Comparative Study of How the Quality of University Education Influence On Labour Market in Sri Lanka

Rajphriyadharshini Rajmohan[1], Nalin Abeysekera[2], U.G Rajapaksha[3]

[1]*London South Bank University*
[2]*Open University of Sri Lanka*
[3]*General Sir John Kotelawala Defence University, Sri Lanka*

ABSTRACT: *The objectives guiding the analysis of literature are to; understand the relationship between quality of university education and labour market performance; university education and capacity of employees; university education and personality traits of employees; Human resource management's perspective in quality of university education. This review is instigated by searching key academic databases using relevant search questions. The literature suggests that there is an inverse relationship between quality of university education and labour market performance.*
KEYWORDS: *university education, labour market performance, capacity, personality traits*

Date of Submission: 15-12-2018   Date of acceptance: 31-12-2018

I. INTRODUCTION

Human Resource Management (HRM) is one of the major functions in an organization to maximize the employee performance in service of an employer's strategic objectives. The most important part of HRM is recruitment where it minimizes any potential employee's issues that can arise in future. Recruitment is the process of finding and hiring the best-qualified candidate for a job opening, in a timely and cost effective manner. Successful recruitment from labor market implies as finding the correct people with the necessary skills, expertise and qualifications to deliver organizational objectives and the ability to make a positive contribution to the values and aims of the organization. Labor market is the nominal market where the employees find paying work, employers find willing workers, and wage rates are determined. Therefore one of the key roles of a HR manager is to evaluate the mismatch between labor market expectation and acquired skills of employees, to make the recruitment process more favorable.

1.1. Tertiary Educational System in Sri Lanka

Education is the benchmark of measuring the development of a country. The vital role of education particularly the higher education is to provide instruction and guide student to accompany a respectable career to construct a better future (Panth, 2014). Universities are main providers of higher education. Thus university is defined as 'the social institute that cater facilities for advanced intellectual needs of a society regarding both academic knowledge and professional training (Pietro and Cutillo, 2006). Universities hold multiple duties such as providing the knowledge, exchanging the knowledge, training students, improving their skills and physical strength and thus enhancing brain power, finally guiding them for better job opportunities (Mcquinness,2003).Therefore it is clear that highly expected function of the University is to mould a student as a healthy competitor in the labour market. Initially English was the one language of instruction of the university and students were recruited only from English speaking background, especially from middle class society (Siyambalapitiya, 2001). In split with revolution toward a democratic nation, university education encountered various changes including universal franchise, which was granted in 1931, free education system in 1945 and the launch of university education in Sinhala and Tamil languages in 1959 (Wickramasinghe, 2012). At present there are 15 state universities in Sri Lanka, where annually about 25,000 graduates pass out from the universities (Somasundaraswaran, 2012). Human resource is the capital of any country's social, economic, and political development. Thus promoting human resource by giving tertiary education to every citizen is in need, to reach the developmental targets of the country (Mavromaras et al., 2013). Respectively srilankan state universities thrive to achieve such goals, because each year nearly 300,000 students sat for the advanced level exam, where about more than half of the candidates are qualified for university education. Besides, only 29,055 (18.68%) of qualified students are able to enter the university, due to inadequate number of state universities and unavailability of private universities (Panth, 2014).

To control the increasing student population in each year and to accompany equal opportunities to each student in the academic programme, a 'Z score' system was used since year 2000. The system helps to allocate the limited seats in the universities according to district quota, which concerns the economic growth of each individual district, in the country (Wickramasinghe, 2012). Thus it avoids the conflict of being bias toward capital city and of Sri Lanka in providing opportunities in university system (Panth, 2014). In addition to the university education the free education system is also being followed in secondary education. Such free education is funded from people's taxes, where according to ministry of education about 100.5 billion rupees was been spent on the educational system. Thus lack of financial support had pushed the government toward the inability to afford places to all university qualified students (Somasundaraswaran, 2012). Most of non qualified students from both urban and rural areas are frustrated after long time of practicing their education process, where most of them are forced to terminate education at the secondary level (Wickramasinghe and Perera, 2010).Those who can manage to pay for education in foreign university could thrive, whereas those who are incapable to follow a foreign education become underutilized source and unable to promote themselves in social mobility. At this point establishment and growth of private universities during past decade in the country had played a major role for the betterment of the country, by giving opportunity to students who are unable to gain a place inside the public university and in foreign countries.

