

Getting a graduate job: does class make a difference?

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What do we do?

- We look at first employment destinations of recent graduates (2003/12) from English HEIs (N=1,054,900)
- We focus on the effect of **graduating at a bad time**, i.e. when the unemployment rate is high
 - Although we focus on short-term outcomes, several papers show that graduating “at a bad times” has negative effect (mainly earnings and occupation) which lasts for several years (3 to 20 years)
- We look at whether the effect of unemployment at graduation is **different by socio-economic status** (SES)

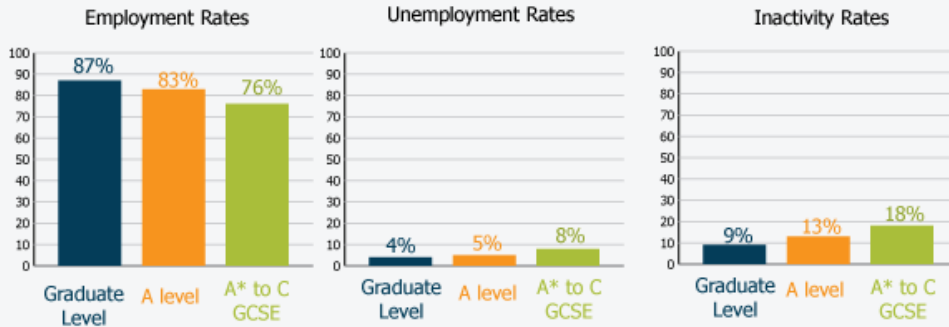
How do graduates fare in the labour market?

Graduates have good labour market outcomes when compared to non-graduates

Even during the recession

HEADLINE LABOUR MARKET FIGURES

April to June 2013



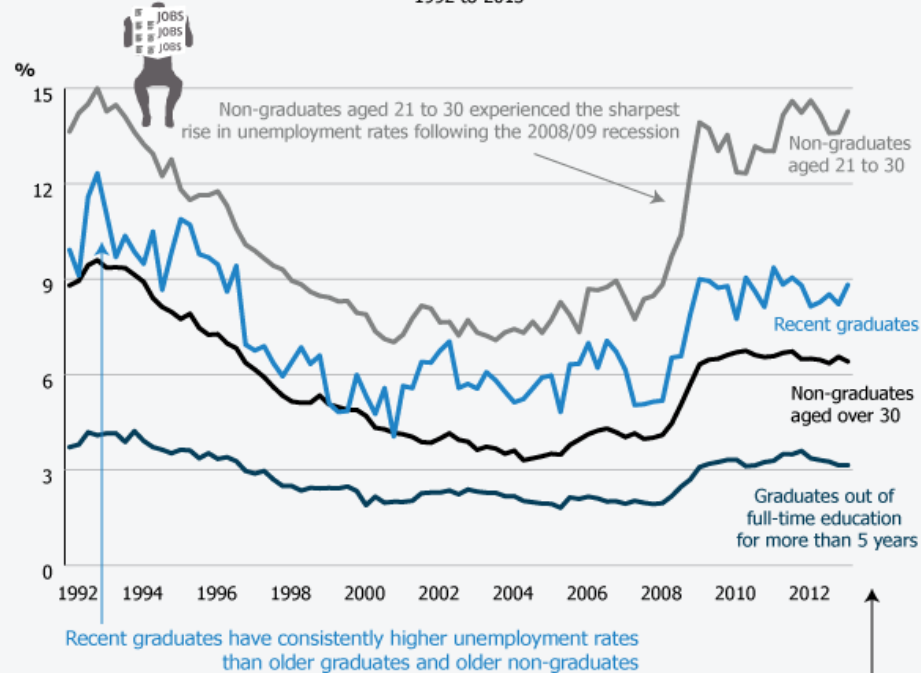
Standard of the highest qualification a person left education with

Graduates were more likely to be employed . . . less likely to be searching for work . . . and less likely to be inactive.

