



British International School Riyadh

Value of holding a degree shrinks

University-educated workers still earn far more than those who left school at 16, but gap is narrowing

the share of the population with a university education has more than doubled over two decades, a study shows.

But graduates still attract a hefty salary premium compared with workers who finished their education at 16.

An analysis of salaries in the final quarter of 2010 showed graduate employees earning 85% more than those who left school after [GCSEs](#). In the last quarter of 1993, graduates earned 95% more.

Since 1993, the percentage of the UK population with a degree has more than doubled from 12% to 25% last year.

According to the [Office for National Statistics](#) (ONS), which compiled the study, the dip in graduate earnings is explained by a fall in the proportion of graduates doing highly skilled jobs.

In 1993, 68% of graduate employees had a job in the highest skill group – including roles as managers, engineers or accountants – compared with 57% in 2010.

Nicola Dandridge, chief executive of [Universities UK](#), which represents vice-chancellors, defended university education and said the figures showed the graduate premium had held up over time.

"Looking at all graduates, degree holders continue to earn considerably more than non-graduates over a working lifetime and are also more likely to be in employment," she said.

"Despite the exponential growth in the number of people gaining a degree since 1993, there still remains a considerable pay premium for graduates."

But holding a degree is no guarantee of financial success. The ONS analysis also found that the bottom 20% of graduate employees earned less than the average for those whose highest qualification was A-levels. The worst-paid 15% of graduate workers earned less than the average for those who had only GCSEs.

The analysis is based on data from the [Labour Force Survey](#), a sample of UK households.

Most people whose education finished at age 16 are working in jobs categorised as "lower-middle skill" – such as shop assistants, secretaries or machine operatives, the ONS found.

There has been a fall in the percentage of people with no formal educational qualification, from 25% of the population in 1993 to 11% last year. This is mainly due to the fact that older

Separately, government figures published on Wednesday showed a big rise in the number of people aged 19-24 who are not in education, employment or training – so-called Neets. The Department for Education said nearly a fifth of that age group falls into the category.

The figures show that in the second quarter of this year, 794,000 of those aged 19-24 were not in work or study – up by 120,000 in a year. However, the number of those aged 16-18 who are neither working or studying fell by more than 10,000 to 186,000.

Jim Hillage, director of research at the [Institute for Employment Studies](#), said: "The labour market is a very tough place to be for young people at the moment. Young adults who can't find an apprenticeship or a college place are finding it particularly hard to compete for jobs against older, more experienced, jobseekers not just from this country but also from the rest of Europe.

"Unfortunately it seems likely that the situation will get worse before it gets better as the economic recovery falters and job growth stalls."

A government spokesman said: "The number of young people not in education, employment or training has been too high for too long – we are determined to bring the number down.

"There are encouraging signs, with the proportion of 16- to 18-year-olds in the Neet category falling recently, and government departments are working together to ensure that all those aged 16 to 24 are provided with the coherent support they need.

"We have made clear our commitment to raising the participation age, so all 16- and 17-year-olds are in education or training by 2015, and our cross-government strategy later in the year will set out how we will improve post-16 participation further."

[Andy Burnham](#), Labour's shadow education secretary, said: "These figures show that the Tory-led government is being far too complacent about getting young people back to work or into training, and risks leaving the next generation behind.

"By scrapping Labour's guarantee of an apprenticeship place for young people who want one, scrapping the EMA [education maintenance allowance] and cutting careers services, this government is making it harder for young people to get on – so that for the first time there is a risk that the next generation will do worse than the last."