1.2 Establishment and Growth of Private Universities in Sri Lanka

The government of Sri Lanka proposed an amendment of University Act no 16 on 1978. It allowed to establish private education in the fields such as, medicine, engineering, law, business and architecture. In 1980 North Colombo Medical College (NCMC) was established as the first privately funded medical school in the country, with the admission of 150 students. As Wickramasinghe (2012) stated due to struggle carried out by the students' movement, trade unions, intellectuals, artistes and progressive masses, it was taken over by the government and nationalized in 1989. Afterward various regional campuses were established under the concept known as 'knowledge hub'. A knowledge hub is wildly defined as a designated region that includes branch campuses and foreign partnership institutions, which provide quality education and training for both local and international students. In 1990 Royal institute of Colombo, the first regional campus was established by offering BSc Economics and LLB degrees with the mutual agreement with University of London. Up to date there are over 50 private higher educational institutes are established by offering various study programmes such as, Quantity Surveying, Telecommunication Engineering, Law, IT, Business Management, International Hospitality Management, Psychology, Biomedical Science, etc (Wickramasinghe, 2012). Thus today about 5000 graduate are passing out of this private universities each year as figure 1.1 illustrates.
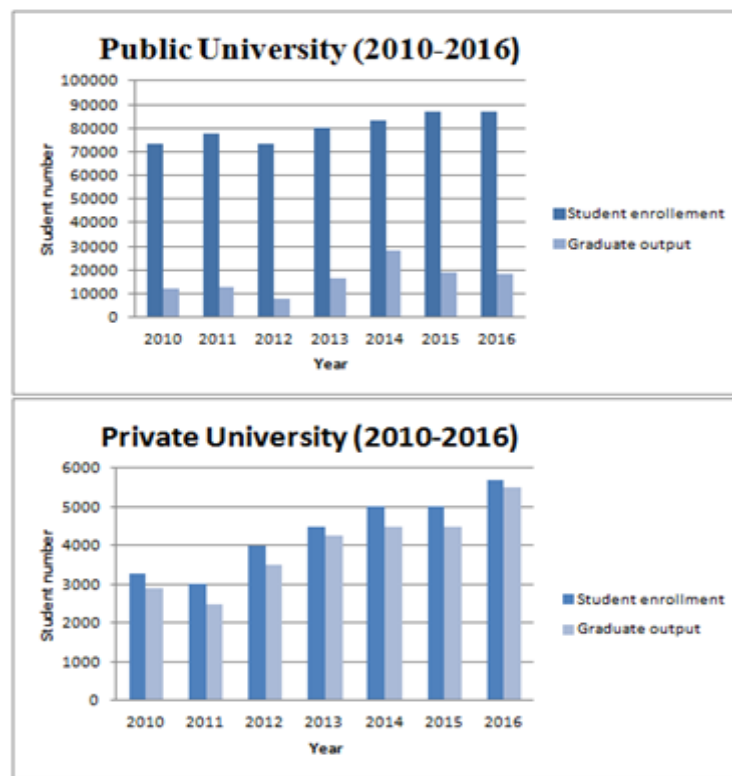
Figure 1.1 & 1.2: Student enrolment and graduate output of State Universities of Sri Lanka (2010-2016), developed by the author according to the data given by University Grants Commission of Sri Lanka and LIEN Asia.

According to figure 1.1 even though the number of students enrolled and graduate output of each year has increased in state universities. Over following years the graduate output/ student enrolment ratio is seen declined.

Such ratio is an indicator of the university performance in producing graduates (Pietro and Cutillo, 2006). Depreciated ratio shows that, the impact of university quality in graduate outcome. On the other hand the student enrolment rate is increasing each year in private universities as observed in figure 1.1. It is because of increased establishment of private universities each year. Since the micro of the country had risen, every individual are ready to pay for education, which had increased the demand of private university degrees (Kalleberg and Dunn, 2015). Moreover various foundation courses have been introduced to students who have not passed their advanced level to pursue a degree. Thus it opens a wider opportunity to both unqualified and under qualified students.

According to figure 1.2 about 97 percent of students are graduated each year from private universities. It clearly shows that private universities are nurturing students to excel by providing high quality education where public universities can only produce 25 percent graduate outcome on average each year. The rate of gradate output in both public and private universities as discussed above had dramatically influence the employability of graduates of the country and led to higher unemployment rate.

1.3 Graduate Employability and Unemployment Employment

According to the definition of employment by Duvander (2001) a person is considered as being employed when he/she works at least one hour during the reference week. The Department of Census and Statistics (2017), defines the unemployed as a person who is either available for work or has worked less than one hour in the previous week and is actively looking for work. It also indicates that the highest amount of unemployment was amongst the graduates who account for 10 percent of unemployment Department of Census and Statistics (2017) also stated that personals unemployed for more than 12 months accounts for 42 percent of total unemployment. Such long term unemployment drastically intimidates the economic growth of country. Figure 1.3 illustrates the unemployment rate in Sri Lanka. The unemployment rate is defined as the number of unemployed persons as a percent of the total work force of the country.
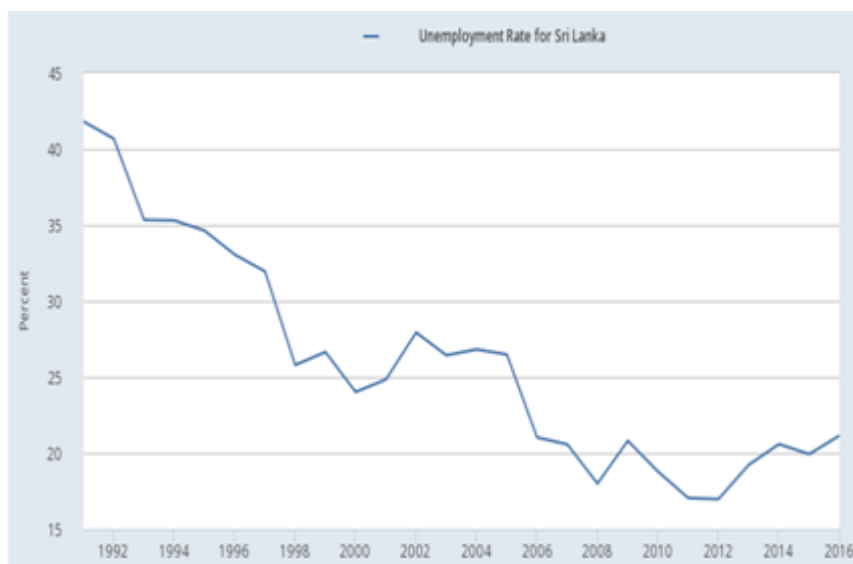

