

Job Restructuring and Socio-Economic Security in Sri Lanka

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Abstract

After the economic liberalization in Sri Lanka, employment practices in the manufacturing industry and tertiary sector have changed gradually from traditional contractual arrangement and other terms and conditions of the work to nonstandard work arrangement or atypical employment practices. First part of this article distinguishes different types of atypical employment patterns and explains key features of the new type of employment relationship in Sri Lanka. Second part of the article, describes the major changes in the job security and its impact on socio-economic security in Sri Lanka by using the data from 600 Manufacturing Enterprises of the Enterprises Labor Flexibility & Security Survey (ELFS) for 2005-2006 conducted in manufacturing industry by the Social Policy Analysis and Research Center (SPARC) of the University of Colombo.

Key Words: Atypical Employment, Typical Employment, Job Security, Job Restructuring, Human Resource Management

Introduction

Each person needs a job; if not our personal well-being would be greatly affected. In the classical model, employees staying with an employer only if the employer offered job security¹ to the employee and otherwise moving to the other employment, especially where they have the income security from the job. In this sense, employee might consider jobs as an established security of the income but there is no legal protection affording employees a permanent or continuous job or security of one's job. Further, employment contracts are usually incomplete therefore employee and employer have the residual rights (Hart, 1993) so that, security of the employment depends on norms of reciprocity.

¹ In this article job security means a long run commitment to protect its workforce by the organization. However, this does not mean that employees are dispensable especially if the employees are not likely to generate much effort, skill and knowledge to enhance well-being of the organization..

Regardless of the residual rights², the employer has to be acted in a consistent manner that is fair and equitable to all employees while employee has the right to expect sound employment practices and be treated him or her with dignity and substantial worth. Wedge of these rational expectations, the concept of job security for the employee is aroused. Job security is designed to increase an employee's well-being as well as reduce an employee's difficulties of losing his/her job and his/her means of living by taking some income risk and decision making power to the employer's hands.

First part of this article distinguishes different type of atypical employment patterns and explains key features of the new type of employment relationship in Sri Lanka. Second part of the article describes the major changes in the job security and its impact on socio-economic security in Sri Lanka by using the data from Enterprises Labor Flexibility Survey (ELFS) for 2005 - 2006 conducted in manufacturing industry.

A closer analysis of survey data shows that approximately 81 percent of surveyed companies are small and medium-sized enterprises and the rest are largely based on the existing workforce capacity.³ The survey was conducted by the Social Policy Analysis and Research Center (SPARC) of the University of Colombo with professional collaboration of International Labor Office (ILO).

Labor Market in Sri Lanka

General Perspective: Current population in Sri Lanka is approximately estimated at 20 million. The structure of the Sri Lankan labor market is gradually changing since 1977, in terms of both supply and demand. According to Annual Report of the Sri Lankan Labour Force Survey in 2004, the economically active population was 8,061,354 persons in 2004 (excluding Mullaitivu and Kilinochchi districts) and 66.7 percent of which were males and 31.5 percent were females.

After the economic liberalization in Sri Lanka, employment practices in the manufacturing industry and tertiary sector (wholesaling, retailing, finance, banking and insurance, transportation, education, communications, and other services) have changed gradually from traditional contractual arrangements and other terms and conditions of the work to nonstandard work arrangements or atypical employment practices. This has been particularly evident since 1977, when the Sri Lanka introduced liberalized economic policies with the expectation of accelerating

² By residual rights, this article means that the employer as well as employee have right to make any decision about "free to fire the worker" and "free to quit the job" respectively, that are not explicitly controlled by laws or assigned to another by contract.

³ According to the World Bank definition, Sri Lankan enterprises with fewer than 49 employees are small; those with 50 -99 employees are medium-sized; and those with more than 100 employees are large.

economic development by foreign investment as the main source of employment creation.

In 1977, Sri Lanka started her new economic policies towards greater market orientation. Trade and exchange controls were liberalized and foreign investments were highly promoted. During the first 4 years Sri Lankan economy grew by an impressive 6 percent per annum, compared to only 2.9 percent during 1970-1977. The services sector is further expanding while the manufacturing sector growth rate remains at 5 percent per annum. During the period from 1980 to 2005, the services sector increased its contribution to the GDP from 43 percent to 56 percent.

