

DEGREES STILL 'A WORTHWHILE INVESTMENT' SAY GRADUATES

New study highlights the benefits of a degree

Most employed university leavers are in graduate-level jobs four years after graduation, a research study into the early careers of graduates revealed today.

The *Class of '99* – a major new study led jointly by Professor Peter Elias at the University of Warwick's Institute of Employment Research and Professor Kate Purcell at the Employment Studies Research Unit at Bristol Business School – details the fortunes of 8,600 graduates from the full range of UK undergraduate courses, ranging from the oldest to most recently established UK universities. The study follows graduates from course completion to four years after leaving university. Job outcomes, earnings, debt, training and further learning have been investigated, as well as general satisfaction with the Higher Education experience.

The study reflected the recent growth in numbers entering Higher Education and assessed whether the labour market had absorbed the extra graduates at the end of Century. It found that the market for graduates remained strong, with 85% of employed graduates in graduate-level jobs four years after leaving university. It also explored issues such as the impact of debt on the career choices made by graduates and whether studying for a degree still represented a good investment.

Key findings four years after graduation were:

- nearly 85% of employed leavers were in graduate-level jobs;
- two-thirds of graduates were in jobs relating to their long-term career plans;
- only 2-3% of graduates were unemployed;

- employers were continuing to value graduates' skills and continue to pay well for them with graduates earning on average over £23,800, four years after completing their courses. There was some tentative evidence of a narrowing in the pay gap between graduates and non-graduates, a finding consistent with the view that the increase in graduates is easing high levels skills shortages in some areas
- the overwhelming majority of graduates were satisfied with their decision to go into higher education.

Higher Education Minister Bill Rammell said:

"This research provides compelling evidence that graduates are benefiting from the skills, knowledge and experiences that they have obtained through Higher Education. What is more, graduates continue to earn a substantial return from their degrees".

Professor Peter Elias said:

"There has been considerable interest in our finding that the earnings of these graduates have not grown as rapidly as those of previous graduates. However, it remains the case that most graduates will earn significantly more over their lifetimes than non-graduates. A degree remains a worthwhile investment."

Professor Kate Purcell said:

"This research should give prospective students encouragement. Nearly all the students we spoke to had good things to say about the value of their Higher Education. However, our analysis also shows that there remains a significant gender gap in pay - 5% of the average difference between male and female earnings remains unaccounted for by any other factor than gender. More than a quarter of a century after the introduction of equal opportunities legislation, we find that graduate women's skills and knowledge are still more likely than men's to be undervalued and under-utilised."

Mike Hill, Chief Executive of the Higher Education Careers Service Unit (HECSU) who are co-sponsors of the launch event, said:

“With competition fierce across the whole job market, this comprehensive research shows that graduates still have the upper hand. The majority of them are on track with their longer term career plans and getting financial recognition from employers. Evidence suggests that the sooner students start thinking about careers, the better, emphasising the critical role careers services must play in students' lives if they are to make the most of their degrees.”

Notes to Editors

1. The research is being unveiled at 1.30pm today Thursday 27 October at a launch event at the Institute of Directors, 116 Pall Mall. To attend, please contact Nicola Savage, Tel: 020 7925 5361. The launch will be attended by Bill Rammell as well as key members of the Higher Education community.

2. The main report and a short report are available at www.dfes.gov.uk/research from 27 October 2005.

3. The research was commissioned by the Department for Education and Skills to investigate the changing nature of the graduate labour market, and the early careers of a recent cohort of university leavers. This research builds on an earlier study, by the same authors, who investigated the early career paths of a cohort of 1995 graduates.

4. 8,600 graduates from the 1998/99 academic year, and from 38 representative universities and other HE institutions, completed a detailed postal questionnaire around 3½ - 4 years after leaving. In addition, around 100 graduates were interviewed in-depth, particularly focussing on graduates who experienced difficulty in accessing employment.

Bill Rammell, Peter Elias and Kate Purcell will be available for interview.

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