

Ten years on – Life after Graduation

Summary report
by

**Peter Elias, Kate Purcell, Gaby Atfield, Erika Kispeter,
Rosie Day, and Stefanie Poole**

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**Warwick Institute for Employment Research
University of Warwick**

Contact details

Peter Elias
Warwick Institute for Employment Research
University of Warwick
Coventry CV4 7AL
Tel: +44 (0)79 2053 1150
Email: P.Elias@warwick.ac.uk
<https://warwick.ac.uk/fac/soc/ier>

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The Futuretrack Team:

Peter Elias

Kate Purcell

Gaby Atfield

Erika Kispeter

Rosie Day

Stefanie Poole

Lynne Marston

Institute for Employment Research

University of Warwick

Coventry

March 2021



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Summary

Futuretrack is a study which has followed a large and diverse group of people who applied for a three- or four-year undergraduate degree course in the UK in 2005/06. The aim of this study is to broaden our understanding of the relationship between knowledge and skills acquired in higher education, subsequent transitions into the labour market and career outcomes.

Study members were contacted during four earlier stages. This latest contact, the fifth stage, was made in 2019, some ten years after graduation for most participants. Just over 6,000 graduates responded via a detailed online questionnaire between March and October 2019, representing more than 2 per cent of the population of UK domiciled leavers from three- or four-year full-time undergraduate degree courses in 2009/10. Two hundred of the survey respondents also participated in telephone interviews between mid-September 2019 and early January 2020, adding richness and understanding to their survey responses.

Previous research by the authors of this report and others has done much to reveal the benefits of higher education, not just in terms of the increased earning power it confers relative to those who could enter higher education but do not do so, but also in terms of its non-pecuniary benefits, such as greater job satisfaction and the social value of one's contribution to society stemming from a higher education.

The Futuretrack cohort graduated into post-recession labour markets in 2009/10, where a significant proportion of graduates experienced difficulties in accessing employment that used and rewarded their knowledge and skills¹. This fifth stage of the research aimed to investigate their subsequent career development and to provide robust policy-relevant findings about the factors that had affected or obstructed these graduates' longer-term labour market integration. Our objectives were:

- to assess the relevance of knowledge and skills graduates gained on their undergraduate degree programmes to their career trajectories;
- to reveal the opportunities and obstacles encountered in career development, in relation to educational, demographic and socio-economic characteristics;
- to investigate respondents' attitudes to employment, family-building and wider values;
- to clarify the variables that underpin differential access to graduate earnings and the graduate premium, and how this compares with and perhaps enables us to better understand the findings of recent studies which do not include qualitative as well as quantitative research;
- to investigate the longer-term impact of debt on respondents' access to opportunities and their evaluations of their investment in higher education;
- by comparing this cohort of 2009/10 graduates with an earlier cohort that graduated in 1995, to evaluate how far there has been change in the intervening period in the extent to which HE had enabled them to obtain appropriate employment for people with their knowledge, skills, and educational achievement.

These are not new areas of research, but they all benefit from the breadth and scale of our study. Now in its fifteenth year, Futuretrack research continues to unfold the complexity of the graduate labour market, benefiting both those who choose a higher education and informing

¹ Purcell, K., P. Elias, G. Atfield, H. Behle, R. Ellison and D. Luchinskaya (2013). 'Transitions into employment, further study and other outcomes', Futuretrack Stage 4 Report, Institute for Employment Research, University of Warwick.

those responsible for sustaining it. We return to a broader discussion of the policy implications of our findings in the concluding chapter to this report. Here we outline some of the results we have obtained. Much more detail is contained within the ensuing chapters.

Graduate versus non-graduate jobs

We have shown in the previous stage of this study and from earlier research that a small but significant proportion of graduates move into and stay within what we term 'non-graduate jobs', jobs which do not normally require the knowledge, skills and expertise acquired via a university education. How far does this persist ten years on, and where it is still the case, is it the result of misclassification or does it reflect personal, structural, or educational obstacles to more appropriate graduate labour market integration?

Using a version of the Standard Occupational Classification developed to examine the relationship between higher education and occupational outcomes, respondents were distributed in the different categories of this classification according to the age at which they commenced their study, gender, socio-economic background, ethnicity, and the type of university they attended. Those who had embarked on undergraduate study when aged over 26, women rather than men, those from routine and manual backgrounds and black graduates were more likely to be in what we have classified as non-graduate employment. Those who gained their undergraduate degree from universities with high entry requirements appear to have been more likely to access graduate jobs.

