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Enhancing youth employability is a business mission

Rene E. Ofreneo

December 2009

Subregional Office for South-East Asia and the Pacific
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Foreword

Youth unemployment and the difficulty of transiting from school to work has been a persistent and significant problem not just in the Philippines, but throughout the Southeast Asia and the Pacific region. A number of policy and programme initiatives have been introduced to address youth unemployment problems including provision of labour market information, skills training and upgrading, online job-matching, nurturing of entrepreneurship skills, etc. All these initiatives benefit from the political will of different stakeholders and often require both large sum of money (usually taken from national budget appropriations where they have to compete against other urgent priorities) as well as human resources and the energy to sustain each initiative. Despite all these programmes, the problem of youth unemployment persists. This might lead one to pose questions such as: "are we doing the right thing?", "what types of youth-oriented and labour market initiatives would lead to employment creation?" and so forth.

In order to ensure these initiatives and reforms impact on young people and their lives in a positive and tangible manner, there is a need for a greater understanding of the nature of the environment that such initiatives are designed to address. As well as understanding the dynamics of the labour market, an important first step is to know the current profile of young people entering the workforce for the first time. This study is a response to that need and was commissioned by the ILO through the *Promoting Youth Employment in the Philippines (PYEP): Policy and Action Project* to assist policy makers (especially those operating within local government units who interact most often with young people needing work) in analyzing the real situation of the youth today in their locality: their needs, aspirations, and constraints, etc. so that officials and social workers can target and prioritize particular youth groups in greatest need, better address the problems they face and craft value-for-money solutions, measures, and/or youth investment options.

As always, we at the ILO Office hope that this initiative can be used by other local government units (LGUs) towards better understanding of the youth and employment challenges in their locality for them to craft effective and efficient measures to address youth unemployment.

Linda Wirth-Dominice
Director, ILO-SRO Manila

Preface

The Philippines was one of four countries selected for an initial three-year phase of the International Labour Organization's Action Programme for Decent Work under an agreement signed in 2002 between the local tripartite partners.[1] Promoting youth employment is one target outcome under this Decent Work Country Programme (DWCP) specifically under Pillar 2: "creating employment opportunities for men and women."[2]

CIDA Philippines through its Private Sector Development Fund provided a grant to pilot-test the youth employment project in the Philippines. The PYEP project aimed at capacitating relevant stakeholder institutions to assess the state of the labour markets at both the national and local levels, identifying employment growth areas that would provide opportunities for current and future youth, and its various segments. These segments were identified as: (i) students; (ii) the employed youth (including those that were self-employed); (iii) the unemployed job-seekers; and (iv) those not in the workforce.

Finally, armed with the knowledge of current and potential future opportunities, the project sought to foster the necessary conditions to realize such opportunities. An important component of this was recognition of the need to promote entrepreneurialism among the youth and a series of training modules were introduced and piloted in specific localities designed to encourage youth to think of themselves as micro entrepreneurs.

Importantly, the project disaggregated the factors and conditions surrounding youth unemployment from the more general unemployment and underemployment problem facing the Philippines and fostered the realization among stakeholders that this was indeed a separable problem that required its own specific set of interventions in order to resolve. Unemployment during a person's early working years, can discourage a person and reduce self-esteem. This often leads to a lifetime of unemployment or underemployment and wasted potential for the country.

To make the programme implementable and measurable, the project management team, dovetailed its project strategy with the ongoing effort of the ILO Manila to promote local development and decent work in other areas.

Thus there were a number of activities funded under the youth employment project that were carried out to address broader targets of the DWCP and which were co-funded through other allocations: for instance promoting local development and decent work (such as developing the studies linking youth employment to local economic development strategies) and also funds allocated for promoting gender equality in employment.

Eight pilot locations were selected partly on the basis of recommendations of the Department of Labor and Employment (DOLE) – Bureau of Rural Workers which the DOLE assessed as showing already some level of success based on implementation of other national flagship programmes including those on poverty reduction. The final decision was also made on the basis of an assessment of the ILO Manila as to the openness of the LGU leadership to work with the ILO in this regard.

Policy research was undertaken which led to consequent technical discussion and advocacy activities conducted to harness multi-sector support for a policy and action agenda that would complement, replicate, disseminate and scale up the delivery of tried and tested employment support services for youth throughout the country. These policy research papers are integrated into this set of working papers.

1 See for example http://www.unwire.org/unwire/20020514/26368_story.asp (accessed 21 November 2009).

2 See for example ILO, 2006 *From Pilot to Decent Work Pilot Programme,* Geneva; available online at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079471.pdf (accessed 23 November 2009).

National and local partners participated in a series of ILO-organized advocacy and learning forums and were oriented in the ILO entrepreneurship tools (KAB, GYB/SYB and GET AHEAD) which were pilot tested in 48 secondary schools throughout the country as well as in TESDA-administered schools.

Knowledge materials were produced to assist both institutional partners and target youth beneficiaries during and after the project period while documentation of the supported demonstration projects helped in disseminating lessons and facilitated replication of good practices by other parties. Three of these are incorporated into this working paper series: the Briefing Guide; the Operations Guide and the Independent Evaluation Report.

Finally, ILO-CIDA-PYEP supported projects were developed to create immediate and limited scale of demonstration effect on jobs, incomes and decent work status of target youth segments. These were piloted in select localities using ILO tools and expertise which generated results favourable to intermediary local institutions and target youth beneficiaries. These demonstration projects were useful for improvement, replication and scaling up. These particularly covered:

1. For Angono – five projects anchored on art tourism including: (i) arts exhibits; (ii) traditional animation and artistic training; (iii) souvenir items development and culinary arts; (iv) souvenir items development using recycled materials; and (v) tour guide training and transport-aided tourism promotion that directly enhanced skills translated to jobs and income opportunities for 110 young artistically inclined youth.

2. For Concepcion – one project anchored on eco-tourism titled "LGU and Youth Employment Generation Capacity on Tourism Development" that enabled 20 youth direct beneficiaries duly screened and selected, from the different barangays of the town to acquire through structured learning opportunities necessary attitude, exposure and skills to start, grow and sustain in a business-like manner the operations of an LGU tourism services shop, This will indirectly benefit 400 local potential and existing artisans and entrepreneurs.

3. For Cotabato City – one project on enabling a Muslim youth-run organization to prepare and expand its business service lines to include blueprinting services on top of established computer and photocopying service lines; in effect creating additional opportunities for the organization's target out-of-school-youth; and enabling employed out-of-school-youth to earn incomes sufficient to cover for their needs and for costs in pursuing a short vocational/technical training course of their choice.

4. For Davao City – one project enhancing the employability factor of targeted disadvantaged youth in the city such as the out-of-school-youth and the job seeking unemployed youth technically inclined to engage in jobs in the hotel and restaurant industry, building electrical wiring trade and metal arc welding trade. The programme provided for skills training, testing and certification; entrepreneurship orientation, personality development, post-training employment services, and a mechanism for employers' feedback on programme participants.

5. For Dumaguete – one project enhancing values, industry/trade skills and entrepreneurship base of local unemployed graduates. As an adjunct to this, the city provided two tracks of post-training employment facilities services for the youth. One track is geared towards getting trainees employed in the labour-short but high-paying Business Process Outsourcing-Information and Communication Technologies (BPO-ICT) sector as well as in hospitality and automotives sectors. Another track is geared towards enabling these young people to start-up their own service shops.

6. For Guimaras Province – two different projects with the first one supporting employability and actual employment of 50 local youth for housing sector jobs; the second one complementing resources mobilized by the provincial government to implement an integrated set of employment interventions based on identified gaps and action points from the youth employment planning workshop.

7. For La Castellana – one project affording young people and their parents in comprehensive agrarian reform programme (CARP) whose long pending land disputes case have been finally settled and thus ready to respectively invest in the development of their respective lands with entrepreneurship orientation, training and post-training support services.

8. For Marikina City – provided the city with technical (e.g. feasibility studies) and brokering (e.g. between BPO firms and Marikina LGU) services to complement the overall efforts of the LGU to organize a fully functioning one-stop-shop labour market centre capable of delivering a comprehensive set of employment services for the city with a special focus on the more disadvantaged youth segments.

These projects served as a deciding point for LGUs and stakeholders to mainstream youth employment policy and action points in local development planning, budget and administration processes. The second set of papers in this series, provides case studies that highlight how the ILO-sponsored interventions complemented local economic development initiatives in each of these eight areas and the result obtained.

