

# THE INCOMES OF THE YOUNG TERTIARY EDUCATION GRADUATES ON EU

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## Abstract

The transition of the tertiary education graduates to labour market is a motive of preoccupation and reflection. At European level, the process is getting harder, and recruitment conditions have worsened, to a young generation that, more than any other, invested on personal and professional skills.

The UE defends the existence of a society leverage on knowledge, to promote the development of countries, and ensuring economic and social cohesion of nations. To achieve this objective, it is necessary to ensure a sustainable growth of qualified labour that will translate into a better and longer life of citizens.

This study aims to compare the incomes of young tertiary graduates. Based on the responses of 79 643 individuals, 59% female and 41% male, aged between 20 and 34 years, from 23 EU member states (Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia and United Kingdom), to “European Labour Force Survey” (EU-LFS) 2013, we investigate if and how:

H1: country of residence affects the incomes of tertiary graduates

H2: education level “5b”, “5a”, “6”, affects the incomes of young tertiary graduates

H3: field of study affects incomes of young tertiary graduates

H4: gender affects the incomes of young tertiary graduates

Two different models have been tested, through multinomial regression, and both were statistically significant.

**Model 1: Incomes = f (country of residence, tertiary education level, gender)**

The first adjusted model was statistically significant ( $\chi^2$  (33) = 19930,622; p-value=0,000), allowing to classify 45,0% of incomes.

Using “United Kingdom”, education level “6” and “male” as references, the results showed that countries that most valued the highest degree, within their internal structure of income, were, in decreasing order of value: Germany, Netherlands, and Belgium. These member states, and particularly the first two, substantially increase the likelihood of young graduate’s reach, up to 34 years old, incomes above decile 8. A level below, matching UK, Estonia, Malta and Portugal, also value the highest degree. In all other member states, a level “6” will not be so valued.

The second important evidence taken from the model was as the level increases, the unlikely graduates have lower incomes. This fact is consistent with human capital theory, and supports the investment in education.

Third and last evidence, there were no significant differences among gender for the lower deciles of incomes, but differences begin to appear and to increase gradually, as deciles rise. This conclusion is very interesting, in that, female discrimination still exists, and seems to be especially important on the top of wage hierarchy.

**Model 2: Incomes = f (level, field of study, gender)**

The second adjusted model, which was especially important to evaluate the effect of fields of study, and the benefits that may arise from their choice, was also statistically significant ( $\chi^2$  (78) = 26417,945; p-value=0,000), allowing to classify 47,0% of incomes. Reference class were: “6” for graduation level, “services” for field of study, and “male” to gender.

The most valued areas of knowledge, which favour the transition to higher income levels, seems to be, by decreasing order: “engineering”, “health and life care” and “exact sciences”. In a below level appear “social sciences, business and justice”, and “education”. On the bottom of wages, we found “agriculture and veterinary” and “arts and humanities”.

The main conclusions of this study were:

- . countries of residence affect the incomes, which means that there is still a long way to go before achieving economic and social cohesion of member states.
- . higher academic degrees promote the growth of income, which is why individuals with high ambitions should extend education.
- . female discrimination still exists, and seems to be especially important on the top of wage's hierarchy
- . field of study will affect wage perspectives of the young tertiary graduates.