

Pulling Apart? A decade of change in Europe's Graduate Labour Markets

**Golo Henseke and Francis Green
LLAKES, UCL Institute of Education**

Motivation

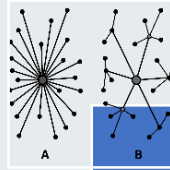
- Higher educational attainment is growing: 11 percentage points across Europe since 2005
- Fuelled by educational aspirations of a growing middle class, promoted by favourable policies, and expectation of economic returns
- UK, US: While access to higher education has widened, outcome stratification within graduates has grown (e.g., by university rank, degree class, degree level, graduate employment)

Drivers of skilled labour demand



Technological change

- ICT
- Digitalization
- Automation
- Offshoring of services
- Global value chains
- ...



Organizational change

- Digital Taylorism
- Decentralized decision making
- Remote working practices
- ...



Institutional change

- De-unionization
- Labour market flexibility
- Minimum wages, Social protection
- ...



Great Recession & aftermath

- Capital formation,
- High-skill vacancies
- Productivity growth
- ...

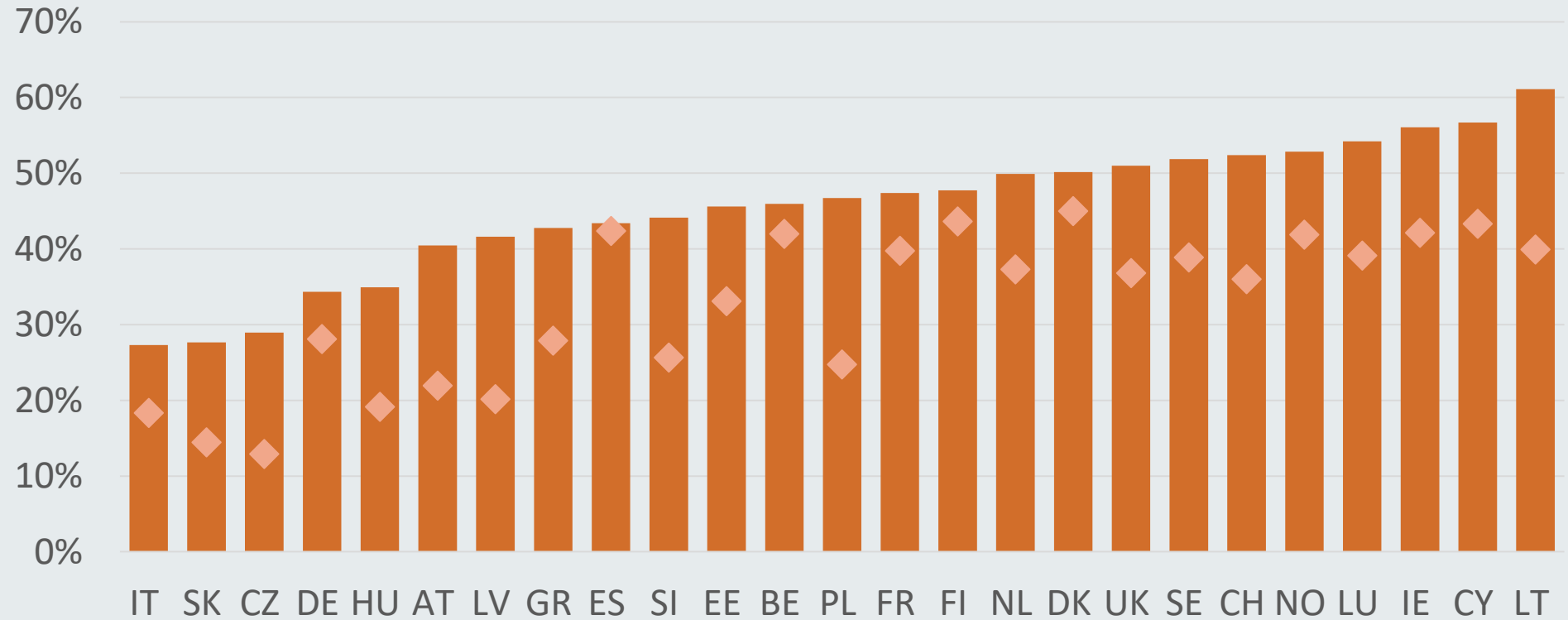
Research Question

- 1. What are the trends in graduate wages and wage dispersion across European countries?**
- 2. How well can changes in relative graduate labour demand**

