

Do employability skills really matter in the UK graduate labour market?

The case of business and management graduates

Dr. Nick Wilton, University of the West of England, Bristol

Abstract

Two dominant rationales are offered by UK policymakers for the continued expansion of higher education; to service the high-skill labour requirements of a knowledge economy and to increase educational and employment opportunities for under-represented groups. The discourse of employability connects these two rationales in a simplistic manner. Individual employability is described as both the means by which to obtain and maintain high quality employment and to eradicate the social reproduction of inequality. However, evidence drawn from a survey of graduate careers suggests that for a cohort of recent business and management graduates, the relationship between employability and employment is far from straightforward. The data suggest that traditional labour market disadvantage still appears to be an impediment to achievement, regardless of the extent to which graduates develop employability skills during their undergraduate studies.

Keywords: Diversity, employability, graduates, higher education, labour market, skills

Introduction

In the last three decades, UK higher education (HE) has undergone a major transformation in moving from elite to mass provision. Consequently, the graduate labour market has been significantly altered both in the composition of the graduate labour supply and in the diversity of occupations that graduates subsequently enter. In particular, the supply of business and management (B&M) graduates to the labour market has grown significantly. Figures from the Higher Education Statistics Agency (HESA 2007) indicate that in the year 2006-07, business and administrative studies students accounted for approximately 11 per cent of all undergraduates in HE (204,815 students). In order to promote and justify the rapid and continued expansion of HE, particularly in vocational subject areas, two interconnected rationales have been espoused by policymakers: first, to service the high-skill labour requirements of a knowledge economy; and second, to increase opportunities in both education and, subsequently, employment for groups previously under-represented in HE¹.

The first of these rationales is exemplified in the promotion of HE participation by the current UK government (for example, Department for Education and Employment 2000) reflecting the view 'that investment in human capital and lifelong learning is the foundation for success in a

global economy' (Thompson 2004, p.2). This logic has played a critical role in the formation of state policy over the last two decades whereby the state has taken 'a proactive role to encourage universities to provide... an appropriately trained workforce' (Edwards and Miller 1998, p.42). The shift to a mass HE system is seen by policymakers as the principal mechanism by which to create a supply of potential knowledge workers to fill the expanding number of 'high-skill' jobs in the economy, stimulating demand for better jobs, improving the quality of work itself and driving economic prosperity (Keep and Mayhew 1999). As such, the rapid expansion of undergraduate B&M education clearly represents one facet of the broad ideological shift in policy away from a cultural rationale for HE (Salter and Tapper 1994) towards one which advances its economic function in the development of graduate employability. In relation to the second rationale, political discourse has persistently supported access to HE as an effective instrument in the equalisation of life and social chances (Deer 2004). Subsequently, UK HE is drawing students from a wider pool than ever before in terms of age, ethnicity, social class background, gender and prior qualification level², encouraged by the policy message that the individual attainment of marketable skills, knowledge and credentials is the means by which to overcome traditional forms of social disadvantage.

These two rationales – and their intersection in the increased emphasis on personal responsibility for individual employability - have undoubtedly proved to be highly influential in policy formation. However, their logic rests on a number of strongly-contested assumptions. The first reflects the logic of the knowledge economy itself. For policymakers, occupational change projections (Wilson 2001) and data on the shifting demand for skills (Felstead *et al.* 2007) present irrefutable evidence of a shift towards an advanced social order requiring an ever-increasing supply of highly-skilled labour. Others, however, contest the extent to which the rapid growth in the supply of graduate-level labour is matched by corresponding demand (Keep and Mayhew 2004). Thompson (2004, p.12) reports that much of the optimistic, populist management rhetoric advocating a new era dominated by high-skill employment is '...pretty thin stuff... look for any sophisticated definitions or criteria underneath labels... and they just can't be found'. On this basis, therefore, political advocacy for continued HE expansion would appear to represent a significant gamble with the prospects of recent and future graduates. Furthermore, there are deep concerns that widening participation alone fails to remedy entrenched social disadvantage (for example, Purcell *et al.* 2005, 2006; Chevalier 2007; Smith *et al.* 2000). Moreau and Leathwood (2006) argue that, far from eradicating disadvantage, the employability discourse has compounded problems of social reproduction by placing the blame for low achievement in the hands of the individual and effectively removing structural and political explanations from the debate over employment inequality. The logic of the employability message is, therefore, strongly contested on the basis that it ignores its inherent duality; that it has both an *absolute* (the human capital of the individual) and a *relative* dimension (the individual's standing compared to others in the labour

market) (Brown and Hesketh 2004). As such, it is possible to be employable, yet unemployed or underemployed. By simply widening access and placing greater emphasis on individual employability, policymakers are argued to have divested themselves of the responsibility for creating good quality jobs and ensuring social equality by disregarding this relative dimension of positional competition.

