

09 September 2022

**HON. JUAN EDGARDO “SONNY” ANGARA**

Senator  
Senate of the Philippines,  
Pasay City

Attention: **Atty. Fatima Lipp D. Panontongan**  
Chief-Of-Staff

Dear **Senator Angara**:

We are transmitting herewith the summaries of the following research studies related to youth employment:

1. Tutor, M., Orbeta, A., and Miraflor J. 2019. The 4th Philippine Graduate Tracer Study: Examining Higher Education as a Pathway to Employment, Citizenship, and Life Satisfaction from the Learner's Perspective. PIDS Discussion Paper Series no. 2019-26. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1926.pdf>
2. Orbeta, A. and Potestad, M. 2020. On the Employability of the Senior High School Graduates: Evidence from the Labor Force Survey. PIDS Discussion Paper Series no. 2020-40. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2040.pdf>
3. Orbeta, A., Corpus, J., and Araos, N. 2021. Who are the youth NEET in the Philippines today? PIDS Discussion Paper Series no. 2021-21. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2121.pdf>

We hope that the Committee will find these PIDS studies useful in studying the issues of youth unemployment. Thank you for allowing us to provide our input.

Sincerely,

**ANICETO C. ORBETA JR.**  
President

## Recent PIDS studies related to youth employment

1. Tutor, M., Orbeta, A., and Miraflor J. 2019. **The 4th Philippine Graduate Tracer Study: Examining Higher Education as a Pathway to Employment, Citizenship, and Life Satisfaction from the Learner's Perspective.** *PIDS Discussion Paper Series no. 2019-26.*  
<https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1926.pdf>

### Significance

Data on college graduates' experience can shed light on the relationship between college experience and labor market outcomes.

### Research questions

1. What has been the college learning experience of higher education graduates?
2. What has been their experience after college graduation overall and on specific aspects of post-college life?
3. **Is there a mismatch between what students learned in college and the work they are doing now or in their first job after college?**
4. To what extent does better college experience influence post-college experience overall, as well as specific aspects of post-college life?

### Methodology

- Data were collected through a national graduate tracer survey of 11,547 college graduates in 2009, 2010, and 2011. CHED conducted the survey from July 2014 to June 2015.
- Data analysis was done through descriptive analysis, dimension reduction, and econometric techniques.

### Findings relevant to youth employment

#### On graduates' employment status

- At the time of the survey, 89 percent of graduates were employed, and 11 percent were unemployed.
- Labor force participation was slightly higher among public HEI graduates than private HEI graduates (88.7 percent vs. 85.6 percent).
- Labor force participation was higher among male graduates than female graduates (90.1 percent vs. 84 percent).

#### On skills development

- Graduates were asked to rate, on a 5-point scale (not at all, very little, some, a lot, and very much), the extent to which their college program developed the following vital skills: critical thinking, solving complex problems, working with others,

independent learning, written communication, spoken communication, knowledge of the field, and developing work-related knowledge.

- The skills with the highest proportion of “some” responses and the lowest proportion of “very much” were solving complex problems, written communication, and spoken communication. The skills with the highest proportion of “very much” responses were working with others and independent learning.

### **On school-work transition**

- On average, graduates started looking for a job 4.6 months after graduation, taking 8.2 months to land a job. Public HEI graduates begin to look for a job sooner (by 1.3 months) and find a job faster (by 1.5 months) compared to their private HEI counterparts.<sup>1</sup>

### **On factors affecting finding employment**

- Among graduates who had a job at any point after graduation (91 percent of the sample), the top factors cited for getting a job were work experience (40.1 percent), occupational skills (38.3 percent), and personal connection (10 percent).
- Among the same subsample, the top barriers cited that hinder one from getting a good job were lack of work experience (40.8 percent), outdated or irrelevant skills (25.6 percent), and lack of personal connections (18.1 percent).

### **On job-education mismatch**

- Only 70 percent of graduates think their college degree is relevant to their first job.
- Only 49 percent of graduates of degrees related to professions that require a PRC license were in jobs that matched their college degrees.
  - Among BS Nursing graduates, only 52.5 percent worked as nursing professionals. Around 14 percent worked in call centers, 9 percent were retail or wholesale trade managers, and 6 percent were general office clerks.
  - Among Bachelor of Elementary Education graduates, only 64.5 percent worked as elementary teachers. Other graduates worked as teachers in the early childhood, secondary, or tertiary levels or in other teaching professions, or as clerks.
  - Among Bachelor of Secondary Education graduates, only 59.4 percent worked as secondary education teachers. Other graduates worked as primary school teachers or had non-teaching jobs such as clerks, shopkeepers, or sales representatives.

