

### Young, jobless in rich Europe

EVERY night for over a week last month, young men in their early 20s rioted in a Swedish suburb north of Stockholm, setting cars and buildings on fire.

It was an act of desperation by young and jobless immigrants who live on the margins of society in one of the world's richest and most developed countries, a Nordic powerhouse known to be open, tolerant and generous in its welfare benefits.

In the suburb of Husby where these young immigrants live, the unemployment rate is twice the national average. But even outside such enclaves, Sweden's unemployment rate among youth aged 15 to 24 is high – at 23.6 per cent last year.

Two years ago, riots hit England's cities when thousands of angry residents of north London, Manchester and Birmingham – many of them young, jobless men – took to the streets.

Such incidents take place against a spike in the number of jobless young people. Since 2008, two million young people in the rich world have joined the ranks of the unemployed – an increase of close to 25 per cent, says the International Labour Organisation.

Young people in these advanced economies are also taking longer to find jobs and settling for jobs of lower quality, with more in temporary and part-time work than in the past.

German Chancellor Angela Merkel described youth unemployment as Europe's most serious problem and there is a plan to address it through billions of euros in loans to promote education, training and job placements.

By LYDIA LIM  
 and CHARISSA YONG

AFTER graduating from the University of Barcelona with a degree in special education three years ago, Miss Georgia Quiles, 25, began hunting for a job.

The only one she has held since then – 10 hours a week as a relief teacher.

Graduate friends have had to settle for being shop assistants and theatre ushers. They are part of what has been dubbed "the Lost Generation" in ailing European economies and others struggling with rising rates of youth unemployment.

"There are no jobs," says Miss Quiles, referring to her home city of Barcelona in the north of Spain.

"When you finish your degree, it's the moment to start work and to begin your life, when you make plans for your future, but you don't have opportunities," she adds.

Earlier this year, she and her boyfriend decided to move to Singapore. As she is qualified to teach Spanish, she rang a Spanish-language school here and was offered a job before she left home.

Her boyfriend found a job as an architect within a month.

Her experience illustrates the opportunity divide that has opened up between young people in troubled economies like Spain, and their peers in places like Singapore where the vast majority of fresh graduates land full-time jobs with a decent pay within months of graduation, and some even before that.

Singapore Management University law graduate Doreen Chia, 23, received a job offer from law firm Harry Elias Partnership a year before graduation.

To her, that is the norm as "almost everyone gets a training contract" before they graduate, she says of her law faculty peers.

Others wait just a little longer. More than nine in 10 polytechnic and university graduates here who entered the job market last year snagged jobs within six months of graduation.

Singapore's jobless rate for youth aged 15 to 24 was 6.7 per cent last year – one of the lowest in the world, as Acting Manpower Minister Tan Chuan-Jin highlight-

# GOOD JOB

What young people in Singapore take for granted, namely a full-time job upon graduation, is increasingly scarce even in developed countries. Singapore is able to keep youth unemployment low by ensuring students are equipped with skills sought by employers. Can it continue to buck the trend?



## RESUMES

### LOW Youth unemployment rates in 2012

Singapore: 6.7%  
 Japan: 8.1%  
 Germany: 8.1%  
 (World: 12.4%)

ed this week at a polytechnic graduation ceremony. Spain's is 53.1 per cent.

Singapore is among a small minority of developed countries that have kept their youth jobless rate below 10 per cent. Others include Germany, Norway, Japan and South Korea.

Singapore's strengths include an abilities-driven school system, market-driven tertiary education, a resilient economy, a flexible labour market and good governance. But how long can it sustain high youth employment in the face of fresh competition?

### Of degrees, diplomas and jobs

SINGAPORE Polytechnic graduate Syahirah Nurdiyana, 19, received a job offer in the final year of her digital media course.

It came straight after her four-month internship with digital magazine company Onezine, whose boss liked her designs. He made her an offer and she accepted.

Such happy matches do not happen by chance. They are part of a post-secondary education system designed to align curriculum and learning to the needs of employers.

Universities, polytechnics and Institutes of Technical Education (ITE) are assessed by the ease with which their graduates secure jobs. That is a key performance indicator for all publicly funded post-secondary institutes, the Ministry of Manpower (MOM) tells Insight.

