Even as the Government opens up more degree pathways for aspiring polytechnic graduates, its leaders are urging diploma holders to consider taking the road less travelled, be it going out to work or going into business.

Is a degree really all-important?

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LAST year in his National Day Rally speech, Prime Minister Lee Hsien Loong had some good news for polytechnic graduates and their parents.

After a year-long review, he said, the Government had decided to offer 5,000 more university places a year by 2020. The bulk of these places, which will be created by expanding the Singapore Institute of Technology and SIM University, will go to polytechnic graduates, many of whom increasingly aspire to have a degree.

But even as the Government opens up more university places, it has been urging young Singaporeans, including diploma holders, to consider other pathways.

PM Lee said, in an interview last year, that diploma holders are unlikely to give up on their degree ambitions. A few thousand will head overseas, mostly to British and Australian universities. These institutions give students generous credit exemptions, allowing them to complete their degree in one to two years.

Those who cannot afford the cost will look to private schools such as the Singapore Institute of Management and EASB Institute of Management.

Those whose financial circumstances require them to go out to work will turn to UniSIM to study part-time to fulfill their degree aspirations.

Five years ago, the estimate was that 60 per cent of all polytechnic graduates go on to secure a university degree within five years. These days, polytechnic officials estimate that the figure is probably close to 80 per cent.

But why the banking on a degree?

Ask any diploma holder and the answer is likely to be “better jobs and higher salaries.”

A diploma holder’s average starting salary is $2,000, while that of a degree holder is $3,000. So the difference is $1,000 at the starting line.

The gap widens further over their working life.

There are no up-to-date figures, but a 2007 study by the Ministry of Manpower showed that every extra year of schooling increases a worker’s earnings by 13.7 per cent. The rate is higher for tertiary education.

Is it also a fact that even those who perform remarkably well in their jobs quickly hit a ceiling.

Take Mr. Luke Ong, 25, an engineer-
diploma holder who became a team supervisor in a multinational corporation within three years. Earlier this year, he applied for an opening as manager, but the position went to a freshly graduated.

“Tried to think maybe I can get away without a degree. But the reality hit me just after three years.”

So who can blame polytechnic diploma holders like him who feel that a university degree is the new O-level, the minimum requirement to land a well-paid job that will be a good stepping stone to a good career?

Underemployment of grads

But both PM Lee and Mr. Khaw have given sound advice, and it should be heeded.

First, just because past job trends show that graduates land the jobs and earn more in their lifetime does not mean that this will be the case in the future.

Take the United States, which has been experiencing an economi-
downturn for the last few years.

The graduate unemployment figure of 3.9 per cent doesn’t look too bad. But on closer scrutiny, it appears that university graduates there are faced with underemployment.

This week’s media reports highlighted a McKinsey & Co study which showed that almost half of degree holders are doing jobs that do not require a degree.

Social economists such as Phillip Lim, Highlander and David Ashton, who wrote the book, The Global Auction: The Broken Promises Of Education, Jobs And Incomes, have argued that the conventional thinking that a degree equates higher earnings does not hold any more.

The authors surveyed businesses around the world and discovered that there was a global auction for high-skilled, low-wage work. Employees may want to increase the value of their labour and earn higher wages, but companies wanting to maximise profits aim to lower their labour costs. So they will go where they can find workers with the skills they need, but who are prepared to accept modest wages.

The dampening effect on graduates’ salaries is exacerbated by oversupply. In the past 10 years, undergraduate numbers have doubled.

In addition, to outsourcing of back-office jobs such as data input, graduate-level jobs are going to those who can be paid the lowest rates. Hiring agencies, dealing up legal contracts and processing tax returns are examples of skilled jobs going offshore.

What’s more, class distinctions among graduate workers are emerging. At the top, there will be a cadre of thinkers and decision-makers—perhaps 10 per cent to 15 per cent of the total—but the mass of employees will perform routine functions for modest wages.

Those with elite qualifications are more likely to be reading more no
teresting reports on higher education in the “thinkers,” leaving those with “garden variety” university degrees to be “doers,” conclude the authors.

This is where the Prime Minis
ter’s and Mr. Khaw’s advice comes in useful. It is important that stu
dents, whether diploma holders or A-level school leavers, figure out where their interest and talent lie.

And not all talents are best nurtured immediately heading to university. They are the very kind who would benefit from going out to work for a few years to hone their skills and understand the demands of the career they are inter
erested in.

This way, when they enter university, they are able to make the most of their education to meet their career aims. And because they have picked a course based on their interests and talent, they are likely to end up scoring top grades.

It’s one way for polytechnic students to ensure that they don’t end up with a “garden variety” university degree that will limit their career and life opportunities.