General Employment Structure: Industry-by-industry analysis of employment patterns reveals that there were nearly 7.4 million people working in Sri Lanka as of 2004; of this total, 28.3% were own account workers, 9.4% were unpaid family workers, 2.9% working for their own business and 59.4% were employed by the public or the private sector (see Table 1).

Table 1: Percentage distribution of employed population by employment status and sex, 2004

Employment Status	Total	%	Male	%	Female	%
Total	7394559	100	5049648	100	2344911	100
Employee (total)	4395124	59.4	2973570	58.9	1421554	60.6
Employee (public)	963852	13	600381	11.9	363471	15.5
Employee (private)	3431272	46.4	2373189	46.9	1058083	45.1
Employer	216019	2.9	194773	3.9	21246	0.9
Own account worker	2090660	28.3	1652322	32.7	438339	18.7
Unpaid family worker	692756	9.4	228983	4.5	463772	19.8

Source: Annual Report of the Sri Lanka Labour Force Survey, 2004

There has been a long-term growth trend in the number of working people in last decade. For example, in 1994 total employed persons was 5,281,272 and it was 7,394,029 in 2004 accompanied with the highest percentage in the elementary occupation (see Table 2).

A sector-by-sector analysis of employment patterns reveals some interesting trends. There has been fluctuation in the percentages of those employed in the agriculture, industry and services sectors. However, the majority of the employed persons are in the services sector, which increased from 40.7% in 1994 to 42.4% in 2004. The employment share of the secondary sector or industry sector increased from 19.8% in 1994 to 24.1% in 2004 (see Table 2). A closer analysis reveals that labor participation in agricultural sector has been gradually decreasing.

Occupational Distribution Patterns: It can be seen that changes in sector-by-sector employment patterns have led to changes in the distribution of workers according to occupation (see Figure 1). The percentage of workers in the elementary occupation is the highest as 26.4% and followed by

skilled agriculture and fishery workers claiming 20.5%. Next highest percentage is craft and related workers as 15.2%. The percentage of white-collar employees, including senior officials and managers, professional, technical and associate professionals and proprietors and managers of enterprises are approximately 23% in 2004.

Table 2: Percentage distribution of employed population by major industrial groups 1994-2004

Year	Total		Major Industry Group					
	Number	%	Agriculture	%	Industry	%	Services	%
1994	5281272	100	2084730	39.4	1046282	19.8	2150263	40.7
1995	5357110	100	1966794	36.7	1188270	22.2	2202054	41.1
1996	5537402	100	2072197	37.4	1218189	21.9	2246884	40.6
1997	5607881	100	2031907	39.3	1354956	24.1	2221019	39.6
1998	6049238	100	2378410	39.3	1325714	21.9	2230425	36.9
1999	6082746	100	2208324	41.8	1330114	21.8	2544203	41.8
2000	6310247	100	2274153	36.0	1490795	23.6	2545299	40.3
2001	6235588	100	2033343	32.6	1491408	23.9	2710837	43.5
2002	6519415	100	2247602	34.4	1459194	22.4	2812619	43.1
2003	7012755	100	2384397	34.0	1611493	23.0	3016866	43.0
2004	7394029	100	2474725	33.4	1781447	24.1	3137857	42.4