While we observed differences between the range of skills used by those in graduate versus non-graduate jobs, more detailed investigation via the interviews suggested that very few of them were in employment that did not make use of and benefit from the knowledge and skills acquired through higher education. Most were in areas of employment where organisational restructuring and access to ICT has changed the division of labour in the workplace and the way that work objectives are met. Some were in low-paying sectors in the public or not-for-profit sectors where employers have been able to enhance the skill-base of their workforce, or (in the case of the latter) simply cannot afford to pay more when there is a ready supply of well-qualified and able workers willing to accept low wages. The minority who clearly were in lower skilled employment are likely to have been making choices that reflected lifestyle values, an issue explored further in the chapter on career motivations.

Graduate earnings

Prior research shows that a university degree confers what is termed a 'graduate premium', the extra earning power that can be attributed to having a degree. It has also been shown that not all degrees are equal in this respect. As others have found, variation in the graduate premium by subject of undergraduate degree is wide. But what role is there for employment history to influence earnings? Are female graduates now catching up with their male counterparts? How does social background impinge upon earning potential?

We confirm findings from research using other sources of information. An undergraduate degree confers a graduate premium and, relative to lesser qualified groups, the premium grows rapidly in the early years following graduation. But the financial rewards to a degree are mixed, with subject studied, type of institution attended and sector of employment playing a significant role in modifying the growth rate. We note also that employment continuity plays a major part in maintaining this premium. While only a small proportion of the graduates in this survey had experienced a long spell of unemployment, this was found to have a major impact on their earnings.

Social background does not appear to play a significant part in the growth of the earnings of graduates in this cohort, reflecting findings from earlier work², which indicated how social background interacts with the education of young people from an early age, through school choices (or the lack of choice), the decision to apply for a place in higher education, parental support, and the experience of higher education itself.

An important factor that affects access to high earnings and wide graduate occupational choice is geographical location. Our findings reveal the considerable regional disparities in average graduate earnings. Some participants had experienced very limited geographical mobility throughout the course of their education and subsequent careers, and at previous stages of the Futuretrack research we found that participants who lived at home while they were studying, except for those living in London, were disproportionately from lower social class backgrounds. They were also more likely to have attended HEIs of a lower tariff than their prior educational achievements would suggest they could have accessed. This lack of early geographical mobility is replicated in their careers ten years after graduation, with those who are the least mobile embedded in social networks and economic settings that may not have provided them with the resources they required to develop their graduate careers.

By comparing the growth of earnings of this cohort with that of an earlier group we studied between 1995 and 2000, we go some way towards determining whether graduation into the post recessionary labour market for the Futuretrack cohort impacted upon their earnings. We find that, on average, this was not the case. However, this finding may mask some important differences between the progress of those who have done exceptionally well and those who have not.

The most important finding from our analysis of earnings relates to the persistence of the gender gap in the growth of graduate earnings, with men continuing to outstrip women. We conducted a comparison of gender growth rates in earnings for those in full-time jobs, contrasting the experiences of a cohort of graduates we investigated from 1995 to 2002 with those of the Futuretrack cohort, from 2012 to 2019. Somewhat depressingly, we found that no improvement in their post-graduation earnings growth rates has been made by female graduates over this 17-year period.

Student debt

While this cohort of graduates attended university and graduated before the introduction of higher course fees and loan repayment linked to future taxation, they did accumulate a significant amount of personal debt. Did this constrain their career choices and if so, in what ways?

We examined whether the debt that graduates had accrued by the time they graduated in 2009/10 could have had a long run and negative impact upon their future careers. Here our findings are mixed. We found that those graduates who told us in 2011 that their future options were limited by the debts they had accrued were earning less in 2019 than those who stated that they felt no such limitations. However, this finding appears to reflect the mix of subjects studied and type of university attended rather than the debts on graduation. There was substantial evidence from the interviews that many graduates regarded their student loans less as a form of debt than as an inevitable cost of study.

² Elias, P. and K. Purcell (2017) 'Mathematics and social mobility'. Paper presented at the Western Economic Association International conference, January 5th, Universidad Catolica, Santiago, Chile.

Postgraduate education

Many graduates we have tracked went on to take a postgraduate education. Often this is viewed as an attempt to stay ahead in the queue for good jobs, but is this what had motivated the graduates who chose to undertake a further degree? Who chooses a post graduate pathway into the labour market and why?

We investigated the role played by postgraduate qualifications in the labour market integration of this cohort. Analysing interview data on the motivation to engage in further study, we identified professional development and strategic career building as the two main factors. Avoiding, postponing, or attempting to deflect the effect of the 2008 financial and economic crisis was also an important motivation to enter postgraduate education for many, despite the scarcity of funding available to postgraduate students. We note the strong relationship between the professional career path being followed and the extent to which postgraduate education plays an important part in these pathways.

