

Executive Summary

Workers of non-standard forms of employment are often subject to unstable employment, with insecure employer contracts, limited social security, low paid, poor working conditions etc. As of 2013, more than half of Sri Lanka's of wage employees were attached in non-standard forms of employment - temporary/casual workers or workers without a permanent employer. Given the uncertainty nature of their employment, such workers also find it more difficult to plan their lives in the long-term. The need to promote more decent work in the country is therefore an important policy objective. This calls for exploring ways of transforming non-standard forms of employment to work of greater quality.

In this backdrop, this study investigates as to how these non-standard forms of employment affect the workers in terms of job security, employment based social security coverage, wages etc. Further, this study investigates why such a large proportion of the employees choose to participate in the non-standard forms of employment? This paper attempts to answer these questions using secondary data from Labour Force Survey (LFS) 2013 data.

Data reveals, more than half of the wage employees are temporary workers. As of 2013, out of the total wage employees of 4.7 million, 56 per cent (2.6 million) were in non-standard forms of employment. Data reveals that 90 per cent of temporary and casual workers are attached to the private sector. Further, the private sector has expanded more for temporary and casual jobs in the recent past. During the 2006-2013 period, private sector temporary and casual workers have increased by over 350,000 while permanent

employees have increased only by 15,000 during the same period.

Majority of the temporary/casual workers are not benefitted under social security schemes. EPF Act covers any employee irrespective of whether they are permanent, temporary, casual or shift workers. However, data reveals that out of the temporary workers 86 per cent of them are not covered by either pension scheme or provident fund.

Most of the temporary employees are not given any written contract. Although statute imposes an obligation to issue a letter of appointment to employees, around 83 per cent of temporary and casual employees have not received a written contract. Absence of documentation to establish an employee employer relationship may dilute the worker rights that are stipulated in labour legislation.

Huge unexplainable wage differences exist between permanent and temporary workers. The difference in monthly wages between standard vs non-standard forms of employment were 89 per cent favoring the standard employment. Of the wage differences 43 per cent were due to unexplained reasons such as unequal treatment of non-standard workers; probationary nature of employment etc.

Manpower workers are treated differently to their permanent counterparts -- lack access to social protection, receive low wages, etc. Workers who are not directly hired by the organization they work for, but are hired by third party agents or sub-contractors are referred to as manpower workers. Manpower workers are not given a contract letter either by the company they

work for, or the manpower agency. It is a precarious work arrangement, and raises serious concern as it is often unclear who is responsible and accountable for the rights and benefits of these workers.

Both labour supply side issues as well as limited permanent job opportunities influence the higher incidence of non-standard employment in Sri Lanka. Study findings revealed that labour supply side issues such as less educated, unskilled workers and new labour market entrants were more likely to be engaged in non-standard forms of employment. These factors negatively affect employer's selection criteria for permanent job opportunities. Also, data reveals that private sector has expanded more for temporary and casual jobs in the recent past which creates demand shortages for permanent job opportunities in the labour market.

Therefore, measures need to be taken aiming at restricting the expansion of precarious work while improving the working conditions of precarious workers. It is difficult to completely eliminate this type of labour as it has been integrated into the labour market. Thus, one option is regulating precarious work while safeguarding precarious worker rights. Under this, limiting the number of temporary workers, offering legal protection for agency-hired workers, regulating manpower agencies, and providing social protection for such workers are recommended. Also government could facilitate more and better job creation in the private sector by introducing strategic protective measures to safeguard the rights and benefits of the workers, such as unemployment insurance, universal pension scheme etc.