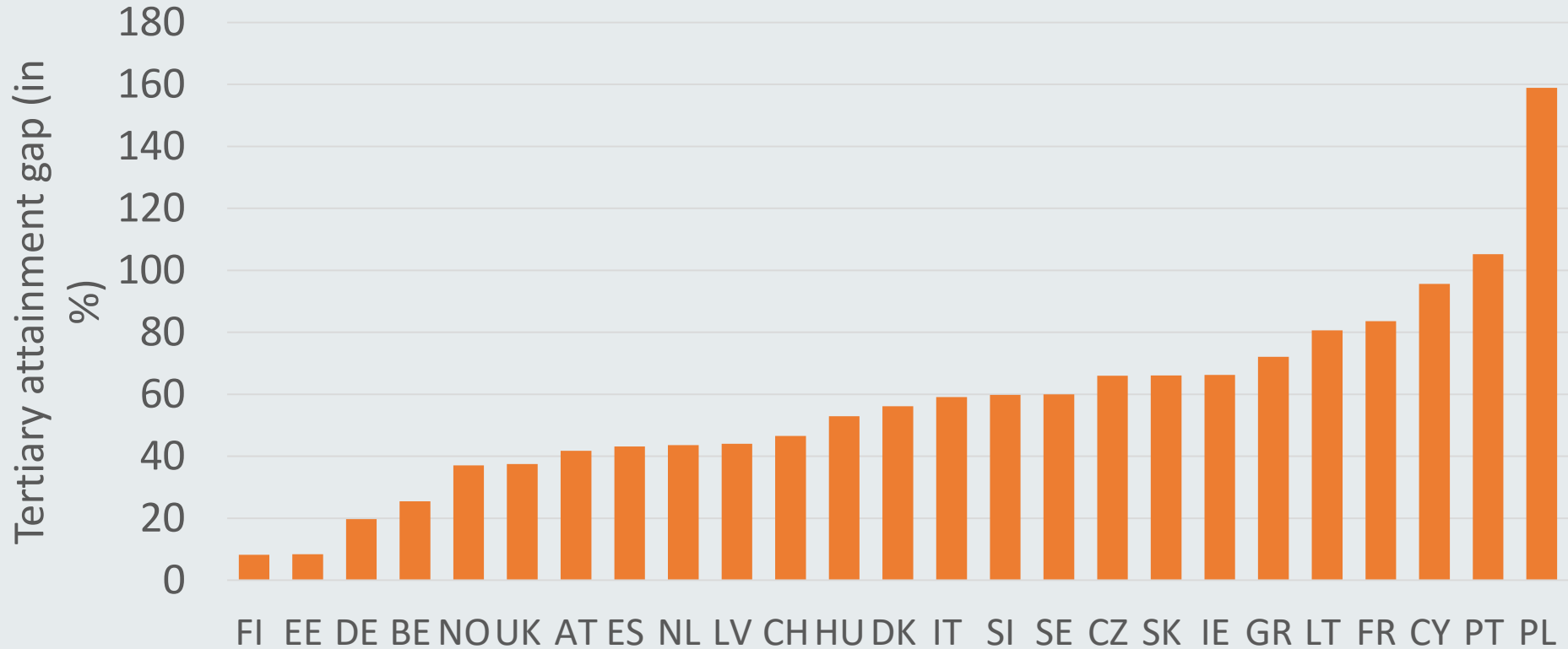
Growth of Graduate Labour Supply and high-skill jobs, in brief

- Tertiary-educated graduates have become more prevalent everywhere, but at a widely varying pace
- No satiation: They will go on growing everywhere for some time to come
- High-skill jobs have grown more prevalent widely, but not in Greece, Italy, Slovakia or Czech R.;

