



and
PCED | Philippine Center for
Economic Development

present a seminar on

“Overeducation among college graduates in the Philippine labor market”

by

Ms. Ma. Christina F. Epetia

Ph.D. Candidate

30 September 2015, Wednesday

4:00 p.m. – Room 303

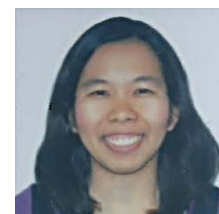
Abstract

This study estimates the extent of overeducation among college graduates in the Philippines. The Philippines is characterized by large social demand for higher education, large variability in the quality of education across higher education institutions, and mismatch between available skills and needed skills in the labor market. These issues raise the possibility that a considerable share of college graduates are bumped down to occupations that do not require a college degree. In this study, a college graduate is considered overeducated if he is working in a non-college occupation. Due to data limitations, we propose an alternative method in identifying non-college occupations based on three indicators: average daily wage, college wage premium, and composition of workers. We define a non-college occupation as an occupation which either offers an insignificant college wage premium or pays low wages. A special case is an occupation that does not employ college graduates. Using the merged datasets of the Family Income and Expenditure Survey and the Labor Force Survey, we find evidence that the incidence of overeducation is high in the 2000s and this increased from 2003 to 2009.

This study also examines the role of socioeconomic status in determining the likelihood of overeducation. Immediate connections appear to be important when looking for a job in the Philippines, so the socioeconomic status of a person’s family might contribute to the quality of the match between educational background and occupation. Using a probit model, we show that college graduates with higher socioeconomic status are less likely to become overeducated. The results suggest that expected employment outcomes are not realized for a large share of college graduates. Among college graduates, those in an advantageous position are more able to secure occupations that match their education.

About the speaker

Ms. Christina Epetia is a Ph.D. Candidate at the UP School of Economics (UPSE). Her research interests are on labor economics, macroeconomics, and international economics. She obtained her M.A. in Economics from UPSE.



Free and open to the public

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