Notes: From 1994 to 2002 excluding Northern and Eastern provinces

2003 excluding Mullaitivu and Kilinochchi districts

2004 excluding Northern Province

Source: Annual Report of the Sri Lanka Labour Force Survey, 2004

Typical and Atypical Employment

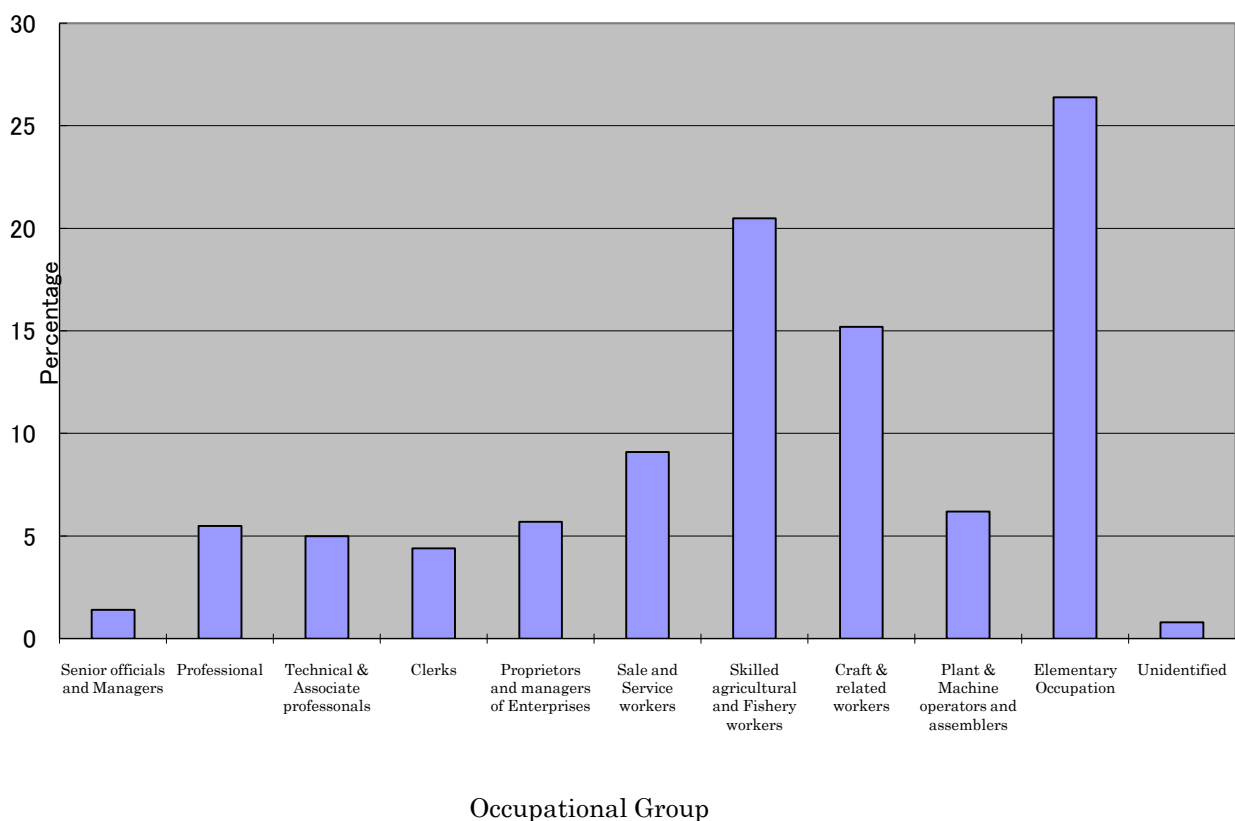
A Literature Review: Kalleberg (2000:341) identified atypical work arrangements as nonstandard work arrangements such as part-time work, temporary employment and contract work which have become an important topic in research and writing on work and employment relations. But “atypical employment” is conceptualized differently in different countries and regions (Ogura, 2005: 05) so that these nonstandard work arrangements have been hampered by inconsistent definitions, often inadequate measures, and the paucity of comparative research (Kalleberg, 2000:341).

Today’s business environment is highly competitive and is increasingly influenced by global economic changes. Employers look for ways to increase their benefits through flexible job arrangements while employees appreciate having more time to spend with family and benefits

continuity but fear of seniority or pay and the job security (Martin *et al.*, 2004). Thus, nonstandard work arrangements i.e., part-time work, temporary employment and contract work have become an important topic in research and writing today.

The employer is mainly giving an income security to the employee by assuring job security while providing socio-economic security⁴ too. The socio-economic programs improve worker's income security in case of sickness, work accidents, losing job and old age. Most of the job restructuring programs gain benefits usually at a cost and limit union power by increasing flexibility of the organizations (Byoung-Hoon & Frenkel, 2004:507) but it may reduce employment or income of the employment. Ward *et al.* (2001:03-21) explained that corporate decisions to use temporary agency workers based on the belief that it would lead to reduction in labor costs and allow a greater degree of numerical flexibility is constrained by new regulations in the United Kingdom.