"We encourage them to provide a balanced mix of courses to better meet broad industry demand patterns and maximise employment outcomes," says MOM's divisional director of manpower policy and planning Adrian Chua.

Employers are represented on curriculum advisory councils, and there is close collaboration between the tertiary institutions and government agencies familiar with the skills needs in the industries they oversee.

Faculty and staff of these schools actively seek internship opportunities for students. These span a range of employers, from small local companies to large multinational firms.

Mr Alex Chan, 25, will step right into an investment banking job at Credit Suisse when he graduates in July from the Nanyang Business School. It was offered to him after he served a 10-week summer internship with the bank, during which he worked on corporate transactions, met both senior and junior bankers, and went to Hong Kong for a week's training.

And the tertiary institutes are not sitting still. Take the National University of Singapore (NUS). Every year, it surveys employers to find out the top five attributes they seek in fresh graduates. Last year, these were communication skills, drive, collaborative interpersonal skills, initiative and ability to be a team player.

Ms Corrine Ong, director of the NUS career centre, says the university makes it clear to freshmen that they need to develop these skills, and runs programmes to help them, like one called Headstart.

"We tell them when you come to university, don't just study and think that if you have a NUS degree, you are guaranteed a job, which is no longer true. If you don't show employers you have those five skills, you are out, even if you have a first-class honours degree," she says.

While such a market-driven approach to education may be anathema to those who believe universities should celebrate learning for its own sake, it has helped avert the skills mismatch that plagues some other economies.

Spain's universities, for example, have come under fire for being too academic.

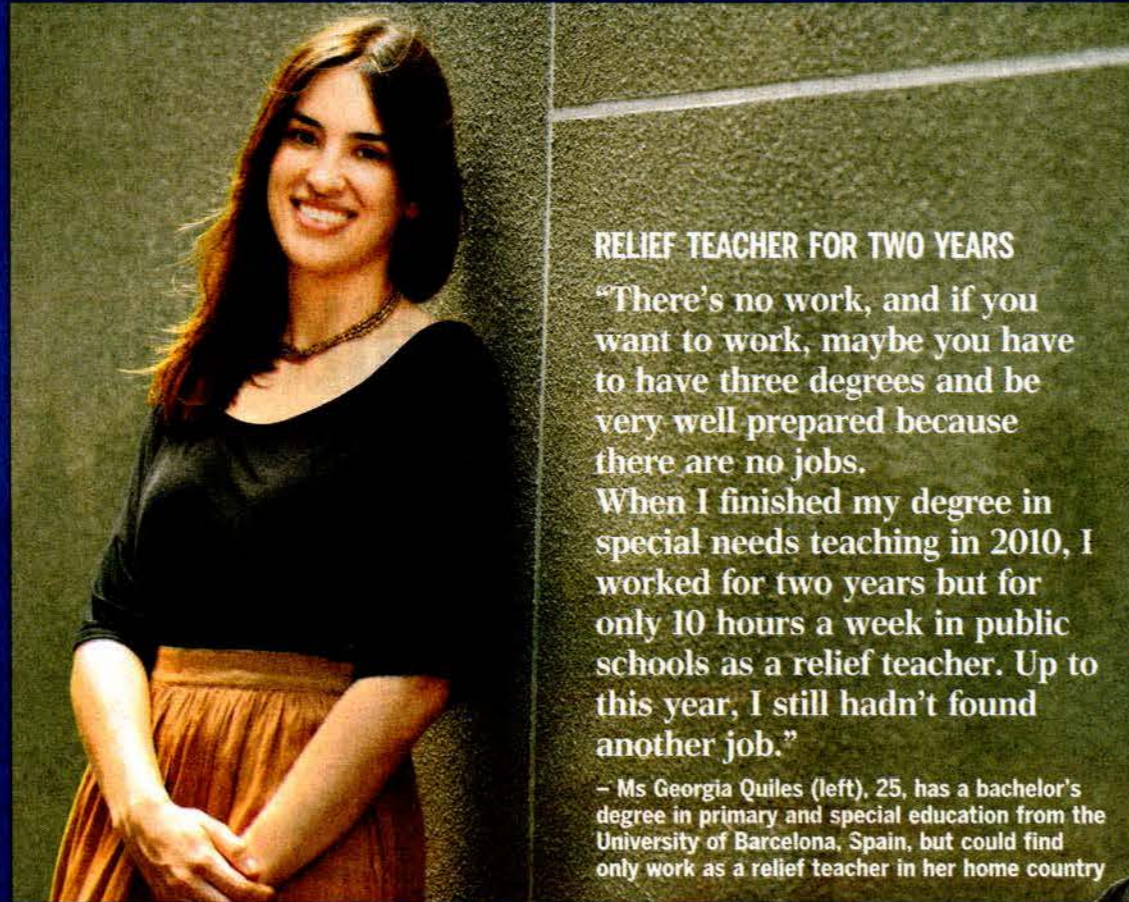
UOB economist Alvin Liew says what has helped Singapore is that it is small, nimble and ever ready to change, to keep pace with the changing needs of industry and the economy.

