

Degrees matter when hunting for a job



People with less education have found themselves more likely to be unemployed. (ThinkStock)

Yet the global financial crisis has widened the employment and earnings gap between college-educated workers and those with only a secondary education. People with less education have found themselves more likely to be unemployed and have more difficulty landing a job, a review of unemployment data from countries around the globe shows.

“We have no reason to assume that this is likely to change any time soon,” said Andreas Schleicher of the Paris-based think tank Organization for Economic Cooperation and Development (OECD).

Consider the latest [unemployment figures](#) from the United States, released Friday. In May, 7.4 % of high school graduates were unemployed, while just 3.8% of university graduates were without a job, according to seasonally adjusted data from the [US Bureau of Labor Statistics \(BLS\)](#). That trend — of double the unemployment rate for high school grads compared with college grads — has largely held steady even amid the US recession.

The value of a university degree, at least when it comes to finding a job, is not unique

to the US. The correlation can also be seen around the world, said Daniel Hamermesh, an international labour economist at the University of Texas in Austin.

Exactly how much university credentials pay off differs from country to country. People with less education have found themselves more likely to be unemployed.

A university education, for instance, offers Europeans a significant boost. In 2012, the 27 countries in the Euro zone had a total unemployment rate of about 10%, according to data from Eurostat, the EU agency that tracks statistical data for member states located in Luxembourg. Yet for college graduates, unemployment was about one-third lower, at 6%.

Younger workers disadvantaged

A degree has been far more valuable for older college-educated workers in Europe. It is still quite difficult for young European college graduates to find a job. The unemployment rate for workers under age 25 is 2.6 times that of the total jobless rate, according to Eurostat.

In Spain, where unemployment is expected to stay above 25% through 2016, university graduates have an advantage, with a jobless rate of 17%. But digging into the data reveals age disparities. Today in Spain, 45% of university graduates aged 16 to 24 are unemployed, according to the country's national statistical office, far higher than the overall unemployment rate for university graduates.

Those who are working in Spain are also likely toiling at jobs far below their expertise level. "Many university graduates are working in jobs that in other places would only need vocational training," said Marcel Jansen, a professor of economics at Madrid's Autónoma University.

The struggle for new graduates to find work is not unique to Europe. In China, college graduates under age 25 had the highest unemployment rate in the country at 16.4%, worse than even high school graduates, according to a 2012 household survey by researchers at Texas A&M University and Southwestern University of Finance and Economics in Chengdu, China. But for China's population as a whole, however, college graduates are the group with the lowest unemployment — just 3.6% compared to 10% for high school graduates.

Exceptions

There are exceptions to the overall utility of a college degree when it comes to joblessness, particularly in countries where educational systems are particularly strong, or where economies are booming. In these cases, university graduates barely get an edge in employment rates.

In Japan, for instance, where high school is expected to prepare some students for a career, the added value of a university education may be more limited, Schleicher said. Government initiatives also help to keep unemployment across the country artificially low. And in a red-hot economy such as Germany's, managers are hungry to hire any workers, regardless of their education level.

For most places in the developed world, however, the reality remains: a college degree is practically the new minimum requirement for even the lowest-level jobs at many companies, despite the employment woes of younger university graduates.

There is also evidence that having the degree is likely to pay off down the road for younger graduates, offering hope to jobless young graduates across Europe. OECD research found, for instance, that in Brazil, having a tertiary education offered workers a 200% premium in lifetime earnings compared to those who hadn't finished high school. In Greece, Korea, and Turkey, the premium gap was 70%.

That premium will likely only go up as the economy improves.

"A college degree is always going to lend an advantage," Hamermesh said.