

## **Learning and earning: the expectations of level 1 and level 3 undergraduates (0154)**

Students' motivations for entering higher education are complex and vary from person to person. Nevertheless, many students view getting a degree as a way to enhance their career prospects (Round, 2005). Therefore, the decision to attend a university will be influenced by expectations about earnings and employment opportunities. There are many factors that might influence student's wage expectations. However, only a few studies have been carried out concerning students' expectations, largely because researchers have been reluctant to use subjective data (Manski, 1993).

Gender is a potentially important influence on earnings expectations. Previous studies have found that female students' earnings expectations tend to be both lower and more accurate (Botelho and Pinto, 2004; Brunello et al., 2004).

Ethnicity has been found to have a significant influence on choice of subject at University (Bhattacharyya et al., 2003). However no research has been undertaken on the relationship between on students' ethnicity and their earnings expectations.

Students' ability may be correlated with their earning expectations; however, there is no consensus on how to measure ability. Students who perceive themselves as more academically competent are likely to have higher earnings expectations (Brunello et al., 2004). Proxy measures of ability, such as university entry grades, can be used in empirical studies. However there is a methodological difficulty because a) there is evidence of an association between entry grades and academic achievement at University and b) graduates who obtain better grades at University tend to receive higher salaries (Ramsey, 2008, Ireland et al., 2009; Walker and Zhu, 2010).

University ranking (prestige) may have an impact on employment outcomes. In England for instance, some employers tend to recruit graduates only from the elite Russell Group of universities (Papadatou, 2010). Indeed graduates from Russell Group universities receive a wage premium compared to pre-1992 and post-1992 graduates, although the difference is not a large one (Chevalier and Conlon, 2003, Ramsey, 2008).

No research has been undertaken on the influence of work placement and other experience (e.g. volunteering, study abroad) on students' earnings expectations. There is evidence in England that graduates who have undertaken a sandwich placement are more likely to be employed six months after graduation and have on average higher initial salaries (Papadatou, 2010). However Wilton's (2011) results show that business and management graduates from four-year programmes have lower starting salaries compared to non-work placement graduates, although the difference is not statistically significant.

Studying abroad can have a positive impact on student's employability as this experience is valued among recruiters (Trooboff et al., 2008). No research has been undertaken on the influence of studying abroad during a degree programme and students' earnings expectations after graduation.

Students' earnings expectations may also depend on geographical factors since earnings vary by region. In particular, a student's region of origin, region of study and expected region of graduate employment may all be relevant in this context.

None of the previous studies has included the stage of study as a variable in its modelling. This is an important issue because the progression from level 1 to level 3 will provide the opportunity to access new sources of information, such as via work placements or University careers services. Once students have reached the third year of study, it may be expected that they will be better informed than they were one or two years earlier. They will also be likely to have a clearer idea of their precise career intentions.

One or two earlier studies have compared first year and final year students. The limited evidence available suggests that junior students expect higher earnings than their senior counterparts (Botelho and Pinto, 2004; Brunello et al., 2004).

This paper reports on the preliminary findings of a study comparing the earnings' expectations of level 1 and level 3 undergraduates in economics and business studies. In this study, students of economics and business studies are surveyed at the beginning of level 1 and level 3 in two countries – England and the Czech Republic. These countries have been chosen because they are at opposite ends of the higher education spectrum in terms of the introduction of tuition fees. The Czech Republic is one of only three European countries outside Scandinavia which has not introduced tuition fees in public universities – the other countries are Poland and Republic of Ireland. England, on the other hand, is on its way to the full marketisation of Bachelor programmes. (Master level study has been a free market for many years.) The use of just one subject grouping removes one of the variables which influence the earnings expectations of students and means that the focus can be on other potentially influential factors such as gender and social class.

A survey is used to collect primary data as there are no data available from secondary sources. The questionnaire enables us to collect data not only on students' wage expectations, but also information on their background and ability. There are two versions of the questionnaire one for level 1 and one for level 3. The questionnaire aimed at level 3 students includes questions about sandwich placement, study abroad and expected class of degree.

The data which has been collected from level 1 students demonstrates that their expectations are reasonably well in line with the realities of the employment market. That is to say, they seem to be quite well informed, at least concerning the labour market at the current time. Data from level 3 students have yet to be collected. It will be interesting to see if they are even better informed than level 1 students, as hypothesised.

The results of this research are potentially valuable for the development of a clearer understanding about how students formulate their salary expectations. This has important implications in terms of both its contribution to theory and as input into the highly topical and

highly charged debate concerning the introduction and setting of tuition fees in higher education.

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