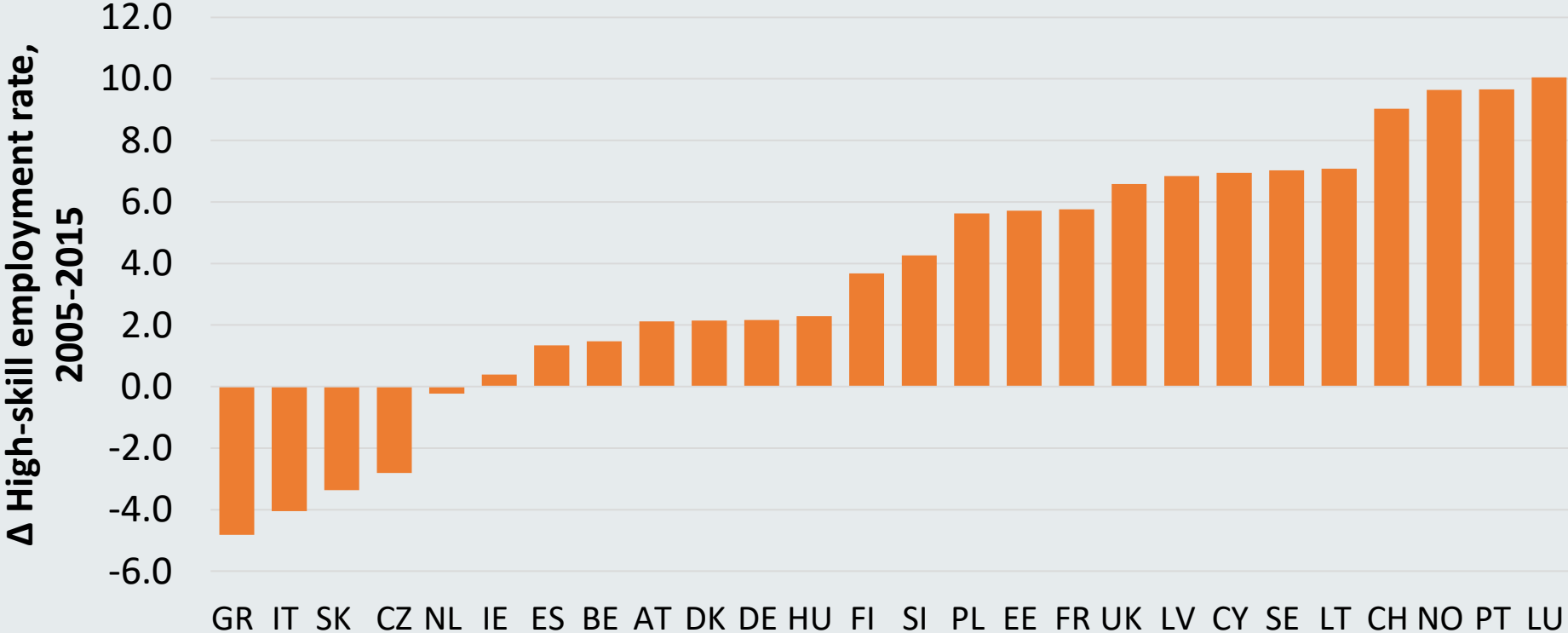
Rise of tertiary educational attainment 2005-2015 (30-34 years)



Tertiary attainment gap 30-34 to 55-59, 2015



High-skilled job growth, 2005 to 2015



Rising graduate earnings heterogeneity?

Changing earnings inequality

= different growth rates across the graduate earnings distribution.

= different growth rates across subgroups of graduates (e.g., age, gender, field of study, occupation)

Data

European Statistics on Income and Living Conditions (EU-SILC), 2005-2015

Sample:

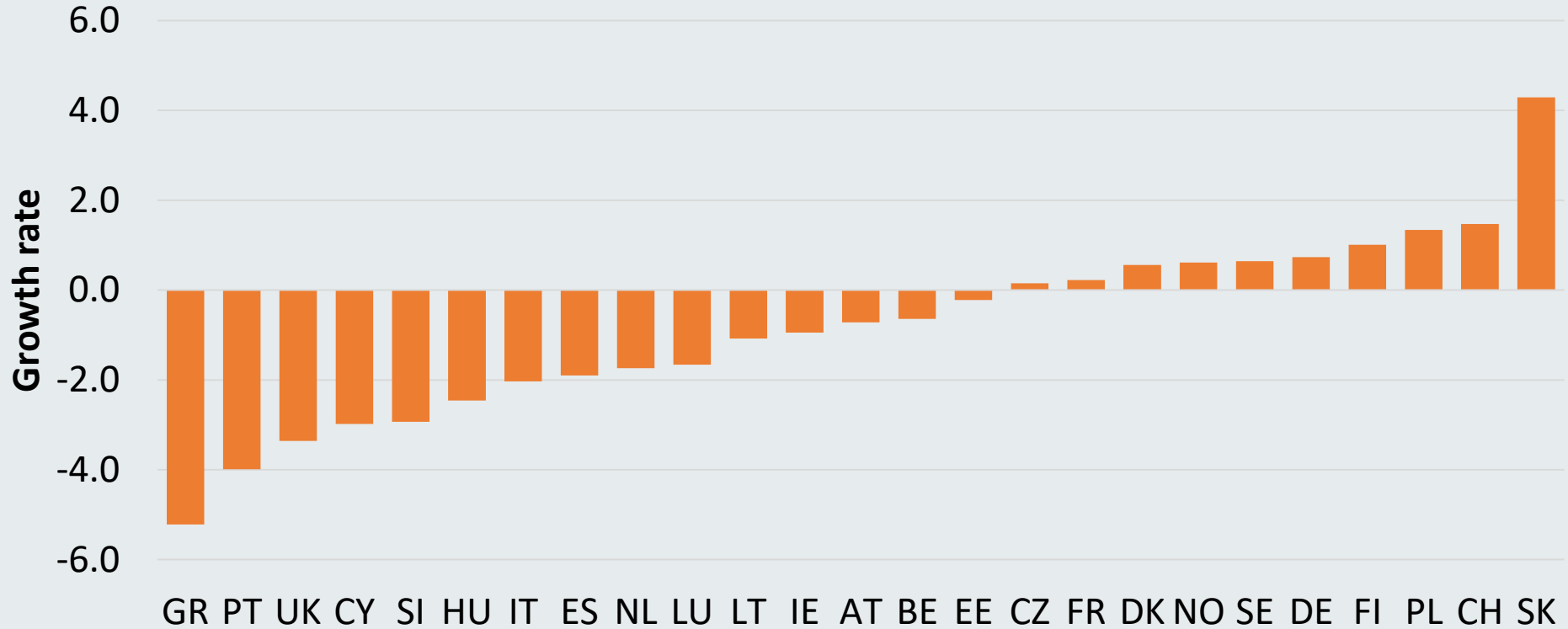
-Graduates aged 25 to 34 years who worked for at least one fte-month in the year before the interview

Earnings:

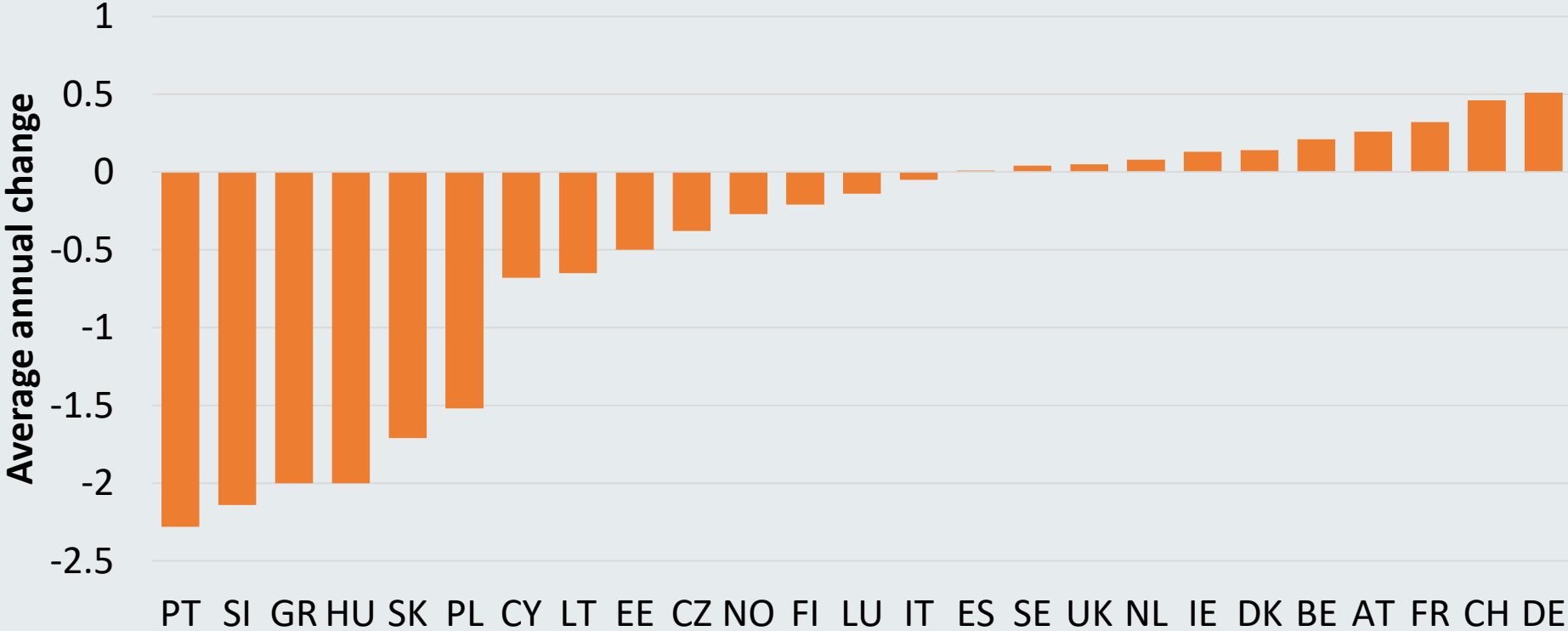
Average earnings per fte month. In real PPP-EUR



