Graduate employability: busting myths – what does the labour market data really say?

Distinction and Diversity in Higher Education

Andy Westwood

29th February 2012

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‘At the beginning of the last century, the power of nations might have been measured in battleships and coal. In this century it's as likely to be graduates.’

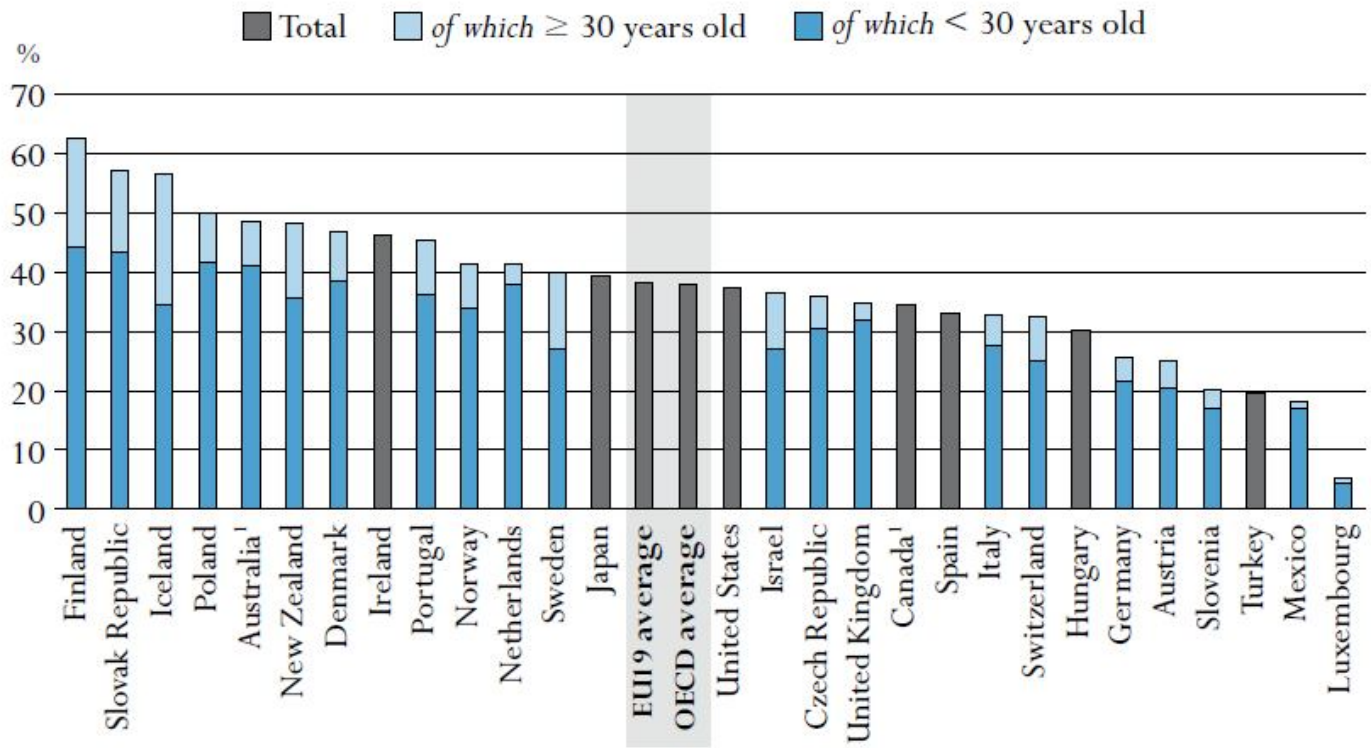
BBC March 2011

Which countries produce the most graduates?

1 - Finland	(63%)
2 - Iceland	(57%)
2 - Slovakia	(57%)
4 - Poland	(50%)
5 - New Zealand	(48%)
6 - Denmark	(47%)
7 - Ireland	(46%)
8 - Portugal	(45%)
9 - Netherlands	(41%)
9 - Norway	(41%)
11 - Sweden	(40%)
12 - Japan	(39%)
13 - United States	(37%)
13 - Czech Republic	(36%)
15 - United Kingdom	(35%)

Percentage of young people who are first-time graduates from university, 2008.
Source: OECD

Do too many people go to ‘university?’