When a decision is made to grow a new industry, such as aerospace for example, polytechnics and universities work with companies to quickly ramp up the number of graduates in the field.

Another key factor is its flexible labour market, with few restrictions on employers' decisions to hire and fire. Here, Mr Chua of MOM draws a link between that and job creation.

"We must take care to avoid

## Their job-hunting experiences



### RELIEF TEACHER FOR TWO YEARS

“There’s no work, and if you want to work, maybe you have to have three degrees and be very well prepared because there are no jobs.

When I finished my degree in special needs teaching in 2010, I worked for two years but for only 10 hours a week in public schools as a relief teacher. Up to this year, I still hadn’t found another job.”

– Ms Georgia Quiles (left), 25, has a bachelor’s degree in primary and special education from the University of Barcelona, Spain, but could find only work as a relief teacher in her home country



### PLENTY TO CHOOSE FROM

“Almost everyone gets a training contract. It wasn’t very difficult; most people got what they wanted. It seems like there are more jobs than law graduates.”

– Ms Doreen Chia (above), 23, has a Bachelor of Law degree from Singapore Management University, and was offered a training contract with Harry Elias Partnership after an internship in December 2010 during her third year of law school.

### LUCK AND INTEREST

“I was relieved when the boss hired me out of my internship. I have other friends whose bosses were interested in hiring them, but they weren’t into the company and didn’t really like what they were doing. It’s mostly due to luck and whether they’re interested.”

– Ms Syahirah Nurdiyana (right), 19, has a diploma in digital media from Singapore Polytechnic and was hired by a digital magazine company four months before she graduated.



having excessive friction for companies to restructure, re-deploy and possibly reduce their workforce in response to business conditions because this causes companies to be excessively cautious in hiring, hence dampening job creation and leading to high youth unemployment," he says.

But even with the current low rate of joblessness among the young, there is room for improvement, says NUS labour economist Hui Weng Tatt.

He points to a group of young residents with below lower secondary education who consistently experience the highest rates of unemployment among the resident labour force.

Last year, the jobless rate among the 9,000 young residents with less than primary education, was 15.5 per cent – more than twice the national average for that age group.

The rate for a smaller group of 1,600 with lower secondary education was 14.3 per cent.

"In a labour-short economy, more attention and effort should be directed at helping to match this group of young unemployed to available jobs," says Associate Professor Hui.

#### Competition gets more intense

IF CAREER counsellors have one worry, it is that local graduates' job expectations just keep rising.

Mr Loh Pui Wah is the director of the Nanyang Technological University's Career and Attachment Office.

He says: "If society encourages graduates to go after the glamorous jobs because of high pay and social status, or jobs which are more office-bound and less in the field, or with perceived good work-life balance, it may cause over-employment in some sectors and under-employment in others.

"If this persists in the long run, businesses may leave Singapore if they cannot find suitable graduates, causing structural unemployment."

But young people have become accustomed to having their pick of good jobs, so it is difficult to rein in such expectations.

Within Singapore, there are two big shifts taking place which

could affect the young's ability to land that coveted first job, post graduation.

The first is the Government's move to increase the number of publicly funded university places from 27 per cent of each student cohort to 40 per cent.

On hearing this, some undergraduates howled in dismay as they feared there would not be enough good jobs to go around.