The evaluation report concluded with a note that the PYEP is clearly just a beginning; that it has managed to establish momentum that can be carried on by the project partners with or without further project support. It underscored the challenges facing all the partners involved, the local governments, the partner non-governmental organizations (NGOs), the schools and training institutions, the employer groups, trade unions, national government agencies, and the international development institutions involved (ILO and CIDA), that is to do what is necessary to ensure that such momentum is not dissipated.

This series of working papers provides a record of the project outcomes and a benchmark from which to assess the longevity of the interventions.

Table of contents

List of tables

List of box

List of acronyms

AFI	Ayala Foundation Inc.
BATP	Barangay Assistance Training Programme
BPO	Business Process Outsourcing
BPOAP	Business Process Outsourcing Association of the Philippines
CARP	Comprehensive Agrarian Reform Programme
CEO	Chief Executive Officer
CHED	Commission on Higher Education
CIDA	Canadian International Development Agency
CSR	Corporate Social Responsibility
DepEd	Department of Education
DFA	Department of Foreign Affairs
DOLE	Department of Labor and Employment
ECOP	Employers Confederation of the Philippines
FFCCCII	Federation Filipino-Chinese Chamber of Commerce and Industry, Inc.
FPI	Federation of Philippine Industries
FTA	Fair Trade Alliance
HRD	Human Resource Department
ILO	International Labour Organization
IT/ICT	Information Technology/Information and Communication Technologies
LGU	Local Government Unit
NAT	National Achievement Test
NCEE	National College Entrance Examination
NCR	National Capital Region
NEDA	National Economic Development Authority
NGO	Non-Governmental Organization
NSO	National Statistics Office
OFW	Overseas Filipino Workers
OJT	On-the-Job-Training
OWWA	Overseas Workers Welfare Administration
PBSP	Philippine Business for Social Progress
PCCI	Philippine Chamber of Commerce and Industry
PESO	Public Employment Service Office
POEA	Philippine Overseas Employment Administration
PYBF	Philippine Youth for Business Foundation
PYEP	Promoting Youth Employment in the Philippines
TESDA	Technical Education and Skills Development Authority
TNS	Taylor Nelson and Sofres
TSPI	Tulay sa Pag-unlad, Inc.
UFW	Unpaid Family Workers

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Acknowledgement also to Jason Soriano, Romeo Garcia, Jose Roland Moya, and John Walter Baybay for causing and providing the basis for writing this paper and to the ILO Employers Activities, Employment, PYEP, and Publication Teams for providing the overall coordination in delivering this knowledge product.

A note on spelling conventions

In accordance with the practice of the International Labour Organization (ILO) this document follows the general spelling conventions as laid out in the Oxford Dictionary. Where two or more alternative spellings are allowed, we normally apply the first such spelling.

Exceptions are made for proper names. Thus we use the general term of "labour market" and "labour scenarios" but "Department of Labor and Employment" and "Labor Code of the Philippines."

Enhancing youth employability is a business mission

by

Rene E. Ofreneo

1 Introduction

Employability refers to the general readiness of workers, the young labour entrants in particular, to participate in a dynamic labour market. This means having a work force with the right education, skills, know-how, attitudes and capacity to learn new trades or competencies needed by the new and emerging industries as well as by the existing but expanding ones. These skills, capacities and competencies are what enable workers to secure and retain a job, progress at work, secure another job and/or shift to another form of employment if she/he so wishes or when he/she has been laid off.

Enhancing employability, therefore, covers all those programmes that help prime or 'tool' young (and other) people to enter and remain in the labour market, either as wage earners or self-employed entrepreneurs. Hence, employability is inextricably linked to the education, skills and related human resource development services extended by society to its work force (Brown, 2003).

Employability is also a defining factor in the mismatches occurring in the labour market. Corporations, big and small, often complain about their inability to acquire the services of workers whose skills and competencies 'fit' the available jobs. This is immediately evident in the thick job notices advertised in the Sunday issues of the country's leading newspapers such as the *Philippine Daily Inquirer*, *Manila Bulletin*, and *Philippine Daily Star*. Inevitably, this lack of fit aggravates the nation's unemployment woes as well as industry's low level of productivity.

In this context, youth employability is clearly a central concern for the business community. Having a ready pool of young, capable and productive workers whose education, skills, know-how, attitudes and capacities fit the requirements of an evolving economy is part of every nation's competitiveness arsenal.

In fact, it is well established in the development literature that human resource development (HRD) and the continuous skills upgrading of a nation's work force are crucial in promoting and sustaining the growth and competitiveness of nations (World Bank, 1993; Kuruvilla, 2000). Additionally, the ability of the youth to find jobs and fit into the labour market is a major determinant of social and economic stability in any society (ILO, 2001).

Yet, the participation of the Philippine business community in boosting or enhancing the employability of the country's work force leaves much to be desired. Corporations often undertake limited skills and training activities, mainly or solely to satisfy or meet their own business requirements and profit mission. They rarely go *beyond* these limited company-focused skills and training programmes in order to contribute to the broader task of upgrading the nation's labour force.

The training function is generally seen as the primary concern of the national education and skills development system supervised by the State. Even the limited and relatively inexpensive task of providing the educational and skills development institutions with the 'market signals' needed in guiding curriculum design, course planning and the likes is seldom done.

Chief Executive Officers (CEOs) and business leaders rarely sit down with officials of universities, colleges and technical-vocational schools to discuss emerging education and skills issues and challenges in the labour market in the national capital region (NCR) and other regions of the country.

This paper argues that enhancing the employability of the nation's work force—the younger workers in particular, is integral to the business mission of the private sector. It is both a business and social responsibility. Participating and contributing to programmes that boost the employability of workers

beyond those presently hired by the business firms themselves are expressions of a higher form of corporate social responsibility than embraced by corporations so far.

For there is no way that the present national education and skills development system, given its budgetary and institutional weaknesses, can ever fill the employability requirements of the entire work force, the majority of whom are unable to complete their secondary schooling let alone obtain tertiary qualifications. Moreover, there is no way the Philippines can aspire to become competitive without its industry and the education/skills service providers succeeding in becoming better organized.

The first part of this report gives a broad outline of employability issues given the characteristics of the Philippine labour market and the budgetary/institutional problems facing the education/skills development system. The second part discusses outstanding cases of business-initiated projects enhancing employability and some insights from a survey by the Employers' Confederation of the Philippines (ECOP) on the attitudes and perspectives of corporations on youth employability.

The report ends with some development options for the business community to consider and act upon.

2 Youth employment, unemployment and education: an overview

The Philippines has a chronic unemployment problem, which has serious absorption implications on the youth labour force. In fact, unemployment in the Philippines generally wears a youthful face.

This section gives a broad overview of the employment and unemployment situation in the country, the youth labour force and its educational characteristics, and the emerging employability issues and challenges given the nature of the youth labour market.

2.1 Employment and unemployment in the Philippines

There were nearly five million unemployed and 5.8 million underemployed in the country as of April 2004 (Table 2-1). With a change in the definition of unemployed in 2005 (see explanation in the table), the unemployment rate dropped from 13.7 per cent in 2004 to 8.3 per cent in 2005 and to 8.1 per cent in 2006; however, underemployment went up from 18.5 per cent in 2004 to 26.1 per cent in 2005 and 25.4 per cent in 2006.

Thus, whichever way one looks at it, virtually one out of every three in the labour force is either unemployed or underemployed. The gravity of the employment problem is the reason why the Macapagal-Arroyo administration declared that the creation of 6 to10 million jobs up to the year 2010 is one of the ten programme priorities under the government's medium-term development plan (NEDA, 2004).

Table 2-1: Labour force, employment, and unemployment, (April rounds, 2003-2006)

Philippines (*Rates in brackets)*	Apr 2006	Apr 2005	Apr 2004	Apr 2003
Total population (in '000) (15 years –up)	55 393	54,195	52 971	51 596
Labour force (in '000) Participation rate (per cent)	35 954 (64.9)	35 130 (64.8)	36 509 (68.9)	34 635 (67.1)
Employment (in '000) Employment rate (per cent)	33 024 (91.9)	32 221 (91.7)	31 520 (86.3)	30 418 (87.8)
Unemployment (in '000) * Unemployment rate (per cent)	2 930 (8.1)	2 909 (8.3)	4 989 (13.7)	4 217 (12.2)
Underemployment (in '000) Underemployment rate (per cent)	8 401 (25.4)	8 421 (26.1)	5 831 (18.5)	4 733 (15.6)

Source: National Statistics Office

**Starting April 2005, the government adopted a stricter definition of unemployment by adding the availability criterion, meaning one must not only be out of work and looking for work; he/she must express availability if work is available)*

The large number of young labour entrants—ranging from 800,000 to 900,000 or more annually[3]—is one major explanation for the high rates of unemployment and underemployment in the country. Another is the sluggish growth of the economy, in particular in the failure of the Philippines to develop an economy with a strong industrial base and this is reflected in the sectoral patterns of employment.

