



Graduate SKILLS MISMATCH in Sri Lanka

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During the last two decades in Sri Lanka, there has been a massive rise in the number of higher education institutes and centres offering higher education yet the employers are complaining that graduates lack skills. In recent years, substantial research and industry attention has been paid to the perceived gap between the skills possessed by new university graduates and the requirements of employers in Sri Lanka.

According to the International Labour Organisation (ILO) report, skills mismatch in Sri Lanka's labour market had been recognised in the early 1970s. According to *Daily FT* (Tuesday, October 24, 2017), Sri Lanka does not appear to produce graduates with the necessary skills needed for the job market. There is a mismatch in the courses offered by universities and competencies needed by the private sector. A major reason for the skills mismatch is the outdated curricula, aggravated by the lack of interaction with the private sector when designing degree programmes.

Surveys of employers have tended to categorise skills into "hard skills" and "soft skills". However, existing research on identified graduate skills gaps is still lacking, particularly on the nature of required skills and how they can best be developed. For example, much of the research on the nature of soft skills has tended to focus on the needs of graduates from all streams than technical skills.

According to Oxford Reference, soft skills are competencies that employees possess associated with activities such as customer handling, communication, problem-solving, and teamwork. The definition of soft skills sometimes includes loyalty, enthusiasm, punctuality, and a strong work ethic, although critics argue that these are not really skills but rather qualities or attributes that someone has and may (or may not) choose to display at work. Dictionary.com defined soft skills as desirable qualities for certain forms of employment that do not depend on acquired knowledge; they include common sense, the ability to deal with people, and a positive, flexible attitude.

Skills Mismatch

There is a common phenomenon of skills gaps between graduate skills and employer expectations worldwide. Skills mismatch is a discrepancy between the skills sought by employers, and the skills possessed by individuals. In general, 'skills mismatch' refers to a gap between the skills supplied to the labour market and the skills in demand in the labour market. In other words, skills mismatch is the gap between the skills sought by employers and the skills possessed by individuals. The ILO describes four types of skills mismatch as skill gaps, skill shortage, skill obsolescence and over/underskilling.

Simply put, skills mismatch means variance between skills and jobs. Figure 1 shows that 13 of the 15 key employability skills were rated to be more important than the level of satisfaction of that same graduate's skills, which represents a distinct dissatisfaction from employers. According to the Global Skills Gap Report, "many

employers identify the similar valuable skills and skill shortages in graduates across industries and countries." This will help us to grasp the skill gap and mismatch of the skills between employer and graduate expectations, and to provide valuable insights into universities that might seek to bridge this gap.

The report identified the three most important skills from employers' perceptions - problem-solving, communication, and teamwork. Figure 1 delineates differences between importance and satisfaction scores of the skills while finding that the least important skills are commercial awareness, negotiation, and language skills. The skills which employers are most satisfied with are teamwork, technical skills, and interpersonal skills.

According to Bach (2019), "Students do not fully understand which skills employers value today. For example, they appear to over-value creativity and leadership skills, and under-value the importance of flexibility or adaptability and teamwork". Further, Rowena Bach in *The Global Skills Gap in the 21st Century* (June 13, 2019) shows the skills expectation gap between the biggest relative over performance skills and the biggest relative shortfalls skills of the UK, Australia, US, China and Russia (Figure 2).

It is explained that education and training are not providing the demanded skills in the labour market, or that the economy does not create jobs that correspond to the skills of individuals or organisations in the

things are not knowledge or wisdom but we can use both as a means to acquire new or unknown knowledge. What we have learned in our schools or universities become outdated and not useless for all life of us. It is worth understanding that our schools and universities are providing provisional judgement; not a lifetime assessment to us. Hence we need to follow life-long but part-time self-education. Both the digitalisation and technological advancement scenarios can result from changing demands in the labour market. Different types of mismatch may co-exist: For instance, a person can be simultaneously overqualified and under-skilled. This often happens when the field of education does not correspond to the field of occupation and lack of possible skills that can be learned through extracurricular activities; Aristotle mentioned that sports as the part of education and community life. Paying our attention only to developing students' ability to complete academic studies will not develop the whole human being. The development of the whole human being depends on developing the body and mind to the proper degree.

The consequences of skills mismatch reach all levels of the labour market

When individuals face or forecast more uncertainties, they would like to engage in more formal education by considering that as a means of minimising uncertainty.

