

# When education isn't enough

## Labour market outcomes of ethnic minority graduates at elite universities<sup>1</sup>

### Summary

- Looking at the post-graduation outcomes of ethnic minority graduates from Russell Group Universities<sup>2</sup> allows us to explore whether established ethnic inequalities in the labour market also apply to those graduating from 'good' universities.
- Most ethnic minority groups, aside from Black Caribbean men, tend to be more often found pursuing their education 6 months after graduating from their first degree than their White peers, who tend to be more economically active (i.e. in work or unemployed).
- Ethnic minorities who are economically active tend to follow two distinct paths: being in professional work, or being unemployed rather than entering non-professional work. This holds even after controlling for performance at the end of their degree and subject choice and shows consistent gender patterns.
- These early unemployment spells, for which rationales need to be explored, might have an important impact on future occupational pathways.
- Of those employed, however, the differences are not as marked. Some groups, such as Indians and Black Africans, manage to have higher earnings than their White peers.
- Male graduates in many groups appear to have higher earnings difference with Whites than their female counterparts.
- There are, thus, varying benefits to what is perceived as a typical way to achieve labour market success for ethnic minorities, which can vary for men and women.

### Introduction

It is often assumed that the type of university attended is a source of disadvantage for university graduates in the labour market. Entry to a 'good' university, such as one in the Russell Group, is commonly thought to be synonymous with access to 'good' employment opportunities.

Recent research has shown that UK-domiciled ethnic minority students, who in 2011/12 represented approximately 16% of the undergraduate student population in Russell Group Universities<sup>3</sup> [compared to 18.5% ethnic minorities in the

population aged 18-24, according to 2011 Census figures<sup>4</sup>], are less likely to gain places at these prestigious universities than their peers with similar entry grades.<sup>5</sup>

Given the emphasis on equal opportunities and social mobility as a means to success, particularly in policy circles, it is essential to explore whether ethnic minority students who 'make it' to good universities in the UK experience such advantage in the labour market. This is particularly salient given the presence of ethnic penalties in the labour market and if certain segments of the population do not benefit from what are promoted as avenues of success.

In this briefing, we explore this issue by analysing the post-graduation outcomes of undergraduates from Russell Group Universities over the three academic years (2009/10 to 2011/12). We compare what happens to ethnic minority graduates in contrast to their White peers six months after graduation. For this we use data provided by the Higher Education Statistics Agency (HESA).<sup>6</sup>

### The data and sample

HESA collects data from across UK universities and other providers of higher education<sup>7</sup> (HE). The data provides a wealth of information regarding graduates' background, university career and post-university activity, and variables across these areas have been considered in this briefing.

The employment outcomes are based on the Destination of Leavers from the Higher Education Survey (DLHE) which collects data regarding what graduates are doing six months after graduation. In the years covered by this brief, the response rate was between 77-79% for UK-domiciled full-time students.<sup>8</sup>

The analysis in this briefing is based on post-graduation outcomes for students that completed a first undergraduate degree from a Russell Group University across three academic years (2009/10 to 2011/12). The sample focuses on young people (aged under 21 years at the start of their degree) who were not distance learning students. The maximum sample size for analysis is 148,220, comprising approximately 13% ethnic minority respondents.

## Post-graduation outcomes

The post-graduation outcomes that we investigated are:

- The level of economic activity of graduates (active/inactive due to study/other inactive<sup>9</sup>);
- Employment outcomes for the economically active (professional employment,<sup>10</sup> non-professional employment; or unemployment); and
- Earnings for employed graduates.

In the analyses of the outcomes above, we focus on differences between ethnic minority graduates and their White peers. The regression analyses (multinomial logistic regression for the first two outcomes and linear regression for earnings) were run separately for men and women graduates. All analyses control for graduates' age as well as their educational characteristics (see text box).

### Controls

- Age
- Degree class obtained (1st; 2.1, 2.2, 3rd/Pass)
- Course subject (based on the Joint Academic Coding System– including combined subjects)
- HE Institution attended
- Year of graduation

## Descriptive results

We first turn to some descriptive results of the unadjusted differences in outcomes to give an account of gross differences between groups.

### Level of economic activity

Many ethnic minority graduates tended to have equal or lower proportions of economically active graduates (being employed or unemployed) compared to their White peers. The exceptions

were for the Black Caribbean group and Bangladeshi males as these groups were more likely to experience higher levels of economic activity. The data shows that ethnic minority graduates tended to pursue further studies rather than being inactive for other reasons. This, again, does not apply to Black Caribbean and male Bangladeshi graduates.