The contribution of the industrial sector to total employment has hardly changed in three decades, from 16.5 per cent in 1970 to 16.2 per cent in 2000, with the share of its manufacturing sub-sector declining from 11.9 per cent to 10.0 per cent for the same period (Congress of the Philippines, 2001; Balisacan and Hill, 2003). Instead, it is the service sector that has grown rapidly, displacing the agricultural sector as the leading job generator (Table 2-2).

Table 2-2: Share of major sectors in GDP, 1980, 1990, 2001 (in per cent)

Sector	1980	1990	2001
Agriculture	25.1	21.9	15.1
Industry	38.8	34.5	31.6
Of which Manufacturing	25.7	24.8	22.8
Services	36.1	43.6	53.3

Source: ADB Key Indicators 2002

A major catchment basin for the Philippine labour force is the overseas labour market, which should be treated as a separate economic sector given its size and contribution to the economy. As estimated by the Department of Foreign Affairs (DFA), there were over five million overseas Filipino workers (OFWs) and over three million Filipino immigrants in over 120 countries in 2001 (Ofreneo and Samonte, 2002; Commission on Filipinos Overseas, 2004). They constitute the lifeline of the economy, with their remittances supporting the economic requirements of nearly one-fourth of the population. Considered the 'oil wells' of the country, the remittances now average over a billion US dollars a month.

Consumption spending by OFW families is also one reason why the other catchment basin—the service sector—continues to expand. Services grew from representing 46.5 per cent of total employment in year 2000 to 50.3 per cent in April 2009. There has been a proliferation of shopping malls and service establishments such as restaurants, internet cafes, movie houses, resorts and so on patronized by OFW families and relatives.

In recent years, the growth in the service sector has been boosted further by the rapid expansion of the global call centre and BPO industries. Call centres, facilitated by the global 'broadbanding' phenomenon and the global outsourcing/off-shoring of services, has created nearly 200,000 jobs for the Philippines in a relatively short period, from 2000 to 2006 (Ofreneo et al., 2007). The Business Process Outsourcing Association of the Philippines (BPOAP) is targeting one million seats by year 2010.

More disturbing however, is that the larger sub-sector of the growing service sector is represented by the informal economy, which has also been expanding in recent years. The limited jobs available in the formal sector means a majority of workers, especially those who have no secondary or tertiary education, have no choice but to join the informal sector, where jobs are generally precarious and are not covered by labour laws or labour standards.

The ECOP estimates that informal sector workers account for as much as 65 per cent of the labour force, an estimate that has not been contested in the deliberations of the National Wages and Productivity Commission. Informal workers have been multiplying because the formal sector has been shrinking.

As proof of this trend, former ECOP President Rene Soriano pointed out that between l999 and 2003, some 107,439 registered companies disappeared (Table 2-3), resulting in the displacement of some 900,000 formal sector workers. Yet, in the same period, the number of informal sector workers was estimated to have increased by at least two million.

[3] This number is growing, according the April 2009, Labor Force Survey, there were more than 1.3 million new entrants to the workforce between April 2008 and the survey date. Almost 10 million people were either unemployed or underemployed in the Philippines and only 157,000 more people in employment on a year-on-year basis.

Table 2-3: Growth of employment in the formal and informal sectors, 1999-2003

Sector	1999	2003	Difference
Formal	6.0 M	5.1 M	(0.9 M)
Informal	18.0 M	20 0 M	2.0 M
Public	1.6 M	1.6 M	
Firms registered	826 769	719 420	107 439

Source: Rene Soriano, "The Employers' Role in Employment Generation", April 2005

2.2 Youth employment, unemployment, education, and mismatches

Out of the 2.9 million unemployed reported by the National Statistics Office (NSO) for April 2006, over 1.4 million belong to the age bracket 15–24 (age brackets 15–19 plus 20–24).

For the April 2005 NSO survey, the corresponding figures are virtually the same i.e. 2.9 million unemployed, with 1.4 million belonging to the age bracket 15–24 (Table 2-4). This means nearly half of the unemployed are young workers, who are unable to land a job either because of the lack of effective demand, or because their education/skills credentials are not good enough or sufficient for companies seeking to hire workers.

Table 2-4: Unemployed by age bracket, (April 2005 and April 2006, in '000)

Age bracket	2005	2006
15–24	1 424	1 421
25–34	824	847
35–44	346	332
45–54	197	210
55–64	107	104
65 and over	16	12

Source: NSO

Interestingly, in terms of educational background, the lowest rates of unemployment are generally recorded among those with minimal education—up to those that completed elementary level education (Table 2-5). This is consistent with the observation that those with limited education have no qualms in accepting lower level or low-paying jobs, e.g., ordinary labourers or agricultural workers, in the informal sector. They also tend to end up in the ranks of the underemployed, who number over 8 million (Table 2-1). This observation is validated by the labour force statistics classifying around 12–15 per cent of the employed as 'unpaid family workers' (UFWs).

The UFWs are generally young workers who are unable to find jobs in the formal sector. As a result, they are forced to contribute to the family upkeep by becoming part of the extended work force of families engaged in farming, micro-business or small-scale home-based economic activity such as handicraft making, embroidery work, backyard repair shop, etc.

Table 2-5: Educational background of employed, unemployed (April 2006)

Education level attained	Employed		Unemployed	
	('000)	per cent	('000)	per cent
No grade completed	653	1.9	25	0.8
Uncompleted elementary	5 567	16.8	219	7.4
Elementary graduate	5 234	15.8	251	8.5
Uncompleted secondary	4 784	14.5	406	13.8
Secondary graduate	7 778	23.5	905	30.8
Uncompleted college	4 372	13.2	585	19.9
College graduate	4 635	14.0	539	25.7
Total	33 024		2 930	

Source: NSO

On the other hand, the unemployment rate is higher among those who finished high school up to those who reached and finished college. Again, this is consistent with the old observation that the country has a large army of *educated unemployed*. One explanation for this phenomenon is the weak demand for certain categories of graduates. For example, the country has a large surplus of maritime graduates who cannot be absorbed by the global and domestic shipping industry, as can be seen daily in the thickening mass of maritime graduates seeking sea-faring jobs at the so-called 'T.M. Kalaw Maritime Labour Market' in Luneta, Manila.

Another explanation is the weak educational foundation of many graduates, especially in basic communication skills, English proficiency and so on. This is most vividly illustrated by the so-called 'mismatch' in the booming call centre/BPO industry. The latter has been growing at a rapid rate since 2000. As mentioned earlier, as of 2007 it employed close to 200,000 agents (Ofreneo et al., 2007). It needs tens of thousands more employees who can fill up the new call centre seats being established and replace those who are quitting the industry (roughly 50 per cent turnover rate).

Yet, despite the 380,000 or so college graduates produced by the country every year (Table 2-6), the call centre industry has difficulty getting qualified agents. One call centre company reviews 2,000 resumes daily and yet is able to hire only 80 or less qualified applicants weekly. The most common problems are in lack of English proficiency and poor communication skills**.**

On the other hand, skilled and qualified workers, old and young, are being poached by recruiters for those overseas industries experiencing skills and talent shortages, e.g., aviation, telecommunication, IT/ICT, etc. In fact, in early 2006, the Fair Trade Alliance (FTA), Federation of Philippine Industries (FPI) and the aviation industry held a noisy campaign against the unmitigated 'exodus' of pilots, ground crew personnel and other 'mission-critical personnel', employees who, having been given expensive training by their employers, do not hesitate to break their training contracts (specifically on clauses relating to the minimum number of years of service to be rendered) by disappearing into the overseas labour market (Ziga, 2006).