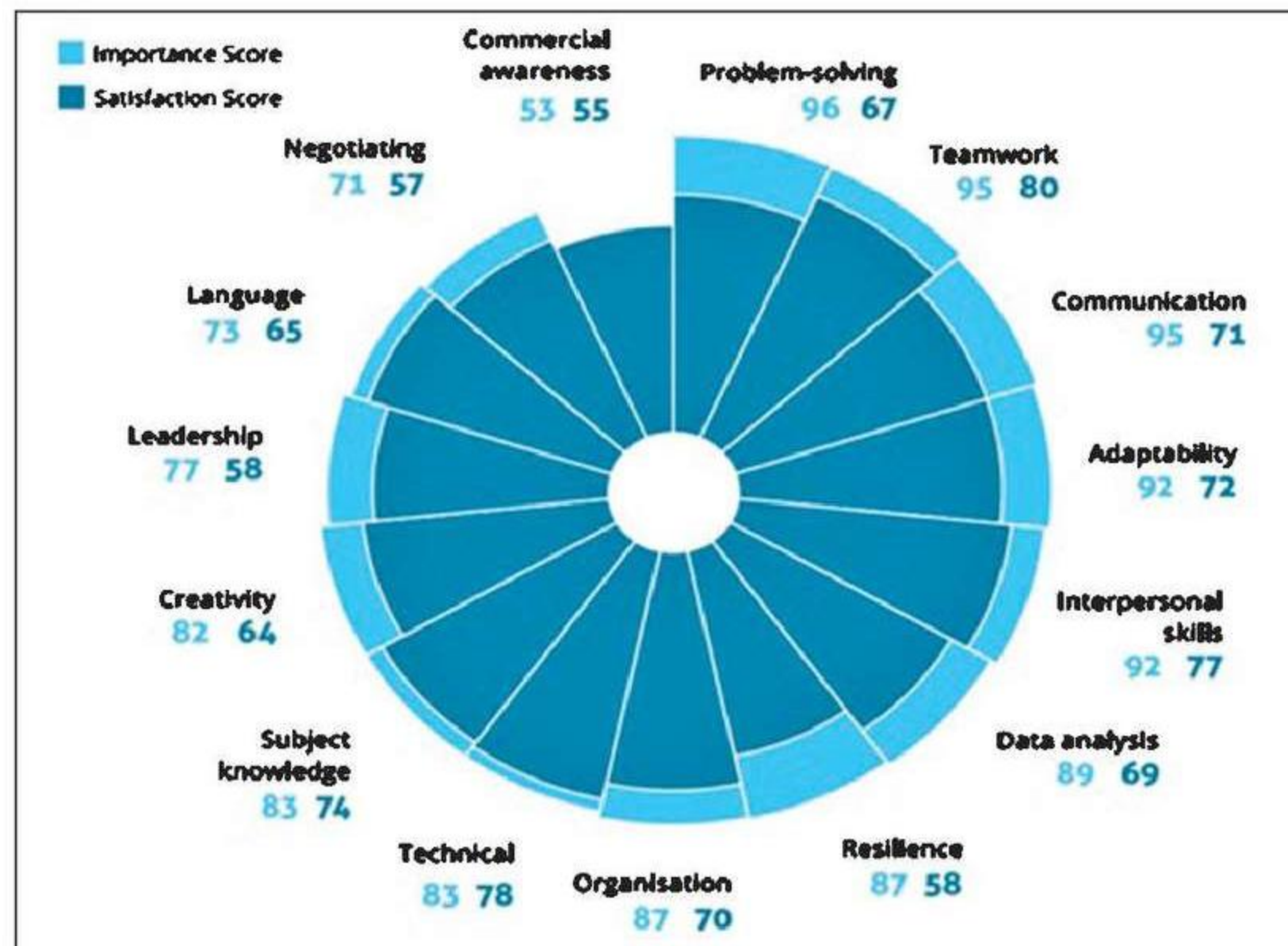


Figure 1: Global overview of core skills gap analysis



labour market would like to tailor-made skills that will fit each organisation than providing necessary skills to the individuals?

Each person has unique talents and good qualities. But, his ability to engage in formal education will not be able to address his true interests or his authentic talents. However, there is obsolescence for two reasons. The first is digitalisation and technological advancement, and the second one is that learned skills are not being regularly practised and become obsolete after time. However, digitalisation and technological

However, when they get a job that is not perfectly matching to their education level, there are serious wage penalties especially due to over-qualification that eventually affect both job and life satisfaction.

Sometimes you may assume that over-qualification in developing countries should not be a problem because of the lack of sufficient training opportunities. Technological advancement forces people to think their living way by considering professional training. However, people who have received training and are still unable to find a job that corresponds to their skill level in Sri Lanka other than professionals like doctors, lawyers, and engineers etc, means that they are not employed at their full productivity potential. In addition, the skill deficiencies of employees required will decrease the chances of landing a job altogether.

The person who has training is unable to get a job in Sri Lanka because we do not have a well-developed job market in the either public or private sectors. The public sector is now facing serious issues because foreign countries and donors push the Government to implement small Government policies by reducing public expenditure. On the other hand, our private sector is limited only to a few traditional corporates and small and medium enterprises compared to big businesses in developed countries.

For companies, skills mismatch has negative consequences on productivity and competitiveness, which affects their ability to implement new products, services or

technologies. What is more, skills mismatch causes higher staff turnover and sub-optimal work organisation. Eventually, skills mismatch leads to the loss of profits and markets of the organisations.