### Type of economic activity

We found a more polarised picture with regard to the type of economic activity after graduation. There is little difference in the proportion of ethnic minority graduates in professional employment compared to White graduates. Ethnic minority graduates, however, were found in the unemployment category in higher proportions, whereas White graduates were more often found in the non-professional work category than the unemployment category.

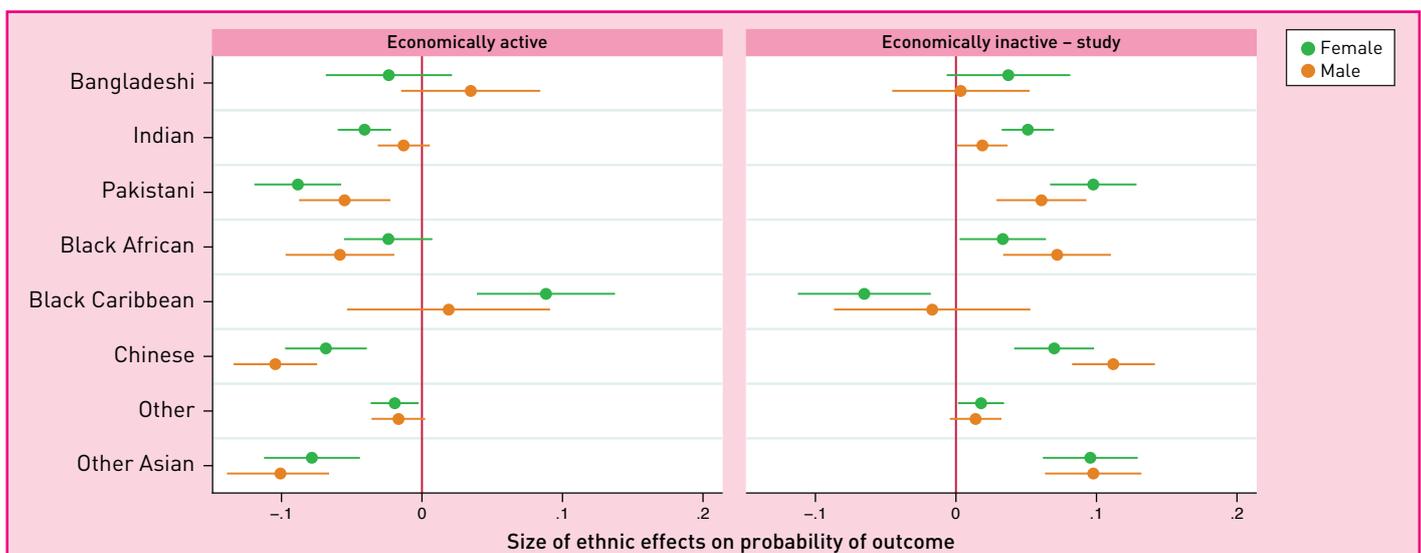
### Earnings for graduates

Turning to the differences in annual earnings<sup>11</sup> between ethnic minority and White graduates, we find that many ethnic groups, especially the Indian, Black African, Chinese, and Other Asian groups, had higher earnings than their White peers, with the positive differences being higher for male graduates. Bangladeshi graduates, as well as Pakistani female and Black Caribbean male graduates, on the other hand, had lower earnings than their White peers.

The extent to which these descriptive findings are simply an artefact of ethnic minorities' performance during their degree and their study choices will be explored in the next section.

## Is education enough?

Figures 1 to 3 show the direction of the ethnic effect, as well as its significance, as resulted from regression models that control for age, degree class, field of study, institution attended, and year of graduation. In essence, we see the extent to which the educational characteristics explain the unadjusted ethnic



**Figure 1** Ethnic effects on being economically active or studying full-time 6 months after graduation, controlling for educational credentials and age ( $N_{\text{Female}}=79,980$ ;  $N_{\text{Male}}=68,240$ ). Source: HESA data 2009/2012.

**Notes:** results based on a multinomial logistic regression of economic activity status. Average marginal effects of ethnicity are plotted, along with their confidence interval. This implies that a given outcome is more likely for a given ethnic group compared to the White group if the symbol is to the right of the red line; outcome less likely if found to the left of the line. Effects are significant between a given ethnic group and the white group if the horizontal lines do not cross the red line.

differentials outlined above; and whether the investment in education at an elite university provides a similar payoff for ethnic minority graduates as it does for their White peers.