## **Recommendations relevant to youth employment**

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<sup>1</sup> The difference could be due to the higher percentage of private HEI graduates that finished programs requiring a PRC license compared to public HEI graduates (57 percent vs. 40 percent, respectively).

- Labor market information must penetrate students in earlier stages of secondary education to allow them to assess alternative career paths vis-à-vis their preferences.
  - College instruction must be improved to develop communication, critical thinking, and problem-solving skills among students.
  - From the learners' perspective, much is still to be learned on job-education mismatch.
2. Orbeta, A. and Potestad, M. 2020. **On the Employability of the Senior High School Graduates: Evidence from the Labor Force Survey.** *PIDS Discussion Paper Series no. 2020-40.*  
<https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2040.pdf>

### Significance

- The Senior High School (SHS) component of the K-12 program is designed to provide graduates a direct path to the labor market (employment or self-employment), apart from the traditional paths of pursuing higher education or mid-level skills development. It is expected that labor market outcomes will be better for SHS graduates compared to Grade 10 completers.
- The first batch of SHS students graduated in 2018. There is a need to know how SHS graduates are faring in the labor market relative to their peers. The study contributes evidence on the labor market outcomes of SHS graduates compared with those of their peers, i.e., Grade 10 and second-year college completers.

### Research question

1. How do labor market outcomes of Senior High School (Grade 12) graduates compare with those of Grade 10 and second-year college completers?

### Methodology

- The authors use descriptive and econometric analysis using Labor Force Survey data (July 2018-April 2020) to compare labor market outcomes of SHS graduates with those of Grade 10 and second-year college completers.

### Main findings

- **The labor market is not a popular destination for SHS graduates.** Through descriptive analysis, the authors find that, on average, only 23.3 percent of SHS graduates were in the labor force, and 77.5 percent were attending school.
- **Estimation results show that SHS graduates do not have a clear advantage over Grade 10 completers regarding labor market outcomes.**
  - Compared to Grade 10 completers, SHS graduates had a higher daily basic pay (by PHP 20.91),<sup>2</sup> and a larger proportion was engaged in self-

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<sup>2</sup> PHP322.054/day for SHS graduates vs. PHP301.145 for Grade 10 completers.

employment (by 2.4 percentage points)<sup>3</sup>. However, compared to Grade 10 completers, a smaller proportion of SHS graduates were in the labor force (by 8.6 percentage points)<sup>4</sup>; a smaller proportion of SHS graduates who were in the labor force were employed (by 5.7 percentage points)<sup>5</sup>; a larger proportion of SHS graduates who were employed were underemployed (by 2.2 percentage points)<sup>6</sup>; a smaller proportion of SHS graduates who were employed were wage and salary workers (by 2.8 percentage points)<sup>7</sup>; and SHS graduates who were employed worked for fewer hours (by 1.546 hours)<sup>8</sup>.

- **Meanwhile, second-year college completers do not have consistently better outcomes compared to SHS graduates.**
  - Compared to second-year college completers, a larger proportion of SHS graduates were in the labor force (by 7.5 percentage points)<sup>9</sup>; a larger proportion of the employed SHS graduates worked as wage and salary workers (by 10.1 percentage points)<sup>10</sup>; and employed SHS graduates worked more hours (by 5.418 hours per week)<sup>11</sup>. Meanwhile, a smaller proportion of SHS graduates in the labor force were employed (by 5.8 percentage points)<sup>12</sup>, and a smaller proportion of those who were employed was self-employed (by 9.6 percentage points)<sup>13</sup>.

### Recommendations

- Determine the reasons why SHS graduates are not entering the labor market as much as expected. The reasons can be from the demand side (employers) and/or the supply side (students and their family).
- Reexamine the work preparation component of the SHS curriculum to improve SHS graduates' labor market performance.
- Reinforce the self-employment component of the SHS curriculum.
- Continue working with employers to disseminate what SHS graduates can do in the labor market.
- Continue monitoring and generating empirical evidence to understand SHS graduates' labor market outcomes.

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<sup>3</sup> 32.7 percent for SHS graduates vs. 30.3 percent for Grade 10 completers.