This article seeks to explore the extent to which levels of reported 'employability' appear to influence employment outcomes and assist in overcoming traditional social disadvantage for a cohort of 1999 B&M graduates. Previous research (Wilton 2007) has shown that B&M students are more likely to be drawn from sections of society targeted by the widening participation agenda, including those from lower socio-economic backgrounds and those who, under an elite system, would have been unlikely to attend university, including students who attend newer higher education institutions (HEIs), enter HE via non-standard routes or have relatively low pre-entry qualifications. Undergraduate B&M education is also studied by relatively equal proportions of men and women. B&M graduates would however appear to be well placed to exploit the opportunities described by advocates of HE expansion, possessing the mix of employability skills and business knowledge desired by employers (Wilton 2008). The central question that this article seeks to address is whether the experience of recent B&M graduates gives credence to the policy emphasis on employability or whether labour market success continues to be more greatly predicated on long-established biases towards particular types of graduates rather than the development of skills in HE. In order to address this question, the article first considers B&M graduates' assessment of the extent to which their degree studies contributed to the development of employability skills and whether subgroups of graduates report differing levels of development. The article then considers the extent to which differential levels of employability skills development translate into employment outcomes when considered alongside a range of educational and social group characteristics. Specifically, the analysis focuses on graduate characteristics associated with HE expansion and the widening participation agenda; gender, age, type of HEI attended and ethnicity.

Methodology

The data discussed in this article is drawn from the *Class of '99* questionnaire survey conducted in 2003³ which surveyed one in two graduates in all subject disciplines who completed their undergraduate education in 1999 at 38 UK HEIs. The research was undertaken by an interdisciplinary research team from the University of the West of England and the University of Warwick. The survey provided complete employment histories and profiles of each respondent, including their personal backgrounds, details about their current employment and their attitudes towards their jobs and careers. In total, 8571 useable responses were received (representing a response rate of 24 per cent) of which 1060 were

from B&M graduates; approximately 12 per cent of the total sample and a reflection of the HE population at the time. 1016 B&M respondents were in employment at the time of the survey of whom approximately half were women, just over three-quarters had studied at a new university and 7 per cent describe themselves as being from a minority ethnic background (HESA report that, of those whose ethnicity was known, approximately 14 per cent of the undergraduate population in 1998-99 were from a minority ethnic background). Eighty seven per cent of the sample were 'standard age' or 'young' graduates (those who completed their studies before the age of 24), five per cent were 'young mature' graduates (graduated between the ages of 24 and 30) and eight per cent were 'mature' graduates (graduated when over 30 years of age). To reflect the heterogeneity of the B&M subject field the sample has been divided into three distinct groups to distinguish between generalist graduates ('business and management studies'), specialist graduates ('other business and management specialisms', such as tourism management or marketing) and those who combined a business education with another vocational or academic discipline. These groups made up 42, 31 and 27 per cent of the total sample respectively.

The development of employability skills among B&M graduates

A series of questions in the *Class of '99* questionnaire asked respondents to assess the extent to which their undergraduate degree had contributed to the development of a range of employability skills, to which respondents could indicate 'not at all', 'some' or 'a lot'. The skills enquired about in the survey are listed in Table 1. Respondents were given no explicit guidance in responding to the survey questions and this may have resulted in a variety of interpretations as to what constitutes degrees of development. For example, some respondents may have focused on those elements of their undergraduate programmes explicitly focused on skills development whilst others might include a wider range of contributory activities. This has possible implications for the reliability and validity of the findings presented here. However, regardless of how respondents arrived at their assessment of skills development their responses represent an acknowledgement that HE played a substantive role in this process. Moreover, variation in reported skills development between graduates in different degree disciplines (Wilton 2008) suggests that at least part of reported development can be attributed to formal programmes of study. Table 1 shows the distribution of responses for each category of skill. It was expected that all graduates would have developed many of these skills to at least some degree and, therefore, it is of particular interest to compare the proportion of respondents who reported substantial development in each category (those who reported developing each skill 'a lot' during the course of their studies). The survey questions allow an evaluation of the 'employability value-added' of undergraduate B&M programmes in respect of specific categories of skill. The mean response for each skill category was calculated by assigning each responses a value of one

(‘not at all’), two (‘some’) or three (‘a lot’). Table 1 outlines the mean response for each of the categories.

TABLE 1 Here

The table shows that in the majority of categories the mean response was between ‘some’ and ‘a lot’ (except in the case of advanced IT and creativity, skills that are likely to be significantly developed on a narrower range of programmes of study). In all skill categories, the median response was ‘some’, except in the case of ‘written communication’ (‘a lot’). It is apparent that B&M graduates reported that their programmes of study contributed to the development of a broad range of employability skills that are likely to be of value in a wide range of jobs and labour market contexts. This contrasts with other disciplinary areas where skills development tends to be more concentrated (Wilton 2008). By aggregating the mean scores for development in each of the skills categories, it is possible to create an employability index to assess the extent of overall employability development. For the whole B&M cohort, the average value on this employability index was 2.27, however, Table 2 shows some notable variation in the extent of employability ‘added-value’ which different subgroups of graduates attributed to their undergraduate studies. The table shows that even though the differences in the mean value of reported skills development are relatively small in each set of comparisons differences were nevertheless statistically significant, except in the case of age group.