MOM's Mr Chua says that as it is, thousands of young non-graduates upgrade under their own steam, turning to private institutions or going overseas for a degree.

The change means that more of them will in future be able to secure a subsidised university place right here.

Most of these new university places will be for applied degrees, such as in nursing. The idea is to impart skills with direct relevance to workplace needs.

The second shift is the restructuring of the Singapore economy towards high-value activities and therefore better jobs. That means persuading multinational companies to locate more of their high-value activities here, and helping local small and medium-sized enterprises to upgrade and expand.

Mr Chua is frank that "if we do not make progress in restructuring over the next one to two decades, we risk increased under-employment as the economy may not provide enough high-value jobs to match the rising skill profile of our future workforce".

Mr Philip Overmyer, chief executive of the Singapore International Chamber of Commerce, says businesses are already moving their high-value activities to Singapore.

Take the strategy to get MNCs to locate their regional headquarters here. Companies are not only doing that, they are also using Singapore in new ways, as a finance hub for their regional funds, for example.

These activities create higher-level jobs that are harder and require more skills. What is crucial is that enough Singaporeans decide to work in these areas and acquire the skills to do so, he says.

UOB's Mr Liew says a small, diversified economy like Singapore



**RESUMES**

#### HIGH Youth unemployment rates in 2012

Spain: 53.1%  
 Sweden: 23.6%  
 Britain: 20.9%

may simply not have enough people with the right expertise. That is why, as it tightens its Employment Pass framework in a bid to level the playing field for local residents, it must keep its doors open to foreigners at the high end, he says, as they can help anchor activities, and therefore jobs, here.

As a high-cost business centre, Singapore has little choice but to move up the value chain. Snapping at its heels are lower-cost, developing countries like China whose populations are fast catching up in terms of skills and education.

With university education now accessible to the masses, millions of new workers graduate there each year with paper qualifications not that different from those of their counterparts here, yet with lower salary expectations.

Barclays economist Leong Wai Ho observes that as a result of this rapid expansion of university places, countries in Asia are already struggling to create enough jobs to satisfy educated school-leavers each year.

Part of the problem is that Asian graduates tend to hold out for white-collar jobs, he says. That is pertinent to Singapore, as it considers how it can increase the share of professional, manager, executive and technical or PMET jobs from the current one in two, to two in three. Some economists have questioned if this is even doable.

Mr Leong's suggestion? "Perhaps we should be redirecting our efforts at redesigning blue-collar jobs, making them more appealing. One way is the German way - investing in a strong technical education system, which supplies high-quality apprentices to big corporate industrial names.

"Young people see this sort of blue-collar work as prestigious, and there is a clearer path to progression, even to management."

With changes in technology and education gathering pace, Singapore cannot afford to stand still.

It will have to stay on its toes to anticipate change, respond and adapt so as to make sure its young people remain on the right side of the global jobs and opportunity divide.

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## Risk of high-skill, low-wage jobs in future

THIS is the trajectory that Singapore wants its young people to be on: higher education leading to higher productivity and higher incomes.

But in an article for the Civil Service College here, two British scholars have questioned if that relationship still holds.

They point to the education explosion that has taken place worldwide, and especially in the emerging economies, where they estimate university enrolment has doubled since the mid-1990s.

In 2009, some 179 million students had access to the same developments in science, technology and business previously reserved for students in Western universities, write Professor Phillip Brown of Cardiff University and Professor Hugh Lauder of the University of Bath.