Table 2-6: Selected Philippine educational indicators

Indicators	Number	Per cent
Enrolment ('04–'05)		
Elementary	13,015,487	
Secondary	6,312,031	
Tertiary	2,402,315	
Cohort survival rates* ('04–'05)		
Elementary		63.26
Secondary		57.04
College graduates ('03–'04)	386,920	
National achievement tests		
(Fourth year secondary, '03-'04)		
Mathematics		46.2
English		50.0
Science		36.8
National literacy rate ('03)		93.4
National functional literacy rate ('03)		84.1

Source: 2006 Philippine Statistical Yearbook, NSO

* *Defined as the percentage of those who finished the last grade vis-à-vis the total who enrolled at the first grade*

This exodus has also impaired the capacity of the educational system to deliver quality education services for training in a number of the professions. For example, the Philippines has lost a number of quality English, mathematics and nursing faculty to countries as disparate as the United States and People's Republic of China. The problem is most severe in the case of the nursing profession, where the exodus phenomenon is also acute. More than a hundred hospitals in the country have closed down because of the nursing shortage caused by the unchecked migration of nurses to North America, Europe, Australia, and New Zealand. Interesting to note however, is that many educational institutions, including science-technical colleges specializing in engineering such as the Mapua Institute of Technology, have found it profitable to go into or expand their nursing course offerings specifically to meet the overseas demand.

2.3 Weaknesses in the educational system and initiatives of industry

The inability of the educational system to produce qualified graduates needed by the CC/BPO industry in sufficient number suggests two important policy challenge if the weakness in the educational system is to be overcome: (i) how to encourage a more pro-active industry role in upgrading workforce skills; and (ii) how to increase the practical experience or know-how of secondary and tertiary graduates so as to make them productive workers.

With regard to the first challenge, there is abundant literature available on the weaknesses of the Philippine educational system. The poor results of the National College Entrance Examinations (NCEE) and the National Achievement Tests (NAT) for fourth year students in English, mathematics, and sciences (Table 1-6) prompted the Department of Education (DepEd), through (then) Secretary Florencio Abad, to propose the addition of another year in basic education dubbed as a 'bridge programme' to be administered by high schools and intended for those students who, upon completing their elementary education score poorly in the High School Readiness Test.

This proposal was quashed because the government lacked sufficient funds to meet all the requirements of basic education, let alone the financing for a new additional programme. The Philippine budget for education as a percentage of GDP is roughly 3.2 per cent compared to 5.0 per cent for Thailand and 7.9 per cent for Malaysia. The per capita budget for education is US$138 in the Philippines compared to US$852 for Thailand, US$1,582 for Singapore, and US$3,981 for Australia.

The present (1987) Constitution mandates the government to give the highest priority to education in terms of budgetary appropriations.[4] And yet, this provision is not observed because one-third of the national budget goes to the servicing of the national debt and another one-third to the amortization of principal. With weak budgetary support, the educational system has been deteriorating. For example, the average basic education class size in the NCR is now roughly 60 to 70, which is too large to facilitate learning. It is even higher in the poorer provinces.

Basic education is supposed to be 'universal' or free, and yet of the 100 students who enter primary school only 67 finish, only 66 enter secondary school, only 45 finish secondary, only 26 secondary graduates go on to college, and only seven manage to finish college. Overall, the same problems identified by the Congressional Education Commission in 1991 or nearly two decades ago have remained—poor quality of instruction, shortage in classrooms, shortage of quality teachers, poor and scarce instruction materials, weak industry-education linkages, etc.

In the meantime, what is industry doing to get the skilled graduates or employees they need and prevent or moderate the exodus of mission-critical personnel?

In the call centre/BPO industry, one solution is to provide 'continuous training' for the endless stream of new hires. Another is to cooperate with certain educational institutions in developing the skills of the 'near hires'. For this, the industry players have teamed up with a number of training institutions, including the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA) to supplement the college education of a growing number of applicants (in particular the so-called 'near hires') with intensive short-term training on English, communication, customer relations, and IT/ICT handling.

In the aviation, telecommunications, power distribution, steel and other industries that are experiencing difficulties in retaining their mission-critical personnel (mainly pilots, engineers and technical personnel) and in training new ones (which takes time and entails huge training expenses), there is active collaboration with the DOLE in ferreting out unlicensed domestic and foreign recruiters poaching these critical personnel. The industries have also engaged in a policy dialogue on how to regulate the outflow of these people. One outcome of the dialogue process was the recent decision of the Philippine Overseas Employment Administration (POEA) requiring pilots moving to other countries to file at least six months notice. The problem is that there are no clear rules and codes of conduct governing poaching, including the type undertaken by recruiters who advertise through the internet and who are 'invisible' to the public regulatory bodies (Ziga, 2006).

On the other hand, there is in fact a growing appreciation by industry of the importance of industry participation in skills development. The electronics industry, the biggest export-oriented industry, is the leading model in this as many electronics companies have invested heavily in setting up large human resources departments specializing in the conduct of 'hard' (skills related to the job) and 'soft'

[4] Article XIV, Section 5 (5) states "The State shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment".

(relational or behavioural) skills year-round. The banking industry, the pharmaceutical industry and the gas/fuel industry are also leading investors in HRD.

There are, of course, some problem areas. First, many companies provide HRD training mainly for their core group of regular rank-and-file, supervisory and managerial workers. The casual and peripheral workers, who usually outnumber the core workers, often receive very little training (if any), except the most rudimentary job induction programmes and the like. Sadly, many within this group are young workers with no—or limited—work experience and who would benefit the most from training.

Retraining and upgrading programmes for displaced regular workers have been the object of policy discussions in the past, particularly in relation to the so-called 'safety nets' for those whose jobs are adversely affected by globalization-induced industry restructuring. However, the translation of these concepts into actual programmes by private firms and concerned public agencies such as TESDA leaves much to be desired.

As a result of the exodus phenomenon, some companies hesitate to provide higher level training or skills development. Japanese and other foreign managers in companies producing sophisticated industrial products or parts bewail the tendency of Filipino workers to leave for better-paying overseas jobs once they acquire the special skills developed by the company. Training in this case becomes a subsidy to poachers who do not have to invest in training and time needed to develop certain skills.

It is abundantly clear, therefore, that encouraging industry to invest in training and skills development and extend these activities to non-company hires is not a simple proposition. Such a promotion programme should be undertaken side by side with a comprehensive review of the educational-skills development programmes of the country.

Similar to what is being done in Japan, Singapore and other countries, it is important that the government, industry and other stakeholders in society agree on a growth and education/skills roadmap in the pursuit of industrialization, agricultural development and employment generation. There should also be a clear policy on dealing with the exodus problem and the establishment of appropriate ethical rules for overseas recruitment agencies. Finally, both the supply and demand sides of the labour market should and must be looked into, for this is what proactive labour market matching is all about.

Some companies, especially local branches of multinationals or local companies with overseas offices have sought to address this problem by 'globalizing' their own workforce—offering key Filipino personnel the opportunity to work for periods overseas within the global corporate structure and with the prospect of returning to the Philippines with enhanced skills and at higher remuneration. This is an aspect that is worth developing further as one response to the exodus problem.

2.4 The youth labour market at a glance

Overall, the youth labour market is complicated by a number of variables that create complexity in any effort to understand the problem and develop solutions. The main characteristics are the following:

- Talented youths joining the exodus and creating shortages domestically within some professions (e.g., nursing, IT/ICT, aviation and engineering graduates). These young workers are indeed employable. But how can industry be expected to invest more in their employability when there is the constant threat of sudden departure from the company?
- Mismatches in some industries (e.g., call centre/BPO industry) in terms of limited or underdeveloped skills (English, communications, etc.).
- Lack of effective demand for the 'educated unemployed', whose education and training have either no industry applicability or their skill set is insufficient for industry to absorb them.
- Low-level employment for the majority of youth with limited education and skills. These workers tend to drift to the informal sector and join the ranks of the underemployed. However, their skills, trade know-how and entrepreneurial talents can still be upgraded with some help from concerned public and private sector development institutions.

Given the foregoing, there is a need to define more clearly how industry's support and commitment can be enlisted to boost or enhance the employability of the workforce, be it at the community or national level. Such participation should go beyond what industry is already doing for their own respective

employees in accordance with the company's business mission. The general task of enhancing the employability of the workforce is huge and formidable. The challenge of curing the weaknesses and inadequacies of the education/skills development system require positive and active involvement of all sectors in society, in particular of the formal sector business community which stands to profit the most from such an upgrading process.

