-particle":"","family":"Gedžūne","given":"Ginta","non-dropping-particle":"","parse-names":false,"suffix":""},{"dropping-particle":"","family":"G edžūne","given":"Inga","non-dropping-particle":"","parse-names":false,"suffix":""}],"conta iner-title":"Journal of Teacher Education for Sustainability","id":"ITEM-1","issued":{"date-parts":[["2010"]]},"title":"2010","type":"article-journal"},"uris":["http://www.mendeley. com/documents/?uuid=e506b11f-371b-46ea-881b-d9fcd84dd28d","http://www.mendeley. com/documents/?uuid=6bc82aca-84f1-4da4-af08-67bbd0f80822"]}],"mendeley":{"format tedCitation":"(Gedžūne and Gedžūne, 2010. Educated unemployment means skilled people who are actively seeking a job, which is a waste of valuable resources. Youth unemployment is high and increasing while the general unemployment is low in recent Sri Lanka.

Table 01
Unemployment Rates in Sri Lanka

Year	Unemployment %	Educated youth unemployment %
2013	4.4	19.2
2014	4.3	20.3
2015	4.7	20.8
2016	4.4	21.6

Source: Department of Census and Statistics (2016)

Nevertheless, only a limited quantity of literature is available on youth unemployment in Sri Lanka (Senanayake, 2016; Aggestam and Hallberg, 2004). However, it is crucial to find the reasons behind the high unemployment rates among educated youth in Sri Lanka, which is vital for policy development to address the problem of educated youth unemployment in Sri Lanka. Given the above situation, the central question on which this paper probe is "What are the determinants of unemployment among the youth in Sri Lanka," and the objective of the paper is to analyze youth unemployment of Sri Lanka using a nation-wide primary data set on the labor market of Sri Lanka.

Literature Review

Labor Force Survey (Department of Census and Statistics, 2016) defines "employed" as "persons, who worked as paid employees, employers, own-account workers, or contributing

family workers during the reference period." This also includes persons with a job but not at work during the reference period. Labor Force is defined as the percentage of economically active people in the working-age population. The working-age population consists of persons aged 15 years and above (Department of Census and Statistics, 2016). Economically active population is defined as the persons employed or unemployed during the reference period of the survey. In general, the Labor Force also includes the armed forces, the unemployed, and first-time jobseekers. By 2017, the Labor Force of Sri Lanka has increased to 54.1% of the working-age population.

According to the Labor Force Survey (2016), unemployment is defined as "persons available or looking for work, and who did not work and taken steps to find a job during the last four weeks and ready to accept a job given a work opportunity within next two weeks." Unemployment is a severe issue in any country, irrespective of the developed or developing nature of the economy. Unemployment results in some psychological problems of hopelessness, frustration, hostility, and gradual drift of some unemployed youth into criminal behavior (Bakare, 2011). In some instances, unemployment is considered as a measure of economic performance. Philpin and Ashton (1985) identified two significant views on unemployment in the academic literature. One is the "Keynesian" view of unemployment saying that "unemployment is an excess supply of labor resulting from a failure of coordination in the market economy," and the other is the "Classical" view of unemployment stating "unemployment is job search-people engaged in the productive work of looking for a better match between worker and employer." Even though it is a common argument that unemployment is high among the educated youth in developing countries, O'higgins (1997) argues that no reliable evidence is available to support the existence of widespread educated unemployment in developing countries.

The literature presents four main unemployment types, i.e., frictional, seasonal, cyclical, and structural. Frictional unemployment takes place when certain occupations have surplus workers in one part of the country while vacancies for similar jobs occur and are not filled in other parts of the country. It also called 'search unemployment.' Seasonal unemployment occurs mostly in the industrial sector and other seasonal enterprises. It arises when workers are laid off during off-seasons. Cyclical unemployment exists when individuals lose their jobs as a result of a downturn in aggregate demand. It occurs when the economy slows down, such as during recession times when people lose their jobs. Structural unemployment happens when the labor market is unable to employ everyone due to the mismatch between the skill of the unemployed workers and the skill needed for the few available jobs. Structural unemployment may occur if the economy suffers from long-term low aggregate demand. It also happens with a change in the structure of an industry or economic activities due to rapid changes in technology, which results in a mismatch between the skills of workers and the skill requirements of available jobs.