We found that 20 per cent of those graduates who work in jobs requiring postgraduate qualifications were employed on fixed-term contracts, compared to less than 10 per cent for other graduates holding postgraduate qualifications. Despite this potential insecurity, three quarters of those working in jobs that require postgraduate qualifications felt that their jobs were ideal or almost ideal for someone with their qualifications, compared to a half of other postgraduates, stating also that they had clear career plans for the next five years, were more optimistic about their career progression and more confident that they had the skills employers are looking for.

Career motivations

From the detailed transcripts of our interviews with graduates we were able to explore what is a relatively under-researched area, the motivational factors underlying the varying career pathways that we observe. How far is it possible to distinguish different pathways according to the values that graduates place on different aspects of their jobs?

Much of the research on the graduate labour market has focussed on earnings, equating earnings with successful labour market integration. One of the strengths of the Futuretrack study is that we can draw on information that permits a wider view of the benefits of higher education. We group respondents into those who placed a high value on financial rewards and prestige, those who placed more emphasis on social values and those who strongly valued job security. The benefit of longitudinal research is that we can track these values from an early stage, thus ensuring that they are not a *post facto* rationalisation of graduate outcomes. As expected, we find that graduates who value money and prestige are more likely to be found in higher paid, higher status jobs. However, this does not necessarily lead to greater job satisfaction. Those who emphasised social values tend to earn less, but they achieved outcomes that improved social well-being and derived success from such outcomes. Those who emphasised job security appear to have sacrificed other objectives in the pursuit of security, leading to lower levels of job satisfaction overall.

Social mobility

Higher education has traditionally been considered a driver of social mobility, enhancing the human, social and cultural capital of participants in a way that makes them more competitive in the labour market. Our previous research has shown that socio-economic background affected opportunities and choices throughout graduates' educational careers, but what is the impact now, ten years after graduation? Does higher education participation benefit all people equally or can it promote and protect some while entrenching disadvantage for others? How

does social class interact with other factors, such as gender and ethnicity, to shape the opportunities of graduates and their trajectories as they develop and consolidate their careers?

By comparing the occupations of graduates with those of their parents, we examined intergenerational patterns of social mobility and found that upward mobility was very common with the majority of this cohort of graduates now being employed in managerial and professional occupations. This is very encouraging, but within this positive overall picture, we find important differences in the experiences of graduates as their careers develop.

We find that although graduates from routine and manual background progress into the higher social classes, the position that they occupy within these classes tends to be lower, and they earn less. They enter lower managerial and professional roles, and they are more likely to stay there – they are able to get in, but they are not as able to get on. The qualitative accounts provided by graduates confirm this and highlight the ways in which gender and ethnicity have interacted with these broad patterns to limit opportunities for some. While the majority of the cohort emerged from the last recession with limited obvious ‘scarring’, at the time we conclude this study a looming post-Covid 19 recession is on the horizon, presenting further challenges. Will the gains we have seen prove to be more precarious than it first appeared? In a stalling and shrinking labour market, who will have the experience, strategies, and dispositions to maintain their position, and will the ‘glass floor’ protect the most advantaged from what lies ahead? We will turn to this issue in the next stage of this continuing study.

Looking ahead

The relevance of these findings, explored in greater detail in the following chapters, should be considered within the social and economic environment prevailing as this specific group of graduates made their way into the labour market in the second decade of the 21st century. Most of them graduated at a time when the global economy had been shaken by a major recession, yet among our respondents, we found little obvious evidence of ‘scarring’ from this experience. We can conclude with some confidence that this ‘Class of 2009/10’ had benefited from their higher education and were making strong contributions to the economy and society. But at the time we concluded this study, neither we nor any of the respondents could have known what lay ahead. Now, with a looming post-Covid 19 recession, the cohort faces further challenges. Will they find that the strategies and dispositions they developed to deal with the previous recession make them better equipped to weather what lies ahead? We will turn to this issue in the next stage of this continuing study.

Policy Implications

The information collected and analysed at this fifth stage of the Futuretrack Longitudinal Study has enabled us to assess and attempt to achieve better understanding of how far the different clusters of knowledge and skills that these 2009/10 graduates acquired in HE has enabled them to obtain appropriate employment, develop careers and contribute to the economy. We have focussed on three longer-term outcomes: their occupations, their earnings, and the non-pecuniary aspects of their jobs. We looked at the routes they took to achieve these outcomes, sometimes via postgraduate education or further professional training, and examined the intergenerational mobility they experienced. We provide evidence that has addressed these questions and our findings are summarised earlier in this concluding chapter and discussed in more detail in the full report.

