2. THE ECONOMIC BENEFITS OF EDUCATION

How does education affect employment rates?

- In most countries, employment rates increase as people's levels of education rise – tertiary graduates are more likely to be employed than upper secondary graduates.
- Differences in employment rates between men and women are widest among low educated groups.
- Increasingly, people with upper secondary education and above are less likely to be unemployed than those with lower levels of education.

Significance

This indicator examines the relationship between education and employment. The better educated individuals are, the more likely they are to be employed. As populations in OECD countries age, higher levels of education and longer participation in employment can help to ensure more people are economically active and help to alleviate the burden of financing public pension schemes.

Findings

Employment rates for graduates of tertiary education are around 9% higher, on average, than for graduates of upper secondary education. In Greece, Poland, the Slovak Republic and Turkey, that difference is 12% or more.

The gap in employment rates among men aged 25 to 64 is particularly wide between those who have completed upper secondary school and those who have not. In the Czech Republic, Hungary and the Slovak Republic, the difference is extreme, with rates of employment among men with a higher level of education at least 30% higher than those with a lower level of education.

Where employment rates differ among OECD countries, it is largely the result of variations in the level of women's participation in the workforce in individual countries. That said, employment rates for women are generally lower than those for men. For those with very low levels of education, the gap is particularly wide. The gap between men and women's employment rates is 10 percentage points at tertiary level, widening to 23 percentage points at below upper-secondary level.

Trends

Although employment rates for 55-64 year-olds are generally lower than those of the working-age popula-

tion as a whole (by about 20 percentage points), they have been increasing in recent years, particularly among the more educated. In this age group, the average employment rate stands at 40.2% for those with below upper secondary education, 52.4% for those with upper secondary and post-secondary non-tertiary education, and 65.9% for those with tertiary education.

Between 1997 and 2006, the difference in unemployment rates between people with tertiary education and those with upper secondary and post-secondary non-tertiary education decreased; but the gap between people in this latter group and those with less than upper secondary education increased – from 3.4% to 4.2% (see Table A8.5a in *Education at a Glance 2008*). For those with only lower secondary education, it is becoming more difficult to find employment, which suggests that in most OECD countries, this skill level is not sufficient to obtain a suitable job.

Definitions

Employed persons are defined as those who, during the survey reference week, work for pay or profit for at least one hour, or have a job, but are temporarily not at work because of injury, illness, holiday, strike, education leave, maternity or paternity leave, etc. Unemployed persons are defined as those who are, during the survey reference week, without work, actively seeking employment and available to start work.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2008* (Indicator A8).

Areas covered include:

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

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How does education affect employment rates?

Figure 2.2. **Employment rates by level of educational attainment, 2006**

These figures show the employment rates for men and women depending on 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 (2008), *Education at a Glance 2008*, Tables A8.3b and A8.3c, available at <http://dx.doi.org/10.1787/401775543762>.

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