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Daily Mirror
18.10.2024

SL's unemployment declines despite crises: IPS research

But productivity and youth inactivity deteriorate

Three major sectors exhibit consecutive negative productivity growth

Alarming drop in high-skilled employment from 23% in 2018 to 20% in 2023

analysis, where the role of technical and vocational education and training (TVET) was highlighted as a strategy to address the issue.

However, a prevailing misconception among graduates is that only low opportunities and salaries can be attained through TVET programmes has discouraged participation, according to Ranasinghe.

"Youth inactivity is a growing concern at the moment. Therefore, it is really important to increase public awareness and update the education and training curriculums to meet both global and local demands," Ranasinghe elaborated.

Another critical finding of the analysis was the alarming drop in labour productivity across the three major sectors—agriculture, industry and services, all of which recorded negative productivity growth throughout the crisis period.

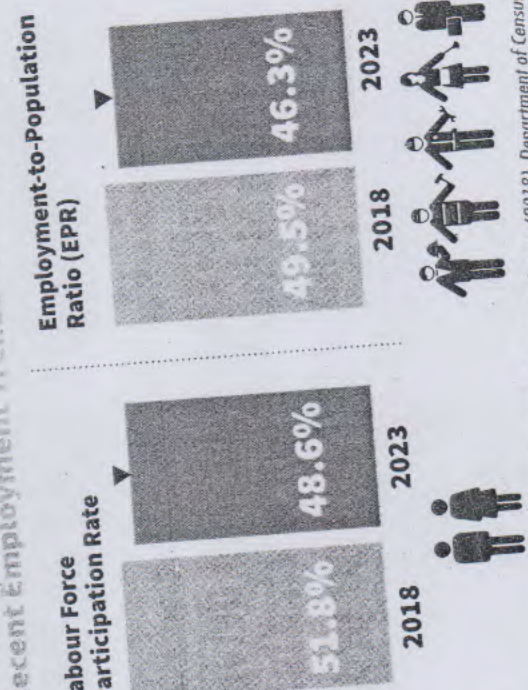
In the industrial sector, both productivity and employment growth rates have remained negative, raising worrying trends for the country's economic capacity, as 26 percent of the workforce is employed in this sector.

Similarly, the agriculture industry also showcased a disappointing picture, marked by low productivity, low living standards, low worker earnings, and insufficient investments in much-needed technology.

"The statistics not only raise concerns about the well-being of the workers but also about the nation's overall food security and poverty alleviation efforts. Despite the low productivity, the sector still remains a critical component of the economy," Ranasinghe stressed.

However, on a positive note, the

Recent Employment Trends in Sri Lanka



Source: Author's calculation based on Labour Force Survey (2018), Department of Census and Statistics and the Annual Economic Review (2023), Central Bank of Sri Lanka.

analysis revealed that a few sub-sectors within the three major sectors such as wholesale and retail, education, transport and public administration displayed positive productivity growth.

Furthermore, the IPS research study revealed a sharp decline in high-skilled employment in Sri Lanka, which had dropped from a rate of 23 percent in 2018 to nearly 20 percent in 2023.

Ranasinghe attributed the downfall to the decline in the share of managers and senior officials in the country, a trend largely fueled by the emigration of skilled workers seeking better wages abroad.

He called for increased efforts to promote resilience and inclusivity in the country's labour market through investments in various areas such as education, research, innovation, technology, infrastructure and skill development programmes.

"In order to retain the remaining high-skilled employment in Sri Lanka, it is essential to provide competitive salaries and benefits. In the long term, investing in knowledge-based industries and revising public sector policies related to high-skilled employment will become highly decisive," Ranasinghe asserted.