

2. THE ECONOMIC AND SOCIAL BENEFITS OF EDUCATION

How does education affect employment rates?

- In general, people with higher levels of education have better job prospects; the difference is particularly marked between those who have attained upper secondary education and those who have not.
- In all OECD countries, tertiary graduates are more likely to be in work than non-graduates.
- Men generally have higher employment rates than women; the gap is especially large among people with low levels of education.

Significance

This spread examines the relationship between education and the labour force. OECD countries depend upon a stable supply of well-educated workers to promote economic development. Data on employment and unemployment rates – and how they evolve over time – thus carry important information for policy makers about the supply, and potential supply, of skills available to the labour market and about employers' demand for these skills.

Findings

Education has a substantial impact on employment prospects. On average across OECD countries, 84% of the population with tertiary education is employed. This falls to just over 74% for people with upper secondary and post-secondary non-tertiary education and to just above 56% for those without an upper secondary education.

In OECD countries, an upper secondary education is typically considered the minimum needed to be competitive in the labour market. The average unemployment rate among those who have completed this level of education is close to 5 percentage points lower than among those who have not (see Table A7.4a in *Education at a Glance 2011*).

Employment rates for men are always higher than those for women, but the gap narrows significantly among people with higher levels of education. Among those with only a lower secondary education, the employment rate for men is 70% and 49% for women; among those with university-level education, this rises to just under 89% for men and 80% for women. Employment rates for women with lower secondary education are particularly low (below 40%) in Chile, the Czech Republic, Hungary, Poland, the Slovak Republic, Turkey and the United Kingdom. For women with university-level education, employment rates equal or exceed 75% everywhere except in Chile, Japan, Korea, Mexico and Turkey, but remain below those of men in all countries.

When it comes to unemployment, the relationships are less clear cut. Differences in unemployment rates for

men and women are smallest among those with tertiary education. Among women, the unemployment rate is 2 percentage points higher than for men only in Greece, Italy and Turkey. Among those with upper secondary education, women have generally somewhat higher unemployment rates than men. But among those who have not attained upper secondary education, the unemployment rate for men is higher than that for women in 15 OECD countries (see Table A7.2a in *Education at a Glance 2011*).

Trends

Although differences in unemployment rates among educational groups have narrowed somewhat over the past decade, higher education generally still improves job prospects. Across OECD countries, the average unemployment rate among those with tertiary-level attainment has stayed near 4%; for those with upper secondary education it has stayed below 7%. But for those with less than upper secondary education, it has breached 10% several times since 1997 (see Table A7.4a in *Education at a Glance 2011*).

Definitions

The employment rate refers to the number of persons in employment as a percentage of the population of working age. The unemployment rate refers to unemployed persons as a percentage of the civil labour force. The unemployed are defined as people actively seeking employment and currently available to start work. The employed are defined as those who work for pay or profit for at least one hour a week, or who have a job but are temporarily not at work due to illness, leave or industrial action.

Information on data for Israel:
<http://dx.doi.org/10.1787/888932315602>.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *Education at a Glance 2011* (Indicator A7).

Areas covered include:

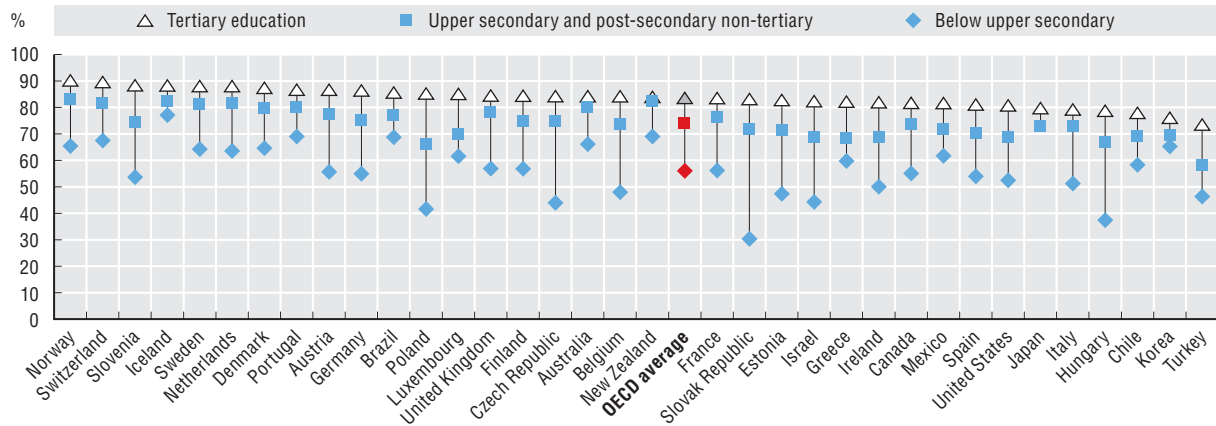
- Trends in employment and unemployment rates, by gender and educational attainment.

