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AN INDUSTRIAL TRAINING APPROACH TO A NATIONAL  
MANPOWER DEVELOPMENT EFFORT: A PROPOSAL

by

Leonisa M. Cuayo

A thesis submitted in partial fulfillment  
of the requirements for the degree

of

MASTER OF ART

in

Economics

Approved:



UTAH STATE UNIVERSITY  
Logan, Utah

1976

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## ABSTRACT

An Industrial Training Approach to a National  
Manpower Development Effort: A Proposal

by

Leonisa M. Cuayo

Utah State University, 1976

Major Professor: Dr. Gary B. Hansen  
Department: Economics

The objective of this thesis is to propose an approach or a process by which a national industrial training system can be instituted for the Philippines; and specifying the role which the National Manpower and Youth Council should play in the undertaking. The thesis outlines some of the general features of the manpower development systems in several selected countries, followed by an outline of the Philippine manpower development system, and the environment in which the Industrial training system in the Philippines would operate. The existing organization of the National Manpower and Youth Council is described and a plan of action for the creation of a new system outlined. The plan of action includes a detailed outline of the steps necessary for the successful creation of a pilot industry training board and a discussion of the subsequent requirements and strategy needed to develop the entire national training system.

(182 pages)

CHAPTER I  
INTRODUCTION

Human resources development as a field of study and a policy area has just recently received the recognition and attention to justify its pursuit separate from the traditional macroeconomic elements. It includes every effort that enhances the productivity of people, whether in employment, in work, in art, in volunteer service, or in any other way that man contributes to making life better for himself and for others. Manpower development is that part of this set of human resources development effort that enhances the human ability which will add to his effectiveness and productivity in employment.<sup>1</sup> Within this area, this paper is written.

Unemployment is one of the main problems of the Philippines. As is true in most countries, it brings with it a host of other related ills. Consequently, the total educational system and the government must be mobilized to the cause of alleviating the society from these problems--especially unemployment. Voluntary organizations and institutions as well as the private sector have roles to play in what should be a national effort to decrease unemployment and improve the lot of the workers. Business firms have a greater responsibility and chance to play this role effectively. They are in the best position to know their requirements and they have the facilities and contact to design and operate the necessary manpower development programs.

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<sup>1</sup>Garth Mangum and David Snedeker, Manpower Planning for Local Labor Markets (Salt Lake City, Utah: Olympus Publishing Co., 1974), pp. 16-17.

Manpower development programs among some private sector firms exist but not to the extent that they should. There is no comprehensive system that can improve the effectiveness of these private sector efforts and to encourage the participation of more firms and industries. It is clear that industrial training is one aspect of a manpower development policy in the Philippines that has not been fully exploited. It is the premise of this paper that the need is such that the government should provide the initiative to more fully utilize the private sector in developing a coordinated national system of industrial training and manpower development. The basic problem which this paper seeks to answer is how the government can best perform this function--the process, the instruments to be used, and the resources involved.

Research and evaluation studies carried out in the past deal mainly with the formal education system. An example is the study done by the Presidential Commission to Study Philippine Education in the 1970's.<sup>2</sup> Formal education is defined as "age specific, full-time classroom attendance in a linear graded system geared to certificates, diplomas, degrees or other formal credentials" while nonformal education and training is "skill and knowledge generation taking place outside the formal schooling system, is a heterogenous conglomeration of unstandardized and seemingly unrelated activities aimed at a wide variety of goals."<sup>3</sup> Due to the very nature of the nonformal education system, in

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<sup>2</sup>Presidential Commission to Survey Philippine Education, Education for National Development: New Patterns, New Directions (Manila, Philippines, April, 1973).

<sup>3</sup>Frederick Harbison, Human Resources As the Wealth of Nations (New York: Oxford University Press, 1973), p. 52.

which category industrial training falls, studies and work in this field are very scanty if not totally non-existent in the Philippines.<sup>4</sup> In the first place, there is still no industrial training "system" to study and conduct research on. Therefore this thesis, which proposes a plan of action designed to bring about the creation of this kind of a system, is necessarily an exploratory one, edging its way on to an as yet unknown field in the Philippines.

Beginning of July of 1974, research on the various aspects of manpower and training had been initiated by the Philippine National Manpower and Youth Council (NMYC), the government agency given the responsibility of establishing a national system of industrial training for the entire economy. As intended in the basic legislation which created the NMYC (Presidential Decree 442 or the Labor Code of the Philippines), the system was to include the notion of industry boards patterned after the British model of the Industrial Training Board.<sup>5</sup>

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<sup>4</sup>In this paper, the term industrial training is meant the training for the manpower requirements of the industries or the business firms conducted either through the educational institutions or the actual workplace, as differentiated with vocational training which is geared towards the fulfillment of an individual's needs and is the responsibility of that individual, industrial training is seen to be the responsibility of the industry or the business organization.

<sup>5</sup>The President of the Philippines, Labor Code of the Philippines (Presidential Decree No. 442), May 1, 1974, p. 25. There is really no indication why the British Industry Training Board system is being considered as the model for the system being developed for the Philippines, though the terms being used are quite different--Industry Board for the Philippines and Industry Training Board for Great Britain. The writer has not encountered any explanation on the inclusion of Article 49 providing for the establishment of a system of Industry Boards for the Philippines in the Labor Code nor are there any specific proposals on its intent, structure and functions. The writer as a member of the NMYC staff was given the task of researching and developing the project on the establishment of industry boards with the British model as her term of reference and model. The paper is inspired by that task though an attempt is made here to present more concrete recommendations.

The writer has been involved in the operations of the NMYC since the conceptualization of the very first papers and proposals for establishing industry boards. The main objective of this particular project is to provide a rational system of industrial training for the Philippine labor force so that the skills acquired can match those that are required by the economy's industrial complex. By performing the tasks of research, planning, training and administration of manpower development programs on the industry level, it is believed that this objective can be accomplished.

As of this date (August, 1976), no comprehensive plan or program of action has been adopted leading to the establishment of a system of industry boards. Some of the initial recommendations made by the NMYC have already been implemented on an ad hoc basis to fulfill the legal requirements of the Decree. A discussion of these recommendations and what has transpired since then is presented in Chapter IV of this thesis. Specific background on the present operations of the NMYC with regards to the establishment of a system of industry boards are also discussed in that chapter.

The basic objective of this thesis is to propose an approach or a process by which a national industrial training system can be instituted for the Philippines by specifying the role which the National Manpower and Youth Council should play in this undertaking. This will be done in the following manner: first, the next chapter, Chapter II, outlines some of the general features of the manpower development systems in several selected countries, presenting those ideas that contribute to the recommendations made in this thesis. A brief background on the

environment in which this industrial training system for the Philippines is to operate is given in Chapter III. The location of this system in the whole manpower development effort will be identified and a discussion of the characteristics of the labor force made. The organization of the National Manpower and Youth Council will be described in Chapter IV. Special emphasis will be given to those aspects which are specifically related to the objectives of the thesis. The remainder of the thesis is divided into three chapters: Chapter V sets out the proposed overall program of action; Chapter VI discusses a pilot approach or a feasibility study in a micro-scale; and Chapter VII is a delineation of the requirements of the industrial training system being proposed here if this program is finally implemented. The last chapter of the thesis provides a summary and assessment of the future outlook of the program. Among other things, it discusses the issues which as yet remain unresolved.

The scope of the thesis may appear ambitious but the task has been set beforehand and what remains is an attempt to fulfill it. At the very outset, it is obvious that the present study suffers from two major limitations. First, it is only a framework, a plan in which subsequent empirical research topics are identified. It does not in itself involve any empirical research as a part of its method towards the search for the right process or approach to do the task. It draws heavily from secondary data and information about the Philippines and on other models, research and studies done in foreign countries. Distance and time are, as usual, the main reasons behind this. Second, no alternative is offered in case the proposed approach does not work. The proposals in this paper are geared towards implementation, and consequently, some

assumptions are made to meet some of the preconditions to make the program feasible. If some of these assumptions do not hold true due to changing circumstances, the proposals may not be implemented or the expected results obtained.

## CHAPTER II

## A REVIEW OF FOREIGN MANPOWER DEVELOPMENT SYSTEMS

An attempt to present in a short summarized form the manpower development efforts now being undertaken in several countries has inherent limitations which are critical not only because of the false impressions they may leave the reader but also the degree of subjectivity of the information imparted. The latter constraint cannot be helped since the materials used in the preparation of this portion of the thesis are works of authorities in the subject rather than firsthand information. (See the Selected Bibliography at the end of the paper.) Some of the other limitations in this kind of a study stem from the fact that only general features of the system are included. The countries included in this review are basically determined by the availability of the sources of information which means that there is a bias towards the more developed systems.<sup>1</sup> There is nothing that can be done about this and these systems are the ones that serve as models and points of departure for subsequent developments in the field.

To better understand what follows, one should be aware of the substantial differences--historical, social, political, legislative and economic backgrounds--against which the systems presented here operate. Consequently, there is a variety in the scope and implications of the

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<sup>1</sup>The reader can find a good background on manpower development efforts in developing or less developed countries in U.S. Department of Labor, Bureau of Labor Statistics, Summaries of Manpower Surveys and Reports for Developing Countries, 1958-1968, Bulletin No. 1628, June, 1969. It contains reports from about 70 countries of Africa, Asia, the Pacific, and South America.

terms or vocabulary used in the field of manpower especially those of "manpower policy" and "apprenticeship." As much as possible, an attempt is made to point out these differences. A characteristic feature of almost all of these systems, which would help in putting them in the right perspective, is the fact that revisions to the systems are frequently introduced. One country learns from the experience of another and there are cases where countries move in opposite directions in the search for the right policy, and programs tend to mix. Also, it is hard to pinpoint a single date wherein all manpower development programs of the different countries can be compared. Besides the changes being instituted frequently, the reviews are made at different times too, for obvious reasons.

The purpose of this chapter is to give the reader an idea of the manpower development systems being pursued in different countries. Though an attempt at comparisons is made, the characteristics or features of these systems that are relevant for the system being herein proposed for the Philippines are included in the next chapter.

#### A. Background and environment

The historical development of any nation, especially the economic and political aspects of it, has much to do with how manpower policy shapes up in that nation, though it is surprising to note that manpower policy is considered the solution to both the situation of labor shortages as in Sweden and labor surplus in the United Kingdom.<sup>2</sup> In

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<sup>2</sup>It should be noted that this is the current situation in both countries and that when the Industrial Training Act of 1964 was passed in Great Britain, it was intended to provide an answer to the perceived shortage of skilled labor that would be required by Britain's expanding industries.

Sweden, besides the need to fully utilize all the available manpower, the nature and relationships between the relevant sectors in the society have a great influence on the manpower policy that has evolved. Centralized decision-making is viable in both the employee and employer sectors, due to the presence of strong organizations in both. The total labor force in Sweden is 80 percent unionized. The SAF (the national employer organization) and the LO (the labor organization) are fully committed to the administration of almost all aspects of labor relations.<sup>3</sup>

In Great Britain and in West Germany, the long tradition of apprenticeship provided the strong influence in the systems that evolved in the two countries but still substantial differences exist. This may be partly explained by the economic background of the two--whereas high growth rate and a favorable balance of trade is a common occurrence in Germany, Great Britain is constantly being plagued by trade deficits and a sluggish economy. Another feature of the British scene is its history of joint government-industry action in the management of the country's economic affairs. Trade Boards and Whitley Councils are popular in Britain and industry associations have for a long time operated training departments as a service to their members.<sup>4</sup>

In France, the change in the political climate perhaps exerted the greatest influence in the direction the French manpower policy is

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<sup>3</sup>Government of Ontario, Ministry of Colleges and Universities, Manpower Training Branch, Training for Ontario's Future: Report of the Task Force on Industrial Training (Ontario, Canada: Government of Ontario, 1973), pp. 38-39.

<sup>4</sup>Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of a Public Manpower Policy (Ph.D. Dissertation, Cornell University, 1971), pp. 14-62.

now taking.<sup>5</sup> After a long experience of a predominantly employer-controlled training system, the government is now moving towards a greater participation.

A country in which government's power and control is no doubt absolute is the USSR. Industry is planned and controlled by the government and there exists nothing like unemployment for the graduates of the training institutions since the state has the view that the individual should be prepared to work in whichever area the government assigns him to pay for the cost of his education and training. The government therefore has a complete control of the educational system of the country.<sup>6</sup> The capitalistic economy of the United States, on the other hand, takes care of the skilled labor force it needs and the government has decided to concentrate on one group in the nation's labor force--the hard-core unemployed or the disadvantaged. Measures are directed towards the improvement of the well-being of this marginal group as a result of unemployment.

Japan, one of the leading countries of the world, has another background and environment to speak of. Although there are claims that the traditional Japanese society has little to do with the observed attachment of workers to their firms and the commitment of employers to maintain jobs and income of everyone they hire regularly, certain elements of that feudal society can be found in the current Japanese industrial environment. Craft and trade unions are not popular in Japan

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<sup>5</sup>"Employment Policy in France," The OECD Observer, October, 1973, p. 10.

<sup>6</sup>D.D. Waters, "Technical Education and Industrial Training in the USSR," Industrial Training International, December, 1968, p. 571.

and even industry-based unions are dominated by enterprise-wide unions. For a long time, manpower policy was a monopoly of the employers from training down to placement and insurance payment. This system basically developed during the post-war period of labor surplus. Certain changes in the present Japanese situation prompted the government to take a more active role in the manpower development effort of the country, among which are the labor shortage now being experienced and the changing international trade conditions which the government felt they could more adequately respond to than could the individual action by individual firms.<sup>7</sup>

The discussion of the Canadian system is focused on the efforts of one of its provinces, Ontario. A task force was formed in the province to study the provincial system of industrial training and relate it to the other elements of training and manpower policy. This grew out of the need for skilled and qualified manpower by Ontario's expanding industries and the inadequacy of the present manpower development system to cope up with it.<sup>8</sup>

The above is just a sketchy framework in the evolution of manpower policy in the different countries. The purposes in presenting it are to establish the fact that diversity is the rule in the development of manpower policy and to put what follows in the right perspective.

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<sup>7</sup>"Manpower Policy in Japan," The OECD Observer, April, 1973, p. 33.

<sup>8</sup>Government of Ontario, Ministry of Colleges and Universities, Report of the Task Force, pp. 21-27.

## B. Philosophy

By philosophy here is meant the view of the governments of the different countries towards their manpower policy and the statement of the basic orientation of these policies. Sweden has a very strong commitment to full employment and as such the objectives of its manpower policy are highly correlated with the country's macroeconomic goals. The "active" manpower policy being pursued in Sweden enables its administrators to have maximum and decisive participation in both the demand and supply sides of the labor market. An "active manpower policy," according to OECD examiners, has two aspects: first, manpower administrators propose policies and anticipate developments, rather than awaiting and responding to the development of economic programs devised by other groups; and, second, active manpower policy encourages "appropriate economic structural changes rather than perpetuating status quo."<sup>9</sup> The Swedish manpower policy is perhaps the best example of an active manpower policy being implemented at present. It is broader in scope than either the West German or the British since it seeks to serve not only a special group but "all human resources, all groups of people and all kinds of employers."<sup>10</sup>

The main concentration of the latter two, according to the Canadian Task Force in Ontario, from which this view was taken, is the productivity of man as a resource and the lessened emphasis on the welfare of

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<sup>9</sup>OECD, Manpower and Social Policy in the Netherlands, Paris, 1967, p. 239.

<sup>10</sup>E. Wight Bakke, The Mission of Manpower Policy (Michigan: The W.E. Upjohn Institute for Employment Research, April, 1969), p. 32.

man as a human being.<sup>11</sup> This results in a bias towards the best applicants in the selection of the clients for the services of the manpower development programs and a lack of concern for those groups which are constantly being discriminated against.

The Swedish "worker-oriented" approach attempts to balance the two. Although the criteria for the selection of trainees lean towards the less advantaged group, the selection is not limited to this group as is the American system.

In discussing the human trends in resources development in West Germany, Baer and Morris differentiate between British and German viewpoints with regards to manpower.<sup>12</sup> As a result of her economic situation, Great Britain espouses what is called the "transatlantic" view of training, in that manpower development is considered as a way to increase the firm's efficiency through increased worker productivity.<sup>13</sup> The job satisfaction and happiness aspects are left to chance. West Germany on the other hand, follows the "continental" viewpoint of the

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<sup>11</sup>Government of Ontario, Ministry of Colleges and Universities, Report of the Task Force, p. 39.

<sup>12</sup>D. Baer and G. Morris, "Human Resources in West Germany--Some Trends," Part I, Industrial Training International, April, 1974, p. 116.

<sup>13</sup>This does not mean that this concept of worker participation is totally absent in Great Britain. Whitley Councils have been operating in this country for centuries now and the idea of industrial democracy is making headway in Great Britain. See "Comment: Latest Developments in Worker Participation," Industrial and Commercial Training, April, 1976, pp. 135-138; John Wellens, "How to Bring Democracy and Participation to Trade Unions," Industrial and Commercial Training, June, 1976, pp. 241-243; and Anonymous, "New Trends in Management," Industrial and Commercial Training, December, 1975, pp. 509-512.

European Economic Community, that is, priority on job satisfaction and desires of the worker rather than a straightforward stress on productivity and efficiency. The concept of "participation," "codetermination," and "work councils" is prevalent in Germany. This argues for workers' participation in the operations of the organizations which employ them.

Following Lenin's basic educational philosophy that there should not be a separation between school and life, the USSR's manpower philosophy stresses the pursuit of a close integration in every stage of the educational life of the individual within the industrial, social, cultural and economic life of the nation.<sup>14</sup> Education is therefore one of the biggest concerns of the government, with a general education system as well as with a high vocational training program with the greatest emphasis on the technical and scientific fields.

Several shades less restrictive and planned than that of the USSR is the French concept of "life-long education and training."<sup>15</sup> Individuals are given the opportunity to train and retrain the course of their working lives. Much attention is given to industrial training in France and the Sixth Plan of the government (1971-1975) considers manpower policy as an economic countercyclical action which means that firms in situations of recession and sluggish operations do not dismiss employees but retain them for training or retraining. As has been mentioned before, the United States has relegated a less authoritative and participative role to its manpower policy. Training for the nation's

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<sup>14</sup>D.D. Waters, "Technical Education and Industrial Training in the USSR," Industrial Training International, p. 566.

<sup>15</sup>F.C. Hayes, "Non-Stop Training in France," Industrial Training International, September, 1972, p. 270. See also, OCED, Manpower Policy in France, Paris, 1973, for a thorough discussion of the French manpower development system.

skilled manpower or the mainstream of the labor force is left entirely in the hands of the private sector--the industries and educational institutions.

Denmark has some similarities to the United States, since there is a strong commitment of the government to social welfare policies of the country. These social welfare programs accounted for two-thirds of the expenditure devoted to manpower. This is what is usually referred to as "passive" manpower policy which is mainly unemployment benefits payments.<sup>16</sup> Japan is now undertaking steps to link public vocational training and industrial training and schooling. The government is thus assuming a more direct responsibility for the mainstream labor force.<sup>17</sup>

The basic orientation of each of the country's manpower policy is presented above. The following discusses the approaches and structures that are being used to operationalize these policies.

### C. The programs

Just as there is a variety of background and philosophy regarding manpower development, there is an equally varied number of approaches that have evolved. Roger Gregoire attempts a classification of these structures and approaches by designating those of Great Britain and West Germany as systems based on apprenticeship; those of Belgium and Sweden as systems based on schools; those of France and Netherlands

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<sup>16</sup>"Danish Labour: The Need for an Active Manpower Policy," The OECD Observer, April, 1974, p. 5. See also OECD, Manpower Policy in Denmark, Paris, 1974, for a thorough discussion of the Danish manpower development efforts.

<sup>17</sup>D.D. Waters, "Vocational Training in Japan," Industrial Training International, January, 1969, p. 31. See also OECD, Manpower Policy in Japan, Paris, 1973, for a complete background on the Japanese manpower development system.

as mixed systems; and, that of the United States, a system all its own.<sup>18</sup> The writer believes, as do most of the reviewers of manpower development systems, that each of them is unique; so that even a comparison of them in terms of advantages and disadvantages is risky, and a rigid classification is almost impossible.

Perhaps the widest scope of influence ever enjoyed by any manpower policy can be found in Sweden.<sup>19</sup> The Labour Market Board (AMS) has a considerable extent of authority, perhaps the most ever given to a single agency. To balance the supply of and demand for labor, this AMS, with its twenty-five County Labour Boards, is involved in the control and supervision of all training programs, the administration of employment services and placement of workers--the supply side of the labor market.

On the demand side, it has considerable influence in the determination of the size and location of public work projects and even in the utilization of investment funds. The structure of the Boards is tripartite at all levels, composed of the workers, the employers and the government. Swedish "active" manpower policy contrasts the Danish policy. Financing is almost entirely from public subsidy and training is mostly undertaken within the school system or in other educational institutions.<sup>20</sup>

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<sup>18</sup>Roger Gregoire, Vocational Education, OECD, Paris, 1967, pp. 15-43.

<sup>19</sup>See Eli Ginzberg, "Sweden's Manpower Policies: A Look at the Leader," Manpower, November, 1970, pp. 26-30; Tom Gore, "Codetermination and Worker Participation: Industrial Democracy in Sweden," Industrial and Commercial Training, December, 1973, pp. 573-577; and Bjorn von Heland, Industrial Location Policy in Sweden (Stockholm, Sweden: AMS, March, 1967) for some background on the Swedish manpower development system.

<sup>20</sup>Government of Ontario, Ministry of Colleges and Universities, Report of the Task Force, pp. 43-51.

The USSR, in a certain sense, parallels Sweden in its use of the existing educational institutions. This is the natural course of action in this Communist country, where the government takes charge of the total manpower responsibility. Education is a three-tier structure, with the first stage composed of public education, administered by the Ministry of Education; the second stage composed of higher education, administered by the Ministry of Higher and Special Education; and technical education, administered by the State Committee for Vocational and Technical Education. Great emphasis is given to science, mathematics and technology.<sup>21</sup> Financing is, of course, exclusively by the government.

The United Kingdom ranks second to Sweden in terms of the comprehensiveness of its manpower policy. The Industrial Training Act of 1964 and its subsequent revisions through the 1973 industrial Training Act is a parliamentary measure to make up for the inadequacy of both the apprenticeship system and the present system of vocational training to provide the British economy with the needed skilled manpower.<sup>22</sup> The purpose of both these Acts is to establish a national organizational framework that would take care of the training for all levels of occupation in all sections of the economy. The structure which was created to handle the pre-employment training is the Industrial Training Board, a government-labor-management partnership giving the manpower development responsibility to the industry for which it is established. The financial aspect is taken care of by the Boards themselves. They function

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<sup>21</sup>D.D. Waters, "Technical Education and Industrial Training in the USSR," Industrial Training International, pp. 566-567.

<sup>22</sup>Gary B. Hansen, Britain's Industrial Training Act: Its History, Development, and Implications for America, prepared for the National Manpower Policy Task Force, April, 1967, pp. 3-10.

as quasi-private agencies with taxing and expenditure authority over the member firms. Through the 1973 Act, the system became the levy-grant-exemption system instead of the levy-grant alone, and the amount of levy for all Boards is fixed with a maximum of 1 percent of an employer's total payroll. The training techniques being used are a combination of apprenticeship, short-term training in the industry or on-the-job, and instruction within educational and vocational institutions as well as Board operated centers.

Both the 1964 and the 1973 Industrial Training Acts provide for the country's mainstream labor force. The Department of Employment, through its different units, operates the other aspects of the British national manpower policy such as those on the employment of women and older workers, equality of opportunity and racial harmony at work, the Race Relations Employment Advisory Service, Redundancy Payments, Wages Inspectorate and payment of unemployment benefits.<sup>23</sup>

A similar system as that of the British Industry Training Board has been instituted in Ireland. An Industrial Training Authority more commonly known as AnCO was formed to take care of training at all levels in industry and commerce. Industry here excludes agriculture, horticulture and fishing. It is supported in the performance of this task by the Industrial Training Committees set up for the six sectors of the economy. The main functions of these Committees are the assessment of training requirements of the sectors and the operationalization of the levy-grant scheme. Like the British Industry Training Boards, AnCO has

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<sup>23</sup>See OECD, Manpower Policy in the United Kingdom, Paris, 1970, and Vocational Preparation for Young People: A Discussion Paper (London: H.M.S.O., 1975), for more information on these programs.

a tripartite structure. The training programs emphasize training within industry although the provision of external courses is also sought. The levy-grant scheme is financed through a levy of 1 percent of the total employers' payroll.<sup>24</sup>

A transition in manpower policy has been made in France, from that of direct intervention by the government to joint participation of the government and its "social partners." Two major reforms were instituted. One was the Inter-Industry Agreement on Employment Security signed in February, 1969 which established joint employment committees for each industry at the national and regional levels to keep track of employment trends and to establish links so that all appropriate steps are taken to facilitate redeployment and retraining where necessary. The second reform was the 1971 Act on Vocational Training. Going by its principle of continuing occupational training (life-long education), it created what has come to be known as "entitlement training."<sup>25</sup> This provided an opportunity for workers to take time off their jobs for short or long periods of time with remuneration approximately equal to normal wage for the purpose of training. This is made possible by a national training tax and centrally directed occupational training arrangement. In France, training is almost entirely undertaken within an institutional setting.

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<sup>24</sup>AnCO, "The Industrial Training Authority," Third Annual Report, 1969-1970, p. 7.

<sup>25</sup>"Employment Policy in France," The OECD Observer, p. 10.

It appears that the United States and West Germany are moving towards opposite directions in their manpower policy reforms.<sup>26</sup> Until recently, Germany has relied upon employer associations loosely linked to a federal agency to provide the industrial training required by the country. It has realized, however, that a viable industrial training program would make sense only if coordinated and substantially supported by public financial resources. This conclusion was reached due to the problems experienced by the German apprenticeship system. Among the criticisms against it were the claims that employers looked at it more as a source of cheap labor than a method of training. In the German terminology, ideally, apprenticeship is viewed as a learning institution and not a job. The payment for the apprentice is considered as an educational allowance rather than wage, and the term apprentice includes both apprentices and trainees. The apprenticeship structure is a dual system, composed of occupational training in the workplace and compulsory school attendance. The purpose is to give an individual a trade or a craft. There is supposed to be a good balance between the two, but critics have claimed that the general education part of it is neglected. So reforms have been undertaken towards the strengthening of this portion of the apprenticeship system.