Figure 1.3: Unemployment rate in Sri Lanka,
Source: Department of Census and Statistics, 2017

The figure 1.3 shows a non-gradual decline in the unemployment rate during past years, however throughout last 3 years the unemployment rate was seen reduced and stabilized for about 3 percent of total labour force. Furthermore under employment, became the significant factor of graduate unemployment which is generally described as a person is forced to accept employment below his educational level with low salary to run his life (Berggren, 2011). About 9.4 percent of the country's work force falls into either unemployed or underemployed. Ariyawansa (2013) described that 30 percent of the country's graduate population is

economically inactive. The term economically inactive population is defined as person who was neither working nor not looking for work.

1.4 Impact of University in Graduate Employability

Pietro and Cutillo (2006) defined Employability as the ability to acquire and maintain satisfactory work, which require skills such as personal peculiarities, understanding and set of triumphs to be successful in the employment. Branine and Avramenko (2015) stated the aim of higher education is to deliver certain general quality to individuals to develop the capabilities to their highest potential that contribute for their intellectual growth. Therefore higher education was established as a key to posses employability skills and learning experience in students, In specific terms the labour market expect the graduates of any faculty of college of universities to have employability skills as indicated in figure 3 to possess a job (Daghbashyan and Harsman, 2013). Among the total employed population of Sri Lanka, graduates account for about 10 percent of them (Ariyawansa, 2013). It is clearly shown in figure 1.3 that graduates of public universities stayed prominent and holds 80 percent of graduate employment in labour market.
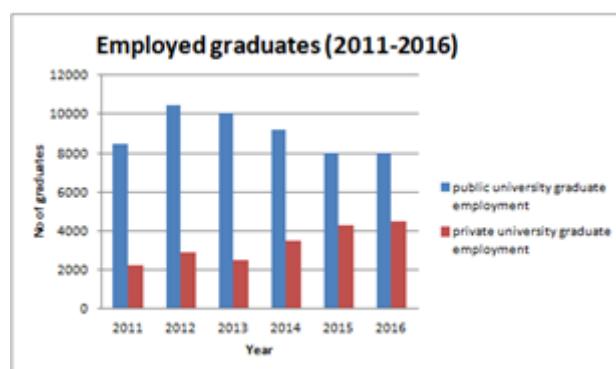

Figure 1.4: Employment of public university and private university graduates (2011-2016),

Developed by the author according to survey conducted by Department of Census and Statistics and LIRNE Asia.

In 2012, the number of public university graduate's, who are employed was increased about 25 percent. It is due to the government came up with gazette in parliament that offer more seats in public sectors to fresh graduates and increase the salary wages of graduates to reduce the burden of unemployment (Duvander, 2001). However a gradual decline was observed in public graduate employment in the following year whereas it the private university graduates employment rate was increasing over the year. Thus it is well clear that there is a massive completion growing in between public and private university graduates in securing their places in labour market. To find which university graduate will excel in the labour market performance, it is important to study and analyse the expectation of labour market toward the graduates and its relationship with the acquired competences of the graduates. Hence this research will study on this aspect to reveal the myth behind the labour market performance of the graduates and the reason behind the increasing rate of unemployment of the public university graduates.

2.1 Labour Market Outcomes and the Quality of University

The successfulness of the graduates is determined by a good match between the current employment and academic background. Labour market outcomes including wages, job satisfaction and job mobility as mentioned by (Mavromaras et al., 2013) serve as the indicator of measuring the job match. Many studies Bauer (2002); Carbonell and Frijters (2014); Hamermesh (2001) adapted the two standards models; human capital model (Becker, 1995) and job competition model (Thurow, 1995) that are in contrast to each other. The human capital model emphasised that labour market outcomes are determined by work experience and years of education. Whereas job competition model suggested that the productivity resides in the job rather than the worker, therefore all workers in a particular job should be experienced similar labour market outcome regardless of their qualification. As neither of these two models seems to be consisted, Pissarides (2000) and Mortensen (2011) came up with the job search and matching theory which satisfied both demand and supply side of the labour market. The theory stated that the perfect matching between the heterogeneous workers and the heterogeneous job they apply for, was not seems possible.

As illustrated earlier job mismatch had been a major problem in graduates today. Strayhorn (2008) suggested that in the case of educational mismatch, certain individuals have low stability in their job mobility

than their educational peers. Thus those individuals fail to secure their place in labour market. Hence more than building such theories of mismatch, it is essential to excavate in dept by investigating the influence of the quality education in the labour market outcome of graduates.

With regards to this, Allen, (2001) evident, that the quality of the universities impact only 1-2 percent of the earnings of graduates. Robst (1995) conducted a study by measuring college quality based on the expenditure and the prestige and concluded that employees from better quality college earn better.