According to the literature, several factors affect unemployment. These factors could be categorized into two major areas, i.e., demographic and socio-economic factors. Under the demographic factors, age is an essential factor that affects unemployment. Cross-sectional studies generally show a positive relationship between age and unemployment over a wide range of age intervals. The only exception is the significant positive effect found within the age group between 17-24 years (Katz and Meyer, 1990).

Miller (1989) reports that younger people tend to have a higher probability of being unemployed. An important finding of recent literature is that young men generally show higher levels of unemployment than young women. Focusing on the time elapsed before exiting a spell of unemployed (or unemployment duration) also shows a worsening of the situation for young women relative to young men. Harris (1996) found that age had a more favorable influence on the length of time unemployed for women than for men. This contrasts with the work by Hui (1991), who concluded that women's unemployment duration was one and half times that of men's. Area of living also affects the level of unemployment; according to Guarcello, Lyon, and Rosati (2012), unemployment is generally lower in rural areas but with a deficient level of human capital, high underemployment, or few chances to be employed in the formal sector. In urban areas, on the other hand, although the labor force may face relatively better prospects in terms of income and quality of employment, finding a job is stressful, leading to higher unemployment, especially youth unemployment.

Education and training also play an essential role in determining the level of unemployment. "Most social scientists documented a strong relationship between education and development of the nation. Education promotes a productive environment and creates opportunities for underprivileged people. However, "both higher education and unemployment are two–dimensional phenomena, and especially unemployment has different causes and effects in the short- and long-run" (Topel, 2002)sectoral differences in \"natural\" rates of unemployment generate a conformable distribution of wage differentials that compensate workers for bearing unemployment risk. This paper offers new empirical evidence on the determinants of this equilibrium. The analysis consists of two stages. First, I estimate a three-state model of employment and unemployment that identifies the determinants of individuals' rates of entering and leaving unemployment spells. Sectoral, demographic, and policy-induced differences in unemployment probabilities evolve naturally from this framework. Second, I estimate the impact of these differences on the distribution of wages. An important finding is the powerful impact of the unemployment insurance (UK. According to the International Labour Organization (2018), unemployment among youth is related to the age that youth leave the educational system. The age of the youth who leaves the obligatory educational system does not coincide with the age of a youth who can sign up for a work contract, and this lack of correlation leads to the increase of educated youth unemployment.

Furthermore, education broadens the expectation of the younger population, which also affects their job selection. Education exposes people to other cultures, norms and values, to other ways of life, and behavior (Wolhuter, 2005)Jullien's 1817 plan calling for the collection of data on national education systems by an international agency commonly is regarded as the beginning of comparative education.2 Since then, a variety of international organizations-including the United Nations Educational, Scientific and Cultural Organization (Unesco. Ashenfelter and Ham (2002) estimated the effect of education on the duration of unemployment using the years of schooling as an explanatory variable. They found a negative relationship between education and unemployment duration. Farber (2004)but the job-loss rate was higher than might have been expected during the mid-1990's given the strong labor market during that period. While the job-loss rate of more-educated workers increased, less-educated workers continue to have the highest rates of job loss overall. Displaced workers have a substantially reduced probability of employment and an increased probability of part-time employment subsequent to job loss. The more educated have higher post-displacement employment rates and are more likely to be employed full-time. The probabilities of employment and full-time employment among those reemployed subsequent to job loss increased substantially in the late 1990s, suggesting that the strong labor market eased the transition of displaced workers. Reemployment rates dropped sharply in the recession of 2001. Those re-employed, even full-time and regardless of education level, suffer significant earnings declines relative to what they earned before they were displaced. Additionally, foregone earnings growth (the growth in earnings that would have occurred had the workers not been displaced finds that job losers with higher levels of education have higher post-displacement employment rates and are more likely to be re-employed full time. Discussing on the training aspects, Scarpetta, Sonnet, and Manfredi (2010) point out that especially during a period of crisis, young people without proper training experience a more vulnerable occupation and may sustain long-term adverse effects from unemployment phases.