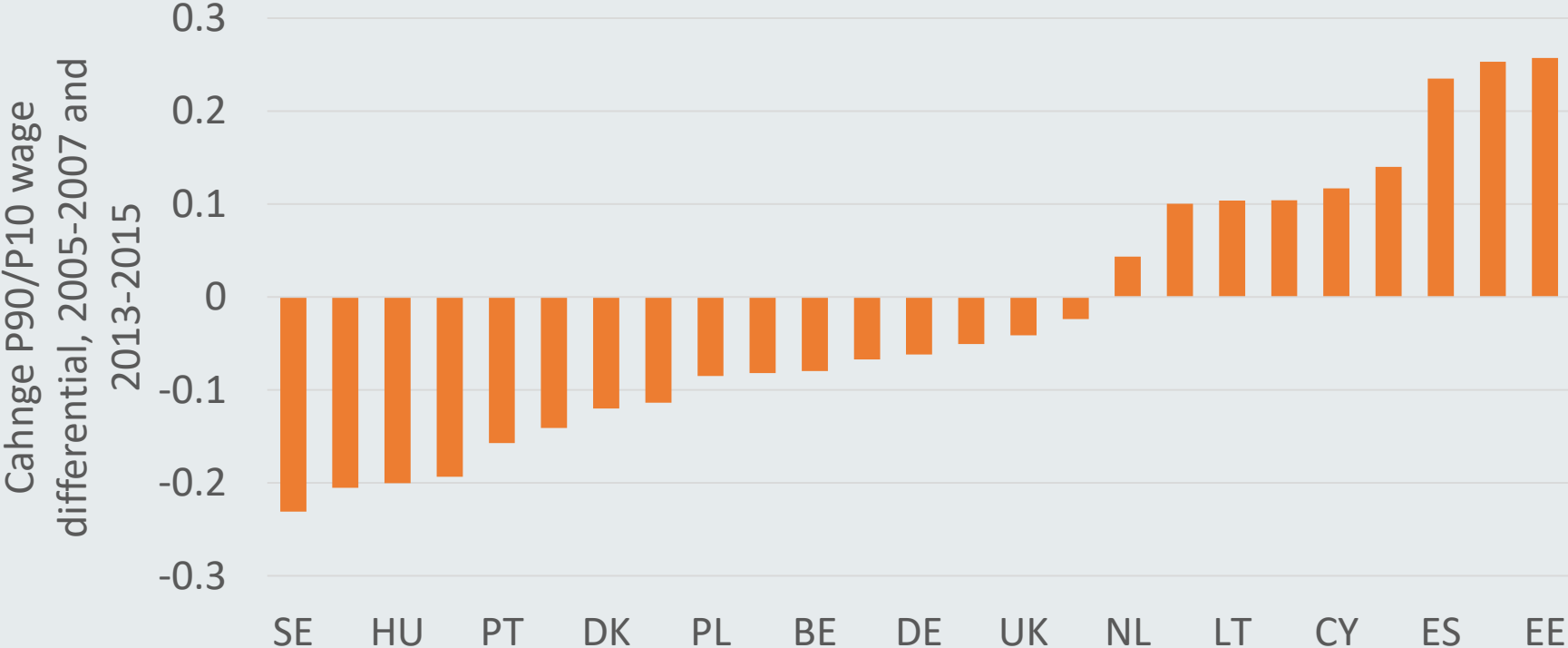
Stagnating or declining graduate earnings across most European countries



