

Stay, Leave or Return? Understanding Welsh Graduate Mobility (0102)

Interest in the ability of cities and regions to retain their most highly qualified graduate labour is increasing in line with the growing understanding of the importance of human capital to local and regional economic performance. Research to date highlights a number of critical research themes:

- the dominant effect of human capital acquisition amongst graduates is that it improves their ability to gain higher quality employment in a much broader set of locations (Faggian et al, 2007). A region's ability to generate, retain and attract graduate workers is critically linked to the employment opportunities available relative to other locations (Kodzycki, 2001; Bond et al, 2006; Darchen and Tremblay, 2010).
- patterns of graduate mobility are strongly connected to previous patterns of migration for education. As such, factors which shape the pathways from home to university (such as quality-of-life, amenity attractions and social aspects) are also likely to be important in shaping the available stock of graduate labour in a region (Cowling and Pollard, 2008).
- graduate mobility evolves over time. As Hoare and Corver (2009; p. 491) observe, "with ever more mobile labour forces, both spatially and between jobs, occupations and employers, any assumption that first destinations represent jobs and labour markets for life is clearly never less tenable than now". As graduates mature, long-term relationships and the suitability of their environment for family formation becomes more important to them (Bond et al, 2006). This carries important implications for those 'loser' regions capable of attracting graduate returnees at a later stage in their life cycle and suggests that graduate mobility over time is likely to be influenced by the complex and perhaps competing 'pull' forces of places where graduates grew up or studied, as well as the powerful 'push' of career opportunities.

These issues are particularly pertinent to Wales. The existence of a 'brain drain' of graduate labour from Wales is subject to debate not least because of the strong interconnections between Welsh and English higher education and labour markets and growing concern about the relatively poor performance of the Welsh economy. The paper therefore seeks to: establish the extent to which Wales retains its graduate labour in employment; and to estimate the labour market outcomes for 'Welsh' graduates (i.e. those born in Wales), investigating whether and how these may change and what factors may become more significant over time. It does this by analysing the location and employment outcomes of successive 'young' graduate cohorts since the 1992 expansion of Higher Education, using detailed analysis of Labour Force Survey (LFS) data, as well as Annual Population Survey data, to provide new insights into the patterns of and returns to graduate mobility.

Analysis of HESA data affirms that Wales is a 'loser region' generating more undergraduates than it recruits recent graduates into employment. Moreover, Wales 'loses' potential graduate recruits both at the stages of home to university and university to labour transitions (Hoare and Corver, 2009; Mosca and Wright, 2010). LFS data reveal that there is a strong relationship between being a graduate and a higher incidence of mobility from region of birth. Considering Wales, 15% of those under the age of 45 who were both born and live in Wales possess a degree or higher degree, compared to 43% of Welsh migrants living elsewhere in the UK. This 28 percentage point difference

between Wales' degree holding non-migrants and migrants contrasts to a 12 percentage point difference for England, and a 19 point difference for Scotland. There are therefore a distinct set of issues about graduate migration worth exploring for Wales.

With regard to graduate outcomes, the analyses demonstrate that young graduates from Wales who no longer live in Wales differ compared to those who remain (or have returned) to Wales. In general, graduates who have moved away are more likely to be male, married or cohabiting and have dependent children. Graduates who no longer live in Wales are less likely to be employed in a non-graduate occupation, are less likely to be employed within the public sector and have higher gross weekly earnings. These findings relate to the lower levels of earnings and the higher incidence of employment among graduates generally within non-graduate jobs within Wales.

Differences in personal characteristics (such as family status and educational attainment) will be important factors in determining subsequent labour market outcomes. Some of the characteristics of migrating graduates may be expected to contribute to improved labour market outcomes, such as their higher levels of educational attainment. Some of the characteristics of graduates who remain in their country of birth would be expected to contribute to poorer labour market outcomes, such as high levels of family formation, which may particularly affect the careers of women. It is therefore of interest to consider what is the separate and additional effect of migration upon the subsequent careers of graduates. We utilise multivariate statistical techniques to estimate, after controlling for other personal characteristics, the effect of migration on two labour market outcomes: 1) the likelihood of being employed in a non-graduate occupation; and 2) gross weekly earnings. Results from the analysis are relatively uniform across the UK's devolved countries. Those who migrate from their country of birth are about 50% less likely to be employed in a non-graduate job at the time of the LFS interview. Within Wales the effect is larger for women than men. In terms of gross weekly earnings, graduates who migrate earn between 15% and 20% more than those who remain in their country of birth. The effect is estimated to be largest among Welsh males, where the earnings differential is estimated to be 28%.

The paper highlights the economic returns to graduate migration and how these are sensitive to the path dependencies and structures of regional economies, as well as to the path dependencies of mobile graduates themselves. This has implications for Welsh HE and skills policy.

References

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