Youth are the future hope of any nation. Governments, Non-Government Organizations, and Civil Society in different countries adopt and use various age ranges in defining the "Youth" from the point of the purpose which they stand for and the activities they undertake. Youth is defined in the literature as both an age group and a social construct. As an age group, youth is positioned across the boundaries of childhood and adulthood. The United Nations General Assembly defined youth as aged between 15 and 24 years (United Nations, 2015). Youth adopt values and behaviors that frequently provoke anxieties and overt disapproval on the part of their parents, social institutions, and Governments. They are among the most prominent victims of the risks and pressures of economic and cultural modernization, as expressed through marginalized labor, drug abuse, homelessness, sexual exploitation, and violence. They are equally the most enthusiastic creators and interpreters of innovative and hybrid cultures and lifestyles, and the most avid consumers and users of the global market

and its communication networks (World Bank, 2004). According to the World Youth Report, youths are young women and men between the ages of 15 and 24 years. Some literature argues that youth do not have sufficient network to obtain information on job opportunities, as well as financial resources and mobility to seek work or relocate closer to the places where job opportunities exist (Graham and Mlatsheni, 2015). According to Marchante et al. (2003)the private sector is becoming the dominant player in the economy. However, it is widely observed that the current education and training system does not produce graduates to meet the private sector needs. This study was conducted with the objectives of identifying university graduates' job expectations, factors affecting their job expectations and identifying employers' needs from university graduates. The study attempts to find the nature of the gap between employers' expectations of skills and job expectations of graduates from Sri Lankan universities to make recommendations for stakeholders of the problem. Data for the study were gathered through structured interviews and surveys of selected sample of (better specify the exact number of responses from each sample category here, unemployment among educated youth underlines the existing mismatch between the educational system and the demand for labor skills. Therefore, addressing hindrances relating to the labor demand and the labor supply is essential to reduce unemployment and underemployment on a sustainable basis.

Empirical evidence suggests that unemployment occurs due to rural-urban migration, rapid population growth, low standard of education, and the rapid expansion of the educational system and lack of steady and sustainable power supply and corruption (Uddin and Uddin, 2013). Qayyum (2007) identifies that the lack of education, lack of skills, structural mismatch, and lack of experience are the causes of unemployment. Asliddin and Gharleghi (2015) also provide a similar argument.

The Labor Force Survey of the Department of Census & Statistics of Sri Lanka defines youth as the age group between 15-24 years and reports that educated youth unemployment is significantly higher than the national average in recent years, with an increasing trend.

Several explanations have been proposed for high youth unemployment in Sri Lanka. One of the most influential factors is the "skills mismatch" hypothesis, first articulated by the International Labor Organization (Nafziger, 2007). According to this hypothesis, the Sri Lankan education system produces skills that are not valued by employers while raising the expectations of those who acquire them. As a result, the unemployed are not interested in the existing vacancies, whereas the employers are not willing to hire them with available vacancies. The mismatch is particularly severe for those who are just coming out of school and have no work experience. The practical remedy, if the skills mismatch hypothesis is correct, is to reform the education system and to supplement it with vocational training geared to the needs of the labor market. Vocational training programs of this sort, the argument goes,

would make the unemployed more "employable." As we know, the link between education, youth, and employment is evident, and this relationship is solid and linked with one another.

Methodology

Labor Force Survey (LFS) data 2016, which is a national sample survey conducted quarterly by the Department of Census and Statistics of Sri Lanka, is the primary data source of this study. This survey is conducted among the working-age population (age 15 and above) of Sri Lanka. The total sample size for a quarter is 25,750 households, which yield to more than 100,000 households for a year. The two-staged stratified random sampling procedure is adopted in the sample selection. The sampling frame prepared for the 2012 Census of Population and Housing is used as the sampling frame for the sample selection of the Labor Force Survey in 2016. This survey was commenced from the first quarter of 1990 and is being continued up to today. The survey provides information for sectoral, provincial, and district level disaggregation.

