

# Skills Development through University Education: Are Criticisms Made by Business Leaders Against the University Education Fair?

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## **Abstract**

*Unemployment in Sri Lanka throughout the last few decades has been extremely high compared to those in most of the countries in the Asian region, which have been following open market policies similar to Sri Lanka. In analyzing the unemployment problem 'skills mismatch' hypothesis, first articulated by the ILO Mission to Sri Lanka in 1971 is still highly influential. Those who stress the orthodox view of the mismatch hypothesis believe implicitly that although the economy has employment opportunities jobs expected by a large amount of job seekers are not adequately found or they do not fit the prevailing jobs. Particularly the private sector business leaders ascribe this mismatch primarily to weaknesses of the educational structure of the country. However, new evidence appears to believe that rigor of mismatch hypothesis has faded away. In this setting, this paper aims at challenging the majority view that mismatches are responsible for the lack of employment generation in the economy to appear a high level of unemployment in the country.*

*The paper mainly, depending on various sources of secondary data, found that the mismatch hypothesis is still relevant only in some areas while it has faded away mostly in other areas over time. Meanwhile the university education system, particularly in the last decade or so has been geared to give more skills to graduates with a view to narrowing down the remaining mismatches. On the other hand, it found that the employment creation by the formal private sector as the engine for growth has not sufficient to catch up job loss in the public sector after 1990, and absorb new job seekers considerably to the formal economy. Consequently, the paper concludes that the strength of mismatch hypothesis has now considerably faded away, and failure to create a sufficient amount of employment by the private sector led economy is largely responsible for the current high unemployment level of the economy.*

**Key words:** Skills mismatch, University, Business leaders, Status of employment and the private sector.