Higher Education and the Myths of Graduate Employability

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Abstract

Graduate employability remains high on the political agenda. Currently, a strong policy drive to reform Higher Education aims to improve graduate employability and reduce social inequalities. As a result, employability skills are becoming part of the formal curriculum in many universities. This chapter examines whether the increased reliance on universities to deliver graduate employability is consistent with current labour market realities. We argue that the graduate labour market is increasingly congested as well as suffers from persistent inequalities in class, gender and ethnicity. Improving student employability skills within Higher Education will not solve these deep-rooted social problems.

Introduction

The relationship between Higher Education (HE) and labour market has never been so contested as in the last decade. There are continuous and sharpened debates about whether the UK labour market can keep up with the growth of HE in creating ‘graduate level’ jobs. In addition, considerable political heat has been generated over who should pay for HE, as the earning prospects of many graduates have been below expectations (Tholen, 2014a).

Although these concerns are not necessarily novel, understanding the changing relationship between higher education and labour market in post-recession Britain, should be of central importance to sociologists of education. The role universities are expected to play in improving the employability of graduates and delivering intergenerational social mobility is in need of further sociological investigation. In contributing to a better
A sociological explanation of the changing relationship between higher education and the labour market, this chapter examines to what extent the increased reliance on universities to deliver graduate employability is congruent with current labour market realities.

We argue that the policy drive to reform higher education as a means of improving graduate employability and narrowing social inequalities, is difficult to reconcile with today’s labour market. There is also little evidence on graduate incomes to support exaggerated claims of a significant ‘graduate premium’, as many graduates will not earn enough to repay their loans adding to the financial burden confronting future generations of graduates.¹

We argue that the role of a graduate credential within the labour market is misunderstood. The employability skills that are becoming part of the formal curriculum in many universities bear little relationship to the way employers recruit for ‘graduate’ jobs. As a result, reliance on graduate employability to compensate for the increasing insecurity students face and to ameliorate the unequal nature of labour market access and outcome, is ultimately flawed. In order to show this, the chapter starts off with a critical review of the existing literature on graduate employability and then moves into an overview of some of the evidence on graduate employment. The chapter ends with a discussion of the limitations of the recent employability-focused drive to improve labour market outcomes for graduates.

**Graduate employability**

From September 2012, universities in England have been allowed to charge tuition fees of up to £9,000 per year and the majority now do so. As maximum fees for courses are the norm, university education has effectively been made a private good. With this comes a transformed understanding of the aims of HE. Former Minister of State for Universities and Science, David Willetts, predicted that students would behave more like ‘customers’ and expect greater value for money as universities ‘have to tell those customers what they are offering’ (BBC, 2011). Since the introduction of £9,000 fees, the Higher Education Funding Council for England (HEFCE) demands that HEFCE-funded institutions provide increased and

¹ Some predict that the majority of students will pay back relatively little to their future earning capacity, reducing the long-term sustainability of the whole funding regime (e.g. Higher Education Commission, 2014).
enhanced information for prospective students in order to choose the right course at the right institution.

This demand for greater transparency in respect to what students will receive at universities has also been extended to the future employability of students. Universities are expected to improve graduate employable either through increasing the ‘quality’ of their courses, or by providing students with so-called employability skills (understood as transferable skills needed by an individual to secure future employment opportunities) (see: HEFCE, 2010). Universities also need to publish information on the employability of their graduates in the form of 'employability statements' explaining how they promote student job prospects. The Department for Business, Innovation & Skills explains:

It is a top concern for business that students should leave university better equipped with a wider range of employability skills. All universities should be expected to demonstrate how their institution prepares its students for employment, including through training in modern workplace skills such as team working, business awareness, and communication skills. This information should help students choose courses that offer the greatest returns in terms of graduate opportunity.

(BIS, 2009, p.8).’

Universities to a large extent have assimilated the discourse of employability and implemented measures to enhance student employment. Through embedding employability and/or enterprise and entrepreneurship education in subject curricula, universities aim to provide students with practical knowledge and skills deemed desired by employers. Work-based learning has also been introduced to provide student with work experiences and extra-curricular awards and recognition schemes aim to widen the student experience.

Furthermore, how well universities perform in making their students employable is monitored and measured internally as well as externally. Graduation rates for individual universities are published annually (e.g. HESA, 2015; O’Leary, 2015; Page, 2014). Other
league tables include graduate starting salaries by institution (and subject) as evidence of how successful universities are in increasing student employability. Global rankings also measure how universities perform on graduate employability worldwide, based on surveys of international recruiters (e.g. Emerging, 2015), highlighting internationalisation of student recruitment and global institutional branding.