This study applied three types of analytical methods in probing the research question, namely descriptive Analysis, Pearson Correlation Coefficient analysis, and Probit Regression analysis. Descriptive statistics analyze the pattern and general behavior of data, which includes means, standard deviations, frequencies, and percentages. Pearson Correlation Coefficient analysis is employed to identify the relationship between the demographic factors and socio-economic factors on unemployment among the educated youth. Finally, Probit Regression Model was used as the primary data analytical technique of this study. A probit model is used for a dichotomous or binary dependent variable; thus, 1 = unemployment and 0 = employment was applied in this study. STATA Version 14 acted as data analytical software.

Results and Discussion

Descriptive Analysis

Analyzing the demographic factors and socio-economic factors employed descriptive analysis, which found that over 53 percent of the sample is comprised of females showing the general pattern of the population distribution of Sri Lanka. The gender distribution among youth presented a similar pattern of distribution. Our sample, while representing the sectoral distribution of the total population, also had a similar distribution by sector (see Figure 01). The rural population had the most significant share in the sample size, followed by the urban and rural sectors, respectively.
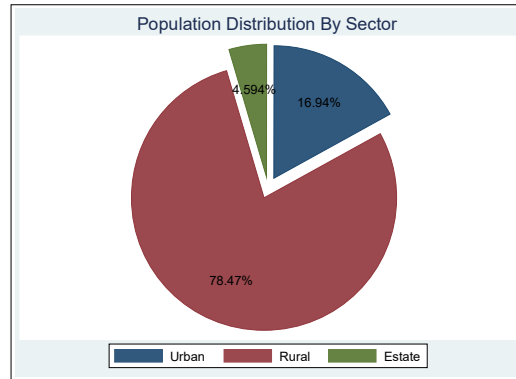
Figure 01:
Population distribution by sector

Sample distribution by district also represented the national distribution where Colombo and Gampaha districts of the Western Province had the highest population shares, while districts in the Northern Province had the lowest population shares (see Figure 02).
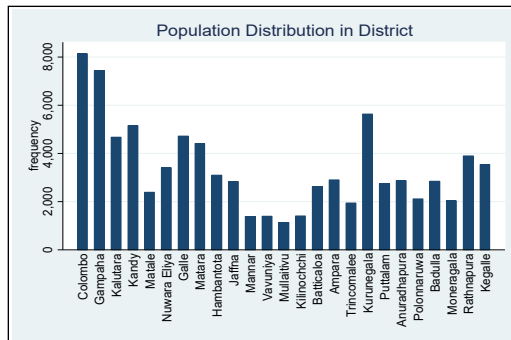

Figure 02:
Population distribution by districts

As per the level of education measured, the study found that most persons in the sample had educated at least up to the Ordinary Level. Level of Education at the individual level was categorized as no schooling, grade 5 & below, grade 6-10, G.C.E. (O/L), G.C.E. (A/L), degree, and vocational training. Figure 03 depicts that approximately 47 percent (34427) of people have the education level of grades 6-10. The next highest of respondents have the educational level of grade 5 & below, which is 25.71 percent. Notably, here, the vocational training only was less than one percent, while no education around 3.42 percent. A similar trend was observed when considering the education level of the head of the household (Figure 04). However, it was noted that the percentage of households with a household head who had no education was less than one percent. The education category of grade 5 & below also reported a negligible value.
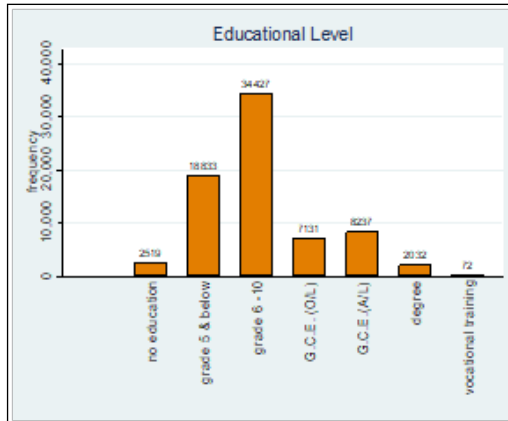
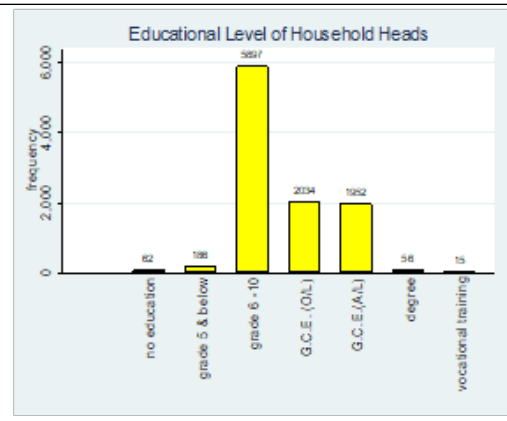**Figure 03:**   **Figure 04:**

