



Philippine Chamber of
Commerce and Industry



Philippine Chamber of Commerce and Industry
Human Resources Development Foundation, Inc.



Technical Education Skills
and Development Authority

Cost-Benefit Study on Dual-Training System (DTS) in the Philippines

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Highlights from the Cost-Benefits Study

- ❑ Cost of training is relatively lower for firms with longer training period (more than 12 months) than for firms with short training period (3 month or less).
- ❑ Long run productivity difference between DTS trained worker and non-DTS trained worker is quite substantial (about 16 percent of the average over-all cost per person).
- ❑ Need for TESDA (the country's regulator) to intensify its monitoring and engagement efforts with the firms participating in the DTS program so it can propose appropriate policy handles to polish and sharpen the DTS program.

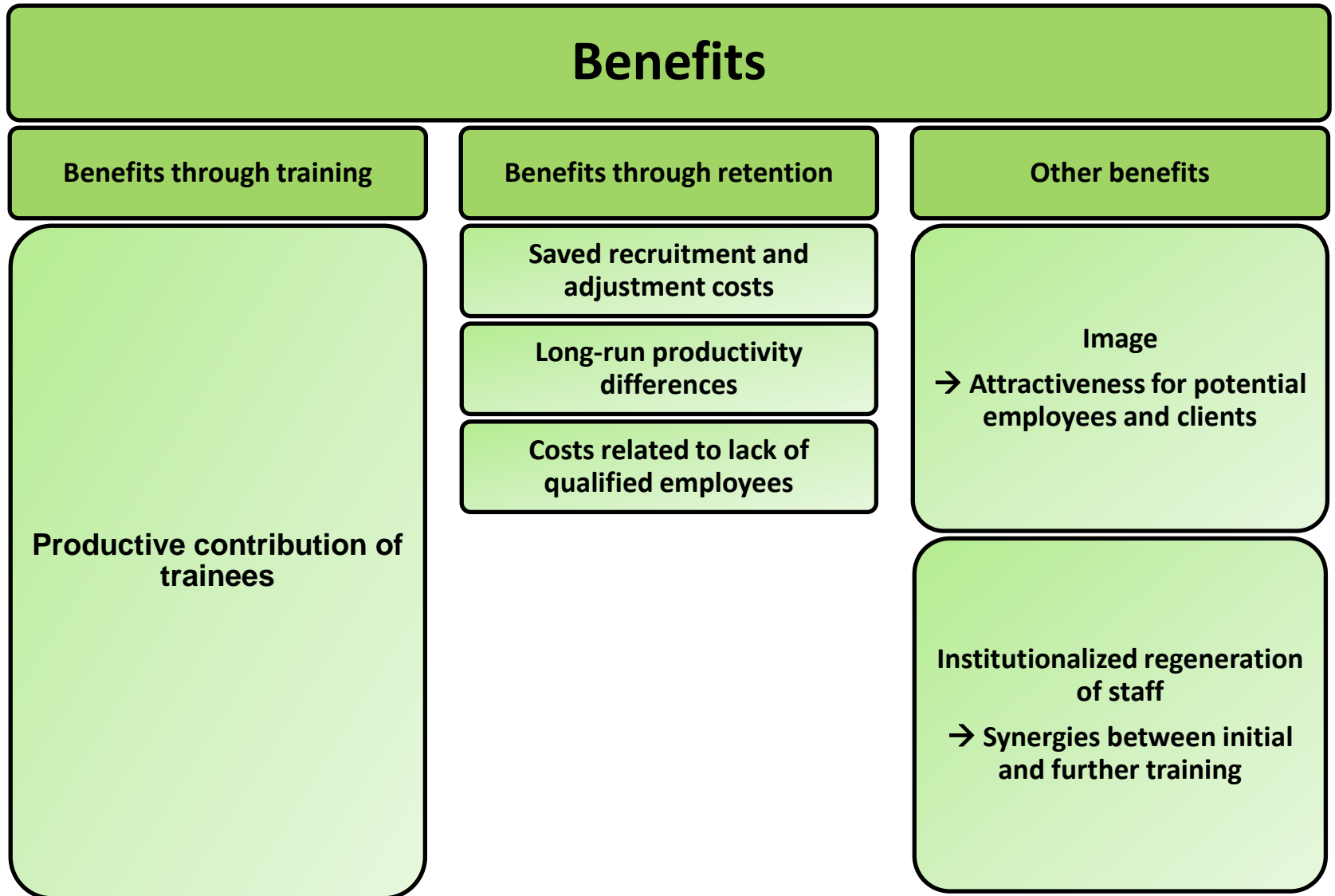
Cost – Benefit Study on Dual Training System (DTS)