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How does education affect employment rates?

Figure 2.3. **Positive relation between education and employment, 2009**

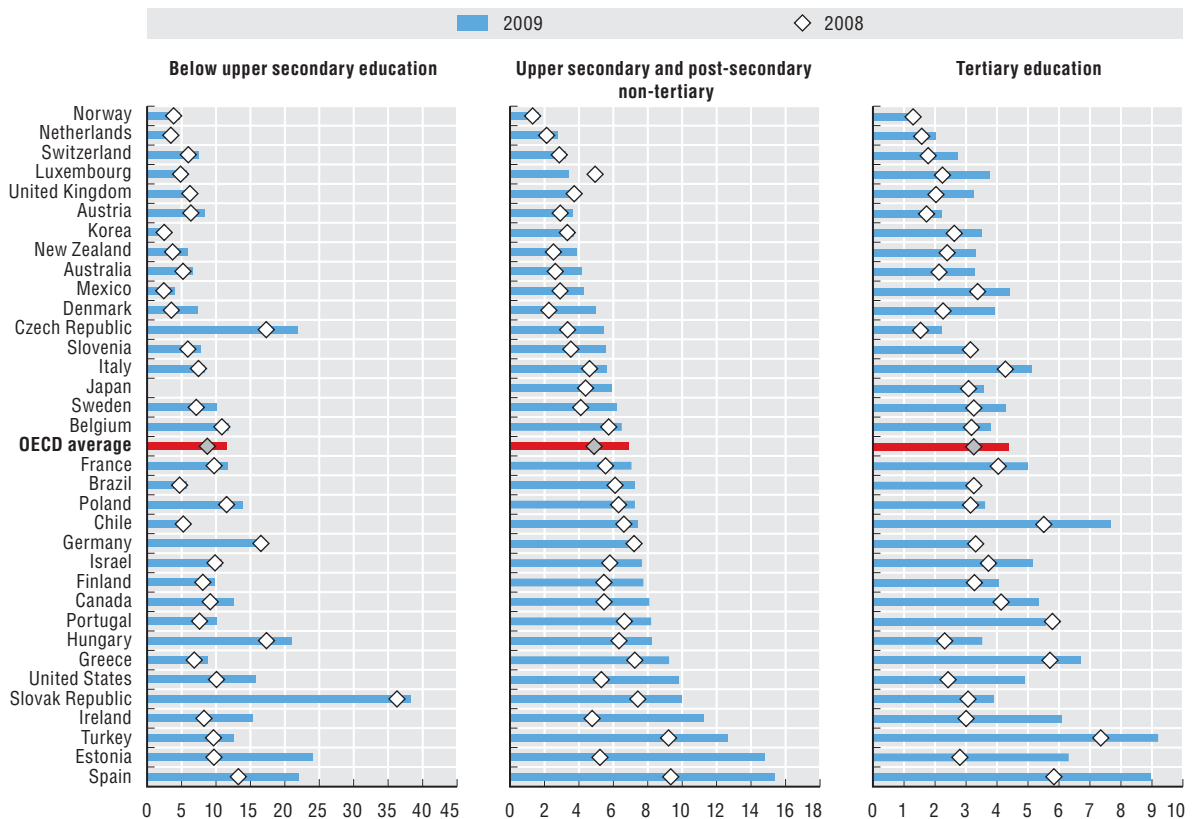
This figure shows how higher levels of educational attainment typically lead to greater labour participation and higher employment rates.



Source: OECD (2011), *Education at a Glance 2011*, Table A7.3a, available at <http://dx.doi.org/10.1787/888932462966>.

Figure 2.4. **Change in unemployment rates, by level of education (2008, 2009)**

These figures show the change in unemployment rates between 2008-09 at three levels of educational attainment.



Source: OECD (2011), *Education at a Glance 2011*, Table A7.4a, available at <http://dx.doi.org/10.1787/888932463023>.



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