3 Business initiatives to enhance youth employability: the CSR route

The involvement of the business sector in boosting youth employment and employability has increased in recent years because of the growing acceptance among major corporations of the challenge of Corporate Social Responsibility (CSR). The meaning of CSR, now a popular buzz word in Philippine business circles, has also deepened and broadened over the years. It reflects the fact that the stakeholders in any enterprise are not just the shareholders, directors and employees, but rather society as a whole. This has led to the concept of a "social license to operate"—the company must be seen to be 'doing good' not just for its shareholders and employees but for the communities in which it operates and does business. CSR can take many forms – from corporate philanthropic contributions to civic do-gooding *(e.g., community clean-up campaigns, etc.)* as well as undertaking a serious commitment to deeper socio-economic uplifting programmes such as education assistance for the poor.[5]

In the l970s, CSR was equated to business philanthropy or sharing by the more successful corporations of part of its profits in support of social development projects. This was how the Philippine Business for Social Progress (PBSP), a development foundation, was formed. PBSP receives contributions from the country's top corporations (latest count as of writing: 166 active contributors). The pooled corporate contributions are supplemented by grants sourced from international development agencies. With these funds, PBSP has been organizing poverty-alleviating economic projects in the depressed rural and urban areas such as assisting poor farmers improve their farming and marketing techniques or helping LGUs in renewing the environment through integrated agro-forestry projects (Baetiong, 2001).

In recent years, PBSP has focused its attention on activities with higher multiplier impacts such as education assistance and micro-credit lending. These activities happen to be the focus of the CSR initiatives of some major corporations and other business organizations.

For example, the Federation of Filipino-Chinese Chamber of Commerce and Industry, Inc. (FFCCCII) has been donating pre-fabricated elementary and secondary school houses throughout the poorer communities of the country. Over the decades, the FFCCCII has turned over hundreds of school buildings, which has gone some way to easing the acute shortage of classrooms in the country.

The family foundation of former FFCCCII President Lucio Tan, one of the country's leading *taipans*, is reported to be the biggest contributor to the FFCCCII's school-building programme. Lately, the SM Foundation of the highly successful business family of Henry Sy, the founder-owner of the SM mall chain, has also increased its contribution to the school-building programme of the Filipino-Chinese business community.

The Ayala Foundation Inc. (AFI) of the Ayala Group of Companies has also been focusing on education and culture-related activities. AFI maintains the Ayala Museum in Makati and the Filipinas Heritage Foundation, which are popular education tour destinations among school children. A more recent activity is the 'Project Youth Tech', a partnership with Globe Telecom and other institutions aimed at providing public high school students with access to the Internet by building computer

[5] In the ILO, the InFocus Initiative on CSR defined CSR as "a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law". CSR is considered "a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors" (See Subcommittee on Multinational Enterprises, ILO Governing Body, "InFocus Initiative on Corporate Social Responsibility [CSR]", Geneva: International Labour Office, March 2006).

laboratories in each participating school. Each laboratory costs at least PhP8 million and has a minimum of 10 computers (Sanchez and Flores, 2001).

Other corporations actively engaged in education-focused CSR programmes include Jollibee Foods Corporation, which collects and shares toys and books through its huge network of fast-food stores in the country; MERALCO, which has been running a reputable skills development technical-vocational institution through the MERALCO Foundation; Microsoft, which supports a chain of IT training centres for 'underserved and digitally excluded' OFWs and marginal sectors through the Overseas Workers Welfare Administration (OWWA) and various non-governmental organizations (NGOs); Metrobank Foundation, which gives recognition to outstanding teachers of the country through generous awards; SM Foundation, which gives college scholarships to underprivileged students and sponsors job and livelihood fairs for the country's disabled; SPI, the country's most successful BPO firm, whose employees and officers are active in building homes and classrooms for the poor; etc.

Two examples of major corporate initiatives on education and employability of the youth are the ABS-CBN Knowledge Channel and the Yazaki-Torres' Barangay Assistance Training Programme (BATP). These are discussed below.

3.1 The ABS-CBN Knowledge Channel

This channel is a dedicated 18-hour all-educational TV channel on cable and satellite TV aimed at reinforcing the basic education curriculum of the DepEd through attractive educational and learning programmes beamed to public school students and teachers nationwide. Among the DepEd subjects covered are Math, Science, English, Filipino, and *Makabayan* (values education).

The channel also features non-curriculum subjects for the benefit of other cable viewers. These include Parenting 101, life skills, science, business skills, culture and history and environment. Evaluations made by the DepEd and various rating agencies show that this channel has been a great ally of the teachers in educating the nation's youth (BizNewsAsia, September 25-October 2, 2006).

3.2 The Yazaki-Torres' Barangay Assistance Training Programme

Yazaki-Torres is the country's oldest and leading producer of auto wire harnesses exported all over the world. Employing an all-regular unionized work force of more than 5,000 workers, Yazaki-Torres has also converted its giant factory into an on-the-job-training (OJT) University for 3,500 youths deployed to the factory by the 150 barangays across five towns in Laguna and Batangas in the vicinity of the company.

For the theoretical component of the OJT programme, Yazaki-Torres constructed a separate building complete with machine and electrical tools. For the six-month OJT programme, the students receive a training allowance equivalent to the minimum wage and are exposed to the Yazaki-Torres brand of industrial discipline and productivity. These make the BATP graduates highly marketable or employable throughout the country. As of 2005, the BATP had recorded a total of 16,000 graduates.

3.3 Other CSR programmes

Other employment-related CSR programmes often revolve around micro-credit lending programmes promoting the Grameen-style lending concept to the urban and rural poor. The country's leading micro-credit institution is Tulay sa Pag-unlad, Inc. (TSPI), which is headed by Rene Cristobal, one of the senior officials of ECOP. Tulay has tens of thousands of micro borrowers all over the country.

However, one CSR employability programme which deserves mention here is the continuous effort of ECOP to document and propagate *'Best Industrial Relations and Human Resources Management Practices'* through its bi-annual Kapatid Awards (to recognize outstanding labour-management partnership) and training programmes. One best-practice concern is in the difficult area of workforce downsizing as a result of continuing efforts of corporations to restructure operations to become more competitive or to survive fierce domestic and global competition.

ECOP has been advocating the 'high-road' route in downsizing and reengineering, stressing the importance of social dialogue with affected employees, transition assistance for those who have to go (e.g., training on livelihood and new skills, re-deployment assistance, etc.). The concept is that,

consistent with the concept of employability, the end of employment in one company is the beginning of new employment in another, with little or no disruption in the life of the worker and his/her family. Helping workers realize a smooth transition from one job to the other through proactive training, job search and other transition programmes is a different but deeper CSR initiative.

4 CSR and business perceptions of youth employability

Do CSR programmes and initiatives focused on enhancing youth employability matter to the Philippine business community? Are they relevant to their business operations? What do the other corporations in the country think of CSR and youth employability programmes? Can they contribute to these programmes?

These are some of the key questions raised in a recent ECOP survey entitled '*Attitude, Perception and Capacity of Philippine Business to Support Youth Employment Initiatives'*. The survey was commissioned by the PYBF, a partnership project involving Youth Business International, Rotary International, Rotary Manila, ILO-Manila, and a number of private corporations. The survey involved a total of 101 corporate respondents of which 57 (56.44 per cent) came from the service sector, 36 (35.64 per cent) from manufacturing, and eight (7.92 per cent) from agribusiness.

