

This is the fourth of 12 primers on various current affairs issues, published as part of the outreach programme for The Straits Times-Ministry of Education National Current Affairs Quiz.

PRIMER

University degrees: Mindset shift needed



By PEARL LEE

IN SINGAPORE, most students hope to get a degree. Polytechnic officials estimate that eight in 10 polytechnic graduates here eventually go on to get a degree.

If they do not make the cut to get into any of the six public universities here, students often take a degree at a private institution, such as Kaplan Singapore or the Management Development Institute of Singapore (MDIS). Or those who have the means might head for universities abroad.

But with economists warning of a graduate glut and an increasingly complicated knowledge economy, there is a need to re-think the mentality that a degree is the be all and end all.

The most common reasons cited by students for pursuing a degree are that it gives them a better salary and brighter job prospects when they start work.

A 17-year-old student from the Institute of Technical Education said: "The higher your education, the more your job options and the better your pay."

And the results of the latest graduate employment survey support this view. The median salary of university students who graduated last year rose to a high of \$3,200, up from the \$3,050 for the class of 2013.

In contrast, a survey of fresh polytechnic graduates showed that their median monthly salary over the same period stayed at \$2,000.

But just being armed with a degree might no longer be as important as it was in the past, as the proportion of degree holders in the workforce increases.

It also does not seem to be enough, as rates of unemployment and underemployment are rising among degree holders.

The graduate unemployment rate has risen slightly over the past four years, from 2.6 per cent in 2011 to 2.9 per cent last year. These figures, however, are still much lower than the peak of 3.6 per cent in 2009, in the aftermath of the Asian financial crisis.

But figures from the Ministry of Manpower (MOM) last year showed that more university graduates are struggling with underemployment. In 2013, about 2.3 per cent of degree holders were underemployed, up from 2.2 per cent in 2012.

The underemployed have some form of work, but not as much – or not as high-paying – as what they are qualified for.



Most students here still hope to get a degree as they feel it will provide better job and pay prospects. However, an impending glut of graduates and an increasingly complex knowledge economy could see mindsets shift, as vocational training, apprenticeships and skills upgrading become ever more vital. PHOTO: REUTERS

The ministry's data also showed that degree holders form the only group that faces underemployment here. Most other Singapore workers are being placed in jobs that match their skills.

Experts said the underemployment could be due to mid-level workers being complacent and not upgrading themselves quickly enough to match the rapid changes in the economy.

As certain economic sectors become less important and shrink, companies in these sectors shed jobs. New jobs are created in new economic sectors, but they could require different skills.

Many professionals, managers, executives and technicians (PMETs) who are retrenched from jobs in the fading industries are unable to fit into the new jobs, and are thus forced to take lower-level positions, with lower pay.

Manpower Minister Tan Chuan-Jin warned last year that a graduate glut could see Singapore workers being overeducated and underemployed – a trend already unfolding in South Korea and Taiwan.

In Taiwan, the government's controversial education reforms, launched in the mid-1990s in a bid to popularise tertiary education, have led to a boom in the

THE STRAITS TIMES

Ministry of Education

NATIONAL CURRENT AFFAIRS QUIZ

ABOUT THE BIG QUIZ
 THIS primer is part of The Straits Times' initiative to discuss issues of national concern. Each Monday, the paper's correspondents will address burning questions in the Opinion section, offering unique Singaporean perspectives on complex issues.

The primers, as well as six campus talks helmed by editors and correspondents, are part of this paper's outreach programme called The Straits Times-Ministry of Education National Current Affairs Quiz, nicknamed The Big Quiz.

The nationwide event, whose presenting sponsor is the Singapore Press Holdings Foundation, aims to promote the understanding of civics among pre-university students.

Talks by ST journalists and quiz rounds will be held on:

- Friday (April 17) at Catholic Junior College
- April 29 at Anderson Junior College
- May 6 at River Valley High School
- May 22 at Tampines Junior College
- May 27 at Yishun Junior College
- July 29 at Pioneer Junior College

For more information, go to www.straitstimes.com/thebigquiz

number of universities and, in turn, an excess supply of university graduates and a higher unemployment rate among them.

With more than 150 universi-

ties, Taiwan has a university entrance rate of almost 100 per cent; many students also take postgraduate programmes. This raises questions about the quality

of the programmes as well.

At the same time, the economy has been struggling. Much of Taiwan's manufacturing sector has moved to China as manufacturing costs are lower there, resulting in a loss of jobs. Taiwan has a youth unemployment rate of about 12 per cent.

With too many graduates seeking graduate-level jobs in an environment that is increasingly losing its competitive edge, many degree holders have no choice but to take up jobs with salaries far lower than their expectations.

Fresh graduates in Taiwan earn a starting pay of \$900 to \$1,000, which is about three times less than what a fresh degree holder here would earn.

Human resource expert David Leong of PeopleWorldwide Consulting said: "When you have a degree, you expect to earn a certain level of pay."

"But there are so many graduates in Taiwan that there are not enough jobs for them and they settle for low pay."

In contrast, in places such as Germany and Switzerland, which champion vocational training rather than university degrees, the apprenticeship model and the focus on skills have helped to keep youth unemployment at bay.

For instance, Germany has a

youth unemployment rate of about 7 per cent, while other countries in the euro zone, such as Italy, have a rate of more than 40 per cent.

Apprenticeships are seen as a key route into the German workforce, and for more than half the student cohort, the vocational path beats the academic one.

Apprentices, as young as 15, spend one or two days a week at a vocational school and the rest at a company, where they are paid.

The German vocational school system is closely tied to business and industry.

The schools "know what they need for qualified workplaces, which brings the economy forward and gives the individual well-paid work", Germany's Ambassador to Singapore, Dr Michael Witter, said at a forum with university students earlier this year.

This means that students are trained in industry-relevant skills. Moreover, German firms see training apprentices as their responsibility, pumping millions of euros into this effort each year.

At the end of the apprenticeship, students are equipped with both practical and technical skills and a sound understanding of the industry they are in – traits valued by employers.

Prime Minister Lee Hsien Loong, who visited Germany in February, said then that Singapore could learn a thing or two from the Germans when it comes to boosting worker skills.

He added that the German culture is such that apprentices tend to be loyal to their firms, and do not join another company just because it offers higher pay.

In this year's Budget debate in February, the Government unveiled its SkillsFuture initiative, meant to ramp up the skills of workers here.

Under a traineeship programme modelled after the German apprenticeship scheme, participants will spend several days a week working at a company and earning a salary, and the rest of the time studying to upgrade their qualifications.

Deputy Prime Minister Tharman Shanmugaratnam said then that Singapore needs to move to become "a meritocracy of skills, not a hierarchy of grades earned early in life".

This means that while an individual should be encouraged to achieve a degree if he makes the cut, the journey does not end there. Even after entering the workforce, he must continue to upgrade himself and prepare for future job changes.

Possessing specialised skills in a particular area is more crucial than a garden-variety degree, and will make an employee more valuable to a company.

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