Figure 1: Percentage distribution of employed population by occupation



Source: Annual Report of the Sri Lanka Labor Force Survey, 2004

Job restructuring includes modifications such as reallocating or redistributing marginal job

⁴ In other words we can describe socio-economic security under the unemployment, sickness, pension, and death benefit schemes.

functions⁵ (for example, downsizing and early retirements) that an employee is unable to perform because of lack of knowledge, skill or ability; and altering when and/or how a function is essential or marginal (for example, outsourcing), is performed. An employer never reallocates essential functions as a reasonable accommodation, but can do so if it wishes. Job restructuring process can be summarized by the following four steps:

- reduction of both blue-and white-collar regular employees
- distinction between main and side jobs for employees
- wider use of non-regular or atypical employees
- revision of the salary system.

Based on the job security and socio-economic security, an employee can reduce his or her difficulties of losing his/her job by assuring his/her means of living. According to statistics, Sri Lanka has experienced a significant increase in the total employment within last decade. For example, the total employed population rose from 5,281,272 in 1994 to 7,394,029 in 2004. Diversification of employment (employees) can be varied from typical employees or regular employees who're employed for an indefinite period to atypical or non-regular employees who're employed for a fixed period such as part-time employees⁶, fixed-term employees or contract employees, agency dispatched employees, on-call employees, freelance employees and telework employees. But their terms of employment, most probably are inferior to those of regular or typical employees. Figure 2 illustrates the diversification of atypical labor market in Sri Lanka.

Atypical employment can be varied according to both supply and demand factors. One supply side factor is the shift of attitudes from regular or typical employees' framework to atypical job categories. This has shown changing worker attitudes from the fixed income security to preference for greater freedom with regard to working hours. It also reflects a growing demand for these types of employees due to changes in the job structure and the rapid growth of services sector, especially in the IT business field.

Another supply-side factor is that many of the female employees are joining the labor force considering additional household income⁷. The number of female workers in employed population

⁵ Lee & Stephen (2004) found that like other Korean employees, Motor K has been hiring contract workers rather than regular employees to undertake mainly semi-skilled work.

⁶ Ogura (2000) explained four main definitions of part-time workers: "workers with weekly working hours of less than 35 hours", "workers with weekly working hours of less than 30 hours", "workers who report themselves as such" and "workers whose working hours are less than regular workers". In this study identified the part-time workers who have been described as themselves as such workers.

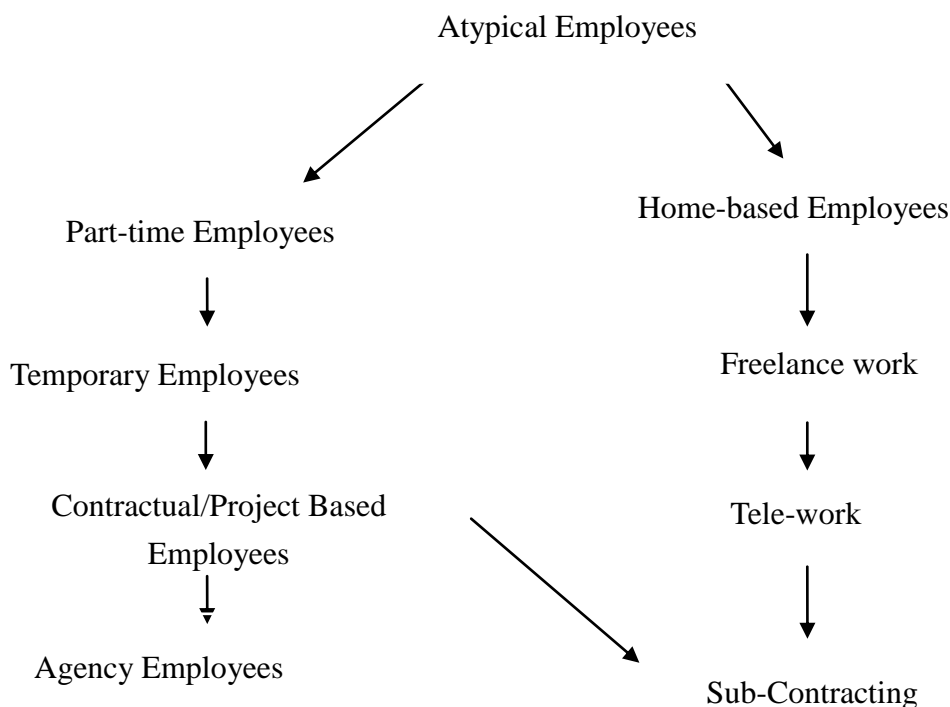
⁷ Kalleberg (2000) noted that women share of part-time employment in the United States (about 65%), in Germany and France (about 90%) and in the United Kingdom and Japan (about 80%).