The United States, on the other hand, argues for less concentration on the general education component of the curriculum and an increase in the emphasis on technical instruction and career education. Also, American employers are being urged to participate more actively in the implementation of the manpower policy of the nation.

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<sup>26</sup> Beatrice G. Reubens, "German Apprenticeship: Controversy and Reform," Manpower (U.S. Department of Labor, Manpower Administration), pp. 12-14.

Since in the German system, where employers dominated both the financing and administration of the manpower development programs, some flaws have become apparent in its operations, the solution proposed is increased government control and supervision over employers' programs and actions. The consequent administrative change has been the transfer of government responsibility for employment and training from the Ministry of Labor and Economy to the Ministry of Education and Science. Another solution recommended is that training should be financed jointly from more than one source, whether through a levy, a public subsidy or through compulsory contribution. The legal basis of the present manpower policy in Germany is the Federal Act for the Promotion of Training of 1971. The Act's main focus is the rights and opportunities of the individual worker to be able to acquire an occupation or trade within the standards of the profession.<sup>27</sup>

The evolution of a distinct manpower policy in the United States began in the 1960's. A number of the manpower programs were developed to solve separate problems of the labor market concentrated mainly on the displaced and redundant workers, the very young and the old persons and the minority groups. These are all ad hoc programs being financed by the federal government and administered by different government agencies in the national and state level. With the enactment of the Comprehensive Employment and Training Act of 1973, an attempt was made to integrate these programs at the local level by identifying the agency

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<sup>27</sup>Dieter Baer and Geoffrey Morris, "Human Resources Development in West Germany--Some Trends," Parts I and II, Industrial Training International, April, 1974, pp. 116-118 and May, 1974, pp. 147-149.

or institution responsible for manpower development programs in that area. This is accomplished through the appointment of prime sponsors which take charge of the allocation of the federal money given to it for manpower programs. A set of formulae and guidelines was given by the federal government based on which the proposals for financing by the prime sponsors operate. These sponsors are usually local government units which can contract for the operation of manpower programs in a given locality. This is a major move towards the decentralization and decategorization of U.S. remedial manpower programs to make them more responsive to local needs and conditions.<sup>28</sup>

The United States manpower development effort is, however, not only made up of its remedial programs. Other components of the system are the vocational education program mainly the responsibility of the schools, the apprenticeship system being run by the labor union, and the training for industry's needs being taken care of by the business firms.<sup>29</sup>

Denmark's manpower policy is a curious combination of some of the features of the American and German systems. It approaches the U.S. concept of manpower policy with the similarity of the target group they both seek to serve--that of the disadvantaged. Denmark's training system is not geared towards the attainment of the nation's economic objectives, but as mentioned earlier, is committed to the social

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<sup>28</sup>U.S. Congress, An Act to Assure Opportunities for Employment and Training to Unemployed and Underemployed Persons (Comprehensive Employment and Training Act of 1973), Public Law 93-203, 93rd Congress, S. 1559, December 28, 1973.

<sup>29</sup>See U.S. President, Employment and Training Report of the President (transmitted to the Congress), Washington, D.C., 1976.

welfare aspect of manpower policy. The Danish government, in fact, seeks to decrease the rate of increase in its training expenses by encouraging the utilization of the traditional training institutions. It is similar to the German system in terms of the training technique it is following. The apprenticeship system is linked more directly with the compulsory school system. The last year of the secondary school for those not intending to pursue higher education would be a broad vocational education after which the training in the selected industry or occupation begins.<sup>30</sup>

The province of Ontario in Canada proposes another unique structure to operate its training system. It is suggested that Employer-Centered Training Divisions (ECTDS) be established in the Colleges of Applied Arts and Technology and given the responsibility of promoting and monitoring employer training projects and the provision of competent technical assistance to apprenticeship and other employer-training program. These units are to be coordinated by the Employer-Centered Training Branch of Ontario's Ministry of Colleges and Universities. This Branch has the financial and administrative responsibility for the set-up. The training system is to be supported by federal funds, which means that a close coordination between the provincial and federal government is necessary to assure relevance and conformity of these two levels of government.<sup>31</sup> The manpower development programs presently operating in Ontario are based on the national manpower policy framework

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<sup>30</sup> "Danish Labour: The Need for an Active Manpower Policy," The OECD Observer, pp. 5-7.

<sup>31</sup> Government of Ontario, Ministry of Colleges and Universities, Report of the Task Force, pp. 109-127.

of Canada.<sup>32</sup> With the acceptance of an active manpower policy by the Canadian government, it assumed the main responsibility of providing the instruments and resources to achieve its objectives.<sup>33</sup> Some of the Canadian manpower development programs worthy of mention are: (1) the Canada Manpower Training Program, under the Adult Occupation Act of 1967, the services of which are limited to adults according to the Act's definition of the term; (2) the programs designed to develop the capacities of the long-term unemployed, the low income wage earners, the underemployed and persons often considered to be nonproductive, the central emphasis of which is not on income-maintenance but to restore and enhance the capability of these individuals to overcome their disadvantages and participate actively in the regular labor market; (3) the revitalization of the depressed areas; (4) the Manpower Mobility Assistance Programme to encourage the movement of unemployed workers and their families; (5) the federal government service to aid labor and management in collective bargaining adjustments to technical change; and (6) the winter employment schemes designed to provide both jobs and correct seasonal patterns of economic activity within the construction industry. Though there is a division of primary responsibility of the different aspects of the country's manpower policy between the federal government and the provincial government, close coordination and cooperation has to be realized

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<sup>32</sup>See OECD, Manpower Policy and Programmes in Canada, Paris, 1966, and Government of Ontario, Ministry of Colleges and Universities, Report of the Task Force, pp. 75-98, for a thorough discussion of the Canadian manpower development programs.

<sup>33</sup>It appears that different countries have different definitions of an "active manpower policy." The way the government of Canada uses the term is different from that of Sweden in terms of the instruments being used by both countries in the attainment of the policies' goals.

to effectively operate these programs. The Federal Department of Labor, the central agency in this undertaking, has the role of encouraging, leading, providing technical assistance and developing standards. The provinces take charge of the technical and vocational education in their respective jurisdictions with the assistance and support of the federal government.

Japan constitutes another distinctive manpower development system. The government has just recently stepped up to play a more active role in the training and provision for unemployment. Those functions which are commonly carried out by the government in other countries are internalized within the firms. This is in consonance with the environment of lifelong commitment of the workers to the employer and vice versa. The presence of the group which is not in the mainstream of employment, the desire to introduce more flexibility in the working life of a person and the inadequacy of the individual-firm system of manpower development necessitated the creation of a vocational training plan with emphasis on the government financing of training for the young and the provision for the welfare of retiring adults.<sup>34</sup> The general confidence and belief that training will yield benefits is responsible for the government's and private sector's willingness to finance training programs and facilities and the workers' interest in those programs.

The diversity of the systems mentioned above does not preclude the emergence of some common features and lessons from their varied experiences.

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<sup>34</sup>"Manpower Policy in Japan," The OECD Observer, pp. 33-35.

#### D. The lessons

The most common vein that runs through all those programs mentioned above is that the government plays an active role in the implementation of the manpower policy. Government plays the various roles of being the initiator, coordinator and the direct administrator of the country's manpower development system. Though several countries have long experiences in apprenticeship, industrial training, and other manpower development schemes, it was only after government's realization of the magnitude and widespread influence of the manpower development task that efforts were made to integrate all the aspects of a national manpower policy. Prompted either by situations of labor shortage or labor surplus, government stepped in to take a more active and decisive role to harness manpower policy to the nation's drive towards economic development.

National manpower policies range from the Swedish active manpower policy to the Danish passive approach to the issue. In-between are different kinds of manpower policies pursued and developed by different nations each being a unique case in answer to the unique situation pertaining in a certain country. Implicit in the active manpower policy is a wider-based objective of full utilization of the nation's manpower resources and increased productivity. The machinery by which this can be attained should therefore be an influential body not only in the manpower and human resources area but also in related fields of economic policy. The passive approach has a less ambitious and more specific goal and thus it narrows its sphere of operations to a certain group, i.e., the consistently unemployed persons. The former seeks to integrate all the aspects of a national manpower policy and even goes

beyond that to other spheres of economic policy and decision-making, while the latter concentrates just on one component of the nation's manpower policy.

There appears to be a diversity of machinery being used depending on the purpose of the program--the U.S. government's responsibility of remedial training; the powerful Labour Market Board of Sweden; the tripartite Industry Training Boards of Great Britain; the German system of employer-based apprenticeship; and the proposed Employer-Centered Training Divisions in Ontario. A common denominator of all these schemes is the recognition of the roles of the three sectors directly related to manpower--labor, management and government. In differing degrees and method, each of these sectors is mobilized to play a role. The organization and purposes of each of the sectors determine the extent and kind of their participation. For instance, the highly organized labor sector of Great Britain and Sweden has active and decisive role in the nation's manpower development program.

The techniques used to develop the nation's human resources are as varied as the policies and programs developed. Educational institutions are utilized as well as special training centers and even the workplaces depending on the availability and suitability of these facilities to the programs' activities. Tradition has considerable influence in the choice of the training venue. The German and British apprenticeship systems, for example, laid the foundation for the present practice of training in workplaces in both these countries. On the other hand, the United States, which has developed a complex and sophisticated education system, relies on these institutions to provide the facilities and other services for the country's labor force.

The principle that seems to govern the numerous financial schemes now being used to support manpower development programs, is that whoever or whichever sector wishes to control the program contributes more resources. Thus, the sector whose need is more urgent and strong, is more willing to invest in the undertaking. The government which has the social responsibility inevitably has the biggest share of the burden. The private sector is usually not as willing as the government to put out money for manpower programs, necessitating the use of some kind of compulsion like the British levy-grant system.<sup>35</sup> Japan is a notable exception in that the private sector, specifically the employer group, is willing to invest in training with the realization of the benefits that would accrue to them from a well-trained labor force.

An industrial training venture or any manpower development effort for that matter, inherently has three goals to satisfy--those of the individual, the industry and the society. Ideally, the objectives of these three are complementary but at certain levels and degrees, divergences exist. This concept of non-conformity of goals underlies the issue of financing. The individual's and the society's objectives are more related to each other, and that of the industry, though not totally in contradiction, somewhat diverts from them. Manpower development programs, specifically industrial training, typifies this argument. Spillovers from training programs cannot be prevented and the industry undoubtedly benefits from them so that the most common recommendation in this issue is that of joint financing by the government and the private sector. This is probably the most feasible arrangement for the

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<sup>35</sup>In this paper, private sector means both the employer and employee.

proposed industrial training system for the Philippines, since industry would not do it alone and the government cannot afford total responsibility. The question, however, is the mechanism that will operate this shared responsibility of industrial training.

Manpower policies now undergoing reforms as a result of changing environment, are moving towards a more comprehensive coverage. This may be partly due to the observed lack of coordination between the agencies and sectors involved in manpower development programs and also to the need to identify where the responsibility lies. Unless an agency or an institution or an organization takes the full responsibility, criticisms can be easily diverted, accountability is blurred and mistakes are never corrected. The only organization that would probably undertake a task this huge is the government. However, much still depends on how well this government agency, by its performance, can convince the employer and the employee that it is competent enough to get their trust necessary for full cooperation. Herein lies what can be called the secret of success of manpower development programs. Any effort in the field requires the support of the affected sectors and institutions and the efficiency of the auxiliary programs, like employment services and placement. Indeed, there is no formula or a single set of guidelines to help in the selection of which policy of training system to adopt.

It seems that change is the key word. Research and evaluation programs involving data collection and information gathering never end, though they are the start of any program of reform being considered. One country learns from another and elements of manpower development systems are juggled around in search of the right mix. It may be the

basic philosophy or objective, the training technique or the financial scheme--all of these elements should complement each other to come up with a model manpower development system. Maybe an adequate model does not exist. And one should remember that in any change, there are always benefits and losses; and the right direction to take is that which identifies or is sensitive to the "who" of these effects.

## CHAPTER III

## A REVIEW OF THE PHILIPPINE EMPLOYMENT SITUATION

A. The environment

As a result of its geographical setting and having twice been a colony of two Western powers (Spain and the United States), the Philippines is a unique mixture of Western culture and native culture which has large doses of Chinese and Islamic influences. The land area of 115,600 square miles is divided into 7,100 islands of various sizes and equally varied proportions of the cultural mix. The urban centers concentrated on the big islands like Luzon's Greater Manila Area demonstrate the basic features of modern Western industrial societies-- manufacturing establishments, educational, recreational and financial centers, a fast-moving atmosphere and overpopulation. The rural areas which compose a large proportion of the country are characterized by a predominantly agricultural setting with the local institutions and activities that go with it. Christianity is the major religion in the country with Islam capturing a solid population at the Southern tip of the country. American institutions dominate the scene with concentration in the urban areas. There are about eighty dialects spoken throughout the country, with the national language, Philipino, being used extensively only in the Central and Southern parts of Luzon. English became the medium of communication and is more popular and widely utilized than Philipino.

The typical Filipino today is basically what he was a hundred years ago. There is "peripheral involvement" in politics, government, church, community and social affairs except when any of these has a direct

relationship with the person's work or source of income. The family is the basic and most important institution influencing the social relationship and value system of the people. National government and other organized institutions are structures operating independently above this whole gamut of what are predominantly local and personal relationships.<sup>1</sup>

The above plus the events that marked the year 1972 can probably explain the political situation in the country at present. Economic problems were intensified due to the July-August floods that severely hit the Central Luzon area, the most important rice-producing region of the country. Also, 1972 saw the mounting restlessness of the people, manifested by strikes, boycotts and sabotage in the cities, and the increasing activities of the revolutionary elements in the mountains and rural areas.<sup>2</sup> The President declared a state of national emergency justifying the proclamation of Presidential Decree 1081 wherein the whole country was put under martial law.

The Philippine government, before September 21, 1972, the date when martial law was declared, was completely patterned after that of the United States--the executive office, the bicameral legislature, the cabinet of various departments or ministries, and the provincial and local government structures. Although this system was not completely abolished in 1972, the one-man rule now existing in the Philippines has obliterated except for the legislature and the election

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<sup>1</sup>Some of the ideas expressed in this part of the paper is from Onofre D. Corpuz, The Philippines (Manila, Philippines: National Bookstore, 1970), pp. 3-10.

<sup>2</sup>Amado Guerrero, Philippine Society and Revolution (Hong Kong: Ta Kung Pao, 1971), pp. 227-296.

process any other power except that of the President. The country has not had any elections for four years and government officials are being chosen on one basis alone--the goals of the Office of the President. Laws are made through Presidential Decrees, and if anyone wants to have anything done this particular sanction is needed.<sup>3</sup>

According to official government reports, the country fell short of the planned growth rate of the Gross National Product (GNP) for the Fiscal Year (FY) 1974-1975. As computed by the National Economic and Development Authority, the central economic planning office of the Philippines, the GNP was ₱42.115 million (\$5,668.23 million in 1976 exchange rate) with an average annual growth rate of 6.0 percent falling 0.5 percent short of the planned growth rate at constant 1967 prices.<sup>4</sup> In terms of the net domestic product growth rate of each sector, the construction sector contributed the most to this growth in GNP, having experienced an actual growth rate of 15.5 percent in FY 1975. This sector was followed by transportation (7.0 percent); services (6.5 percent); commerce (5.7 percent); manufacturing (4.2 percent); mining (3.7 percent); and agriculture (2.7 percent). The 1975 per capita GNP at constant 1967 prices was ₱991.00 (\$133.38), the population being 42,517 million as of the same year. The biggest components of GNP were

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<sup>3</sup>Diosdado Macapagal, Democracy in the Philippines (Ontario: Ruben J. Cusipag, 1976), pp. 148-159.

<sup>4</sup>The economic indicators presented here are from the National Economic Development Authority, Selected Overall Indices, 1975 (Manila: NEDA Production Unit, 1976) except for the basic employment indicators which are from the Department of Labor, Labor Statistics Service, Labor Indicators (Manila: Department of Labor, 1976), pp. 1-4. The exchange rate of ₱7.43 to \$1.00 is from "The Philippines: A New Role in Southeast Asia," Fortune, July, 1976, p. 26.

personal consumption expenditure, which has the biggest share (70.2 percent), while gross domestic capital formation was 24.5 percent and 8.4 percent from general government consumption expenditure.

As experienced throughout the world, the Philippines suffered an inflation rate of 7.4 percent in the year 1975.<sup>5</sup> The Consumer Price Index for the Philippines as of the same year was 287.8 (1965=100) and the percent change over that of 1974 was 22.2 percent. The General Wholesale Price Index rose at a slightly higher rate during the period at 22.8 percent. The Balance of Payments dropped by 80.5 percent in current U.S. dollars in Fiscal Year 1974-1975.

Turning now to the main concern of this thesis, the labor force was 14,286 thousands in 1975 with an unemployment rate of 3.6 percent and a labor force participation rate of 49.3 percent. Labor productivity in 1975 at 1967 prices was ₱2,913 brought about by a 1.6 percent growth rate over that of the previous year. This was actually a drop in labor productivity since in 1973, the percent growth of this indicator was 4.1 percent and in 1974 it was 3.3 percent. Looking at the money wage rate index for the unskilled with 1965=100, it was 183.3 and 172.0 for the skilled. In real wage terms with the same base year, the real wage rate was actually decreasing with that for the unskilled reported at 70.7 and the skilled at 64.2.

The economic outlook does not argue well for the country, especially for the workers, who experience the double pinch of price inflation and reduced productivity. A closer look at the employment situation gives a better understanding of the problems.

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<sup>5</sup>"The Philippines: A New Role in Southeast Asia," Fortune, July, 1976, p. 26.

## B. Characteristics of the labor force

The labor force 14,286,000 is 34 percent of the total Philippine population as of the same date, 1975. The labor force as defined by the National Census and Statistics Office is the nation's population ten years old and over who are either employed or unemployed.<sup>6</sup> The basic characteristics of the labor force are summarized in Table 1. Based on this table, there was 9.6 percent of the total labor force wanting additional work in 1975. Added to this underemployed group was the 3.6 percent unemployed composed of 52.5 percent of experienced workers and 47.5 percent of new entrants to the labor force. Focusing on the unemployed group, the age group that experienced closest to total unemployment was the 20-24 age category (32.8 percent) followed by the 25-44 (29.2 percent) and then the 15-19 years of age (27.2 percent). The 15-44 age bracket is considered as the prime working age and was the group that experienced the largest unemployment. This was for both male and female sexes. This age group also contained the largest percentage of those who never worked before (95 percent). Table 2 presents a detailed summary of these facts.

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<sup>6</sup>As is the practice in the United States, employment and unemployment figures are derived in the Philippines through census and surveys of the household population, the categories employed and unemployed are defined according to the situation prevailing in each of the countries. The U.S. defines its labor force as each member of the household sixteen years old and over, while the Philippine labor force is composed of those persons ten years old and over. See U.S. Department of Labor, Bureau of Labor Statistics, Handbook of Labor Statistics 1975, Reference Edition (Washington, D.C.: U.S. Government Printing Office, 1975), p. 1, and National Census and Statistics Office, Labor Force, February 1975 (National Sample Survey of Households Bulletin), Series No. 45 (Manila: NEDA-APO Production Unit, 1975), p. xiii, for more specific definition of the employed and unemployed population of the two countries.

Table 1. Selected labor indicators, Philippines, February, 1975  
(in thousands except percent)

	Number	Percent to total labor force	Group percent
Labor force	14,286	100 %	-
Employed	13,768	96.4	100 %
Not wanting additional work	12,115	84.8	88
Wanting additional work (underemployed)	1,377	9.6	10
Visibly underemployed (working less than 40 hrs)	749	5.2	-
Invisibly underemployed (working 40 hrs and over)	628	4.4	-
With a job not at work	276	1.9	2
Unemployed	518	3.6	100 %
Experienced (worked before)	272	1.9	52.5
New entrants to the labor force (never worked before)	246	1.7	47.5

Source: Department of Labor, Labor Statistics Service, Selected Labor Indicators (Manila, Philippines: Department of Labor, 1976).

Table 2. Unemployed persons by age group, by work experience and sex, February, 1975  
(in thousands except percent)

Categories by sex and work experience	Total	Percent	10-14 years	15-19 years	20-24 years	25-44 years	45-64 years	65 years and over
BOTH SEXES								
Total unemployed	518	100%	1.9	27.2	32.8	29.2	8.1	0.8
Worked before	272	100%	0.8	19.5	27.3	37.1	14.1	1.1
Never worked before	246	100%	3.1	35.7	38.8	20.5	1.5	0.4
MALE								
Total unemployed	336	100%	1.4	25.4	31.6	32.3	8.8	0.5
Worked before	183	100%	0.4	16.9	27.2	39.4	15.5	0.6
Never worked before	153	100%	2.5	35.5	36.9	23.9	0.8	0.4
FEMALE								
Total unemployed	182	100%	2.9	30.6	34.9	23.4	6.9	1.3
Worked before	89	100%	1.6	25.0	27.5	32.4	11.3	2.1
Never worked before	93	100%	4.1	35.9	41.9	14.9	2.7	0.5

Source: National Census and Statistics Office, Labor Force, February 1975 (National Sample Survey of Households Bulletin, Series No. 45) (Manila, Philippines: NEDA-APO Production Unit, 1975).

Table 3 is an industry by occupation matrix of employed persons. Agriculture employed 54.4 percent of the total persons employed as of February, 1975. Commerce was the next highest employer (11.4 percent) followed by the manufacturing sector (10.5 percent) and then by the sector composed of the government, community, business and recreational services (9.0 percent). Professional, technical and related workers were mostly in the government, community, business and recreational service sector and thus grouped with the clerical workers, with a little less than 50 percent of the total number of persons in this occupation employed in the said sector. Administrative, managerial and executive occupations had a wider distribution and the rest of the occupations were mostly located in the sector where they are most closely related to, e.g., farmers and related occupations to agriculture.

There is just one more area to be covered, education, before the implications of the above figures to manpower programs and policies can be inferred.

C. The educational sector: The formal and the non-formal systems

The Philippines has a high literacy rate (83 percent) made possible by its large educational system. The National Board of Education and Culture is the administrative arm of the government controlling both the public and private schools in the elementary and secondary levels as well as the normal schools. The universities, including those controlled by the state, are coordinated by the department through the Bureau of Collegiate Education and the National Board of Education.

Table 3. Employed persons by major industry group, by major occupation group, February, 1975  
(in thousands except percent)

Major occupation \ Major industry	Total		Agriculture, hunting, forestry, & Fishing	Mining and quarrying	Manufacturing	Electricity, gas, water & sanitary services	Construction	Commerce	Transport, storage, & communication	Government, community, business & recreational services	Domestic services	Personal service other than domestic	Industry net reported
	Number	Percent											
PHILIPPINES	13,768	100%	54.4%	0.3%	10.5%	0.3%	3.0%	11.4%	3.8%	9.0%	5.2%	1.7%	0.3%
Professional, technical & related workers	746	100	1.0	0.2	3.4	0.3	4.2	4.2	0.6	85.8	-	0.3	0.0
Administrative, executive and managerial workers	152	100	1.3	0.2	29.3	0.9	2.5	15.3	8.5	28.7	-	12.9	0.5
Clerical workers	502	100	2.8	0.5	14.6	2.3	2.1	21.4	5.0	48.5	-	2.8	-
Sales workers	1,353	100	-	-	1.2	-	-	98.6	0.0	0.0	-	0.2	0.0
Farmers, farm laborers, fishermen, hunters, loggers, and related workers	7,432	100	99.8	-	-	-	-	-	-	0.1	0.0	-	0.0
Miners, quarrymen, and related workers	32	100	-	94.2	-	1.6	3.3	-	0.8	-	-	-	-
Workers in transport and communication occupations	510	100	4.3	0.6	5.3	0.2	1.7	4.9	73.6	3.9	5.3	0.2	0.0
Craftsmen, production process, workers & related workers	1,531	100	0.8	0.3	75.6	1.0	16.4	0.9	1.9	3.0	-	0.1	-
Manual workers & laborers (N.E.C.)*	340	100	2.9	0.4	23.9	2.0	32.0	7.9	20.6	7.4	0.3	2.7	-
Service, sports, and related workers	1,132	100	0.8	0.1	1.2	0.2	0.1	1.0	0.8	18.3	60.8	16.6	0.0
Occupations not reported	38	100	3.1	0.8	0.4	-	-	3.3	-	-	-	-	86.4

\*Not elsewhere classified.

Sources: National Census and Statistics Office, Labor Force, February 1975 (National Sample Survey of Households Bulletin Series No. 45), (Manila, Philippines: NEDA-APO Production Unit, 1975).

The educational structure is on the 6-4-4 plan, which means six years for elementary education; four years for the secondary level; and four years for the collegiate or higher educational level.<sup>7</sup> The public and the private sectors share in the burden of providing the education for the ever-expanding population. The proportions of this responsibility came to be that the public sector dominates the basic elementary level and the private sector has majority control of the secondary level, and, increasingly, higher education. (See Table 4 for the shares in total enrollment of these two sectors.) The implications of this in terms of financing and relevance of the skill and knowledge attained, are, since elementary education, with its primary focus on the three R's is publicly supported, the majority of the people can attain the basic literacy. The secondary and higher educational levels, being mostly in private hands, bring the burden of financing to families and individuals. Educational financial requirements are quite limiting which probably contributes to the higher status ascribed to people with university or college degrees. Therefore, there exists a gap between educational activities and the economic activities of the nation. This means that the output of the country's educational system does not fill the requirements of the country's industrial complex.<sup>8</sup>

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<sup>7</sup> National Manpower and Youth Council, Interim Manpower Plan, FY 1974-1977 (Quezon City, Philippines, 1974), pp. 161-163.

<sup>8</sup> Report of the Interagency Team Financed by the United Nations Development Program and Organized by the International Labor Office, Sharing in Development: Program of Employment, Equity and Growth for the Philippines (Manila, Philippines: NEDA Production Unit, 1974), pp. 303-341.

