

RELATIVE EARNINGS OF GRADUATES

The relative earnings of the population that has attained qualifications at the tertiary level is a key indicator of the financial return from education. How well countries' salary scales are placed to remunerate higher education investments may also reflect differences in the supply of educational programmes at different levels (or barriers to access to those programmes).

Definition

Relative earnings of those who have completed tertiary education are shown as a percentage of earnings of those who have completed upper secondary or post-secondary non-tertiary education. Tertiary education includes both tertiary-type "A programmes", which are largely theoretically-based and designed to provide qualifications for entry to advanced research programmes and professions with high skill requirements, as well as tertiary-type "B programmes" which are more occupationally-oriented and lead to direct labour market access. The relative earnings profiles are based on the earnings of the population aged 25 to 64.

Long-term trends

In all countries, graduates of tertiary-level education earn substantially more than upper secondary and post-secondary non-tertiary graduates. For 25-to-64-year-olds, financial rewards from tertiary education are particularly high in the Czech Republic, Ireland, Hungary, Poland, Portugal, and the United States for both females and males while in Finland, Italy, and Germany males have a substantial wage premium and in Korea and the United Kingdom females with tertiary education earn substantially more than their counterparts with upper secondary or post-secondary non-tertiary education. On average, across the countries for which data are available, the average wage premium for completing tertiary education is above 50% both for males and females relative to their counterparts with an upper secondary and post-secondary non-tertiary education.

Trends in relative earnings provide an indication of supply and demand for higher educated individuals in different countries. Increases in earnings premium over time can be seen as an indication of a short supply of tertiary educated individuals relative to the demand from the labour market whereas a falling earnings premium could potentially indicate an excess supply of tertiary educated. A comparison over time for countries with data for 1997 or 1998 and 2005 or 2006 suggests that the demand for tertiary educated individuals still outstrips the supply in most countries. Significant increases in the wage premium have taken place in Germany, Hungary, Ireland, and Italy for both males and females.

Comparability

The International Standard Classification of Education (ISCED-97) is used to define the levels of education. See the *OECD Handbook for Internationally Comparative Education Statistics* for a description of ISCED-97 education programmes and attainment levels and their mappings for each country.

Earnings data are based on an annual reference period in Austria, Canada, the Czech Republic, Denmark, Finland, Ireland, Italy, Korea, Luxembourg, Norway, Portugal, Spain, Sweden, Turkey and the United States. Earnings are reported weekly in Australia, New Zealand and the United Kingdom, and monthly in Belgium, France, Germany, Hungary, Poland and Switzerland. Data on earnings are before income tax, while earnings for Belgium, Korea and Turkey are net of income tax. Data on earnings for individuals in part-time work are excluded for the Czech Republic, Hungary, Luxembourg and Poland, while data on part-year earnings are excluded for Hungary, Luxembourg and Poland.

Source

- OECD (2008), *Education at a Glance*, OECD, Paris.

Further information

Analytical publications

- Hansson, B. (2007), *Effects of Tertiary Expansion: Crowding-out Effects and Labour Market Matches for the Higher Educated*, OECD Education Working Papers, No. 10, OECD, Paris.
- Oliveira Martins, J. et al. (2007), *The Policy Determinants of Investment in Tertiary Education*, OECD Economics Department Working Papers, No. 576, OECD, Paris.
- OECD (2008), *Trends Shaping Education – 2008 Edition*, OECD, Paris.

Methodological publications

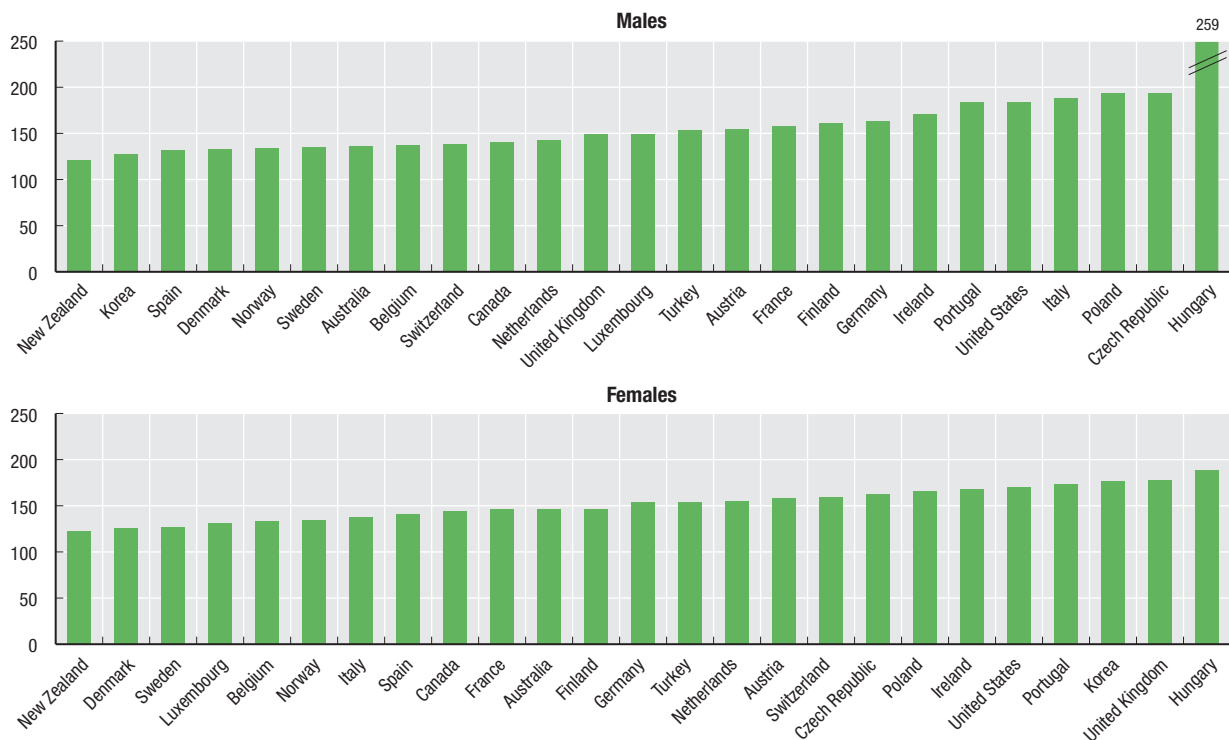
- OECD (2004), *OECD Handbook for Internationally Comparative Education Statistics: Concepts, Standards, Definitions and Classifications*, OECD, Paris.

Websites

- OECD Education at a Glance, www.oecd.org/edu/eag2008.


Trends in relative earnings for age group 25-64 with tertiary education
Upper secondary and post-secondary non-tertiary education = 100

	Males							Females						
	1998	2000	2002	2003	2004	2005	2006	1998	2000	2002	2003	2004	2005	2006
Australia	..	..	..	..	..	136	..	..	..	..	..	..	146	..
Austria	..	..	..	..	..	149	155	..	..	..	..	..	156	158
Belgium	..	128	132	132	137	137	..	..	132	139	132	134	134	..
Canada	143	151	143	143	140	140	..	147	145	141	144	144	144	..
Czech Republic	178	..	..	..	193	190	194	170	..	..	..	160	161	163
Denmark	132	..	131	134	133	133	..	124	..	123	127	126	126	..
Finland	159	..	163	160	161	..	..	143	..	146	146	146	..	..
France	159	..	160	151	154	152	157	145	..	148	146	145	142	146
Germany	126	141	140	150	149	151	163	128	137	137	145	148	151	153
Hungary	218	232	245	255	253	253	259	159	164	176	192	190	188	189
Ireland	131	138	141	..	171	..	..	145	163	153	..	168	..	..
Italy	138	143	162	..	188	..	..	115	137	147	..	138	..	..
Korea	132	..	..	127	..	..	..	141	..	..	176	..	..	..
Luxembourg	..	..	149	..	..	..	..	..	..	131	..	..	..	..
Netherlands	..	..	143	..	..	..	..	..	..	155	..	..	..	..
New Zealand	137	130	..	132	136	140	120	129	136	..	132	133	135	123
Norway	133	..	138	129	140	134	..	136	..	140	130	142	135	..
Poland	..	..	..	..	179	..	194	..	..	..	..	151	..	165
Portugal	178	..	..	..	182	183	..	171	..	..	..	177	173	..
Spain	152	..	..	..	132	..	..	137	..	..	..	141	..	..
Sweden	136	..	139	137	135	135	..	125	..	129	128	127	126	..
Switzerland	135	139	136	136	142	140	138	145	150	151	153	160	149	159
Turkey	..	..	..	..	139	153	..	..	..	..	..	164	154	..
United Kingdom	149	147	..	151	150	142	149	173	183	..	180	178	180	177
United States	176	178	178	177	179	183	183	163	164	165	167	166	167	170

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Relative earnings for age group 25-64 with tertiary education
Upper secondary and post-secondary non-tertiary education = 100, 2006 or latest available year

 StatLink <http://dx.doi.org/10.1787/537688810877>



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