1. Year of reference 2007.

Countries are ranked in descending order of the graduation rates for tertiary-type A education in 2008.

Source: OECD. Table A3.1. See Annex 3 for notes *(www.oecd.org/edu/eag2010)*.

What types of ‘higher education?’

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Chart A3.2. Tertiary-type A graduation rates in 1995, 2000 and 2008 (first-time graduation)

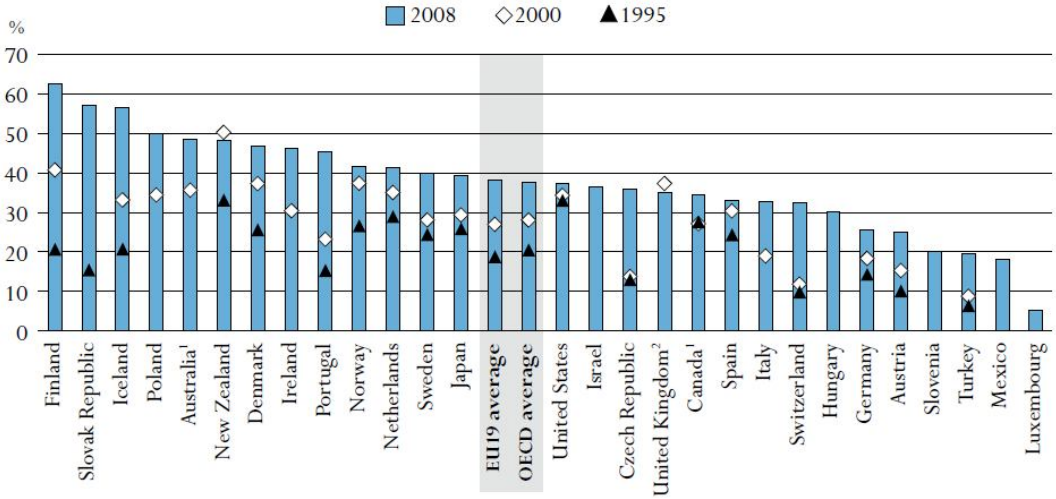
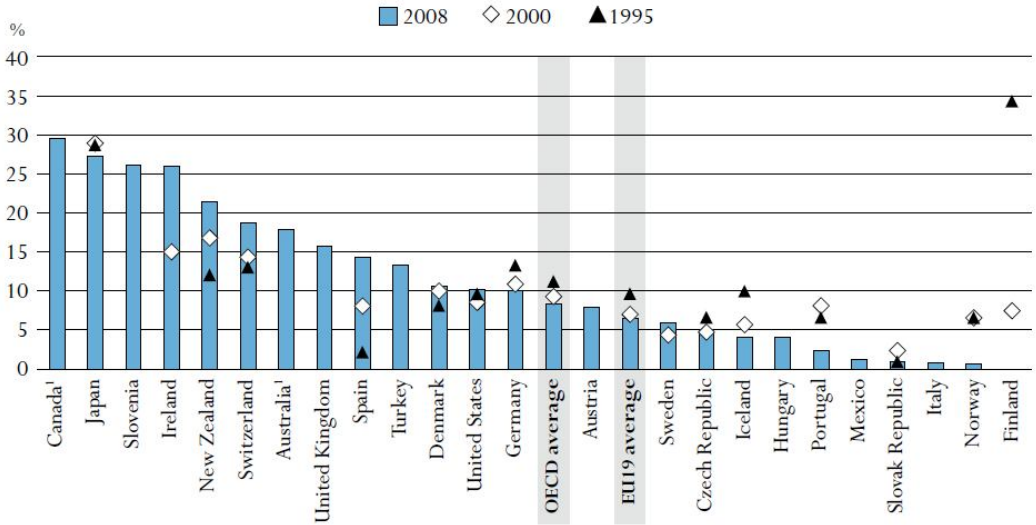


Chart A3.4. Tertiary-type B graduation rates in 1995, 2000 and 2008 (first-time graduation)



But too many graduates are unemployed?....

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Graduate unemployment hits 15 year high

One-in-five students left university without a job last year as graduate unemployment soared to its highest level since the mid-90s.