Table 4. Shares in total enrollment of the different educational levels, 1968 (in percent)

Educational level	Public	Private
Elementary	76	24
Secondary	36	64
Higher education	8	92

Source: National Manpower and Youth Council, Interim Manpower Plan, FY 1974-1977 (Quezon City, Philippines, 1974).

In 1969, President Marcos created the Presidential Commission to Survey Philippine Education, through an Executive Order. Among the recommendations of this Commission are the following:

- (1) the reorganization of the Department of Education and Culture;
- (2) the revision of the system of accreditation for schools; and
- (3) the administration of the National College Entrance Examination intended as a selection or screening device for entrants into the four-year higher degree programs. These examinations were first given for the school year 1974-1975.

The main basis of these proposals was the Commission's finding that there is "an oversupply of a sizeable number of college trained manpower" and at the same time "critical shortages in middle-level manpower."<sup>9</sup> The term "middle-level manpower" has come to mean in the Philippines the skilled manpower regardless of age who were not necessarily trained in the formal school system but have sufficient technical knowledge and skill to perform the tasks required by the country's industries.

<sup>9</sup> Ibid., pp. 303-308.

The 1968 employment figures which this 1969 study mostly depended upon show that the unemployment rate was 7.8 percent, the biggest part of which came from the college and high school levels. (See Table 5.) As of the school year 1975, there were 281 vocational schools composed of 106 units in agriculture, 62 in fishery and 113 in trade. There were 40 state universities and colleges--8 universities, 30 colleges and two classified as other institutions, as of the same year.<sup>10</sup>

This situation of higher unemployment for people in the high school and college levels in the Philippines may be surprising to an outside observer. This can be explained by the fact that majority of Filipino students continue up to the secondary level and the real financial pinch of education is felt at the college level. Students who drop out from school either permanently or temporarily after secondary school, usually look for a job. The general education they received in the primary and secondary schools and the presence of unemployed college graduates (this phenomenon already explained above) contribute to the highly unsuccessful quest for jobs by this group.

The other part of the educational system is the nonformal education and training. This area is most commonly known as the manpower

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<sup>10</sup> Source of these statistics is an unpublished report of the Department of Education and Culture requested by the National Manpower and Youth Council.

Table 5. Unemployment rates by years of schooling completed,  
May, 1968

Level of schooling	May, 1968
None	4.4%
Grades I-IV	4.5
Grades V-VI	6.8
High school, 1-3 years	13.7
High school graduate	15.3
College, 1-3 years	17.4
College, 4 or more years	7.2
Total unemployment rate	7.8%

Source: Bureau of the Census and Statistics (now the National Census and Statistics Office), Labor Force Surveys as cited by Report of An Interagency Team Financed by the United Nations Development Program and Organized by the International Labour Office, Sharing in Development: Program of Employment, Equity and Growth for the Philippines (Manila, Philippines: NEDA Production Unit, 1974), p. 309.

training programs conducted either publicly, privately or jointly.<sup>11</sup>

The group being served by this system is composed of:

- (1) the graduates of the formal education system with inadequate or unemployable skill;
- (2) out-of-school persons; and
- (3) those who have never been in school.

The more common thrust of manpower training program, especially those being conducted by the government, is the pre-employment stage of the person's life. In other words, the objective is employment and income-maintenance above increased productivity. The following are some of the training programs being conducted by the government:<sup>12</sup>

- (1) In-service training is regularly conducted at the local and the national levels of government in coordination with the Civil Service Commission. According to report, the number of government employees and private persons who have been given training from 1970-1972 was 373,464.

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<sup>11</sup>Manpower training is here used as a broader term than either vocational training or industrial training. Though theoretically, manpower training includes both formal and nonformal educational activities that aim to enhance a person's effectivity and productivity in employment, within the Philippine context, the term manpower training is confined to those programs that belong to the nonformal education sector. It encompasses industrial training, apprenticeship, on-the-job training, remedial manpower programs for the disadvantaged and even vocational and technical training in institutions when they do not lead to the granting of formal degrees or credentials as recognized by the Department of Education and Culture.

<sup>12</sup>National Manpower and Youth Council, Interim Manpower Plan, FY 1974-1977, pp. 127-160.

- (2) Apprenticeship programs are being conducted by the government agencies listed below either for their own prospective employees or for the needs of other agencies:
- (a) Department of Commerce and Industry
  - (b) Bureau of Printing
  - (c) Bureau of Forestry and the Reforestation Administration of the Department of Agriculture and Natural Resources
  - (d) Bureau of Fisheries of the same department
  - (e) Bureaus of Public Works, Telecommunications and Public Highways of the Department of Public Works and Communications

There are no reports and studies available that can give some indications as to the scope and extent of this kind of training program.

- (3) The training programs of the National Manpower and Youth Council providing basic skills (entry level skills) and upgrading of existing skills of the out-of-school youth and the unemployed in the rural and urban areas.
- (4) The training programs of the Department of Social Welfare for marginal groups in extreme poverty are more appropriately in the welfare category rather than training. A good example of these income-producing programs is the Self-Employment Assistance Program which gives more emphasis on members of families especially family heads whose monthly incomes are ₱100 (\$13.62) or below. Family life education, counselling, family planning and community participation are integral parts of the program. Over a four-year period (1970-1973 inclusive),

the program is said to have helped 67,808 families. Other programs are the Central Institute for the training and Relocation of Urban Squatters; the Settlement Food Program; the Socio-Economic Advancement Program; and the Sheltered Employment Program--the last three cater to drug addicts, released prisoners, the mentally and physically handicapped and other special groups.

- (5) The training programs of the Productivity Development Center, which is an agency affiliated with the Asian Productivity Organization, has as its basic purpose the dissemination of knowledge on how to improve productivity. The Center which as of 1974 has 107 member corporations conducts seminars and workshops on techno-managerial skills. It is different from the other training programs mentioned above in that its clientele is mostly on the managerial level and its services are limited to its members.

There are no comprehensive lists of training programs sponsored by the private sector except those apprenticeship and in-service training being assisted by the Department of Labor through the Bureau of Apprenticeship and by the Department of Education through the Bureau of Vocational Education. According to the Bureau of Apprenticeship report, there were 643 companies engaged in apprenticeship training as of 1972 with a total of 15,528 apprentices. This does not mean that these are the only companies engaged in training. Companies and agencies publicly and privately owned alike have training programs but information on these efforts is very scanty.

With the above summary of the Philippine situation, an attempt will now be made to analyze the issues pointed out with the objective of developing a manpower development approach to these issues.

#### D. A theoretical link

Full employment is one of the major goals of the government, being pursued along with production, investment and consumption objectives. This means that at the national level there is a growing recognition of the importance of planning for employment simultaneously with planning for production, making possible the inclusion of the major labor issues at the very start of the exercise. Labor, in this case, is taken not only to be a factor of production but a determinant of production in much the same way as investment resources shape the method and location of production.<sup>13</sup> This hopefully will result in more coordinated and relevant plans and programs for the nation's economic development.

The adoption of a simultaneous planning approach is a recent move by the government agencies concerned, and has not yet received wide acceptance and support. Several areas have not been tackled to really make this technique fully workable. Production planning at the national level has been done for several years now and growth rates, by sector, are spelled out in the Four-Year Development Plan put out by the National Economic and Development Authority. There is a need to translate these growth objectives in terms of the manpower requirements. An even better approach would be the inclusion of the employment factors in the determination of these growth rates and objectives. The Interim Manpower Plan

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<sup>13</sup>R. Oliver and Y. Sabalo, "Simultaneous Planning of Employment, Production and Education," International Labor Review (April, 1973), 359-372.

of the National Manpower and Youth Council is an attempt to determine the manpower component of the said growth rates.

In a previous section of this chapter it was pointed out that construction, transportation, services, commerce, manufacturing, mining and agriculture are the actual growth rates in decreasing order by sector, while the employment shares of these sectors run from the highest to the lowest as follows: agriculture, commerce, manufacturing, government, community, business and recreational services, domestic services, transportation, construction, and personal services other than domestic. Agriculture, which has the largest share of employment, has the lowest growth rate. The result of the situation is the decreasing productivity and decreasing returns to labor. For the economy, this means lower economic growth, rising prices and low per capita income. Looking closely at the employment situation, the prime working age of 15-44 suffers the most unemployment or underemployment due to inadequate or ill-matched skills or lack of work experience.<sup>14</sup> Manpower programs in the past have tended to overemphasize the employment and income-producing goals and have given secondary role to the productivity objective. It is the contention of this paper that full employment and economic growth can be attained more efficiently and rapidly if the productivity goal of manpower development programs is pushed more strongly.

Several issues arise out of the foregoing assertion. First is the doubt as to the ability of manpower development programs to reduce

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<sup>14</sup> These explanations for unemployment are the main reasons given by the unemployed and underemployed population surveyed by the National Census and Statistics Office, Labor Force, February 1975.

unemployment. The view most commonly advanced on this issue is that the presence of job opening determine the employment figures and no amount of training and manpower development effort can increase employment if there are no jobs available. But one should be aware of the great possibility of a manpower development program as a counter-cyclical tool, and the effect of an increased labor productivity on a growing economy. Official acknowledgment of the role of manpower policy in the promotion of economic growth was made by the Organization for Economic Cooperation and Development.<sup>15</sup>

On a more theoretical level, what has come to be known as the human capital school in labor economics, argues for an increased investment in the human resources to more fully utilize this resource towards the attainment of the economic development objectives.<sup>16</sup> Labor economists have identified five sources of labor productivity, namely, native ability, formal education, vocational education, on-the-job training, and on-the-job experience which enable an individual to gain skills and knowledge.<sup>17</sup> What this implies for training and other development programs is that efforts should not be concentrated on what has been

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<sup>15</sup> Organization for Economic Cooperation and Development, "Recommendations of the Council on Manpower Policy as a Means for the Promotion of Economic Growth; Adapted by the Council at its 67th Meeting on May 21, 1964 as quoted in Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of Public Manpower Policy" (Ph.D. dissertation, Cornell University, 1971), pp. 780-786. A reaffirmation of this commitment by the OECD was made in the 1975 Council Meeting at the Ministerial Level. See the whole issue of The OECD Observer, May-June, 1976 for the policies reaffirmed and adopted by the Organization.

<sup>16</sup> Bennet Harrison, Education, Training and the Urban Ghetto (Baltimore, Maryland: The Johns Hopkins University Press, 1972), pp. 115-119.

<sup>17</sup> See David M. Gordon, Theories of Poverty and Underemployment: Orthodox, Radical and Dual Labor Market Perspectives (Lexington, Mass.: D.C. Heath & Co., 1972), pp. 30-32 for an explanation of each of these factors.

termed as "the hardcore unemployed or the group of persons which has the perennial problem of unemployment for various reasons. Based on the five factors mentioned above, the productivity of the total labor force is highly predicated on the nation's effort to tap its most highly capable manpower resources, those that have the highest probability of being trained and developed to get the highest possible return from investment on labor. The productivity of the workers who are already in the system should be increased and one of the ways to do this is through training, and in this case industrial training.<sup>18</sup> For the system being proposed here, industry does not only include manufacturing, construction and transportation but also agriculture, commerce and services. Training through industry and for industrial requirements is believed to have its effects on the employment opportunities and well-being of the marginal groups directly and indirectly. First, working under the principles of the queue theory of labor markets, the progression up the job and skill ladder of the industrial workers will leave the jobs at the lower end of the scale open to the hard-to-employ groups. This spells increased job opportunities for the workers at the lowest end of the line and since even without people moving up the scale, marginal groups will be employed in these jobs also, an increased

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The human capital school further argues that "education and training programs were to be the principal means for raising marginal products ...," Lester Thurow, "Raising Incomes Through Manpower Training Programs," in Anthony H. Pascal, ed., Contributions to the Analysis of Urban Problems (Santa Monica, Calif.: RAND Corp., August, 1968), Document No. P-3868, pp. 91-92, as quoted in Bennet Harrison, Education, Training and the Urban Ghetto, p. 118.

employment for the total economy can result.<sup>19</sup> Second, efficiently trained manpower also means increased productivity which should result in higher wages without being offset by price increases.<sup>20</sup> Real wages are the true indicators of the returns to labor, the increase in which is a result of a rising national output or an increase in the labor share of that output.<sup>21</sup> In both cases an increase in labor productivity in which the increase in productivity of labor should at least equal or be greater than the other factors of production like land and capital is a must in order for labor to capture a bigger share in the production increase that should result. At the micro-level, the main determinants of an individual's income are said to be his relative position in the labor queue and the distribution of job opportunities in the economy.<sup>22</sup>

On the policy-making level, the issue that usually crops up is the trade-off between inflation and unemployment, graphically illustrated

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<sup>19</sup> See Peter Doeringer and Michael Piore, Internal Labor Markets and Manpower Analysis (Mass.: Heath Lexington Books, 1971), p. 165; Sar Levitan, Garh Mangum and Ray Marshall, Human Resources and Labor Markets (New York: Harper and Row, 1976), pp. 116-119; and David M. Gordon, Theories of Poverty and Underemployment, pp. 27-30, for a thorough discussion of this theory.

<sup>20</sup> To cite an example, the minimum wage in the Philippines has been raised from ₱8 (\$1.08) to ₱10 (\$1.34) a day for industrial workers in the Greater Manila Area and ₱9 (\$1.21) in the Provinces, the gains that should have resulted were offset by the increase in the general level of prices that is higher than the wage increase.

<sup>21</sup> This is expressed more fully in Gosta Rehn, "Manpower Policy As an Instrument of National Economic Policy," Seymour L. Wolfbein, ed., Manpower Policy Perspectives and Prospects, Papers on the Occasion of the Tenth Anniversary of the Manpower Development and Training Act of 1962 (Philadelphia, Penn.: Temple University, School of Business Administration, 1973), pp. 171-192.

<sup>22</sup> Lloyd G. Reynolds, Labor Economics and Labor Relations (New Jersey: Prentice-Hall, Inc., 1961), p. 447.

in what has come to be known as the Phillips Curve. The idea behind this theory is that in order to increase employment a country has to suffer inflation.<sup>23</sup> In other words, full employment and a low price level cannot exist side by side. E. Wight Bakke provides a solution to this dilemma by what he calls "timely selective application" of manpower policy measures.<sup>24</sup>

The economic cycle, specifically investment and consumption activities, stand to benefit from increased labor productivity. This provides an answer to the argument that the main cause of unemployment is deficient demand since an increase in the general level of income spells bigger expenditures and investment to the entire economy.

On the other hand, structuralists would explain unemployment through the noncomplementarity between skills and jobs. The reasons for this kind of unemployment may either be the changing technology or automation, disparity in the location of jobs and workers, and other characteristics of the labor force.<sup>25</sup> Industrial training can provide a solution for this problem if it is in fact the one existing. Structural unemployment is an outgrowth of a mismatch between the labor and skills structure and the jobs structure. Through industrial training, business firms themselves seek to fulfill their own manpower

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<sup>23</sup>Lester C. Thurow, "Education and Economic Equality," The Public Interest, Summer, 1972, pp. 71-74.

<sup>24</sup>E. Wight Bakke, "Manpower Policy During a Recession," Ivar Berg, ed., Human Resources and Economic Welfare (Essays in Honor of Eli Ginzberg) (New York: Columbia University Press, 1972), pp. 89-127.

<sup>25</sup>See Bevars Marbry, Economics of Manpower and the Labor Market, pp. 525-533, for a discussion of the structuralist view of the labor market.

requirements. Even if firms could not engage in actual training, an industrial training system can provide the machinery for getting an efficient indicator of industry's manpower needs.

#### E. Summary

A system of industrial training or industry approach to training is one of the major areas that has not been utilized as part of the nation's employment and manpower development efforts. The writer believes that it is a missing piece in the total national manpower policy framework.

A 3.6 percent unemployment rate appears to be not very serious for a country like the Philippines. But this should not be taken singly but against the backdrop of the total economy. With the gains in wages being more than offset by higher price increases, a deteriorating Balance of Payments, unrealized growth targets and decreasing labor productivity, the country's labor force should not only be equipped to face the ups and downs of a growing economy but should also be a major instrument by which improvements can be attained. From the many facets of a national manpower policy, this writer proposes industrial training as avenue to institute reforms and revitalize the nation's labor force and employment situation and the sketch of the nation's educational and manpower development efforts presented above provide the main reasons behind this proposal. These are: the inadequacy of the existing educational institutions to cater to the manpower requirements of the industry as manifested by the high unemployment rate being experienced by people in the 20-24 age group and the graduates of secondary and college education; the need to involve the business

firms and industries in the national manpower programs since they have the resources and information to perform the task more effectively; the presence of sectors lagging behind the others in terms of productivity, specifically the agricultural sector, which employs more than half of the nation's labor force but contributes the least to the net domestic product; and the need to emphasize increased productivity rather than employment creation and income-maintenance in order to push all the workers to higher levels in the job and wage ladder so that more employment opportunities can be provided to the hard-core unemployed through the suction effect.

CHAPTER IV  
THE NATIONAL MANPOWER AND YOUTH COUNCIL

A. Background and objectives

The genesis of the present Philippine manpower policy come about in December 8, 1966 with the creation of the Manpower Development Council through Executive Order Number 53. The objective of the Order was to "correct the worsening imbalance in the supply and demand for skilled labor," and "calling for the integration of skills training programs and giving equal importance to both skills training and placement."<sup>1</sup> In March 19, 1969, a larger government agency, the National Manpower and Youth Council (NMYC) took over the functions of the Manpower Development Council. The new Council or the "Council" as the national Manpower and Youth Council is more commonly known, was created by a legislative act of the now defunct Philippine Congress, known as the Manpower and Out-of-School Youth Development Act.<sup>2</sup> It became Republic Act 5462 with the passing of the Presidential approval in March 19, 1969. The advent of martial rule in the Philippines did not change the basic legislation very much except that the basic legal background of the Council became the Labor Code of the Philippines or Presidential Decree 442, which is an integration of all laws and acts

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<sup>1</sup>National Manpower and Youth Council, Manpower Development in the New Society, Quezon City, Philippines, 1974.

<sup>2</sup>In this thesis, the term Council is used to refer to the policy-making body of the National Manpower and Youth Council and the agency itself will from now on be referred to as the NMYC.

regarding labor and employment. The new Labor Code was signed into law on May 1, 1974 and six months were allowed for the preparations needed to implement the section dealing with the NMYC. By November 1, 1974, the Council was to have begun the formal plans and programs in compliance with the law.

Book II of the Code entitled "Human Resources Development" has two parts: Title I is the "National Manpower Development Program," and Title II is the "Training and Employment of Special Workers." The creation of the NMYC is covered in Title I which also specifies the basic objectives of the agency, the structure, the functions and other responsibilities. According to this Title, the basic objectives of the agency are to:<sup>3</sup>

- (1) develop human resources;
- (2) establish training institution; and
- (3) formulate such plans and programs as will ensure efficient allocation, development and utilization of the nation's manpower and thereby promote employment and accelerate economic and social growth.

As defined in this Title, manpower means that portion of the nation's population which has actual or potential capability to contribute directly to the production of goods and services. (See Appendix A for the specific provisions of Book II, Title I of the Labor Code.)

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<sup>3</sup>The President of the Philippines, Labor Code of the Philippines, Presidential Decree No. 442, Manila, Philippines, May 1, 1974, pp. 21-28. Other provisions quoted in this part of the paper are from this source too, unless otherwise specified.

## B. Structure

The National Manpower and Youth Council is attached to the Department of Labor for policy and program coordination. The basic method by which this is to be attained is through the Council acting as an ad hoc board of directors to the operations of the agency. The Council is composed of an ex-officio chairman, the Secretary of Labor; an ex-officio vice-chairman, the Secretary of Education and Culture; and seven other ex-officio members. The members are the Director General of the National Economic and Development Authority; the Secretary of Agriculture and Natural Resources; the Secretary of Social Welfare; the Secretary of Local Government and Community Development; the Chairman of the National Science Development Board; the Secretary of Industry; and the Executive Director of the NMYC who is appointed by the President of the Philippines upon the recommendation of the Council and who does not have any voting power. Other members of the Council who are also appointed by the President on a three-year term are each from the private sector, specifically two representatives from national organizations of employers; two representatives of national workers organizations; and two from national family and youth organizations.

Based upon this writer's personal observations, there are some problems with this system. Due to the high level composition of the Council, meetings are usually short and in-depth discussions of vital matters appear to be inadequate. The members of the Council are the Secretaries of the Cabinet, or Ministers, as their foreign equivalents are known. The priority of the Council meetings of the NMYC does not

command a high rating except of course for the Chairman and the more interested members. It is common for the members to send representatives instead of going to the meetings themselves. After several experiences of having to hold a number of Council meetings before a decision on a single issue is made, a Technical Committee was formed, composed of the technical representatives of each of the Council members, to have preliminary discussion on the issues before they are presented to the Council for final approval. The aim is to get the inputs and viewpoints of the different departments and interest groups involved so that during the Council meetings, only minor revisions to the proposals will be made. Unfortunately, the Technical Committee seems to hinder instead of facilitate the process. The cause of the failure of this strategy may be the general lack of skill and knowledge to address the issue or simply the lack of interest on the matter.

The Secretariat which the Executive Director heads is the implementing arm of the Council--and what is really the agency called the National Manpower and Youth Council. The Executive Director is assisted by a Deputy who is also appointed by the President on recommendation of the Council. This office is vacant at the moment due to some political misunderstandings on the appointment. The Executive Director serves for a term of ten years.

At the present time, the Secretariat is composed of the Office of the Executive Director, the Office of Manpower Planning and Development, and the National Manpower Skills Center. Quite recently, eleven regional offices were set up under the Office of the Executive Director. It is provided in the law that other offices may also be formed when

necessary. Figure 1 presents graphically the structure of the NMYC.<sup>4</sup> The directors of the Office of Manpowers Planning and Development and of the national Manpower Skills Center are appointed by the President on recommendation of the Council. The Executive Director appoints the personnel necessary to carry out the functions of the agency in accordance with the Civil Service Commission's rules and regulations.

### C. Functions and operations

To carry out the basic objectives of the agency, the Secretariat has been given the following functions and responsibilities:<sup>5</sup>

- (1) to prepare and recommend the manpower plan for approval by the Council;
- (2) to recommend allocation of resources for the implementation of the manpower plan as approved by the Council;
- (3) to carry out the manpower plan as the implementing arm of the Council;
- (4) to effect the efficient performance of the functions of the Council and the achievement of the objectives of this Title;
- (5) to determine specific allocation of resources for projects to be undertaken pursuant to approved manpower plans;
- (6) to submit to the Council periodic reports on progress and accomplishment of work programs;

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<sup>4</sup>This structure was the one obtained for Fiscal Year 1974-1975 before the writer left the Philippines. There are however some news that changes have been instituted in this structure through the addition of more offices to carry out the responsibilities of the NMYC.

<sup>5</sup>The President of the Philippines, Labor Code of the Philippines, p. 27.

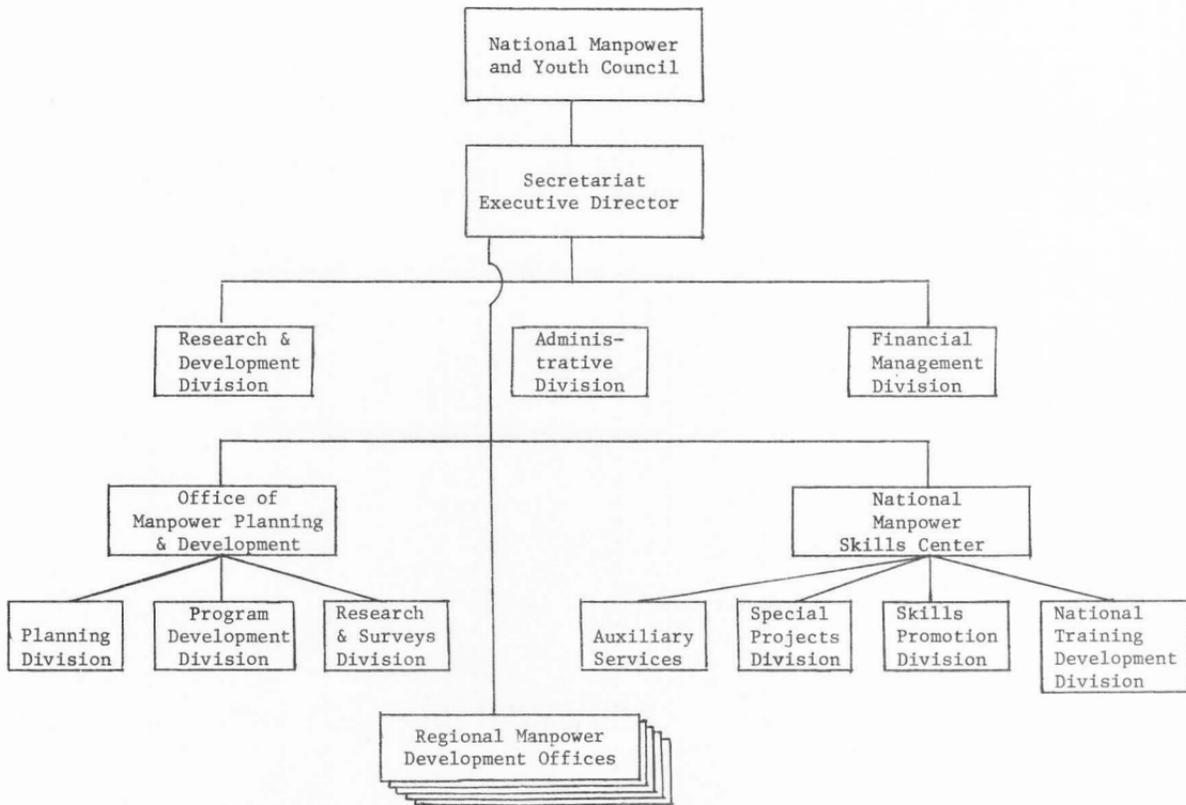


Figure 1. The organizational structure of the National Manpower and Youth Council

- (7) to prepare for approval by the Council an annual report to the President on plans, programs and projects on manpower and out-of-school youth development;
- (8) to enter into agreements to implement approved plans and programs and perform any and all such acts as will fulfill the objectives of this Code as well as ensure the efficient performance of the Council; and
- (9) to perform such other functions as may be authorized by the Council.

