

POLICY DIALOGUE

"MIND THE SKILLS GAP: THE CASE OF THE PHILIPPINES"

British Council

Time: 26 October 2015, 10:00 am to 10:25 am

Venue: Marco Polo Hotel, Ortigas Complex, Pasig City

Senator Sonny Angara

Keynote Speaker

Acting Chairman of the Senate Committee on Labor, Employment and Human Resources Development

THE COLLEGIATE DELUSION?

- To many families in the Philippines, the “end-all, be-all” of getting a formal education is graduating from college. It’s not such a bad deal because in many ways, a college degree is a ticket to a well-paying job and a respectable career.
- Yet as a society, it seems as if we are wired to believe that gaining a college degree is the only path that our people should take. And one Filipino comedian¹ tweeted: “Noong bata pa’ko, pangarap kong makapagtapos ng pag-aaral. Ngayon tapos na’ko mag-aral, wala na’kong pangarap!” Or in English, “When I was a child, my dream was to finish my studies. Now that I’ve finished, I no longer have dreams.”
 - This emphasis on a college degree disregards the experiences of several successful personalities – apprentices who eventually became masters, who started off without any formal qualification in the professions that they succeeded in.
 - We recall Henry Ford, who invented the Model T car, which jumpstarted the automobile revolution in the 20th century. Other notable apprentices are Sir Ian McKellen², who credits his theater apprenticeships for his success – though he eventually got an English degree from Cambridge. Or renowned designer Alexander McQueen, who apprenticed at a Savile Row tailor where he reportedly assisted in making suits for Mikhail Gorbachev and Prince Charles.³
- What matters isn’t necessarily education and the qualifications that one earns from it, but the skills they acquire and are able to develop, and make profitable later on. Many studies have emphasized the link between economic growth and skills development – which includes formal instruction in schools and universities, but also unstructured on-the-job experiences and enterprise-based trainings.
 - A 2012 UNESCO briefing paper highlighted how skills development programs – including technical vocation courses – help overcome social disadvantage by helping poorer families earn more, teaching disenfranchised youth to be more responsible and allowing more women to work and become productive citizens⁴.
- Thus, the rallying cry for a country like the Philippines that is replete with social disadvantages shouldn’t just be “education for all,” but rather, “work-skills for all.” And as one speaker emphasized, work-skills that one can make profitable later on.

¹ Ryan Rems Sarita, 2015 winner of Showtime’s “Funny One” contest

² *The Queer Encyclopedia of Film & Television*, pp. 210-211. Summers, C. (2005).

³ <http://www.telegraph.co.uk/education/11075468/Unqualified-success-11-famous-ex-apprentices.html?frame=3027270>

⁴ Adams, Arvil V. 2011. *The Role of Skills Development In Overcoming Social Disadvantage*. Background paper prepared for the Education for All Global Monitoring Report 2012 of the UNESCO.

“THE COMING JOBS WAR”

- There is one what one author called, the Coming Jobs War.
 - Jim Clifton, author and Chairman and CEO of pollster company Gallup, dubbed this challenge the “Coming Jobs War,” even likening its deep impact and wide scope to a world war⁵ referring to the coming competition for good jobs across the world.
 - Citing six years worth of Gallup’s World Poll, Clifton argued that the foremost desire of any person in the world today is a job—whether it’s for themselves or for their loved ones. He further cited that as of 2011, 3 billion adults aged 15 and older answered they are working or are looking for a job. Many of them need full-time, formal employment to make a decent living. Yet, there are only 1.2 billion of such jobs in the world, highlighting just how intense competition over them will be.
- On one hand, the world needs to consider how it can quickly fill in the global shortfall of 1.8 billion decent jobs—it’s probably a bigger figure right now. On the other, it must assure that people have the skills needed for the jobs that already exist today.
- These imperatives are resoundingly true for the Philippines, where so many are poor, unemployed and underemployed.
 - Respondents in the September 2015 Ulat ng Bayan Survey of Pulse Asia rated “creating more jobs” as the 4th most urgent national concern—the first being “increasing the take home pay of workers.” Both concerned with employment and the level of skills possessed by employees.
- And with the competition globalizing initiatives like ASEAN Economic Integration will bring, we need to respond to the issues that blunt the Philippines’ competitive edge like lack of access, flexibility and efficiency in education; job-skills mismatch caused in part by lack of labor market information; or the absence of effective dual education and training schemes.

IMPROVING FORMAL EDUCATION

- The first step at bridging the skills gap is to improve formal education. Thankfully, the Philippines has been undertaking important changes to its education system in the past years under the Aquino administration.
- At the onset, this underscores the need for better public education, and in turn, for greater budgetary support from the state, which the Aquino administration has consistently increased over the last few years from only P74.71 billion in 2010 to P364.66 billion in 2015. Should the proposed budget for 2016 be approved, the Department of Education will receive around P433.67 billion—pushing the state subsidy per public school student to P20,600 from P8,800.⁶

Open and Distance Learning

- Congress also passed two laws institutionalizing open, “classroomless” education—one for high schools⁷ and another for tertiary education⁸. For some, these mean not having to quit their jobs to fulfill their school requirements or travel kilometers to get their lessons and take their quizzes.