Mcquinness (2003) demonstrated his study on "University quality and labour market outcomes". The author assessed all Northern Ireland graduates in the period of 1994-1996, via multi-level model. The study measured the quality of universities by two vectors such as; resource level and prestige effect, using a Research Assessment Exercise Based Proxy. The study by Mcquinness (2003) concluded that more than the university quality or 'prestigious', the key fators of measuring quality, the subject choice in the degree level and degree performance have a greater influence in labour market outcomes. However by what means these two variables relates to university quality (the transmission mechanism) was not indicated in the study. Moreover analysing only two variables decrease the sensitivity of the research.

Mcquinness (2003) didn't point out the influence of university quality in the personal characteristic of the graduates. As the study indicated most of the prestigious universities are tend to be selective towards the better quality students who could experience labour market success, the study by Mcquinness (2003) could be potentially prone to bias. Lastly during the study no variables were indicated which could have a probable influence in the result, inturn reducing the reliability of the conclusive remarks of the study. A recent study by Kivinen, Hedman and Kaipainene (2007) indicated apart from the quality of education, family background has a greater impact on labour market outcome. Similarly another study by Wolniak et al (2008) showed the parent's income one of the measuring variability of the family background plays a important role in determining the employability of graduates, particularity who are majoring in engineering, computer science and math. Leller (2005) showed that, graduates of minority groups and women experience greater job mismatch. Such phenomenon of under employment of minority groups in Sweden was also observed in the study conducted by Groot (2000). Thus rather than Mcquiness (2003) it is important to consider various independent factor including age, family background, gender, ethnicity, etc in evaluating the labour market outcomes along with the quality of education (Berggren, 2010).

Berggren (2010) on the study of "The influence of higher education institution on labour market outcome' analysis the quality of university in labour market success with regards to other independent variables that are generally indicated in previous paragraph. The study forced on the employed graduates in the Sweden aged in between 26-28, using descriptive analysis and multiple multinomial regression analysis. More than the previous studies indicated above Berggren (2010) compared the degrees obtained from old-well established universities and new universities. Furthermore to analysis the influence of the quality education in labour market outcome, factors such as family background, type of degree, national background and gender were also considered. In contrast to Mcquinness (2003), the study by Berggren (2010) confirms that the degree from a prestigious university have a greater impact on obtaining an occupation and success in the labour market. Even though the study has greater advantages over existing studies, there are some drawbacks is noted. Although many independent variables were analyzed, the study mentioned that those prestigious universities are located in more popular areas than the new institutes. This in turn as Pietro et al (2006) indicated, the surrounding environment of the university might play a role in supplying job opportunities. Furthermore Groot (2000) stated that students of Sweden have the liberty to 'back entrance'; they can transfer from the new institute to the old well established universities after they have been admitted. This situation could influence in the result, if a fraction of better employed graduates of prestigious universities are from the back entered group. Therefore without analysing such phenomenon, the study cannot conclude the better labour outcome influenced by the prestigious universities. Despite the study stated to analyse the labour market outcome, it only descriptively analysed the match between obtained degree and occupational requirement. As well as, no definitive were signified for 'over educated' or 'Above' criteria. Moreover the study did not specify how it considered old- well established universities as; prestigious' or 'well established' institution, where no quality measures were taken to evaluate the university of both old-well and new. Thus it is essential to define variables and follow standard model when evaluating the quality of universities and their impact on the labour market outcome.

2.2 Evaluation of the Quality of the University Education

Evaluating the quality of the university education not only helps to understand its role in the labour market outcome. It also needs to satisfy its stakeholder for the success of the organization. Several studies have showed the measurement of quality of universities under different stakeholder's view.

Muhammad (2011) in his study on 'Quality of private university graduates of Bangladesh: The employers' perspective, analysed the private university business graduate's performance in term of the expected skills by the employers. The survey conducted in employers of 48 companies that were chosen randomly.

Muhammad (2011) studied quality traits of graduates such as; management skills, technical skills, communication skills and personal traits using a principal factor analysis with an orthogonal rotation. The research revealed that the private university graduate's performances are not deemed to be satisfactory, where their performance is regarded as in between average and satisfactory. Even though the study hypothesised the rate of performance as an indicator of quality Muhammad (2011) identified years of work experience and office politics are more influential that the educational quality in determining the rate of promotion. However the study considered only the employer's perspective towards the educational quality. It neglected other stakeholder's view, which could have a complete picture on analysing the quality of the private university in Bangladesh. Moreover it is an indirect approach to evaluate the university quality, which cannot be used as a model in analysing the quality of higher educational institution. Among the analysed variables, only knowledge and communication variables had a higher impact of the quality of the education. The research only concentrated in the business graduates and their specific skills. Muhammad (2011) indicates that employer's overall preference is given for management specific skills from the graduates. Since graduates work in different managerial levels and in non managerial levels, employer's prospective is not an indicator of the quality of private universities. Even though Muhammad (2011) concluded private university graduates are above average performers. The author didn't indicate a defined character of an average performer and nor empirical evidence shown in the quality of public universities or other higher educational institutes, to compare the quality of private university. Thus the conclusive remarks of the study showed a bias toward non-private higher educational institution.

In the case of methodology Joniada (2012) followed very similar methodology of Muhammad (2011) reported the quality of education by the employer's satisfaction level. Rather than Muhammad (2011) the author worked on science and technology graduates.

