

Innovaciones de Negocios 2(1): 113-119, 2005
© 2005 UANL, Impreso en México (ISSN 1665-9627)

Role of the public university in the labor market of its graduates (Papel de la universidad pública en el mercado de labores de su graduados)

Barragán, J. N.

UANL, AP. 391 San Nicolás, N. L. 66450, México, jbarragan@sa.uanl.mx

Key Words: Graduates, education institutions, labor market, university

Abstract. The market labor for the University graduates has become one of the top issues in academic daily occupation. Education institutions must understand that they had to be part of the occupational efforts made by its graduates. When I was teaching in Germany, the university official told and make very clear that I must not talk about the entrepreneurship spirit to the students; *"there is a great unemployment out there, there is no job available for our students, our only commitment is give them education, find a job is on their own"*. Doing nothing to help them to relocate in the labor market, is worst, and I consider is our job to.

Palabras claves: Graduados, instituciones educativas, mercado de trabajo, universidades

Resumen. La colocación en el mercado laboral para los graduados de las universidades se ha convertido en un de los puntos mas importantes de las agendas de trabajo de las instituciones educativas. Las Universidades y las Instituciones Educativas deben comprender que tiene que ser parte de los esfuerzos de colocación en el mercado de trabajo que llevan a cabo sus graduados. Cuando me encontraba en Alemania dando clases, las autoridades de la Escuela de Pedagogía, me dejaron bien claro al advertirme que no debería de hablar a los estudiantes sobre el espíritu emprendedor: *"existe por ahora un gran desempleo aquí, básicamente no hay trabajo para nuestro estudiantes, nuestra único compromiso es educarlos, buscar trabajo es por su cuenta"*. No hacer nada para ayudarlos a colocarse en el mercado de trabajo es lo peor, y debe aun, ser considerado nuestra responsabilidad.

Introduction:

Jobless graduates, a worldwide phenomenon. The pertinence of the public university in the placement of its graduates has been one of its highest priorities and the center of action in favor of the placement of its graduates.

For this reason, it is important to analyze the public university's perspective respect to the labor demand for the graduated students as part of the

solution, or better said, to take action regarding quality education in face of the social problem of unemployment among public university graduates, characterized by its strong economic repercussions in the economic platform of a nation.

This marked increase in unemployment has been seen since Mexico's entry into GATT, when the internal market was opened up to imports. Exportation is the most viable policy strategy for the generation of employment, but on the contrary, importation is a direct form of employment suppression. The empirical studies regarding this point show unemployment as just the *tip of the iceberg*, as part of a large-dimension problem. The drastic reduction in employment opportunities cannot only, nor principally, be attributed to the opening of the market. Due to the fact that in addition to the opening to globalization, the countries signing the trade treaties deregulate foreign trade and its financial system, these countries in this manner eliminate price controls and fix an exchange rate to establish those prices, again rendering Mexico dependent on the massive entry of foreign capital. The result of these structural changes causes an increase in unemployment and underemployment in all of its forms, aggravating the social and economic exclusion of the economically active population.

With these changes, the globalized world has become more open and receptive, as evidenced especially by the novelties of import consumerism. The foreign market is leading to the bankruptcy of businesses, and as a consequence, a reduction in the number of work positions.

The Global Labor Market

Although the *OECD Observer* is celebrating its 40th anniversary, the OECD's roots and the origins of the trade union advisory committee (TUAC) to the OECD go back further, to 1948. This was a time when the industrial nations were creating the arrangements of the post-war global economy – the Bretton Woods institutions, the Marshall Plan and the beginning of European co-operation.

Coming out of the Great Depression and the Second World War, the OECD's founders wanted a global order in which nations could grow and people could thrive. They regulated currencies while giving nations the space to stimulate growth. They curbed speculation while fostering real investment. They emphasized growth from the inside out and the bottom up – demand-led growth, based upon full employment and rising wages – and they created the mechanisms for greater trade and global development.