TABLE 2 Here

These averages do, however, mask some greater distributional variation within subgroups of graduates and categories of skill. The greatest variation was evident when comparing graduates by type of B&M degree studied. Generalist B&M graduates reported higher average levels of development in written communication, basic and advanced computer literacy and research skills whilst combined studies graduates reported higher levels of development in numeracy and problem-solving. Specialists reported greater development in all other areas. Variation was also evident according to age group. Older mature graduates reported higher average development in management, leadership and entrepreneurial skills than both young and young mature graduates, despite lower average skills development overall. Importantly, however, new university graduates reported higher average skills development in all but two areas (problem-solving and numeracy) and women reported greater development in all areas except entrepreneurial skills and creativity. Minority ethnic graduates reported greater average skills development in all categories compared to their white peers.

It is acknowledged that a wide range of factors are likely to have shaped the attainment of skills prior to entering HE, for example, prior education and social class background, and are therefore likely to be reflected in assessment of the additional benefit of their undergraduate studies. However, analysis shows no clear relationship between reported employability development in HE and social class background (as denoted by parental occupation), type of school attended prior to entering HE or degree outcome. For example, graduates who attended a fee-paying school prior to entering HE reported similar levels of skills development to those who attended a state comprehensive school or further education college (2.27 and 2.26 respectively). Post-graduation employment outcomes might also have influenced respondents' assessment of the apparent 'worth' of their undergraduate programmes in respect of skills development. On some measures this would appear to be the case. For example, those respondents who were very satisfied with their careers to date, who described their jobs as being ideal for someone with their qualifications and who were using their degree-acquired skills and knowledge in the course of their jobs reported higher comparative levels of overall employability development. However, on other measures the pattern was more complex. For example, graduates working in non-graduate jobs (using the SOC[HE] classification)⁴ reported higher levels of skills development compared to graduates in modern or new graduate jobs. It appears, therefore, that employment outcomes do not have any clear directional influence on respondents' reports of the employability added-value of their undergraduate studies.

Gender and employment outcomes

Successive studies of early graduate careers report significant gender inequality in employment outcomes among UK graduates, including a substantial gender pay gap (Purcell *et al.* 2006; Dickerson and Jones 2007). Table 2 shows that female B&M graduates reported marginally greater overall employability development on their undergraduate degrees than their male peers. Comparing the proportion of B&M graduates, disaggregated by gender, who reported having developed a range of skills 'a lot' on their undergraduate degrees, shows that in the majority of cases women reported greater or relatively equal skills development compared to men. Most notably, women reported greater development of written and spoken communication, basic computer literacy and teamworking, all of which have been highlighted as 'key' employability skills in government policy (Dearing 1997). Importantly, female B&M graduates were also more likely to report the significant development of both management and leadership skills. Given this pattern of skills development, the non-gendered nature of the B&M subject area⁵ and that differential human capital is often given as a key explanation for inequality it is of interest to explore whether, in isolation, the B&M sample was reflective of the wider graduate population in respect of gendered labour market achievement.

Analysis of the employment outcomes of the 1999 B&M cohort shows notable variation by gender which is at odds with this greater reported skills development. On average, women in full-time employment earned over £3400 less than males after four years in the labour market, representing a gender pay gap of 15 per cent. Analysis also shows significant vertical and horizontal segregation of employment. For example, over one-third of men were employed in managerial occupations (using SOC2000) compared to approximately one in four women. Compared to their male peers, women were also less likely to be employed in professional occupations and one-third more likely to be in administrative work. Analysis by SOC(HE) shows both the greater propensity of women to be in non-graduate jobs (24 per cent of women compared to 17 per cent of men) and their lower likelihood (by one-third) to be in traditional or modern graduate jobs. This is consistent with the finding that men were, on average, more likely than women to report that a degree had been required for their job and to be using their degree-acquired skills and knowledge. Consequently, male B&M graduates recorded a higher average job 'appropriateness' score⁶ (4.85 compared to 4.63) and higher 'job quality'⁷ (3.43 compared to 3.31). Analysis of respondents' career histories following graduation indicates that female propensity towards particular types of occupations after four years in the labour market is related to their relative likelihood of entering such occupations immediately after graduation. For example, 35 per cent of female B&M graduates entered administrative jobs immediately after graduation compared to only one in five men. Conversely, 20 per cent of men entered managerial jobs after graduation compared to 12 per cent of women.

The gender pay gap is partly related to the sectoral distribution of the sample. Female respondents were more likely to be working in the generally lower-paid public sector than men (21 per cent and 18 per cent respectively). However, whilst males and females were also differently distributed across the private sector (for example, men were more likely to working in the construction industry and women in business services) the disparity was not as marked as expected considering that specific subject choices among specialist B&M graduates tended to be gendered (for example, 69 per cent of hospitality, hotel and catering management graduates in the sample were female). What this suggests, therefore, is that not only do women earn less than men on average because of a higher propensity to work in the public sector but also that even in sectors which are non-gendered, women were more likely to be found in lower-level and, subsequently, lower-paid jobs.