Joniada (2012) evaluates employer's view based on three factors: humanware, technoware and infoware, using structured questionnaire and likert's scale. The author's finding revealed that beyond quality of education the employers expect the graduates to have dimensions such as; determination and sacrifice, honesty in job, learning ability and acquiring new knowledge as well as personal development. This clearly indicates that according to both Joniada (2012) and Muhammad (2011) employers expect more of personality traits, adaptation and work experience from graduates than the better quality education. Thus such model of investigation relating the employer's view is not suitable to assess the quality of university education. Unlike above researchers other researchers have assessed the quality of education under the student's perspective. Vrana et al. (2015) stated that students are the primary customers, the preeminent stakeholders of educational institutes. Helgesen and Nesset, (2007) indicated that assessing the service quality lack standardization due to the variations in the customer preference that differ depending on different situations. Gounaris et al. (2003) assess the educational service quality based on the customer's expectation and perception. With regards to this, Zafiropoulos and Vrana (2008) used measurement of service quality that is introduced by Parasuraman et al (1988), known as SERQUAL. This scale was evident to be well known scale in measuring service quality. It asses the customer satisfaction by gap analysis of expectation and perception by analyzing five dimensions of gaps such as: Tangible, Assurance, Reliable, Responsiveness and Empathy. However the author is indicated that the SERQUAL is not specific for educational sector. That it is used commonly for other industries such as telephone repair, insurance and retail banking (Sigala, 2004). Furthermore Lin (2014) came up with another module entitled as SERVPERF (service performance only) that was introduced by Cronin and Tyalor (1992). Lin (2014) showed that SERVPERF provide an alternative approach to the current disconfirmation based SERQUAL scale.

Many studies by Douglas (2006), Carrrillat et al (2007) and Lee (2007) validate the models SERQUAL vs SERVPERF the efficient of both model. Carrrillat et al (2007) showed that methodologically the SERVPERF represent efficient and marked improvement than other conventional model. SERVPERF have more advantage over SERQUAL by reducing the number of variables measured by 50 percent Moreover comparing SERPVPERF explains grater variance of overall quality measurement than SERVQUAL. After this models were validated, a recent study by Masoud (2012) came up with a modified model of SERVPERF, that have excluded the above stated drawbacks of the model.

Masoud (2012) worked on 'Measuring service quality and satisfaction of students: A case study of students' perception of service quality in high-ranking business schools in Iran'. The author investigates various factor of service quality of business schools in Iran. The study considered students as the primary customers and proposed a model to measure the service quality of the business schools. Rather than following the general model SERVQUAL (service quality) that includes both customer's expectation and perception of quality, Masoud (2012) choose only to measure the perceived quality of the business school. Perceived quality is generally termed as the customer's judgment about the superiotiotry an entity's experience (Brady and Cronin, 2001). Masoud (2012) enhanced and modified the original model by failing to follow variables of SERVPERF, where 'assurance' (one of the five variables) was replaced by 'professor'. 'Carrier guidance' was added as the new variable to the original model. The factors of the modified SERVPERF of Masoud (2012) are; Tangible,

reliability, empathy, employee, professor and career guidance. Masoud (2012) developed a survey with structured questionnaire using 7 point likert's scale. The finding revealed that students are satisfied with professor and reliability. They are not satisfied with employee's dimension and career guidance of the schools. With regards to higher importance given to the professor, the study concluded that humanware of the service quality has greater importance in the student satisfaction.

The research focused only the business school students especially M.A student. Thus the expectations of students are of particular interest. The result showed that students are satisfied by good professor, however to students of different disciplines and particularly for the under graduate students, the satisfaction might be vary. Therefore replacing the original factor "assurance" with 'professor", is not efficient to assess the educational quality. Particularly in the prospective of undergraduate students and students of other discipline. Since the business school of Iran are considered as public sector (Masoud, 2012), the considered model might not be accurate enough to analyse private higher educational institution. Masoud (2012) studied on business schools of Iran that focussed only in capital city. Thus cultures of other cities were not considered in the modified model of the author. The modified SERVPERF in this study was developed to adopt local context. Thus it cannot be used for cross cultural context as SERVQUAL. The similar phenomenon was observed in the study of Lee (2007) on "SERVQUAL vs SERVPERF: round 2 in a multicultural setting". In contrast Brochado, (2009) study on introduced a modified model of SERVPERF.

2.3 Student capacity and physiological empowerment

The relationship between the quality of university and the labour market performance can be formed by evaluating the knowledge acquired from the university with that are required by the labour market. A graduate who can apply adequately the gains from the university in the labour market, experience a successful labour market outcomes.