Even though the unemployment rate in Sri Lanka was reported less than five percent in 2016, data reported that youth unemployment is more than 21 percent, which is significantly different from the national average. Representing the distribution of the population share of the youth in various sectors, nearly 88 percent of youth unemployment was from the rural sector, followed by 18 percent from the urban sector, and around 4 percent in the estate sector. According to the Labor Force Survey data of 2016, Matale district recorded the highest share of unemployed youth at the district level (7.6%), followed by the Mannar district (7.1%).

Correlation Coefficient Analysis

The Correlation Coefficient Analysis was used as a measure of the strength and direction of association that exists between two continuous variables in the research. It attempts to find the best fit through the data of two variables and indicate how far away all these data points are to this line of best fit.

The study revealed a statistically significant weak negative relationship (-0.013***) between the education level of the household head and unemployment. This suggests that increasing the household head's level of education decreases the chances of being unemployed, or if the household head has a better education, there is less chance for other members of the family to become unemployed.

Probit Regression Analysis

The Probit regression model for binary data is a popular nonlinear regression model. As the dependent variable of this research is a binary one (1 = unemployed, 0 = employed), the study employed the Probit Regression analysis to identify the determinants of unemployment among the educated youth in Sri Lanka.

The econometric model estimated;

$$Y = \beta_i X_i + \epsilon$$

Where Y is the dependent variable taking values of 0 and 1 for unemployed and employed, and is a set of independent variables including demographic and socio-economic factors; is the random error term. Given the above econometric model, a Probit regression was estimated and the results of the Probit Regression can be given as follows:

$$Y = -0.53397 - 0.0036X_1 + 0.2619X_2 - 0.0146X_3 - 0.0021X_4 - 0.0451X_5 - 0.0684X_6 +$$
$$0.0300X_7 + 0.008X_8 + 0.0289X_9 + 0.0309X_{10} - 0.0635X_{11} - 0.0467X_{12} + 0.2891X_{13} + \varepsilon$$

However, as the Probit regression uses the maximum likelihood estimation method, which is an iterative procedure, the regression coefficients cannot be generally interpreted directly. Therefore, the coefficients should be interpreted with the marginal effects, which are how much the varying results of likelihood change. A marginal impact measures the impact of a shift in one of the regressors on the conditional mean Y. Table 02 presents the estimated results and the marginal effects of unemployment for each additional factor associated with its effect.

Table 02:
Result of Probit Regression

Variable	Delta Method Dy/Dx
Highest Education	-0.00360*** (0.00042)
Male	0.26196*** (0.002736)
Central Province	-0.01466** (0.00576)
Southern Province	-0.00212 (0.00538)
Northern Province	-0.04511*** (0.00620)
Eastern Province	-0.68482*** (0.00639)
North Western Province	0.03001*** (0.00639)
North Central Province	0.00835 (0.00737)
Uva Province	0.28970*** (0.00738)

Sabaragamuwa Province	0.03094***
	(0.00631)
Urban	-0.06357***
	(0.00875)
Rural	-0.04670***
	0.00775)
No Vocational Training	0.28914***
	0.00614

Source: Author's estimations using Labor Force Survey Data 2016.

Note: *** significant at 99 %, ** significant at 95%, and standard errors are within brackets.

Table 02 indicates that the marginal effect of the highest education of the household has a negative effect on unemployment. This suggests that increasing the education level of the household decreases the probability of household members being unemployed. This relationship is significant at the 99 percent level. This is an acceptable finding as increasing education increases the probability of getting a job in Sri Lanka at least up to the secondary education level. With a higher level of education, the household will have better access to information on the labor market; they may also have higher networking and better connection, which will help secure a job.

