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Role of University Graduates in Knowledge Economy: Sri Lankan Perspectives

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Knowledge is an intangible asset and it is recognized as the principal driving force of economic development in modern societies. In this line of thought, the knowledge economy can be defined as the system of production, distribution, and consumption based on intellectual capital. An economy in which growth is dependent on the quantity, quality, and accessibility of the information available, rather than the means of production is also called as the knowledge economy. The knowledge economy can be further defined as the system of production and services based on knowledge-intensive activities that contributes to an accelerated pace of technical and scientific advance, as well as rapid obsolescence (Powell, and Snellman, 2004). The key component of a knowledge economy is a greater reliance on intellectual capabilities than on physical inputs or natural resources. A knowledge economy is one that creates, disseminates, and uses of knowledge to enhance production, distribution, and consumption of the society. Accordingly, the World Bank identified four pillars of the knowledge economy viz education & training, information infrastructure, economic incentive and institutional regime, and innovation systems. Let us attempt to understand the role of university graduates in Sri Lanka in line of these four pillars to generate and utilize knowledge economy products for the betterment of the Sri Lankan society.

As we all are well aware, Sri Lanka is located in the second most vibrant region in the world both in terms of growth in Gross Domestic product (GDP) and massive infrastructure development. The world economy grew at 2.9%, while GDP of South Asian countries increased by 5.4% and Sri Lanka increased by 6.4% in 2012. The output measured by GDP is expected to grow in 5.7% in all South Asian countries and in Sri Lanka it is 7.0% in 2013. High economic growth rate (over 6%) is one of the salient achievements of Sri Lanka since 2006. Massive infrastructure development projects have also been undertaken and implemented for reconstruction and resettlement of the people particularly in the Northern and Eastern provinces, while strengthening other infrastructure facilities (roads, irrigation, electricity, telecommunication, etc.) in all over the island in line with the concept of five hubs namely Aviation, Navel, financial, knowledge, and tourism. New ports, airports, highways, and power plants have been constructed to boost the economy in terms of tourism, financial, and knowledge hubs. Sri Lanka is to be achieved Knowledge hub status by 2016. However, private sector responses to these infrastructure development projects essentially in terms of generation and utilization knowledge, investment, starting up businesses, exports, imports and employment creation have not yet reached into a significant level. On the other hand government by expanding its share in the overall economy has absorbed more than 42,000 university graduates on a trainee basis for a basic monthly salary of Rs. 10,000/- per month. Why these things happen? Here it is important for us to assess that how they

can contribute to knowledge economy through the provision of their services in the lines of education & training, information infrastructure, economic incentive and institutional Regime as well as creating innovation systems.

The role of education and training in creation and utilization of knowledge economy is vital for Sri Lankan economy due to severe shortage of natural resources, limited physical resources, lack of infrastructure facilities, and relatively late implementation of policy reforms. First, in terms of available quantity in the country, human resources are the only abundant basic factor in Sri Lanka. The basic question arising here with respect to human resources is that whether we have produced sufficient number of qualified people in Sri Lanka? For example when Toyota called applications to hire 800 engineers in Chennai, they received 54,000 applications. Do we have such quantity of human resources in Sri Lanka? In light of this Sri Lanka can learn lessons from countries had the same conditions during the first three decades (Japan and Singapore) starting from 1940s. Actually, total population of Sri Lanka in 1948 was 6.6 million and it has been increased up to 20.5 million by 2013. As pointed out by Michal P. Porters in his competitive advantage theory, the size of the population of a country will influence only as a basic factor to generate and sustain competitiveness. Advanced part of it will be determined by the number of well-educated and professionally qualified people and their activities in the country. Despite various attempts have made by the government to increase educated and professionally trained quantity of human resources in the country, still the completion rates of G.C.E. (O/L) examination is 60% and G.C.E. (A/L) examination is 75% in Sri Lanka. These statistics indicate how Sri Lanka needs to focus on conversion of basic factor into human resource advancement. The severity of the problem can be understood, when these statistics are compared with the other south Asian countries and regional differences within in Sri Lanka is accommodated. On one hand, at least 2 million Sri Lankans have gone out from the country and the estimated size of the total labour force in Sri Lanka is still 8 million people. The country has been producing less number of university graduates in comparison to other South Asian countries during the past few years. Until the recent past, the university enrollment ratio of Sri Lanka remains less than 5% of the total population. Even after the inclusion of graduates passing out from the private affiliated foreign universities in Sri Lanka and international migrants for education, less than 50,000 graduates per year have been produced during the past few years in Sri Lanka.