was 1,599,695 in 1994 and this increased to 2,344,604 in 2004. Annual Report of Sri Lankan Labour Force Survey in 2004, reveals that the female percentage of employees who are engaged in the public sector activities are higher than the male employees and nearly 20 percent of employed females are unpaid family workers. However, by employing female employees as part-time workers companies can freely adjust the number of part-time workers on their payroll by not renewing contracts when they expire.

A third factor is many of the married women in the middle and older age groups are joining the labor force in increasing numbers whilst sustaining housework and employment. Most of these female employees are hired by small and medium manufacturing companies in their own areas of living.

The main demand-side factor is the expansion of the industrial and services sectors since 1977. In 1990, percentage distribution of employed population in services sector was 33.8 percent, but it has been increased to 42.4 percent in 2004. A total of 657,038 persons or 66 percent of urban sector employment in 2004 are in the services sector; the percentage share of females employed in the services sector (64.8%) is higher than agricultural (4.9%) and industrial (30.3%) sectors.

Figure 2: Atypical Labor Market Structure in Sri Lanka



Source: Ogura (2005)

Another demand-side factor shows that by hiring atypical employees organizations can reduce their labor costs. This is possible as most of the atypical employees' wages are lower than that of the typical employees and further the former category of employees are not necessarily covered by social welfare facilities for which typical employees are entitled.

Human Resource Management (HRM) and Job Restructuring

Strategic HRM theory argues that organizations should distinguish between different types of employees according to their value and availability (Koene & Riemsdijk, 2005). Employers prefer to hire atypical employees to reduce labor costs, tailoring labor supply to market demand, and with variant flexibility motives (Buyong-Hoon & Frenkel, 2004). Recent evidence suggests that some internal and external factors push Sri Lankan business organizations to use atypical employees. By using ELFS research data, the following section of this article explains tendency of the atypical employment pattern in Sri Lankan organizations.

Atypical workers: The survey covers 51,214 employees in 2005 and 59,417 employees in 2006 under seven occupational categories. It is revealed that there has been a dramatic increase in the number of atypical workers from 52.52% in 2005 to 59.47% in 2006 and approximately 25% of such employees are females in all occupational categories. However, according to research findings, the share of male atypical workers increased from 28.35% in 2005 to 35.06% in 2006. The following Table 3 provides the distribution of atypical employment patterns in 2005 and 2006 by occupational categories and gender.

Table 3: Atypical Workforce Percentage by Occupation in 2005 and 2006

Occupational Category	2005 (Percentage)			2006 (Percentage)		
	Male	Female	Total	Male	Female	Total
Surveyed Number of Workforce	23,919	27,295	51,214	28,142	31,275	59,417
Managerial, Executive, Administrative	0.5	0.1	0.6	2.89	0.08	2.97
Professional, Technical	3.72	0.06	3.78	2.77	0.12	2.89
Clerical	0.65	0.6	1.25	0.42	0.46	0.88
Sales, Services	5.43	5.16	10.59	7.18	4.77	11.95
Supervisors, Foremen	1.64	0.27	1.91	1.2	0.46	1.66
Skilled Operatives	4.71	4.29	9.03	8.51	4.98	13.49
Unskilled Operatives	11.63	13.69	25.36	12.09	13.54	25.63
TOTAL	28.28	24.2	52.52	35.06	24.41	59.47

Source: Survey Data

Atypical employees' labor force participation percentage by occupational category is given in Table 3 above. It is evident that there is a huge atypical employment participation in unskilled operative category and majority of the workers are female. It is also important to note that skilled operatives, managerial, executive and administrative categories have reported higher participation rate of the atypical employment in 2006 than in 2005. This trend indicates a growing demand for these types of workers due to changes in the industrial structure and impact of new technologies.

