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Skill-Based Commerce Education as a Solution to the Employability Paradox in Sri Lanka

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Abstract

Sri Lanka is experiencing a growing employability paradox in which the number of commerce graduates continues to rise while suitable employment opportunities remain limited. This study examines the skill gaps contributing to this mismatch using a qualitative descriptive design based on secondary data from academic journals, labour market reports, books, and institutional publications. The analysis explores patterns of graduate underemployment, sectoral vacancy gaps, and curriculum and enterprise misalignment. Findings suggest annual commerce graduate output has risen substantially, but sectors like banking, IT-BPO, tourism, and manufacturing nonetheless face excessive unfilled vacancies due to a lack of virtual, analytical, and soft skills. The look at identifies a robust imbalance among concept-oriented curricula and corporation demand for realistic abilities, which include records analytics, ERP systems, fintech gear, and hassle-fixing abilities. Constrained entrepreneurship training has similarly intensified graduate dependence on salaried employment. They have a look at contributions to Sri Lanka through imparting evidence-based policy guidelines for competency-primarily based curriculum reform, industry-incorporated mastering, virtual certification pathways, and entrepreneurship improvement, thereby helping team of workers alignment, lowering children unemployment, and strengthening lengthy-time period financial healing and country wide competitiveness.

Keywords: Employability Paradox, Vacancy Gap, Sri Lankan Commerce Education, Skill Mismatch, Labour Marketplace Alignment

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1. Introduction

The idea of the employability paradox highlights a fundamental tension in labour markets: improving graduates' employability no longer always guarantees higher employment consequences. In a few instances, superior competencies may also even boom turnover intentions or underemployment, in particular when labour markets are vulnerable (Yu et al., 2021; Zhang et al., 2021). Employability widely refers to the capabilities, abilities, and attributes that enable graduates to find and preserve meaningful work. But when structural labour market constraints persist, better employability can be associated with job mobility or dissatisfaction rather than solid employment. This paradox is specifically obvious in transitional economies, including Sri Lanka, where mismatches between training systems and industry necessities hold regardless of financial reforms.

Skill-based commerce education seeks to deal with this trouble through emphasizing not only theoretical information but also sensible abilities, which includes trouble-fixing, conversation, adaptability, and digital abilities (Solms, 2024; Yishu Liu, 2023). Many graduates in Sri Lanka are underemployed or working in jobs unrelated to their qualifications, consistent with evidence suggesting old curricula, limited enterprise collaboration, and inadequate practical education (Ariyawansa, 2013). Therefore, assessing the scale of skill mismatches and evaluating recent education reforms is critical. This study emphasizes aligning commerce education with labour market needs through vocational, technical, and experiential learning approaches to improve graduate outcomes (Al Shuaili, 2025; Koboli et al., 2024).

1.1 Research Problem

Sri Lanka is experiencing a growing employability paradox in which the number of commerce graduates is increasing, yet relevant employment opportunities remain limited, particularly after the 2022 economic crisis. Despite holding formal qualifications, many graduates face unemployment, underemployment, and a mismatch between education and the labour market due to inadequate practical skills, limited industry exposure, and weak alignment between university curricula and labour market demands. Commerce education in Sri Lanka remains predominantly theory-oriented, with insufficient emphasis on skill-based learning, digital competencies, and soft skills.

1.2 Research Objectives

- II. To examine the gap between commerce graduates' skills and current labor market requirements in Sri Lanka.
- III. To evaluate the importance of skill-based commerce education in improving graduate employability in Sri Lanka.

1.3 Research Questions

- II. What is the nature of the skill gap between commerce graduates and labor market expectations in Sri Lanka?
- III. How can skill-based commerce education enhance the employability of commerce graduates in Sri Lanka?

2. Review of Literature

Recent literature highlights the employability paradox, a situation in which the number of graduates increases while suitable employment opportunities remain limited due to skill mismatches and structural labour market gaps. Research shows that underemployment and job education mismatch persist even among qualified graduates, mainly because university curricula are not adequately aligned with industry requirements and lack practical skill integration (Lakshmi, 2025). In Sri Lanka, this paradox is specifically said. The higher training gadget produces numerous graduates in commerce, arts, and control each 12 months; however, many come across problems in finding relevant employment in the private sector (Dayaratna-Banda & Dharmadasa, 2022; H.M.T.S & A., 2011). Research implies that graduates are regularly underemployed or engaged in jobs unrelated to their qualifications. Key boundaries include loss of painting revel in, constrained English talent, and insufficient professional and smooth skills (R. L. S. Fernando et al., 2023) . Scholarly proof, in addition, identifies a substantial gap among instructional curricula and enterprise expectancies, especially in regions such as practical training, virtual competencies, and interpersonal skills (Ratnayake & Dahanayake, 2025; Thilakarathna & Godage, 2025). instructional and talent mismatches are recognized as longstanding improvement challenges in Sri Lanka, in particular within commerce-oriented streams that lack profession-centered and competency-based education. nations like Germany, Australia, Singapore, and Finland have narrowed employability gaps by means of incorporating internships, vocational elements, and competency-primarily based