Source: Graduates in the UK Labour Market: 2013, ONS

UNEMPLOYMENT RATES

1992 to 2013



Unemployment rates for all groups remain above the level they were at before the 2008/09 recession

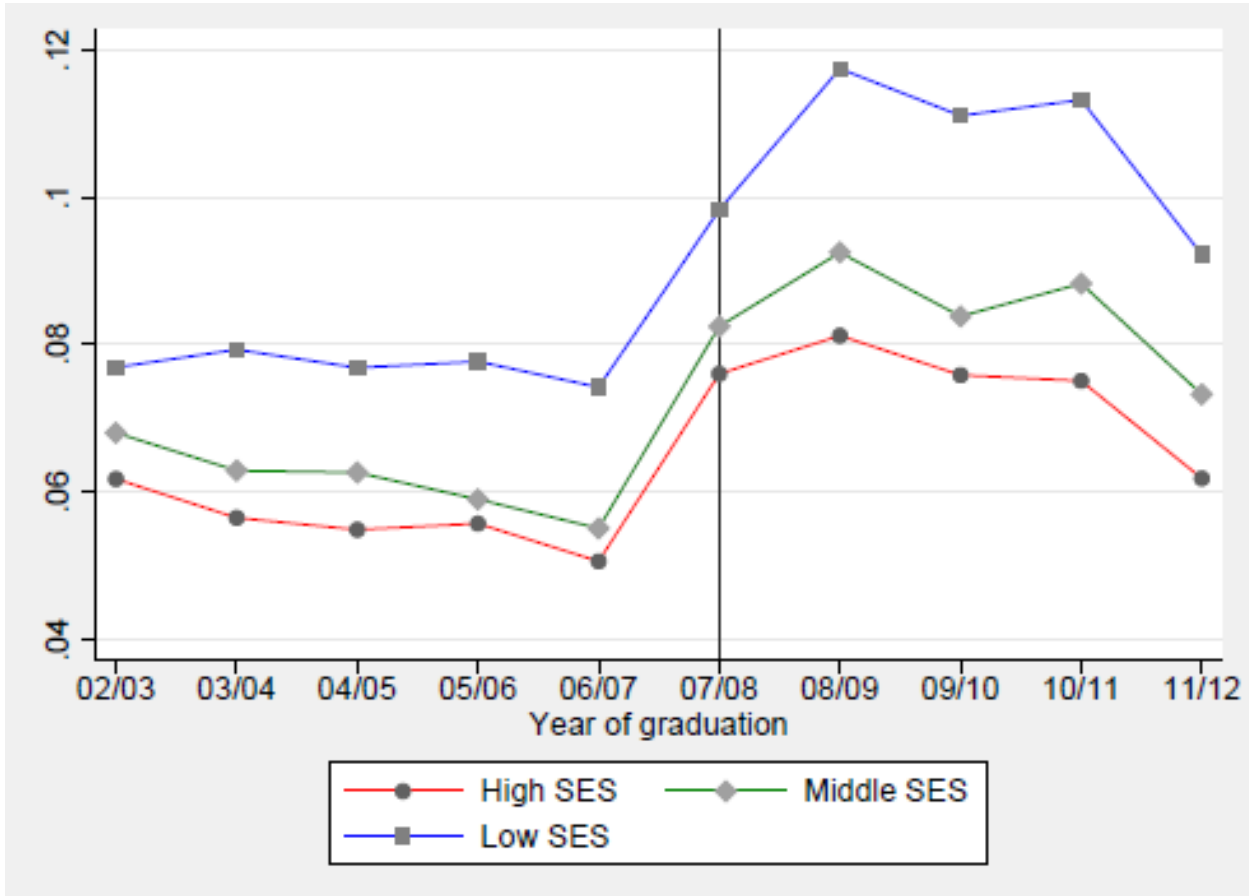


Socio-economic status (SES) index

We split graduates into three groups - **High/Middle/Low SES** - depending on:

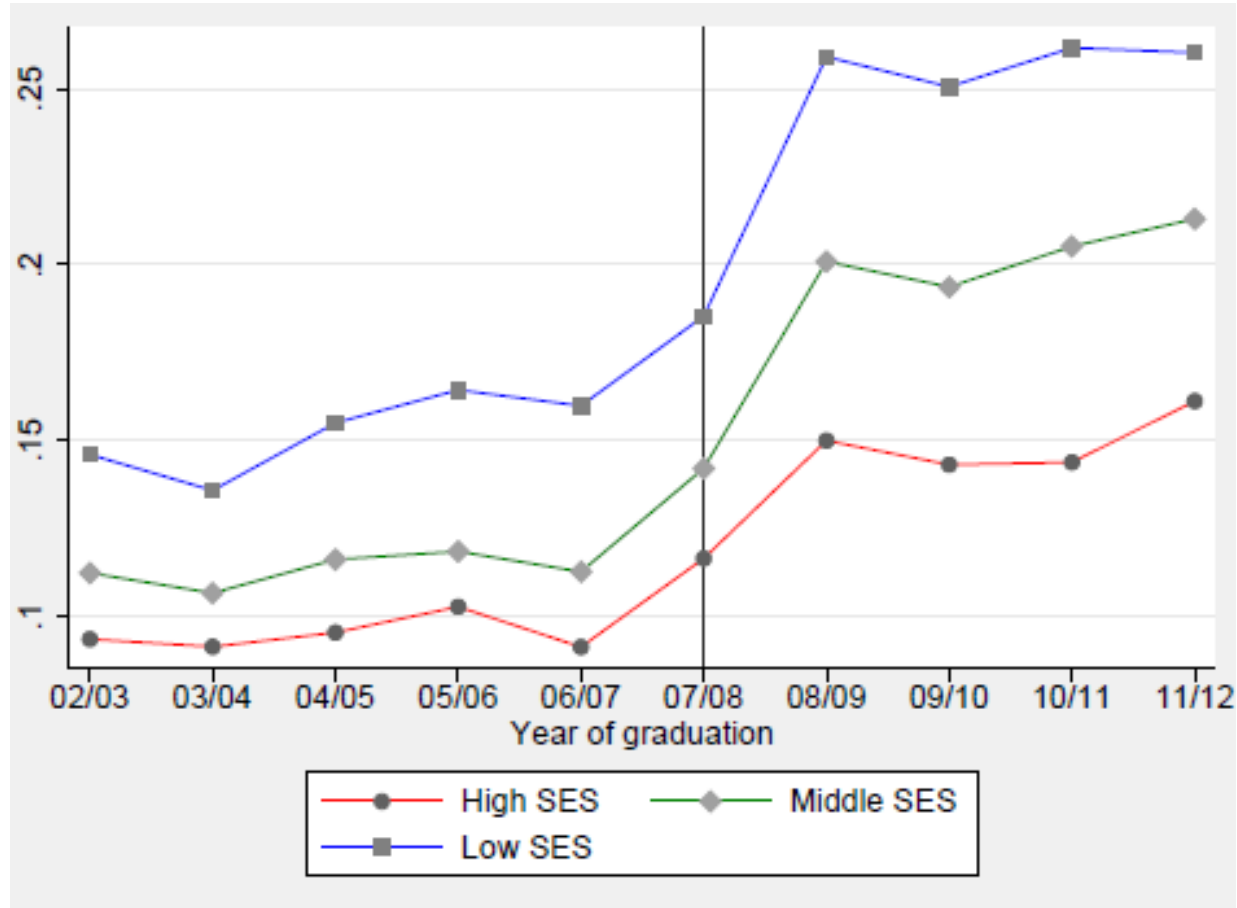
- whether they went to **private school**;
- whether they came from an **area from which few young people go to university**;
- the **Index of Multiple Deprivation**.

Unemployment



Source: own calculation using the Destinations of Leavers from HE survey.

Working in a part-time job



Source: own calculation using the Destinations of Leavers from HE survey.