An critical finding of this research is the probability of being unemployed is high among male youth compared to female youth. This relationship is also statistically significant at the 99 percent level. This relationship is real in the Sri Lankan context, as most of the female youth are not in the labor force. Many females go for higher education, and the share of higher education among female youth is significantly high in Sri Lanka. Furthermore, many females wait for job entrance until they get married, and also female youth have less concern about the type of job that they may get as they enter the labor market, whereas male youth look for better job opportunities, which are more secure and better paid.

Other than the North Central Province and Southern Province, the marginal effects of all other provinces are statistically significant. However, compared to the Western Province, where the commercial capital is located, some provinces have negative effects, while some other provinces have positive effects. Central, Northern, and Eastern provinces have negative marginal effects compared to the Western Province. This suggests that living in these provinces reduces the probability of being unemployed compared to living in the Western Province. Among them, the Northern and Eastern provinces experienced 30 years of war. In 2009, the fighting between terrorists and the government army ended as the government army defeated terrorists militarily. After the war, several new development projects are carrying out in these areas where many of the locals have opportunities to get involved.

The share of the population in these areas is significantly low because of war. Both factors have reduced the probability of being unemployed in these areas. Furthermore, rural-urban migration takes place significantly from these areas to the Western Province. Many of these people are initially unemployed until they get settled down well in urban areas. These factors may have increased the possibility of unemployment among the youth in the Western Province. North Western, Uva, and Sabaragamuwa Provinces have statistically significant positive marginal effects compared to the Western Province. This suggests that living in these provinces increases the probability of being unemployed compared to the Western Province. This finding is also acceptable since Uva and Sabaragamuwa are remote rural provinces in Sri Lanka, where many of the poor people live. These three provinces are agricultural provinces where the trend in unemployment is increased due to the structural changes in the economy.

An interesting finding of this research is the statistically significant negative marginal effect of the urban and rural areas compared to the estate areas. This suggests that living in urban and rural areas reduces the probability of being unemployed among the educated youth in Sri Lanka. The general perception in Sri Lanka is that unemployment is not a severe concern in the estate areas as there is a labor shortage in the estate areas. However, this research finds that this conventional argument is not valid anymore, as living in the estate areas increases the probability of being unemployed. This is also true given the recent trends in the estate sector. The labor shortage in the estate sector is not due to the non-availability of labor, but because the people in the estate areas are not willing to work in the plantation sector. The education levels of the sector are rapidly increasing; thus, educated youth very seldom opt to work in the plantations, thereby increasing the probability of being unemployed.

Finally, Table 02, as expected, demonstrates that youth who have received vocational training have less probability of being unemployed. People who have not received vocational training have a statistically significant positive marginal effect compared to the people who have received the training. This is natural as vocational training improves the skills of the youth that fit the labor market, and mostly youth select the vocational training courses where jobs are readily available. Therefore, having a vocational training reduces the probability of being unemployed.

Conclusions and Recommendations

Conclusions

The recent literature suggests that unemployment among educated youth is high in developing countries like Sri Lanka (Labor Force Survey Annual Report, 2016). The authors examined the determinants of unemployment among the youth in Sri Lanka using Labor

Force Survey Data of 2016 based on a Probit Regression analysis. Based on the investigation, the following conclusions can be made:

- Increasing the level of education decreases the probability of unemployment at least up to the secondary level of education.

- The probability of being unemployed is higher with the male youth compared to female counterparts.

- Area of living is also a significant determinant of unemployment since living in some provinces increases the probability of being employed while it decreases in some other provinces.

- Living in the estate sector increases the probability of being unemployed compared to living in a rural or urban area.

- Receiving a vocational training reduces the probability of being unemployed.

Recommendations

The following recommendations can be made based on the above findings:

- It is recommended to further improve access to education for all in Sri Lanka as it increases the probability of securing a job.

- Job creation programs should also target male youth, even though the standard argument is for improving access to the job market for female youth.

- Spatial inequities among different areas (remote and rural areas) should be minimized

- It is recommended to further analyze the structure of unemployment in the estate sector of Sri Lanka as the general picture of labor shortage does not reveal the real situation of unemployment in the sector.

- Finally, it is recommended to introduce and popularize the vocation training courses among unemployed youth as it directly increases the probability of being employed.

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