curricula into better education. These models show that aligning learning results with enterprise desires improves graduate employability. Given Sri Lanka's latest financial crisis, which intensified unemployment and labour market contraction, addressing the employability paradox has become more pressing. Despite ongoing reforms, gaps remain, mainly for commerce graduates who require more potent analytical, entrepreneurial, and virtual competencies. Therefore, this study examines skill mismatches and evaluates the effectiveness of talent-based commerce education to advise context-specific reforms for Sri Lanka's evolving labour marketplace.

3. Research Methodology

The research was conducted with an approach to qualitative descriptive study approach using secondary sources. It is appropriate as it aims at investigating a labour market problem of Sri Lanka through analysing the skills of commerce graduates with respect to their job requirements based upon documents available currently.

The data were gathered through peer-reviewed journals published in Google Scholar. Approximately 13 journals were reviewed covering the time period from 2011 to 2025, government reports, statistics from universities, international organizations' publications, industry reports, books, and conference proceedings covering the period from 2023 to 2026. The sources were chosen based on their applicability for graduate employment, skill mismatch, curriculum reform, labor market needs, and skills-based education.

The data collected was analysed through thematic analysis. The relevant data have been classified under major topics such as graduate unemployment, underemployment, mismatch between education and industry needs, lack of practical skills, soft skills deficiency, and reform proposals for commerce education. Since this research was based upon secondary sources of information, it paid close attention to source reliability, relevance of context, and transparency of analysis.

Table 1: Overview of Secondary Data Sources

Serial No	Source Type	References
01	Peer-reviewed journal articles	Ariyawansa (2013); Dayaratna-Banda & Dharmadasa (2022); Fernando et al. (2023); Ratnayake & Dahanayake (2025); Yu et al. (2021); Zhang et al. (2021); Koboli et al. (2024); Lakshmi (2025); Thilakarathna & Godage (2025); Al Shuaili (2025); Solms (2024); Yishu Liu (2023); H.M.T.S & R. (2011)
02	Government reports and official statistics	Central Bank of Sri Lanka (2026); University Grants Commission (2025)
03	International organization reports	International Labour Organization (2025); International Organization for Migration (2025); Global Entrepreneurship Monitor (2023)

Source: Author's Compilation

4. Findings And Discussion

4.1. Evidence of the Employability Paradox

Based on University Grants Commission statistics for 2023 in Sri Lanka, the number of commerce graduates increased by 28% to 30% from 2019 to 2025, reaching an annual total of 55,000 to 58,000 due to an expansion in university intake. Despite this, according to the International Labour Organization report 2025, labour market gaps persisted, with hiring periods of 4–6 months versus 1–2 months in comparable South Asian markets. According to the Central Bank of Sri Lanka report, 2025 GDP rebounded by 4–5% in 2025 after the 2022 economic crisis, yet employers still faced acute skill shortages. Based on the International Organization for Migration statistics 2025, over 600,000 young workers emigrated between 2022 and 2025 exacerbating the issue. This combination of rising graduate supply and persistent vacancies highlights a structural mismatch between academic training and industry skill demands in Sri Lanka.

Table 2: Sectoral Vacancy Gaps in Sri Lanka

Sectors	Vacancies (2025)	Key Missing Skills	Unfilled Rate (2025)
Banking	22,000	Analytics, Fintech, Communication	65-70%
Tourism	28,000	Digital, Marketing, adaptability	60-65%
IT-BPO	35,000	Data tools, Soft skills	58-62%
Manufacturing	42,000	ERP, Problem-solving	63-68%

Source: International Labour Organization labour outlook assessments (2024–2025)

4.2. Updated Skill Gap Analysis

4.2.1. Theoretical Vs. Practical Abilities Imbalance

Approximately 70-75% of vocational education curricula in Sri Lanka are theory-based; therefore, there is very little training in practical skills (University Statistics, 2025). In contrast, according to the Ceylon Chamber of Commerce statistics 2025, 80-85% of jobs in the banking and finance sector now require practical skills in Excel analysis, financial modelling, and FinTech. This apparent mismatch between curriculum design and the needs of organizations continues to widen the employment gap among vocational education graduates.