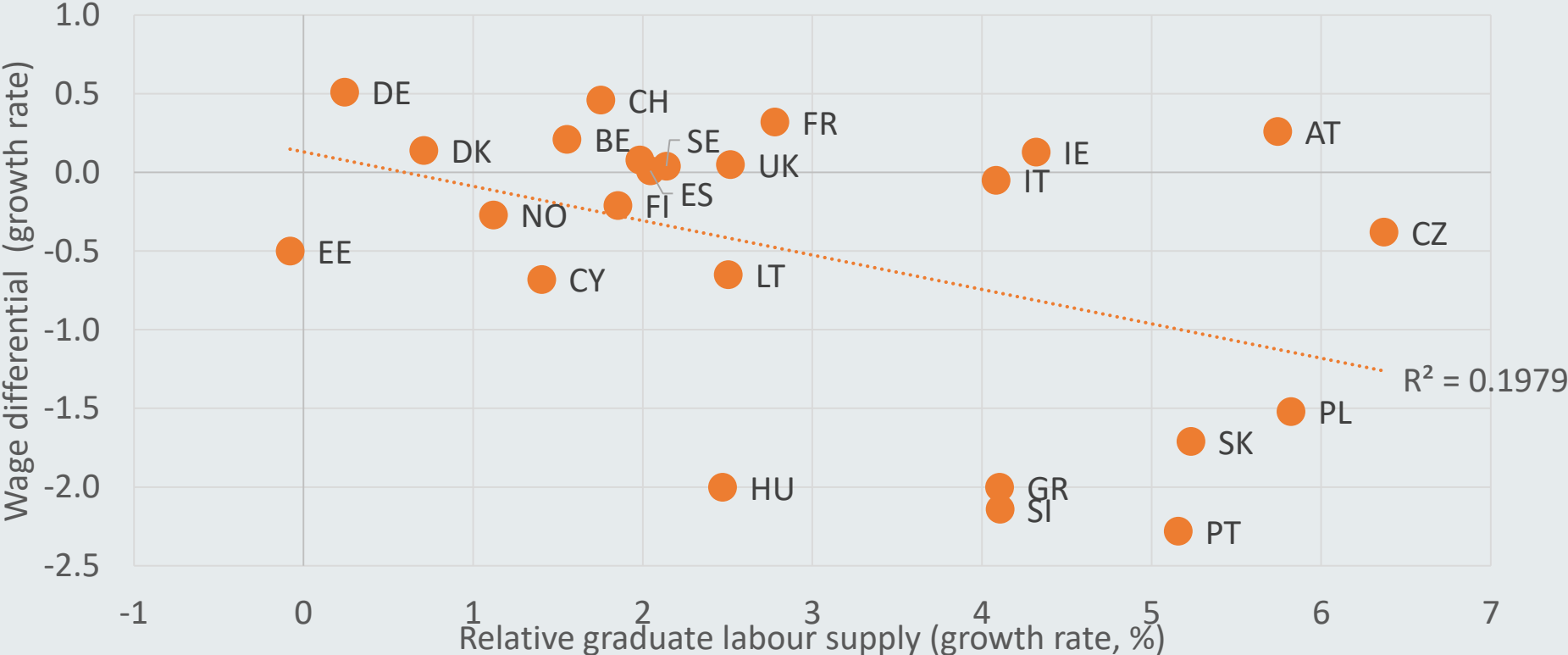
Falling graduate wage “premium” in some countries



No uniform trend towards greater income inequality within graduates



The growing relative graduate labour supply and changes of the wage “premium”



What now: Graduate Employment Clouds?

Ongoing rise in supply of graduates

Demand uncertainty:

- maturity of existing ICT?
- new-wave automation ... or skills-intensive innovation?
- macroeconomic uncertainties

**Will we see: rising underemployment;
increasing dispersion of wage premia?**

References

Green, F. and G. Henseke (2016a) Should governments of OECD countries worry about graduate underemployment? *Oxford Review of Economic Policy*. <http://discovery.ucl.ac.uk/1522165/>

Green, F. and G. Henseke (2016b). The Changing Graduate Labour Market: Analysis Using a New Indicator of Graduate Jobs. *IZA Journal of Labor Policy*, 5:14. <http://discovery.ucl.ac.uk/1505789/>

Henseke, G. and F. Green (2017) Cross-national Deployment of “Graduate Jobs”: Analysis Using a New Indicator Based on High Skills Use. *Research In Labor Economics*. <http://discovery.ucl.ac.uk/1542476/>

Henseke, G. (2019). Against the Grain? Assessing Graduate Labour Market Trends in Germany Through a Task-Based Indicator of Graduate Jobs. *Social Indicators Research*, 1-32. <https://rdcu.be/bbnW7>

Green, F. (2013). *Skills and Skilled Work. An Economic and Social Analysis*. Oxford, Oxford University Press. <http://discovery.ucl.ac.uk/1490672/>