One variable often used to explain gendered employment choices and outcomes is differences in values and attitudes. The data, however, provided little support for the contention that female B&M graduates choose to prioritise earnings to a notably lesser extent than men or to place greater value on aspects of work, such as job security, which might contribute to lower levels of economic 'achievement'. The data showed similarity in the priorities and values of male and female B&M graduates that was not evident for graduates in

other disciplines (for example, female B&M graduates were more likely than other female graduates to value high financial reward). Subsequently, the data do not support the assertion that the gender pay gap can be substantially explained by individual employment decisions based on gendered differences in values and career priorities.

In summary, the data show that greater reported skills development among female B&M graduates does not translate into enhanced or equivalent employment outcomes. Contrary to the policy rhetoric, the attainment of these skills in HE would not appear to act as a key determinant of labour market attainment and a key means by which to resolve gender inequality.

Institution of study and employment outcomes

The evaluation of the impact of institution of study on skills development and employment outcomes compares graduates from 'old' and 'new' universities⁸ and reflects two points of interest. First, undergraduate B&M education continues to be dominated by newer HEIs (despite recent growth in older universities) and these institutions are more likely to have responded to employer demands for more explicit employability skills development. Second, students from lower socio-economic backgrounds are considerably more likely to attend newer HEIs and previous studies have shown that institution attended is strongly related to labour market outcomes (Chevalier and Conlon 2003).

In this sample, those from lower socio-economic groups were more likely to have attended a new university (using NSSEC⁹, 78 per cent of B&M graduates from old universities came from the top three social class groups compared to 70 per cent of those from new universities) and therefore, analysis by institutional type can shed some light on the extent to which graduate labour market outcomes were influenced by social class background. Clearly, attendance at a particular HEI reflects pre-HE credentials and it could be argued that patterns of differential labour market attainment simply reflect a meritocratic process whereby employers favour the recruitment of old university graduates on the basis of the higher levels of achievement. However, as government policy continues to stress the centrality of employability skills attainment for individual success, are employers justified in prioritising such graduates on the basis of their greater acquisition of such skills in HE?

Table 2 shows the greater reported employability value-added of B&M degrees at new universities compared to older institutions. Moreover, new university graduates were more likely to report the substantial development of the ability to work in teams, spoken communication, basic IT literacy, management skills, leadership skills, entrepreneurial skills, research skills and creativity. However, the evidence indicates that regardless of the distribution of 'employability' skills development, old university graduates fare better in the

labour market post-graduation than their new university peers. The data show that both immediately after graduation and at the time of the survey, both male and female graduates from old universities earned markedly higher average salaries than new university graduates. For example, mean salaries for male old university graduates were £17,289 in their first main job after graduation and £28,981 in their job they held at the time of this survey. Mean salaries for male new university graduates were £14,552 and £25,405 respectively. The distribution of earnings among the sample also shows considerable disparity. For example, 43 per cent of male graduates from old universities were earning more than £30,000 four years after graduation compared to 28 per cent of those from new universities. In contrast 40 per cent of male new university graduates were earning less than £21,000 compared to 21 per cent of old university graduates.

Again, earnings were partly reflective of the sectoral distribution of employment. New university graduates demonstrate a greater propensity to be working in public services, hospitality, transport and tourism, all sectors which are typically associated with comparatively low levels of pay. Conversely, old university graduates were twice as likely to be working in the banking and finance sector as well as more likely to be working in ICT and business services. Analysis also shows the markedly different occupational distribution of the sample when disaggregated by institution attended. Most notably, old university graduates were approximately twice as likely to be in professional occupations (for example, chartered or management accountants, auditors, business analysts and consultants) compared to their new university peers. They were subsequently less likely to be in occupations classified as managerial, administrative or 'other' (including semi-skilled and unskilled occupations). Subsequently, new university graduates were more than twice as likely to be in non-graduate employment (24 per cent compared to 11 per cent). The work history data show that this 'disadvantage' is evident immediately after graduation. Old university graduates were approximately nine percentage points less likely than those from new universities to go into non-graduate jobs immediately after completing their studies. Moreover, the rate of movement out of these jobs was slower for new university graduates. Despite being less likely to report having required a degree to obtain their job at the time of the survey, new university graduates were more likely to report using their degree-acquired subject knowledge and equally likely to be using the skills. Nonetheless, old university graduates reported higher levels of job appropriateness (4.87 compared to 4.71) and job quality (3.61 compared to 3.3). There was no difference, however, in levels of job satisfaction, although graduates from new HEIs were more likely to report being not very satisfied or dissatisfied with their careers to-date (one in five compared to 15 per cent of old university graduates).