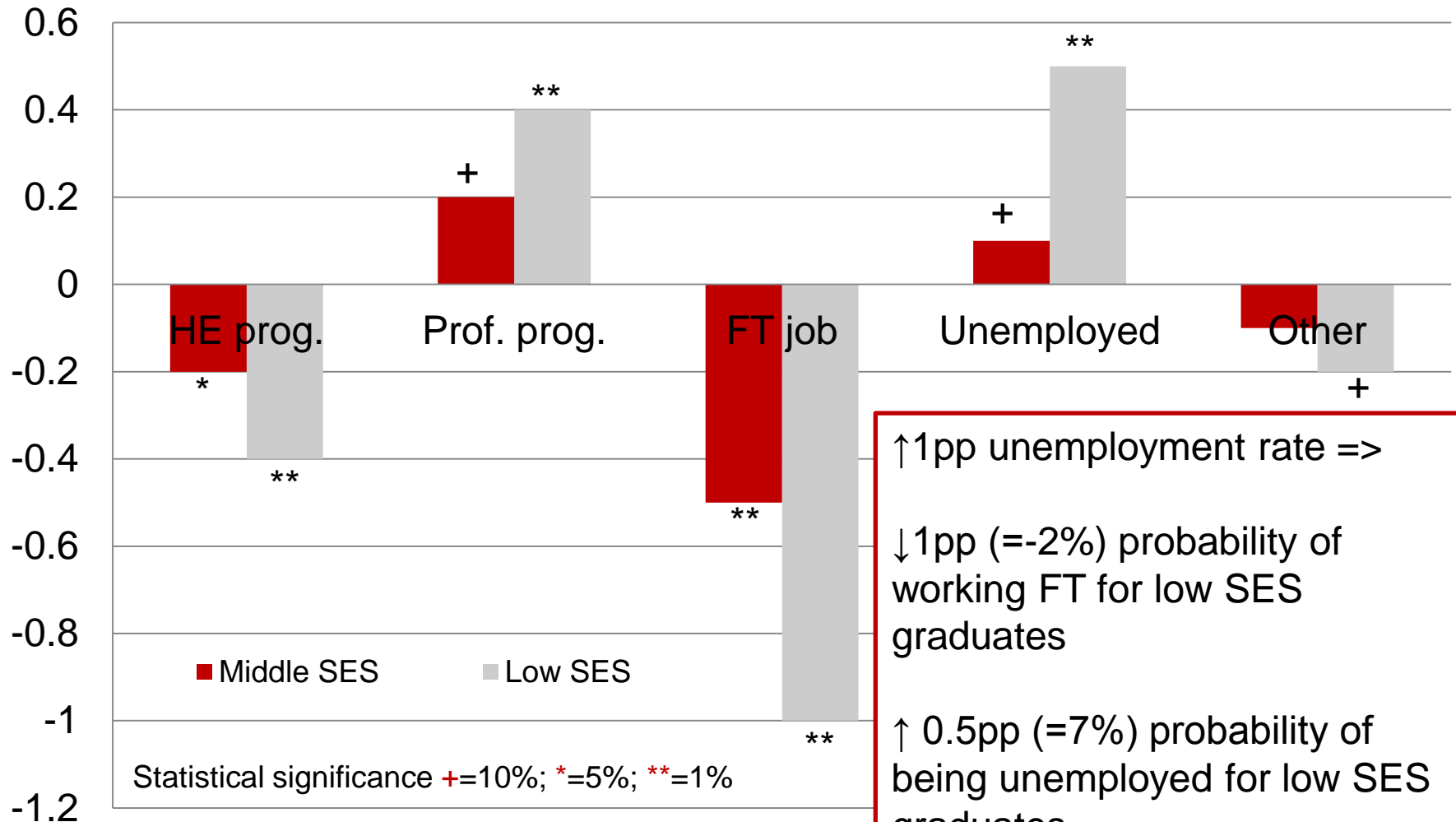
Do demographics and previous outcomes matter?

No!

