

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING

HIGHER EDUCATION AND THE LABOUR MARKET IN THE PHILIPPINES



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A STUDY UNDERTAKEN JOINTLY BY:
EP, MEC, NEDA, EDPITAF, FAPE, NMYC.

A research project directed by Bikas C. Sanyal at the
International Institute for Educational Planning

Higher Education and the Labour Market in the Philippines

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PREFACE

This case study on higher education and the labour market in the Republic of the Philippines is part of a research project of the IIEP, undertaken during its last Medium-Term Plan (1973-78) under the direction of Bikas C. Sanyal, which was designed to explore the relationship between the development of higher education with the employability of the graduates in several countries. Similar studies have been undertaken in the Democratic Republic of Sudan, Zambia, Tanzania and Poland and their results have already been published.

These studies, as well as other activities in the research programme of the IIEP, reflect the increasing concern in educational planning with the relationship between education and employment; they could contribute not only valuable results for the countries studied, but also improve methodologies for studying similar problems in other countries.

The rapid expansion of education in the countries of the Third World has in some respects created as many problems as it has solved. At the higher levels of education, we often find a considerable discrepancy between the output of graduates in different specializations and the absorptive capacity of the labour market; unemployment and under-employment of certain types of graduates coexist with scarcity of certain other types of graduates. In qualitative terms, questions are being raised as to whether the content and performance of systems of higher education are meeting the changing needs of society, including the changes in methods of production and the labour market.

These discrepancies need to be assessed and analysed.

The high unit cost and opportunity cost in higher education, the particular social and political significance of universities and university students, and the responsibility of the higher education system in guiding and developing other levels of education make it imperative that a special effort be directed towards the exploration of possible means to correct them. The research project, of which this present case study is a part, attempts to contribute to this aim.

The analysis of the relationship between higher education and employment in the Philippines presents a particular interest due to some of the special features of its education system and its socio-economic environment: (1) the Philippines has the largest enrolment ratio in primary, secondary and tertiary levels of education among the Third World countries, (2) 90% of the institutions of higher education belong to the private sector; they are not

subsidized from public funds and have to be financed mostly from student fees, which makes important the analysis of supply and demand relationships; (3) the country has an institutionalized machinery for overseas employment, although the services for national placement are inadequate, (4) the problem of unemployment of graduates differs in magnitude and nature for different specializations of the graduates, (5) the GNP per capita is low (\$460 in 1979) and the distribution of wealth is uneven, (6) 70% of the population are under 25 years of age, with all the consequent implications for the educational system and the labour market, (7) there is widespread underemployment in rural as well as in urban areas, amongst graduates as well as non-graduates; at the same time there are many in the urban areas who take more than one job in order to increase their incomes.

Except for (1) and (2) above, most of the other characteristics of the education-employment phenomenon are common to many developing countries, so that the results derived from such a study may have some relevance for other Asian countries as well. Analysis of the relationship between higher education and employment covering both quantitative and qualitative aspects had not been undertaken in the Philippines so far, although several studies have examined the system of higher education alone. The ILO Report "Sharing in Development: a Programme of Employment, Equity and Growth for the Philippines" (1974) however contributed a great deal to sensitizing the national agencies for an in-depth study of the relationship between higher education and the world of work.

In designing the research, IIEP was fortunate to benefit from the co-operation of several national institutions, in particular the Educational Development Planning Implementation Task Force (EDPITAF) and the Fund for Assistance to Private Education (FAPE), which share the responsibility of the public and private sectors of higher education. These two agencies have been the principal co-ordinators of the study at the national level. The priority issues for research were selected by them in co-operation with IIEP, and the methodology of the research was also developed with national co-operation.

The results of this study were critically reviewed at a national Workshop held in Manila in July 1979 with the participation of politicians, academicians, administrators, students, employers and graduates, as well as two international reviewers. The study was revised on the basis of the suggestions received during the Workshop.

It is to be noted that since the study was presented at the Workshop, some of its recommendations are already in the process of implementation. As stated by the former Director of EDPITAF, the study has made an important impact on the country's policy on higher education. A follow-up study of the graduates is now being undertaken by FAPE, in co-operation with the IIEP.

It is our hope that the educational policy of the Philippines can benefit from the results of the study. The IIEP has been most fortunate in obtaining the full

co-operation of all the concerned authorities in the Philippines in the preparation and conduct of the study, especially the EDPITAF, FAPE, Ministry of Education and the National Manpower and Youth Council, and most sincerely acknowledges their assistance. It is one of the important principles of the work of the IIEP that its research projects be conducted in such a way as to ensure the fullest possible involvement of the country's officials and professionals. Two of the authors of the present study are distinguished educationists of the Philippines. Dr. Waldo S. Perfecto, Assemblyman of the Republic of the Philippines, was formerly Director of EDPITAF, and later a Member of the Governing Board of IIEP. Prof. A. Arcelo is the Vice-President of the FAPE in the Philippines. Their great experience in the field of education has enriched the study significantly.

