

## 2. THE ECONOMIC AND SOCIAL BENEFITS OF EDUCATION

### How much more do tertiary graduates earn?

- Earnings tend to rise in line with people's level of education.
- The earnings premium for tertiary education is substantial and exceeds 50% in more than half the countries studied.
- Across all countries and all levels of education, women earn less than men, and that gap is not reduced with more education.

#### Significance

This spread examines the relative earnings of workers with different levels of education. Differences in pre-tax earnings between educational groups provide a good indication of supply and demand for education. Combined with data on earnings over time, these differences provide a strong signal of whether education systems are meeting the demands of the labour market.

#### Findings

Variations among countries in relative earnings reflect a number of factors, including the demand for skills in the labour market, minimum wage legislation, the strength of unions, the coverage of collective bargaining agreements, the supply of workers at various levels of educational attainment, and levels of part-time and seasonal work. Still, earnings differentials are among the more straightforward indications as to whether the supply of educated individuals meets demand, particularly in the light of changes over time.

As the data show, educational attainment is strongly linked to average earnings. In all countries, graduates of tertiary education earn more overall than upper secondary and post-secondary non-tertiary graduates – their earnings are 153% of the earnings of people at the lower level of education. At the other end of the education scale, people who have not completed upper secondary education earn only 78% of what those with upper secondary or post-secondary non-tertiary education earn.

Women earn substantially less than men, on average, and that gap is not reduced with more education. The gap is smallest among those with upper secondary and post-secondary non-tertiary education, where women's earnings are 76% of men's, and largest among those with tertiary education, at 72%. Financial rewards from tertiary education benefit women more than men only in Australia, Ireland, Japan, Korea, the Netherlands, Spain, Switzerland, the United Kingdom, Turkey and Brazil and Estonia. The reverse is true in the remaining countries with the exceptions of Austria, Canada and Norway, where – relative to upper secondary education – the earnings of men and women are equally enhanced by tertiary education. Despite

the earnings advantages of higher education, earnings differentials between men and women with the same educational attainment remain substantial.

The earnings advantage from education increases with age. Tertiary earnings are relatively higher at an older age in all countries except Australia, Italy, Turkey and the United Kingdom and Brazil and Israel. For those with below upper secondary education the earnings disadvantage generally increases with age (see Chart A7.3 in *Education at a Glance 2010*).

#### Trends

The earnings premium from tertiary education rose in most countries in the 10 years to 2008 (see Table A7.2a in *Education at a Glance 2010*). The rise was most notable in Germany and Hungary although these countries have low tertiary attainment levels compared to the OECD average. But in a few countries, most notably New Zealand, Sweden and the United Kingdom, the premium decreased slightly. Whether this reflects weakening demand for tertiary graduates or the entry into the labour market of younger tertiary graduates with relatively low starting salaries is unclear.

#### Definitions

Earnings data differ across countries in a number of ways, including whether they are reported annually, monthly or weekly. Thus results shown here should be interpreted with caution. Similarly, the prevalence of part-time and part-year earnings in most countries suggest that caution is needed in interpreting earnings differentials in countries, particularly between men and women.

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 A7).

Areas covered include:

- Trends in relative earnings of the population.
- Differences in earnings by gender and by age.
- Differences in earnings distribution according to educational attainment.

#### Further reading from OECD

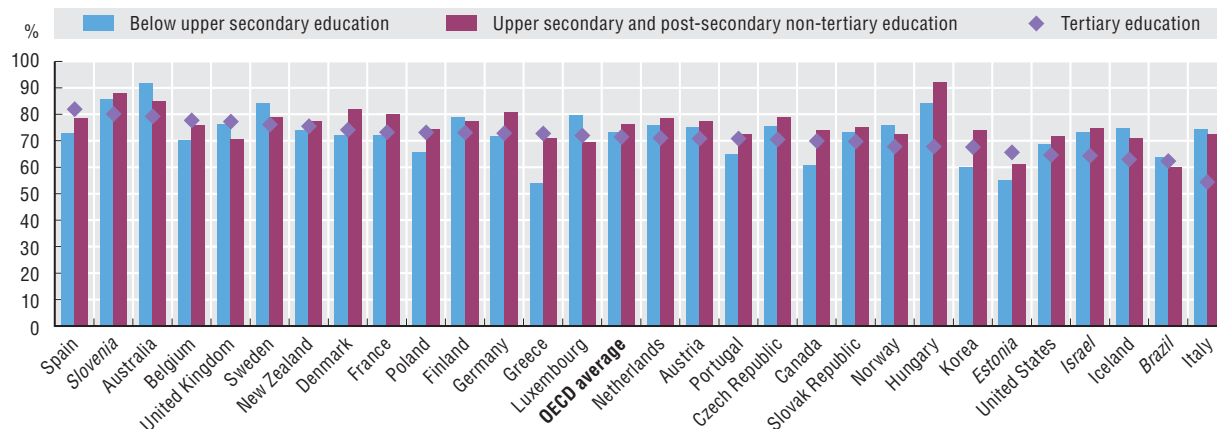
*Understanding the Social Outcomes of Learning* (2007).