The number of professionals produced in Sri Lanka in terms of medicine, law, accounting, engineering, and information and communication technology have been significantly low with compared to India, Bangladesh, and Pakistan during the past few years. For example the number of Engineers passed out from the conventional universities during the past two years accounted to less than 500 and the number of qualified accountants produced recorded as less than 200 for the same two year period. Despite these low numbers of professionals producing in the country, there have been a significant number of professional bodies started offering undergraduate and post graduate degrees in recent past. A simple question arising in this dilemma is that whether Sri Lanka needs more professionals or academic degree holders? Certainly increasing number of professionals is essential for Sri Lanka as quality of the products, punctuality, dedication, commitment, discipline and competition has come to the core of the discussion today. On the other hand, first a substantial

number of skilled workers of Sri Lanka have already migrated to Middle East Asian Countries and East Asian countries. In addition a significant proportion of professionals who qualified in Sri Lanka have been migrated to countries like Australia, United Kingdom, Canada, and United State America. Therefore, the education and training in Sri Lanka in terms of quantity has not yet reached up to- the global required level to facilitate necessities arising from the knowledge economy.

Second, in terms of quality aspect, a limited number of higher education programs and institutions in Sri Lanka can compete with the global producers. The knowledge economy requires not only conventional literacy level and degree certificates from the graduates, but also positive attitudes, financial literacy, information and communication skills, soft skills, numerical skills, transformational skills, negotiation skills, language competencies, and innovative thinking etc. In order to strengthen the education and training pillar of the knowledge economy we have to produce graduates who are capable of performing in private sector organizations and who can create value to the society as entrepreneurs. However, majority of graduates still expect public sector employment opportunities in Sri Lanka for job security, secured income, less work, fixed time of work, more holidays, and assured retirement benefits. As results, university graduates have not playing their role as entrepreneurs in Sri Lanka. Even after the six decades of the political independence still we have only less than 3% of business owners in Sri Lanka. It is possible to argue that the main difference of Sri Lanka from Japan or Singapore is having less proportion of entrepreneurs. If Sri Lanka wanted to be considered as a developed country, we need to increase proportion of entrepreneurs from 3% to at least to 20%-30%.

It is possible to ask several questions in this line to understand the picture in Sri Lanka. Why Sri Lanka has less number of entrepreneurs? What is the average level of education of Sri Lankan entrepreneurs? If educated people do not start businesses or do not run the businesses ? Who are supposed to do it? Can ethical businesses survive without qualified or/and professionally trained manpower? How can we change from employee mentality to employer mentality? What do we need to start a business? Although stereotype answers are available for all these questions, particularly answer to the last question from majority of graduates in Sri Lankais being the lack of seed capital. Many people in Sri Lanka believe that if they have enough amount of money they can start or run a business which is not true. Entrepreneurial literature suggest shat the gaining financial literacy is the most important factor to start or run a business. What is financial literacy? Do we have financial literacy? Why financial literacy among Sri Lankans is so low? How can we increase such financial literacy? Has it been included in our primary, secondary or tertiary education in Sri Lanka? I hope these questions will make you to understand why Sri Lanka is still poor and Japan, South Korea or Singapore is rich. I think the need of the hour is to promote entrepreneurship through policies, systems, and, practices in Sri Lanka. The learned communities like you have the necessary courage and potential to transform Sri Lankan society into much advanced society in near future.

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