

EDUCATION AND EMPLOYMENT LINKAGES: FROM A THEORETICAL INSIGHT TO A PRAGMATIC PORTRAIT OF MIZORAM.

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Abstract

Unemployment, in general, is a global problem. Educated unemployment, again, is a sub category of it. Economists from the Classical to the modern-day ones have had a long tradition of intellectual, logical and empirical exercises on this issue of employment-education linkages. The end result, though somewhat vogue, is generally skewed towards a positive relation between education and employment. With the closer and more in-depth studies, it has also become imperative to supplement the relationship with institutional and technological factors in a given socio-political set-up.

Keywords: *Education; unemployment; labour market; human capital; segmentation*

INTRODUCTION:

Unemployment in the developing countries is one of the burning socio-economic problems today. In fact, unemployment is very much there in the developed countries too; but the nature, extent and causes are different. In the developing economies like India, unemployment is due to slow growth of industrialisation, adoption of capital intensive technologies in the production sector and fast growth of population and hence labour force, among others.

It is seen that the blame for unemployment is often put on educational system. But the empirical reality is that, both educational and general unemployment are on an increase. To speak of the educational unemployment, it is becoming acute with the increasing recognition and provision of compulsory elementary education, which is necessary for a job in the modern sector. However, being educated is not again a guarantee to be employed. Scope for specialized education, especially at the tertiary level is not widespread in these countries.

Nonetheless, unemployment is only a logical outcome of the irrationality of the economic policies that guide production and distribution in the developing countries. The feasible solution lies in a structural transformation of the production and distribution systems in these economies.

The present paper focuses on a twin objective of assessing the theoretical development in the field of labour market and the pragmatic portrayal of the same with the help of empirical evidences in the context of Mizoram.

THEORETICAL LINKAGE BETWEEN EDUCATION AND EMPLOYMENT:

Right from the Classicists down to the present-day economists the issue of labour market as a relationship between education and employment has been a matter of serious debate. The trend of this theoretical linkage is presented under the following two heads:

I) **Conventional Analysis:**

The classical economists, with their assumption of homogeneity in labour inputs, postulated that wage rates are the equilibrating mechanisms between the demand for and supply of labour. The economy, under normal situations, shall always be at full employment. In case of occasional unemployment, it is wage-price flexibility which, by acting on the forces of demand and supply, will bring the economy back to the level of full employment. So, in a perfectly competitive market, unemployment is rather a temporary phenomenon and subject to automatic rectification in the long run. Thus, to the classical economists, unemployment was not the primary centre of focus.

The neo-classical economists did not wholly subscribe to the classical explanation of labour market. Many did not accept the assumption of homogeneity of labour inputs. Reducing from the assumption of a linear model of economic development and marginal productivity theory of distribution, the neo-classical economists also were of the view that the main function of the labour market was to allocate and adjust labour skills and labour demand, so as to ensure equilibrium prices for labour services.

Many economists of the neo-classical tradition incorporated the dualistic characteristics of the labour market in their analysis. Bocke (1953) analysed the dualism in terms of social and cultural factors, while Higgins (1959) explained it in terms of technological factors. However, the human capital model happens to be the most popularly acclaimed one in the tradition of neo-classical analysis of educational aspects of employment.

The economists developing and supporting human capital theory do not assume the notion of homogeneity of labour units. Rather, they consider that individuals differ in terms of the type and levels of skills. Thus, non-homogenous labour units form the basis of their analysis. Their major contribution lies in providing reasonable analysis for the wage differentials resulting from the different skills. And different skills are directly related to the different levels of education. Furthermore, the levels of education attained are the direct outcomes of the amount of investment in education. Based on the marginal productivity theory of distribution, they rationalised higher monetary rewards to the educated than to the less or uneducated. Schultz (1961), Becker (1964) and Mincer (1974) argued almost alike that, education develops cognitive skills which, in turn, develops the efficiency and thereby the productivity of individuals, i.e., better educated individuals contribute more to the national income.

Again, there is a shift of emphasis from skill-augmenting to skill-identifying role of education from within the neo-classical tradition. Filtering (Arrow, 1973) and Signalling (Spence, 1973) attribute altogether different role to education. According to them, education does not increase or develop skills; but talents and skills are inherent in individuals and those who are more talented get higher levels of education at the same or even at less costs, than those who are less talented. Degree or diploma serve as a proxy or signal for potential ability. The employers, thus, use education for the selection of more talented and productive individuals for job.

In spite of the difference on the role of education between the human capital and screening models, both the postulations agree that, the higher educated persons are more productive. The most significant contribution of the screening hypothesis is its accommodation of multiple equilibrium wage levels within the neo-classical framework.

In the context of unemployment being the general phenomenon and prevalence of market imperfections in the developing countries, some other variants of neo-classical models have developed. The Bumping model

considers existence of unemployment as one of the important reasons for distortions in the education-employment relationship (Fields, 1974). The Job-ladder model (Bhagwati and Srinivasan, 1977), on the other hand, considers that existence of job-ladders together with the supply factors is responsible for distortions in the labour market. According to these models, during periods of excess supply in the labour market, employers follow a procedure of preferential hiring practice based on educational qualifications. People with higher educational qualifications will get jobs first. This will result in bumping out the less educated, and eventually, those who are on the lowest rung of the ladder of education and jobs will be bumped out of the employment market.