Type of B&M degree and employment outcomes

Varied employment outcomes based on institution of study partly reflect the specific subject mix of graduates attending these institutions. Graduates in combined studies with B&M were more likely to have attended an old university (57 per cent) whilst specialist and generalist B&M graduates were notably more likely to have attended a new university (87 and 83 per cent respectively). Table 2 shows however that combined studies graduates reported the lowest level of employability development on their degree programmes and specialist B&M graduates, the highest. Analysis of employment outcomes by type of B&M degree shows that levels of reported skills development are not reflected in labour market achievement. For example, at the time of the survey, specialist B&M graduates were least likely to be in a job for which a degree had been required and to be using their degree-acquired skills. They were also less likely to be using their degree-acquired knowledge than generalist B&M graduates. Almost one in four specialist B&M graduates were in non-graduate employment (SOC[HE]) compared to 15 per cent of combined B&M graduates and 21 per cent of generalists. Analysis by SOC2000, however, shows a slight polarisation in employment outcomes. Specialist B&M graduates were most likely to be in managerial occupations (34 per cent compared to 29 per cent of generalists and 27 per cent of combined B&M graduates) but also most likely to be in 'other' occupations (7 per cent compared to 4 per cent of generalist and combined B&M graduates). Nonetheless, specialist graduates reported the highest average job appropriateness score (4.81 compared to 4.68 for generalist B&M graduates).

Overall, specialist B&M graduates were, on average, the least satisfied with their career-to-date (22 per cent reporting being not very satisfied or dissatisfied compared to 17 per cent of both generalist and combined B&M graduates). Combined B&M graduates reported the highest level of job quality (3.56 compared to 3.28 for specialist graduates and 3.33 for generalists). Importantly, both specialist and generalist B&M graduates reported average earnings substantially below that of combined B&M graduates, both in their first main job after graduation and in the job held at the time of the survey. This was the case for both men and women. For example, average earnings in the first main job held after graduation for specialist graduates was £14742, for generalist B&M graduates £14780 and for combined studies graduates £16708.

Overall, even in a disciplinary field that is relatively new to the HE curriculum and that remains a stronghold of newer HEIs, B&M graduates from old universities significantly outperform their new university peers in employment. The findings presented here would appear to support the notion that whilst new universities strive to respond to employers demands for a greater focus on employability (Brown and Scase 1994) employment outcomes continue to suggest employer 'preference' for graduates from more established institutions. Analysis by type of B&M degree reinforces this finding with combined studies graduates being most likely to have attended an old institution and demonstrating notably superior employment outcomes, despite reporting the lowest level of skills development.

Age group and employment outcomes

Previous analysis of the graduate labour market has shown that graduates who attended HE as mature students have tended to face difficulties in achieving the employment outcomes to which they aspire (Egerton 2001a; 2001b, Purcell *et al.* 2007). Mature graduates are more likely to have acquired employment experience prior to entering HE and this is likely to impact both on the reporting of employability skills development and on post-graduation employment outcomes (Purcell *et al.* 2007). It might be expected, therefore, that mature graduates would report lower levels of employability development on their undergraduate studies. Table 2 shows that this was the case, with young graduates reporting greater skills development compared to both older groups, although these differences were not found to be statistically significant. Median responses on each skill category were comparable across the three age groups except in the cases of 'ability to work in teams' where 58 per cent of young graduates reported significant development ('a lot') compared to 35 per cent of young mature graduates and 39 per cent of older mature graduates. The majority in all three groups reported developing 'written communication' and 'research skills 'a lot' (in all other categories the median response was 'some').

The labour market data indicate that, whilst 'young mature' graduates reported the most consistently high level of labour market achievement, older mature graduates displayed more variable employment outcomes. 'Young mature' graduates were most likely to be in graduate-appropriate occupations at the time of the survey (SOC[HE]), but there was no notable difference in the propensity of young and older mature graduates to be in non-graduate jobs. This is despite marked differences in their distribution across types of SOC(HE) graduate jobs. For instance, older mature graduates were more than twice as likely to be in traditional graduate jobs compared to young graduates. Importantly, analysis by SOC2000 shows that approximately 30 per cent of each age group were in managerial occupations. The work history data show that over half of young graduates enter non-graduate work immediately after graduation compared to approximately one-third of both young mature and older mature graduates. This suggests that initial employment outcomes were most important for older mature graduates as movement out of non-graduate employment is more limited for this group than for their younger peers. It is unsurprising that average earnings for young graduates in their first main job after graduation were lower than for older graduates but four years on this 'gap' has been eroded as young graduates have gradually moved into more appropriate employment. This gap closure is more appreciable for women than for men reflecting the fact that mature female graduates reported the lowest rate of earnings growth following graduation.

At the time of the survey, young graduates were more likely to report being in jobs for which a degree was required and which utilised their degree skills and knowledge compared to both older groups. They also reported higher average job quality (3.44 compared to 2.93 for older mature graduates). In contrast, older mature graduates recorded the highest mean score for job appropriateness (4.9 compared to 4.73 for young graduates) despite less than half of this group being in a job for which a degree had been required. Perhaps the most enlightening difference between the groups is in levels of reported career satisfaction. Twenty nine per cent of mature graduates reported being not very satisfied or dissatisfied with their career to date compared to 23 per cent of young mature and only 18 per cent of young graduates.

As noted above, the problems associated with attempting to 'measure' skills development are compounded when comparing graduates with differing levels of employment and life experience prior to entering HE. However, in the light of their reportedly greater employability development whilst at university, these findings suggest that young graduates are those that benefit most from employability interventions in HE. Four years after graduation, labour market attainment is roughly equivalent to that of mature graduates and it may be the case that such skills development in HE has positively contributed to such employment outcomes.