The percentage of clerical employees, by contrast, has decreased over the same period from 1.25 to 0.88. This may be due to the introduction of computer-based /IT services-based occupations in public and private sectors, particularly in clerical work. And also, the number of atypical employees has decreased in professional and technical category and marginally in supervisors and foremen category.

Atypical Female Workers: The survey data show that there has been a marginal increase in the number of atypical female workers from 2005 to 2006. However, approximate percentage of the female employees' participation as the atypical workers⁸ reduced from 50 to 44 percent from 2005 to 2006, respectively. Total atypical workforce in 2005 was 6,116 employees and 3,087 of which were female. In 2006, the total workforce capacity of the atypical employees was 8,530 employees and 3,651 of which were female. The following Table 4 shows the percentage distribution of surveyed companies answer for the question; "In the past two years, has the establishment employed at any time any part-time workers?"

Table 4: Frequency of employment of any part-time employee

	Frequency	Valid Percentage
Yes	34	5.7
No	566	94.3
Total	600	100.0

Source: Survey Data

There has been low part-time employee participation among surveyed manufacturing companies. This is due primarily to a large participation of the typical employees working in this sector. However, management of these surveyed companies explained the following main three reasons to hire part-time employees (see Table 5).

⁸ Including part-time, temporary, contractual and agency hired employees

Three main demand side factors illustrating the use of part-time employees are the labor shortage, fluctuating demand and lower supervision cost. The main supply side factor is workers' attitudinal preference on such work. In this sense, manufacturing companies use part-time employees during labor shortage period, or other specific periods of time when customer demand is increasing and labor costs can be held down by reducing cost of supervision.

Table 5: What have been the main three reasons for employing part-time labor

	Frequency	Percentage	Valid Percentage
Labor Shortage	9	1.5	26.5
Fluctuating Demand	7	1.2	20.6
Workers prefer such work	5	0.8	14.7
Lower supervision cost	4	0.7	11.8
Specialized skills	3	0.5	8.8
Higher work quality	2	0.3	5.9

Source: Survey Data

Employees under part-time contracts maintain higher participation rate in managerial, executive, administrative category and secondly in skilled operative category. This trend indicates a shortage of labor in professional and technical areas. Table 6 shows that part-time employee participation according to occupational category and gender.

Temporary/casual employees: The surveyed manufacturing companies used 3,798 and 4,698 temporary/casual employees in 2005 and 2006, respectively. According to the survey, the main occupational categories of the temporary/casual employee participation are unskilled operative category, skilled operatives and sales and service categories. The survey asked 'what are the main three reasons for employing temporary/casual employees'? (see Table 7 below).

The main reason to hire temporary/casual employees is the shortage of the labor. The three main occupational categories of temporary/casual staff in industry activities are unskilled operatives, sales and services and skilled operatives (see Table 8). According to the survey in 2005, there were 3,798 temporary/casual workers out of the total workforce figure of 51,214 persons. In 2006, there were 4,698 temporary/casual workers out of 59,417 surveyed employees. The percentage of workers in temporary/casual category in 2005 and 2006 was approximately 8% of the total surveyed workforce.

Table 6: Part-time employee participation rate of occupational category on gender base

Occupational Category	Part-time Employees (Percentage) in 2005			Part-time Employees (Percentage) in 2006		
	Male	Female	Total Number of part-time employees	Male	Female	Total Number of part-time employees
Number of part-time employees	208	172	380	262	131	393
Managerial, Executive, Administrative	0.00	0.58	01	15.27	0.00	40
Professional, Technical	3.37	0.00	07	1.53	0.00	04
Clerical	1.44	0.00	03	0.76	0.00	02
Sales, Services	5.77	0.00	12	4.58	0.00	12
Supervisors, Foremen	0.96	0.00	02	0.76	0.00	02
Skilled Operatives	78.36	83.72	307	67.94	86.26	291
Unskilled Operatives	10.10	15.70	48	9.16	13.74	42
TOTAL	100	100		100	100	

Source: Survey Data

Table 7: What have been the main three reasons for employing temporary/casual employees?

