

Ensuring a higher degree of pay-off

This is the seventh of 12 primers on various current affairs issues, which will be published in the run-up to The Straits Times-Ministry of Education National Current Affairs Quiz.



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LAST year when the Government announced a generous expansion of university places, it assured Singaporeans that this will not undermine the value of a degree or lead to a glut of graduates.

The Ministry of Education (MOE) said the increase will be through more places and courses at the Singapore Institute of Technology and SIM University, giving 40 per cent of Singaporeans a shot at a local university education. It will also support the part-time degree route, enabling another 10 per cent of Singaporeans to get a degree.

Parents and students cheered the move, and the promise of better wages.

Figures released by the US-based Pew Research Centre showed that in the United States, those with a degree earn, on average, in excess of US\$1 million (S\$1.23 million) more over their lifespan than those without one.

A 2007 Ministry of Manpower (MOM) study also showed that every extra year of schooling increases a worker's earnings by 13.7 per cent. The rate is higher for tertiary education.

But some in Singapore were concerned about increasing the number of graduates here, asking if the economy can support so many of them.

Recruitment experts also pointed out that in 1990, only 15 per cent of students in the same age group went to university.

The new 50 per cent rate, they said, will put the country ahead of other Asian economies such as Hong Kong and South Korea. It will also bring it close to the level in Britain, where degree holders are finding it hard to land jobs.

But Mr Lawrence Wong, then Senior Minister of State for Education who led a review of the university sector, pointed out that the Singapore economy is already able to support a fairly large number of degree holders.

Quoting MOM figures, he said close to half of Singapore residents aged 25 to 29 hold degrees. And 44 per cent of those in this age group earn at least \$3,000 a month, which indicates how many graduate-level jobs were available.

He also noted that the demand for graduates is rising as Singapore needs a highly-skilled workforce to drive its future economy.

Professional, managerial and



Fresh graduands celebrating at a graduation ceremony in NUS. As the number of graduates goes up, universities should pay equal attention to innovation and cultivating in students an X factor. ST FILE PHOTO

executive type jobs are the fastest-growing segments of the workforce, going from 27 per cent in 2001 to 32 per cent last year.

"Going forward, clearly we can accommodate more university graduates," he said at a press conference last August announcing details of the plan to increase the number of university places.

But what happens in a recession? When the Singapore economy slowed four years ago, diploma holders fared better than graduates. MOM figures for the third quarter of 2009 showed that among those unemployed, about 6 per cent were diploma holders while 22 per cent were degree holders. It was the same with redundancies, with fewer polytechnic graduates laid off than their university peers.

Recruiters explained that diploma holders cost less and possess more practical skills that employers value, especially in a downturn. When retrenched, poly graduates were also more willing to take lower-paying jobs.

But in the subsequent upswing, the university graduates did bet-

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ter. Job prospects and salaries of degree holders recovered and even overtook those of diploma holders.

A 2010 MOM labour force report showed that unemployment was 3.7 per cent for degree holders compared to 3.9 per cent for those with diplomas.

Still, some labour economists warn that what happened in the past may not accurately reflect what may happen in the future.

The opening up of university places may lead to a glut of graduates, especially during times when the job market is unable to absorb them all.

Degree hopefuls should also note that not all degrees are created equal. Returns on degrees in accountancy and law, as well as the sciences and engineering, are higher compared to those in social work, psychology and English.

Employers, including the civil service, also make a distinction between graduates from the publicly-funded universities and those who attain their degrees through the private schools such as the Management Development Insti-

tute of Singapore and Singapore Institute of Management. Employment surveys carried out by the more established private schools show that while its graduates land jobs, they are each paid several hundred dollars less than graduates from the publicly-funded universities such as the National University of Singapore and Nanyang Technological University.

This means quality is as important as quantity. As the number of graduates goes up, universities should pay equal attention to innovation and cultivating in students an X factor.

Take, for example, the Singapore Management University (SMU), which models itself after American colleges. After its first batch of students graduated in 2004, employers noted the "SMU difference", and found its graduates were confident, mature and had good communication skills.

Turning out graduates who are adaptable, with premium skills relevant to industry, is a must, to ensure a university degree continues to pay off for Singaporeans.

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