

## Labour market motivation and students' choice of degree subject (0173)

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### Outline

Graduate premia, the additional earnings that can be expected as a consequence of gaining a Bachelor's degree, vary from subject to subject. Evidence of the extent of this variation is reported by Naylor et al. (2007) and Hussain et al. (2009) for the UK and Finnie and Fennette (2003) for Canada. A human capital model would predict that these differences would significantly affect students' choice of degree subject, since future earnings are treated as the dominant motivation for foregoing earnings in order to study for a degree. It would also predict that if the supply and demand for graduates in each subject was fully responsive to market incentives then these differences in premia by subject would be temporary as students and institutions gradually adjust to labour market incentives. Yet, differences in graduate premia by subject area tend to be rather stable over time (Finnie and Fennette 2003, Naylor et al. 2007). One explanation for this stability is that students do not make decisions about participating in higher education along the lines suggested by the human capital model. On this reading, choice of subject and institution might, as with the decision to participate, reflect embedded beliefs about what is normal for members of different social and ethnic groups (Reay et al. 2001) or the effects of serendipity in personal life histories (Bloomer and Hodkinson 2000). Another possible explanation is that students do make their decisions about higher education broadly in line with the human capital model but that they are constrained by lack of access to relevant labour market information and that the variation in the supply of university student places is fairly unresponsive to labour market demand.

This second line of explanation is currently favoured by policy makers who are keen to promote the provision of additional information and improving students' access to information as a way of the quality of teaching in Higher Education and the efficiency of students' decision-making. In the words of David Willetts (2009), now Minister of State for Business, Innovation and Skills: "We need much better information for prospective students to inform their choices." The scope for better information to inform students' choices (of subject) depends on their capacity to access and interpret this information. Variation in this capacity (due for example to endowments of cultural capital) might affect the impact of additional information on equity in students' university choices. This study examines the likelihood that improvements in information for students will lead to changes in their decision-making and that such changes could be interpreted as improving efficiency and equity.

The study uses results from a questionnaire administered to a stratified sample of 2017 Year 13 and university students in England. The questionnaire was devised on the basis of evidence from 70 interviews with stakeholders and 66 students in 11 focus groups. The sub-sample sizes for useable responses were 1083 sixth form students, 556 undergraduate students, 183 Foundation Degree

students and 120 postgraduate students. Full background information (e.g. qualifications, social class, ethnicity gender etc.) were collected from each student. The questionnaire included a section in which students were asked to indicate the importance to them of each of six possible motivations for their choice of subject to study. Students were also presented with 51 possible items of information and asked to indicate how important each of these was to their decision-making, whether they had attempted to find each of these pieces of information and whether they had been successful in their quest. They were also asked to indicate whether they had used each of 12 different sources of information.

The analysis examined relationships between choice of subject to study, student characteristics, relative importance attached to different possible motivations. We also examined the extent to which motivation in choice of subject affected the importance students attached to each of the 51 items of information and the sources of information on which they chiefly relied.

The proportion of respondents indicating that salary was a very important motivation in their choice of degree was the lowest (19%). The background variables most strongly associated with variation in motivation in choice of subject were ethnicity and gender. Females attached significantly less importance to salary and improving technical skill and significantly more weight to opportunities to care for or develop others and opportunities to make a positive contribution to society and the environment. This result bears on the understanding of gender differences in salary, but the interpretation depends on the extent to which these expressed preferences are regarded as conditioning by expectations in society and the extent to which such conditioning is viewed as undesirable. Students from white ethnic backgrounds attach less importance to salary and job status than other students.

In all cases the significant associations were positive between higher motivation (on any of the six categories) and importance attached to types of information. After taking account of student background characteristics, students who expressed stronger motivation towards salary in their choice of subject also attached significantly more importance to information about future employment and salary. In contrast, whilst there was a significant positive association between stronger motivation towards job status, creativity, contribution to society and technical skill and importance attached to information about course endorsement from professional bodies, there was no significant association with salary motivation.

These data indicate the complexity of unravelling the role of 'human capital' in students' decisions about higher education. On the one hand, the proportion of students (particularly white females) rating salary as very important in their choice of subject is low. Policies that are based on an assumption that salary is a dominant concern in students' choices are unlikely to achieve the effects they strive for. On the other hand, a minority of students declare that salary is very important in their choice and the importance that these students give to employment related information is consistent with this declaration.

## References

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