The system they created was far from perfect. Much of the world was outside their line of vision. But in the industrial world, we enjoyed 25 years of decent growth and development. And we all grew together – the rich got richer and working families prospered, building the strong middle classes that are the

backbone of democracy. That was the environment when the OECD itself was created in its present form.

Now, 40 years on, we once again are present at the creation. Then, the world was emerging from a long night of global depression and war. Today, the world labor market faces a looming nightmare of global deflation. In the 1940s and 1950s, the industrial nations had to create new institutions to revive investment and trade. At the beginning of the 21st century, we must begin to create the institutions to bring the global economy under control, to curb speculation and revive sustainable growth. Just as the founders of the post-war economy had to understand and respond to the causes of global depression and war, it is vital that we understand and respond to the causes of today's global crisis.

This crisis marks the end of a conservative era that has lasted 25 years. For a quarter of a century, the industrial nations have worshipped at the altar of conservative idols – deregulation, tight money, fiscal austerity. Corporations have been freed from accountability, currencies and speculators liberated from regulation. Financial elites have been empowered, while unions and parliaments have been weakened.

A global labor market has been forged. It is dominated by a handful of global corporations and banks. Enron and other unfolding corporate scandals in the United States dramatically expose, not just a few bad apples, but the systematic outcome of this deregulated global economy.

The few are prospering, but the many are not. This economy does not work well for working people and newly university graduates. In the OECD nations, we experience the effects in different ways. In Europe, the effect is widespread unemployment, particularly among the young. In the United States, jobs are created but with stagnant or declining wages and benefits for the majority of working people – families are working harder and longer simply to keep pace. In Japan, we witness continued and deepening recession (SACHS, LARRAÍN, 1994).

We should be very clear: advocates of conservative policies got it wrong. Deregulation, they said, might create greater instability, perhaps an occasional crisis to discipline the foolish. But the discipline and insecurity, they promised, would be a small price to pay for the blessings of growth and prosperity offered by the free flow of goods and capital. Now we know the promise was a lie. Crises, as the former World Bank economist Joseph Stiglitz (STIGLITZ, 1994) has recently emphasized, have not been occasional and isolated – they have been universal and frequent. Over 100 countries have been scarred by banking and currency crises since 1975, with the frequency and the severity increasing over time. And deregulated financial markets have produced slower, not faster growth, in nations rich and poor, industrial as well as developing.

In the debates over the past quarter-century, labor unions got it right. We warned about the peril of deregulation without accountability. We warned of the folly of sacrificing full employment in a fight against inflation. We warned that without labor rights and environmental protections, a global race to the bottom could bring everyone down. If anything, our warnings were too tempered, our alarms too muted.

The conservative hucksters got things exactly backwards. They thought they had to create rules to unleash capital and build global markets. In fact, the corporations and banks and the revolutions in technology and communications and transport were doing that on their own. The fundamental challenge was to regulate that market, not to deregulate it, to curb speculation, foster real investment, empower workers, make corporations accountable. What should have been the central project of governments was instead left outside the conference room door.

Now the voice of labor must be strengthened, its stance hardened, its perspective sharpened. We need imagination and new ideas. But the principles of reform are clear. The industrial countries must make coordinate efforts to jumpstart growth. Bold initiatives are needed to rescue the people most impacted by the crisis. We must curb speculators and foster long-term investment. Corporations must be accountable to all stakeholders. The global trading regime must be grounded on building protection for core labor rights, consumers and the environment.

But being right, while satisfying, is not sufficient. We must be listened to. Labor unions need more than good sense and good statements – they need to back up the pronouncements with pressure, to make our agenda heard in national policy circles.

Workers' retirement and savings funds own over 20% of all stock in America. As investors, as employees, as consumers and as stewards of our communities, we must demand standards of basic decency and morality from corporations around the world.

As investors, we will no longer tolerate the greed of short-term speculators or corrupt insiders, and we will not tolerate companies that over compensate executives, cheat their employees, lie to their shareholders, or cook their books – no excuses, no exceptions.