Ethnicity and employment outcomes

Table 2 shows that minority ethnic survey respondents reported notably greater levels of employability development on their undergraduate studies compared to their white peers. Analysis also shows that in virtually all categories of skill, minority ethnic graduates reported greater development compared to white graduates. Greater employability added-value was particularly apparent in the areas of problem-solving, numeracy and basic computer literacy. However, on virtually all measures of labour market attainment, minority ethnic graduates reported inferior outcomes compared to their white peers. Minority ethnic graduates reported lower average job quality (2.65 compared to 3.43) and job inappropriateness (4.17 compared to 4.78). They were also notably less likely to report being satisfied with their careers to date (only 11 per cent of minority ethnic respondents reported being very satisfied compared to 26 per cent of white respondents) and less likely to be satisfied with their job at the time of the survey (only 14 per cent reported being completely or very satisfied compared to over one-third of white respondents). Minority ethnic respondents were less likely than white respondents to have required a degree for the job held at the time of the survey (44 per cent and 63 per cent respectively), to be making use of their degree-acquired subject knowledge (55 per cent and 70 per cent) or their degree-acquired skills (69 per cent and 82 per cent). Interestingly, the gender pay gap evident for the entire B&M cohort was reversed for minority ethnic graduates. Female minority ethnic graduates reported higher average earnings than their male peers and their white female counterparts both in their first main job after graduation and in the job held at the time of the survey. However, comparisons show that at

both stages minority ethnic men were earning notably less than their white peers. For example, in their jobs held at the time of the survey, the average earnings of minority ethnic men were £21,964 compared to £26,894.

Analysis by occupational classification shows that minority ethnic respondents were more likely to be in SOC(HE) non-graduate jobs (28 per cent compared to 20 per cent of white respondents) and in administrative jobs (24 per cent and 13 per cent respectively). However, the data also show that occupational outcomes for minority ethnic graduates were highly variable. For example, despite a greater tendency towards non-graduate employment, 13 per cent of minority ethnic graduates were in traditional graduate jobs compared to seven per cent of white graduates. This polarisation is likely a reflection of the complex patterns of employment achievement across ethnic groups and highlights the problematic nature of drawing strong conclusions on the basis of white/non-white comparisons. Nonetheless, the evidence clearly suggests inequality of outcomes based on ethnicity. The superior employment outcomes of white graduates is especially noteworthy in light of the fact that minority ethnic graduates were more likely to display characteristics typically associated with higher employment outcomes. They were more likely to have attended an old university (35 per cent compared to 22 per cent of white respondents), more likely to have studied a combined B&M degree (37 per cent compared to 25 per cent) and to have been male (55 per cent compared to 50 per cent). They were, however, less likely to have studied as standard-age students (79 per cent compared to 88 per cent). Whilst these findings should be treated with caution in respect of the dangers of conflating the educational and employment experiences of diverse ethnic groups, they are, however, indicative, of disadvantage that has been reported elsewhere (Connor *et al.* 2004).

Discussion and conclusion

This article has sought to shed light on the reality behind the employability rhetoric by connecting respondents' own assessment of skills development during their degree programme and their subsequent employment outcomes. The data presented here indicates that when the B&M graduate sample is disaggregated by social and education characteristics, not only is the contribution of B&M degrees to the reported development of skills inconsistent but that there are important variation in the extent to which different groups were accessing appropriate and rewarding work four years after graduation. This evidence suggests that the entrenched proclivity for particular types of graduates in the labour market still appears to represent a considerable obstacle for the 'new' graduate labour supply, even where graduates report the development of the skills often demanded by employers. This was particularly apparent in the cases of female and minority ethnic graduates and those who studies at a new university where the contrast between reported employability development and employment outcomes was most marked. Whilst it is implicit in the employability index

used in this article, it is recognised that each of the skills categories enquired about in the survey are unlikely to carry equal weight in the labour market. Some skills might be considered 'table stakes' in the competition for graduate-level employment, such as written communication, whilst more scarce skills (for example, advanced IT skills) are likely to carry a greater premium in the pursuit of certain jobs and, potentially, superior employment outcomes. This might partially explain differences in outcomes between the social and educational groups. Overall, however, whilst some of the apparent differences in employment outcomes between the groups discussed in this article should be regarded with caution, the data suggest that the development of employability skills in HE appears far from a panacea for unequal labour market opportunity. These findings, therefore, raise important concerns about the efficacy of the policy focus on the explicit development of employability skills as an effective means to address social group disadvantage in the graduate labour market.

B&M graduates reflect a cross-section of the new graduate labour supply and, therefore, the early labour market experiences of these graduates represent a test case for the implications of a number of dimensions of contemporary HE policy including the widening participation agenda, the explicit focus on individual employability and the long-run promotion of vocational education. The value placed on the possession of particular skills by employers in graduate recruitment - and how their attainment might be demonstrated to prospective employers - therefore represents an important area for future research to inform the effective targeting of skills development in HE. Such research is pressing given that the inclusion of explicit employability skills training on undergraduate degrees is likely to proliferate further as a result of greater employer involvement in HE curriculum development (HM Treasury 2006) and the continued promotion of the economic role of HE in wider policy, particularly as a driver for the development of a knowledge-intensive economy (Department for Business, Innovation and Skills 2009). These data caution, however, against a predominant focus on the supply-side of the labour market to generate a virtuous cycle by which a greater supply of work-ready graduates encourages a reciprocal response from employers, creating more high-quality jobs that can be accessed by all.