Solem et al (2008) in his study on 'Skills in Professional Geography: An Assessment of Workforce Needs and Expectations 'investigated the impact of graduate's skills and abilities in their nature of work. The research developed a competency model including both discipline based skills and general skills related to technology, communication and management. Solem et al (2008) studied current and future need of particular skills by applying two surveys in the alumni and employer respectively. The competency model was developed using multiphase methodology, among the members of American association of geography (AAG), whom graduated in geography between the years 2000-2005 participated in alumni survey. Moreover factor analysis with verimax rotation was performed. The result indicates that more than the discipline based skills (geographic skills) general skills are applied frequency. However the model only analyzes factors the employees think that influence the nature of their work. The sample population from AAG data base does not represent the universal population of geographer. Thus the study provides bias toward the required skills. Solem et al (2008) in his survey used competency of the graduates the typology to analyse the quality of university education. As the study defined, the competence can be achieved through a sufficient confidence in representing the capability, which comes from successful learning experience from a quality education. However the debate on the difference between competence and capacity is future oriented. Thus the model is unsuited to measures the evolution of the employability.
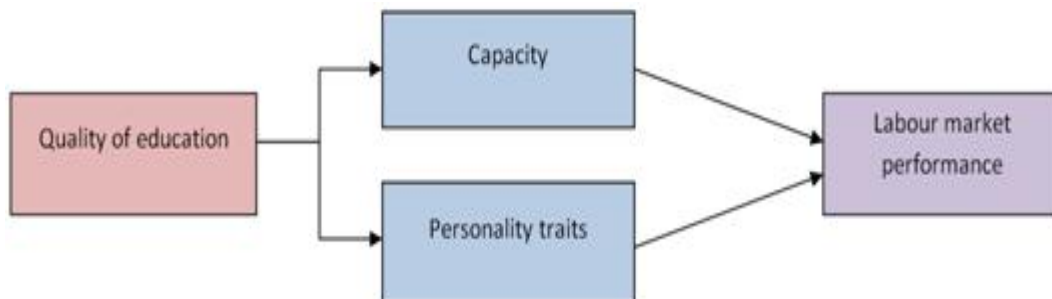

Figure 1.5: Novel model illustrating the impact of quality of university education on labour market performance.
Source: Developed by the author.

Furthermore the study forced only on a single discipline (geography) therefore it cannot explore the competency related to multiple discipline. It shows the grass-root approach for professional developmental skills and reviews the model for how competence can improve materials for early careers of the professional. The competency model of Solem et al (2008) doesn't explain the definitive statement of how educational outcome impact in the development of professional experience in the field.

In split of the confused definition of competence as capacity as illustrated by Solem et al. (2008), with competency Hennemann and Liefner (2010) introduced another dimensions such as "knowledge" and "skills" as the capacity of learning during the period of university education. They added to this a professional is regarded in the labour market as a person, who has the ability to use the acquired knowledge and skills from the education in the changing environment and implement strategies. According to Hennemann and Liefner (2010) ability of the application of both knowledge and skills in termed as competence that is viewed as part of the quality of university education. Hennemann and Liefner investigated the Employability of German Geography Graduates: the mismatch between knowledge acquired and competences required. The study explored whether the acquired knowledge, skills and competences from the university education will be a firm foundation for student's successful career.

Hennemann and Liefner (2010) carried out an alumni survey covering 700 individuals graduated from the institute of geography during the period of 1960-2007. The questionnaire that includes, the graduates' studies, their transition to their first job, features of their first job and current requirements in the job market was used. A five-point Likert scale was used to analyse the data and results were calculated using the individual case-related deviation of the acquired vs. required estimation. The study concluded that the graduates possess more knowledge than required but lack important competences and transferable skills that the job market demands.

2.4 Conclusion

The impact of quality education in the labour market outcome was evident in various studies including; Robst (1995), Mcquinness (2003), Kivinen, Hedman and Kaipainene (2007), Wolniak et al (2008),Groot (2000) and Berggren (2010). Moreover studies by Berggren and Robust showed that the more prestige universities have more positive impact on the growth of labour market outcome of the graduates. However, how the quality of the university influence the graduate labour market outcome was not analysed in those studies. Thus Muhammad (2011) and Joniada (2012) followed a different methodology that assesses the impact of quality education in the labour market outcome by the employer's satisfaction level. Those studies also had some disadvantages as employers expect more of personality traits, adaptation and work experience from graduates than the better quality education. Thus such model of investigation relating the employer's view cannot be used to assess the quality of university education. On the other hand, varies models such as; SERQUAL,SERVPERF and IPA were used to evaluate the quality of education with respect to student's view (Zafiropoulos and Vrana, (2008) Zafiropoulos and Vrana (2008) ,Parasuraman et al (1988),Douglas (2006), Carrrillat et al (2007) and Lee (2007) Sigala, (2004) Cronin and Tyalor (1992)). However each as indicated earlier had its own disadvantages. Thus a well establish model have be proposed to analyse the quality of education. It is not only enough to evaluate the quality of education, but more importantly its influence of each variables of education quality in employee's growth in the labour market. Therefore it is questioned, that what are the variables need to be analysed to find the relationship between quality education and labour market requirement. The factor that relates between this two is the relationship between acquired capacity from quality education and required capability from labour market.

Studies by Solem et al (2010) proposed models of capacity. Yet the author didn't define properly the competence that should be measure. In contrast Hennemann and Liefner (2010) came up with a well defined model to analyse the competence of the graduates, and analysed with the quality of university education. However the study had various drawbacks as no defined variables were assigned for the quality of university education. Moreover the study didn't relate the acquired competence with the labour market outcome.

By filling the gap that was left in previous studies as indicated above, a novel model that consist of the quality of education, competence of the graduates and labour market outcomes should be proposed for further studies in this area (Figure 1.5). It should relate all of these three concepts to reveal the impact of the quality of education in the labour market outcomes of the graduates. Such model will further expose the predominance between public and private university in producing better excelling graduate in the labour market.