Skill mismatch, irrespective of countries and regions, can increase the unemployment rate and affect competitiveness and attractiveness to investors, meaning lost opportunities on the pathway to productive transformation and job creation. Public or private resources are invested in training with the assumption that achieved qualifications will yield positive results in terms of employment insertion or wages. Yet, if skills mismatch is present, these expectations often do not materialise, leading to returns on investment that is lower than expected.

I have conducted a survey of 24 Human Resources managers. For the question "which of the following nine hiring standards do you consider to recruit newly-graduated students", the majority of the HR professionals responded that three standards are most important than others. They have considered personality as the most important standard, the second one is motivation and job involvement, and the third one is a general ability. Interestingly, they ranked educational qualifications as number four. Number five and six are cooperativeness and experience, respectively.

Few HR professionals preferred integrity, creativity and flexibility. Segregation of the required skills of organisations and providing skills of the education system may lead to widening of the skill gap more. If we attempt to solve the skill gap issue, balancing the required skill standards of the HR professionals and education skill standards is important. Nevertheless, the balance between these two systems seems difficult and need more effort and endurance with appropriate long-term planning.

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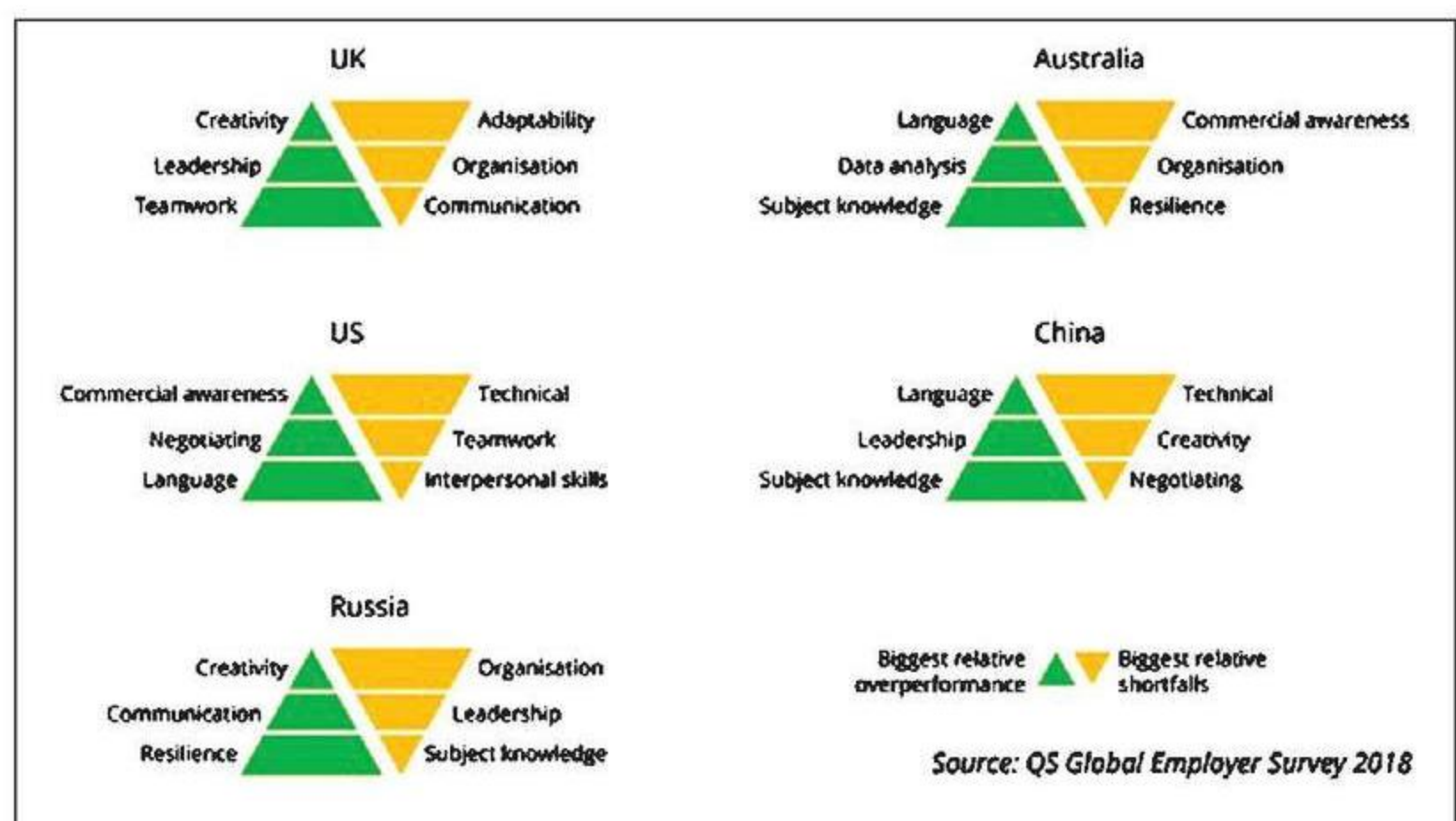


Figure 2: Skills mismatch expectation between students and employers