The reframing of the purpose of a university education also reflects the concerns of students and families in a context of increasing labour market competition. Current and prospective students are now positioned as HE consumers, encouraged to take full account of future employability before ‘investing’ in a university education. UK students believe that the main responsibility for preparing them for life after university lies between the university and themselves (AGCAS, 2013). It is also accepted that a degree is not enough (Tomlinson, 2008) and extracurricular experiences (alongside credentials) are needed in order to stand out from the crowd (Brown and Hesketh, 2004; Tholen, 2013).

The problem of Graduate employability

Employability has been conceptualised and measured in many different ways (Forrier and Sels, 2003). In most cases, it is construed to the likelihood of (continued) employment of the individual. To find employment, remain in employment or obtain new employment as, and when, required is thought to depend upon his or her human capital (e.g. skills, knowledge, abilities) (Hillage and Pollard 1998; Thijssen et al, 2008). An employable person is portrayed as successful in reaching his or her goals within employment, via a competitive labour market. Investing in the right kind of human capital is therefore regarded as paramount (Confederation of British Industry, 2011). Much of the policy focus highlights the need for graduates to get marketable skills, but this includes a recognition that technical skills alone do not provide students with an adequate preparation for the labour market. The UK Commission for Employment and Skills (UKCES) (2010) states that there has been ‘recognition that employers are looking for a broader set of generic employability skills (p.6)’ and these skills ‘have been identified as a key element to ensuring that the employment and skills system is demand-led (p.5)’. Examples are information and communication technology (ICT) and communication and interpersonal skills.
The concept of graduate employability has been subject to wide-ranging criticism. Numerous authors have criticised the use of the term employability and have pointed at flawed theoretical underpinnings (e.g. Tomlinson, 2010), reliance on educational signals (Harvey, 2001) or lack of attention to the subjective dimension (Holmes, 2001). Others have claimed that the discourse of employability conforms to a neoliberal view of market individualism (Brown and Hesketh, 2004; Boden and Nedeva 2010).

These criticisms remain valid today. Notably, the tendency to accept employer accounts of skill requirements, despite a lack of specificity, as generic employability requirements are hard to establish. A study on employers’ views on graduate employability reports that:

employers expect graduates to have technical and discipline competences from their degrees but require graduates also to demonstrate a range of broader skills and attributes that include team-working, communication, leadership, critical thinking, problem solving and managerial abilities.

(Lowden et al. 2011 vi).

This does not mean that these skills are needed to perform the job advertised (James et al., 2013). In other words, the supply of graduates may influence the demands of employers, regardless of job requirements. Employers may also not demand what universities teach. This is reflected in several empirical studies investigating employer skill requirements, demonstrating that hiring practices are not rewarding ‘typical’ graduate skills (Archer and Davidson, 2008; Wilton, 2011), nor are they merit-based (Jackson, 2007), making any university-labour market transition particularly complex.

This complexity poses a related problem for the proponents of reforming higher education to improve graduate employability which is the neglect of labour market context. This is because employability is framed as an individual phenomenon as opposed to a relational or social one. In the mainstream policy debate, as well as much of the management centred literature, employability is supply-sided issue and the result of individual factors such as skills, knowledge, experience and other personal attributes (e.g. personal competencies and character traits [Fugate et al 2004, Bridgestock, 2009]). Thijssen et al (2008) observe that many studies into employability ignore institutional and social
context. Others argue for the inclusion of various factors with impact on labour market conditions and individual opportunities such as macroeconomic conditions, level of job vacancies, employer recruitment practices and government policy (McQuaid and Lindsay, 2005; Tholen, 2013).

Brown and Hesketh (2004) stress the importance of labour demand, introducing the notion of a ‘duality of employability’. Here, employability cannot solely be defined in terms of individual skills or characteristics and whether one is able to fulfil the requirements of specific jobs (the absolute dimension). It also depends ‘on how one stands relative to others within a hierarchy of job seekers’ (Brown and Hesketh 2004, p.25). This relative dimension is becoming of increasing importance in the UK graduate labour market as the growth in the supply of graduates does not match the number of graduate level jobs. Brown and Hesketh argue this intensifies market competition and the struggle for positional advantage. This has led British students who aspire to ‘fast-track’ graduate jobs to seek new ways of distinguishing themselves from other students, which inevitably privilege those from middle and upper-class backgrounds.

Cross-country studies on school-to-work transition also stress the importance of the national context such as labour market structure and institutions, as well as economic cycle, production regime and education system (e.g. Gangl, 2000; Wolbers, 2007) in shaping the relationship between education, employability and employment. In addition, labour market inequalities are mediated through structural features such as family influence, education system, recruitment and selection processes among others. Such factors are often ignored in policy debates on employability and higher education reform. This is because employability is treated as a decontextualised signifier in so far as it overlooks how structures such as gender, race, social class and disability interact with labour market opportunities (Morley, 2001 p. 132).

A third problem with the current employability agenda is that the perceived lack of labour market opportunities is treated as a case of market failure and has been given a market-driven solution. Student concerns about the future are interpreted as an educational issue in support of the view that universities should teach relevant skills. Greater transparency is being encouraged to ensure that students can make more informed market decisions, offering a solution to the difficulties recent graduates face in the labour market. However, although efforts to increase the quality of education are to be
encouraged, the drive to make both students and HE providers solely responsible for improving labour market outcomes is disingenuous. Efforts to align learning experience with perceived employer demands underestimate the structural issues described earlier and, thus, masks structural inequalities in the graduate labour market. Next, we will outline some existing empirical evidence showing that many of today's concerns about the graduate labour market are structural and cannot be solved through consumerist solutions. This is why we argue that the promise of graduate employability is a myth.
The state of the graduate labour market

There has been much debate within the realm of politics and the media on what is happening within the graduate labour market. For instance, reports on topics such as the role of internships in access to well-paid careers, the role of Higher Education in social mobility as well and existing skills gaps identified by employers cause many to reflect on the state of graduate employment. The majority of contributions in these debates are characterised by deep confusion and discontent about unexpected and disappointing labour market outcomes for graduates. The current misunderstanding is to a considerable extent, explained by an outdated understanding of the graduate labour market which is not in line with current labour market realities (Tholen, 2014a). The underlying assumption of the proponents of higher education for employability is that more informed educational choices, as well as the development of a set of practical skills, will enhance labour market outcomes for graduates. This supply side solution assumes the existence of a graduate labour market that rewards a growing number of labour market entrants with more relevant skills better attuned to what employers want, having invested in the right university courses. However, much of the existing evidence points towards the conclusion that ‘improved’ course selection and university experience is unlikely to lead to better outcomes for all graduates, as there are structural barriers that supply-side reforms cannot deal with.

1) Structural congestion

Congestion has been a structural feature of the graduate labour market for a considerable amount of time (Brown 2013). Based on The Skills and Employment Survey, Felstead et al. (2002, 2007; 2013) observe a growth in demand for graduate qualification between 1986 and 2012, alongside an even stronger growth in the supply of graduates, leading to continuous over-qualification (ranging between roughly 20 to 30 percent). Within the labour market for new graduates, skill mismatch is widespread.

It is clear that graduates do not exclusively work in what can be labelled ‘graduate occupations’. Graduate share of employment has been increasing right the way down the
occupational hierarchy, in particular, but not exclusively, in early career. For example, in 2013, of those in employment, 21.9 percent of biology graduates, 20.9 percent of English graduates, and 27.7 percent of media graduates are working in retail, catering, waiting or as bar staff, 6 month after graduation (Higher Education Careers Service Unit, 2014, p17). There is an expectation that many of these will transfer into more relevant positions but past trends are no guarantee of future labour market outcomes. A large study of recent UK graduates found up to 40 per cent of those graduated in 2009 remained in non-graduate employment, 30 months after graduation (Purcell et al., 2013). They also found a sharp increase in the share of graduates working in non-graduate jobs after graduation compared with a cohort that graduated in 1999.

The political and economic shock of the most recent recession masked the fact that some of the adverse conditions emerged before the recession and were exacerbated by it. This suggests that the improved labour market conditions following the recession are not likely to solve the issue of the oversupply of graduates. Providing students with graduate skills or ensuring that employability or entrepreneurship are covered in university degree programmes, will not fundamentally change the intensity of labour market competition. As education will not increase the number of good jobs, the role of education, whether attuned to employers or not, in solving this problem is limited (as is its ability to resolve issues of social mobility) (Brown, 2013). Instead, intense competition for graduate level jobs will continue in the future. This not only pushes those without graduate qualifications down the occupational ladder, but also reinforces inequalities in labour market outcomes (Keep and Mayhew, 2010).

2) Deep-rooted inequalities

There remain stable and entrenched inequalities in access and progression within the graduate labour market. Class effects in the UK labour market are widespread and the graduate labour market presents no exceptions. Pathways of students from poor and working-class backgrounds tend to be more precarious than those from middle-class backgrounds (Bradley and Bathmaker, 2013; Ward 2015). Students from socially disadvantaged backgrounds are less likely to gain access to more prestigious higher
education institutions even after accounting for prior educational performance (Boliver, 2013). Furlong and Cartmel (2005) describe how early labour market experiences for working class students often involves periods of unemployment and long periods in non-graduate employment.

Jacobs et al (2015) recently found that the effects of parental education on entry into the higher-service class are significantly stronger in the United Kingdom compared with Germany. Others have pointed to the continuous struggle students from working class backgrounds confront in entry to top professional jobs (e.g.; Jacobs, 2003; Ashley and Empson, 2013; Friedman et al 2015). Examining a cohort of British children born in 1970, McKnight (2015) found that advantaged families effectively construct a ‘glass floor’ to ensure their children succeed in the labour market irrespective of cognitive ability. The author argues that children from relatively high income or social class backgrounds benefit from higher social and emotional skills as well as being more able to secure places in grammar or private secondary schools and are also more likely to attain a degree qualification. Access to these class-based resources remains crucial in the allocation of top jobs.

For particular ethnic minorities, the graduate labour market has shown further persistent barriers. Increased attainment over the past 20 years has not led to improved job outcomes (Sedghi, 2014) In fact, Rafferty (2012) found distinct ethnic penalties for several minority ethnic groups in terms of wage, unemployment and over-qualification. Racial bias in recruitment, selection and promotion decisions also seem to be hardwired in corporate environments (see Gorman, 2015).

Gender inequality in employment outcomes among (recent) UK graduates, including a gender pay gap, is substantial (Purcell et al., 2013). Likewise, women continue to confront indirect but nevertheless insidious forms of exclusion within the graduate labour market. There remains prejudice against women in management or professional roles (Bolton and Muzzio 2007, Tomlinson et al 2013), and Smyth and Steinmetz (2008) found evidence of persistent gender segregation.

The inequalities described above based on class, ethnicity and gender, intersect and reinforce each other. Within a congested labour market, jobs are keenly contested. University credentials are rarely a sufficient source of labour market distinction. Not only are those from more privileged backgrounds more likely to enter elite universities, but they
are also more likely to have access to the networks and cultural capital required for success in today’s labour market. For instance, work experience opportunities are frequently unpaid and reports now appear of students having to pay for internships (Boffey, 2015; Greenslade, 2015).

3) Graduate wages

When we examine graduates earnings, there is little evidence to suggest that university education itself (including their employability initiatives) is able to secure high waged jobs. The relationship between Higher Education and labour market outcomes is far from straightforward. Although the average graduate premia, compared to non-graduates remain significant, earnings for graduates have dispersed over time. Tholen (2014a) shows that the growth in earning inequality within the graduate labour market is unlike the rest of the labour market. Between 1994 and 2011, the dispersion of wages between graduates was much faster than for non-graduates. Increasing dispersion in the returns on graduate education in the UK has also been detected by Green and Zhu (2010) over the period 1994 to 2006, when the numbers of graduating increased sharply. Brynin (2013) shows that due to the increase of graduates in the labour market, graduate-dense occupations no longer are necessarily well-paid.

There is an increasing overlap between wages for graduates and school-leavers. For those at the bottom of the wage distribution, learning has not led to earning (Brown, et al. 2015). Mayhew and Holmes (2013) show that between 1994 and 2007, the UK graduate premium has fallen for all except those in the top 15 per cent. Wage differentials between graduates are substantial, therefore the use of average rates of returns for graduates and non-graduates is misleading.

Many graduates in a vast array of occupations have found that their university degrees have not increased their market power in influencing wage negotiation, even if it has helped them to find employment in competition with other labour market entrants. The reason is mass higher education has enabled employers to buy more skilled labour for less than has
traditionally been the case. Higher education does not provide an elevated status on which graduates can symbolically influence their earnings, except for some graduates from globally elite universities or in specialist fields where there are genuine labour shortages. The growing earnings inequality within graduate occupations suggests that particular characteristics and (class) dispositions - only indirectly related to education - matter much more. Therefore, it is hard to see how reforming higher education for employability will lead to a narrowing of wage inequalities for graduates.

4) **Graduates and skill use**

We also know that skill utilisation is an issue within the graduate labour market. The jobs that graduates work in, do not always use the skill-set graduates bring into the job. Defining or measuring skill requirement in jobs is a difficult task. We’ve seen that there is compelling evidence that a growing number of graduates in the labour market are not utilising the skills they have acquired at university. Although there is a lack of data on skills utilisation within the graduate labour market, we know that a growing number of graduates are working in intermediate-level jobs, in which there is likely to be significant over-qualification. Okay-Sommerville and Scholarios (2013) found that British graduates working in associate professional and technical occupations had a lower incidence of skill utilisation, as well as lower job control, opportunity for skills development, less job security and lower pay, compared to those in traditional graduate occupations.

Tholen et al (forthcoming) report on the work of residential estate agents - a non-graduate occupation which has experienced ‘graduatisation’. Although a wide variety of (mainly soft) skills are deemed necessary, the role of higher education in both recruitment and labour process is limited. For more traditional graduate occupations the role of higher education for skill development may also have been overstated (Tholen, 2014b). Brinkley et al. (2009) estimate that merely a third of the UK workforce can be considered knowledge workers, who perform many ‘knowledge tasks’ as part of their job. Of these, 57 per cent were graduates, and 36 per cent reported that their jobs underutilised their skills and experience. For non-knowledge workers, reported skills underutilisation was higher, at 44 per cent. Although some may believe that graduates will ‘upskill’ non-graduate roles, there is little
evidence this is necessarily happening (Chartered Institute of Personnel and Development, 2015). Therefore the reform of higher education aimed at improving graduate employability through developed skills viewed as more relevant to the workplace, ignores and realities of graduate employment and the problem of skills under-utilisation that result from a lack of employer demand.

**The limits of graduate employability**

The labour market changes outlined above lead us to question whether university reforms will have a significant impact on improving graduate employability. Students are facing an increasingly congested graduate labour market in which workers are increasing unequally remunerated. This labour market still has persistent inequalities in class, gender and ethnicity and the skills and knowledge associated with HE are of declining importance for many of its constituents. The current emphasis on improving student employability skills within HE, will not be sufficient to solve the inherent inequalities and frictions that are deep-rooted within academic institutions.

The structural features of the post-recession graduate labour market outlined above are not only problematic for many students and graduates but also for policymakers and universities alike. All must accept that providing students with better labour market information or teaching them the skills employers may claim they want, cannot solve the shortage of traditional graduate positions nor growing wage inequality. Although some students may benefit from these initiatives and improve their labour market prospects, the graduate workforce as a whole cannot.

Although some weight was given to the reform of undergraduate and postgraduate programmes before the changes in fees (from the 1990s onwards), employability has become an even more forceful objective in the strategic plans of most English universities. This focus on employability skills is not politically neutral. The increased pressure on universities to ensure employability perpetuates a market-based solution and does not sufficiently address issues of fairness, affordability or labour market congestion. As others have described in detail, the employability discourse serves a neoliberal educational project (Boden and Nedeva, 2010) and may also aid social control (Coffield, 1999). Moreau and Leathwood (2006), for instance, have observed how the employability discourse has made
the individual further responsible for low achievement and labour market failure by effectively removing structural and political explanations in understanding employment inequality. Wilton (2011) offers evidence to show that the development of employability skills at university had little impact on labour market disadvantage, particularly for females and ethnic minorities. The recent drive for further accountability and measurability of employability, has made HE even more complicit in covering up labour market realities. As labour market outcomes continue to widen for university graduates, it becomes more important to highlight the changing relationship between the skills associated with HE and the value of these within labour market recruitment and changes in the labour process as a whole. Without structural changes within employment and the wider economy, making students more job-ready, simply intensifies the competition for existing job openings.

Graduate over-qualification and labour market inequalities will not be addressed by giving students better information about university courses and teaching them employability skills. There is an urgent need to address structural inequalities within the graduate labour market which cannot be treated as a temporary form of market failure. The myth of graduate employability is rooted in the idea that the Higher Education sector can improve the labour market outcomes and opportunities of all its students. Yet employability is first and foremost determined by labour market conditions rather than the capabilities of individuals (Brown et al., 2003, p. 110). But the employability agenda is not only destined to fail but involves a shift in focus from teaching academic disciplines to giving priority to a set of skills and competences which accord to the perceived ‘needs’ of employers.

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