The unemployment rate of graduates is being a major trend to the economic growth of Sri Lanka during past decades. The reason for the unemployment was evident as the mismatch between the labour market expectation and skills acquired by the graduates. As during past years due to the establishment of private universities a huge competition is being observed among public and private university graduates to secure their places in the labour market. Thus this article aimed to explore the relationship between quality of the university education and labour market performance of graduates. The primitive purpose of this study is to provide human

research departments of firms of all discipline to develop a balanced idea of the expectations towards the recruits. Moreover it will redound to the benefit of society considering that quality of university education plays an important role in the labour market performance of the employees today. Various stake holders including, private university investors, economists, policy makers and academic researchers should identify the significant factors that affect the employability of Sri Lankan university graduates. Business administrators have to be guided on what should be expected from the employee when recruiting for the job. The university curriculum developers must be concern to identify the competence expected by the labor market and thus enable to change the university syllabus, which will creates awareness on graduates regarding how training and development impact their labor market performance which could enable to self-structure them self to become successful competitors in the labor market. Finally this literature review tries to serve as a theoretical model for future studies of the same nature.

Reference

[1]. Allen, J. (2001) Educational mismatches versus skill mismatches: effects on wages, job satisfaction, and on-the-job search, Oxford Economic Papers, 53 (3), pp. 434-452. DOI:10.1093/53.3.434.
[2]. Ariyawansa, R. (2013) Employability of Graduates of Sri Lankan Universities, Sri Lankan Journal Of Human Resource Management, 2 (1). DOI:10.4038/sljhrm.v2i1.5107.
[3]. Bauer, T. (2002) Educational mismatch and wages: a panel analysis, Economics Of Education Review, 21 (3), pp. 221-229. DOI:10.1016/s0272-7757(01)00004-8.
[4]. Berggren, C. (2010) The Influence of Higher Education Institutions on Labor Market Outcomes, European Education, 42 (1), pp. 61-75. DOI:10.2753/eue1056-4934420103.
[5]. Berggren, C. (2011) Transition of higher education graduates to the labour market: are employment procedures more meritocratic in the public sector, Journal Of Higher Education Policy And Management,33 (2), pp. 91-100. DOI:10.1080/1360080x.2011.550031.
[6]. Brady, M. and Cronin, J. (2001) Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach,Journal Of Marketing,65(3),pp.34-49. DOI:10.1509/jmkg.65.3.34.18334.
[7]. Branine, M. and Avramenko, A. (2015) A Comparative Analysis of Graduate Employment Prospects in European Labour Markets: A Study of Graduate Recruitment in Four Countries, Higher Education Quarterly, 69 (4), pp. 342-365. DOI:10.1111/hequ.12076.
[8]. Brochado, A. (2009) Comparing alternative instruments to measure service quality in higher education, Quality Assurance In Education,17(2),pp.174-190. DOI:10.1108/09684880910951381.
[9]. Carrillat, F., Jaramillo, F. and Mulki, J. (2007) The validity of the SERVQUAL and SERVPERF scales, Int J Of Service Industry Mgmt, 18 (5), pp. 472-490. DOI:10.1108/09564230710826250.
[10]. Cronin, J. and Taylor, S. (1992) Measuring Service Quality: A Reexamination and Extension, Journal Of Marketing, 56 (3), pp. 55. DOI:10.2307/1252296.
[11]. Daghbashyan, Z. and Harsman, B. (2013) University choice and entrepreneurship, Small Bus Econ, 42 (4), pp. 729-746. DOI:10.1007/s11187-013-9501-0.
[12]. Department of Census and Statistics, (2014) Sri Lanka Labour Force Survey. pp. 90-97. Ministry of Policy Planning Economic Affairs, Sri Lanka.
[13]. Douglas, J., Douglas, A. and Barnes, B. (2006) Measuring student satisfaction at a UK university, Quality Assurance In Education, 14 (3), pp. 251-267. DOI:10.1108/09684880610678568.
[14]. Duvander, A. (2001) Do Country-Specific Skills Lead to Improved Labor Market Positions?: An Analysis of Unemployment and Labor Market Returns to Education among Immigrants in Sweden, Work And Occupations, 28 (2), pp. 210-233. DOI:10.1177/0730888401028002005.
[15]. Carbonell, A. and Frijters, P. (2014) How Important is Methodology for the estimates of the determinants of Happiness?, The Economic Journal, 114 (497), pp. 641-659. DOI:10.1111/j.1468-0297.2004.00235.
[16]. Gounaris, S., Stathakopoulos, V. and Athanassopoulos, A. (2003) Antecedents to perceived service quality: an exploratory study in the banking industry, Intl Jnl Of Bank Marketing, 21 (4), pp. 168-190. DOI:10.1108/02652320310479178.
[17]. Groot, W. (2000) Overeducation and the returns to enterprise-related schooling, Economics Of Education Review, 12 (4), pp. 299-309. DOI:10.1016/0272-7757(93)90064-n.
[18]. Hamermesh, D. (2001) The Changing Distribution of Job Satisfaction, The Journal Of Human Resources, 36 (1), pp. 1. DOI:10.2307/3069668.
[19]. Helgesen, A. and Nesset, E. (2007) What accounts for students' loyalty? Some field study evidence, Intl Jnl Of Educational Mgt, 21 (2), pp. 126-143. DOI:10.1108/09513540710729926.
[20]. Hennemann, S. and Liefner, I. (2010) Employability of German Geography Graduates: The Mismatch between Knowledge Acquired and Competences Required, Journal Of Geography In Higher Education, 34 (2), pp. 215-230. DOI:10.1080/03098260903227400.
[21]. Joniada, R (2012) University Quality and Labour Market Outcomes of Canadian Youth, Journal of Political Economy, 66(4), pp.281-302.
[22]. Kalleberg, A. and Dunn, M. (2015) Institutional Determinants of Labor Market Outcomes for Community College Students in North Carolina, Community College Review, 43 (3), pp. 224-244. DOI:10.1177/0091552115576565.
[23]. Kivinen, O., Ahola, S. and Hedman, J. (2007) Expanding Education and Improving Odds? Participation in Higher Education in Finland in the 1980s and 1990s, Acta Sociologica, 44 (2), pp. 171-181. DOI:10.1177/000169930104400205.
[24]. M., J. and Becker, G. (1967) Human Capital A Theorical and Empirical Analysis with Special Reference to Education, Population (French Edition), 22 (2), pp. 330. DOI:10.2307/1528521.
[25]. Masoud Karami, (2012) Measuring service quality and satisfaction of students: A case study of students perception of service quality in high-ranking business schools in Iran, Afr. J. Bus. Manage., 6 (2). DOI:10.5897/ajbm11.2311.
[26]. Mavromaras, K., McGuinness, S., O'Leary, N., Sloane, P. and Wei, Z. (2013) Job Mismatches and Labour Market Outcomes: Panel Evidence on University Graduates, Economic Record, 89 (286), pp. 382-395. DOI:10.1111/1475-4932.12054.
[27]. Mortensen, D. (2011) Markets with Search Friction and the DMP Model, American Economic Review, 101 (4), pp. 1073-1091. DOI:10.1257/aer.101.4.1073.
[28]. Muhammad, Z (2011) Quality of Private University Graduates of Bangladesh: The Employers' Perspective, South Asian Journal of Management, 18 (3), pp. 48-68. DOI: 10.1134/009155224559786565.