We have to regulate and reform our companies and provide "corporate governance principles" that put people first. In these circumstances, it is vital that the concerns of working people and our unions be put forth forcefully within government circles, and backed by aggressive and independent political action and education. We must start anew. The AFL-CIO (worker's union) is joining with the member unions of TUAC (TUAC, OECD, 1998) to define and fight for a new

internationalism – an internationalism grounded in an economy that works for working people. We will stand up for that agenda in international dialogues as well as in national dogfights. Together we can generate the courage, the vigor, the imagination to rebuild a new global order on the ashes of the old. What better mandate for the new millennium?

The real unemployment problem

The unemployment problem is global. Throughout the world, unemployment is a conversation topic. The lack of good jobs – which pay and offer stability as well as career perspectives – exists in practically every developed or developing country (LORA, 1999).

Universities need to confront this reality since the education they offer is based precisely on labor demand, for the development and selection of human resources and professionals that are valuable and necessary for strategic areas of the country.

Let us look at the following fact: Year after year the university provides, through its graduates, individuals who continue their education, for the acquisition of higher levels of knowledge; it functions in this way because education develops human capital with the potential to develop nations socially and economically.

The persistence of the dilemma of the correspondence that should exist between university education and the development of the economy is severe: the Mexican family raises its children with the hope of a good future and the provision for their economic needs.

And on the other side of the coin, businesses and industries hope to bring well-educated personnel into their organizations so that they facilitate and identify with their mission and vision (McConell, 1997).

Also, States educate their population in order to optimize their national development (Pindyck y Rubinfeld, 1995).

The strategic planning of public universities for higher education should naturally be founded on the capacity of students to obtain this kind of knowledge.

The knowledge obtained in the future must be reinforced with more education and training.

It is like this, because today's knowledge may be obsolete tomorrow.

Every day the labor market is infiltrated by new ways of thinking, the use of new technology and the knowledge of new methodology. This is the profile of the labor and professional market confronting each group of university graduates.

The action taken by the UANL

To face of this situation, the University of Nuevo Leon has participated in an active and interesting manner, obtaining good results. This participation has its origin in strategic planning supported by 4 columns of dynamic action:

- the Student's Social Service Program
- the Institutional Education for Life Program,
- the Alumni Program,
- the Careers of the Future Committee

There is a very eloquent explanation respect to the UANL's position regarding the labor demand for its graduates.

The Student's Social Service Program is the *beginning* of development and professional practice for graduates: it allows them to have a comfortable adaptation to professional practice and is basically an inductive course, so that in the end, they will be hired by the company receiving their services through this program.

The Institutional Education for Life Program is the fundamental platform for the development of graduates through *Doing, Being, Knowing* and *Serving*. It is educational structuring for their entire professional life and its values.

The Alumni Program allow us to see, through quantitative research, the professional placement of graduates, and more importantly, if the university's mission and vision are really being achieved through its graduates.

And the work of the Committee of Careers for the Future fosters the availability of adequate education with plans and curriculums according to the labor needs of the community in support of strategic areas of development for the state.

Conclusion

Without any doubt, unemployment is an urgent issue, and universities has a lot to do dealing with. As society, we must understand that cutting the working hours per week, isn't the real solution, and universities have to work along with both society and government, that can help the newly graduate to relocated into the labor market. It is part of the education they must receive from the university.

This is the real pertinence of the Public Universities in Mexico, as the UANL, in the demand for the labor of its graduates.

References

- Lora, E. 1999. Técnicas de medición económica: metodología y aplicaciones en Colombia, Tercer mundo editores, en coedición con Fedesarrollo.
- McConnell, C. R. y B. L. Stanley. 1997. Economía, McGraw-Hill.
- Pindyck, R. S. y D. L. Rubinfeld. 1995. Microeconomía, Prentice Hall.
- Sachs, J. D. y F. B. Larrain. 1994. Macroeconomía en la economía mundial, Prentice Hall.
- Stiglitz, J. 1994. Economía, Editorial Ariel, Barcelona.
- TUAC. 1998. 2002. Proceedings of the 50th Anniversary Symposium, Paris. OECD Observer No. 235.