4.1 Interesting survey findings

Among the interesting findings of the survey are the following points:

- The respondents recognized that the youth are the future leaders of the country. However, they also added that the youth of today, while more technologically equipped, need more guidance on '*the right direction in life'*.
- More than half of the respondents (50 per cent for the agribusiness sector and over 60 per cent for the manufacturing and services) believe that the youth today are indeed their future employees. Some of the respondents also believe that they are the future customers and potential future suppliers and business partners.
- A majority in the three sectors also agreed that the some of today's youth will become future entrepreneurs or business partners. However, a few expressed reservations about this. One possible explanation for this, which is related to the observation above on the need to give the youth 'the right direction in life', is that some respondents were not certain about the 'values' of the present younger generation.
- On working with young entrepreneurs, the same ambivalence was expressed by about 25 per cent of the respondents. This means a majority is willing to work with young entrepreneurs but there is some hesitance on the part of a critical minority. Again, this is based, in part, on the explanation cited above. The favoured areas of cooperation are in marketing and distribution of goods where there is benefit to the company—but it is also almost risk-free.
- On the development of youth as entrepreneurs, the respondents link the fulfilment of this vision to "*access to entrepreneurship training and education"* and to *"integration of entrepreneurship into the regular education curricula*." The manufacturing and service sector respondents added: "*opportunities to transfer technology and know-how from the business"*.
- On the possibility of existing business firms investing (together with the ILO, ECOP, and other business support institutions) on projects and activities promoting youth employment and entrepreneurship, only a minority from manufacturing (19.4 per cent) and services (28.1 per cent) gave a positive response. Half of the respondents from agribusiness said '*yes*'. Again, this pattern of answers can be linked to the ambivalent attitude of some manager-respondents on the values of the youth today. However, the types of educational/livelihood activities identified by the respondents make an interesting read (Table 4-1). These include ideas for the establishment

of a cooperative talent bank, understanding of BPO and integration of Nihongo instruction[6] in system development.

Table 4-1: List of companies willing to co-invest and types of activities

Companies	Types of activities
Abenson Inc. AFC fertilizer & Chemicals, Inc. Auto Prominance Corp (Volkswagen) Banana Garden Agri. Corp CADP Group Corp (central) Career Planners Specialists Int'l Inc. Central Azucarera Don Pedro Inc., (operations) CS Garment, Inc. Exchange Properties Resources Corp First Balfour Inc. Globe Telecom J-Sys Philippines, Inc. Junna Industrial Trading LeDonne Bolzano Shoe Corp Magsaysay Employees, Crew & Allottees Development Cooperative / Home Foundation Inc. Messe & Handel Corp Nippon Express Phils. Northeast Knitlex Manufacturing Inc. Oriental & Motolite Corporation Ortigas & Company Limited Partnership Philamlife Sky Freight SPI (Solutions People Innovation) ST Paul University Philippines TMX Philippines Inc. Unilab Zuellig Pharma Corporation	- Supply of materials and /or design, CAD drawings, etc. - Backward integration into grade and high school to improve (radically) quality of education - Business process outsourcing - Capacity build-up (Training/awareness of skills development) - Collaborative talent bank (this would be a bank of talents) - Employment/Business opportunity generation; apprenticeship, etc. - Free vocational/ technical high school or post secondary education for the financially-deprived but with adequate mental ability - Nihongo instruction integrated in the systems development cycle. - Conduct of entrepreneurship training (with youth with marketing potentials becoming distributors in some products) - Training and business education for the youth (formal and non-formal education) - On-the-job-training

- On CSR generally, an overwhelming majority (87.5 per cent from agribusiness, 72.2 per cent from manufacturing and 78.9 per cent from services) claim they have CSR programmes in place. As to the most important CSR programmes, agribusiness respondents indicated projects with "*social and economic benefits to the community where it operates"*, followed by projects on "*governance & transparency"*, with "*social and economic impact to customers in the supply chain"* as well as "*corporate philanthropy"*.
- For manufacturing participants, projects with "*social impact and economic benefits to the community where it operates*" generated the highest response rate (63.9 per cent) followed by "*social and economic impact to customers in the supply chain*" (19.4 per cent), "*governance and transparency*" (8.3 per cent) and "*corporate philanthropy*" (8.3 per cent). A similar pattern of responses applied to those in the service sector.
- As to CSR areas where the company should have active participation, those involved with manufacturing highlighted projects focused on "*local and community development*" followed by "*support in social initiatives, corporate volunteering, awareness forums on governance and social dialogue with multilateral stakeholders*". In the service sector, an overwhelming 70.2 per cent indicated "*involvement in local and community activities*", followed by "*support for social initiatives*" (56.1 per cent), "*corporate volunteering*", and "*awareness forums on governance and transparency*".
- On funding for CSR activities, 75 per cent from the agribusiness sector said that that it came from their own internal funds, while 25 per cent said it came from social partners. From the manufacturing sector, 61.1 per cent said that their funding was internally generated, 11.1 per

6 An intelligent tutoring system designed to assist English-speaking scientists and engineers in acquiring reading proficiency in Japanese technical literature.

cent from corporate foundations, 8.3 per cent sourced from social partners, and another 8.3 per cent from third party donations. In the service sector, 63.2 per cent said they source their funds internally, 19.3 per cent from corporate foundations, 14 per cent through social partners and another 14 per cent from third party donor organizations.

- On actual budgetary allocations for CSR activities, 25 per cent from the agribusiness sector mentioned sums ranging from US$1,000 to US$2,000 per year, and another 25 per cent allocated more than US$20,000 per year. For manufacturing, 19.4 per cent have annual allocations of more than US$20,000; 13.9 per cent, between US$10,000 and US$20,000; 13.9 per cent, between US$6,000 and US$10,000 per year. For 17.5 per cent of the service sector, the allocated amount was more than US$20,000, while another 17.5 per cent allocate less than US$1,000.

  In short, a growing number of companies take their CSR programmes seriously and in so doing, have made provision for CSR in their regular annual budgeting exercises.

- Asked whether they engage in youth-focused corporate programmes, roughly 50 per cent of the three sectors answered in the affirmative. These include activities promoting youth employment and improving productivity within the corporations such as skills upgrading or on-the-job-training programmes. Funding for these activities more or less follows the pattern of funding for other CSR programmes mentioned earlier, i.e., internal resource generation, assistance from corporate foundations and contributions from social partners.

- On willingness or readiness to implement or co-invest in a youth programme in the future, only a minority replied positively—8.3 per cent in manufacturing, 19.3 per cent from the service sector. This is an indication that corporations balk at the prospects of getting heavily involved in time-consuming programmes.

- Yet, when asked about their preferred youth-related activities, most of the respondents readily affirmed a preference for training.

  For agribusiness, the multiple choice answers were: (i) 100 per cent for skills training programmes; (ii) 75 per cent for technical skills development; (iii) 62.5 per cent for leadership skills enhancement; and (iv) 62.5 per cent for career guidance activities. Interestingly, 37.5 per cent were also willing to provide financial assistance.

  In manufacturing: (i) 63.9 per cent were inclined towards technical skills development; (ii) 36.1 per cent for leadership skills enhancement; and (iii) 33.3 per cent for mentoring and apprenticeship programmes.

  In the service sector: (i) 59.6 per cent indicated skills training as the top choice; (ii) 47.4 per cent for technical skills development; and (iii) 47.4 per cent for mentoring and apprenticeship. Table 4-2 summarizes the level of support for particular types of programmes through the multiple choice answers selected on preferred youth-oriented activities.

- However, when asked about their readiness to commit or participate in youth-oriented training programmes, specifically by allowing youth trainees and apprentices in their companies to undertake such activities, less than half replied affirmatively; 37.5 per cent from agribusiness, 30.6 per cent from manufacturing and 33.3 per cent from services. Only a few expressed a willingness to allocate separate funds for these activities.

Table 4-2: Types of youth-oriented programmes firms most likely to initiate

Types of programme	Multiple response (per cent)
Skills training	62.4
Technical skills development	55.4
Leadership skills enhancement	43.6
Mentoring and apprenticeship	42.6
Career guidance	34.7
Continuing education	32.7
Entrepreneurial education	23.8
Pro-youth recruitment programme	20.8
Non-formal education assistance	12.9
Provision of financial assistance	10.9
Funding for youth entrepreneurship / business projects	10.9
No response	10.9
Open door policy for the youth	9.9
Representation in management	7.9
Access to financial capital	4.0

Box 1 provides selected quotes from respondents.

Box 1: On schooling, entrepreneurship, and employment

"Youth Programmes especially in terms of employment and entrepreneurship should be given by the public sector and educational institutions. If given priority, the private sector can align youth-oriented programmes to develop a strong manpower-based or resource-based recovery for employment and industrialization."

"With the limited… manufacturing companies vis-à-vis the increasing number of schooling age youth, companies must take an aggressive look in affording the youth opportunities for OJT/Apprenticeships & Summer Training Programmes. How and where else can the youth gain experience for future career path? Government must be supportive of such programmes in companies."

"The employment rate of Filipino youth except for that of the nurses is very low… they will find some difficulties in seeking employment particularly for local jobs. Entrepreneurship is a good solution to resolve the unemployment rate. Government and other agencies should work together to promote entrepreneurship. School will play a very important role in cascading or promoting entrepreneurship."