⁵ Clifton, Jim. 2011. *The Coming Jobs War*. New York: Gallup, Inc.

⁶ As explained by DepEd Secretary Bro. Armin Luistro, found in the following <http://www.mb.com.ph/aquinos-term-cited-as-golden-age-of-education/>

⁷ “Open High School Act” (R.A. 10665)

⁸ “Open Distance Learning Act” (R.A. 10650)

Ladderized Education

- Congress also passed recently the **Ladderized Education Act (RA 10647)**, which streamlines and harmonizes the interface between technical-vocational training programs with tertiary education. That is, a TESDA graduate's training certificate can now be credited towards getting a full bachelor's degree—**thereby making the educational system more accessible and flexible and seamless.**
 - This means a nursing aide can now study to become a registered nurse, without having to go through the full four to five academic years. In time, the same can be true for our welders who want to become metallurgical engineers; or plumbers working to become hydrologists.
 - Specifically, the law institutionalizes the Philippine Qualifications Framework⁹—which acts as a nationwide system of educational standards, under which the Department of Education (DepEd), the Technical Education and Skills Development Authority (TESDA), and the Commission on Higher Education (CHED) are tasked to match levels of qualification (or educational attainment) with the specific skills, competencies, and knowledge (“learning outcomes”) that graduates and course-finishers should have. I guess the model here would be something alongside the UK system where the guilds had developed or even the German apprenticeship system.
 - The PQF then becomes the jump-off point for a true nationwide, ladderized education program (LEP). As skills and qualifications will be clearly matched, students can now seamlessly jump between education or training sectors—where hopefully they also earn while they learn.

UNIFAST

- On top of this, President Aquino recently signed the Unified Financial Assistance System for Tertiary Education (UNIFAST) Act¹⁰ which among other things ensures that government scholarships and grants-in-aid are indeed given to those who deserve and need them most.
- A key realization here was that it's not just the magnitude or amount of educational investment that matters, but also its efficiency and effectiveness of educational interventions.
- One of our key findings was that many recipients of government's grants were not from the poorest families. There were no tracer studies for all the scholarship programs for the last two decades or so. There was no macro information on whether students had used their training which is funded by government money to good use—whether they were working in the same industries as they had receive degrees in. Things like that would hopefully be addressed with the passage of UNIFAST.

Quality over Quantity

- This message was recently echoed by a special chapter in ADB's flagship report on Asia for 2015¹¹. The chapter emphasized that a country's quality of education (measured for instance by PISA¹² and TIMSS¹³ science and mathematics test scores) not its quantity (often measured in years of educational attainment), was the true driver of its economic growth.

⁹ As created by Executive Order 83, series of 2012

¹⁰ R.A. 10687, signed on October 15, 2015.

¹¹ 2015. *A Smarter Future: Skills, Education and Growth in Asia*. A special chapter in ADB's *Key Indicators for Asia and Pacific 2015 – 46th Edition*. [Online]. Accessible via <http://www.adb.org/publications/key-indicators-asia-and-pacific-2015>. [Accessed on October 22, 2015].

¹² Programme for International Student Assessment, which is administered under the OECD.

¹³ Trends in International Mathematics and Science Study.

- In fact, the chapter highlighted that according to ADB estimates using labor force surveys, there is a growing “overqualification” problem in the Philippines, where people with high levels of educational attainment are working in jobs that do not require such qualifications¹⁴.
- In the Senate for instance, we have a security guard who graduated from a nursing course. On one hand, this could point to the paucity of high-skilled jobs that could absorb the high-skilled graduates. On the other hand, this may indicate a substandard quality of education, hinting at real-life instances such as the security guard I mentioned or where companies require college degrees from cashiers or sales clerks.

CLOSER INTERFACE BETWEEN SCHOOL AND WORK

- Clearly, there is a need for closer interface between school and work. The education and jobs sector should be a real tandem, not a ceremonial one. And this requires in a trifocalized system like ours, agencies to work together. Thankfully, in the last few years, they have been working together. But we have, in my experience as a public servant, there have been times where they have not been working together. And not pursuing the same directions.
- So clearly, it’s not enough that we get more people into schools, especially if the instruction they receive leaves them ill-prepared for the world of work—highlighting what the ADB report cited as the importance of the quality of educational investment, on top of its quantity.
- And clearly we need to improve our economy. I think later on we have a session this afternoon on Supply and Demand. It’s not enough to produce the supply. You must also create demand. And I guess that’s a totally different debate altogether. Much has been written about industrial policy. And fostering the ecosystem for entrepreneurship. For science innovation. For our scientists to work.
- I was chatting with one of our speakers and we were looking at the British Council’s banner on Arts. And I was asking her about programs for Arts, because you go abroad and half the entertainers are Filipinos. On a cruise ship. You go to Disneyland, during a Lion King show. You go to Drury Lane in the UK. And half the cast members could be Filipino. So it’s not enough that we create the supply. The point being we also have to create that demand.
- Official data¹⁵ shows that 34.8 percent or 932,000 of the 2.68 million Filipinos who were unemployed in April 2015, held a degree or had finished some college units. Some dub this the “educated unemployed” problem and pin the blame on a job-skills mismatch that stems from institutional discord between the education and jobs sectors.
- This problem becomes even clearer when 33.3 percent of the unemployed or around 894,000 are also high school graduates. What kind of basic education are we providing when our students are unable to land a job right after?
- The K to 12 system¹⁶ will hopefully address this. The longer education cycle coincides with a decongested curriculum and multiple tracks that operate on the assumption that not every one is meant for the university.