References

- Bhattacharyya, G., Ison, L. and Blair, M. (2003) *Minority Ethnic Attainment and Participation in Education and Training: The Evidence*, Research Topic Paper RTP01-03, Nottingham: Department for Education and Skills.
- Broecke, S. and Hamed, J. (2008) *Gender Gaps in Higher Education Participation*, DIUS Research Report 08-14, London: Department for Innovation, Universities and Skills.
- Brown, P. and Scase, R. (1994) *Higher education and corporate realities: class, culture and the decline of careers*, London: UCL Press.

- Brown, P. and Hesketh, A. (2004) *The Mismanagement of Talent: Employability and jobs in the knowledge economy*, Oxford: Oxford University Press.
- Chevalier, A. N. and G. Conlon (2003) *Does it pay to attend a prestigious university?* London: Centre for the Economics of Education, London School of Economics.
- Chevalier, A. (2007) Education, Occupation and Career Expectations: Determinants of the Gender Pay Gap for UK Graduates, *Oxford Bulletin of Economics and Statistics*, 69 (6): 819-842
- Connor, H., Tyers, C., Modood, T. and Hillage, J. (2004) *Why the Difference? A closer look at higher education minority ethnic students and graduates*, Research Report RR552, Nottingham: Department for Education and Skills.
- Dearing, R. (1997) *Higher Education in the Learning Society: Report of the National Committee of Inquiry into Higher Education*, London: HMSO
- Deer, C. (2004) The expansion of higher education: economic necessity or hyperinflation? in Hayward, G. and James, S. (eds.), *Balancing the Skills Equation*, Bristol: Policy Press.
- Department for Education and Employment (2000) *Opportunity for all: Skills for the new economy*, London, Department for Education and Employment.
- Department of Business, Innovation and Skills (2009) *Higher Ambitions; The future of universities in a knowledge economy*, London, Department of Business, Innovation and Skills
- Dickerson A. P. and Jones P. (2007) *Poor returns: winners and losers in the job market*, Manchester: Equal Opportunities Commission.
- Edwards, T. and Miller, H. (1998) Change in Mass Higher Education: University, State and Economy, in Jary, D. and Parker, M. (1998) *The new higher education: Issues and directions for the post-Dearing university*, Stoke-on-Trent: Staffordshire University Press.
- Egerton, M. (2001a), Mature Graduates I: Occupational Attainment and the Effects of Labour Market Duration, *Oxford Review of Education*, 27(1): 135-150
- Egerton, M. (2001b), Mature Graduates II: Occupational Attainment and the Effects of Social Class, *Oxford Review of Education*, 27(2): .271-286
- Felstead, A., Gallie, D., Green, F. and Zhou, Y. (2007) *Skills at Work 1986 to 2006*, Oxford: ESRC Centre on Skills, Knowledge and Organisational Performance (SKOPE).
- Higher Education Statistics Agency (HESA) (2007) *On-line Statistics*, available at www.hesa.ac.uk, accessed on 7th November 2008.

- HM Treasury (2006) *Leitch Review of Skills - Prosperity for all in the global economy - world class skills*, London: HM Treasury.
- Keep, E. and Mayhew, K. (1999) The Assessment of Knowledge, Skills and Competitiveness, *Oxford Review of Economic Policy*, 15(1): 1-15.
- Keep, E. and Mayhew, K. (2004) The economic and distributional implications of current policies on higher education, *Oxford Review of Economic Policy*, 20(2): 298-314.
- Moreau, M. P. and Leathwood, C. (2006) Graduates' employment and the discourse of employability: a critical analysis, *Journal of Education and Work*, 19(4): 305-324.
- Purcell, K., Wilton, N and Elias, P. (2007) Hard Lessons for Lifelong Learners? Mature graduates and Mass Higher Education, *Higher Education Quarterly*, 61(1): 57-82.
- Purcell, K., Elias, P., Davies, R. and Wilton, N. (2005) *The Class of '99: A study of the early labour market experience of recent graduates*, Research Report 691, Sheffield: Department for Education and Skills.
- Purcell, K. Elias, P. and Wilton, N. (2006) *Looking through the glass ceiling: a detailed investigation of the factors that contribute to gendered career inequalities*, Report to the European Social Fund, Liverpool: European Social Fund.
- Salter, B. and Tapper, T. (1994) *The state and higher education*, Ilford: Woburn Press.
- Smith, J., McKnight, A. and Naylor, R. (2000) Graduate employability: Policy and performance in higher education in the UK, *The Economic Journal*, 110: 382-411.
- Summerfield, C. and P. Babb (eds.) (2004) *Social Trends 34*, London: Office for National Statistics.
- Thompson, P. (2004) *Skating on Thin Ice – The Knowledge Economy Myth*, Glasgow: University of Strathclyde/Big Thinking.
- Wilson, R. (2001) *Projections of occupations and qualifications 2000/2001*, Coventry: Department for Education and Employment/Institute for Employment Research.
- Wilton, N. (2007) Does a management degree do the business for women in the graduate labour market? *Higher Education Quarterly*, 61 (4): 520-538.
- Wilton, N. (2008) Business Graduates and Management Jobs: An Employability Match made in Heaven? *Journal of Education and Work*, 21 (2):143-158