Costs of the study were shared by the national authorities and the IIEP. We are glad to express our gratitude to the Aid Agencies of Canada, Federal Republic of Germany, Norway and Sweden for their financial support to the IIEP, which has made possible the financing of this research project.

Michel Debeauvais
Director, IIEP

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We are grateful to all the members of the Policy Committee whose suggestions and guidance have been a source of much encouragement in our work. We are also grateful to Professors Gonzalo M. Jurado and Prof. Ernesto A. Franco for their valuable assistance in the preparation of the study. Thanks are due to Professor Ungku Abdel Aziz, Vice Chancellor of the University of Malaysia, to Dr. Vinyu Vichit-Vadakan, Director of the United Nations Asian and Pacific Development Institute, Dr. Edita A. Tan of the UP School of Economics, Dr. Dionision Tiongco, President of the Coordinating Council of Private Educational Association, Mr. Vicente Jayme, President of the Private Development Corporation of the Philippines, Dr. Emilio Javier of the UP College of Agriculture, Miss Lourdes Mangahas of the UP Collegian and Miss Cristina Infante of Ateneo de Manila University for their comments as reviewers of the study. We acknowledge also the recommendations made by the participants in the Review Workshop for the improvement of the draft version of the study. Thanks are also due to Miss Gloria Gavilla, Mr. Ernesto Balangue, Miss Noli Bringas and Miss Edith Rivera of NMYC; Mr. Magtanggol

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Chapter 1

Objectives of the Research, the Methodology and Principal Findings

1.1 Objectives of the IIEP Research Project

Enrolment in third-level education in developing countries has increased fourfold during the period 1960-75. This increase in enrolment has also led to an increase in the number of graduates from institutions of higher education. Three factors may be identified as being responsible for the rapid expansion of higher education; first among them is the economic factor. In most Asian countries, the policy behind the development of higher education was to supply the economy as rapidly as possible with the educated manpower necessary to eliminate human resource 'bottlenecks' in expanding sectors. Many of the countries, having secured political independence during the last three decades, sought in the national interest to replace the many expatriates holding high-level decision-making positions in a wide range of public and economic services. The vacuum created by their departure led to an increased demand for the output from secondary schools to become university graduates or receive some technical or sub-professional training.¹ Therefore, emphasis on the development of higher education was necessary.

At this stage, with demand exceeding supply and attention focused on those types of higher education where graduates were in short supply, little thought was given to unemployment. The distribution of income and employment were implicitly thought to be problems that

1. See Guy Hunter, *Education for a Developing Region*, George Allen & Unwin Ltd., London, 1963.

would be solved by rapid economic expansion and by the upward mobility of the poor through increased educational opportunities. At that time also, industrial development was favoured over agricultural development because agriculture appeared to be able to survive with unskilled labour, and because the planners and politicians thought that only dynamic industrial growth could absorb the masses of underemployed, especially in rural areas, and lead the economy into 'take-off'. It was also believed that this would sustain economic growth, increase consumption and improve the overall economic condition of the people. Economists were quick to argue that investment in human resources was a powerful factor for economic growth. The rates of return for such investment, although calculated very approximately and sometimes arbitrarily, showed that in terms of productivity the rate of return on educational expenditures was as high as—if not higher than—investments elsewhere. Thus, more and more money came to be invested in education with the institutions of higher education receiving a large share, a share justified by salary differentials that in turn were legitimized by educational differentials.

The reasons for expansion were also social and varied. For example, education for many of these countries has now come to be considered a basic human right. Also, the communications system having improved, the benefits of higher education were more readily perceived. Once children had received some education, they understood the benefits and demanded more. Most of the institutions of higher education charged very low fees, while the special economic incentives, and prestige and power attached to the jobs obtained by graduates with higher education, attracted more and more students.

There were also political factors responsible for expansion in higher education. To all countries, and to all regions within a country, an institution of higher education was regarded as a symbol of national or regional prestige. Economic criteria played but a small role in the establishment of many of the institutions of higher education, and employability of the output often played no role at all.