- ❑ TESDA and the PCCI are interested in conducting a Cost Benefit Study (CBS) of the DTS to determine the desirability of the program given the program's cost and benefits for the firms.
- ❑ If the benefits that can be generated by the firm outweigh the cost of training the student, there is the likelihood that the firm will continue investing and participating in the DTS.
- ❑ The result of the study will provide the empirical evidence to the policy recommendations to expand and improve the DTS.

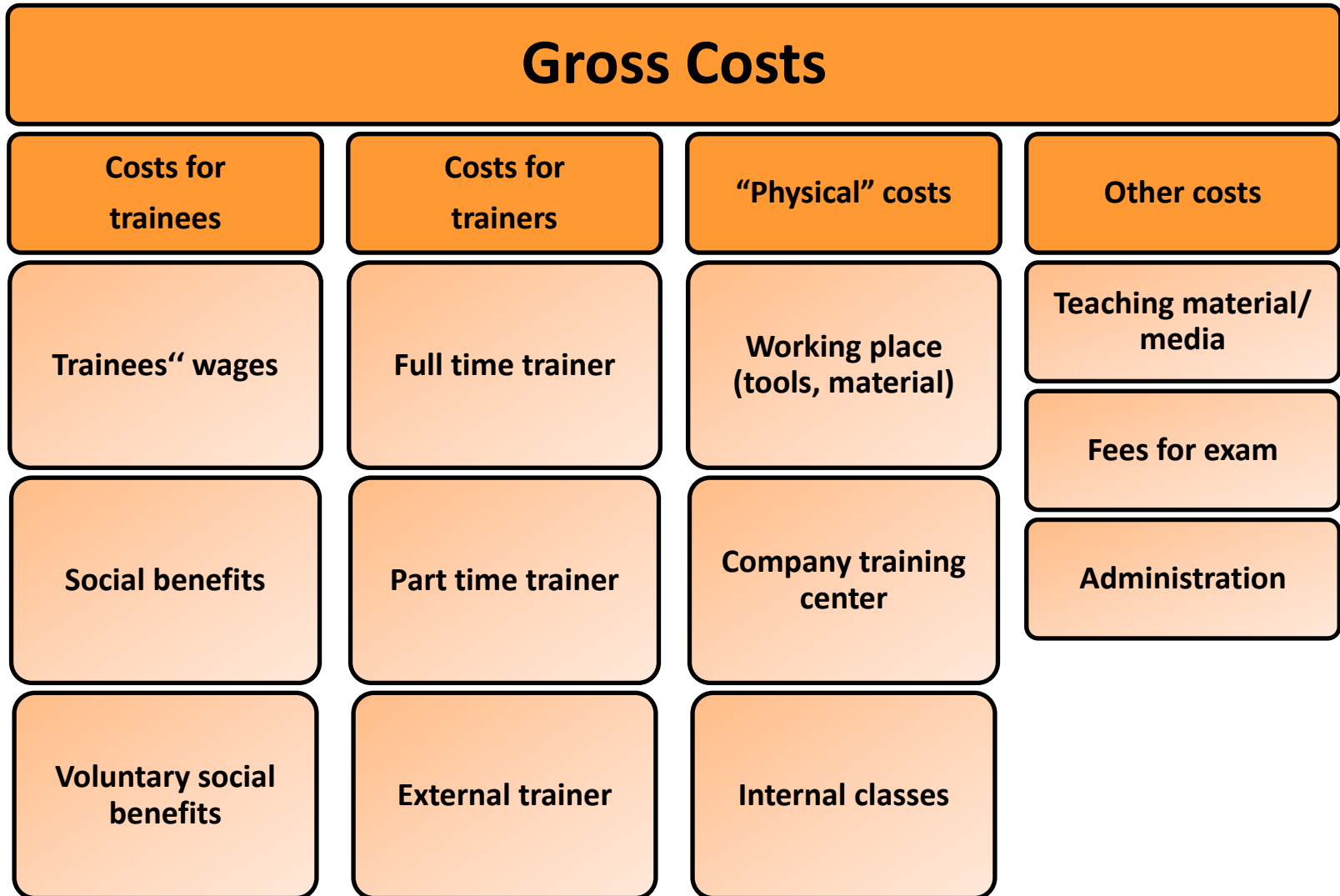
Objectives of the Study

- ❑ Determine and analyze the types and amounts of benefits which enterprises receive in relation to their costs in implementing DTS;
- ❑ Raise the awareness among enterprises and intensify their involvement in TVET, particularly DTS;
- ❑ Establish baseline information on DTS program costs and benefits (enterprises and TVET institutions)