The above functions are grouped into three main areas for more systematic operations. These are: research, manpower planning, and training. In the field of research, the programs are all geared towards the improvement and elaboration of the national manpower plan to make it more relevant and operational. One of the programs under this area is the Comprehensive Manpower Assessment Survey. It includes specific information on the manpower requirements of the nine economic sectors which are included in the nationwide survey. The manpower supply side data includes information on the graduates of the formal and non-formal education sectors by skills learned, level of training, field of specialization and curricular level. Within the agency, a management information system was established to facilitate and improve the agency's operations and management.

Pilot feasibility studies, cost-benefit analysis and evaluation of the NMYC programs have also been initiated by the agency. The basic purpose of these projects is the development of instruments and

techniques in preparation for more active and regular evaluation of manpower development programs.

In the area of manpower planning, an Interim Manpower Plan for Fiscal Years 1974-1977 was completed in May, 1974. It was called interim indicating that it is not considered as the final manpower plan, but merely a temporary working plan containing information for manpower planners to be revised annually. One of the methods being used to attain this end is the regionalization of the plan. The idea is to come out with regional plans first, from which the national plan can be based upon. Guidelines and manpower planning manuals are being prepared to assist the Council's Regional Manpower Development Centers or offices in the formulation of these plans. A pilot regional manpower plan in the Bicol Region has been started to serve as a model for the other regional manpower planning efforts. Participation in the national planning workshops of the National Economic and Development Authority composes one of the major planning functions of the Council. Materials, papers and proposals have to be prepared for these workshops, and coordination and exchange of information are being facilitated through these exercises too.

NMYC involvement in training consists of the dual efforts of the Program Development Division and the National Manpower Skills Center. Programs are developed and put into the experimental phase at the Program Development Division. The successful ones are transferred to the National Manpower Skills Center for more widespread implementation. These training programs include a wide range of skills acquisition and skills upgrading at the cooperative farm settlement: the basic

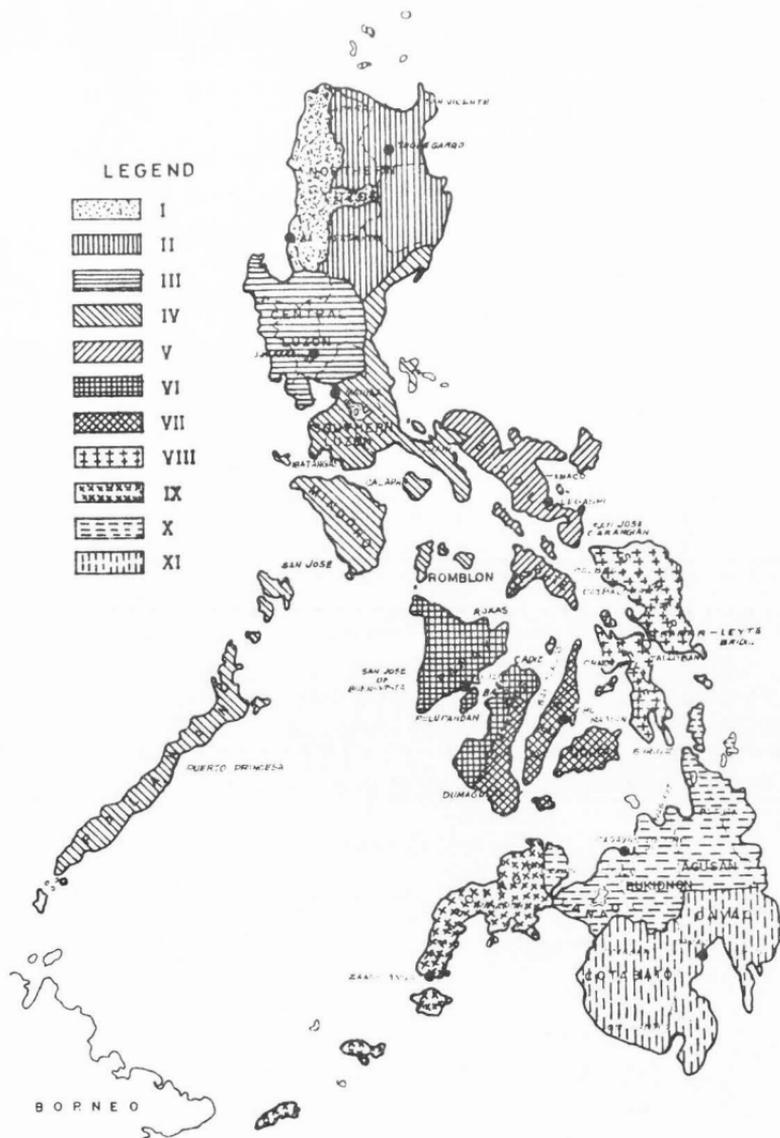
vocational skills like automotive mechanic and electrical training; handicrafts as the furniture trades and loom-weaving trades; entrepreneurship training; and instructors training programs. These programs are being conducted solely by the NMYC or in coordination with other agencies and institutions like the Council of Employers Organization and the University of the Philippines Institute of Small Scale Industries. An evaluation of these training programs has been undertaken by the agency's Planning Division, the results of which help in the revisions and improvement of the operations and policies governing these training programs.<sup>6</sup>

In accordance with the current government move to regionalize its operations by establishing regional branches of the national offices, the NMYC has created eleven Regional Manpower Development Offices, one in each of the eleven regions of the country. Recent Presidential Decrees changing this regional classification by adding two more regions in the south prompted consequent changes in the regional operations of the agency. Figure 2 is a regional delineation of the Philippines when it still was divided into eleven regions and Figure 3 presents the location of the NMYC's Regional Manpower Development Offices. As spelled out in the Labor Code, these offices have the following functions and responsibilities:<sup>7</sup>

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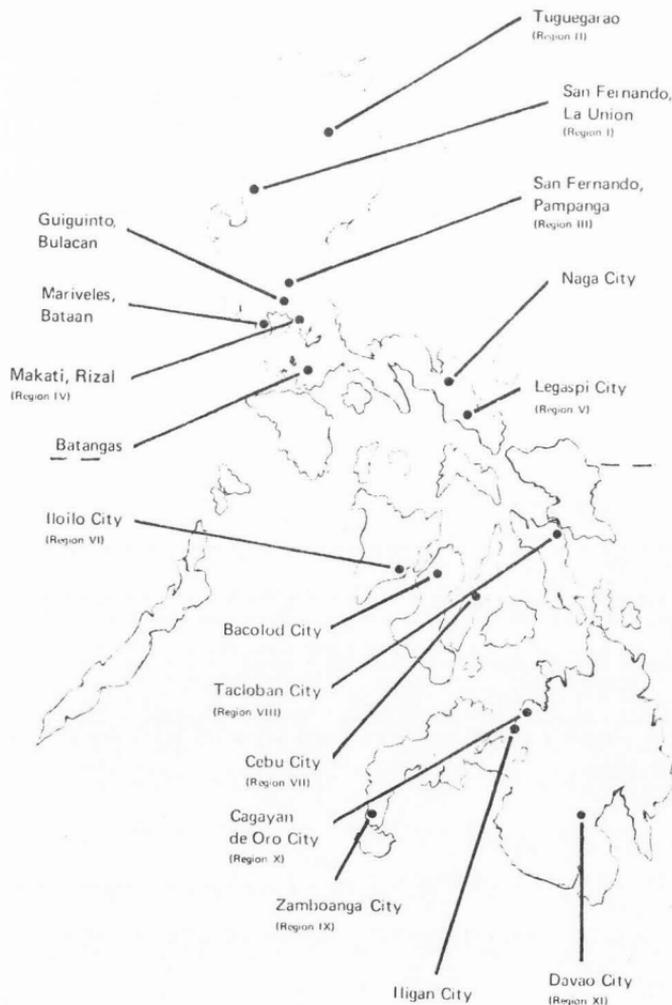
<sup>6</sup>As of this writing (August, 1976), the final report of the evaluation team has not yet come out.

<sup>7</sup>The President of the Philippines, Labor Code of the Philippines, p. 28.



Source: National Economic and Development Authority, Four-Year Economic Development Plan, FY 1974-77 (Manila, Philippines: NEDA Production Unit, 1975).

Figure 2. Regional delineation of the Philippines



Source: National Manpower and Youth Council, 1974-1975 Fiscal Year Report, Quezon City, Philippines, 1975.

Figure 3. Location of the regional manpower development offices and regional manpower training centers in the Philippines

- (1) to determine the manpower needs of industry, agriculture and other sectors of the economy within their respective jurisdictions;
- (2) to provide the Council's central planners with the data for updating the National Manpower Plan;
- (3) to recommend programs for regional level agencies engaged in manpower and youth development within the policies formulated by the Council;
- (4) to administer and supervise Secretariat training programs within the region; and
- (5) to perform such other functions as may be authorized by the Council.

From 1975, to the present time, the preparatory activities leading to the full operations of the Regional Manpower Development Offices are being undertaken. These include training of the personnel, threshing out the coordination mechanism with the central office and arranging other administrative details.

Four specific provisions of the Labor Code give the Council a stronger and more active role in the implementation of the national manpower development policy with an accompanying increase in the responsibilities and scope of operations. These are the provisions on the establishment and formulation of skills standards; the administration of training programs; the training or tax incentive scheme; and the establishment of industry boards. The first three are discussed in Section E of this chapter and the last, on industry boards, in Section D. Needless to say, these additional functions and responsibilities

require stronger staff support from the agency's personnel. Consequently, a staff development program is receiving more attention in the agency's efforts to improve its own manpower resources. Also, the agency has both initiated and actively participated in national seminars and workshops on labor and related issues. More has yet to be done and the agency's awareness of this is a good indication that there is a move in the right direction.

D. Specific measures with regards  
to the implementation of the  
Industry Board Provision

Article 49 of the Labor Code authorizes the NMYC to establish industry boards for the Philippines. The provisions of this article are very general--it calls for the establishment of industry boards

... to assist in the establishment of manpower development schemes, trades and skills standards and such other functions as will provide direct participation of employers and workers in the fulfillment of the Council's objectives in accordance with guidelines to be established by the Council in consultation with the National Economic and Development Authority.<sup>8</sup>

This echoes a provision of the 1964 Industrial Training Act of Great Britain which gives the Secretary of State for Employment "the power to set up Industrial Training Boards for any activities of industry or commerce," in terms of the broadness of scope and the legal power involved.<sup>9</sup> Although the one-paragraph article on the establishment of industry boards contained in the Labor Code of the Philippines cannot compare with the specificity and thoroughness of the British Act

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<sup>8</sup> Ibid., p. 25.

<sup>9</sup> Great Britain, Ministry of Labour, Industrial Training Act of 1964: General Guide, Scope and Objective, April, 1964.

empowering the Ministry of Labor to set up Industrial Training Boards for the United Kingdom, it is implied in the former legislation that there are similarities in the objectives and structure between the British Industrial Training Board system and the scheme being envisioned for the Philippines. This idea comes mainly from a reading of the objectives of the NMYC itself, which the Boards are supposed to complement and pursue, and from the phrase "direct participation of employers and workers in the fulfillment of the Council's objectives," found in Article 49. Because of the language, the Council is spared the task of deciding whether or not to establish industry boards. The political and legal decisions as to the matter have already been made.<sup>10</sup> The only question which remains now is how to make the legal provisions workable. An industry board scheme is therefore deemed to provide assistance to or in fact be one of the major instruments of the Council in the fulfillment of its objectives.

Since July, 1974, the NMYC has initiated efforts to make the industry board scheme operational. The first step was to conceptualize the program, in order to have an idea of how industry boards or similar systems are organized in foreign countries and how to evolve a system that will be appropriate for the Philippines. An initial discussion paper presented all the alternatives and options from which a choice can be made for policy-decision. A series of discussions and meetings were held with labor leaders, industry leaders, members of the Technical Committee, the Council members and the NMYC staff on the major issues

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<sup>10</sup> See Footnote 5 on page 3 for an explanation why the act adopted the British model instead of some other approach to the issue.

involved in the implementation of the industry board provision. The list of alternatives was eventually narrowed down until the Council approved a set of principles designed to guide future work on the establishment of industry boards. The Council then suggested that a Letter of Instruction signed and issued by the President of the Philippines should be prepared to facilitate the project operations and give it enough support. The Letter of Instruction was prepared, but unfortunately, for unknown reasons, never forwarded to the Office of the President. (See Appendix B for a copy of the Letter of Instruction.)

Another document designed to facilitate the creation of industry boards was the translation of Article 49 as a part of the Rules and Regulations Implementing the Labor Code and Presidential Decrees 570-A and 643 (Amendments). This book was published as a supplement to the Labor Code to give the public, especially the employers and employees, more specific information and guidelines on the provisions of the Labor Code. (See Appendix C for the industry board portion of this book.)

The conceptualization of a system of industry training boards which was made by the NMYC Secretariat was approved by the Council. An industry board is defined as a tripartite group composed of representatives from the employers' group, labor groups and the government, which aims to promote manpower development within the industry group for which it is established. The structure is in consonance with the present structure of the Council. The suggestion that an Industry Board Council or National Industry Board be established to coordinate the activities of all the industry boards was not approved by the Council, and instead the NMYC was assigned the responsibility of

providing the executive and central coordinating mechanism for their operations.<sup>11</sup> The exact definition and scope of this coordination function is still the subject of discussion and research. This thesis represents one proposal on how this could be done.

An industry board, as decided by the Council, will have training as well as nontraining functions, i.e., research. Training is, however, considered to be the major responsibility of each board. The members of the Council agreed upon six objectives for the Boards:<sup>12</sup>

- (1) to ensure an adequate supply of trained workers at all levels of employment within its own industry;
- (2) to improve the quality of training by sharing available facilities and equipment, standards (where possible), and training costs on a per firm or per trainee (output) basis;
- (3) to facilitate the skill training/job placement cycle by scheduling training to supply the right quantity of trained workers at quality level at the right time and cut down unusable outputs to reduce wastage of training resources;
- (4) to match the skills of the labor force with the manpower requirements of the different firms in the industry, both under a basic skills program and a skill upgrading program;
- (5) to ensure that employees receive fair remuneration, adequate facilities and satisfactory working conditions; and

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<sup>11</sup>The writer was present at the Council meeting in which this issue was decided upon. Documentation can be found in the transcript of that meeting available from the NMYC Secretariat.

<sup>12</sup>National Manpower and Youth Council, "Industry Board," (A staff proposal submitted to the Council), Quezon City, Philippines, 1974. (mimeographed).

- (6) to promote cooperation and compliance to the standards set by the National Manpower and Youth Council as provided for in the Labor Code.

There will be a uniform observance of all these objectives as agreed upon by the three sectors consulted. A note of compulsion was suggested to be injected in the operation of the scheme to ensure maximum participation. However, no definite proposal was forwarded nor approved as to what kind of compulsory measures to undertake.

It was recognized that an industry classification scheme useful for industry boards' purposes would have to be set up first before an all-out implementation program could be initiated. The starting point in the establishment of industry boards is the determination of the industries for which they are going to be set up. For the purposes of industry boards, industry is loosely defined as a grouping of establishments or firms engaged in the same or similar lines of economic activity. An economic sector is in turn composed of several of these industries, e.g., manufacturing sector.<sup>13</sup> The National Census and Statistics Office uses the International Standard Industry Classification with its data on the two-digit level of classification has nine groups and on the three-digit level has 88 groups. A number between nine and eighty-eight was conceived by the Council and the NMYC staff members as a manageable number of industry boards for the Philippine industrial complex. The definition of the "line of economic activity" used in the classification scheme differs from sector to sector.

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<sup>13</sup> These definitions were abstracted from the terminology being used by the data-gathering agencies of the Philippines and adapting them to the needs of the industry board program.

The basis of grouping firms and establishments, or in other words, the basis of classifying them for industry boards' purposes, was one of the major issues involved. The product or output was suggested popularly to be the basis. Other issues were: the industry groups for which the pilot industry boards could be established; the priority industry groups from which the first industry boards could be established; the unit of membership, whether firms or establishments or corporations, which had legal existence; and the process of classification itself.

The tripartite participation was seen to be also the best arrangement for the financial scheme of the project. Both labor and management favor a scheme similar to the present Social Security System in the country.<sup>14</sup> The proposed sharing is 3:1 (3 for employers and 1 for employees) with the present Social Security System rates serving as upper limits. Up to this point, no decision has been made on the final arrangement that should be followed.

The setting up of the pilot industry board was to be the trial phase of the program. This activity was launched by the NMYC on a project basis, as a feasibility study last April, 1975. At present, one pilot industry board is in operation, the Pilot Automotive Industry Board composed of the five companies included in the Progressive Car Manufacturing Association of the Philippines. These are the General Motors Corp., Ford, Chrysler, DMG, and Delta Motors Corporation.

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<sup>14</sup> The Social Security System of the country is the insurance agency for the employees in the private sector being financed through contributions from employers and employees based on some set proportions. See Republic Act No. 1161 and its subsequent amendments for these proportions and specific operations of the system.

Through a letter from the president of this group, it expressed its desire to be the venue of the first pilot industry board. Currently, the main activity is research and financial issues are being carefully avoided by the employer group though the initial agreement was for a joint financing by the NMYC and the association. Unfortunately too, workers' participation in the Pilot Automotive Industry Board remains on paper and this issue has been pushed to the back by the employer representatives.<sup>15</sup>

The original timetable presented to the Council for the implementation of the industry board system and which it approved is presented in Figure 4. The Council formally approved only up to Activity 5 of the project which is still within Phase IV of the project. As envisioned, Phase IV is the preparations for the establishment of the total system of industry boards as presented in that PERT diagram. The time frame for this stage as can be seen from the accompanying time scale is February 1976 to July 1976. Obviously, the project is behind schedule and necessary adjustments will have to be made. Also, this implies that the Council is not yet convinced of the success of the previous programs of action presented for the establishment of industry boards.

To summarize, there is nothing definite as to the specific arrangements on the industry board program. The only tangible proposal is the feasibility study now being undertaken in the form of a pilot industry board. The all-out implementation is still a subject to be

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<sup>15</sup>A more detailed discussion of this pilot stage can be found in Chapter VI of this paper.

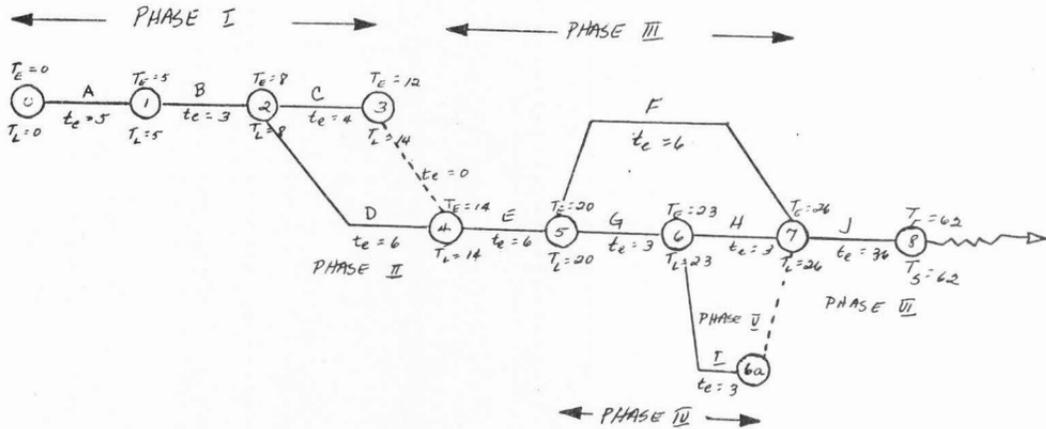


Figure 4. Executive PERT Network: Industry Boards (Figure 4 continued)

## PHASE I

- A - Final conceptualization of the industry board plan and dissemination to relevant sectors
- B - Classification of industries and preparation of work programs and initial formalization of all plans
- C - Final formalization of the financial plans and work programs, documentation and reports

## PHASE II

- D - Preparation for the establishment of the pilot industry boards

## PHASE III

- E - Establishment of the pilot industry boards (including the operational year of these pilot boards); restructuring of the NMYC and the staff development program
- F - Final documentation of the operations of the pilot industry boards

## PHASE IV

- G - Operationalization of the industry groupings
- H - Establishment of the total system of industry boards

## PHASE V

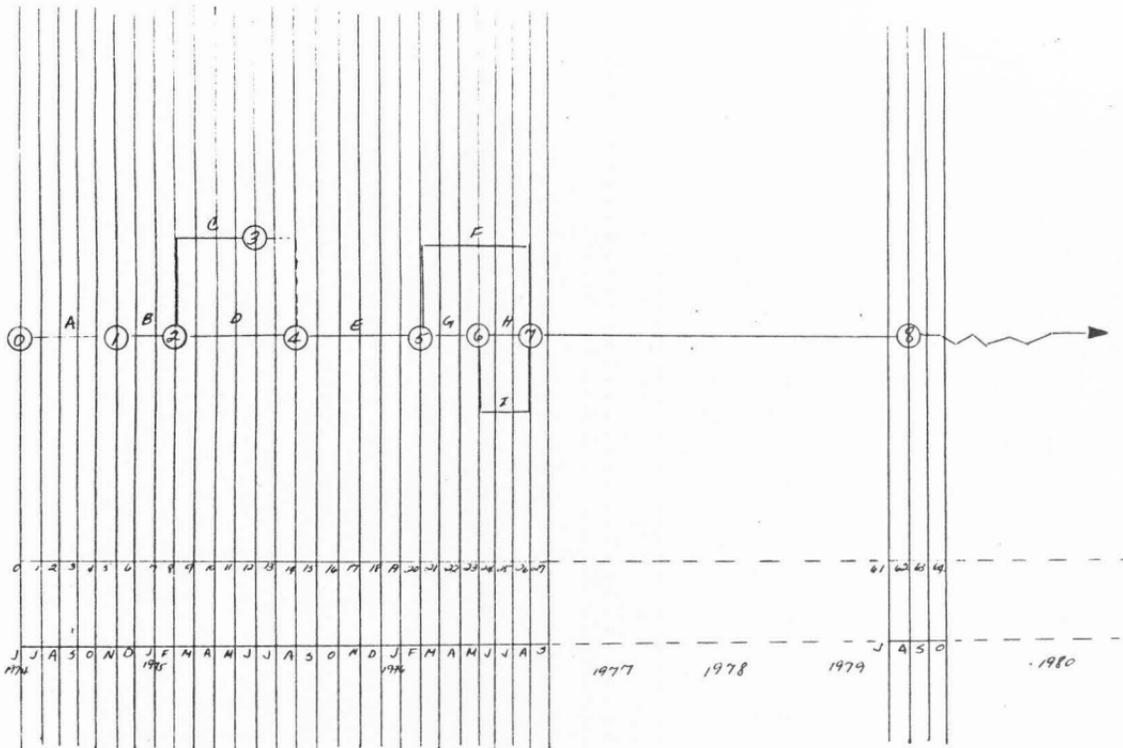
- I - Formulation of work programs and holding of seminars

## PHASE VI

- J - Initial operations of the industry boards, and the system of documentation

## PHASE VII

- A continuous activity



(Figure 4 continued) A Time Scaled Network: Industry Boards

discussed and studied and the Council hopes to get a concrete proposal from the Secretariat before it gives the go-signal for the start of the total program. The Council as well as the NMYC staff members agreed that since the concept of industry boards is still new to the country and thus no previous experiences exist from which the development of the program can draw upon, it is perceived that a feasibility study in the form of a pilot industry board can fill this gap.

E. Specific NMYC responsibilities  
related to the industry board  
program

Three provisions in the Labor Code have much to do with the industry board scheme discussed above. For that matter, every operation of the Council has something to do with the industry board but these three are in a special category because the provisions came out simultaneously with the industry board provision and considered as innovative. The basic intent is to have all these activities complement each other.

The first of these provisions, Article 47, provides for the establishment and formulation of skills standards by the NMYC for industry skills and trades throughout the country. Certification will be issued for trainees or individuals who meet the standards. There are now four books completed--the standards for the automotive mechanic, the electric arc welder, the lathe operator and the electrician for building wiring.<sup>16</sup> Coordination between the NMYC, the employers and the workers or technicians is necessary for the success of the program since the formulation

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<sup>16</sup>National Manpower and Youth Council, 1974-1975 Fiscal Year Report, Quezon City, Philippines, 1975, p. 7.

of a certain skill needs inputs from these groups and there are a great number of skills and trades where standards have to be set up. A mechanism is needed for a constant flow of knowledge and the acceptance of the standards by the employers and workers. How the workers could come up with these standards is a matter to be reckoned with and which the writer hopes industrial training can provide.

Article 48 provides for the administration of training program by the NMYC, the most important part of which is the statement which says "existing manpower training programs in government and in private sector shall be reported to the Council which may regulate such programs to make them conform with national development programs."<sup>17</sup> No step has yet been taken towards the fulfillment of the provisions of this Article. There are two major issues that deter any move--the mechanism to operate this and the question of what incentive the firm will get, when and if they reported their training programs to the NMYC. The present services and operations of the Council cannot yet handle this kind of a responsibility. However, several firms have called upon the NMYC to inquire about the report forms and how they could comply with this provision of the Labor Code, and what the NMYC is doing regarding this.

A Tax Incentive Scheme or a Training Incentive Scheme is provided for in Article 51. It states that

... an additional deduction from taxable income of one half of the value of labor training expenses incurred for developing or upgrading the productivity and efficiency of unskilled labor or for management development programs shall be granted to the person or enterprise concerned provides such training program

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<sup>17</sup>The President of the Philippines, Labor Code of the Philippines, p. 25.

is approved by the Council and provided that such deduction shall not exceed 10 percent of direct labor wage.<sup>18</sup>

As expected, many queries from employers are being received by the NMYC regarding this provision. Discussions have been held on this issue, especially its effect on the operations of the Bureau of Internal Revenue and the effect of this provision on their receipts. The mechanism to operationalize this have not yet been firmed up due to the lack of criteria on how deductions have to be made, the lack of training standards and the valuations for the training facilities, the capability of the NMYC in handling this and related questions germane to the Article. Suggestions from the private sector specifically the employer group have been forwarded that this provision be built into the financing scheme of the industry boards. The private sector favors this idea and in fact, it seems that this is what they expect to happen. The tax incentive program seems to have much to do with the interest of the private sector on the industry boards and it seems to be the reason behind the elusiveness of the issue of financing to this group.