The rapid expansion of higher education has created as many problems as it has solved. Principal among these are:

- (a) The lack of relevance of the content and structure of the system of higher education with respect to the national needs since in most of these countries the expansion did not include a consi-

deration of needs which changed because of political independence from the former colonial rulers;

- (b) lack of confidence on behalf of the key production sectors of the economy in the institutions of higher education, due to the absence of any interaction between the industries and the institutions of higher education;
- (c) rural exodus because of the location of these institutions in urban areas;
- (d) among the students, increases in expectations which could not be met; and
- (e) most important, the mismatch in quantitative and qualitative terms between the output of the system and the absorptive capacity of the labour market. The latter has revealed itself in the problem of unemployment and underemployment among most of the university graduates, especially in the liberal arts. By contrast, in the professional fields, fewer graduates have been produced than were needed.

To be fair, the authorities of higher education have been partly handicapped by the problems of the operation of the employment market and its everchanging nature. It has been difficult for them to assess the absorptive capacity of the economy, due to difficulties in forecasting manpower needs. The principal difficulties surround the lack of information on:

- (a) the resource potential of the country;
- (b) changing technology and labour productivity;
- (c) educational needs for different kinds of jobs;
- (d) occupational mobility;
- (e) attitudes and expectations of potential employees and employers; and
- (f) the recruitment and promotion practices of the employers.

Even if such information were available, economic uncertainties would still prevail. However, these difficulties may be tackled only by making the system of higher education more flexible in order to cope with changing economic priorities.

It is in this context that the International Institute for Educational Planning launched a research project to relate the development of higher education within a country with the changing needs of the

employment market, in both quantitative and qualitative terms, so as to improve the basis for planning the development of higher education in order to reduce the mismatch between the type of training offered by the institutions and the types of skills needed by the labour market. The objectives of the project were:

- (a) to identify the role played by the education system in general, and the higher education system in particular, in the overall socio-economic development of the country and, conversely, the influence that the social, cultural and economic factors have exerted in the development of the education system;
- (b) to identify the inconsistencies, both quantitative and qualitative, that have developed in the past in the education system and suggest measures to rectify them;
- (c) to shed light on the main variables to be considered in formulating policies of intake to different disciplines and institutions;
- (d) to focus on the factors that intervene in the implementation of such policies and suggest some ways to minimize the effects of these factors; and
- (e) to develop a system of indicators to be used by national policy-makers, university administrators, potential employers, and students, for decision-making:

The above objectives imply that an analysis of the quantitative aspects is not enough and the investigation has to consider the qualitative aspects, such as expectations of students, graduates and employers, as well as quantitative aspects such as manpower needs, trends of output of the educational system and their intakes, structure of the labour force, etc.

1.2 Framework of the Project

The phenomenon of interdependence between educational development and the overall socio-economic development of a country calls for an analysis of the resource potential in natural, physical and human categories. To develop each region in a balanced way, the development strategy of a country should take account of whatever natural resource potential is available in that region. The process of exploitation and the choice of technology will

be determined *inter alia* by natural resource potential. The exploitation of these resources requires skills which must be provided by the education system. The way in which natural resources are exploited, therefore, influences the educational development strategy in structure and content. The utilization of resources is also dependent on the available and potential physical resources such as buildings, equipment, transportation and communication facilities. Development of these physical resources depends, in turn, on the development of education and vice versa. An analysis of physical resource potential therefore becomes an important task in ascertaining the role of education in the overall development strategy of a country.

In the analysis of the development of human resources, traditions, customs and beliefs cherished by the people cannot be ignored. Demographic changes influence the human resource potential as well. Education, for that matter higher education, has to be planned in such a way as to develop this human resource potential in order to respond to the needs of the social and economic development of the country, while considering the expectations and attitudes of the people. An analysis of human resource development therefore becomes imperative in the overall analysis of the relationship between higher education and employment.

The conditions of work, recruitment and promotion policy of the employment market influence the type of qualification that an employee would have. A full employment policy, on the one hand, has to guarantee a job for every individual. In countries where this policy does not prevail, employment is an objective of the individual. Therefore, the development of human resources becomes dependent on the operation of the labour market and the prevailing employment policy. The policy of human resource development for economic and social needs calls for an analysis of the skills needed for the various activities of the economy. The output of the education system, by types of skills taught, has to be known for proper utilization of the human resources it generates. Before the education system can be planned with respect to intake, content and structure, it is only logical that demands for such skills in quantitative terms be estimated beforehand to whatever extent possible. These estimates of demand, which traditionally have been called manpower demand, but in our conception are broader than that because of the consideration of the qualitative aspects, are susceptible to inaccuracy due to economic uncertainties and the changing nature of the perceptions, attitudes

and expectations of the different segments of the society. However, some guidance is needed as to the direction that the development of education in general, and higher education in particular, should take in quantitative terms in order to cater to the future needs for skills so as to avoid unemployment or underemployment.