Select Survey Respondent

4.2 Summing up: implications

To sum up, the survey shows that the business community, as represented by those sampled in the study, does appreciate the importance of CSR and youth-oriented activities. However, there is a great deal of ambivalence when it comes to making commitments or participating in these activities, probably because of the time and cost involved.

There is also unanimity among the respondents on the importance of training for the youth. However, it is implicit from the study that companies favour training that will be of direct and immediate benefit such as those that enhance productivity including skills and technical training. On the other hand, there is hesitation when it comes to the conduct of training supportive of non-company employees such as trainees and apprentices.

As pointed out earlier, the real test of business commitment to youth employability (and social responsibility) comes about when employers invest in education and training for non-employees. Still in the area of training, those from the agribusiness and manufacturing sectors believe that skills training is the most 'doable' youth employment programme followed by technical skills development. On the other hand, those from the service sector lean toward mentoring and apprenticeship, followed by skills training and leadership skills enhancement.

In general, the survey indicates that the business sector has mixed perceptions or attitudes towards the potential of Filipino youth. While a significant number believe in the strength of Filipino youth as future leaders in business and government, a similar number believe otherwise, contending that today's

youth needs to be guided and nurtured before reaching the right direction in life. Nonetheless, a majority are agreeable to working with young entrepreneurs as business partners.

On entrepreneurship development, the respondents identified the following 'must-do' measures: (i) access of the youth to entrepreneurship training and education; (ii) integration of entrepreneurship in the regular education curricula; (iii) creating opportunities to transfer skills and know-how from the business to individuals; (iv) establishment of an accessible one-stop-shop for business information and advisory services for youth; (v) campaign to promote entrepreneurship and entrepreneurial values; and (vi) access of young entrepreneurs to affordable credit resources.

From the foregoing, it is clear that the business sector sees gaps and weaknesses in the entrepreneurial courses offered by the formal educational system. However, bridging the gap between their own rhetorical commitments in support of education and skills development for the youth and their actual involvement in such programmes is a formidable task by itself.

5 Enhancing youth employability as a business partnership

The challenge lies in moving the business community from ambivalence towards the youth of the country, to a position of active involvement. There is a clear dichotomy here that needs to be addressed. Many of today's youth are themselves disillusioned and see their future as being outside the Philippines—an expression of disenchantment with the present direction the country is taking. Equally, this study has shown that business leaders show little confidence in the youth. This should be an alarming situation. Given the advantageous position of business leaders, the onus should be on this group to address this problem by way of an organized response and dialogue.

From the foregoing PYBF survey (and the existing CSR programmes of some companies), it is abundantly clear that many within the business community are supportive of the need for programmes that enhance youth employability and yet, at the same time, they are hesitant and ambivalent about becoming involved in these programmes, unless they are directly related to the training and skills enhancement of their own young employees. This attitude reflects the perception that the education and training of the youth is a 'public good' and not a 'private one', implying an investment that redounds to the benefit of society and the economy in general, not necessarily to a specific private company. Providing such services, therefore, is seen, by many in the corporate world, as a job for the government.

It is neither the government nor the private sector that is driving skills training but rather individuals and families who invest in skills upgrading and knowledge acquisition on their own account because these are seen as the tools needed to obtain decent employment and, by extension, better incomes for themselves and their families. It is motivated individuals that are creating the demand for education services, and not the corporate world.

The hesitance and ambivalence of the private sector is accentuated further by the reality of poaching, within and across national borders, in a relatively open labour market. It is expensive, money- and time-wise, to invest in training employees who can end up anytime in the waiting arms of recruiters of another company, which is able to pay a premium in salary but is able to save in training costs and training time, not to mention the expenses associated with the identification, screening, selection and initial development of talents and skills. The realities of poaching and the failure of trained employees to observe terms of training contracts and bonds[7] have also discouraged many employers from engaging in higher levels or specialized training. This is also one reason why the old proposal, articulated in the Congressional deliberations on the creation of the TESDA, for the adoption of the Singapore-style 'training levy' has not caught fire among local employers.

[7] Violations of the provisions of training contracts requiring trainees to render service for a minimum period are rampant. The cost of filing cases and the time involved in prosecuting violators deter employers from seriously pursuing legal cases against trainees who violate their contracts or bonds. Ironically, in the call centre industry, some employers even advertise the payment of a signing bonus for transferees.

Thus, any direct involvement of private sector companies in the education and skills development of the youth and, especially, non-employees is due largely to the CSR as practiced by a few outstanding companies such as Yazaki-Torres, Ayala and larger Filipino-Chinese companies. These companies have allocated funds to support CSR programmes on education and skills development.

The challenge given to the corporate sector is to find more private sector companies who are willing to become involved in programmes boosting the employability of the youth. Are they prepared to engage young people and invest their time and resources for these programmes?

The response should be a positive one simply because not doing so is bad for the education and skills training system, reduces the employability of the new generation of workers and eventually weakens the labour market environment for the private sector of this country. In turn, the economy does not reach its growth potential. Poor youth employability is bad for the development of the country and therefore bad for business.

There is no need to belabour here the problem of eroding youth employability due to the crisis of the national education-training system. Only 7 per cent of those who enter the education system at Grade One manage to complete a college education. Even then, the quality of education for these seven graduates as well as the 38 others who succeed in completing secondary education is uneven in the extreme as reflected in the general weakness of many graduates in mathematics, science, communication skills and language proficiency.

Saddled with huge debts and confronted with many other development challenges on so many other fronts, the government can only do so much. In the best of times, its best efforts will still be insufficient.

Thus, other stakeholders in society, business and industry in particular, need to contribute and participate in programmes promoting employability, be it in the area of job-specific skills development or business skills development.

5.1 What can the individual company do?

5.1.1 Getting involved for its own sake

Despite their ambivalence in directly contributing to various youth employability programmes, individual companies, even if their operations are marginal or sub-optimal, need to be convinced that it is in their own self-interest to become involved in these programmes.

There is a sound business case for this. Becoming involved enhances a company's reputation as a good corporate citizen, especially in the community where it operates. Obtaining the loyalty and support of the host community eases the task of operating a business and, with goodwill generated, will save the company precious funds devoted to added security measures, recruitment costs, etc.

Many host communities have accepted the CSR-minded utility companies as their own and protect them and their assets. In contrast, such communities have sometimes made life difficult for those companies which not only ignore the environment but also ignore the needs of the local communities.

Having a good corporate reputation is also a crucial element in building up and consolidating a firm's market base. This is precisely the reason why corporate branding and CSR certification have become important elements in the modern business lexicon. Of course, involvement in these youth employability programmes, particularly where they have a community focus, is a clear measure of a company's commitment to CSR.

How should the smaller companies get involved in these youth programmes?

A practical starting point is the family. A good practice is arranging factory or company visits for spouses and children of their workers. This exposes the employee's family to the work and business mission of the company and naturally strengthens family ties with the company. If feasible, companies can provide apprenticeship or learnership programmes for the children of qualified workers.

The more capable or larger (medium-size) companies can consider joining forces with the school and training institutions in their host communities through contributing to the improvement of school

facilities, providing access for students to a real-work learning environment and the like. In fact, they could also participate in the formulation of curricula for the schools and skills development institutions thereby tailoring local education to the needs of local business.

Finally, they can support other education-training initiatives for the youth organized by local business chambers and national industry associations.

5.2 What can the organized business community do?

Forging a business partnership on youth employability.

This brings us to the role of the business community as a whole.

The truth is that it is not the job of one firm or a small number of private sector companies to bear the burden of enhancing youth employability. It is the job of the entire business community. Hence, there is the challenge to be met of devising a considered response from the organized business sector, meaning the involvement of the ECOP, Philippine Chamber of Commerce and Industry (PCCI) and other national business organizations in youth employability programmes. The organized business sector should be able to draw up a feasible and actionable national programme on youth employability to supplement and enhance the existing CSR programmes of various individual companies as outlined earlier. What then can the organized business community do?

The first task could be to strategize the position of the business community in a national programme to enhance youth employability and to enumerate the types of intervention that business is prepared to undertake. It must be borne in mind that it is not the job of the business sector to tackle the youth employability burden on its own; but neither should the business sector shirk from the task of playing a strategic role in supplementing what government and other sectors are already doing in this area. It is after all, the prime beneficiary of any such programme.