The NMYC is enjoined by law to use these instruments in the fulfillment of its objectives. They are powerful instruments within NMYC's grasp, but if they are not used wisely, they may prove to be a burden to the current operations and resources of the agency. The implementation of these provisions, including that on industry boards in a coordinated and complementary manner, poses a real challenge to the agency which it has to face in the very near future.

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<sup>18</sup>Ibid., p. 26.

#### F. Summary

The intent of this part of the thesis is to give the reader some background on the objectives, structure and operations of the organization given the responsibility of developing the nation's manpower. The above is a factual description and no attempt is made to offer recommendations. This will be done in the next chapter.

Manpower development has only recent beginnings in the Philippines. A conscious national effort to provide for the development and acquisition of skills has just started in 1966, and it was not until 1969 that a relatively stronger move was made through the creation of a government agency to carry out the manpower policy of the nation. The National Manpower and Youth Council, created to carry out the main responsibility, was given powerful instruments to effectively perform the task assigned to it. However, due to the fact that the organization and the field for which it has the responsibility are relatively new, the agency is not yet equipped to fully utilize the power and authority given to it by the Labor Code of the Philippines.

Currently, the NMYC is making some progress in the three facets of its work--manpower planning, training and research. The agency has published an Interim Manpower Plan translates in manpower terms the planned growth rates of the economy as determined by the National Economic Development Authority. A new approach to manpower planning is now being initiated by the agency wherein the regional manpower plans to be formulated by the regional offices will be the basis of the national manpower plan. The agency has undertaken a survey to assess the nation's manpower to gather more relevant and up-to-date information

and data in order to help the planning and program development operations of the agency. Although the training programs being undertaken by the NMYC are still aiming at employment creation and income maintenance, these are the foundations from which more productivity-oriented programs can develop.

In recognition of the agency's internal inadequacy to take a more aggressive role in the field of manpower, a vigorous staff development program is presently being pursued. Expertise in the different aspects of manpower policy is being developed.

The portion of NMYC's operations which has direct bearing on the proposal of this paper is the provision for the establishment of industry boards. Most of the decisions on this issue are very general and concern the necessary preliminary activities before the total system of industry boards can be established for the country. The British Industry Training Board model has from the start been the model for the scheme being envisioned for the Philippines. As decided by the Council, an industry board will have training as well as nontraining functions. There will be a uniform observance of the objectives set out for the boards. To attain this, it was pointed out that a certain compulsion should be injected into the implementation program. At the full operation of the program, there would be a certain number of industry boards which is between nine and eighty-eight. The tripartite composition of each of the board (management-labor-government) is also seen to be true for the financial arrangement although no definite decision was reached as to the financial scheme that the industry board program will follow.

Three other responsibilities of the NMYC were seen to be highly correlated to that of industry board--the administration of training programs, the tax incentive scheme and the training standards. The incorporation of all these four into a single machinery is big challenge to the resources and capability of the NMYC. The next chapter is a proposal on how this can be done.

CHAPTER V  
AN INDUSTRIAL TRAINING SYSTEM FOR  
THE PHILIPPINES: A PROPOSAL

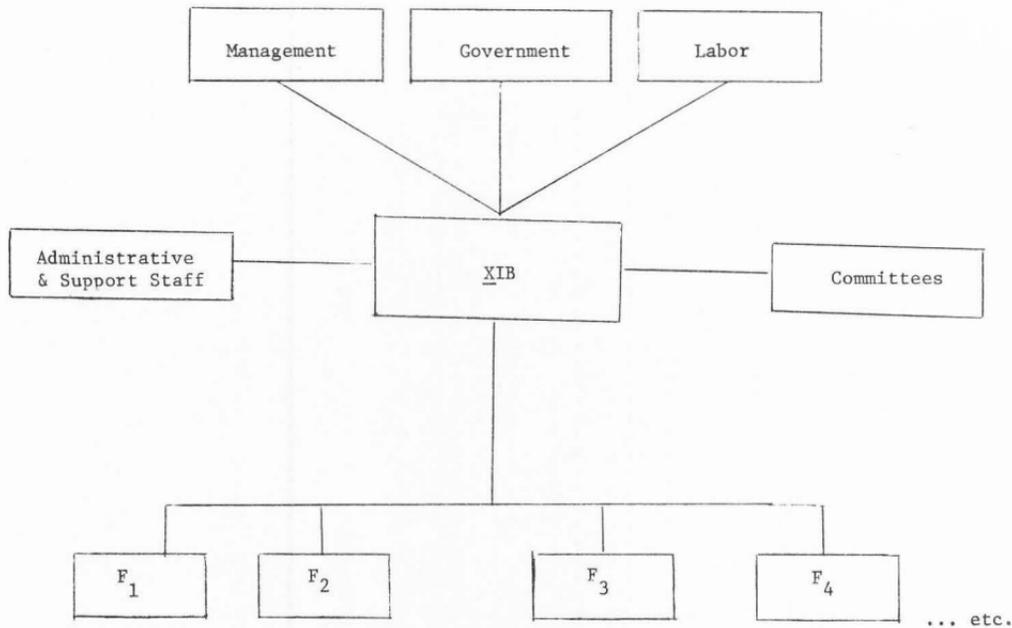
Industrial training is a new field in the Philippines and there is still little history or tradition to speak of and very little now in existence. Although the main support to this statement is the scarcity of information on the extent of industrial training in the Philippines, this does not necessarily mean that it is totally absent. It can be said that industrial training is just beginning to shape up. There are advantages and disadvantages in this kind of a situation. An advantage is the current flexibility in the area, from its having no well-established tradition and ways of doing things. On the other hand, the disadvantages include possible resistance to a new undertaking and the need to build from scratch.

A. The framework

The plans, the programs and projects, the structure and other administrative aspects of the industrial training program being proposed here are dependent on the overall objectives of the total program. The writer holds the position that an industrial training program should be geared towards the maximum and efficient utilization of the nation's human resources through the qualitative, quantitative and geographical matching of labor supply and labor demand. The pursuit of this objective will require a more active participation by the government in the operations of the different labor markets. However, the writer does not believe that an "active" manpower policy, as that of Sweden, is

feasible or suitable for the Philippines. The structure of the Philippine industrial complex and the attitude of the private sector towards government's intervention in their operations, indicate the inappropriateness of a manpower policy focused on the direct operations of the labor market. Nor are the Danish "passive" manpower policy or the American remedial manpower development program seen as appropriate models. Perhaps, in the whole spectrum of manpower policies, the most appropriate models for the Philippines in terms of the objectives and scope of operations are exemplified by the British Industrial Training Board system and the Canadian Employer-Centered model.

On the operational level, the goal is to get the maximum participation and contribution of the three most relevant sectors to the attainment of the nation's manpower development effort--the government, the labor sector, and the employer sector. The writer believes that Article 49 of the Labor Code of the Philippines, authorizing the NMYC to establish industry boards, can provide the instrument or the machinery for the attainment of the industrial training goal. The structure outlined in this chapter is therefore a tripartite industry board composed of government, labor and management representatives. In a graphical form, the industry board structure would resemble the following Figure 5. A structure like the CETA Program of the United States which uses local governments as the operational units is seen as inadequate for the purposes of industrial training in the Philippines. In addition to the lack of expertise of these bodies, the pressure on elective officials to perform well, since they are accountable to the people, is currently nonexistent in the Philippines. All the government



XIB is X Industry Board where X is to be replaced by the name of the industry for which the Board is established.  
 F is the firm, company or establishment or employer.

Figure 5. The industry board structure

officials are appointed by the President and the term of their office is similarly determined. Also, as mentioned in Chapter II of this thesis, the aim of the American CETA act is to assist the hard-core unemployed or the disadvantaged persons and so, its thrust is remedial. What is being conceived for the Philippines seeks to improve the effectivity and productivity of the mainstream labor force and in so doing alleviate the plight of these marginal groups.

The Employer-Centered Divisions being proposed in the Colleges of Applied Arts and Technology in Ontario present some problems for the Philippines if that model were adopted. Vocational colleges and other educational and training institutions are under the supervision of the Department of Education and Culture in the Philippines while the manpower development responsibility is lodged with the NMYC which is attached to the Department of Labor. The writer takes the position that industrial training should be within the Labor Department, operating in a complementary manner with the employment services and other labor services under the Department. Also, the present state of these educational institutions in the Philippines is inadequate to cope with the demands of the industrial training efforts being conceived for the Philippines.

The program's coverage being proposed here would include all kinds of training in industry and commerce ranging from management training to the training of unskilled workers in all the economic sectors from agriculture to services. The comprehensive approach is dictated by the need to integrate all the training programs within the company or industry into a single effort and responsibility to ensure unity of purpose and direction as well as the economic use of training resources.

The program's all-sector coverage is intended to make it more effective instrument to assist the NMYC, as a national manpower development agency, in its responsibility of planning, coordinating and operationalizing the nation's manpower development program. Besides the fact that the NMYC is the government agency enjoined by law to establish industry boards, industrial training legitimately belongs within the purview of the human resources development responsibility of the agency. The industrial training structure proposed herein can therefore be summarized by the Figure 6. Within this structure, the following responsibilities would be assumed by the NMYC with regards to the industrial training program:

- (1) to establish general program objectives and guidelines;
- (2) to draw up regulations and procedures for administrative operations;
- (3) to encourage and direct the formulation and implementation of training and skills standards;
- (4) to provide and guide the financial administration and regulation;
- (5) to monitor and coordinate the program's various projects; and
- (6) to provide liaison with government agencies and other institutions on the overall program activities.

On the other hand, each of the Industry Boards would be responsible for the following in the industry for which it is established:

- (1) to assess and determine the demand for and supply of manpower;
- (2) to report on the status of manpower development in the member firms as well as for the whole industry;

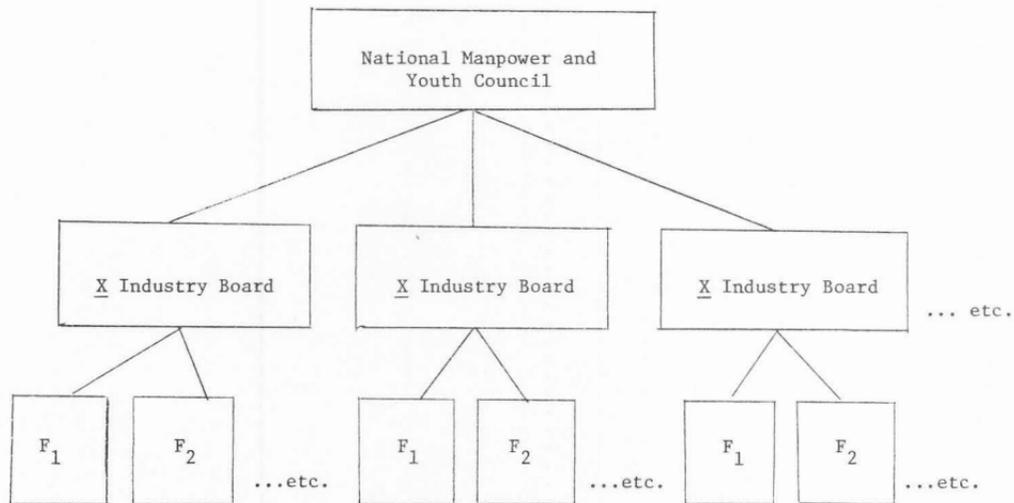


Figure 6. The organizational structure of the industrial training program for the Philippines

- (3) to provide or cause the provision of appropriate development and training programs, advisory and consultation service to member firms;
- (4) to provide information and data for research and evaluation purposes;
- (5) to implement financial and administrative guidelines for the program;
- (6) to administer the program's projects;
- (7) to recommend and assist regarding training needs, training methods and resources, curriculum content, student selection, on-the-job training, etc.; and
- (8) to act as liaison between the NMYC and the industries.

These three-tier divisions of responsibility are conceived to be the most feasible arrangement because they combine the benefits of a small bureaucracy and the separation of responsibilities, making possible the most efficient handling of each of those responsibilities. The main focus of the industrial training program would be the Industry Board, which has the burden of the most important operations in the program. The provisions of training and other related activities are seen to be most effectively and capably carried out through these bodies. A concentration of the resources and expertise as well as employment and training information of labor, management and government can perhaps achieve what each of them individually cannot. The role of the NMYC would be directing, coordinating and monitoring the operations of the different Industry Boards. The various tasks assigned to the NMYC by the Labor Code, like the establishment and formulation of skill standards and the administration of training programs, would be

implemented through the Board machinery. The proposal is therefore the creation of truly independent Boards drawing on its own resources and expertise to develop the manpower for its own industry.

When the structure and organization for the establishment of Industry Boards were being conceptualized, both occupational and geographical structures were considered. The writer rules out a machinery which is based on occupation for the operation of the industrial training activities because of the need and value of a body which can be directly accountable for the task, as represented by business firms. Occupational grouping does not involve the firms and corporations as the Industry Board scheme does. An occupational grouping is also tantamount to a craft or trade union and the aim of getting the input from industry may not be realized. The same reason can be forwarded for not adopting a geographically based structure. This appears to be more practical and easier to set up since the NMYC has already created regional offices throughout the country which can be mobilized for industrial training. But the writer believes that geographical structure does not lend itself to the purposes of industrial training because government still plays the active role and industries and business firms are not fully integrated into the program.

Another alternative arrangement to the one proposed herein is that of the AnCO or Industrial Training Authority of Ireland. In that system, a single Board was formed for the entire economy assisted by six Industrial Training Committees. The coverage of the Irish model is relatively modest and appears to be an inappropriate model for the

Philippines. The Irish Industrial Training Act of 1967 designated six industries with 275,000 employees and 20,350 establishments, each of which is covered by an Industrial Training Committee.<sup>1</sup> This can be compared with the Philippines, whose land area is more than four times that of Ireland, and has a more complex industrial structure. If the coverage being proposed here for the Philippines is pursued, there are 552,720 establishments with 2,901,177 employees besides those of agriculture, fishing and government service, wherein groups would have to be designated for the purpose of setting up Industry Boards. (See Table 6) Also, the formation of a Board on the national level, like AnCO, for the Philippines would constitute a duplication of the present NMYC structure. What is being proposed here is the identification or creation of bodies that can operationalize and undertake the various activities of the program at the industry level. The writer believes that the creation of full scale industry boards is necessary to the successful achievement of the goals outlined and these objectives could not be accomplished through one Board and subsidiary committees.

The number of Industry Boards which should be created is dependent on the structure of the economy with regards to the sectors and industries. As defined by the National Economic and Development Authority for planning purposes and the National Census and Statistics Office for data collection purposes, there are nine economic sectors in which the nation's economy is divided. Table 7 is a list of these categories with further subdivisions based on the Philippine Standard Industry

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<sup>1</sup>AnCO, The Industrial Training Authority, Third Annual Report, 1969-1970.

Table 6. Distribution of establishments by major industry group and size category, Philippines, 1972<sup>1</sup>

Major Industry Group	Total number of establishments	Total employment	Small establishments <sup>2</sup>	Employment in small establishments <sup>3</sup>	Large establishments	Employment in large establishments
Forestry and logging	429	28,291	59.50%	5.98%	40.50%	94.02%
Mining and quarrying	982	38,438	85.84	8.20	14.15	91.50
Manufacture of food, beverages and tobacco	23,729	228,842	94.80	35.67	5.20	64.33
Textile, weaving, apparel and leather industries	30,084	207,109	97.10	50.30	2.90	49.70
Manufacture of wood and wood products including furniture	4,776	106,255	82.06	15.01	17.94	84.99
Manufacture of paper and paper products, printing and publishing	1,248	39,251	66.27	9.68	33.73	90.32
Manufacture of chemicals, and of chemical products, petroleum, coal, rubber and plastic products	845	55,976	45.33	3.38	54.67	96.62
Manufacture of the non-metallic products, except products of petroleum and coal	2,442	36,249	90.13	23.83	9.87	76.17
Basic metal industries	171	14,210	33.92	2.04	66.08	97.96
Manufacture of fabricated metal products, machinery and equipment	5,713	81,638	84.21	22.16	15.79	77.84
Other manufacturing industries	1,001	20,624	87.61	15.12	12.38	84.88
Electricity, gas and water	729	17,331	72.02	11.95	27.98	88.05
Construction	692	53,138	56.65	4.04	43.35	95.96
Wholesale, retail trade, restaurants and hotels	381,931	1,351,284	98.75	88.66	1.25	11.34
Transportation, storage and communication	47,927	256,350	97.57	58.15	2.43	41.85
Financial institutions, insurance, real estate and business services	7,952	103,150	83.31	25.27	16.69	74.73
Sanitary, social and related services, recreational and personal services	42,028	263,041	94.24	48.49	5.76	51.51
TOTAL	552,729	2,901,177				

<sup>1</sup> This table is computed from National Census and Statistics Office, 1972 Listing of Establishments (Manila, Philippines: NEDA Production Unit, 1975).

<sup>2</sup> The categories small (less than 10 workers) and large establishments (10 and more workers), are from the definitions used by the Census Office.

<sup>3</sup> The employment numbers and percentages were computed by getting the average employment by Code and multiplying it by the number of establishments.

Table 7. A list of industrial categories<sup>1</sup>

Industries	Three-digit level of classification (categories)	Four-digit level of classification (categories)
1. Agriculture, hunting, forestry and fishing	5	5
2. Mining and quarrying	7	8
3. Manufacturing	29	80
4. Electricity, gas and water	2	3
5. Construction	2	5
6. Distributive and service trades (wholesale and retail, restaurants and hotels)	20	79
7. Transportation, storage and communication	5	13
8. Financing, insurance, real estate and business services	4	12
9. Community, social, recreational and personal services	14	28
TOTAL	88	233

<sup>1</sup>This was determined by counting the number of three-digit and four-digit level groups for each major division (sector as given in the Industry Code Book).

Classification which is mainly taken from the International Standard Industry Classification. If the categorization presented in this Table were to be followed, there would be 88 Industry Boards on the three-digit level and 233 Boards on the four-digit level. The number 88 is deemed to be unmanageable and unnecessary in terms of the scope of each of the individual Industry Boards, and so is 233. There is therefore a need to strike a balance between the twin considerations of the diversity of economic undertakings and the need for a manageable number of Industry Boards for efficient central coordination and operation.

In 1975, the National Census and Statistics Office published a list of establishments for the whole country based on a 1972 survey. In the survey an establishment was defined as an economic unit which engages under a single ownership or control, i.e., under a single entity, in one or predominantly one kind of economic activity at a fixed physical location and having permanency of assets such as goods for resale, materials, products, equipment, etc., on its premises during its operations.<sup>2</sup> Only establishments engaged in the following economic activities were included in that survey: logging; mining and quarrying; manufacturing; electricity, gas and water; construction; wholesale, retail, restaurants and hotels; transportation, storage, and communication; financing, insurance, real estate and business services; and community, social, recreational and personal services. It is noticeable that the two large economic sectors of the Philippine economy were not included: government services and agriculture. The reasons for this

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<sup>2</sup>National Census and Statistics Office, 1972 Listing of Establishments (Manila, Philippines: NEDA-APO Production Unit, 1975), p. viii.

omission by the Census Office, from this writer's point of view, are that both agriculture and government are not considered as industries in the sense that the word is being applied to the other economic sectors but separate undertakings all by themselves. There is also difficulty in defining an establishment for census purposes, especially in agriculture.

The use of "establishment" as the unit for consideration in the determination of industry groups for which Industry Boards would be set up is dictated by the need to identify the unit of membership (i.e., firm, or company) to the Boards. "Establishment" is the nearest category to "firm" or "company" where census data is available for the needed information. Looking at Table 6 and based on the following criteria:

- (1) the kind of output produced or service rendered;
- (2) the diversity of the production process or technique used;
- (3) the number and proportions of large and small establishments;
- and
- (4) the number of persons employed and the proportions employed in large and small establishments,

it is proposed that the following Industry Boards be set up:

- 1 for agriculture;
- 1 for fishing;
- 1 for government services;
- 1 for forestry and logging;
- 1 for mining and quarrying;
- 9 for manufacturing industries;

- 1 for electricity, gas and water;
- 1 for construction;
- 1 for wholesale, retail, restaurants and hotels;
- 1 for transportation and communication;
- 1 for financial, insurance, real estate and business services; and
- 1 for community, social and recreational services.

The above would make up a total of twenty Industry Boards. All the above except the first three--agriculture, fishing, and government services--make up a total of 2,901,177 workers or 21.95 percent of the total employed population. With the government services, agriculture and fishing industries included, the coverage of the Industry Board Program, would be 85.35 percent of the total employed persons. Among the 21.95 percent which would compose seventeen of the proposed Industry Boards, 60.23 percent are employed by small establishments and 39.77 by large establishments. As defined by the Census Office, small establishments are those which employ less than ten persons (one to nine) and large establishments are those with ten or more workers. From a total of 552,720 establishments, 97.15 percent are small and only 2.85 percent are large establishments. The bigger proportion of small establishments in the total number of establishments surveyed indicates the need to be cautious in the establishment of the Industry Boards in the industry groups proposed herein. The presence of a bigger proportion of large establishments in a certain industry grouping indicated the capability of that industry group to support and undertake the operations of an Industry Board.

The first step undertaken to group the above industries is to consider the criteria used by the Philippine Standard Industry Classification in designating industry categories, namely, the kind of output produced or service rendered and the diversity of the production process or technique used. Looking at the categories that came out, only one Board would be required for each of the groups except for the agriculture sector, from which fishing was separated, and the manufacturing sector for which nine separate Boards would be needed due to the diversity of the products being produced by the firms and companies in this sector and the large number of different production techniques being utilized. The use of the proportions of large and small establishments and their respective employment shares, gives further indication of which industries have the ability to support the activities of an Industry Board and the need for skilled manpower.

Since the agricultural industry employs more than half of the nation's total employed population, it is proposed that at least one Board be set up for this industry. It is the writer's belief that more than any other sector of the economy, agriculture needs attention and guidance in terms of manpower development. Though the largest sector, it lags behind the others in its contribution to the nation's productivity. Besides the sector's broad influence on the income and well-being of millions of agricultural workers, the products of this sector are the staple foods of the country--rice and corn. However, all the aspects of development of the nation's agricultural sector are under the responsibility of the Department of Agriculture and Natural Resources. This Department has a number of bureaus and extension

services that deal with agriculture, including manpower development. There are also a number of agricultural colleges in operation. The purpose of the proposed Agriculture Industry Board is not to replace these extension services and agricultural colleges but to integrate all the efforts of these institutions and bodies in the development of agricultural manpower. An Agriculture Industry Board would be the machinery through which farm owners and farm workers could participate in the development and implementation of manpower development programs. Actual training programs may not be within the scope of Agriculture Industry Board but the search for the ways by which this kind of program and related ones can be made more relevant and more easily accessible to agricultural workers.

The proposal for the Agriculture Industry Board for the Philippines runs counter to the recent development in the British Agricultural Industry Training Board wherein its abolition is being sought after by several groups. Based on the reports and analysis of the situation, the main reasons behind it are the problems that have plagued the whole Industry Training Board system in Britain--those of immediately undertaking a large scale program and the creation of a big administrative machinery which the whole industry, due to its very nature and its level of sophistication, is not ready for and the compulsory imposition of the levy grant system, the utility, magnitude and complexity of which many small farmers cannot comprehend and much less can afford to pay.<sup>3</sup> Eventually the Agriculture, Horticulture and

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<sup>3</sup>Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of a Public Manpower Policy" (Ph.D. Dissertation, Cornell University, 1971), pp. 348-354.

Forestry Industry Training Board abandoned the use of the levy grant system as its source of financing and now operates from funds allocated out of the government's agricultural price support program.<sup>4</sup> For the Agriculture Industry Board being proposed for the Philippines, the lessons from the British experience are highly valuable, in that caution and a sensitive outlook on the evaluation of the industry are guides that should be followed.

The Industry Board for the government sector is justified by much the same reasons as those given for the Agriculture Industry Board. The difference lies in the objective that should guide the operation of the Government Service Industry Board. While the Board for agriculture is suggested to lay greater stress on productivity, the one for the government should perhaps pursue the goals of rationalizing government training programs for its own employees to reduce wastage of resources and to enhance the motivation of these employees. This again is in contrast with the British exclusion of the Crown or the government in the operations of its Industry Training Board system. The reason given, that the British government is capable of taking care of its own employees, could not be asserted with the same certainty by the Philippine government. Training and manpower development programs of the government are individual efforts of the different government agencies in which less progressive bureaus and offices lag behind. A concerted effort by all the government agencies to develop the

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<sup>4</sup>P.J.C. Peery, "The Industrial Training Act 1964: Its Origins, Purposes, Provisions and Effects" (for the National Institute of Education of the U.S. Department of Health, Education and Welfare), London, 1974, p. 201.

nation's own employees would provide a single direction and purpose to the otherwise scattered and sporadic undertaking.

Since the Boards proposed here could not be set up all at the same time for reasons given in the next part of this chapter, the following sequence of the first five Industry Board to be established is proposed:

- (1) Basic Metal Industries;
- (2) Chemical and Chemical Products;
- (3) Construction;
- (4) Forestry and Logging; and
- (5) Agriculture.

The criterion used in the determination of the above is the proportion of large establishments that each of the industry groups contained. The development of the Industry Boards in Britain also did not occur all at the same time. There are at least five generations of Industry Training Boards that were set up, one after the other. Immediately after the passage of the 1964 Industrial Training Act, the first "generation" of Industry Training Boards were set up composed of the traditional manufacturing industries as Iron and Steel; Engineering; Construction; Shipbuilding; Wool, Jute and Flax. The next year saw the establishment of the Industry Training Boards for the public utilities--Electricity, Gas and Water, and then by the established manufacturing industries of Ceramics, Glass and Mineral Products; and Furniture and Timber. The third generation, which developed in 1966, is composed of the textile group followed by the Industry Training Boards for Agriculture, Horticulture and Forestry; and the service

industries of Road and Transport; and Hotel and Catering. The modern and more technologically advanced industries followed the next year-- Civil Air Transport; Petroleum, Rubber and Plastics; and Chemicals. The final phase of the setting up of the Industry Training Boards was composed of the Paper and Paper Products; Printing and Publishing; Distributive Trades, Food Drink and Tobacco; Footwear, Leather and Fur Skins; Clothing and Allied Products; and Hairdressing and Allied Services.<sup>5</sup>

Some of the factors that can influence further decisions and refinements in the Industry Board composition, especially the selection of the industries to include in each of the Boards, are the following:

- (1) feasibility of a training program--homogeneity of activities and of skills needed, the utility of the program to all member firms and the consideration for the substitutability of skills between member firms;
- (2) financial feasibility--ability of the group of firms to set up and maintain an Industry Board;
- (3) representation--the presence of employer or employee organizations or their equivalents if not the capability of both sectors to organize; and
- (4) geographical location--the facility of coordination and communication.

A very important element of any industrial training program is the financing arrangement. Reasons have already been given in the earlier part of this thesis as to why the author believes joint financing

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<sup>5</sup>Ibid., p. 202.

by the government and the employer would be the most feasible arrangement. Besides the acceptability to both the sectors, in this sharing of the financial burden, the participation of these two sectors would be assured since they would certainly want to have a hand in where their money and resources were going. Those employers previously consulted on this issue are not definite on the basis upon which they would want to determine the amount of their contribution--whether a fixed tax on payroll or per capita assessment. The exact proportions of these sectors' contribution should be determined by the Board after an assessment of the training and manpower development needs of the industry has been made. The author proposes the idea that the government's share in this be limited to the use of the existing government training facilities, technical assistance and advice, and the possible tax deduction for the member firms, when and if the Tax Incentive Scheme is finally incorporated into the Industry Board financing scheme.

In the past, meetings with the representatives of the labor sector, the labor leaders expressed the willingness to share the financial burden of the program. It is not clear where the money would come from or what effect this will have on members of the labor unions. As mentioned in an earlier part of this thesis, the most favored scheme is something like the Social Security System financing of the Philippines.<sup>6</sup> If the financial system wherein the labor sector would contribute is realized, this would truly be an innovative arrangement. The

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<sup>6</sup> In the first meetings held with the labor officials on the issue of establishing a system of Industry Boards, the tripartite arrangement was received so enthusiastically by the labor officials present that it was carried through to the financial scheme of the program.

financing scheme that was developed in Great Britain and in Ireland which was very much patterned after that of the British, is the levy grant system. The 1973 Industrial Training Act changed this system to levy-grant-exemption system for Great Britain wherein Boards can exempt from levy small firms in the industries and those firms which are adequately meeting their own training needs. The employer shoulders the financial burden of the program except in special cases where the government steps in through subsidies, i.e., the Agricultural, Horticultural and Forestry Industry Training Board. The basis of the levy from employers is the employer's total wage bill except for four Industry Training Boards where per capita income is the base. The Boards are to determine the percentages of this levy and the Industrial Training Act of 1973 established one percent of payroll as the upper limit of this levy.<sup>7</sup>

It is to be understood at this point that financial contribution does not only include cash but also training facilities, instructors and other technical experts, technical advice and assistance from the partners of this industrial training effort. However, a money base should be founded first to start the program rolling.

The integration of the training incentive scheme (Article 51) within the program has several prerequisites which must be dealt with before it can be fully implemented. The most important requirement is the identification of those trades, skills and training standards by the Boards upon which exemption or tax deduction can be based. Firms are awaiting eagerly for the implementation of this law and this can

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<sup>7</sup>P.J.C. Peery, "The Industrial Training Act 1964: Its Origins, Purposes, Provisions and Effects," pp. 201 and 259.

serve as a "carrot" to induce firms to participate in the establishment of Industry Boards.<sup>8</sup> The need for expert technicians and other inputs to determine and define these standards can be answered by the industry's own technical experts and the information they can give towards this end. The Industry Board can be the mechanism that can achieve this cooperative effort.

The writer believes that financing is an issue which the NMYC and each of the individual Boards can and should settle. A total application of a levy/grant mechanism or a levy/grant exemption system may not be a good way to start this program since the lessons from Great Britain's experience are too obvious to ignore and a new program such as this still needs to woo its supporters and partners in the undertaking. The British experienced several developmental and organizational problems in the implementation of the financial system alone. In the first place, employers were not as willing as anticipated to finance the undertaking. The reports and assessment forms needed to implement the system involved a tremendous amount of paper work. Some firms, especially the small ones, were penalized by the system since they could not qualify for the grant as easily as the bigger companies in the industry. The administrative machinery required to run the program also presented some problems in terms of the cost and maintenance which

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<sup>8</sup>From all the discussions on the financial scheme with the employer group in which this writer was present, no definite recommendation or commitment were given except the indication that they would be more willing to participate if the Tax Incentive Program would be included in the arrangement.

were to the detriment of the other concerns of an Industry Training Board.<sup>9</sup>

The work program of each of the proposed Industry Boards is the crux of the whole system. It not only determines the amount and even the form of financing that should take place but also the scope of each of the Boards' activities. In other words, it describes the amount of responsibility that a Board is willing to shoulder. Given the objectives of industrial training and the terms of references that should guide each Board, this responsibility on the Board level is indeed great. It includes both research and the actual implementation of a complete training program. There is also a need to involve the Boards in the employment service area to be effective. The task is challenging even if the expertise and resources needed are available. The problems of these two requirements are numerous and merit full discussion. This will be done in a separate chapter, Chapter VII.

One issue that should be discussed at this point is that of the possible duplication of efforts between the Boards and other existing agencies. On the private sector side, there appears to be no problem since the personnel offices of the firms are expected to be having a close relationship with the Boards in which the firms are located. This is made possible by the effective participation of the employer representatives to the Board. However, some government agencies may present some problems. This is especially true with the following agencies of the Department of Labor--Bureau of Apprenticeship, Bureau

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<sup>9</sup> See Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of a Public Manpower Policy," for a discussion of the history of the development of the British Industry Training Board System.

of Women and Minors and Bureau of Employment Services. Although it can be argued that this problem will also be taken care of through the government agencies representation to the Boards, the fact that large government bureaucracies which have a long tradition and history does pose certain problems. The possibility of giving up of responsibilities and tasks is a very delicate issue. The writer therefore recommends the realignment or relocation of these government agencies.

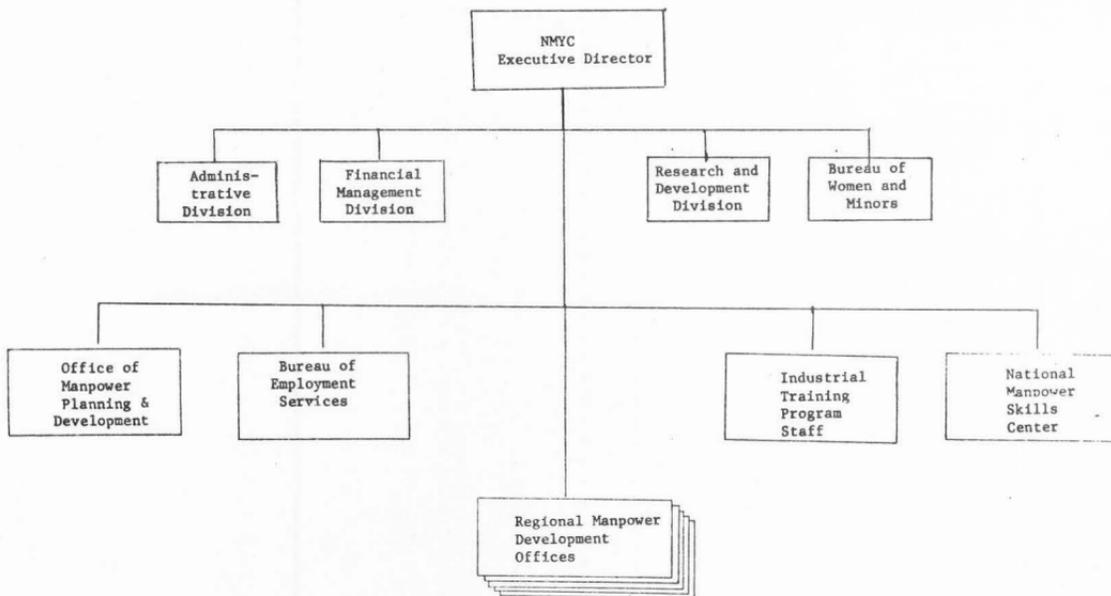
For an effective implementation of the Philippine manpower development program, the aforementioned three agencies should function under the umbrella of one agency, instead of carrying out their tasks individually and with only a minimum of coordination that is officially and virtually being undertaken. Logically, this agency is the National Manpower and Youth Council. This step will make possible an active manpower policy as conceived and proposed in this thesis. (See Figure 7 for the proposed new structure for the NMYC.)

With some modifications on the internal structure and specific activities, the NMYC is envisioned to function not unlike the British Manpower Services Commission.<sup>10</sup> The scope of the Manpower Services

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<sup>10</sup>Great Britain, Laws, Statues, etc., Employment and Training Act 1973, Chapter 50, London: H.M.S.O., 1973. The Manpower Services Commission was the administrative machinery created by this Act. It is composed of a full-time Chairman appointed by the Secretary of State for Employment and nine part-time members representing employees, employers, local government and education. The Commission's responsibility is defined by the function of its two executive arms, the Employment Services Agency and the Training Services Agency. The Employment Services Agency plans, develops and operates the public employment services while the Training Services Agency takes charge of the Industry Training Board system, the sectors not covered by the Boards' operations, the Training within Industry Program, the Government Training Centers or the Skill Centers as they are now called and the Training Opportunities Scheme. The Commission is supported by an annual grant from the government. The amount of this grant is determined by the Commission's program of work stated in its five-year rolling program. The Commission officially began its duties on January 1, 1974.

Figure 7. The Proposed Structure of the NMYC as Envisioned for its New Role in the National Manpower Development Program



Commission's responsibility and authority both in the employment service field and training compose what is being envisioned for the NMYC. This integrated approach to the implementation of an active manpower policy is needed for the attainment of the productivity goal set forth. However, the dual structure of the Manpower Services Commission with its two branches, the Employment Services Agency and the Training Services Agency is unrealistic given NMYC's present manpower development capability. The area of training alone has several aspects to be taken care of: the proposed Industry Board system, the on-going training programs of the NMYC, and the provision for those sectors not covered by the proposed Industry Board system. The British Training Services Agency under the Manpower Services Commission which takes charge of this portion of the British manpower development framework is a huge operation. This writer therefore recommends an initial division of the different aspects of the manpower responsibility among the different offices of the NMYC as graphically described in Figure 7.

In the proposed structure, the Administrative and Financial Management Division would provide the support services of the agency. The Research and Development Division and the Bureau of Women and Minors are specialized groups of people dealing with particular concerns.<sup>11</sup> Their terms of reference prevents their inclusion to the other line offices of the NMYC and ensures their existence as separate entities. The Office of Manpower Planning and Development, the Bureau of

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<sup>11</sup>With the proposed structural changes come the change in titles also. So, though the Bureau of Women and Minors, Bureau of Apprenticeship and Bureau of Employment Services are still referred here as Bureaus, this title may have to be changes once they are located under the NMYC. The same titles are used in this paper to avoid confusion.

Employment Services, the Industrial Training Program Staff and the National Manpower Skills Center are proposed to be put in the same category because their activities are all national in scope and the responsibilities of one are of the same value as the other. A constant exchange of information and the complementation of their operations are reasons enough to put them within a single agency and to confer upon them equal status. For instance, the Office of Manpower Planning and Development and the Bureau of Employment Services can learn much from each other just in one aspect of their operations--manpower and employment information for Bureau of Employment Services and planning statistics for the Office of Manpower Planning and Development. The Bureau of Apprenticeship is here being recommended to be abolished and its staff absorbed by the Industrial Training Program since apprenticeship is one of the most effective methods wherein industrial training can take place. The manpower development systems of Great Britain and Germany developed from apprenticeship roots. The realization of the inadequacy and limitations of this kind of a program prompted both countries to add other training programs to their tradition of apprenticeship.

#### B. The process of implementation

It was mentioned in Chapter IV that the NMYC, on the suggestion of the Council and of its staff, should undertake an experimental phase necessary before the total system of Industry Boards can be established. After the pilot or experimental stage of the program has been concluded, two alternative approaches could then be taken to establish the program as an operating entity: an all-out approach and a slowly paced one.

Both have advantages and disadvantages as experienced by the nations which have had considerable work in the field.<sup>12</sup> Each of these alternatives demands certain conditions to be successful. Based upon previous NMYC discussions, a set of criteria has been developed that could serve as a guide in the choice of alternatives:<sup>13</sup>

- (1) the presence of the preconditions for an all-out approach:
  - (a) a certain degree of awareness about industrial training in the private sector, educational sector, and other institutions and agencies concerned with industrial training and manpower development
  - (b) a good set of materials about manpower development from which a constant flow of information and knowledge can be assured
  - (c) the availability of standards of skills and training based on which projects can be evaluated and revised
  - (d) a group of experts on training and manpower development from which analysts, researchers, instructors and consultants and other needed manpower can be drawn from

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<sup>12</sup> Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of a Public Manpower Policy," p. 329.

<sup>13</sup> This set of criteria came up after several discussions with the NMYC staff and the relevant sectors on the development of the program. Lessons from the experiences of other countries added to the set. See Gary B. Hansen's dissertation mentioned in the above footnote; Government of Ontario, Ministry of Colleges and Universities, Training for Ontario's Future: Report of the Task Force on Industrial Training (Ontario, Canada: Government of Ontario, 1973); and the reviews of the Organization for Economic Cooperation and Development of the manpower policies and programs of different countries.

- (e) the presence of a strong set of support services such as placement offices and training institutions;
- (2) the time constraint or the need to institute the program at a specified time period;
- (3) the availability of sufficient financial and other resource requirements; and
- (4) the acceptability of the program to the employers and workers in the industry.

An assessment of the Philippine situation based on the above criteria points to the second approach--that of slowly building up the program as being the most desirable. Besides the lack of almost all of the prerequisites mentioned above, a cautious approach provides the flexibility needed to correct mistakes and build upon previous experience. One disadvantage, however, is seen in the fact that a slow approach can reduce the impact of the program on private industries. Some industries may take the program for granted and there might be questions and problems about the choice of which industries are to be designated as the venue of the first Industry Boards. Another limitation presented by this approach is the fact that while a simultaneous creation of all the Boards can make possible the specialization in training which all the Boards can benefit from, the cautious approach prevents the occurrence of this. However, the writer takes the position that the price of these disadvantages is easier to bear than the situation of total disillusionment with the whole Industrial Training Program. The above set of criteria has been adopted to serve as a guide in the formulation of the procedure to implement the program.

The first step in developing the industry board system should include the simultaneous exposure of the program to the industries and the building up of the internal capability of the NMYC to handle the central responsibility of the Industrial Training Program. The propaganda stage should be composed of two levels based on two purposes:

- (1) to make known to industries the functions and operations of the NMYC, specifically with regards to the following provisions of the Labor Code:
  - (a) Trade Skills Standards (Article 47)
  - (b) Administration of training programs (Article 48)
  - (c) Industry Boards (Article 49)
  - (d) Incentive Scheme (Article 51)
- (2) to get the input from industries in the form of reaction and recommendations on the several aspects of the program through industry-by-industry survey of firms and companies on the following subjects:
  - (a) the composition of the Industry Boards (structure)
  - (b) the membership of the Boards (the industry classification)
  - (c) the financial scheme
  - (d) the proposed objectives and work programs of Boards.

Maximum exposure is the aim at this point and several means should be utilized to achieve this end--the media, seminars and meetings and correspondence with employers and employees, other professional associations and institutions. (See Appendix D for a partial list of employer and employee groups in the Philippines that could be contacted.)

At the same time that this exposure project is being undertaken, internal operations of the NMYC with regards to the program should be concentrated on two major areas:

- (1) the assessment and improvement of the manpower resources and other resource capabilities of the agency; and
- (2) research.

The first area will be treated as a separate chapter in this thesis (Chapter VII), since a relatively longer set of recommendations need to be given regarding this. The second issue, research, demands a massive effort to build up the information base in the field of manpower. In the Philippines this amounts to starting practically from nothing. A survey, if not a census of locally published and available materials on training and manpower development, should be immediately undertaken. This should not only include publications but also previous and current research and projects done in the area, lists of associations and institutions mainly concerned with training, and organizations which deal directly with the carrying out of actual research projects. A careful indexing of the location if not actual procurement of these materials should follow. This should be supplemented by international or foreign publications such as those by the International Labor Office and the Organization for Economic Cooperation and Development. A comprehensive list of these materials should be made. The assistance of professional training associations and institutions and even of the private sector can be of much use in this effort.

In addition to the compilation of these secondary sources of information on training and manpower development, the NMYC should begin to plan and engage in direct research work in the following areas:

- the incidence of training programs in industries and the patterns of training being utilized
- the methodology for training needs analysis
- the presence of training experts for manpower development
- the factors influencing the employer's decision on whether to train or not
- the characteristics of the working life of the different socio-economic groups
- methods of disseminating information on manpower development programs to interested parties
- the development of a reliable statistical and information base for project and program monitoring
- evaluation procedures to test the effectiveness of training programs
- cost-benefit analysis and the incidence of utilization of the different training systems such as:<sup>14</sup>
  - Full-time vocational training at school
  - Day release courses
  - Block release courses
  - Sandwich courses
  - Evening classes
  - Vocational training of adults
  - Correspondence courses
  - Apprenticeship programs
- the employment channels and entry points of the labor market

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<sup>14</sup>Pierre Drouet, "Economic Criteria Governing the Choice of Vocational Training Systems," International Labor Review (September, 1968):193-223.

- the purpose and scope of training and its role in job motivation and the improvement of the working life
- the effectiveness of the country's manpower policy in terms of results
- the presence and effectiveness of various government agencies related to manpower and how best they can be harnessed towards the manpower development goals.

The conduct of these research projects can be facilitated if the NMYC would use its authority with regards to the responsibility of the firms and companies to report to the NMYC on their training program (Article 48). An experimental research project can be carried out in one of the regions in order to test the utility and validity of the instruments that should be developed, such as report forms and the system of coordinating links with industries.

In the establishment of the proposed Industry Boards, the employer and trade associations can be utilized to provide the initial contact with employers to organize the core group for the subsequent formation of the Board itself. Meetings with employer associations and labor unions should be stepped up. Once a group of employers in a certain industry has been identified, a working committee can be formed and then through the vertical and horizontal links in the firms of that industry, the membership of the Board can be identified. Nominations for the members of the Board can then follow for the approval of the NMYC. The initial meeting of the newly-formed Industry Board has the purpose of coming out with a work program and the threshing out of the other administrative details for the Board's operation. One of

the most important things that should be determined at this point is the financing issue. At this stage, the experience from the pilot experimental Industry Board can be put to use. A set of administrative guidelines for the program's operations should have been drawn up by the NMYC. The establishment of the various Industry Boards should proceed from here and it is estimated that it would take at least five years to complete the whole program with all the proposed Industry Boards will be in full operation. With the inputs from the industries through the Boards, trades skills and training standards for a greater number of occupations and industries will have been established and the implementation of the tax incentive scheme can be pushed through. Needless to say, documentation and evaluation of the developments of the program are integral elements. Evaluation is conceived to be a continuing process and does not only take place at the end of the experience. Constant monitoring of the program's projects makes possible the reliable flow of information for evaluation and analysis purposes.

The process outlined above requires a lot of work and substantial amount of resources. The continuation to and the success of the next step in the implementation of the Industry Training Board system depends on the outcome of the previous step. One should allow for the choice of the instruments to be utilized in research and in knowledge dissemination and even in the implementation of the projects especially those related to training. Applicability of an instrument in one situation does not ensure its success in another. Sensitive evaluation and constant follow-up of events and developments spell out success but much depends on the reliability of the most unpredictable element in this program--the people involved.

C. The roles of the relevant sectors

Relevant sectors here include the government, the employers, the labor unions, the formal educational institutions, and the voluntary and professional associations engaged in manpower development.

The government as a single entity and through its diverse bureaus and departments should function not only as the agency for conception and direction but in most developing countries also the operational and administrative agency of the nation's manpower development effort.<sup>15</sup> The very first move of the government towards this end is a proclaimed and fully active commitment to manpower development. This should provide the initial impetus towards the development and initiation of manpower development programs. In developing countries especially, government leadership in this area is a requirement. This is needed to ensure that the direction and purposes of the different aspects of a nation's manpower policy are in congruence with one another and that a sustained effort is being put towards the utilization of the manpower instrument towards the attainment of the economic development goal. Fully recognizing the social content of this kind of an endeavor, the government has also a great share in the financial resource burden. To fill the gaps or uncovered areas in training, research and technical guidance and expertise is also implicit within the area of government responsibility. An effective move in this direction is only possible if a good system of monitoring and coordinating all relevant programs in manpower development is available.

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<sup>15</sup>Roger Gregoire, Vocational Education, OECD, Paris, 1967.

The most important requirement from employers is support for the government's manpower policy. The forms of this support depend on the current level of manpower development practice in industry and the prevailing attitude of employers towards this kind of a program. If there is already an active industrial training program, the employers can provide the facilities and technical experts for a wider manpower development program operations. The government can contract or enter into agreements with industry for the use of training resources in the training of the other groups of the labor force. On the other end of the line in places where even industry's manpower development efforts are in their infancy, employer sponsorship and financial support as well as information collection for research comprise industry's role in the undertaking. This would only be possible if the employers in the Philippines would adopt the philosophy of their Japanese counterpart that training and manpower development is a productive area to invest money in since the returns of a highly skilled manpower would more than offset the financial burden to the firm and industries. Employers should be made aware of the value of skilled manpower to their operations and that a cooperative effort by the major sectors could be more effective than individual programs. A fully developed industrial training system along the lines being proposed here would lead to a specialization in training for certain skills by the different Boards that would make possible an exchange of trainees and thus reduce costs and increase effectiveness.

Participation is the key element of the labor union's part in this program. The most valuable input of labor is their knowledge of the job which can provide a great insight into the training needs analysis and

even in the traditionally pure management function of the methods of recruitment, selection and promotion and other personnel policy issues. Though these areas of training and employee selection are not usually within the labor union's main concerns, like the protection of the workers' rights, it would be to their advantage to gain some form of participation in these areas. For the industries where Industry Boards are going to be set up, an orientation (if not a full training program) on the workers' role in the Boards' operations should be developed and implemented. A more thorough campaign and orientation for the establishment of Industry Boards should be made with the labor unions since they would nominate the labor representatives to the Boards.

Educational institutions have the existing facilities and resources which can be utilized in industrial training. Vocational schools and institutes that offer training have already the curriculum and the teachers needed for the new program. This is suggested, of course, to consider some modifications and revisions of the present system of educational institutions. A very useful way to harness the help of the teaching profession is the provision of instructor's training courses and similar instruction for the proposed trainers in industrial training. The implementation of the 1964 Industrial Training Act of Great Britain prompted two conflicting views from the education sector.<sup>16</sup> The initial reaction was enthusiastic since they perceived an increase in enrollment and thus a demand for education due to the provisions of the Act. This was however replaced by suspicion when the anticipated increase in demand for education did not materialize. The members of the education

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<sup>16</sup>Gary B. Hansen, "Britain's Industrial Training Act: A Case Study in the Development of a Public Manpower Policy," pp. 559-570.

system of the country accused the Industrial Training Boards of taking away portions of the educational budget meant for them and the students who would otherwise enter the educational institutions if not for the Act. It is highly possible that there would be the same kinds of reactions from the education sector when the Industrial Training system being proposed here became fully operational. In the first place, this would provide a competition for the education sector and second, the cost to the trainee would be minimal, giving more incentive for students to enter the Industrial Training system. There is also the added inducement of an assured employment after the training program.

Professional groups, if well developed and active, can provide the needed evaluation and professional analysis and criticism about the system of manpower development. The role of professional and voluntary training groups should be fully recognized by both the NMYC and the proposed Industry Boards since they have the knowledge, ideas and experience of their members to draw from. They can provide a vast source of information and research materials of importance. The capability of these groups to put out technical publications should be exploited as a means to encourage technical discussions and awareness on the field.

The proposals put forward in this chapter are based on several assumptions. The program is a long-run strategy and a number of prerequisites must be satisfied first. The interdependence of consecutive events and the willingness and capability of the sectors to play their respective roles are critical to the success of the program.

#### D. Summary

This kind of an active manpower policy being proposed for the Philippines stresses the productivity goal more than either employment creation or income maintenance. The machinery being recommended herein to attain this goal is an Industrial Training system composed of tri-partite (labor-management-government) Industry Boards to be established for designated industry groups. The National Manpower and Youth Council is conceived to be the central office, not only in the Industrial Training scheme but also in the revitalization of the national manpower development framework. To effectively carry out this major role of the agency, an internal strengthening through a vigorous staff development program and the gathering of resources and materials on manpower development and training through surveys and research would have to be undertaken. A reshuffling of the bureaus and offices now under the direct control of the Department of Labor should be made. The proposal is therefore to merge the Bureau of Apprenticeship with the Industrial Training Program staff and the realignment of the Bureau of Women and Minors and the Bureau of Employment Services with the other executive branches of the NMYC. Though the NMYC structure being proposed herein is somewhat different than the British Manpower Services Commission, it is conceived that the NMYC be the Philippine counterpart of that British agency in terms of the scope of responsibility and authority.

Using the industry groups defined by the Philippine Standard Industry Classification as the foundation and considering the criteria of the proportional shares of employment in large and small establishments as well as the proportion of the large and small establishment categories in relation with the total number of establishments in the industry

group, this writer proposes the creation of twenty Industry Boards. The first five Industry Boards to be formed are proposed for the following industry groups: Basic Metals, Chemicals and Chemical Products, Construction, Forestry and Logging, and Agriculture. It is also proposed that comprehensive coverage should be the goal of the program, which means that each of the Boards that would be set up for the different industry groups in the nine sectors of the economy would engage itself in the different kinds of training, depending on the needs of its member firms.

This Industrial Training Program would be supported by a joint financing by the government and management. Although there might be a need for a greater government participation in the initial stage of the program's implementation, when the Industry Boards reached the full operational level, government resource responsibility would be limited to the Industry Boards' use of the government training centers and manpower development facilities, the giving of technical advice and assistance by the NMYC and the granting of subsidies to special cases. A possible element of the government's industrial training bill would be the reduction in its tax receipts, when and if the Tax Incentive Scheme is made a part of the Industry Boards' financing scheme.

It is recommended that each of the Boards operate independently in the sense that each would prepare its own programs, see to the implementation of and provision of resources for those programs and provide the administrative and financial support services for its own operations. The NMYC role would compose of directing, monitoring and coordinating the operations of the total system of Industry Boards. General guidelines and direction would be formulated by the NMYC, but it would be

left to the Boards to administer and operate their own training and manpower development projects including the setting of standards for skills and trades found in their respective industry groups.

The long term strategy being proposed here is a slow and cautious approach to the operation and development of the Industrial Training Program. The steps that should be undertaken are: the exposure of the program to the private sector and the educational sector and professional and voluntary training institutions; the collection of secondary sources and material; the undertaking of research projects and studies on the different topics in the field of manpower; the designation of the industry groups for which the Industry Boards would be set up; the official acceptance of the representatives nominated to the Boards; and the formulation of the guidelines and other operational details of the program. The employee and employer groups or associations would be the principal instruments by which this process can be implemented. The different sectors of the Philippine society from government, management, labor, education sector to the professional and voluntary training groups would be mobilized to get their varied inputs necessary for the success of the program.

The documentation of every step that would be needed and structures formed to establish the Industrial Training system are integral components of the strategy. These would be the principal basis of the regular evaluation and analysis being envisioned for the developments of the program.

The experimental stage being suggested as a part of the program would provide an indication as to the feasibility and value of the

structures and measures herein being proposed. The next chapter discusses this part of the program of action.

CHAPTER VI  
A PILOT PROJECT

A. Background

The Industrial Training Program proposed in Chapter V is not only new and innovative in its approach but also in the structure and organization it envisions. Such a situation would normally dictate the use of caution in the program's implementation. The most careful approach is deemed to be that of having an experimental phase first to try out the utility of the plans, steps and procedures. This approach was adopted by the NMYC, approved the initiation of a pilot project to start the program of setting up Industry Boards. The writer concurs in this general approach but would make some changes in the way it is being carried out.

At present, as mentioned Chapter IV, a Pilot Automotive Industry Board has been established as the first Industry Board for the Philippines. However, it is not a "Board" in the sense that the term is used in this paper, which is akin to the British concept as used in its Industry Training Board model. The British Industry Training Boards are made up of representatives from employer sector, the labor sector, and the government (including education), established for a group of companies designated as an industry for the purpose of determining the need for manpower development programs for that industry and taking steps to provide for those needs.<sup>1</sup>

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<sup>1</sup>Great Britain, Ministry of Labor, Industrial Training Act, 1964: General Guide, Scope and Objectives, April, 1964.

The difference between the Philippine Pilot Automotive Industry Board and the British Industry Training Board lies in the following areas:

- (1) The membership is composed of the five biggest companies in the industry and there is still no effort to include the other companies.
- (2) The representatives to the Board are all from the employer or management side of these companies and the government group which is composed of the Chief of the Planning Division of the NMYC, a planning officer from that Division, and the Director of the Office of Manpower Planning and Development sitting on behalf of the Executive Director of the NMYC.
- (3) The Board's operations are limited to meetings and the setting up of a research activity and no real effort has yet been directed towards the project development itself. Such activity should include among other things the completion of the list of establishments that should be members of the Board (an implicit definition of the industry boundaries) and the setting up of the financial scheme.

For the above reasons, the writer proposes the setting up of another and truer pilot industry board in order to achieve the objectives of this phase.

The choice of the automotive industry, or more appropriately this group of companies, as the venue of the first experimental industry board was a voluntary act from the group with the NMYC taking the advantage of having a ready group to conduct the project with. This group, the

Progressive Car Manufacturing Association of the Philippines under the Philippine Management Association of the Philippines (PCMP-PMAP) expressed its willingness to be the guinea pig. The NMYC, thinking that a volunteer group such as this should not be ignored or passed up, and its willingness in face being a consideration in the criterion for the selection of the pilot industry anyway, the PCMP-PMAP group was harnessed. It was decided to work with this group on the possibilities and other details of the project. After three meetings with management representatives who are mostly Personnel Officers and Vice-Presidents for Labor Relations, one of the group's suggestions was immediately acted upon. A technical group composed of one official representative each from the five PCMP-PMAP members and a counterpart team from the NMYC was formed to take care of the following activities that will lead to the establishment of the pilot industry board for the industry:

- (1) the definition of the industry and the membership process;
- (2) the selection of the representatives to the Board;
- (3) the determination and implementation of the financing scheme;
- (4) the setting up of the work program; and
- (5) the formation of the administrative services to support the work program.

The status of this pilot industry board within the NMYC operations is that of a "project" and a project fund was set up from the total NMYC budget to finance the project from Fiscal Year 1975-1976. A contract was signed between the NMYC Executive Director and the official representatives of each of the companies from the PCMP-PMAP group. The writer was involved in the drafting of the contract. It is nothing

more than a general agreement that the group is willing to undertake the pilot project in cooperation with the NMYC. After months of discussions between the two parties, the contract was signed in the winter of 1976. The progress made by the Pilot Automotive Industry Board appears to be quite minimal. At last report it was undertaking a research project but the composition of the Board still consists of the employer's and the government.<sup>2</sup>

One factor that has contributed to the slow progress of the Pilot Automotive Industry Board is that although the exercises are supposed to be a project by the NMYC, no full-time project staff was assigned to handle the task. The responsibility is lodged with the Planning Division of the NMYC, with the Chief acting as the project administrator and one of the Planning Officers as the main employee in-charge of the project's activities.

In the following section some suggestions are made on how to improve the operations of the pilot industry board and the creation of another. The recommendations given here are designed to apply to the pilot board already established and to a new one which may be necessary to more effectively simulate the program by using different kind of industries and circumstances.

#### B. Recommendations

The value of an experimental stage to a successful program lies in the fact that it not only serves as a testing ground for the feasibility

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<sup>2</sup>The writer left the Philippines before the final version of the contract was signed. This report on the present situation of the pilot exercise is gathered from the letters of friends from the NMYC, specifically the girl who was left behind to carry on the task.

of the structures and operations that would eventually be adopted for the actual program implementation but also gives the participants of the program valuable experience and insight as to how the program should actually run. This phase which would take the form of a pilot industry board was perceived by both the private sector and the NMYC staff members as a wise move towards the goal. The writer shares this view.

A pilot industry board should therefore be set up in a selected industry group. This pilot board would function as a regular Industry Board in the projected two years of its existence. It would also try out the administrative and developmental strategy being conceived for the total system of Industry Boards, one of the most important of which is the financing scheme. The success of this experimental stage depends principally on the suitability of the industry group that would be selected for the pilot industry board.

The writer believes that the contact points in the pilot project as in the operation of the total scheme, are the associations or organizations of employers. Consequently, before the choice of any additional pilot industry board is made, an effective exposure of the program in terms of its objectives, structures and financing is necessary to avoid misconceptions and give the employers the real intentions of the program. Although a volunteer group is still considered the best group to work with, some of the pitfalls mentioned earlier on the operation of the Pilot Automotive Industry Board need to be avoided in any new pilot industry board. Those experienced by the Automotive Industry Board also need to be corrected.

One of the best methods of orienting industries and employers with the project to create industry boards, specifically the pilot board, is through meetings and consultations while gathering their reactions through the dissemination of staff papers. This approach was undertaken to a small degree during the first year of the conceptualization and planning for the establishment of Industry Boards. The Chamber of Commerce of the Philippines devoted a part of one of the sessions of its Sub-Committee on Manpower Development to the discussion of the industry board scheme of the NMYC.<sup>3</sup> Also, the Panel on Human Resources Development of the National Business Conference held from May 21 to 23, 1975 recommended the immediate establishment of industry boards by the NMYC.<sup>4</sup>

These informal support expressed by the private sector in meetings with NMYC staff are not definite indications of the commitment and participation that can be expected to come from employers in terms of implementing the total program, or even the launching of the experimental stage. The support and even the awareness of the public on the industry board scheme is difficult to gauge accurately due to the infrequency and vagueness of the statements made by the private sector regarding the matter. Therefore, a more systematic appraisal of the situation needs to be undertaken to obtain accurate information on this issue.

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<sup>3</sup> The writer presented the agency paper on the establishment of industry boards to this session of the Chamber of Commerce of the Philippines held March, 1975.

<sup>4</sup> The final summary report of the proceedings of the National Business Conference contained a brief and general recommendation that the NMYC should establish industry boards. See Proceedings of the National Business Conference, May 21-23, 1975 (Development Bank of the Philippines Bldg., Makati, Rizal, 1975).

A set of guides should be drawn up to help determine the selection of the next pilot industry board. Some of the things that should be considered are: First, the group of employers should have a thorough understanding of the specific pilot project, that besides the objectives spelled out for the operations of a regular industry board, the experimental stage has inherent objectives for replication purposes. Second, the employers must be willing to involve the employee representatives from the start of the project. Third, the issue of financing needs to be settled and implemented from the very outset, or as soon as a definite work program has been set out.

The start of the establishment of a pilot industry board should include the designation of the official representatives to the Board. Designation is nothing more than an approval by the Council of the NMYC of the official representatives to the Board. Before this stage is reached, however, there are a number of preliminary activities which need to be carried out in the experimental phase. The meetings, consultations and surveys suggested earlier constitute the preliminary activities. When a group of firms have been chosen to compose the pilot industry board, frequent meetings and a thorough orientation of the new members will be needed. Employers or their designated representatives and the representatives of the labor sector are the targets at this point. If possible, it must be assured that these representatives have the authority not only to represent but also to commit the industry and the labor group to the activities of the board. Depending on the circumstances, this orientation program can be conducted individually or in groups and can vary in lengths. The purpose is to familiarize

the employer and employee representatives on the basic operations of the Board as well as motivate them to work towards the attainment of the project goals. Nominations would be made by the employer associations and the labor unions from which the official representatives to the Pilot Board would be designated by the NMYC. In those industries or companies where there are no unions, the NMYC would step in to choose the labor representatives using the following considerations:

- (1) the representativeness of the particular job that a proposed employee representative is holding, has knowledge of or is involved in with regards to the occupational structure of the industry;<sup>5</sup> and
- (2) the willingness and ability of the employee to undergo a short orientation program which is contrasted to the employers' orientation which specifically aims to persuade, the latter on employees focusses on the building of capabilities and enthusiasm to be able to participate more effectively in the project.

For the purposes of the experimental stage, a certain compulsion would be necessary to assure adherence to the plan by the pilot board specially with regards to the financial arrangement. The instruments of compulsion that could be used are a contract signed by the three sectors represented to the Board specifying the different aspects of

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<sup>5</sup>This representativeness is suggested to be calculated on a judgmental basis but if there are some ambiguities, it can be determined by simply getting the ratio of the number of companies which have that job in common to the total number of companies involved in the Board.

the program or the assertion of the NMYC of its authority to direct and implement the provisions for the establishment of industry boards.

The proposed financial scheme for the project is discussed by the following:

- (1) As to what has originally been suggested for the now operational Pilot Automotive Industry Board, there should be a 50 percent sharing of the pilot project expenses.
- (2) The method by which the employers' 50 percent is divided among the participants should be governed by some criteria that can be beneficial to the experiment's aims. This means that the amount of each of the company's contribution should be related to at least one of the following factors:
  - (a) size of payroll;
  - (b) per capita income;
  - (c) number of employees;
  - (d) the company's assets or capitalization;
  - (e) the company's share of the market or total industry sales; and
  - (f) the company's involvement in manpower development.

The weights to be given to each of these factors or the choice of which one should determine the amount of financial contribution for a company is a matter which the NMYC and the company should settle and agree upon at the very outset.

- (3) The government's share, which is mainly from NMYC's project fund for the pilot industry board, should be withdrawn gradually until it reaches the amount determined to be its normal share

most feasible arrangement. The employer representatives who were contacted before suggested this sharing and therefore, their compliance and willingness would be assured. This approach is in consonance with the fact that both the NMYC and the business firms jointly undertake a project that benefits them both. At this stage, the NMYC would gather experience from the project necessary to build up its internal capability to develop and organize an Industrial Training Program. The industry, through specific activities of the Boards, would acquire a partner in the responsibility, which it should undertake even without NMYC's participation if it is truly concerned with the manpower resources of the industry, i.e., assessment of the industry's training needs. Contrasted to the benefits of the appearance of a partnership and the equality of power, an immediate imposition of a financial

in the financing responsibility of a regularly operating industry board. This normal share as defined in the previous chapter is proposed to be composed of the pilot industry board's use of the government training centers and technical experts from the NMYC. When this stage is reached, the indication is that the pilot board could be converted to a regular Industry Board.

- (4) To assure a better utilization of the funds, a structure of proportionate expenditure shares of the different parts of the board's work program, i.e., administrative expenses, training and research should be drawn up.

The writer believes that the equal sharing by the government and the employer of the financial burden for this experimental stage is the most feasible arrangement. The employer representatives who were contacted before suggested this sharing and therefore, their compliance and willingness would be assured. This approach is in consonance with the fact that both the NMYC and the business firms jointly undertake a project that benefits them both. At this stage, the NMYC would gather experience from the project necessary to build up its internal capability to develop and organize an Industrial Training Program. The industry, through specific activities of the Boards, would acquire a partner in the responsibility, which it should undertake even without NMYC's participation if it is truly concerned with the manpower resources of the industry, i.e., assessment of the industry's training needs. Contrasted to the benefits of the appearance of a partnership and the equality of power, an immediate imposition of a financial

program by the NMYC defeats the purpose of the exercise and has the possibility of instigating negative feelings of the private sector towards the whole program.

The writer takes the position that the most feasible and convenient legal background that can be implemented for this stage is a contract binding the three sectors concerned: management, labor and government. The main factors in choosing a contract basis for the project are the concern to get the private sector's interest in the program without resorting to compulsion and the necessity to involve the NMYC in all the activities of the project for the purposes of the experimental stage. Also, the present NMYC status gives the contract administrative advantages over such alternatives as a gentlemen's agreement or the reliance on each other's initiatives. The terms of the contract should be explicit enough as to the arrangements and intent of the different activities of the project. The labor representatives would also be signatories in this contract although they would not contribute in upholding the financial burden. The input of the labor group to the other aspects of the Board's operations is valuable, i.e., the assessment of the industry's training needs and the setting and implementation of the trades and skills standards. It is the purpose of the experimental stage to simulate a regular board which means that the labor sector should be involved in all the operations of the board from the preliminary activities to the implementation of the actual work program.

The simultaneous development and implementation of the financial system and the work program seems the logical approach for the pilot

stage. Two major factors ought to be considered in the development of this work program:

- (1) The pilot phase of the industry board is projected to run for at least two years.
- (2) Besides the six objectives of a regularly operating industry board, other demands arising out of its experimental nature give added perspective to the work program to be set up. The "musts" of this work program would therefore include:<sup>6</sup>
  - (a) the compilation of a register of establishments belonging to that industry group;
  - (b) research on the extent of training and manpower development in that industry;
  - (c) the development of a framework for the preparation of the estimates of the industry's skilled manpower requirements in the future;
  - (d) the development of a training program to suit the industry's needs;
  - (e) the pursuance of other activities that can perhaps be considered as premature but for experiences' sake should be undertaken, i.e., a short training program for a certain skill within the industry group; and
  - (f) a provision for an efficient documentation of its activities as a part of the fulfillment of the purposes of the experimental stage and evaluation.

The ambitious program outlined above for the experimental period would require skilled manpower to develop and implement. It is

recognized at this point that even a joint effort by the NMYC and the concerned industry may not be sufficient to satisfy the requirements of the program. For one thing, industry or business firms may not be willing to involve their experts in this project and for another, the NMYC may not be able to produce the expertise needed. A solution is a real joining of resources by both sectors assisted by outside experts who should be hired by the Board.

There is also the question on the length of the time period planned for the pilot board to operate. The British experience as well as that of Pilot Automotive Industry Board more than demonstrates that one year is obviously not sufficient to even start the operation of the activities mentioned in the work program above. The issue of time comes up because of two possible terms of reference that this pilot project can take. First, there is the practical idea that the pilot board is set up to gain experience on the organization and administrative operations of an Industry Board. On a more ambitious scale, the second concept is that of truly exemplifying the planned activities of a regular Industry Board. There is a possibility that much of the first objective can be accomplished in a year but the second will demand a time period much longer than that. In order to realize the objectives of the pilot phase, the writer prefers the second alternative, which implies that at least two years or more of hard work will have to be devoted to the pilot stage. The choice is also prompted by the idea that a fully operational Industry Board should result from the experience. The interaction between the factors and circumstances surrounding the exercise are the only ones that can determine its pace. Given the right

turn of events, the writer considers the most optimistic projection as being no less than two years.

Throughout the two years of the pilot board's existence, a careful documentation should be made on all aspects of the experimental project. A feedback mechanism should be established for a constant flow of information between the NMYC and the pilot board to give an effective coordination between the two. These measures should provide the foundation for the evaluation of the pilot project that should lead to the formulation of a concrete program of action for the total implementation of the Industrial Training Program.

The matter of support staff and services, the location, and administrative operation, all need to be threshed out between the NMYC and the Pilot Industry Board. For example, should the Pilot Board hire its own staff complement and if so in what status? To whom are they accountable? What should be the size of the staff and what are the qualifications needed? The experience from the Pilot Automotive Industry Board is unfortunate in this regard, since until now, this requirement is depended on the availability of manpower either from the NMYC or from the company whose representative wants something done. This is resulting now to a fragmentary and uncoordinated work of the Board and indicates that virtually no Board has been created. A strong case is intended to be pushed forward as to the necessity and advantage of setting up an office for the pilot industry board being proposed here. This staff would be accountable to the pilot board and would function as an administrative staff for a fully operational industry board. They would be hired by the Board just like any other going business concern.

### C. Summary

The creation of a pilot industry board would provide for a feasibility and experimental study for the program. The purpose is to gain the experience that would be highly valuable for the development and implementation of the total system of Industry Boards. This phase which is optimistically projected to run for at least two years takes the ambitious goal of simulating almost all the activities of a fully operational Industry Board. This means that not only the administrative aspects of an Industry Board is put into the experience but also such other operations as training for a skill in the industry and research on the training needs.

In addition to the Pilot Automotive Industry Board now in operation, it is being proposed here that another Pilot Industry Board be convened. The past mistakes of the Automotive Board are to be corrected. The associations of employers and employees would be utilized in this phase wherein a massive orientation program would be undertaken. The selection of the next site of the pilot board would be based on the response of the groups of employers and employees contacted and the final decision to the matter should be based upon the criteria set out on page 131 of this thesis. Nominations to the Board would be made by the employer group and the labor unions, the official designation of which would be made by the NMYC.

A contract signed by labor, management and government representatives is the instrument being proposed herein to compel each of these participants to adequately perform their roles in the undertaking. The

labor sector is designed to participate on every development of the pilot project.

An equal sharing of the financial burden by the government and the employers group is being proposed here. This would be true up to the time when the government share can be reduced to the minimum as proposed in this paper. The Board is also projected to be assisted by its own administrative staff. The purpose of all these is to create a truly independent Board, as being perceived for each of the Industry Boards that would be set up in the total implementation of the Industrial Training Program.

## CHAPTER VII

THE REQUIREMENTS OF THE PROGRAM FROM  
AN AGENCY VIEWPOINT

After planning and program development stages, a nation's manpower development effort should be concentrated on the implementation phase. This is where it moves from the general planning to specific programs and projects. There is a scarcity of materials in the manpower literature which deals with the tricky issue of implementation sufficiently on the level that it needs to be dealt with. The approach usually taken in the literature, is at the level of the nation or the total economy. The writer does not believe this is specific enough for implementation purposes. This national approach focuses on the share of the manpower programs as a percentage of the total budget and the relationship of the different national agencies and institutions. This paper takes the agency approach to discuss the issue.

Having presented a program of action on how a system of industrial training could be established for the Philippines, the discussion needs to focus on the internal capability of the NMYC as the central agency in the scheme to handle the task. Specific details of this are how the administration and coordination of the activities of the industry boards within the NMYC set-up should be accomplished, and what changes are needed especially in terms of structure and personnel, other resources and requirements of the total system of industry boards. It is contended here that the future developments of the Program with regards to its pace and scope are mainly predicated on the resources available to give NMYC the strength and confidence to push forward.

The role of the NMYC in the program would require yet another work program for its purpose. This would logically be composed of two parts: The first takes care of the experimental stage and the second that of the total implementation phase. The latter is contingent on the experiences gathered and conclusions reached during the two years experimental period.

Without going into the details of the present staffing pattern and skills structure of the NMYC, it is argued here that the NMYC is deficient in terms of satisfying the demands of the program with its present resources. Evidence to support this allegation can be found by looking at the activities the NMYC has initiated and been involved with since its creation in 1969. In the conduct of its three important tasks of research, planning, and training, there has been an unconscious and unintentional omission or neglect of the area of industrial training.<sup>1</sup> This resulted in the present lack of experience, expertise and other resources to enable the agency to involve itself in the field of industrial training.

An industrial training or any manpower development system has the following points to consider when it reaches the implementation phase:<sup>2</sup>

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<sup>1</sup> The projects and programs that have been undertaken or currently being undertaken by the NMYC are more fully discussed in Chapter III. A complete account can be found in NMYC, Manpower Development in the New Society, Quezon City, 1974; NMYC, 1974 Calendar Year Report and NMYC, Fiscal Year Report, 1974-1975.

<sup>2</sup> This list is composed from ideas presented in a number of sources, the ones most extensively used here are: E. Wight Bakke, The Mission of Manpower Policy, pp. 103-105 and 112-126; Stephen Carloff, "Manpower Development Routines," Parts I and II, Industrial Training International, June, 1973, pp. 177-180 and July, 1973, pp. 212-215; National Commission for Manpower Policy, Toward a National Manpower Policy (First Annual Report to the President and the Congress), (Washington, D.C., October, 1975), pp. 37-42; and Office of Labor Affairs, Agency for International Development, Manpower: Employment Policies, Programs and Institutions, Proceedings of the Spring 1972 Manpower Seminar, April 24-July 15, 1972 (U.S. Department of Labor, International Manpower Institute, Washington, D.C., 1975), pp. 75-81.

- (1) organization;
- (2) changes in the traditional role and status of the responsible agency;
- (3) staff requirements;
- (4) staff training and development;
- (5) financial resources;
- (6) political and other institutional constraints;
- (7) coordinating machinery;
- (8) communication and information systems; and
- (9) the complementation of the schedules.

Utilizing the above list as a guideline, the following are the recommendations for the implementation of the proposed Industrial Training Program in the Philippines.

The two-year experimental phase projected for the program needs a project staff to concern itself fully with the operations of this stage. Substantial changes in the organizational structure are considered to be unnecessary at this point. (By "substantial change" is meant the total reorganization of the present NMYC structure and functions based on the proposals of this paper.) There are no serious problems in this regard during the experimental stage. The project status is compatible with the rest of the agency's operations.

The main responsibility of the project personnel should be twofold-- that of supervising and monitoring the operations of the pilot stage and initiating the planning and preparations for the total national training system. Initially, therefore, the project staff should include a project director, an assistant, a research and development officer, a planning and program development officer, a public relations man, several researchers,

and an administrative staff composed of the finance officer and a secretary or administrative assistant. The work program for this group is perceived to be dependent of the nature of the pilot industry board to be formed and its subsequent development, though a general guideline can be set up through the contract to be signed with the chosen industry group. The writer does not believe that it is practical at this point to give a specification of the qualifications of the personnel needed. The reason behind this is that the qualifications necessary for each staff member are seen to emphasize potential more than the present capability due to the current lack of the skills needed. There is no doubt that even this small staff will require an orientation on the intent, structure and operations of the industrial training system being proposed. The utilization of outside technical people is both necessary and desirable at this stage. The arrangement for the assistance being proposed here can take the form of a part-time employee or through a contract to do a certain set or sets of operations for the agency.

The survey of the availability of the experts needed by the NMYC as the central coordinating agency and each of the Industry Boards should be undertaken during the experimental period. A rough estimate of the personnel required include the hiring of the services of people knowledgeable in training, research and research development, job skills and labor management, and at least one good public relations person to take care of the suggested propaganda aspect of the program. A register of experts which can be hired by both the NMYC and the Boards is needed immediately, for there may exist a real possibility that a shortage or nonavailability of experts which could leave the agency with no other alternative but to

look internally for means to develop the necessary skills. The Industry Boards might have to do the same to supply its own requirements.

The foregoing is considered to be long-term strategy and will require substantial portion of NMYC resources and will also require systematic planning to make available what is needed at the right time. Staff training and development enter into this part of the administrative details which should start as early as the experimental phase. The staff development program advocated here could include several combinations of formal study grants on human resources development, in-service training, seminars and workshops wherein experts can be invited to share their knowledge and experience with the staff, and an extensive directed reading program on the subject, to help new staff catch up with the current developments in the field. This means a heavy investment on internal revitalization including the establishment of a good library of manpower materials.

Staff development not only includes the building up of the skill and capability of people already employed by the agency but also the selection, hiring and recruitment of additional qualified personnel. A successful move towards this direction depends mainly on the attractiveness of the NMYC as an employer in the particular labor market where it functions and its capability of retaining employees as well as their interest and motivation. From the writer's personal experience and observation, the NMYC ranks about third in the hierarchy of job-seekers' priority for employment, training behind the private sector and the much larger government agencies such as the National Economic and Development Authority and the Central Bank of the Philippines. This is partly due

to the rigid pay structure and the limiting compliance to the Civil Service Rules and Regulations being followed by the NMYC.<sup>3</sup> Also, the position of the agency in the labor market is influenced by the image of the agency in the eyes of the public as a government agency whose stability is questionable relative to the other government agencies. Only a more aggressive move from the NMYC can remedy the situation, it will require a more active role in the national manpower development effort.