In contrast to the bumping model, another important break-through is the job-competition model (Thurow, 1972, 1974 and 1975). Supply factors, according to this model, do not play a significant role in the labour market. Rather, the employers look for the 'trainability' of the prospective employees. Therefore, those who can be trained easily and at a lower cost will be hired first. And in the complex market situation, the employers do not have any reliable mechanism but education, which is used as one of the background characteristics and a proxy variable for hiring prospective employees. Thus, education is important for job-entry, but actual wages will be determined on the basis of productivity acquired through skills developed on-the-job training. Therefore, competition is more for jobs than for wages. Since wages are determined according to work, the technological and sociological factors are very important in shaping the jobs and determining the wages.

II) Phenomenal Analysis:

As against the neo-classical tradition, the segmentation theory shifts the emphasis from individual and his status to society and its organizational structures. At the economic sphere the theory reflects a transformation from competitive to monopoly capitalism. As to the relation of productions, the theory exposes the reaction of the employers against the gradual homogenization of the labour force.

According to the segmentation theory labour market is divided into primary and secondary segments. Jobs in the primary sector are characterized by employment stability, job ladders, on-the-job training and higher wages. Educational qualifications are essential for entry into this sector. Internal labour market and promotion possibilities are common features of this sector. Secondary labour market, on the contrary, is characterized by low skill, low wages and poor working conditions. Absence of internal labour markets and very low chances of promotion are the features of this class. There are some versions of the segmentation theory which further divide the primary segment into upper and lower tiers. The former category requires decision making abilities, while only routine activities are involved in the later.

There are many variants of the theory depending on the factors which contribute to the segmentation of the labour market. Technology, according to Piore (1975), is one such factor, the progress of which shapes the nature of jobs and changes the educational requirements for the same.

Productivity is imbedded in social factors or more specifically in social reforms (Reich, et al, 1973). According to them, segmentation is the result of the deliberate policy of the employers or capitalists to fight against the collective strength and bargaining power of the trade unions. The employers then control the employees through the creation of internal labour markets and promotion possibilities. With the passage of time, employers devise new methods, where the use of educational qualifications for job entry is among the prominent ones.

Yet another version of the segmentation model is "based on contradiction, correspondence and the centrality of the work process and assigns theoretical primarily to the basic contradiction in social structures" (Carnoy, 1980). There are four main segments according to this hypothesis. First, there is a monopoly sector

which is characterized by internal hierarchies, strong trade unions and job security. Educational qualifications for job entry and high wages are the important features of this sector. Second, there is a competitive sector, where job competition takes place on an individual basis. It attracts people from middle and upper class socio-economic background. Third is a competitive segment characterized by low wages, less stable employment and poor working conditions. And fourth segment is the one where only traditional manual skill is required.

To sum up the theoretical explanations on labour market, it is seen that the classical and neo-classical theories exhibit a shift of emphasis from homogeneity to heterogeneity of labour units, then from single equilibrium to multiple equilibrium wage rates and finally from pure economic to sociological and technological factors influencing the relationship between education and employment. Again, contrary to the neo-classical thrust of focus on individual and his status the phenomenal or radical analysis points to the groups or classes and their relations to production. Thus, a shift from the neo-classical to the radical explanations calls for explaining the relationship between education and employment in its broader socio-political context much away from a mere framework of hypothetical economic paradigm.

EDUCATED UNEMPLOYMENT AND NATURE OF LABOUR MARKET IN MIZORAM:

The history of formal education in Mizoram is not a very old one and was founded only with the arrival of the two Christian missionaries, Rev. James Herbert Lorrain (Pu Buanga) and Dr. Frederick W. Savidge (Sap Upa) on 11th January 1894 under Arthington Aborigines Mission. Their first important contribution for the people of Mizoram was preparation of Alphabets based on Roman scripts. The first primary school was started at Aizawl in 1898 and in rural areas in 1901. Other important landmarks of education in the state are the establishment of first Upper Primary School in 1907, first High School in 1944, first college in 1958, first PSLC Examinations in 1903, first MSLC Examinations in 1909 and first Matriculation Examinations in 1948.

Although Mizoram is a late starter it has achieved remarkable progress in the field of education, occupying the status of the third literate state in India today. Within a short span of time there has been a spectacular quantitative expansion of education in Mizoram. This is evident from **table No.1** below.

1. Number of Schools and Enrolment for 10 years (2006-15)

Sl. No.	Year	Number of Schools and Enrolment							
		P/S	Enrolment	M/S	Enrolment	H/S	Enrolment	HSS	Enrolment
1	2006	1700	130342	1081	58533	502	44322	80	8762
2	2007	1752	134656	1090	57999	508	43675	83	12816
3	2008	1783	151899	1253	64887	502	44576	86	14649
4	2009	1782	156396	1313	66776	521	48811	95	17049
5	2010	1821	166152	1353	69318	538	50252	98	18437
6	2011	1855	161514	1383	87726	543	48741	113	20250
7	2012	1831	161041	1381	89755	584	39170	118	21472
8	2013	1873	165051	1408	94354	612	41945	127	22087
9	2014	1946	157646	1514	94077	610	40711	132	22562
10	2015	1950	159334	1511	93277	614	41534	138	22986

Economic Survey Mizoram, 2016-17

However, the aim of the present study is to see the status of educated unemployment. Table No. 2 depicts the same according to different levels of education.

2. Educated unemployment in Mizoram (by levels)

Year	Matric	H.S.	Graduate	Post Graduate	Total
2005	8276	5024	4826	1178	19304
2007	5453	4147	4418	1413	15431
2010	5990	4719	4873	1423	17005
2012	9618	12237	9721	2278	33854
2014	8055	10302	5442	2344	26143
2016	7752	8131	5553	2051	23487

Compiled from Statistical Handbook of Mizoram, 2006-16

As seen from the above table, the following points may be observed.

- (i) Noticeably after 2012, H.S. students are more unemployed than any other level of education.
- (ii) Graduate unemployment has been on an increase over the period under study.
- (iii) Post Graduate unemployment, except for a sharp decline in 2016, has also been increasing.
- (iv) The year 2012 was a curse on employment of the educated and the number of job seekers were the highest across all levels.

3. Faculty-wise Graduate Unemployment in Mizoram

Year	Arts	Science	Commerce	Medicine	Engineering	Others	Total
2005	3555	694	302	119	109	47	4826
2007	3413	400	259	117	126	103	4418
2010	3643	422	222	119	220	247	4873
2012	7708	758	437	93	180	545	9721
2014	3254	683	421	114	220	750	5442
2016	4095	179	324	107	110	738	5553

Compiled from Statistical Handbook of Mizoram, 2006-16

A break-up of Graduate unemployment among various faculties presented in **table No. 3** reveals that, unemployment was widespread among the Arts, Science and Commerce graduates in the year 2012. However, the year marked the least number of unemployed medical graduates.

It is also seen that, there is not much oscillations in unemployment among the Arts graduates, although it was the highest in absolute as well as in relative terms. But the Science graduates did well in terms of employment as there was a gradual decrease in their number over the period under consideration.

4. Faculty-wise Post Graduate Unemployment in Mizoram

Year	Arts	Science	Commerce	Medicine	Engineering	Others	Total
2005	959	119	72	0	2	26	1178
2007	1180	135	91	0	4	3	1413
2010	1112	175	82	0	0	54	1423
2012	1720	299	123	0	0	136	2278
2014	1520	343	127	0	0	354	2344
2016	1192	290	112	0	7	450	2051

Compiled from Statistical Handbook of Mizoram, 2006-16

A similar picture of faculty-wise unemployment of the Post Graduates is presented in **table No. 4**. Evident here is that, from the year 2012 to 2014 the situation of the Post Graduates from Arts, Science and Commerce stream is worse than the other years. However, for the specialised or professional Post Graduates in engineering and medicine, there was no record of unemployment right from the year 2010 till 2014. Finally, except for the faculty of engineering, the state of Arts, Science and Commerce Post Graduates has marginally improved after 2014.

As to the nature of labour market in Mizoram, it is very much dualistic as is seen in the neo-classical explanations. Both the forms of social and technological dualism are in force here. Secondly, the bumping model and the job-ladder model explain a lot in adding fire to the fuel of educated unemployment, especially because of high literacy rate and fast growth of education. Thirdly, there are obvious reasons like dearth of professional and technical education, mobility of labour etc., which result into less of 'trainability' as required by job-competition model and many an educated one are driven out of employment in the prospective labour market. Finally, the segmentation model based on 'contradiction, correspondence and centrality of work' elucidate the state of mixed labour market of the state. Of all its four classes or segments, each one is of relevance with different degrees. The vast government sector with high job security, quite reasonable wages, strong unionism is very prominent in the state. A competitive sector in the second category, attracting people from upper and middle class socio-economic background, competing for jobs on an individual basis, is probably the biggest segment. Next comes the low wage competitive segment where employment is less stable and there are poor working conditions. People coming in search of job from rural background and staying semi-permanently in the urban locations are found more in this category. Lastly, the class of labourers requiring only traditional manual skill is much in the rural areas and contractual works in the urban locales.

CONCLUSION:

It is seen that, in terms of pure economic theory there is a gradual shift of emphasis from a crucial role to a less significant of education in the job market. The most popular and highly acclaimed human capital theory developed in the early sixties came under severe assault from within the neo-classical thinkers and lost its esteem to a great extent in the later decade itself. With the advent of radical postulations in terms of segmentation model, the education-employment relationship received a more rational socio-political treatment. Even through empirical analysis, no definite relationship between the two variables could be established. However, there can be certain job categories which continue to keep good correspondence with the same level of education. When definite relationship between education and employment is missing, it is to be understood that the existing relationship is not maintained and new relations may be established with lower or higher levels of education depending on the labour market situations.

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