	Frequency	Valid Percentage
Labor Shortage	167	50.3
Workers prefer such work	48	14.5
Fluctuating Demand	47	14.2
Market uncertainty	17	5.1
Lower of fewer benefits	13	3.9
Lower wage cost	11	3.3

Source: Survey Data

Comparing with 2005, the percentage of male and female employees' participation in temporary/casual employment in skilled operatives and sales and service job categories has increased in 2006. However, in comparison with developed market economies, students' participation in part-time or short-term jobs may take very little value in Sri Lanka. There exists high possibility to increase in near future 'arbeit' or part-time work or temporary work among school students for earning money that they need for entertaining activities and pocket money rather than for education or living expenses.

Table 8: Temporary/casual employment according to occupational category and gender

Occupational Category	Temporary/Casual Employees in 2005			Temporary/Casual Employees in 2006		
	Male %	Female %	Total Number of Temporary employees	Male %	Female %	Total Number of Temporary employees
Number of part-time employees	1759	2039	3798	1972	2235	4207
Managerial, Executive, Administrative	0.23	0.00	4	0.41	0.10	10
Professional, Technical	2.28	0.05	41	0.35	0.04	08
Clerical	0.40	0.48	17	0.25	0.40	14
Sales, Services	9.62	9.42	363	13.59	8.90	467
Supervisors, Foremen	0.40	0.20	11	0.56	0.36	19
Skilled Operatives	28.73	33.65	1194	31.34	34.72	1394
Unskilled Operatives	58.34	56.20	2174	53.50	55.48	2295
TOTAL	100	100		100	100	

Source: Survey Data

Contractual/Project-based Employees: This survey focused on, among others, contractual/project-based employees in the category of atypical employees. Most of the contractual/project-based employees have reached the age limit (55 to 65) under typical employment, but because of their skills, ability and experiences they are reemployed on a non-regular basis by the same employer or by another employer. The survey asked the respondents ‘in the past two years, has the establishment directly employed at any time any contractual workers for at least one month?’. Out of 600 companies responded, 234 (20.5%) replied “Yes” and 79.5% concluded with “No”. The main three reasons for hiring contractual/project-based employees are shown in the following Table 9.

Comparing with male workers’ participation rate in the contractual/project-based employment, participation by female employees has taken low value but highly employed in skilled operatives job category by figure more than 75% (see Table 10). There has been a significant increase in the contractual/project-based workers in 2006 than in 2005, especially in skilled and unskilled job categories. This trend indicates changing attitudes of employers, changes in the industrial structure and the impact of new technologies. As mentioned earlier, the employer, by hiring contractual/project-based employees, is expecting cost-benefit advantage as well as organizational goal achievement through their experiences and skills. Table 10 presents contractual/project-based

employment situation among surveyed 600 companies on occupational categories according to gender.

Table 9: What have been the main three reasons for employing contract/project-based labor?

	Frequency	Valid Percentage
Labor Shortage	29	23.6
Lower supervision cost	16	13
Higher productivity	15	12.2
Workers prefer such work	14	11.4
Fluctuating Demand	13	10.6
Market uncertainty	9	7.3
Specialized skills	7	5.7
Lower of fewer benefits	7	5.7

Source: Survey Data

Agency Hired Employees; In this survey, agency hired employees are included in the category of atypical employees. Dispatching part-time employees by subcontractors and manpower agencies is a very recent development in labor market in Sri Lanka. According to survey, a substantial percentage of this category works in skilled and unskilled operatives occupational categories.

Table 10: Contractual/Project-based employment percentage according to occupational category and gender

Occupational Category	Contractual/Project-based Employees in 2005			Contractual/Project-based Employees in 2006		
	Male %	Female %	Total Number of Temporary Employees	Male %	Female %	Total Number of Temporary Employees
Total surveyed part-time employees			1199			3224
Managerial, Executive, Administrative	0.81	0.26	8	0.93	0.00	23
Professional, Technical	2.08	0.00	18	1.26	0.00	31
Clerical	0.35	0.54	5	0.12	0.26	05
Sales, Services	1.74	0.00	15	0.69	0.00	17
Supervisors, Foremen	1.50	0.00	13	0.20	0.00	05
Skilled Operatives	52.72	52.20	654	77.96	75.56	2495
Unskilled Operatives	40.80	47.00	533	18.84	24.18	648
TOTAL	100	100		100	100	

Source: Survey Data

From 600 surveyed companies only 24 or 4.0% replied “Yes” and the rest said “No” for the survey question ‘in the past two years, has the establishment employed at any time any agency-hired workers?’ The main reasons for hiring agency dispatched employees are shown in the Table 11 below.

