

**TOYOTA MOTOR PHILIPPINES CORPORATION  
TOYOTA MOTOR PHILIPPINES FOUNDATION, INC.**

**SKILLS FOR INCLUSIVE GROWTH IN DEVELOPING ASIA-PACIFIC: AN INTERNATIONAL  
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**SHORT PAPER**

**Toyota Automotive Education Program: Responding to the Challenges of Producing a  
Pipeline of Globally- Competitive Technicians**

**BACKGROUND**

Several years prior to Toyota Motor Philippines' incorporation on August 3, 1988, there was uncertainty due to political tension brought about by the assassination of a popular Philippine senator, Sen. Benigno Aquino, Jr. There were no investments coming and the government's credibility is at all time low. The political turmoil affecting business led to People Power Uprising in 1986 that led to the formation of a new democratic government.

In the mid 1980's in the automotive industry front, General Motors and Ford led the exodus of car assemblers in the Philippines while Delta Motor Corporation, the assembler of Toyota Car brand closed shop. Nissan and Mitsubishi Motors continued their business under low volume market.

The re-entry through Completely build-up unit (CBU) operation of Toyota in 1989 excites the Philippine automotive market. Honda Cars built a manufacturing facility in 1990; Isuzu Motor Philippines Corporation in 1995; General Motors Automobile Philippines made its presence felt in 1996 and Ford Motor Company in 1997. Nissan transferred its manufacturing facilities from Metro Manila to Santa Rosa Laguna. Mitsubishi modernized its plant just outside Metro Manila.

**TOYOTA TECHNICAL EDUCATION PROGRAM (T-TEP)**

Although car assemblers started to pour in investments in its manufacturing and dealership networks, there was no unified program to link the manpower requirements of the industry from that of the government. Each assembler has its own program to acquire manpower to support its operation.

Here were some of the observations then when Toyota started its commercial operations in 1989.

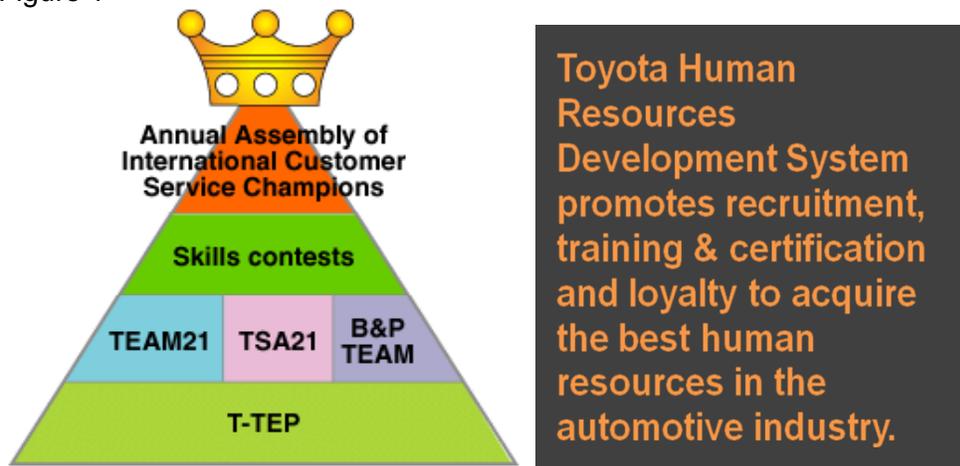
- Dilapidated schools
- Lack of Training Equipments and Facilities
- Teaching of automotive engine overhauling are done in flipcharts
- Schools are not professionally run
- No competitive course
- Dearth of automotive applicants
- Most teachers were able to teach based on experience only
- Most teachers have no formal schooling nor have technical certification to teach
- Not attractive to work / no motivation

These conditions led the establishment of Toyota Technical Education Program (T-TEP) of Toyota Japan, a Human Resource Development System which promotes recruitment, training, certification and loyalty to acquire the human resources in the automotive industry. To support the manpower requirements of the newly-opened initial batch of dealerships, Toyota partnered with four (4) top technical schools namely Don Bosco Technical Institute (DBTI)- Makati (1990); Guzman College of Science and Technology (GCST)- (1991); Technological University of the Philippines- Manila (1992) and Technological Sciences- Cebu (1993). University of Mindanao (UM) was the 5<sup>th</sup> T-TEP school to be accredited in the program.

Toyota saw the academe as a reliable stakeholder since there will be high enrolment if their students find employment after graduation. The program proved to be beneficial to both institutions. Yearly, around 20 students who passed competitive examination and interview from T-TEP school became scholars under the Special Automotive Training Course (SATC), studying at Toyota’s training center and after graduation they found immediate employment in Toyota Dealer Network.

