

2. THE ECONOMIC AND SOCIAL BENEFITS OF EDUCATION

How does education affect employment rates?

- In general, people with higher levels of education have better job prospects; the difference is particularly marked between those who have attained upper secondary education and those who have not.
- In all OECD countries, tertiary graduates are more likely to be in work than non-graduates.
- Men generally have higher employment rates than women; the gap is especially large among people with low levels of education.

Significance

This spread examines the relationship between education and the labour force. OECD countries depend upon a stable supply of well-educated workers to promote economic development. Data on employment and unemployment rates – and how they evolve over time – can thus carry important information for policy makers about the supply, and potential supply, of skills available to the labour market and about employers' demand for these skills.

Findings

Education has a substantial impact on employment prospects. On average across OECD countries, close to 85% of the population with tertiary education is employed. This falls to just over 76% for people with upper secondary and post-secondary non-tertiary education and to just 56% for those without an upper secondary education.

In OECD countries, an upper secondary education is typically considered the minimum needed to be competitive in the labour market. On average, the unemployment rate among those who have completed this level of education is 4 percentage points lower than among those who have not (see Table A6.2a in *Education at a Glance 2010*).

Employment rates for men are always higher than those for women, but the gap narrows substantially among people with higher levels of education. Among those with only a lower secondary education, the employment rate for men is just under 74% and just over 50% for women; among those with university-level education, this rises to just under 90% for men and just under 80% for women. Employment rates for women with lower secondary education are particularly low (below 40%) in Chile, Hungary, Poland, the Slovak Republic and Turkey. For women with university-level education they equal or exceed 75% everywhere except Chile, Japan, Korea, Mexico and Turkey, but remain below those of men in all countries.

When it comes to unemployment, the relationships are less clear cut. Differences in unemployment rates for men and women are smallest among those with tertiary education. Among women, the unemployment rate is 2 percentage points higher than for men only in Greece, Italy, Spain, Portugal and Turkey. Among those with upper secondary education, women have generally somewhat higher unemployment rates than men. But among those who have not attained upper secondary education, the unemployment rate for men is higher than that for women in 15 OECD countries (see Chart A6.3 in *Education at a Glance 2010*).

Trends

Although differences in unemployment rates among educational groups have narrowed somewhat over the past decade, higher education still generally improves job prospects. On average across OECD countries, the unemployment rate among those with tertiary-level attainment has stayed at or below 4%; for those with upper secondary education it's stayed below 7%. But for those with less than upper secondary education, it's breached 10% several times since 1997 (see Table A6.4a in *Education at a Glance 2010*).

Definitions

The employment rate refers to the number of persons in employment as a percentage of the population of working age. The unemployment rate refers to unemployed persons as a percentage of the civil labour force. The unemployed are defined as people actively seeking employment and currently available to start work. The employed are defined as those who work for pay or profit for at least one hour a week, or who have a job but are temporarily not at work due to illness, leave or industrial action.

Information on data for Israel:

<http://dx.doi.org/10.1787/888932315602>.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2010* (Indicator A6).

Areas covered include:

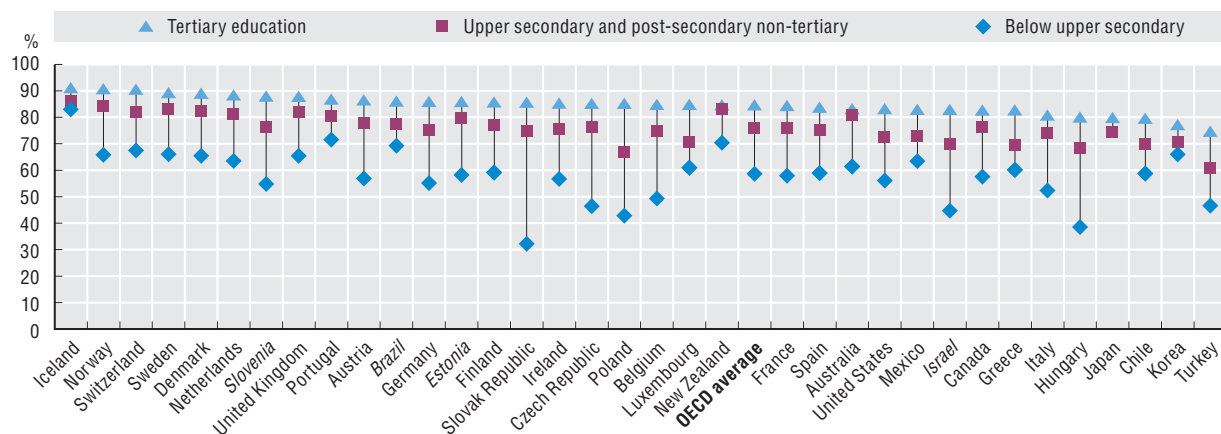
- Trends in employment and unemployment rates, by gender and educational attainment.

