

Reassessing the employment outcomes of higher education (0040)

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The recent expansion of higher education, the higher financial commitment of students in the UK together with the current recession have indicated the need to reassess employment outcomes for individual students in terms of their employment prospects, the jobs they enter and the wages they will earn, and additionally, reassess social mobility as an outcome of recent political and economic developments.

Whilst improving employment prospects has always been one of the main reasons for students to enrol in higher education; 'employability' has become a more explicit objective for students only recently. Students' increased financial commitment in terms of tuition fees has changed priorities: the previous assumption that higher education would automatically develop the skills that made a graduate employable has now become an explicit requirement: Students should leave higher education with the employability skills that allow them to achieve a well-paid graduate job and realise a return on their investment.

In contrast to students' expectations, results from longitudinal studies over the last two decades show a radical change in graduate employment activities as now a lower proportion of graduates enter jobs previously thought of as appropriate for graduates, depending on the institution in which they had studied and their chosen subjects. Current research indicates that graduate skills and knowledge are under-employed in these jobs although the longer-term impact on non-graduates and their employment in these jobs remains to be seen. However, even taking into account the economic downturn and the recent tightened labour market, it is clear that graduate entry into what were once non-graduate jobs looks set to be a structural feature of the UK labour market for the foreseeable future.

Many new higher education institutions and 'newer professions' (e.g. primary school teaching, many engineering occupations, physiotherapy and nursing) which now require higher education as an entry qualification has resulted in new links being forged with the new universities supplying for the new range of graduate jobs. However, even in these professions, graduate supply from newer higher education institutions has continued to outstrip demand. It has been suggested that graduates entry to non-graduate jobs might lead to many of these jobs changing, being adapted to take advantage of and better utilise the available

graduate skills, and, as a result, to a permanent or temporarily more complex responsibilities. Recent research, however, found that opportunities for job upgrading were limited, with most of the non-graduate jobs now employing graduates remaining unchanged.

Graduates entry to non-graduate jobs also has implications for non-graduates working in these positions. In some sectors, employers explicitly stated a preference for students and graduates over potential traditional lower-skilled applicants because they perceive graduates to have better soft skills. As a result, many graduates now work alongside non-graduates doing the same jobs which has been identified as occupational hybridity.

In this respect, the graduate premium is a typical and recurring policy concern. Currently, wages of graduates remain higher, on average, than those of workers who could have accessed higher education but chose not to. Nevertheless, depending on the HEI attended, the subject and course studied and other characteristics, research shows that there is a demand-driven decline in the graduate premium. The existing graduate premium confirms human capital theory which states that, other things being equal, additional units of education will be rewarded through increased earnings. It remains unclear, however, how much is explained by a signalling effect in which employers use higher education qualification to anticipate higher productivity of job applicants. It is difficult, however, to test the signalling hypothesis in practice. Another limitation of the human capital theory is that the relevant choice of course/subject and type of higher education institution are often not taken into account whilst the diversification of the sector has clear implications for the composition of the graduate premium.

On a macro perspective, social mobility features in concerns about the function of higher education in the UK. In previous years, higher education was praised as a lever of social mobility. It remains unclear, however, whether the expansion of higher education is levering upward social mobility for hitherto social disadvantaged groups or, with occupational downshifting, leading to the downward social mobility of the middle class. There is some evidence that working class students are more likely to enter lower ranked HEIs and work in occupations which previously did not employ graduates. The described displacement of non-graduates by graduates in particular jobs could potentially result in a downward mobility of both graduates and non-graduates.

To summarise, the empirics show that, whilst the established coupling of higher education and professions still holds, many more graduates are entering non-graduate jobs with implications for their pay, workplace deployment and social

class position. As a result of the reassessment of employment outcomes to higher education, the paper identifies various gaps in the current level of knowledge. Existing evidence about necessary changes in graduate employment outcomes need to be enhanced especially by further research on the diversity both of graduates choice of subject/course and the higher education institution they attended and the implications of graduates working in non-graduate jobs both for graduates, non-graduates, and the responsibilities of the jobs. The situation in the UK is unique within other European countries in terms of students' financial investment; however, the impact of an expanding higher education system in the context of a global recession is currently discussed in various other countries.