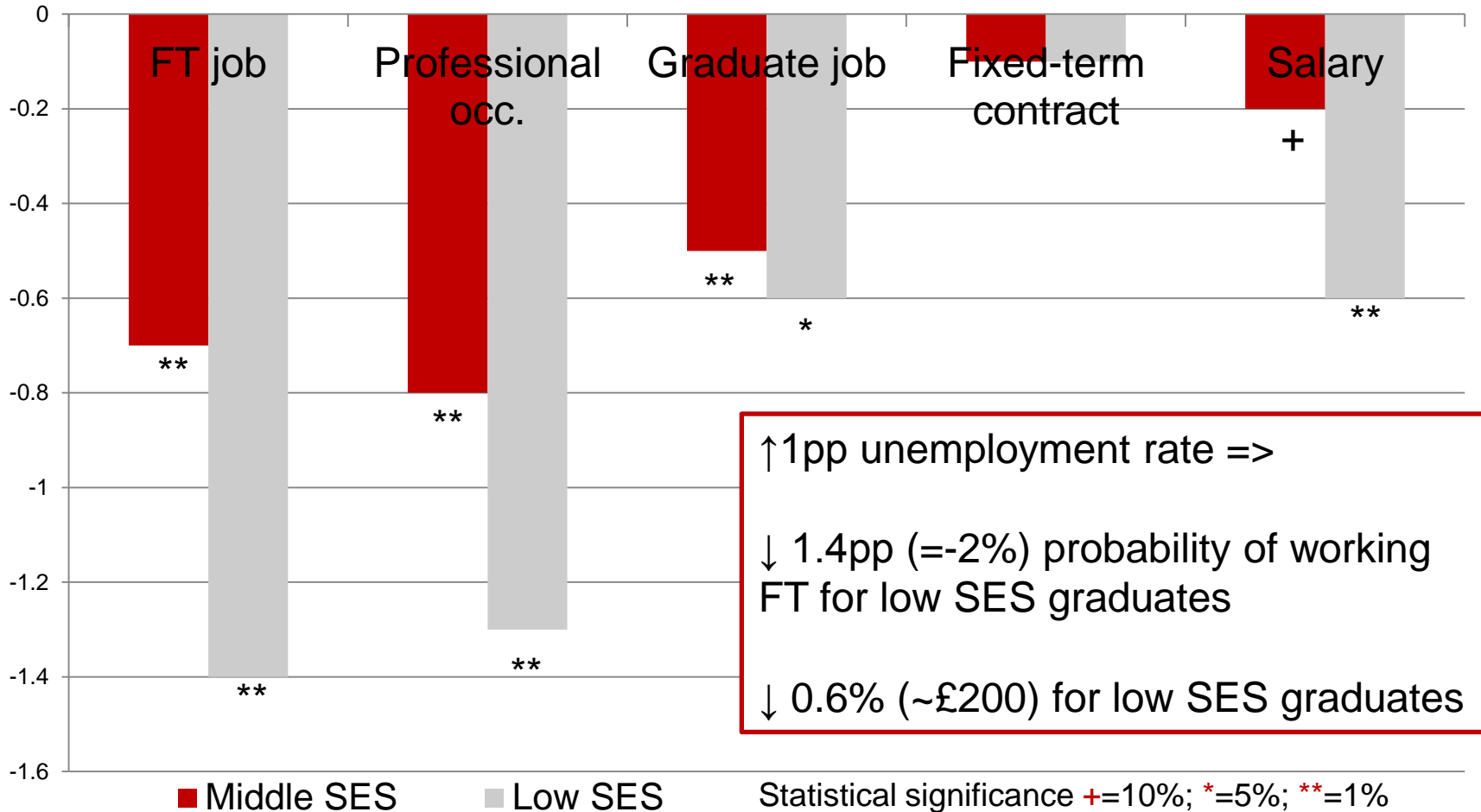
The SES-gap persists even when conditioning on:

- individuals' characteristics (i.e. ethnicity)
- HEI "quality"
- academic achievement (degree classification)
- unemployment rate at time of HE enrolment

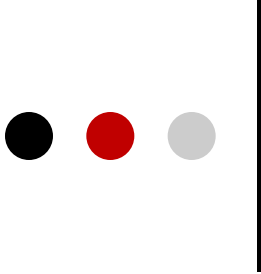
Results: activity status



Results: type of job



↑ 1pp unemployment rate =>
↓ 1.4pp (= -2%) probability of working FT for low SES graduates
↓ 0.6% (~£200) for low SES graduates

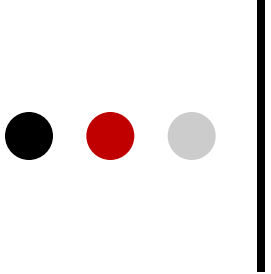


Do social networks explain the SES-gap?

We only know the main job search channel for those who are employed.

We find that:

- Jobs found through networks are of a lower quality
- Low SES networks are **less effective** during a recession
- Effectiveness of different job search channels does not entirely explain the SES-gap



Are there differences across different groups?