<sup>4</sup> 19.6 percent for SHS graduates vs. 28.2 percent for Grade 10 completers.

<sup>5</sup> 78.3 percent for SHS graduates vs. 84 percent for Grade 10 completers.

<sup>6</sup> 15.5 percent for SHS graduates vs. 13.3 percent for Grade 10 completers.

<sup>7</sup> 68 percent for SHS graduates vs. 70.8 percent for Grade 10 completers.

<sup>8</sup> 34.376 hours per week for SHS graduates vs. 35.922 hours per week for Grade 10 completers.

<sup>9</sup> 19.6 percent for SHS vs. 12.1 percent for second year college.

<sup>10</sup> 68 percent for SHS vs. 57.1 percent for second year college.

<sup>11</sup> 34.376 hours for SHS vs. 28.958 hours for second year college.

<sup>12</sup> 78.3 percent for SHS vs. 84.1 percent for second year college.

<sup>13</sup> 32.7 percent for SHS vs. 42.3 percent for second year.

3. Orbeta, A., Corpus, J., and Araos, N. 2021. **Who are the youth NEET in the Philippines today?** *PIDS Discussion Paper Series no. 2021-21*. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2121.pdf>

### Significance

- NEET are youth (ages 15-24) who are not in education, employment, or training
- The NEET concept offers a more holistic picture of youth underutilization compared to traditional indicators of youth exclusion, such as out-of-school children and youth (OSCY) and youth unemployment rate.<sup>14</sup>
- NEET are young people who are not accumulating human capital through education or employment as they transition to adulthood. Therefore, being NEET can undermine young people's future employment and earnings prospects, leading to lasting economic disadvantage.
- What strategies can be pursued to draw NEET into training and employment? Technical-vocational education and training (TVET) offers a pathway to engage the NEET, but there is a need to understand the barriers that keep NEET from pursuing TVET.

### Research questions

The paper's main contributions lie in answering the following:

- Q1. Who are the youth NEET in the Philippines?
- Q2. What are the barriers that keep NEET from pursuing technical vocational training?

### Methodology

- Q1. Published NEET statistics from the PSA, and descriptive analysis of LFS rounds in 2019 and merged LFS-FIES 2018 (the most recent data available at the time the paper was written).
- Q2. Online survey of current trainees and applicants in TESDA Technology Institutes (TTIs) and current trainees and applicants in YouthWorks PH.<sup>15</sup> Online survey was conducted in March 2021. Eligible respondents were NEET at the time of their application to their respective programs. Sample is self-selected and non-representative. Usable sample size is 1,688 (61 percent were trainees in TTIs).

### Main findings

- **NEET population and incidence**

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<sup>14</sup> OSCY is less relevant for youth ages 20-24 who are expected to be leaving school and joining the labor market, while the youth unemployment rate is less relevant for youth ages 15-19 who are largely economically inactive due to being in school.

<sup>15</sup> YouthWorks PH is a training scholarship program of the Philippine Business for Education (PBE) and USAID targeting NEET youth in selected areas in the country.

- **National.** There were 2.38 million NEET as of April 2022, representing 11.9 percent of the youth population (see Figure 1 below). The COVID-19 pandemic disrupted the downward trend of the NEET population and incidence, but both have resumed their downward trend since October 2020. (PSA LFS statistics)
  - **Geographic.** NEET incidence is highest in BARMM (27 percent), followed by Davao Region and Mimaropa (20 percent), and Zamboanga Peninsula and Central Luzon (19 percent). (Based on 2019 LFS microdata)
  - **Sex.** NEET incidence higher among female youth (24 percent) than male youth (14 percent). NEET incidence was particularly high among females aged 20-24 (40 percent) and married females (67 percent). (Based on 2019 LFS microdata)
  - **Urbanization.** NEET incidence is roughly equal between urban (18 percent) and rural areas (19 percent). (Based on 2019 LFS microdata)
  - **Income.** NEET incidence is 23 percent among families in the bottom 50 percent of the income distribution, compared to 11 percent for families in the top 20 percent. (Based on 2018 LFS-FIES microdata)
- **Q1. Profile of Filipino NEET**
  - **Age.** 69 percent of NEET are aged 20-24. (Based on 2019 LFS microdata)
  - **Sex.** 63 percent of NEET are female. (Based on 2019 LFS microdata)
  - **Educational attainment.** 43 percent of NEET have lower secondary education. (Based on 2019 LFS microdata)
  - **Urbanization.** 56 percent of NEET live in rural areas. (Based on 2019 LFS microdata)
  - **Income.** 56 percent of NEET come from the poorest 40 percent of families. (Based on 2018 LFS-FIES microdata)
  - **Economic activity** (Based on 2019 LFS microdata).
    - 74 percent of NEET are economically inactive (out of the labor force) compared to just 26 percent who are unemployed.
    - 52 percent of NEET consist of economically inactive females.
    - 45 percent of economically inactive NEET are out of the labor force because of home care (household duties).
    - 62 percent of economically inactive female NEET are married, highlighting the role of marriage and family formation in female NEET's inactivity.
- **Q2. Barriers to training participation**
  - The following were the top responses to the question "What factors kept you from pursuing TVET before applying for training?". Respondents could choose more than one response.
    - 48 percent - lack of funds for tuition or allowance
    - 13 percent - lack of information about TVET
    - 11 percent - household or caring duties