We can see in Figure 1 that the ethnic effect on economic activity is almost a mirror image of the ethnic effect on economic inactivity due to full-time studies. This lends more weight to the idea that ethnic minority graduates in most groups were more likely than their White peers to continue investing in their education rather than being economically active. The exception to this are graduates in the Black Caribbean group, especially in the case of women. This educational investment strategy seems to be quite prevalent among the Other Asian group, female graduates in the Indian and Pakistani groups (and Bangladeshi group to a certain extent), as well as for Black African and Chinese males. There are not as many marked differences between ethnic minority graduates and their White peers with regard to other types of economic inactivity (not shown). The exceptions are for Indian, Black Caribbean, and Other Asian women, as well as Bangladeshi men, who are less likely to be inactive than their White peers.

Results from analyses of employment outcomes, in Figure 2, confirm and even accentuate the polarisation picture that we outlined in the descriptive results. Once educational characteristics are taken into account, most ethnic minority groups have a higher likelihood of being unemployed than their White peers. The ethnic effects on unemployment are highest for the Bangladeshi and Pakistani groups (and Chinese men). With regard to gendered patterns of unemployment, we see few significant differences but some worth highlighting: Pakistani and Black African female graduates have a slightly higher chance of being unemployed than their male peers in comparison to the White group. Black Caribbean and Chinese men, on the other hand, have a higher likelihood of unemployment than the White group compared to their female peers.

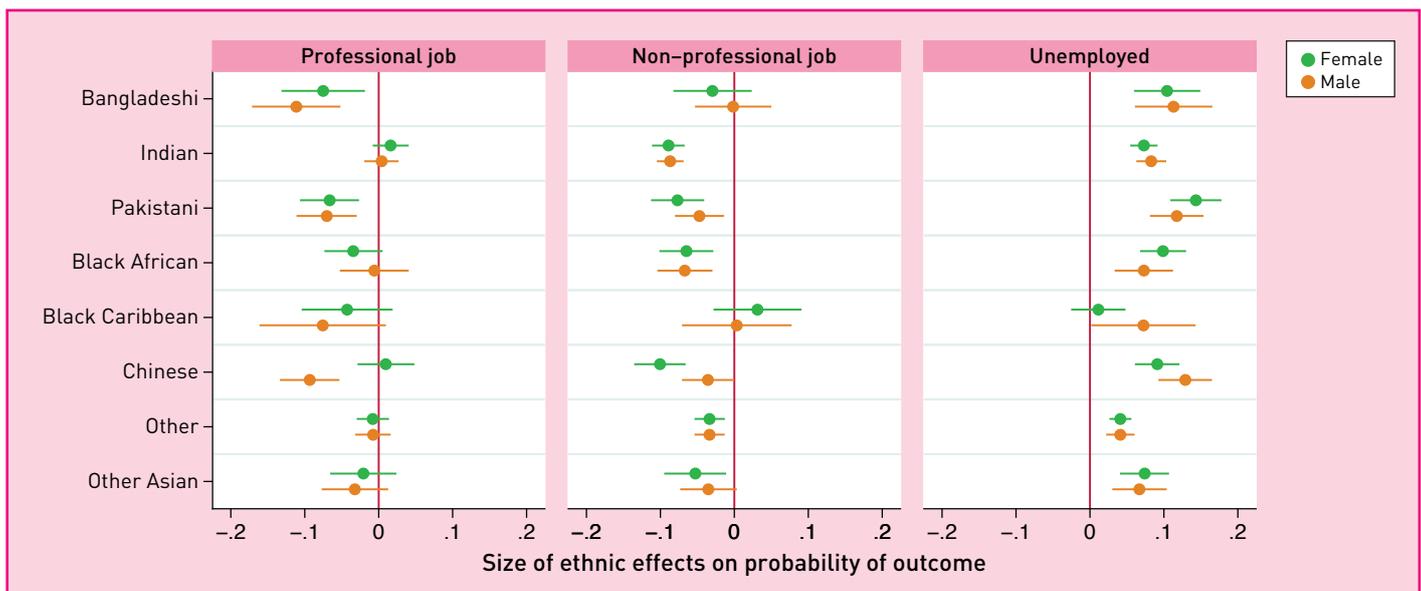
However, in contrast to unemployment differences in the level of professional employment were found to be small. For some groups differences were found, with the Bangladeshi and Pakistani groups and Chinese men all less likely to hold a professional job six months after qualifying, but for most groups there was no difference. Almost all of the difference in unemployment risk is linked to lower levels of non-professional work in most of the ethnic minority groups (exceptions being the Bangladeshi and Black Caribbean groups).

