

# About the research



## *Returns from education: an occupational status approach*

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Having a higher level of education affords individuals many opportunities and benefits such as higher income, increased employment choices and greater job security. Beyond the individual, an increasing level of education contributes to the economic growth and wellbeing of society.

Typically, the returns from education are measured by earnings. However, earnings for young people may be a poor indicator of the longer-term returns from various education choices. An alternative approach is to focus on the occupations in which young people find themselves. Specifically, the occupation's status (or prestige) is likely to capture many of the future benefits that an individual could reasonably expect.

Using data from the 1995 cohort of the Longitudinal Surveys of Australian Youth (LSAY), which followed a cohort of young people who were in Year 9 in 1995 for 12 years to 2006, Lee looks at individual returns from education for young people aged 16 to 26 years. The study investigates how growth in occupational prestige is related to the level of education achieved and whether the effect of education on the growth in occupational prestige differs by gender as well as by individual characteristics and family backgrounds. Lee finds that, not surprisingly, occupational prestige grows steadily from the ages 16 to 26 years. She also finds that those with degrees tend to be in higher-status jobs, particularly by age 26 years.

## Key messages

- ✧ The gaps in occupational prestige among young people with different educational attainment become larger as time passes.
- ✧ At age 21, females tend to have higher occupational prestige than males, with the difference particularly notable among young people who did not complete Year 12.
- ✧ Family background characteristics continue to influence young people's occupational prestige above and beyond the influence of their educational attainment.

This analysis brings home the labour market advantage that a degree brings in a way that a straight comparison of young people's earnings does not.

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