Having been limited for so long to an indicative and persuasive role even with regards to its main responsibility of human resources development, the writer believes that only a full overhaul of its operations, policies and strategies can change the situation. Besides the advantage it will give the office itself, the revitalization is essential to the successful implementation of the industry board scheme. Indeed, it has been argued that the current status of the NMYC should be changed from that of a Council to an "Authority." According to the reorganization plan of the government, an authority status gives an agency more freedom in the use of its resources, in the management of its programs and personnel and entitles it to a bigger chunk of the government of the Philippines' budget.<sup>4</sup> Furthermore, it is argued that this

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<sup>3</sup>The year 1975 saw some changes--incentive payment scheme and staff development were utilized to retain employees. However, this was made possible by a project grant from the International Labor Organization which, as any project, has an expiration date. The problem of what to do after that remains to be solved and the solution being hoped for is a change in the status of the agency. This project so far provides a temporary solution. The NMYC is also seeking exemption from the Civil Service Rules and Regulations to have a more flexible staffing pattern and less restraint in its related personnel policies.

<sup>4</sup>See the Interim Reorganization Plan of the Government of the Philippines, Office of the President, 1969.

will give the agency the image it needs to give to the public--as a highly capable and high calibre agency. In the first years of the discussions and works on the industry board scheme, it was suggested that this program together with that of the Training Incentive Scheme could provide sufficient argument to claim for a change in the NMYC status to that of "authority." Another suggestion forwarded was to transform the agency to a semi-corporate body instead of being fully government agency to give it more autonomy and credibility in dealings with the private sector.<sup>5</sup> This is what is meant by a change in the role of the responsible agency-- a change in the authority from that of being an indicative and recommending agency to that of an active and effective participant in the decision-making function of the government. It is hoped that with the success of an internal strengthening move by the NMYC, a strong case can be presented for an "authority" status.

Notwithstanding which financing is finally selected for the industry board system, the NMYC needs a steady and large amount of financial resources. Besides its share in the costs of operations of the Boards, it will have to incur considerably more expenses than it is doing. A mere change in the present division of the current NMYC budget does not appear to be a good approach, as that will merely reduce the resources available for other existing programs. There is a need to increase the size of the total pie, in order not to disrupt the other operations of

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<sup>5</sup>In both the drafting stage of the plans to transform the agency to an "authority" and to a "corporation," the writer was involved. The main reason that the agency's higher officials wanted to put forward is the establishment of industry boards.

the agency and increase its effectiveness in these responsibilities and at the same time pursue its growing role in industrial training.

As was discussed in the previous chapter, the Industry Board Staff is proposed to be one of the four major offices of the NMYC. (See Figure 7 on page 107.) These four offices will have the common feature of having their operations being national in coverage. In conferring the same status to the Industry Training Program Staff as that of the Office of Manpower Planning and Development, the National Manpower and Skills Center and the Employment Services, it could claim a share of the NMYC budget which it can allocate and utilize as it sees fit based on its own guidelines. This arrangement also makes possible an independent and direct reporting to the Executive Director of the NMYC without having to go through all ladders in the agency hierarchy.

Practicality dictates that the schedule of the Industrial Training Program determine the staffing schedule. Since the cautious approach is that which is being recommended, it follows that a slow and careful recruitment of personnel is possible. Besides minimizing the probability of building up a bureaucracy, the proposed staff development program demands this approach. The project staff for the pilot phase is conceived to be functioning as the core group of the Industrial Training Program Staff. Although this might mean that they occupy the responsible posts in the office, the possibility and perhaps necessity to look for and develop a higher level of expertise are not ruled out. The status of the people that would comprise the Industrial Training Program Staff depends on the eventual changes that can be realized with regards to the status of the NMYC as the centrally responsible agency for the whole program. Two alternatives are available: First, that the Industrial

Training Program Staff would be regular employees of the NMYC, or second, that they be staff members of the system of Industry Boards as the central office being run by the private sector in cooperation with the NMYC. The difference lies in the administrative details of the payroll and budgeting. In the first case, NMYC would be shouldering the administrative expenses of this staff and in the second, the Industry Boards system central staff located in the NMYC is perceived to have its own budget and administrative machinery. Under the present NMYC set, it is not in the legal position to administer private funds and it necessarily must follow the administrative guidelines of the government, which are quite different from that of the private sector. That is why the first alternative is more realistic at present. However, in the event that a change in the status of the NMYC becomes a reality, the second alternative would constitute the better arrangement. The reason behind this is that the second alternative contributes to unified program for the Industrial Training Program as contrasted to a fragmented one if the first alternative is adopted. A fragmented program is quite likely given the separation of budgets by its different units with separate and different guidelines to follow, e.g., those of the government, the private sector or the one that would be developed for the Industrial Training Program. This would create an intolerable situation from an administrative and efficiency viewpoint. A unified program, on the other hand, has a high possibility of a single direction and a more economical use of resources. The Industrial Training Program Staff would then be accountable to both the NMYC and the Boards for its operations, making them more attuned to and aware of the development and activities of the Program.

There are three levels of coordination that are necessary for the Industrial Training Program operations--the overall coordination of the NMYC over all kinds of training and manpower development programs; the coordination among the Industry Boards; and the coordination of NMYC's own line offices in the fulfillment of the agency's various roles in the national manpower development program.<sup>6</sup> While not discounting the value of the traditional forms of cooperation and linkages of all these different levels, those of committees and task forces, there is a recent recognition of other forms or instruments by which to make this coordination more effective. The main causes of the lack of coordination or insufficiency of it in the implementation level are attributed to the differences in the internal procedures, rules and regulations of the agencies concerned with the program; the difference in the program planning cycles; and, the lack of boundaries of responsibilities or the non-observance of them. Given this set of situations, the instruments that can be used to build up an effective coordination are first the building up of a set of common definitions and meanings for the manpower terminology. Since the field itself is relatively new, the vocabulary is also less developed than it should be to make effective communication possible. This should be accompanied by a synchronization of the planning cycles of the agencies since sometimes calendar years or fiscal years are being used at the discretion of the individual agencies. This is especially true with data-gathering agencies

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<sup>6</sup>This idea of several levels of coordination and the new perspective in looking at the coordination are gathered mainly from National Commission for Manpower Policy, Manpower Program Coordination, Special Report No. 2 (Washington, D.C., October, 1975).

whose statistics cannot be fully utilized due to time discrepancies and with the differences in the short-term and long-term definitions in the program planning and development schedules. A common statistical and information base is significant in any coordination machinery. The reliability and uniformity of the manpower statistics being used by the different agencies and institutions is necessary for the complementation and synchronization of programs and projects. A fully operational information system is the machinery that can translate the above factors into actions. This includes the kinds of information to be shared with each other, the schedule of the information flow, the network or the path by which the information will travel, the instruments or the report forms to be used and the determination of the goal a certain kind and flow of information seeks to achieve, i.e., information dissemination, decision-making or search for commitment.

Even this single requirement of the program, coordination, is a big undertaking, and is one that requires a lot of public relations work and thus is the most unpredictable issue in the whole program. The most challenging aspect of all the requirements mentioned above is that they all involve people, even financing, since the cooperation of the private sector is here being sought. The answer to this is the acceptance of that challenge by people who sees some light in the future of industrial training in the Philippine manpower development scene.

#### A. Summary

The participation of the NMYC to the Industrial Training Program being proposed here would require two developmental stages in the agency's structure and operations. The first stage takes care of the two years

experimental program for the operations of the pilot industry board. Based on the perceived requirements of this phase of the total scheme of the establishment of Industry Boards, there would be no need for a substantial change in the present NMYC. The only requirements of the pilot board from the NMYC standpoint are the creation of a permanent project staff to direct and monitor the operations of the pilot project and the financial share of the NMYC to the project cost. The project staff would also be responsible for the planning and preparatory activities for the total implementation of the project. This pilot project staff would constitute the core group for the Industrial Training Program staff being proposed for the total scheme. An orientation and training program is to be designed for these personnel.

Included in the preparations for the all-out phase of the program are the gathering of materials about industrial training and manpower development; the determination of the availability of local experts in the field that would be required by the specific operations of the Industry Boards and by the NMYC in the fulfillment of its role of coordination, direction and monitoring of the total program; the development of the NMYC internal staff capability through a staff development program; and the building up of the NMYC resources to handle the financial and other resource demands of the Program. A very important move that could precipitate a faster fulfillment and development of the above requirements would be a change in the status of the NMYC from that of a "Council" to an "Authority." This would open avenues by which the NMYC could revitalize and put out a more aggressive effort as the leader of the national manpower development

effort. This would also make possible an arrangement being proposed here regarding the central office of the system of Industry Boards. The NMYC would be free to deal with the private sector directly and without the administrative constraints of the administrative rules and regulations of the Philippine government. The Industrial Training Program staff would be under the NMYC but would be supported by a separate budget of the system of Industry Boards and thus accountable to both the NMYC and the Industry Boards.

CHAPTER VIII  
SUMMARY AND CONCLUSIONS

That manpower development program or specifically industrial training is a cure-all for the economic ills of a nation is not the thesis of this paper. Rather, it argues that manpower policy be given its rightful place alongside the traditional economic tools of fiscal and monetary policies and be given the opportunity to contribute towards the nation's economic growth and development. The writer believes that in a system of industrial training, the manpower development scheme that this paper proposes can help achieve this goal. This will be accomplished through a combination of the resources and expertise of the government, the workers and the employers. The basic instrument by which this can be operationalized is a system of Industry Boards to be established for designated industry groups. The proposed Industrial Training Program is intended to function as a major component of an active manpower policy.

As part of the systematic development of the industrial training system, an experimental stage wherein Pilot Industry Board should be established with the purpose of trying out the basic schemes of the Program to serve as guides in the setting up of a total system of Industry Boards. This paper proposes the creation of another pilot board in addition to the Pilot Automotive Industry Board currently in operation because of the need to provide additional experience and cover some vital areas that the latter Board failed to deal with. A set of guidelines is being recommended for this experimental phase to

more effectively achieve the objectives of this part of the Program. The term of reference for this pilot board is the simulation of the organizational as well as the operational activities of a fully operational Industry Board. The government and the employer-sector would equally share in the financial burden of the pilot board up to such a time when the government's share could be reduced to what is conceived here as its normal share in the operations of a regular Industry Board. The two-year experimental phase being proposed here may be too short a time to complete the ambitious plan outlined, but it is hoped that a careful choice of the venue for the Pilot Industry Board coupled with a smooth organizational development phase would permit the inclusion of some substantive training and research activities within the two years pilot stage.

A long-term approach has been taken in this paper to allow for the idea of industrial training to slowly thread its way into the manpower development field. This approach has been advocated in an effort to avoid the more irrevocable mistakes which can occur with a higher probability in an all-out approach than in a cautious one. Based on the criteria set forth by this thesis, it is proposed that Industry Boards be set up for twenty industry groups covering all the nine economic sectors of the Philippine economy. A comprehensive coverage is therefore being recommended and each of the Boards could engage in and provide for any kind of training and manpower development as may be required by the particular industry group it is serving. The first five Boards herein being suggested to be established would be for the following industry groups: Basic Metals; Chemicals and Chemical Products; Construction; Forestry and Logging; and Agriculture. Each of

these Boards is meant to be independent bodies with its own staff, budget and experts to draw from with the NMYC in the role of a coordinating link and an advisor.

The role of NMYC is crucial to the whole program. Besides providing the link between all the Boards and between the Boards and the government agencies, it has the responsibility of providing some of the most important prerequisites of the Program. The first of these is the legal backing for the whole Program or the compulsion necessary to assure the compliance of the sectors involved. Article 49 of the Labor Code and the rules and regulations that supplement it may not be enough to gain the cooperation and support of the private sector. A Presidential Decree specifying the objectives, structure and operations of the Program and the NMYC authority with regards to its implementation and operationalization should be obtained.

With the proposed new role for the NMYC in the national manpower development scheme, there is a need for a new source of authority to be able to play this role most effectively. It is therefore recommended the inclusion of the Bureaus of Apprenticeship, Women and Minors, and Employment Services within its operations. This would make possible a comprehensive approach towards national manpower development. Another essential element in this revitalization process, is the development of internal staff capability of the NMYC to handle the new proposed tasks and responsibilities. The NMYC staff members should be kept abreast with the developments in the field of human resources to gain more insight for an effective performance of its responsibility. Much depends on the efficiency of the administration of the NMYC as the responsible agency.

Administrative efficiency and credibility will determine the rejection or acceptance of the program by the private sector.

The financial scheme proposed for the project would be that of a levy from the employers either based on payroll or per capita income of the company. There would be no exemption system and grants would be determined by the NMYC and would come from the NMYC fund for the Industrial Training Program. The encouragement for the firms and companies to participate would come from the incorporation of the Tax Incentive Scheme into the financial arrangement of the Industry Boards. The Boards would be responsible for its own operations and support services.

The magnitude of the task outlined could only be accomplished through a real joining of effort and resources by the different sectors of the Philippine society. The commitment and participation of the management sector, education sector, labor sector, professional and voluntary organizations in the manpower development field, and the government sector would depend on how each of them would react to such a new undertaking as industrial training. The initial NMYC effort in the propaganda stage is therefore crucial in the future of the Program.

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## APPENDICES

Appendix A

Labor Code of the Philippines

Book II - Human Resources Development

Title I - National Manpower  
Development Program

Chapter I

NATIONAL POLICIES AND ADMINISTRATIVE MACHINERY  
FOR THEIR IMPLEMENTATION

Art. 42. Statement of Objective. It is the objective of this Title to develop human resources, establish training institutions, and formulate such plans and programs as will ensure efficient allocation, development and utilization of the nation's manpower and thereby promote employment and accelerate economic and social growth.

Art. 43. Definition. As used in this Title: (a) "Manpower" shall mean that portion of the nation's population which has actual or potential capability to contribute directly to the production of goods and services; (b) "Entrepreneurship" shall mean training for self-employment or assisting individual or small industries within the purview of this Title.

Art. 44. National Manpower and Youth Council, Composition. To carry out the objectives of this Title, the National Manpower and Youth Council, which is attached to the Department of Labor for Policy and Program Coordination and hereinafter referred to as the Council, shall be composed of the Secretary of Labor as ex-officio chairman, the Secretary of Education and Culture as ex-officio vice-chairman, and as ex-officio members: the Director General of the National Economic and Development Authority; the Secretary of Agriculture and Natural Resources; the Secretary of Social Welfare; the Secretary of Local Governments and Community Development; the Chairman of the National Science Development Board; the Secretary of Industry; and the Executive Director of the Council. The Executive Director of the Council shall have no vote.

In addition, the President shall appoint the following members from the private sector; two representatives of national organizations of employers; two representatives of national workers organizations; and two from national family and youth organizations, each for a term of three years.

All Council members shall be entitled to per diems of one hundred pesos for each meeting and for not more than thirty meeting within one year and payment of travelling expenses incurred in connection with their duties herein.

Art. 45. National Manpower Plan. The Council shall formulate a long-term national manpower plan for the optimum allocation, development and utilization of manpower for employment, entrepreneurship and economic and social growth. This manpower plan shall, after adoption by the Council, be updated annually and submitted to the President for his approval. Thereafter, it shall be the controlling plan for the development of manpower resources for the entire country in accordance with the national development plan. The Council shall call upon any agency of the government or the private sector to assist in this effort.

Art. 46. National Manpower Skills Center. The Council shall establish a National Manpower Skills Center and regional and local training centers for the purpose of promoting the development of skills. The centers shall be administered and operated under such rules and regulations as may be established by the Council.

Art. 47. Establishment and Formulation of Skills Standards. There shall be a national skills standards for industry trades to be established by the Council in consultation with employers and workers organizations and appropriate government authorities. The Council shall thereafter administer the national skills standards.

Art. 48. Administration of Training Programs. The Council shall provide through the Secretariat instructor training, entrepreneurship development, training in vocations, trades and other fields of employment, and assist any employer or organization in training schemes designed to attain its objectives under rules and regulations which the Council shall establish for this purpose.

The Council shall exercise, through the Secretariat, authority and jurisdiction over, and administer, on-going technical assistance programs and/or grants-in-aid for manpower and youth development including those which may be centered into between the Government of the Philippines and international and foreign organizations and nations, as well as persons and organizations in the Philippines.

In order to integrate the national manpower development effort, all manpower training schemes as provided for in this Code shall be coordinated with the Council particularly those having to do with the setting of skills standards. For this purpose, existing manpower training programs in government and in the private sector shall be reported to the Council which may regulate such programs to make them conform with national development programs.

This Article shall not include apprentices, learners and handicapped workers as governed by appropriate provisions of this Code.

Art. 49. Industry Boards. The Council shall establish industry boards to assist in the establishment of manpower development schemes, trades and skills standards and such other functions as will provide direct participation of employers and workers in the fulfillment of the Council's objectives, in accordance with guidelines to be established by

the Council and in consultation with the National Economic and Development Authority.

Art. 50. Employment Service Training Functions. The Council shall utilize the employment service of the Department of Labor for the placement of its graduates.

The Bureau of Employment Services shall render assistance to the Council in the measurement of unemployment and underemployment, conduct of local manpower resource surveys and occupational studies including an inventory of the labor force, establishment and maintenance without charge of a national register of technicians who have successfully completed a training program under this Act, and skilled manpower including its periodic publication, maintenance of an adequate and up-to-date system of employment information.

Art. 51. Incentive Scheme. An additional deduction from taxable income of one-half of the value of labor training expenses incurred for developing or upgrading the productivity and efficiency of unskilled labor or for management development programs shall be granted to the person or enterprise concerned provided such training program is approved by the Council and provided that such deduction shall not exceed 10% of direct labor wage.

Art. 52. Council Secretariat. To carry out the objectives of this Title, the Council shall have a Secretariat headed by an Executive-Director appointed by the President on recommendation of the Council. The Executive-Director shall be assisted by one Deputy Executive-Director who shall be a career administrator likewise to be appointed by the President on recommendation of the Council. The Secretariat shall have an Office of Manpower Planning and Development, a National Manpower Skills Center, Regional Manpower development centers, and such other offices as may be deemed necessary.

The Executive-Director shall have the rank and emoluments of an undersecretary and shall serve for a term of ten years. The directors of the Office of Manpower Planning and Development and the Skills Center shall have the rank and emoluments of a bureau director and shall be subject to civil service law, rules and regulations. The Executive-Director, Deputy Executive-Director, and Directors shall be natural born citizens, from 30 to 50 years of age at the time of appointment, have a master's degree or its equivalent, and experience in national planning and development of human resources. The Director of the Skills Center shall, in addition to the foregoing qualifications, have undergone training in center management. Directors shall be appointed by the President on recommendation of the Council.

The Executive-Director shall appoint such personnel necessary to carry out the objectives, policies and functions of the Council subject to civil service rules.

The Secretariat shall have the following functions and responsibilities:

- (1) To prepare and recommend the manpower plan for approval by the Council.
- (2) To recommend allocation of resources for the implementation of the manpower plan as approved by the Council.
- (3) To carry out the manpower plan as the implementing arm of the Council.
- (4) To effect the efficient performance of the functions of the Council and the achievement of the objectives of this Title.
- (5) To determine specific allocation of resources for projects to be undertaken pursuant to approved manpower plans.
- (6) To submit to the Council periodic reports on progress and accomplishment of work programs.
- (7) To prepare for approval by the Council an annual report to the President on plans, programs and projects on manpower and out-of-school youth development.
- (8) To enter into agreements to implement approved plans and programs and perform any and all such acts as will fulfill the objectives of this Code as well as ensure the efficient performance of the functions of the Council.
- (9) To perform such other functions as may be authorized by the Council.

Art. 53. Regional Manpower Development Centers. The Council shall create regional manpower development centers which shall determine the manpower needs of industry, agriculture and other sectors of the economy within their respective jurisdictions; provide the Council's central planners with the data for updating the National Manpower Plan; recommend programs for the regional level agencies engaged in manpower and youth development within the policies formulated by the Council; perform such other duties as may be assigned by the Council; and administer and supervise Secretariat training programs within the region and perform such other functions as may be authorized by the Council.

Art. 54. Consultants and Technical Assistance, Publication and Research. In pursuing its objectives, the Council is authorized to set aside a portion of its appropriation for the hiring of the services of qualified consultants, and/or private organizations for research work and publication. It shall avail itself of the services of other agencies of the Government as may be required.

Art. 55. Rules and Regulations. The Council shall define its broad functions and issue appropriate rules and regulations necessary to implement the provisions of this Code.

Appendix B

A Letter of Instruction on the Establishment  
of Industry Boards

Malacanan Palace  
Manila

By the President of the Philippines  
Letter of Instruction No. \_\_\_

To: The Chairman  
National Manpower and Youth Council

The Director-General  
National Economic and Development Authority

The Chairman  
Board of Investment

WHEREAS, the creation of Industry Boards shall contribute to an effective means of training manpower for the overall development thrust of the economy;

WHEREAS, Industry Boards shall be a vehicle for the sharing of the cost of training manpower appropriate for the economy;

WHEREAS, Industry Boards shall be a vehicle for a dialogue and cooperation among the firms in an industry;

WHEREAS, PD 442, otherwise known as the Labor Code of the Philippines, by virtue of the power vested in me by the Constitution, do hereby instruct the National Manpower and Youth Council to spearhead the establishment of Industry Boards.

Specifically, the NMYC shall:

1. In consultation with industry, the National Economic and Development Authority and the Board of Investment establish an Industry Classification Scheme for the purpose of setting up Industry Boards;
2. Determine critical and priority industries along this scheme;
3. Determine which industry a firm should belong to;
4. Determine the number of Industry Boards to be created;
5. Determine the structure and composition of each Board;
6. Determine the qualification of the staff complement of the Boards;

7. Establish the scope of functions, responsibilities and working relationships of the Boards and other agencies that will be involved;
8. Determine the mode or method of financing of the Industry Board Scheme;
9. Determine the ratio or share of each firm in the cost of maintaining a Board;
10. Perform such other functions as may be necessary in establishing Industry Boards.

The Executive Director of the NMYC is hereby authorized to allocate within its available funds such amounts as are appropriate and necessary for the performance of this activity.

The National Economic and Development Authority and the Board of Investment are hereby instructed to extend full support and cooperation in the performance of this activity.

The NMYC is instructed to establish a Pilot Industry Board within twelve (12) months from the date of the issuance hereof.

This instruction shall take effect immediately.

Done in the city of Manila, this \_\_\_\_th day of \_\_\_\_\_ in the year of our Lord nineteen hundred seventy-four.

FERDINAND E. MARCOS

By the President:

ALEJANDRO MELCHOR  
Executive Secretary

A True Copy  
10/3/74

Appendix C

Rules and Regulations Implementing the Labor Code and  
Presidential Decrees 570-A and 643 (Amendments)

Book II: Human Resources Development  
Title I: National Manpower Development Program  
Article 49 (Rule IV): Industry Boards

Section 1. NMYC to Establish Industry Boards. The Council shall establish industry boards to assist in the establishment of manpower development schemes, trades and skills standards and such other functions as will provide direct participation of employers and workers in the fulfillment of the Council's objectives in accordance with the guidelines to be established by the Council in consultation with the National Economic and Development Authority.

Section 2. Preparatory Activities. In setting up such industry boards as may be necessary, the NMYC shall:

- (a) Establish in consultation with industry and appropriate government agencies an industry classification scheme for the whole economy;
- (b) Determine priority industries where industry boards should be set up; and
- (c) Establish criteria for determining which industry board a certain firm or establishment properly belongs.

Section 3. Power of the NMYC over the Industry Boards. The NMYC shall have the power and authority:

- (a) to determine the composition of the industry boards;
- (b) to determine the scope of authority, functions and relationships of the boards vis-a-vis other agencies and organization; and
- (c) to determine the mode of financing for the boards.

Appendix dA Partial List of Groups Suggested  
to Be Contacted\*Labor Organizations:

- Trade Union Congress of the Philippines (TUCP)  
Roberto Oca, President  
Democrito Mendoza, Secretary General
- Associated Labor Union (ALU)  
Democrito Mendoza, National President  
Cecilio Seno, National Executive Vice President
- Associated Port Chekers' and Workers' Union (APCWU)  
Ricardo Manalad, President  
Alberto Urdaneta, Chairman, Trade Union Organizers' Committee
- Federation of Free Farmers (FFF)  
Jeremias Montemayor, President
- Federation of Free Workers (FFW)  
Ramon Jabar, Executive Vice President  
Francisco Cristobal, Director, Research Information Center
- Federation of Unions of Rizal (FUR)  
Cesar Lagayada, Secretary General
- National Federation of Labor Unions (NAFLU)  
Felixberto Olalia, President
- National Labor Union (NLU)  
Eulogio Lerum, President  
Antonio Policarpio, Vice President
- Philippine Association of Free Labor Unions (PAFLU)  
Onofre Guevara, Legal Counsel
- Philippine Communications Electronics and Electricity Workers  
Federation (PCWF)  
Henry Santos, President

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\*This list is gathered from the Report of the Interagency Team financed by the United Nations Development Program and organized by the International Labor Office, Sharing in Development: Program of Employment, Equity and Growth for the Philippines (Manila: NEDA Production Unit, 1974), pp. IX-X. One should allow for the change in leadership mentioned here and additions of some of the groups not presented above.

Philippine Transport and General Workers' Organization (PTGWO)  
Roberto Oca, President  
Andres Dinglasan, Executive Vice President  
Johnny Oca, National Secretary

Union de Obreros Estivadores de Filipinas (UOEF)  
Temistocles Dejon, Board Members

Employer Organizations:

Chamber of Agriculture and Natural Resources (CANR)  
J. Gualberto Planas, Acting Executive Secretary  
Hector Moreno, Jr., Acting Director for Technological Services

Chamber of Commerce of the Philippines (CCP)  
Wigberto Clavecilla, President  
Eduardo Echauz, Second Vice President

Council for Economic Development (CED)  
David Sycip, Chairman  
Victor Guevara, Director  
Angel de Jesus, Executive Secretary

Federation of Filipino-Chinese Chamber of Commerce (FFCCC)  
Domingo Castillo, Executive Director  
Bonifacio Ching, Member

Personnel Management Association of the Philippines (PMAP)  
Orlando Pena, President  
Rafael Hernaez, Executive Vice President  
Perfecto Sison, Executive Director, Institute of Personnel  
Management

Philippine Chamber of Industries (PCI)  
Emilio Abello, President  
Egardo I. Villavicencio, First Vice President  
Victor Lim, Director