We conclude by identifying key areas where new or invigorated directions for policies are required, along with research priorities that we hope can be addressed in the future:

- Employers, professional associations, and governmental policymakers must address *the continuing and growing gender gap in graduate earnings*, a matter of increased

concern that needs intensified scrutiny and greater efforts by all these bodies through further concerted actions, initiatives and policies designed to tackle this issue. The gender gap in graduate earnings may emerge through the recruitment of more male graduates than females to higher paid jobs within an organisation, via gender-biased promotion within organisations or both. Annual gender pay gap reporting is currently required of all organisations with more than 250 employees. Such reporting puts a public spotlight on organisations with large gender pay gaps, especially those that employ significant numbers of graduates. This, in turn, can cause employers to think more about the reasons underlying gender pay differences and act to remedy the situation. It is important that such information is made publicly available to potential employees. *We recommend that gender pay gap reporting should be extended to organisations with fewer than 250 employees and should be presented in a manner that identifies the gender pay gap within the highly qualified workforce.*

- HEIs, employers and policy makers need to consider *how to prevent the seeming ossification of social mobility* to achieve fairer access to opportunities, which would almost certainly bring more innovative contributions to economic development and socially representative participation at the higher end of the labour market. The access and admissions policies of higher education institutions are now monitored by the Office for Students. An independent review of the effectiveness of such monitoring activities is currently in progress, to inform the ways in which higher education institutions will be required to develop a strategic approach to fair access policies, and to establish their monitoring and assessment regimes. *We urge the Office for Students to include tough penalties to be applied to higher education institutions that fail without good reason to deliver improved access for potential students from disadvantaged backgrounds and to ensure their retention within higher education.*
- Graduate earnings have long been one of the key outcome measures used by policy makers to evaluate not just the apparent success of actions to expand higher education, but now form part of the outcome measures to evaluate individual higher education institutions. The availability of new and large-scale continuous sources of information, brought together in the Longitudinal Educational Outcomes datasets. We have shown in this report the importance of including information on hours worked and location in these data and we support further calls to this effect³. More importantly though, while we recognise the value of monitoring and evaluating individual financial rates of return, we advocate the *development of an effective means of recognising and monitoring the wider benefits of graduate study to individuals, communities, and society as a whole*. It has been widely acknowledged that, in addition to the obvious measurable financial benefits of higher education participation, there are other less-easily-measured impacts on individual well-being and capacities, and on the communities and societies to which they contribute⁴. Recent calls to make progress on this issue have been made by Universities UK⁵ and within the Independent Review

³ Department for Education (2021) Independent Review of the Teaching Excellence and Student Outcomes Framework (TEF).

⁴ See, for example Brennan, J., N. Durazzi and T. Séné (2013) *Things we know and don't know about the wider benefits of higher education: a review of the recent literature*. BIS Research Paper, URN BIS/13/1244. Department for Business, Innovation and Skills, London, UK. <http://eprints.lse.ac.uk/55427/>

⁵ Snelling, C. and R. Fisher (2020) Protecting the value of UK degrees: reviewing progress one year on from the statement of intent. UK Standing Committee on Quality Assessment. Universities UK.

of the Teaching Excellence and Student Outcomes Framework⁶. *We strongly support these calls to develop indicators of the wider benefits of higher education and propose that the Office for Students should spearhead this work.*

- Detailed and up-to-date *analysis of earnings differences by subject of degree and the knowledge and skills acquired* can provide useful indicators on the emergence of skills shortages or over supply of graduate labour. For example, aggregations of subjects such as STEM are justifiable, useful, and revealing, but disaggregation within them, and even more, within heterogeneous subjects such as Interdisciplinary and the Biological Sciences, would provide better labour market information about the knowledge and skills sought by employers and used in graduate recruitment. *This is an area where further statistical cooperation between the Department for Education, the Higher Education Statistics Agency, the Department for Work and Pensions, HM Revenue and Customs, and the Office for National Statistics could lead to significant improvements in the identification of over or under supply of specific graduate skills and knowledge.* Making such detailed information available in a timely manner could help potential students with their subject choices, assist institutions with curriculum planning and provide employers with vital data for planning recruitment and pay strategies.
- Finally, *we recommend the continuation of long-term longitudinal studies of graduates and the creation of new such studies to enable further cross cohort comparisons of graduates' careers and opportunities.* When we commenced the Futuretrack Study in 2005, we could not have foreseen the value of the study fifteen years into the future. Support for the continuation of this study and for new cohort studies is vital. In this respect we are fortunate in gaining further funding from the Nuffield Foundation to follow the Futuretrack cohort as they navigate their ways through the Covid 19 pandemic.

⁶ Department for Education, *op. cit.*