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How does education affect employment rates?

Figure 2.3. **Employment rates by level of educational attainment, 2008**

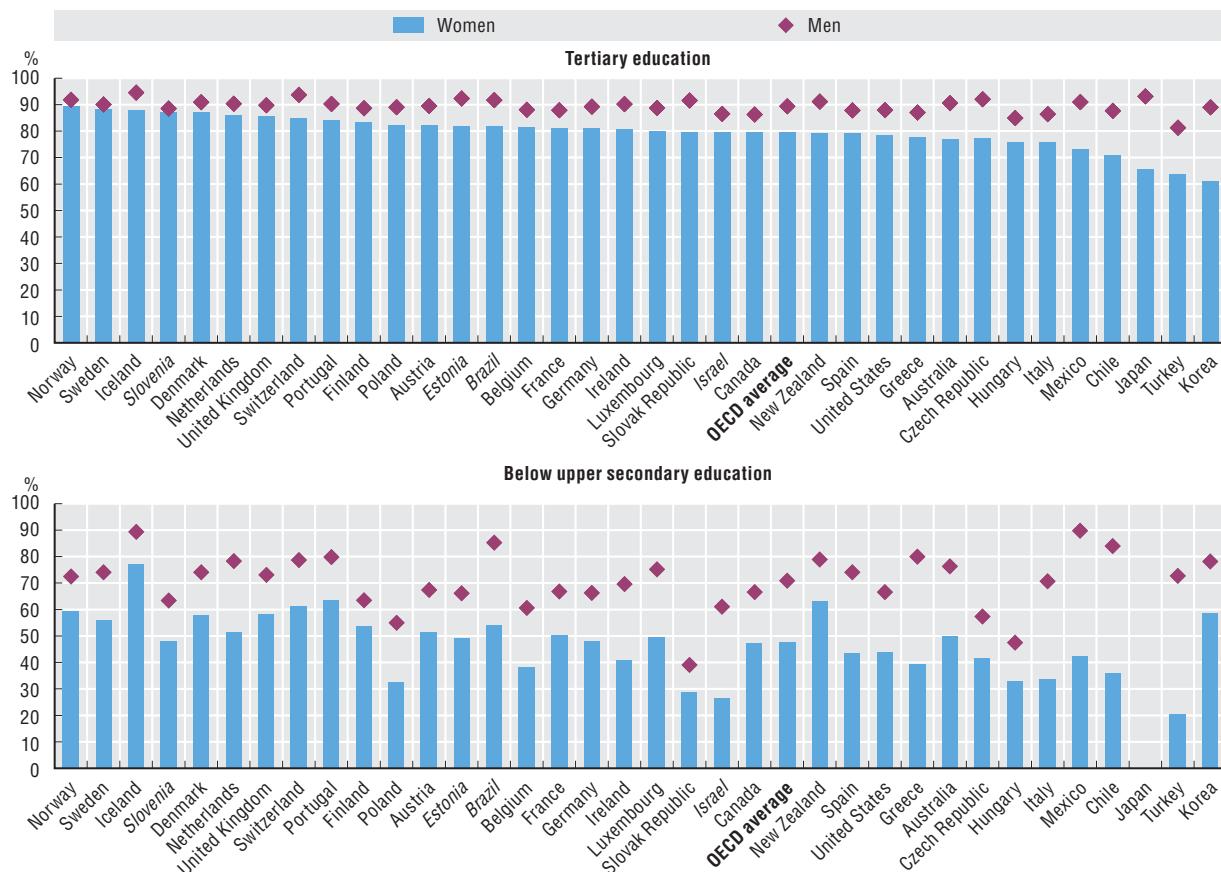
This figure shows the percentage of the working age population (25-64 year-olds) who are in employment by their levels of education. Graduates of tertiary education are more likely to have a job than people whose education ended before upper secondary level.



Source: OECD (2010), *Education at a Glance 2010*, Table A6.3a, available at <http://dx.doi.org/10.1787/888932310187>.

Figure 2.4. **Employment rates for men and women by level of educational attainment, 2008**

These figures show the difference in employment rates between men and women at two levels of educational attainment.



Source: OECD (2010), *Education at a Glance 2010*, Tables A6.4b and A6.4c, available at <http://dx.doi.org/10.1787/888932310187>.



From:
Highlights from Education at a Glance 2010

Access the complete publication at:
https://doi.org/10.1787/eag_highlights-2010-en

Please cite this chapter as:

OECD (2010), "How does education affect employment rates?", in *Highlights from Education at a Glance 2010*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/eag_highlights-2010-16-en

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