[29]. Panth, B. (2014) Skills development for employability and inclusive growth: Policy dilemmas and priorities in South Asia, PROSPECTS, 44 (2), pp. 167-182. DOI:10.1007/s11125-014-9309-y.

[30]. Parasuraman, A. (1988) Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria, Journal Of Retailing, 70 (3), pp. 201-230. DOI:10.1016/0022-4359(94)90033-7.

[31]. Pietro, G. and Cutillo, A. (2006) University Quality and Labour Market Outcomes in Italy, Labour, 20 (1), pp. 37-62. DOI:10.1111/j.1467-9914.2006.00333.x.

[32]. Pissarides, C. (2000) Equilibrium unemployment theory. Cambridge, Mass.: MIT Press.

[33]. Rautopuro, J., Tuominen, V. and Puhakka, A. (2010) Employability and Finnish University Graduates, European Educational Research Journal, 9 (1), pp. 45. DOI:10.2304/eerj.2010.9.1.45.

[34]. Robst, J. (1995) College quality and overeducation, Economics Of Education Review, 14 (3), pp. 221-228. DOI:10.1016/0272-7757(94)00054-a.

[35]. Sigala, M. (2004) Investigating the Factors Determining e-Learning Effectiveness in Tourism and Hospitality Education, Journal Of Hospitality & Tourism Education, 16(2),pp.11-21. DOI:10.1080/10963758.2004.10696789.

[36]. Siyambalapitiya, S. (2001) Impact of Changing University Admission Criteria on Engineering Education in Sri Lanka, Innovations In Education And Teaching International, 38 (3), pp. 257-264. DOI:10.1080/14703290110056353.

[37]. Solem, M., Cheung, I. and Schlemper, M. (2008) Skills in Professional Geography: An Assessment of Workforce Needs and Expectations, RTPG, 60 (3), pp. 356-373. DOI:10.1080/00330120802013620.

[38]. Somasundaraswaran, K. (2012) Impact of the Application of International Quality Processes on Engineering Education at Universities in Sri Lanka, J. Prof. Issues Eng. Educ. Pract., 138 (3), pp. 193-197. DOI:10.1061/(asce)ei.1943-5541.0000100.

[39]. Thurow, L. (1975) Generating inequality. New York: Basic Books.

[40]. Vrana, V., Dimitriadis, S. and Karavasilis, G. (2015) Students' perceptions of service quality at a Greek higher education institute, IJDSRM, 6 (1), pp. 80. DOI:10.1504/ijdsrm.2015.072770.

[41]. Wickramasinghe, N. (2012) Democracy and entitlements in Sri Lanka: The 1970s crisis over university admission, South Asian History And Culture, 3 (1), pp. 81-96. DOI:10.1080/19472498.2012.639521.

[42]. Wickramasinghe, V. and Perera, L. (2010) Graduates', university lecturers' and employers' perceptions towards employability skills, Education + Training, 52 (3), pp. 226-244. DOI:10.1108/00400911011037355.

[43]. Wolniak, G., Seifert, T., Reed, E. and Pascarella, E. (2008) College majors and social mobility, Research In Social Stratification And Mobility, 26 (2), pp. 123-139. DOI:10.1016/j.rssm.2008.02.002.

[44]. Wong, P., Lee, L. and Foo, M. (2007) Occupational Choice: The Influence of Product vs Process Innovation, Small Bus Econ, 30 (3), pp. 267-281. DOI:10.1007/s11187-006-9044-8.

[45]. Zafiropoulos, C. and Vrana, V. (2008) Service quality assessment in a Greek higher education institute, Journal Of Business Economics And Management, 9 (1), pp. 33-45. DOI:10.3846/1611-1699.2008.9.33-45.