

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; for those with tertiary education the difference reaches more than 25 percentage points in favour of men in some countries.

Significance

This section examines the relationship between education and working life. 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 – 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. It is particularly important for policy makers to distinguish between the impact of the economic crisis and the longer-run structural changes occurring in OECD economies.

Findings

Education has a substantial impact on employment prospects. On average across OECD countries, 83% of the population with tertiary education is employed. In Iceland, Norway, Sweden and Switzerland, the average employment rate of tertiary-educated individuals is over 88%. The OECD average falls to about 74% for people with upper secondary and post-secondary non-tertiary education and to just below 56% for those without an upper secondary education.

Although the gap narrows among people with higher levels of education, the employment rate of women is far below that of men at all levels of education. Among those with only a lower secondary education, the employment rate is 69% for men and 49% for women; among those with university level education and advanced research programmes, this rises to 88% for men and 79% for women. The gender difference in employment rates for tertiary-educated individuals, which exists in all OECD countries without exception, is particularly large in Chile, the Czech Republic, Japan, Korea, Mexico and Turkey, where the difference reaches 29 percentage points.

Gender gaps in employment rates can be partly explained by over- and under-representation of women in certain fields of education. In 2010, in every OECD country except Japan and Turkey, more than 70% of university level students and people undertaking advanced research qualifications in the field of education were women. Similarly, 74% of degrees awarded in the field of health and welfare

also went to women on average across OECD countries. By contrast, in most countries, fewer than 30% of all graduates in the fields of engineering, manufacturing and construction were women. Perhaps not surprisingly, women are under-represented in high-technology industries.

Trends

Education is generally good insurance against unemployment, even in difficult economic times. Over the past 14 years, employment rates for men and women with tertiary education have consistently been higher than for those without. On average across OECD countries, unemployment rates for people with tertiary education have remained below 5% and below 8% for those with only an upper secondary education. However, they have exceeded 10% several times between 1998 and 2010 for those without an upper secondary education. During the recent economic crisis, the increase in the average unemployment rate for individuals without an upper secondary education was 1.1 percentage points higher than for those with at least an upper secondary degree.

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 2012* (Indicator A7).

Areas covered include:

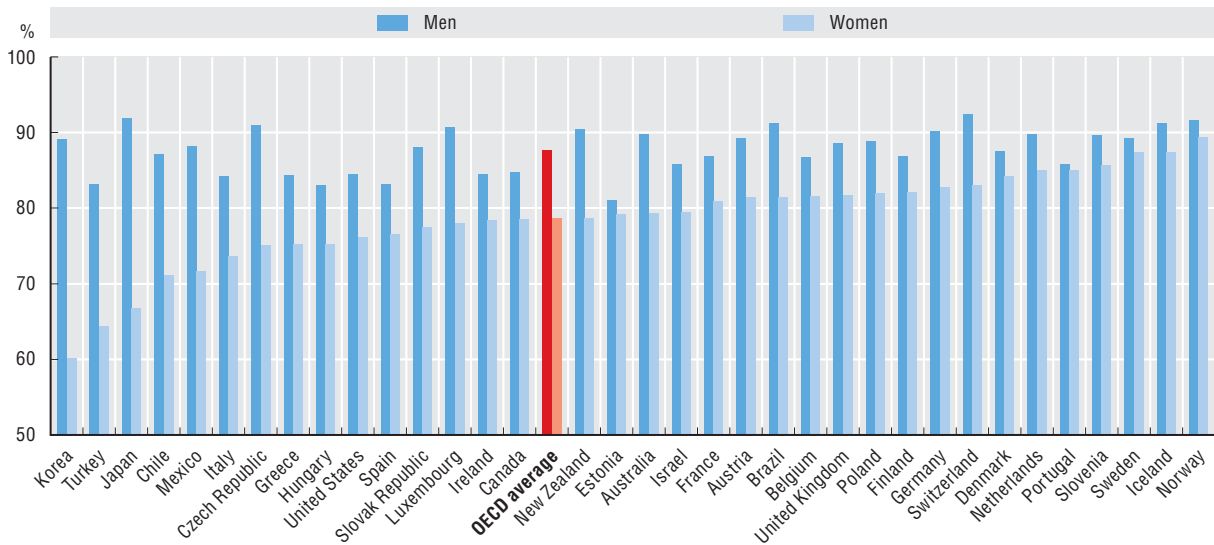
- Trends in employment and unemployment rates, by gender and educational attainment.
- Trends in unemployment rates, by age.
- Employment rates of individuals with vocational and general education.

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Figure 2.3. **Employment rate of 25-64 year-olds with tertiary education, by gender, 2010**

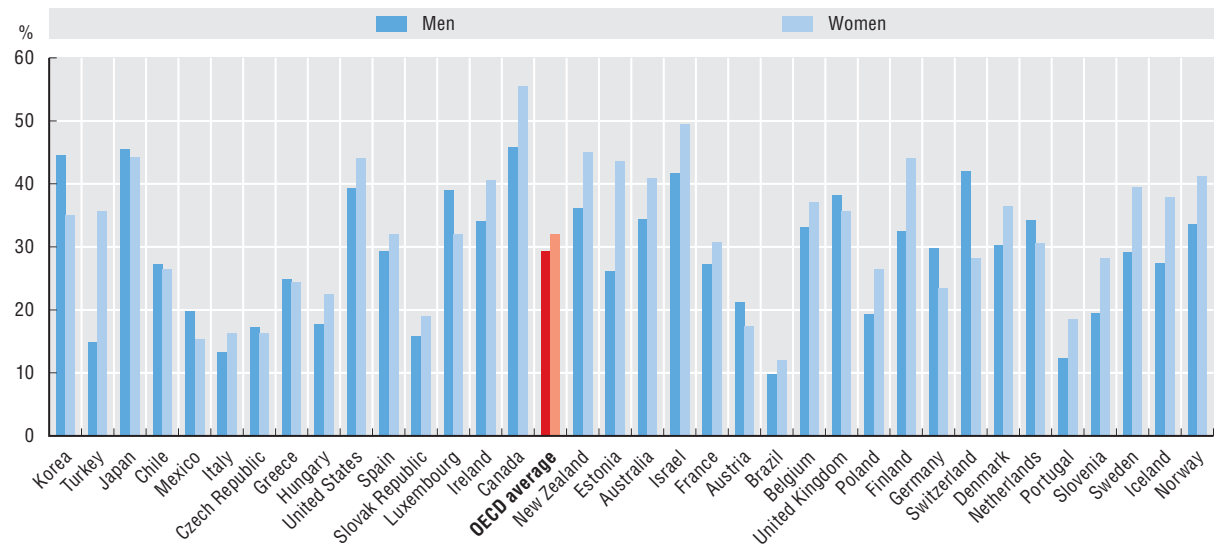
This figure shows the differences in employment rates of men and women with higher levels of educational attainment.



Source: OECD (2012), Education at a Glance 2012, Tables A7.3b and A7.3c, available at: <http://dx.doi.org/10.1787/888932665145> and <http://dx.doi.org/10.1787/888932665164>.

Figure 2.4. **Men and women with tertiary education, 2010**

This figure shows the percentage of 25-64 year-olds with tertiary education, by gender.



Source: OECD (2012), Education at a Glance 2012, Tables A1.3b and A1.3c, available at: <http://dx.doi.org/10.1787/888932664252> and <http://dx.doi.org/10.1787/888932664271>.



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