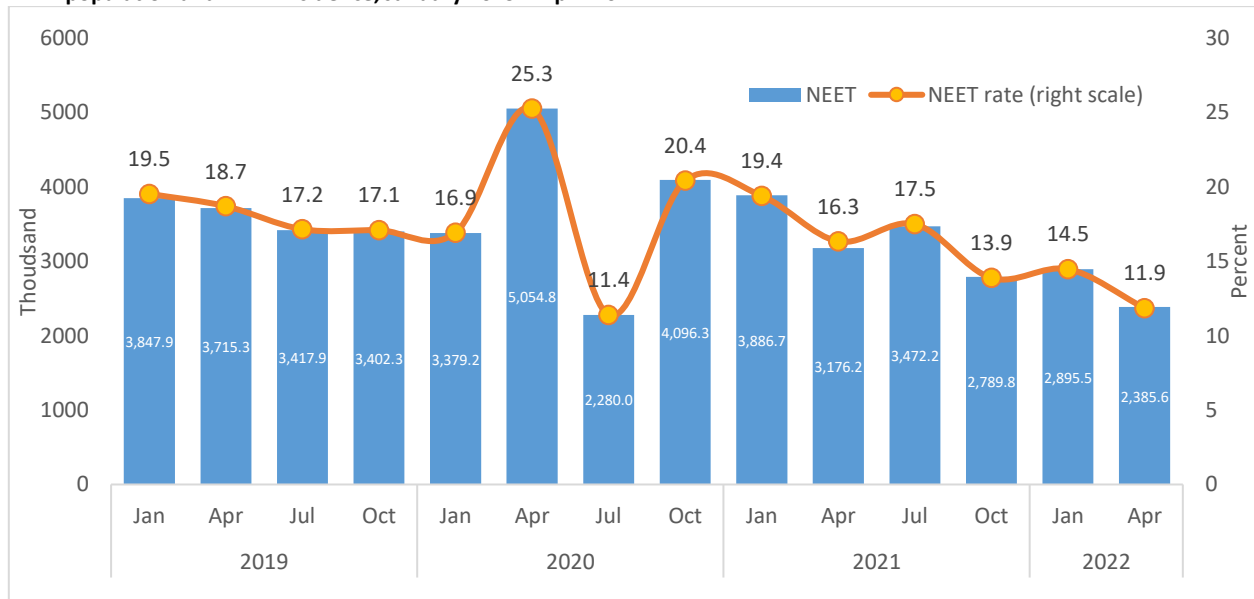
- 10 percent - working or seeking work
- 36 percent - no hindrance
- The following were the top responses to the question “What assistance do you think the youth need to encourage them to pursue training?”. Respondents could choose more than one response.
  - 58 percent - allowance support
  - 56 percent - information on jobs
  - 48 percent - tuition support
  - 47 percent - job search support
  - 39 percent - information on TVET programs

### Main recommendations

1. Conduct more in-depth studies on determinants of being NEET, including the high level of inactivity among female NEET, to identify policies to draw them into training or employment.
2. Encourage TVET participation among NEET through financial support, information dissemination, and employment facilitation assistance.

**Figure 1. NEET population and NEET incidence have been trending downward since October 2020, after a sharp increase in April 2020.**

**NEET population and NEET incidence, January 2019 – April 2022**



Source: Philippine Statistics Authority