Graduate unemployment double Statistics. Photo: ALAMY

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Oxford graduates pull pints in dire jobs market

More graduates of Oxford University go into jobs as waitresses, waiters or bar staff than chartered accountants or mechanical engineers, new figures show.

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Shocking truth about graduate unemployment: They have the same chance of being out of work as a school leaver with one GCSE

By BECKY BARROW

Last updated at 1:52 AM on 23rd February 2012

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A graduate aged 21 has the same chance of being unemployed as a 16-year-old school leaver with one GCSE, official figures revealed yesterday.

Around one in four of both groups is currently without a job.

The shocking statistics highlight the problems facing graduates leaving university at a time of crisis in the jobs market.

Not quite… all graduates take time to find work

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Transition from higher education to employment in ten European countries (months; percent)

Country	Job search		During the first 4 years	
	Duration of job search (months)	Still on search after 12 months (%)	Mostly short-term/ occasional jobs (%)	Mostly unemployed (%)
Norway	3.3	1	2	1
Sweden	4.9	2	4	1
Finland	5.1	4	9	2
United Kingdom	4.4	4	8	2
The Netherlands	4.7	3	15	2
Germany	5.5	3	11	2
Austria	6.0	2	18	7
France	7.1	20	17	7
Spain	11.6	10	23	18
Italy	8.9	4	20	9
Total	6.1	5	13	5

Source: CHEERS Graduate Survey.

A bigger picture...

- Clear OECD evidence - strong international trend for more people to go to university. Average net entry rates increased from 40% in 2000 to 57% in 2008, (UK rate increasing from 48% to 57%) – every country increasing net entry rates over period.
- UCAS 2010/11 data shows demand outstripping supply – 697,351 applicants and 487,329 accepted places – applicants 9% up on 2009
- UCAS 2011/12 data shows drop but still over demand – third highest on record (and biggest drop since 1970s…)
- Average graduate will earn over £100,000 more, net of tax, than similar individual who achieved university entrance qualifications but did not go into HE - premium holding up in spite of recession.
- A strong employment premium – as other employment rates decline.
- Not just an economic premium. Graduates more healthy, more active in community more likely to pass on generational benefits to children

Wider benefits?

Table 6: The Impact of education on health: An assessment of the evidence

Outcome	Strength of effects	Evidence
Adult health		
Mortality	Substantial	Reasonably strong evidence of large effects of years of schooling
Physical health	Substantial	Overall, robust effects of years of schooling on various dimensions of physical health
Functional ability during adulthood	Contradictory	Robust but mixed findings
Adult depression	Substantial	Reasonably good evidence of the effect of achieving level 2 or equivalent qualifications
Life satisfaction and happiness	Small	No robust evidence
Self rated health	Substantial	Robust evidence on the causal effects of years of schooling
Child health		
Child mortality	Substantial	Robust evidence of effects of parental years of schooling
Child anthropometric measures at birth	Substantial	Robust evidence of effects of parental years of schooling
Health behaviours		
Smoking	Substantial	Good evidence for effects of education at University or college level
Alcohol consumption	Uncertain	The causality of this relationship is yet to be tested robustly
Obesity	Substantial	Robust evidence of causal effect of years of education
Fruit and vegetable intake	Uncertain	Positive education gradient but lack of data constrains the estimation of causality
Physical activity	Substantial	Clear associational evidence but causality not established.
Use of illicit drugs	Uncertain	Strength and nature of educational effects on illegal drug use remain uncertain
Teenage parenthood	Contradictory	Causality not established
Health service use		
Use of primary health care	Contradictory	Associational evidence is mixed and the subject lacks studies investigating causality
Use of specialist care	Substantial	Clear associational evidence of higher service use by those with more education
Hospitalisations	Substantial	Robust evidence suggests more years of school reduce hospitalisations
Use of emergency services	Small	Poor evidence on effects of education
Use of social health care	Substantial	Robust evidence of the causal effects of years of schooling
Managing chronic health conditions	Substantial	Clear associational evidence but causality not established

OECD (2007) adapted from Feinstein *et al.* (2006)

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Who are the best performers?

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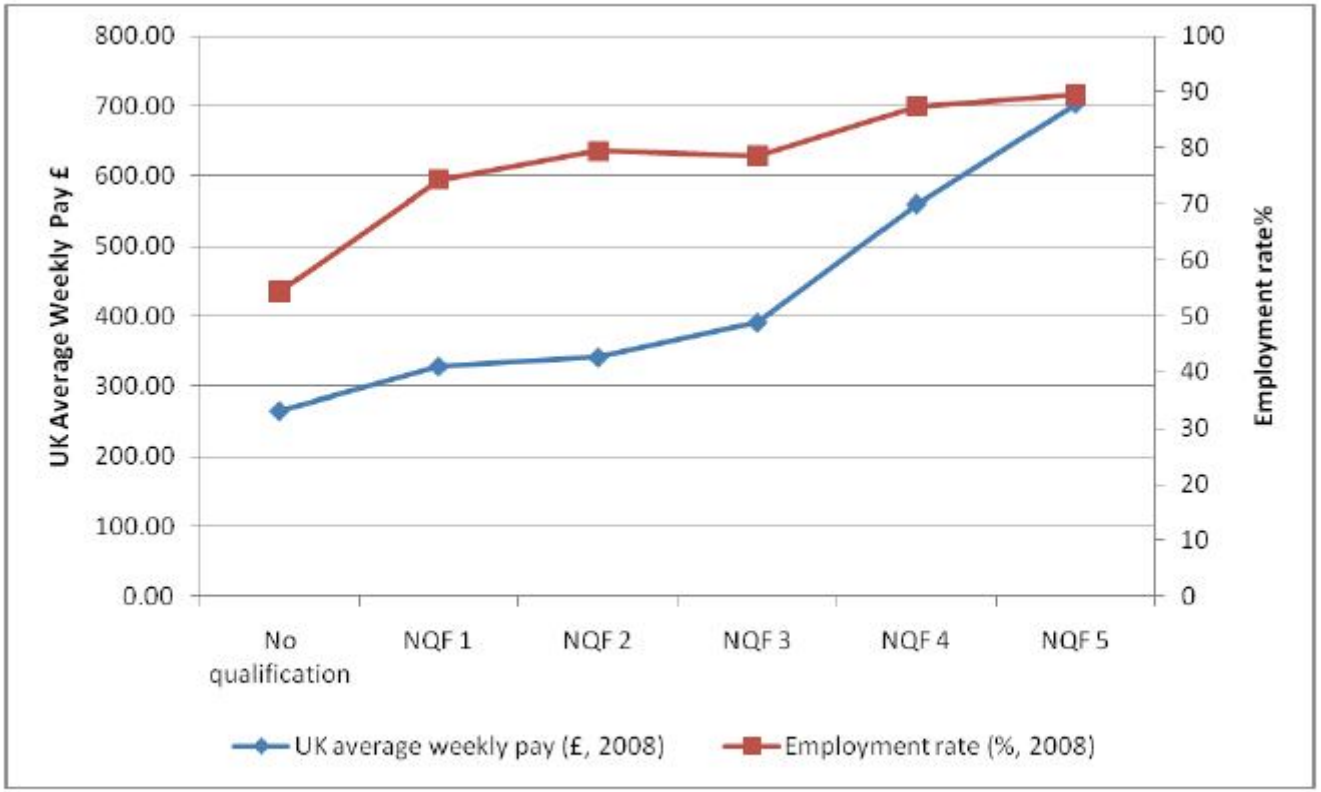
University of Buckingham	100%
Ravensbourne	100%
Royal College of Music	100%
School of Pharmacy	100%
Trinity Laban	97.6%
Arts University College Bournemouth	97.5%
Royal Veterinary College	96.6%
Royal Agricultural College	96.6%
Royal Northern College of Music	95.9%
Robert Gordon University	95.7%
Bishop Grossteste University College	95.5%
University of Surrey	94.8%
Aberdeen University	94.4%
Newcastle University	94.3%
Canterbury Christ Church University	94.3%
University of Glamorgan	94.2%
Cardiff Universiy	94.1%
University of Keele	93.8%
Harper Adams University College	93.8%
Royal Scottish College of Music and Drama	93.8%

Who are ‘less’ good?

University of East London	78.0%
University of Bolton	79.9%
London Metropolitan University	82.9%
London South Bank University	82.4%
University of Westminster	83.1%
University of Greenwich	83.1%
University of Teeside	84.7%
NB Employment rate for UK	70.3%
London	67.5%
(Newham	54%)
(Tower Hamlets	59%)
Bolton	65.3%
Teeside	64.0%

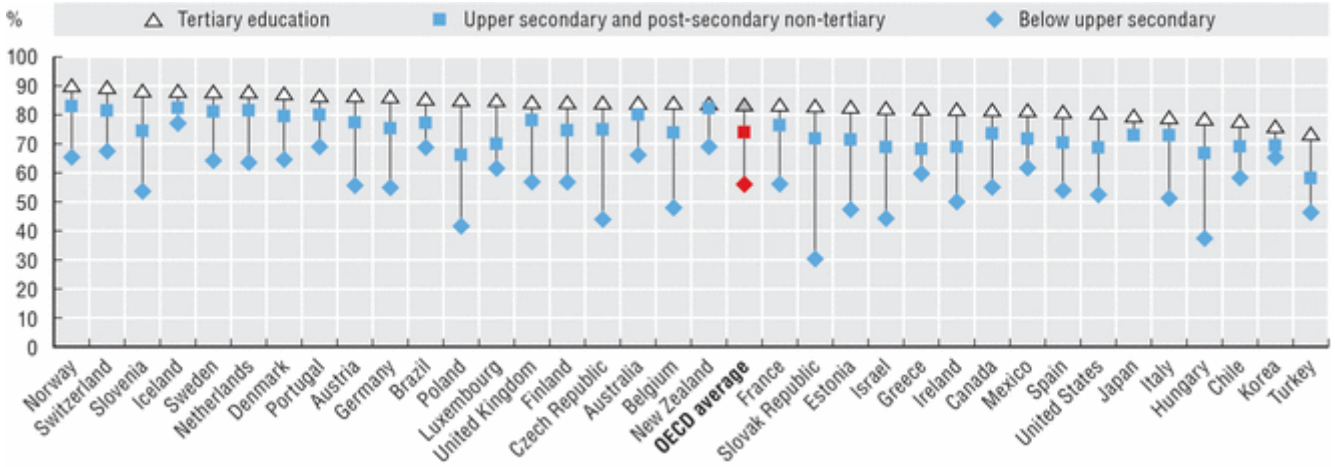
Employment and Earnings benefits/returns?

Figure 10: Average weekly pay and employment rate by qualification level

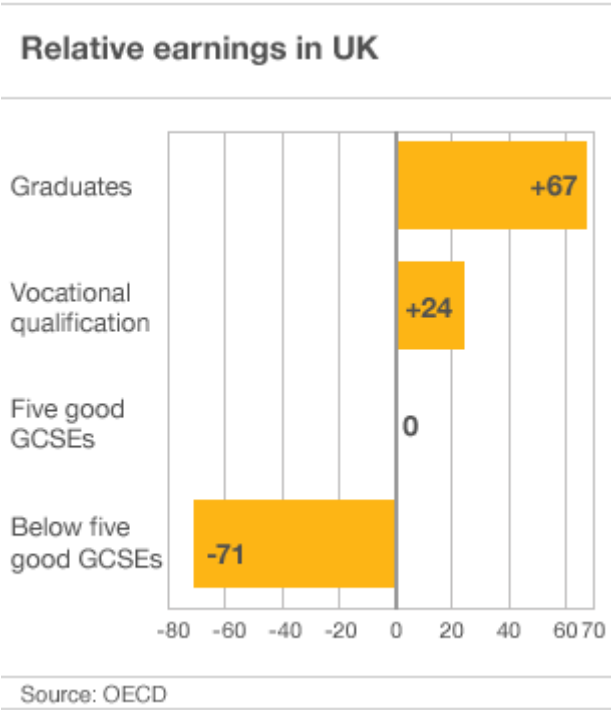


Source: LFS (2008) in UK Employment and Skills Almanac 2009 (UK Commission for Employment and Skills, 2009).

Employment rates for different qualifications across OECD



How much do graduates earn?

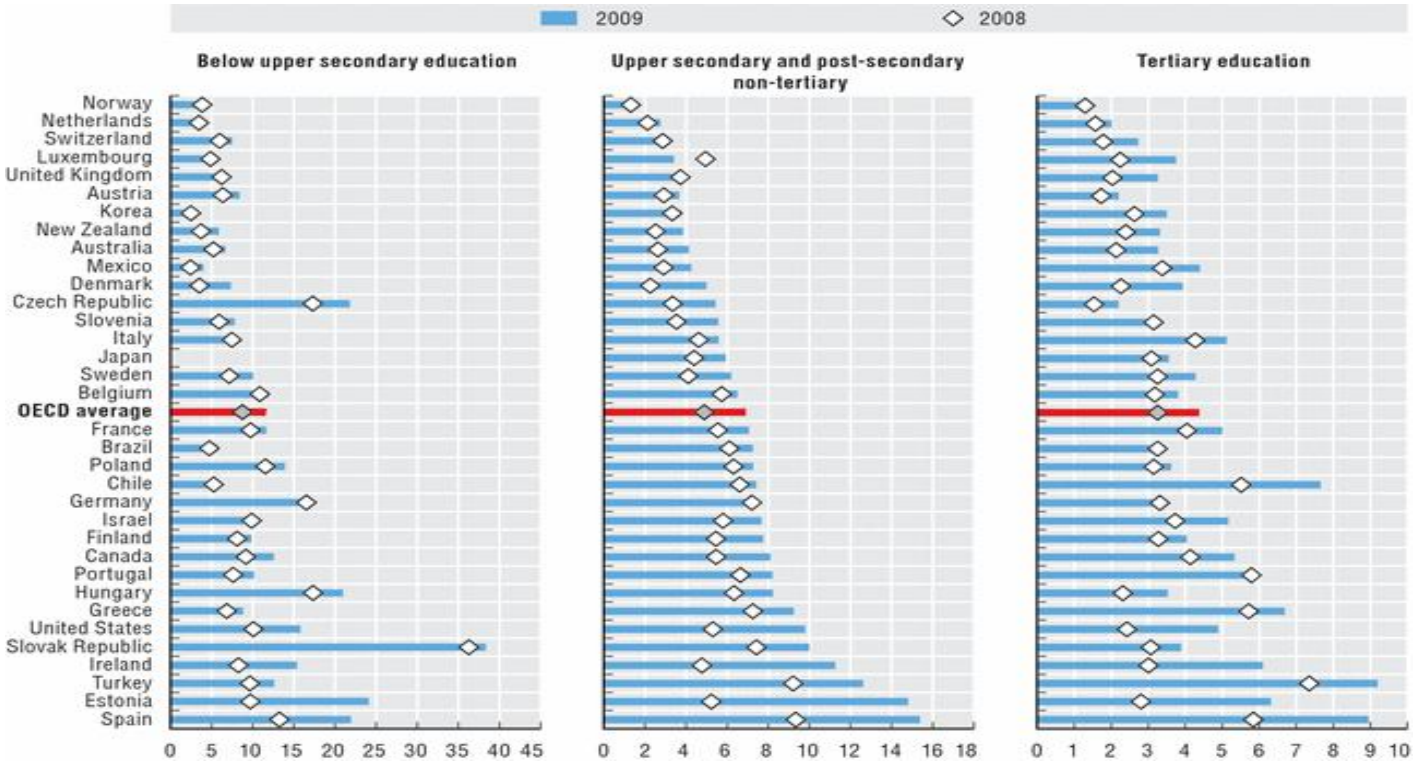


The earnings premia associated with achieving higher qualifications are:

Level 2 (15%);
Level 3 (13%);
Level 4 (28%);
Level 5 (23%).

Nb these are ‘additive’ (Dickerson 2006)

Graduates and effect of recession in 2008-2009



NB Employment rate for graduates (all in workforce) has increased in EU 27 since 2008….

Some quick conclusions…

- Returns to graduate qualifications are strong (and holding despite recession)
- Particularly strong employment return even in weaker labour markets
- Wage and other social returns also remain strong
- But, effects and returns span entire working life – no quick buck, not necessarily an ‘instant’ premium
- No guarantees against periods of unemployment or under-employment…
- UK well down OECD tables in output of graduates, no evidence that demand for HE is out of step with labour market demand for degrees