For this, an obvious way forward is to undertake consultation and dialogue with the key stakeholders—with the public and private providers of education and training services, with the government's national and regional economic planners, with the school boards and parent associations, with the local government units and other community institutions, with the unions and civil societies or NGOs, etc.. It is precisely during the dialogue process that trends and obstacles surrounding the youth employability issue can be clarified. Public-private sector partnerships and cooperation schemes can be formulated and detailed, and solutions and social consensus can be forged.

Eventually, meaningful social partnership—bipartite (public-private sectors), tripartite (LGU-education sector-private companies), multipartite (various stakeholders), or varied permutations of social cooperation or partnerships—can be developed in support of youth employability, and where the private sector has a clear, distinct and substantial role to play. Such partnerships can also be a vehicle for building a coalition of like-minded institutions supportive of enhanced youth employability.

Of course, the organized business sector is not going into this dialogue-partnership process with a blank agenda. As shown by the CSR experiences, PYBF survey and discussions in various ILO-sponsored workshops on youth employment/employability, there are some 'doables', which the business community can already undertake, regardless of the outcome of the above dialogue-process. It is suggested that these doables, can be included in the dialogue process. Some suggestions are made in the following sections.

5.2.1 Propagating the CSR practices of outstanding companies

The organized business community might consider giving more publicity, for demonstration effect, to the work of existing CSR-conscious companies. As it is, there are many positive stories showing that the more successful companies in the Philippines have been participating in the employability programme as an expression of its CSR, some of which we have already enumerated above.

There needs to be continuous campaign among capable private corporations that participation in the employability enhancement programme is an expression of one's CSR.

5.2.2 Participating in dual-tech, skills certification, and collaborative training programmes

The organized business community can entice its members to open their doors to more trainees and apprentices under ethical arrangements; because the best classroom for many is the workplace itself. Sometimes the problem of dual-tech training institutions is the shortage of cooperating firms. The ethical issue is also important because sometimes traineeship and apprenticeships are misused or availed of, not to develop skills of those recruited but to avoid meeting obligations to workers such as paying the minimum wage. On the other hand, industry should also help TESDA and other skills certification bodies in skills testing, standard setting and the likes.

5.2.3 Giving market signals to the education-training sector

Time and again, it is pointed out that the best education and training system is one that is industry-led or industry-focused, meaning business and industry give 'signals' on those skills that are in demand so that the educational institutions can design courses to meet that demand. However, industry-education coordination dialogue to 'signal' such needs rarely happens because the private sector rarely sits down, if at all, with the school boards, education planners, etc.

Unless this is done, and on a regular basis, the education and training institutions will be unable to appreciate the weaknesses in supply-demand labour market matching and industry-curriculum matching, etc. School curricula and course offerings need to be adapted and relevant to the changing needs of the economy and industry, but for this to happen, dialogue is a prerequisite.

The organized business community has an important role to play in helping strengthen education-industry cooperation, in particular in formally instituting industry representation on school and college boards in order to provide education planners with 'market signals' coming from industry. Industry needs to partner with education in skills development and in anticipating changes in technology and work processes because these all require new skills that have to be learned.

In fact, education and skills offerings and curricula should be updated regularly in line with the changes taking place in industry and commerce, as a result of competition and globalization. The Public Employment Service Offices (PESOs) can also provide a venue for industry-education dialogue on demand-supply matching that operates at the local level.

5.2.4 Sustaining the campaign for upgrading programmes for the weak and vulnerable among the business community

Not all in the business community are created 'equal', especially those operating in the informal sector and among the small and medium enterprises with limited capital, weak technology and poor market reach. Very often, these enterprises themselves require HRD assistance in terms of upgrading business skills. Properly organized this can include the 'cascading' of good and best business practices developed by the more capable members of the business community and which can be absorbed by those needing help.

Here, the organized business community can play a positive role in disseminating these practices and linking the larger and more successful firms with the smaller ones and those that are struggling to survive. Such programmes could be linked to a campaign for institutional reforms such as strengthening the environment for business, so that small and micro enterprises in particular can grow and prosper. This would include such things as easier registration procedures, access to venture capital, promoting transparency, etc.

5.2.5 Teaching values to the youth through the power of example

Positive work values, including entrepreneurial values, need to be inculcated among young workers. The ambivalent attitude of some respondents to the PYBF survey on whether the youth of today are capable of becoming the future leaders and future business partners is disturbing and is due precisely to the perceived weaknesses in the value system of the present younger generation.

Equally valid is the point that many of the young are disillusioned by present business and government leaders. There is a gap here that needs to be bridged. While other institutions such as media and family

do help shape values, the education system itself, as a mirror of society, plays a central role in shaping the entrepreneurial Filipino, the industrious Filipino, the hard-working Filipino and the Filipino who cares for society. One way of inculcating good positive values is by providing role models. This can be done through the documentation and propagation of the work values and ethics of outstanding entrepreneurs, outstanding industrialists and outstanding CEOs.

At the same time, the information flow should not be in one direction; there needs to be a forum for dialogue and exchange between business and young people. Again, greater involvement of the business community in the educational process itself could be one way of achieving this.

5.2.6 Analyzing labour market trends

If the country is to upgrade its productivity, then organized business must supplement the work of labour and industry research institutions by either validating observations and theories about changing labour market conditions or though undertaking original studies or analyses of the trends, problems and issues in the labour market. Some industries, such as the business process outsourcing sector are already doing this. For example, there appears to be a great deal of 'fuzziness' in the labour market given the observation that there is a supposed 'labour market mismatch.' Many call centres and other BPO companies are unable to find sufficient qualified graduates and yet alongside this situation many job seekers are unable to find work. The situation can be characterized as a 'scarcity amidst surpluses'. The solution to this problem lies with the business community itself: through its own research arm, it can help identify both the shortages and surpluses and offer solutions as to how these can be addressed by policy makers more concretely and more effectively.

5.2.7 Strengthening ethical rules on training

The organized business community can better regulate itself and minimize the abuses committed by poachers and employers who do not invest in the training of their own employees but instead pirate from others. Without binding rules against poaching and employee violation of training contracts, industries active in training and skills development will not be encouraged to go into higher level of HRD investments, and yet to do so is crucial in meeting the goals of higher productivity and industrialization of the country.

Organized business should be encouraged to come up with a Code of Ethics on training and poaching, a system of monitoring compliance with the Code put in place, fines (not necessarily penal in character) against errant or deviant industry players, etc. Likewise, organized business should work closely with the government on tightening the rules against workers who disregard their training contracts in favour of immediate overseas deployment.

This, of course, should be done in a sensitive and balanced way if negative effects are to be avoided. There is also the need to ensure that a person's basic human rights are respected. The government should use the full force of the law in ferreting out illegal recruiters and local agents of foreign recruiters as well as the licensed ones engaged in illegal (or unregistered) recruitment practices. In this regard, a good place to start would be an intra-industry dialogue between ECOP and the Philippine Association of Service Exporters.

To recap, there are a number of things that can be done by the organized business community and some of these have been summarized above. No doubt, there are other areas too that can provide additional focus. The primary goal should be to bring this topic to the national agenda so that dialogue can take place that would lead to a deeper and broader process of social dialogue and agreement on the appropriate youth employability agenda. From there, the organized business community must help forge a partnership or coalition of sectors, which can carry the agenda forward. This will result in maximum benefit for the business community and the nation's next generation of productive workers.

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Enhancing youth employability is a business mission

While according to the Constitution of the Philippines, education is to accorded the "highest priority" the reality is that in recent years, the quality of education, particularly through the public school system has been in a state of neglect.

In this paper, the author argues that the development of young people is a "national good" and that the business sector has an important role to play alongside the formal educational institutions. Yet, so far the training role undertaken by many companies has been narrowly focused on productivity enhancement of their existing workforce. Most companies appear reluctant to go beyond this; in part because of the fear that by providing more general training they will be in danger of either having their workforce poached by competitors or have them leave of their own accord for better paying jobs overseas.

Drawing on an ECOP survey conducted in 2006, the author notes the high level of distrust that exists between employers and the present generation of young people. Many employers commented that today's youth 'do not have the right direction in life.' Equally, it appears true that many young people believe the reverse. The author argues the case for dialogue and greater involvement by both organized business and individual firms in both training and with curriculum design through engagement with educational institutions.

Examples of outstanding corporate social responsibility programmes are provided as a means of demonstrating what is possible.

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