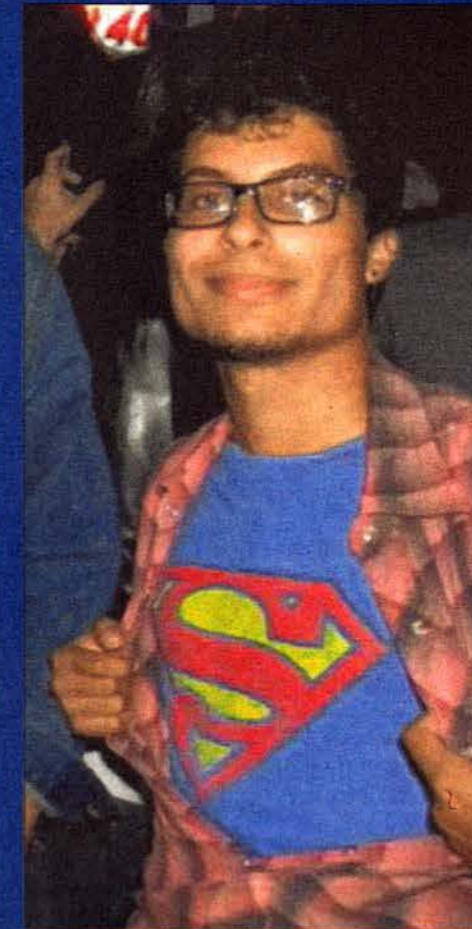
Between 2004 and 2007, they interviewed 125 companies and 65 policymakers in seven countries – Britain, the United States, Germany, China, India, South Korea and Singapore – to identify trends that would have an impact on education, jobs and incomes in a big way.

The result was a 2012 book titled *The Global Auction: The Broken Promises Of Education, Jobs And Incomes*.

In it, they warn that the majority of graduates could end up in skilled jobs paying modest wages because of a global oversupply of degree holders.

They add that the global expansion of higher education would be less of a problem for Western societies and countries like Singapore, if emerging economies failed to match the quality standards of the developed economies.

But that is not so. "The bad news for the developed economies is that the second trend is a quality-cost revolution – resulting in a rapid increase in productivity levels and quality standards, and at lower costs than



PHOTOS: KUA CHEE SIONG, COURTESY OF IAN ROLON, COURTESY OF SINGAPORE POLYTECHNIC, KEVIN LIM, ALPHONSUS CHERN

### FINDING A GOOD FIT

“Every one (of my friends) found a job within six months. The main challenge of job hunting was finding a job that was a good fit. I wanted a balance between what interests me and putting my degree to good use.”

– Ms Lee Sue Ann (above), 23, graduated with a Bachelor of Social Science in Psychology and Organisational Behaviour and Human Resources from Singapore Management University. She was offered a management associate job with The Learning Lab enrichment centre two weeks after applying, and three months before she graduated.

### CONNECTIONS MATTER

“I don’t know if... they weren’t hiring, or that they hired only people they knew, but (my friend) assured me that at the video game store branch in Mayaguez (where I live), they just outright threw any resumes into the trash.

Jobs exist in multiple sectors in Puerto Rico, but it’s hard for a kid to get them when adults need jobs as well. Older workers will usually know someone, or have experience in some other field that will help them land a job.”

– Mr Ian Rolon (above), 24, will graduate with a Bachelor of Arts in English Literature from the University of Puerto Rico this December. Mr Rolon, who is working part-time as a student secretary in his university’s English department, will look for a job in the United States.

in the West, following the application of best practice in emerging economies,” they write.

Given these trends, it is a no-brainer that profit-maximising, cost-cutting multinational corporations (MNCs) will relocate jobs to where there is skilled labour willing to work for less.

The global auction is in effect a reverse auction, and the skilled workers who submit the lowest bid, win.

In their article for the Civil Service College’s publication *Globalising Skills: Implications For Singapore*, the two British scholars challenge the link that policymakers here have drawn between education, productivity and incomes.

Does it still hold, they ask. And “how can it be sustained in the light of the global auction which is likely to bid down the wages of graduates, with the exception of those considered the most talented”?

The exception refers to the global war for talent that multinational companies will continue to wage. This war is focused on a very thin slice of the graduate population – namely the best and brightest from the world’s elite universities.

In the auction at this end of the market, the firm that bids the highest wins the right to hire this top talent.

The two dons thus predict widening income inequalities within middle-class occupations, as the best are treated very differently from the rest.

They recommend that Singapore respond in two ways.

The first concerns talent. Singapore needs to nurture local talent that MNCs will find attractive, and which will help anchor their presence here.

The second concerns nurturing its own small and medium-sized enterprises.

This strategy grants Singapore a degree of economic autonomy within a context of MNCs constantly seeking to cut costs through relocation.

Singapore has been working on this for some time, they note, but in the light of the global auction, “there is greater urgency”.