## 2. THE ECONOMIC AND SOCIAL BENEFITS OF EDUCATION

How much more do tertiary graduates earn?

Figure 2.1. Differences in earnings between women and men, 2008

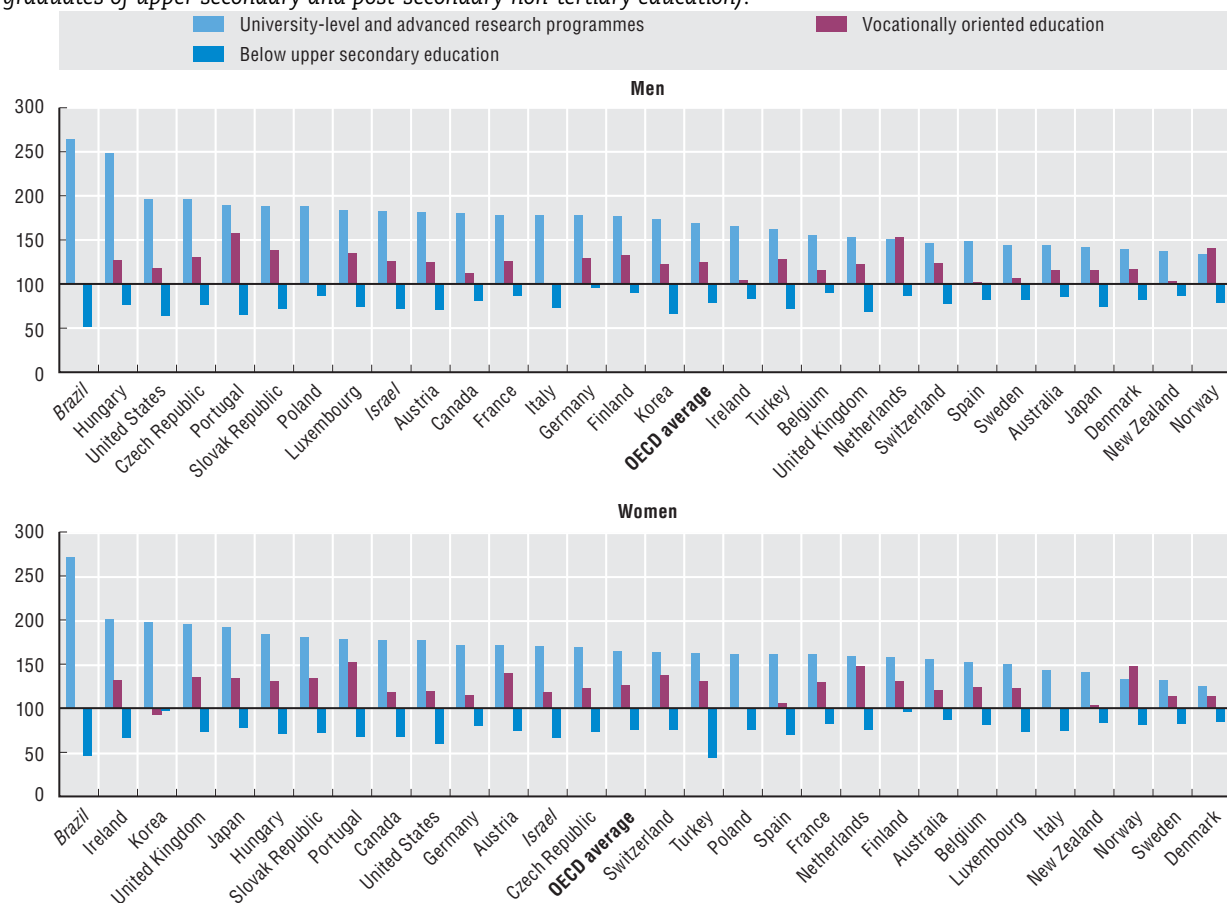
This figure shows women's average full-time, full-year earnings as a percentage of men's by level of educational attainment.



Source: OECD (2010), Education at a Glance 2010, Table A7.3a, available at <http://dx.doi.org/10.1787/888932310206>.

Figure 2.2. Relative earnings from employment, 2008

These figures show the earnings of men and women by their level of educational attainment (relative to the earnings of graduates of upper secondary and post-secondary non-tertiary education).



Source: OECD (2010), Education at a Glance 2010, Table A7.1, available at <http://dx.doi.org/10.1787/888932310206>.



**From:**  
**Highlights from Education at a Glance 2010**

**Access the complete publication at:**  
[https://doi.org/10.1787/eag\\_highlights-2010-en](https://doi.org/10.1787/eag_highlights-2010-en)

**Please cite this chapter as:**

OECD (2010), "How much more do tertiary graduates earn?", in *Highlights from Education at a Glance 2010*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/eag\\_highlights-2010-15-en](https://doi.org/10.1787/eag_highlights-2010-15-en)

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).