- What could reduce the unequal effects of a recession?
 - Type of university (e.g. Russell, Golden Triangle)
 - Degree classification
 - STEM field
 - Specialization of the field



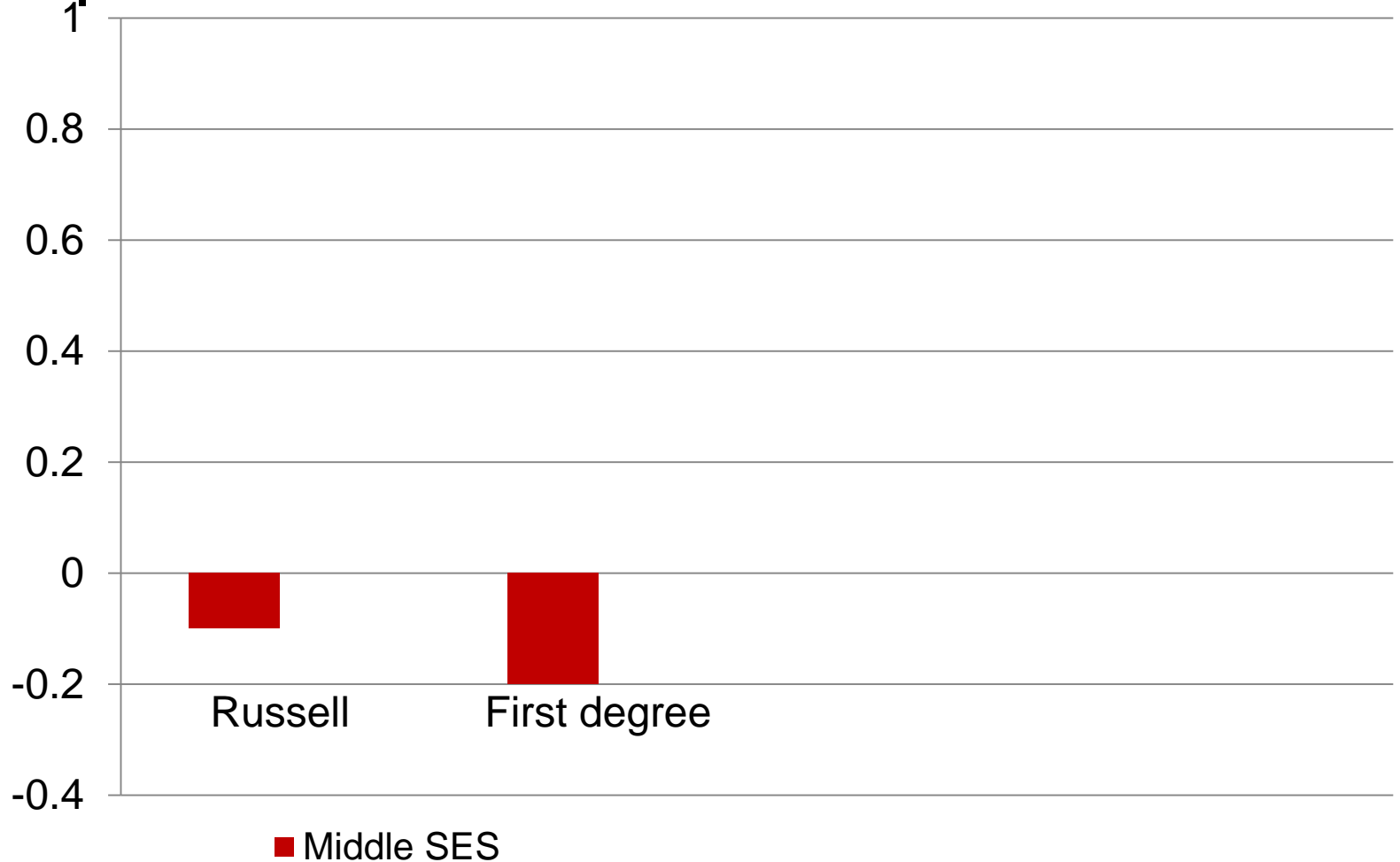
Index of specialization

- Measures the concentration of graduates in different occupations
- The wider the spread of students' occupations, the less specialized the field of study
- Most specialized fields: Medicine & related; Architecture & Engineering; Business; Education

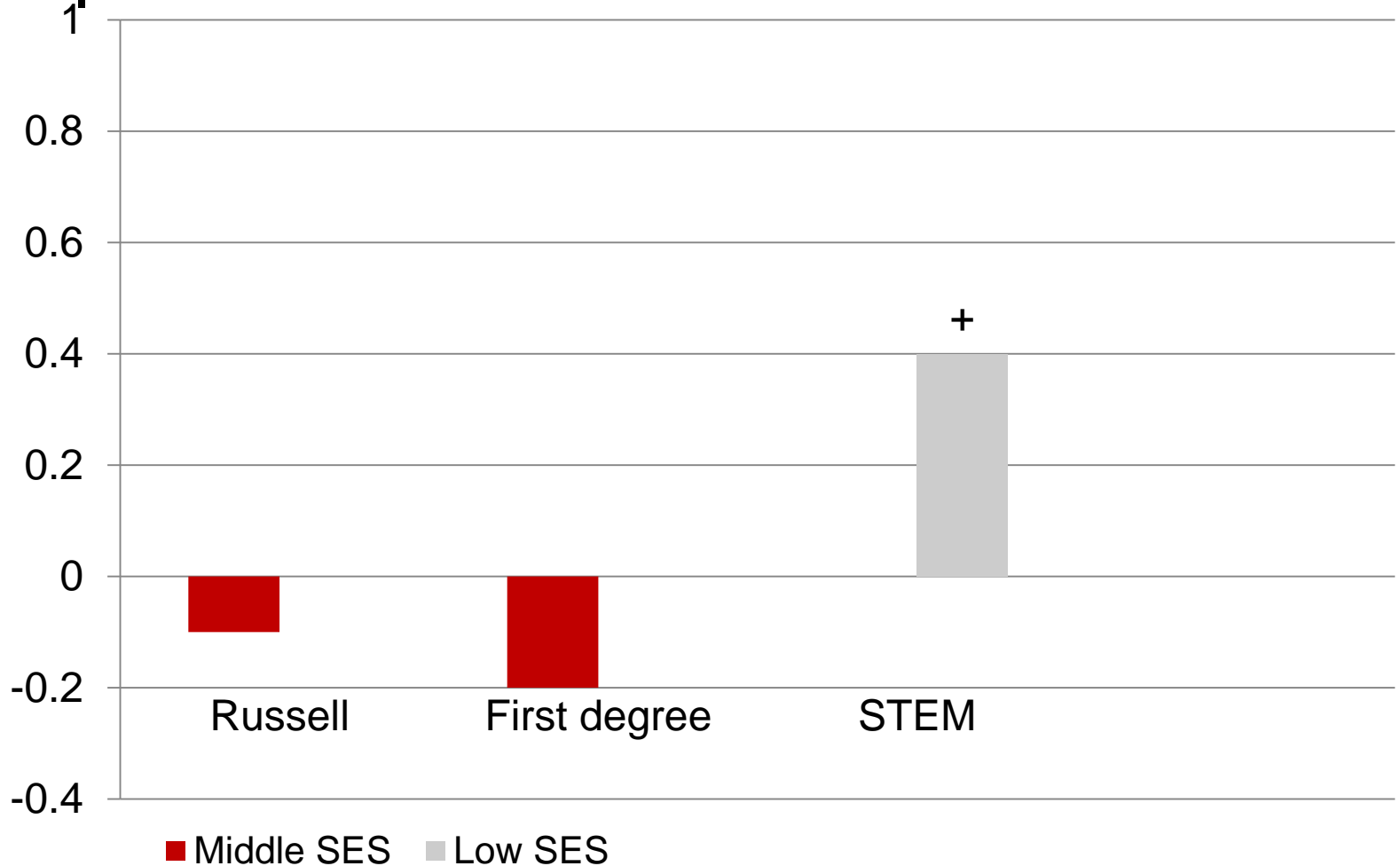
Probability of being unemployed at 6m after graduation



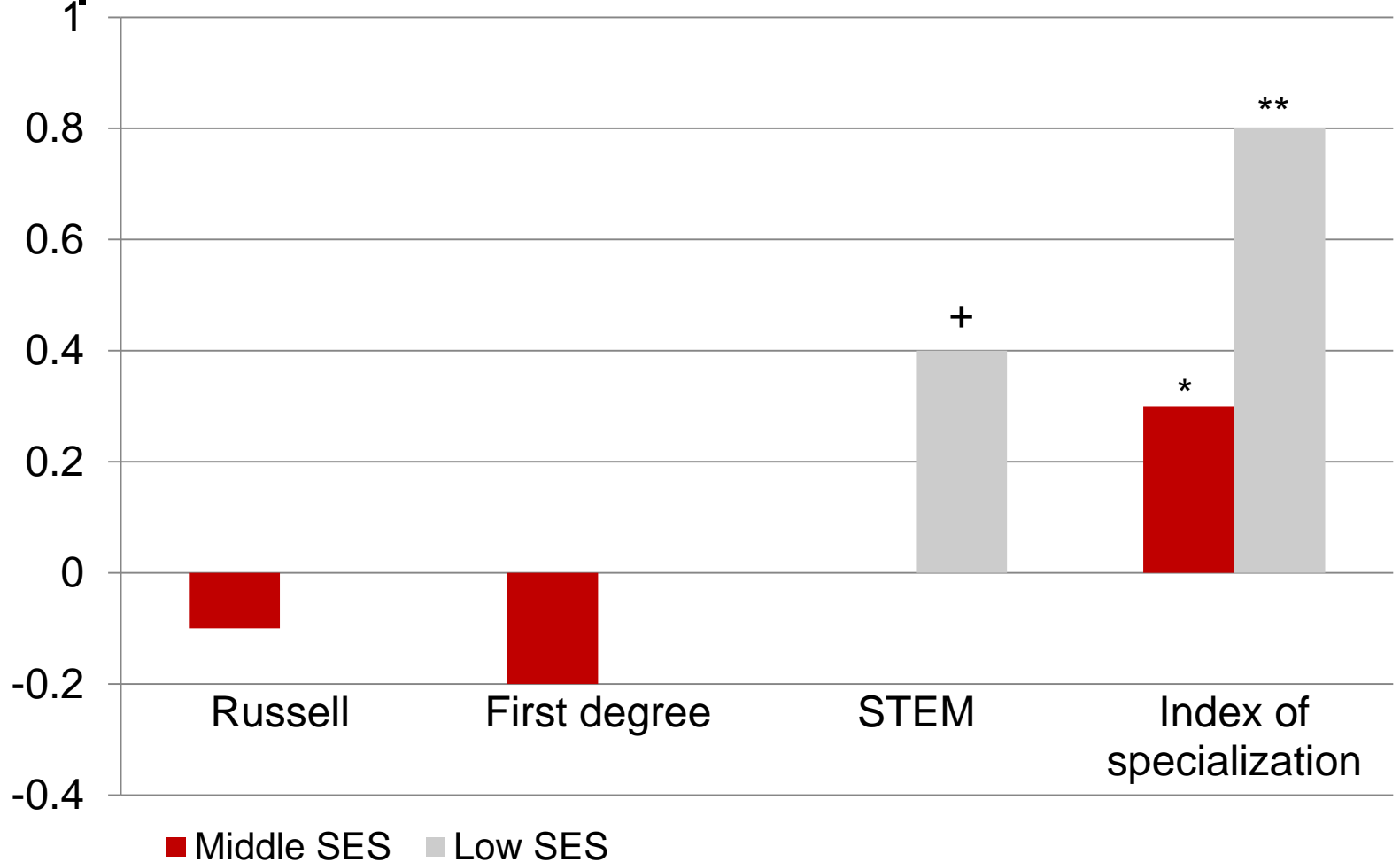
Probability of being unemployed at 6m after graduation



Probability of being unemployed at 6m after graduation



Probability of being unemployed at 6m after graduation





Discussion

- ❖ The higher the **specialization/focus** of the field of study the more damaging the effect of unemployment on the low and middle SES students in terms of:
 - being unemployed
 - working in a FT job
 - obtaining a professional job
 - finding a graduate job
 - receiving a lower salary



Summary

- Low SES graduates are more likely to suffer when graduating in bad times compared to high SES graduates
- This is true for both activity status and job quality outcomes
- Choosing a field of study which is not too “specialized” might help protect low SES graduates from the adverse effect of a recession