Training benefits



Training costs



Survey Response Rate

AREA	OVERALL Count	Closed	Refused	NO DTS	Remaining Target	Completed	Response Rate
Pampanga	15	1	0	0	3	11	78.57
Zambales	16	0	0	1	2	13	86.67
Bataan	10	0	0	1	6	3	33.33
Bulacan	11	0	0	3	4	4	50.00
Nueva Ecija	9	0	0	0	9	0	-
Tarlac	10	0	0	0	4	6	60.00
REGION 3	71	1	0	5	28	37	56.92
Batangas	8	1	0	0	6	1	14.29
Cavite	41	5	3	1	18	14	43.75
Laguna	42	1	4	0	9	28	75.68
REGION 4A	91	7	7	1	33	43	56.58
NCR	81	0	8	1	46	26	36.11
REGION 10	98	13	0	5	17	63	78.75
TOTAL	341	21	15	12	124	169	57.68

Preliminary Results from the Cost-Benefit Study

Number of Trainees per Year

Year	Number of Firms	Average Number of Trainees
2012	142	17
2013	143	18
2014	143	21
July 1, 2014 to June 30, 2015	146	26

Aggregated Costs per Trainee per Month (Initial Results)

Costs	Number	Mean (in Php)	SE	Lower Limit	Upper Limit
Cost of Trainees (e.g. allowance)	131	5,370	386	4,607	6,133
Cost for Trainers	127	2,174	517	1,151	3,198
Physical Costs	127	4,606	952	2,721	6,490
Total Costs	131	13,224	1,178	10,892	15,555

Average aggregate costs is about Php 13,224 (US\$ 280.00)

Aggregated Short Term Benefits per Trainee per Month (Initial Results)

Short Term Benefits	Number	Mean (in Php)	Standard Error	Lower Limit	Upper Limit
Productivity	130	5,058	247	4,570	5,547
Seasonal Benefits	131	415	72	272	558
Total Benefits	131	5,655	272	5,117	6,192

- ❑ Average short term benefits (Php 5,665 or US\$ 120) is about 43 percent of total costs.
- ❑ Average net costs is about Php 7,569 (or US\$ 168) per trainee.
- ❑ Average short term benefits is higher (at the sample) compared to the direct costs for trainees (Php 5,370 or US\$ 114).

Aggregated Long Term Benefits per Trainee (Initial Results)

Long Term Benefits	Number	Mean (in Php)	Standard Error
Cost of Ads	58	1,394	598
Cost of Manpower (Internal) in Hiring	70	13,787	2,718
Cost of Manpower (External) Services	31	3,706	1,051
Cost of Orientation Materials	131	22	33
Cost of Manpower in Orientation	70	3,652	1,024
Productivity Difference	127	2,170	166

Productivity difference is about US\$ 46.00 per trainee representing about 16 percent of the average cost.

Preliminary Results of the Cost-Benefit Study
(by training duration)

Total Costs by Training Duration per Month

Training Duration	Number	Mean (in Php)	SE	Lower Limit	Upper Limit
3 months or less	64	17,163	2,686	11,795	22,531
> 3 months to one year	42	10,222	984	8,234	12,210
more than one year	27	11,888	631	10,590	13,185

Short Term Benefits by Training Duration per Month

Training Duration	No.	Mean (in Php)	SE	Lower Limit	Upper Limit
3 months or less	64	5,291	403	4,486	6,097
> 3 months to one year	42	5,975	497	4,971	6,980
more than one year	27	6,074	471	5,106	7,043

- ❑ Short term benefits is about 38 percent of total costs for firms with short training duration (3 months or less); increases to 59 percent for firms with training duration of more than three months to one year.
- ❑ Short term benefits is about half of total costs for firms with relatively longer training duration (more than one year).

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Thank you very much and good morning.

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