The T-TEP Program provides donation of Hi-technology engine training simulators and other modern training equipments and manuals to level up the understanding of students on Toyota Engine Technology. TMP on the other hand trains the instructors of T-TEP schools to upgrade their knowledge on teaching methodologies.

Figure 1



### **TOYOTA AUTOMOTIVE EDUCATION PROGRAM (AEP)**

However, T-TEP Schools then are limited only in Metro Manila and Cebu City to support the manpower requirements of dealerships. The Toyota Automotive Education Program (AEP) aims to complement the program of T-TEP by partnering with other educational institutions throughout the country where Toyota Dealership is present.

In Philippine context, we call Toyota Automotive Education Program as the main program of Toyota-Academe Industry Linkage incorporating T-TEP of Japan.

Toyota Automotive Education Program (TAEP) is the technical program of Toyota Motor Philippines Foundation, Inc. (TMPF). It aims to complement, enhance and expand the program of T-TEP by accrediting other educational institutions recommended by Toyota dealers in their locality known for its quality graduates. TAEP has the following component:

- 1.) **Donation of Equipment and Parts.** Donation of locally fabricated engine training simulators, parts, visual aids, poster and signage to broaden learning and develop hands-on skills necessary to be globally-competitive technicians.
- 2.) **Establishment of Toyota Technology Center (TTC).** This is an in-campus Toyota workshop and classroom area where all donated simulators, visual aids, tools and signage are located. The area mimics a dealer workshop and is used by all automotive students of the accredited institutions to learn Toyota engine technology.
- 3.) **Market-driven Scholarship Program.** The aim of this program is to support the economically-disadvantage youth to study at accredited institutions for free and is intended to be the future employees of the Toyota dealer network. During their studies, they are required to participate in Toyota Corporate Social Responsibility (CSR) activities such as coastal / river clean-ups, medical dental outreach programs and other activities that the dealers which partially sponsor his education may require.
- 4.) **Instructors Training and Immersion Program.** Toyota invited instructors from accredited institutions to undergo training based on available program to keep them inform of the latest advancement of Toyota automotive technology. Likewise, instructors also immerse in Toyota culture and processes by touring its manufacturing plant and dealerships and by attending seminars on Toyota Production System, Toyota Way management principles, environmental management system among others. Toyota values education and training among its stakeholders and partners.
- 5.) **Professorial Chair Grants & Curriculum support.** Toyota promotes within the ranks and so if there are supervisors lacking in its organization, it does not hire from outside the organization but promotes from the ranks of eligible team members. Toyota granted professorial chair to 2 institutions namely College of Engineering, University of the Philippines- Diliman and College of Engineering, Mapua Institute of Technology to develop curriculum leading to Automotive Engineering. Other institution also upgraded their curriculum and applied them into accredited courses of Commission on Higher Education (CHED) that accredits students' skills and experiences into academic units (through Expanded Tertiary Education Equivalency Accreditation) Program. In this way, those technicians who went to work early for Toyota can further advance professionally by applying to ETEEAP. In this way, Toyota technicians and even office team members will have a continuous education while being employed.

## 1997 ASIAN FINANCIAL CRISIS

The Asian Financial crisis of 1997 proved to be very painful for Toyota that the T-TEP program runs on a very low key until 2007. From 1997- 2007, there was no significant support program from Japan for the partner schools since there is not much movement of technicians due to no business expansion of dealerships.

The Special Automotive Training Course (SATP) in which scholars are fully subsidized was discontinued. It was replaced by Special Automotive Training Program (SATP) with modified scheme. Only those who will pass the competitive examination will be trained for 3 months then will be deployed in the dealerships.

## 2000 TECHNICIAN MIGRATION WAVE

Although in the local dealerships there was much movement of technician but in a later analysis, there was significant resignation of technicians. The situation was evident that from 2008 there was an acceleration of training of technicians for higher level of competencies to fill up the manpower and maintain the same high quality of service at our service workshops. Consider the following data:

Figure: 2 Resignations at Toyota Dealerships

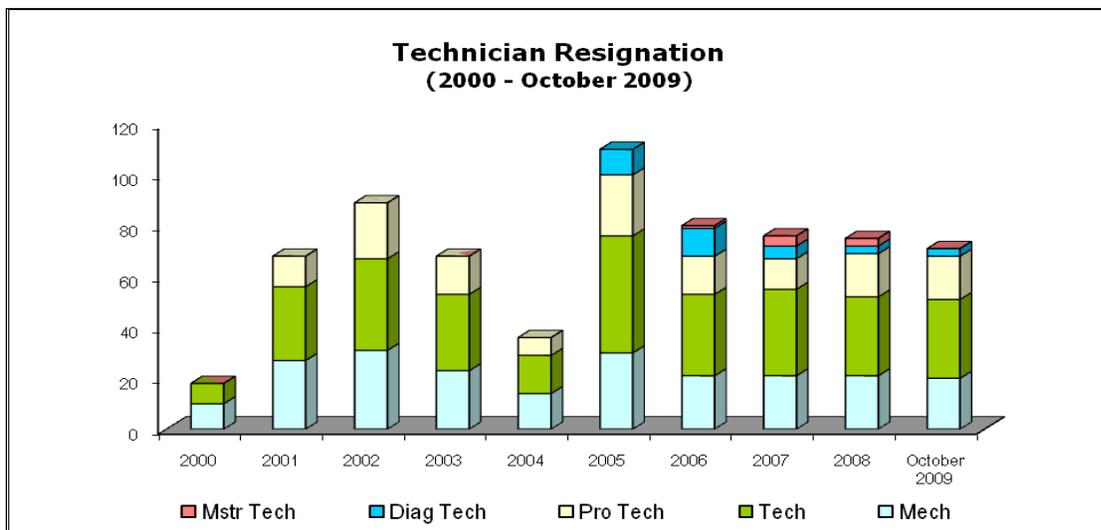


Figure: 3 Countries where Automotive Technicians Migrate to Work

Country	Number of Technicians					Percentage %
	2006	2007	2008	Oct-09	Total	
Qatar	22	19	6	11	58	30%
Australia	18	11	7	4	40	21%
Kuwait	6	13	2	0	21	11%
Saudi Arabia	6	9	4	11	30	15%
UAE	10	4	0	0	14	7%
Brunei	1	4	1	4	10	5%
Bermuda	2	0	0	0	2	1%
Canada	1	2	4	3	10	5%
Malaysia	2	0	0	3	5	3%
Africa	0	1	0	0	1	1%
Japan	1	0	0	0	1	1%
Korea	1	0	0	0	1	1%
United States	0	0	1	0	1	1%

There was scarcity of higher-level technicians in the Middle East dealerships that the Human Resources Managers of these dealerships resorted to direct hiring in our partner schools and they secretly offer contracts to local Toyota Dealer technicians.

### CURRENT SITUATION

It was noted that those automotive technicians directly hired from the Philippines or should we say “pirated” to work at Saudi dealerships eventually left their job in exchange for migration status in Australia and Canada among others. Therefore, the plan to hire as soon as possible, higher level technicians without investing in training did not work well for Saudi Dealerships.

One Toyota dealership in Saudi made a formal program involving organized training and overseas recruitment of technicians through a modified SATP which totalled 1.5 years of training in our training center and on the job training at our dealerships. Toyota Saudi dealership will be paying for all the training expenses in exchange for higher technician level skills once the students finish their training. It is expected that by 2014, Toyota Motor Philippines would be able to send 180 Pro Technicians to Saudi under 3-year work contract for each technicians. It is clear that the Saudi Dealership will not hire Filipino technicians outside the program and the technicians should return home after the contract.

### FUTURE PLAN

Generally there is still report of shortage in automotive technicians not only in the Middle East but Asia and Central America. Some automotive companies such as General Motors which

established its training center north of Manila and Posche Cars which partnered with Don Bosco Technical Institute- Makati to train new technicians for deployment abroad.

Toyota Motor Philippines Corporation is planning to set-up a training center that will cater to the needs of Asia-pacific Region. Such plan did not materialize in 2008 due to the American and the European Financial Crisis. A second look at the necessity of the plan is being studied based on the cost and viability of the proposed training center.

## **CONCLUSION**

- 1.) Academe-Industry linkage program such as Toyota Automotive Education Program is a much viable program to pursue since it is not much dependent on political decision and the academe can easily adjust its curriculum based on industry needs.
- 2.) Since the establishment of National Certification (NC) qualification under Technical Education and Skills Development Authority (TESDA) in 2004, there are still few qualified technicians under NC 3 and NC 4. To remain competitive, the Filipino baseline NC qualification must be NC 4. Currently, the technicians are mostly NC 2 passers. SATP program is way above NC4.
- 3.) Curriculum must also focus on soft skills such as English Communication, Customer Service, Handling Customer Complaints, among others.

## **References**

- 1.) Toyota Technical Education Program Handbook, 1997
- 2.) Toyota Motor Philippines Foundation Report, 201
- 3.) Training and Overseas Recruitment Plan, CSO 2010.