It is believed that these estimates, if properly prepared, can provide such guidance. These quantitative estimates of needs for skills can be checked with the actual values to identify the degree of inaccuracy and to form a checklist of missing parameters and variables. They are also useful for setting the foundation of a strategy for development of the structure and organization of the educational system.

It is assumed that where higher education is concerned estimates are easier to make because of the increased degree of correspondence between the skills imparted in the higher education system and the skills needed on the job, than for other levels of education. As regards the problems of estimating future needs for highly qualified manpower, an analysis of the match between the quantity of trained people and the quality of the training content demanded by the economy and the responsiveness of the institutions of higher education becomes particularly useful. This analysis of matching brings out the shortcomings of the education system not only quantitatively but also qualitatively. A careful diagnosis of the education system forms the basis of any future strategy for the higher education system and also provides a yardstick for achievements in restructuring the social system through change in the educational system, and it illuminates the problems encountered in achieving targets of socialization and equality of opportunities in the world of work. These problems may be seen in the various educational 'paths' of different population groups that result in different working opportunities in the labour market.

To identify those factors obstructing socialization and equality of opportunities requires a sociological analysis of the population, their perceptions, attitudes and expectations from the education system and from the labour market. This analysis must give details of such socio-economic characteristics as parental educational and income background, age, sex, region of home, type of school attended, etc.

An analysis of the problem of unemployment and underutilization of graduates in respect of the training received and the skills needed by the job can provide useful information for decision-making to improve the relationship between higher education and the world of

work. This analysis would also involve a study of the process of employment and its effectiveness as perceived by the graduates and the employers.

An institutional mechanism for interaction among the students, their parents, the institutions of higher education, the graduates, the employers and the planners and decision-makers could also assist in improving such a relationship. A better match between the students' expectations and the admission policies of the institutions of higher education could result in better academic performance and better socialization. This could be achieved through the design of selection criteria which are more rational and a better counselling system.

A better match between the expectations and qualifications of graduates and the expectations and requirements of the employers could result in higher productivity, more job satisfaction, and less structural imbalance in highly qualified employees, along with the adoption of better employment procedures and selection criteria.

For the employers, the variables to be considered would be size of the enterprise, type of production or services offered, location, employment process, selection criteria, salaries and other benefits including housing, etc. A matching system among the different segments of society could be a useful tool to develop a 'fine tuning' procedure for constant revision of the higher education system and the labour market. Such a system would be able to take into account the changing technology, re-ordering of developmental priorities, changing structure of the education system, and changing perceptions, attitudes and expectations of the different segments of the society.

An attempt has been made in this project to go into as much detail as possible in following the above conceptual framework in the same sequence as the discussion above. Such research has to be interdisciplinary, involving economists, psychologists, sociologists, educationists and computer scientists. It also calls for an extensive data base, which will be discussed at a later stage.

It should, however, be noted that the problem of economic uncertainties, which are not solely due to factors within national control but which are also influenced by the international situation, cannot be resolved. Only the flexibility of the system of higher education can reduce the effects of such uncertainties. With these limitations in mind, the tasks involved in achieving the objectives of the project can be summarized as follows:

- (a) analysis of the socio-economic framework of the country and the pattern of development of education in general and higher education in particular;
- (b) analysis of the demand of the economy for skills and the supply from the higher education system in quantitative and qualitative terms by types of skill;
- (c) analysis of substitution between occupation and education;
- (d) analysis of expectations of students for different kinds of higher education and the reasons for the difference in popularity among different fields of study, the availability of career guidance facilities and their effects on influencing students' aspirations;
- (e) analysis of expectations of the employers in respect of their job requirements, their promotion and recruitment practices, job description mechanism, and the salary structure, and expectations of the employed graduates in respect of the higher education system and jobs; and
- (f) establishment of a set of indicators for improved interaction between the higher education system and the labour market for continuous adjustment in planning the development of higher education both quantitatively and qualitatively.

It is obvious that carrying out the above tasks cannot be the job of one specialist. It needs the cooperation of several agencies or research organizations. We shall discuss below how the study was organized for the Philippines and what role this particular country has played in the execution of this IIEP Programme.

1.3 *The Role of the Philippines in the Project*

That the decision-makers of the Philippines have been concerned with the problem of higher education and employment does not need much elaboration. A Presidential Commission was set up to concretize the reorganization of the system of post-secondary education of the country as early as 1970.¹ The reorganization had to take into consideration the relevance of the higher education system vis-à-vis the social needs. Subsequently, the Educational Development Implementation Task Force (EDPITAF) was set up by virtue of a

1. Report of the Presidential Commission to Survey Philippine Education (PCSPE), Manila, 1970.