Table 11: What have been the main three reasons for employing agency dispatch labor?

	Frequency	Valid Percentage
Labor Shortage	9	37.5
Higher work quality	3	12.5
Lower supervision cost	3	12.5
Lower training cost	2	8.3
Specialized skills	2	8.3
Market uncertainty	2	8.3
Fluctuating demand	2	8.3
Lower of fewer benefits	1	4.2

Source: Survey Data

According to the survey, agency dispatched workers are highly relied upon owing to immediate labor shortage needs of skilled and unskilled operatives. These labor agencies were a new type of manpower suppliers and thus we can expect legal and personnel problems in near future. The percentage of agency hired employees is shown in Table 12 by occupational categories and gender for 2005 and 2006.

Table 12: Agency dispatched employees according to occupational category and gender

Occupational Category	Agency Dispatched Employees in 2005			Agency Dispatched Employees in 2006		
	Male %	Female %	Total Number of Temporary employees	Male %	Female %	Total Number of Temporary employees
Number of part-time employees	245	495	740	182	524	706
Managerial, Executive, Admin.	0.00	0.00	0	1.10	0.00	02
Professional, Technical	0.00	0.00	0	1.10	0.19	03
Clerical	0.00	0.00	0	0.00	0.00	00
Sales, Services	2.45	0.40	8	1.10	0.00	02
Supervisors, Foremen	3.27	0.20	9	4.40	0.38	10
Skilled Operatives	87.75	37.58	401	80.22	40.08	356
Unskilled Operatives	6.53	61.82	322	12.08	59.35	333
TOTAL	100	100		100	100	

Source: Survey Data

Sri Lankan companies are under pressure today to reduce costs and expenditure by job restructuring. How do Sri Lankan companies cope with the labor problems posed by job restructuring? If Sri Lankan manufacturers are forced to cut back their typical employees and increase atypical hiring systems to reduce their costs, then how to provide the placement for redundant workers in new jobs remains questionable.

As found in the LFS survey, Sri Lankan manufacturers highly focus on atypical workers in skilled and unskilled occupational categories rather than other categories like managerial, executive and administrative, professional and technical, clerical, sales and services, and supervisory and foremen. This can be attributed to the nature of the surveyed manufactures and majority of the workers are coming under the skilled and unskilled job categories so that labor cost can be reduced by employing atypical workers in these categories.

Key issues that need to be addressed in case of atypical workers include their lower wages and poor working conditions i.e., fewer facilities and not being covered by welfare programs provided for typical employees. Usually, all atypical employees are not entitled to enjoy retirement benefits when their employment is terminated. Further, many companies not provide legal framework and clear working conditions for the atypical employees.

Conclusion

The demand for labor began to increase as the economy introduced liberalized policies since late 1970s. This was reflected in a gradual increase in the employment rate, especially in the small and medium enterprises. As discussed in this article, there has been a significant increase in atypical employees over past few years in Sri Lankan manufacturing industry. This trend indicates employees' attitudinal changes, such as work-family balance and greater freedom with regard to working hours. It also reflects that demand side too needs these types of employees due to labor shortage, lower supervision cost and high productivity. The approach of job security today is getting diminishing values caused by organization structure, employees' perception of the job and employer requirements for more flexible ways for working.

However, the following issues are needed to be addressed adequately in this area. First, atypical employees' working conditions and benefits are considerably lower than those of typical workers. Therefore, Ministry of Labour Relations & Manpower and other institutions are required to establish set of guidelines for atypical employees. Moreover, it is better to introduce social insurance systems for the atypical workers. And also it is needed to develop new legislation to protect atypical employees' working conditions. Second, employer can exploit atypical employees by failing to provide the working conditions promised in the contract and by renegeing the promised

working conditions. Therefore, need arises to introduce clearer regulations to protect them. Third, atypical labor demand growth has been greater for the female employees. This can eventually give birth to the problem of balancing housework and employment.

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