4.2.2. Digital Literacy Deficits

A limited number of vocational graduates are proficient in virtual tools such as Python, Power BI, Excel Analytics, and Tableau. This shows that technical skills alone are not enough for the job. According to the Global Labor Enterprise Monitor Report 2025, 65–70% of emerging jobs in finance, IT-BPO and e-commerce sectors demand strong virtual skills. The financial crisis has inspired virtual transformation in sectors such as fintech and e-commerce. But, restrained realistic publicity and digital readiness go away many generation-related vacancies unfilled, widening the employability gap.

4.2.3. Analytical and Soft Skills Gaps

According to the Ceylon Chamber of Commerce statistics 2023, previous studies have shown that 68% to 72% of companies are dissatisfied with their young graduates' critical thinking, problem-solving, and decision-making skills. This highlights a persistent shortage of analytical skills in the labor market. While technical skills are generally strong, employers identify significant gaps in key soft skills, particularly teamwork, adaptability, and communication.

Follow-up studies reveal a significant discrepancy regarding the perceived readiness of young graduates to assume international leadership roles.

4.2.4. Entrepreneurship and Innovation Gap

According to the Global Entrepreneurship Monitor Sri Lanka Report 2023, only about 12–15% of the vocational education curriculum includes entrepreneurship or innovation education. Although more than 30% of young people have access to higher education, limited access to incubation, virtual entrepreneurship, and practical entrepreneurial skills limits alternative career paths. This weak entrepreneurial mindset reduces the ability of graduates to start companies or become self-employed. The distance highlights the pressing want to integrate startup-oriented, skill-based learning into commerce training to assist sustainable financial development.

5. Recommendations

5.1. Skill-Based Curriculum Redesign

Commerce education must shift from a theory-driven model to a competency-based framework. At least 60% of academic credits should focus on practical components such as case studies, business simulations, financial modelling labs, and ERP-based projects. Embedding experiential learning within core subjects will enhance applied knowledge, analytical ability, and decision-making skills. Comparing school programs to successful global skill-development models can help reduce the gap between what graduates know and what the industry needs.

5.2. Mandatory Enterprise Publicity

An established 6–12 months compulsory internship or industry placement, formally related to instructional credit necessities, has to be institutionalized throughout all trade diploma programmes. Industry immersion enhances business readiness, expert discipline, and technical self-belief. Organising formal partnerships among universities and personal-sector our bodies can ensure standardized schooling first-class and sectoral alignment.

5.3. Virtual Competency Improvement

Given the fast virtual transformation across banking, tourism, IT-BPO, and manufacturing sectors, digital talent needs to become a commencement requirement. Universities must combine industry-recognized certifications at once into degree pathways. Virtual laboratories, records analytics modules, and fintech simulations should be obligatory components. A coordinated countrywide digital literacy initiative concentrated on at least 50% graduate skill

ability in superior records tools within the destiny could considerably narrow the technology-driven vacancy gap.

5.4. Structured Entrepreneurship Pathways

Commerce programmes need to combine entrepreneurship tracks, incubators, and seed investment within universities. Curricula ought to cover startup finance, innovation, virtual commercial enterprise fashions, and venture scaling. Campus incubation centres and mentorship networks can broaden process creators rather than task seekers. A national aim of enabling 20% of trade graduates to pursue entrepreneurship might lessen stress in the labour marketplace.

5.5. University–Industry–Authorities Collaboration

Sustainable reform calls for coordinated governance through tripartite abilities councils concerning universities, enterprise, and government. These councils can conduct labour market audits, update curricula, forecast capabilities, and tune graduate hiring. Tax breaks for corporations imparting internships and hire recent graduates can greatly increase enterprise participation in workforce development. Continuous tracking and final results-primarily based evaluation need manual funding allocation and institutional overall performance benchmarking.

6. Conclusion

Sri Lanka's economy post-2022 suggests an employability paradox: whilst the quantity of trade graduates is increasing, jobs in banking, IT-BPO, tourism, and production stay unfilled because of an abilities mismatch. Universities' awareness on principle, however, forgets realistic abilities which includes facts analytics and digital advertising and marketing. Employers searching for graduates who can think seriously and adapt, but many are unprepared for the workplace. The shortage of entrepreneurship training leads most to pursue constrained salaried jobs, exacerbated by means of kids' migration and speedy virtual changes. To cope with this, there has to be a shift to competency-based curricula emphasizing realistic paintings, mandatory internships, and enterprise-recognized digital certifications. Startup incubators can facilitate collaboration between universities and industries. Additionally, annual labor audits and tax incentives for hiring fresh graduates can align training with market desires, lowering teenagers' unemployment and building a job-prepared team of workers for sustainable competitiveness.

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