¹⁴ ADB calculated their estimates based on a framework by the ILO that maps occupation and tasks to skills and education.

¹⁵ April 2015 Labor Force Survey (final results)

¹⁶ As underpinned by R.A. 10533, the Enhanced Basic Education Act of 2013

Stronger Public Employment Service Offices

- Part of what causes a rift between schools and jobs is the lack of a systematic way for collecting labor market information. That is, there is no institutional mechanism from which schools and companies can signal to each other what they're doing or what they need.
- As Acting Chair of the Senate Committee on Labor, Employment and Human Resources, we pushed for the passage of **a bill strengthening the Public Employment Service Office (PESO) across the country**. At present, it is cities, provinces and first-class municipalities which have PESO offices. We have a few thousand across the country. Of course, the quality of the different PESO offices would vary, depending on the budgetary allocations given and also depending on the vigor with which its heads or leaders pursue disseminating labor market information.
- But hopefully, at 1 o'clock this afternoon, this PESO law will be signed by the President during the PESO annual national congress at the PICC. Definitely, one reform we made was to make it nationwide and make it required for all municipalities—because it is the third, fourth, fifth, sixth class municipalities, the poorest towns in the country which need this kind of labor market information. It is their citizens who need to know where the jobs are.
- I think there was a GMA 7 TV story about a poor lass from Samar, one of the country's poorest provinces, who had spent all her money-savings for two weeks in Manila as a jobseeker and had gone home after not having found any jobs. So clearly, there are these information asymmetries which really get in the way and are easily addressed in the Information Age. All you need is a person manning a computer putting in the right data, and mining the data. In this age of Big Data, there's almost no excuse for not having these types of information available in every nook and cranny of our archipelago.
- Almost like local placement agencies, these offices will also serve as clearinghouses for a locality's labor market information. Employers will have a better idea of local labor pool's skills and competencies while schools will have a better grasp on which jobs are in demand in the area. **Such information will better inform our career guidance programs, but also lay the groundwork for a solid nationwide skills development program.**

Better Dual Trainings, Apprenticeships

- **We are also overseeing Senate dialogues on reforming our current apprenticeship and dual training systems.**
- For instance, we have a Labor Code which was passed as a Presidential Decree during the Marcos years of the 1970s, which prescribed a maximum of six months for an apprenticeship program. This may be too short for many companies, where we heard of apprenticeship programs lasting 1 or 2 years, especially in more advanced, high-tech, and technical industries. So, under current laws, allowing an apprenticeship to go beyond the six month limit means an apprentice should be regularized—in a sense, defeating the foremost incentive of the apprenticeship system.
- But if limits will be relaxed, safeguards are needed to ensure that apprentices—student- or trainee-workers who receive 75 percent of the minimum wage—are trained meaningfully and not abused as cheap labor.

- Part of the problem appears to be lack of buy-in from enterprises. Where there were 1,029 apprenticeship programs registered¹⁷, only 875 out of the tens of thousands of companies in the Philippines were active participants. This ought to prompt us to revisit and rethink how more companies can be enticed to apprentice their workers. Can they be incentivized for instance to think of themselves also as learning institutions, rather than just profit-driven enterprises?

NEW PARADIGMS AND PEDAGOGIES

- Clearly, there is a need for new paradigms and pedagogies. The Philippines needs to consider these for the country's skills development framework to be a meaningful and long-term driver of economic growth. It should consider that the world of work constantly changes.
 - For instance, some scholars have even estimated that a significant percentage of jobs—up to 47 percent of jobs in the United States—may be automated within the next two decades.¹⁸ Some say the growing industries of the Philippines—the BPO industry for instance—would no longer exist in the next five to ten years. The jobs that our children will be working in may not even exist today. Industries may disappear in the next decade or so.
- Thus to meaningfully prepare, no less than large generational investments in education and skills development are needed. Sector-wide efforts—across businesses, schools and bureaucracies—should be exerted not just to implement programs well, but also to collect adequate information for scientific decision-making and perhaps even to pioneer experimental models.
- Clearly, there is a need to ramp up investments in research and innovation, in STEM education, while at the same time also encouraging an ecosystem which allows the entrepreneurial spirit to thrive. The jump from a developing country to a developed one cannot happen without us having both of these important factors.
- Any innovation and transformation in world of work will sooner or later reach the Philippines. And in that sense, there will always be a skills gap that we have to mind and be prepared to bridge.
- Thank you!

¹⁷ According to December 2013 data from the Department of Labor and Employment

¹⁸ See Frey and Osborne's "The Future of Employment" accessible through http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf.