

Higher education: too risky a decision? (0339)

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### **Summary**

Higher education, often seen as a critical part of the ‘knowledge society’ is a good example of Beck’s ‘risk society’. In this case risk has three elements. One is uncertainty in relation to what lies ahead and even over career aspirations. The second is the material risk young people face in investing heavily when in fact the wage returns to this investment do not materialise for a large proportion of young people. Third, risk is increasing because it is impossible to calculate the risk. This is Beck’s key insight. As individuals we can take calculated risks, but in Beck’s *risk society* the ability to assess risk in advance is heavily reduced because information is either not available or is distorted.

### **Introduction**

Human capital theory characterises students as investors in their own education, seeking to raise their own productivity in response to market signals. Students are implicitly assumed to know the long-term financial value of their investment. However, even some economists criticise this unrealistic assumption: ‘Having witnessed the struggles of econometricians to learn the returns to schooling, I find it difficult to accept the proposition that adolescents are endowed with this knowledge’ (Manski, 1993: 49). The theory is a description of how economists believe people might behave if they were economists.

In a more sociological approach the demand for HE is governed by social norms. This is not just a matter of the prestige of a university degree. The norm is a social expectation which stems directly from the growth of graduate employment itself. Young people see graduate employment rising in more and more occupations and sense the bar is rising, putting pressure on them to obtain a degree regardless of its potential returns. A statistical norm becomes a social norm (Brynin 2013) – but also an ‘opportunity trap’ (Brown, Lauder and Ashton 2012) because the norm masks a high degree of risk. As more jobs appear to be possible ‘graduate jobs’, the margin of error around risk decisions widens. This is partly what Beck (1992, 2009) meant by the ‘risk society’. Beck did not consider HE as an aspect of the risk society but it is a good exemplar.

### **Uncertainty and risk**

Risk has three elements. One is uncertainty. Risk is the possibility of either gaining or losing something of value but for the actor this is clouded by uncertainty, derived in this case from inadequate information on career prospects and uncertain aspirations. For many young people the HE decision entails substantial uncertainty, especially for those from families with no prior experience of HE (Ball 2000; Christie, 2009; Thomas and Quinn, 2007; Croll, 2009). The second element stems from the range of occupations young people might be considering. Even if their choice is certain they have little information on its economic value. Wages vary hugely within occupations. A school-leaver or student might have a rough idea of the average wage within an occupation but little idea of the distribution of wages. Research in fact suggests a decline in the wage advantage of being a graduate (Brynin 2002; Pearson 2006) and many graduates are overqualified (Purcell *et al*, 2005; Chevalier and Lindley 2009). This is shown in my analysis of Labour Force Survey data (Brynin 2013). In the early 1990s about 44% of white-collar employees earning above average wages were graduates. In more recent years this is 55%. However, 6% of white-collar employees earning below average wages

were graduates in the earlier period and this has also risen – to nearly 18%. Many non-graduates earn more than graduates.

The third element of risk is structural. For Beck ‘risk’ is what one does not know. Risk is increasing because it is decreasingly possible to calculate the risk. This is left to ‘experts’. As a social scientist I can calculate the probability of employment success for particular degrees but for an individual the task is highly uncertain. The HE decision is as much a reflection of the ‘risk society’ as of the ‘knowledge society’. At the same time, the issue is not whether there is more risk than in the past but that risk is increasingly unavoidable. ‘It has become almost impossible *not* to take part in this raffle...’ (Beck, 2000: 217).

The norm of a ‘good’ job enables governments to pass an increase proportion of the cost of higher education to students. They and university managers know that young people are increasingly locked into the system. Policy-makers reinforce the risk environment by making it appear as if the risk is limited or even non-existent:

The qualifications you earn can help you get a better job with much better money – in fact, over the course of your working life, if you’ve got an undergraduate degree, you can expect to earn, on average, comfortably over £100,000 more than someone similar with two or more A levels, net of taxes and in today’s valuation.’ (DBIS, 2009)

There is no warning that the value of one’s education can go down as well as up. The risk environment impels young people into higher education, and so the government’s claim becomes a self-fulfilling prophecy: More people enter work as graduates, so more jobs seem to be graduate jobs. Such information appears to reduce the risk environment while not reducing the actual risk.

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