Table 1 **Reported development of employability skills, all B&M graduates in employment at the time of survey (ranked by mean reported value)¹⁰**

Employability Skills	Mean reported value on Employability Index for each skill category	Extent of development in each skill category during their UG studies (proportion of all B&M graduates)		
		'Not at all'	'Some'	'A lot'
Written communication	2.66	5.3	31.7	63
Ability to work in teams	2.57	6.6	37.7	55.7
Research skills	2.56	6.6	40	53.4
Basic computer literacy	2.43	10.8	45.2	44
Spoken communication	2.42	11.4	46	42.7
Problem-solving skills	2.3	10.1	60	29.9
Numeracy skills	2.22	16.7	55.4	27.9
Management skills	2.2	19.2	49.1	31.7
Leadership skills	2.1	21.1	56	22.9
Creativity	2.04	24.7	57.7	17.6
Entrepreneurial skills	1.87	39.3	47	13.7
Advanced IT or software skills	1.83	46.9	37.4	15.7

N (weighted) = 9312; N (unweighted) = 1016

Table 2 Reported development of employability skills by social and educational group, all B&M graduates in employment at the time of survey

		Mean Value on Employability Index	P Values*
Gender	Men	2.25	.000
	Women	2.28	
Type of HEI	Old University	2.18	.000
	New University	2.29	
Age Group	Mature graduates	2.26	.364
	Young mature graduates	2.31	
	Young graduates	2.32	
Ethnicity¹¹	Minority ethnic	2.39	.000
	White	2.26	
Type of B&M degree	Specialist B&M degree	2.29	.000
	General B&M degree	2.24	
	Combined degree with B&M	2.26	

N (weighted) = 9312; N (unweighted) = 1016

*Calculated using Mann-Whitney/Kruskal-Wallis tests

¹ In this context the term 'under-represented' refers to those social groups that have been traditionally less likely to attend HE, particularly prior to the major expansion of 1992. This includes women, mature returners to study, those from (particular) minority ethnic groups and from lower socio-economic groups.

² Broecke and Hamed (2008) report that, whilst historically women have been under-represented in HE, by 1992 young women's participation rates in England equalled those of men and recent figures report a 7.2 per cent participation gap in favour of women. Purcell *et al.* (2007) report that the proportion of mature entrants to UK HE has grown at a faster rate than that of younger HE entrants since the early 1990s. Similarly, Bhattacharyya *et al.* (2003) report that minority ethnic undergraduates make up an increasing share of the total undergraduate population. However, whilst it is true that UK HE attracts from a wider socio-economic spectrum than in the past, the figures show disproportionate growth in HE participation among higher socio-economic groups (Summerfield and Babb 2004).

³ See Purcell *et al.* (2005) for further details of the methodology and findings from the *Class of '99* study.

⁴ The SOC(HE) is a five-fold occupational classification developed to analyse change in the graduate labour market which distinguishes between traditional, modern, new, niche and non-graduate jobs.

⁵ Even if the sample is disaggregated by type of B&M degree the proportion of males and females in each group is roughly equivalent.

⁶ The questionnaire survey asked respondents to indicate how appropriate they felt their job was for someone with their qualifications on a scale of one ('totally inappropriate') to seven ('ideal').

⁷ The index of job quality calculated scores for each respondent based on responses to the question asking whether their job provided a range of desirable characteristics (such as competitive salary, continual skills development, and job security). Scores ranged from seven (job provided a wide range of positive attributes) to zero (job provided none).

⁸ Those UK higher education institutions defined as 'old' are those that were universities prior to the incorporation of polytechnics into the university sector in 1992. 'New' universities are post-1992 universities.

⁹ The National Standard Socio-Economic Classification NSSEC (five class version) discerns between managerial and professional occupations; intermediate occupations; Small employers and own account workers; Lower supervisory and technical occupations; and semi-routine and routine occupations.

¹⁰ The data used in this paper is weighted to adjust for a bias towards female respondents in the gender composition of the *Class of '99* survey (male graduates were under-represented by approximately 10 percentage points). The gender distribution of the weighted data is comparable to that of the population of 1999 graduates from the 38 HE institutions covered by the survey, using information provided by the Higher Education Statistics Agency (HESA).

¹¹ Whilst detailed analysis of the data according to individual ethnic groups would have been desirable, the low response rate among respondents from certain minority ethnic groups data did not allow for sufficiently robust differentiation between them. Therefore, whilst it is acknowledged that patterns of HE participation and achievement across different minority ethnic groups are complex (Connor *et al.* 2004), the analysis of both employability development and employment outcomes reflects a crude dichotomy between white and minority ethnic respondents.