
The Impact of Temporary Labor Migration on the Demand for Higher Education and its Implications on the Human Resource Development in the Philippines

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March 31, 2009

Introduction

- **Migration and Overseas Employment (OFWs)**
 - Close to eight million Filipinos are overseas
 - permanent residents
 - temporary workers
 - irregular migrants
 - 3,000 Filipinos are leaving daily
 - Solution to growing domestic unemployment
 - Positive impact of remittances
 - improve household standard of living
 - stability and appreciation of the national currency
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Introduction

■ Migration and Overseas Employment (OFWs)

- numerous effects have altered the social, cultural, and economic structure of Filipino society.
 - migration is a threat to various sectors of the country
 - reshaped the Filipino family
 - effects on the demand for education
 - private sector
 - prominent in the provision of educational services
 - enhanced expenditure on education at the household level:
 - positive effects on improving the human capital of household members.
 - positive and negative implications on the overall human resource development in the country.

■ Objectives:

- To inquire on the extent of the effects of temporary migration on the demand for higher education
 - To evaluate its impact on the country's human resource development.
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Demand for Education

■ Internal Factors

□ Domestic Factors

- employability, domestic economic progress, rate of return, availability of credits, income, and relative prices

□ Trivial Factors

- distances between homes and schools, educational attainment of parents, difficulty and/or failure to pass entrance examinations, and difficulty and/or failure to meet specified grade requirements

□ Family Characteristics

- family size
- financial capability of households

■ External Factors

- globalization
 - economic and demographic asymmetries across countries
 - labor costs
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Impact of Overseas Employment on the Demand for Higher Education

- In tracing the impact of overseas employment on the demand for higher education:
 - **Required:**
 - Data on College Enrollment
 - Accountancy, Business Related, Education, Engineering, and Nursing
 - Commission on Higher Education
 - Demand for Education = Enrollment
 - No supply constraints due to private provision of higher education in the Philippines
 - **Methodology:**
 - Panel Data Econometrics
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Panel Data Econometrics

LSDV Fixed Effects Linear Panel Regression Results Cross-sectional time-series FGLS regression

Variables ($\ln Y_{it} = \ln DHE_{it}$)	Estimated Coefficient	Standard Error	$P > t $		
$\ln PCRGDP_{it}$	3.5052	0.1998	0.000	Number of observations	84
$\ln ARREMITP_{it}$	0.1156	0.0252	0.000		
$\ln CPISERV_{it}$	-0.4424	0.0443	0.000	Number of Groups	6
$\ln EM_{it}$	-0.0636	0.0299	0.033	Time Periods	14
Business and Related Dummy	1.4621	0.0550	0.000	Wald chi2(9)	14,368.37
Education Science and Teacher Training Dummy	1.2285	0.1043	0.000	Prob > chi2	0.0000
Engineering and Technology Dummy	1.0647	0.0858	0.000	Estimated Covariances	21
Nursing Dummy	-0.3376	0.2276	0.138	Estimated autocorrelations	0
Other Degrees Dummy	2.2034	0.1293	0.000	Estimated coefficients	10
constant	5.2298	0.3818	0.000	Log likelihood	78.24818

Panel Data Econometrics

LSDV Fixed Effects Linear Panel Regression Results

Cross-sectional time-series FGLS regression (Without Employment)

Variables ($\ln Y_{it} = \ln DHE_{it}$)	Estimated Coefficient	Standard Error	$P > t $	Number of observations	84
$\ln PCRGDP_{it}$	3.3381	0.2029	0.000	Number of Groups	6
$\ln ARREMITP_{it}$	0.0901	0.0248	0.000	Time Periods	14
$\ln CPISERV_{it}$	-0.4082	0.0456	0.000	Wald chi2(8)	12994.20
Business and Related Dummy	1.3705	0.0320	0.000	Prob > chi2	0.0000
Education Science and Teacher Training Dummy	1.0477	0.0611	0.000	Estimated Covariances	21
Engineering and Technology Dummy	0.9277	0.0515	0.000	Estimated autocorrelations	0
Nursing Dummy	-0.3895	0.2232	0.081	Estimated coefficients	9
Other Degrees Dummy	1.9824	0.0789	0.000	Log likelihood	77.59685
constant	4.8401	0.3479	0.000		

Cross-sectional time-series FGLS regression (Employment alone)

Variables ($\ln Y_{it} = \ln DHE_{it}$)	Estimated Coefficient	Standard Error	$P > t $	Number of observations	84
$\ln EM_{it}$	0.3913	0.0287	0.000	Number of Groups	6
				Time Periods	14
Business and Related Dummy	0.8072	0.0472	0.000	Wald chi2(8)	10935.33
Education Science and Teacher Training Dummy	-0.0642	0.1064	0.546	Prob > chi2	0.0000
Engineering and Technology Dummy	0.0857	0.0678	0.206	Estimated Covariances	21
Nursing Dummy	-0.7089	0.2082	0.001	Estimated autocorrelations	0
Other Degrees Dummy	0.6234	0.1369	0.000	Estimated coefficients	7
constant	7.3331	0.3159	0.000	Log likelihood	57.21127

Implications of the Impact of Overseas Employment on Higher Education

- **Globalization of trade in educational services**
 - Competitiveness of Higher Education sector:
 - Efficiency issues in Higher Education
 - the lack of a rational system for establishing HEIs
 - poor efficiencies of size
 - poor student flows
 - the lack of articulation between performance and budgets
 - the low external efficiency of the higher education system
 - **Redirection of academic thrusts in higher education**
 - Politics of Education in the Philippines
 - Financing Higher Education
 - Disorientation of the HEIs towards instruction for employment
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Implications of the Impact of Overseas Employment on Higher Education

- **Threat to sectors experiencing heavy migration of manpower**
 - Globalization
 - Increasing liberalization of trade in services:
 - highly trained individuals from developing countries can easily move to sectors where there are manpower deficiencies
 - inexperienced and unskilled ones are left behind in the sending countries
 - Other social costs
 - **Long-run loss**
 - country losses its competitive edge
 - Brain Drain
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Conclusion

- Tracing the impact of overseas employment on the demand for higher education:
 - Estimated a demand function for higher education programs
 - In terms of human resource development:
 - Key issue:
 - readiness of HEIs and graduates to respond to global demand
 - Weaknesses of Philippine HEIs
 - Do not have the capacity to prepare an increasing number of students seeking enrollment
 - dampen their chances of getting high paying jobs in the overseas labor market.
 - Liberalization of Educational Services
 - Depends on the preference of professionals and graduates in the global labor market.
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Conclusion

- Liberalization of Trade in Educational Services
 - willingness of existing players
 - requirements for liberalization
 - limitations of the educational sector.
 - Attractiveness of overseas employment
 - proliferation of training programs that cater to external market
 - Realignment in the thrusts of HEIs
 - towards instruction for external employment
 - rather than:
 - Research and graduate education
 - Other socially relevant programs
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Conclusion

- **Massive Outflows of Workers**
 - Undermine the viability of sectors
 - Hemorrhage of manpower
 - Increased global demand
 - Threaten the viability and productivity of various sectors
 - **Brain Drain**
 - Foreign countries will reap the benefits of the education and training provided by the Philippine education system.
 - Training their replacements will entail additional expenses
 - No assurance that these replacements will remain in the country.
 - **Loss of the Comparative Advantage**
 - Remittances of OFWs
 - cause the appreciation of the real exchange rate
 - resource allocation effect
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Conclusion

- **What can be done?**

- Improve further the management of temporary migration.
 - Lacks mechanisms of addressing the potential impact of temporary labor migration on education and other sectors in the long-run
- Address the negative consequences of labor migration on the impact on human resource development
 - study the feasibility, efficiency and equity of taxing migration flows particularly highly skilled and highly educated individuals



Conclusion

- **What can be done?**
 - Redirection of remittance income towards income and employment generation
 - Discourage external migration
 - Arrest the negative consequences of external migration
 - Increased investments in education, health, and other human capital enhancing expenditures
 - Increase the competitiveness of Filipino workers in the global labor market.
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