Finally, we examined the earnings of employed graduates (Figure 3). The results from these models show that employed graduates in the Indian and Black African groups do better than their White peers. However, female Bangladeshi graduates have lower earnings than their White peers. In most instances, male graduates' earnings compared to their White peers were higher than females', especially for Indian graduates. This points towards the beginning of gender earnings differentials early in one's career, even among Russell Group university graduates.

## Conclusions

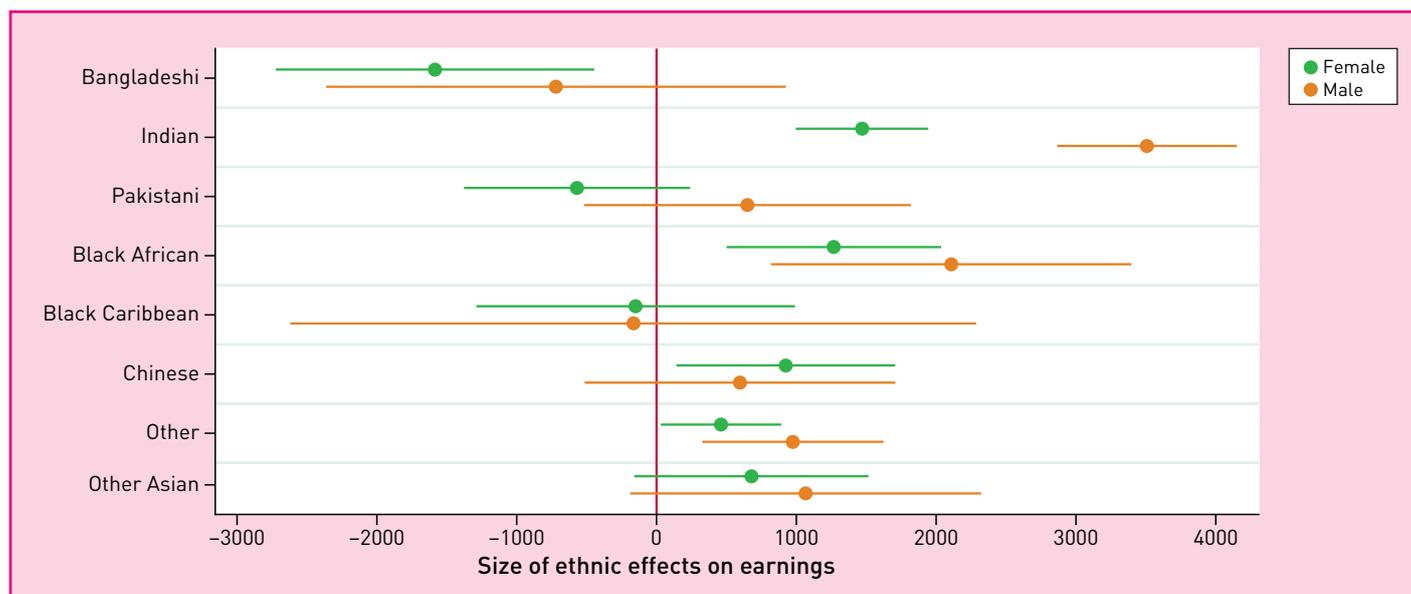
The data analysed here shows us that despite attending 'prestigious' universities, not all ethnic minority groups manage to obtain similar post-graduation outcomes to their White peers, even after taking educational characteristics into account. It is worth remembering that this analysis is based on outcomes six months after graduation and may obscure or underestimate longer term effects.

Ethnic minority graduates from Russell Group Universities tend to be less economically active but more likely to pursue further studies. When economically active, on the other hand, many ethnic groups are more likely to experience unemployment compared to their White peers. For those who are employed there do not appear to be consistent inequalities in relation to obtaining graduate level work and in earnings. In fact ethnic



**Figure 2** Ethnic effects on employment status 6 months after graduation, controlling for educational credentials and age ( $N_{\text{Female}}=49,910$ ;  $N_{\text{Male}}=42,230$ ). Source: HESA data 2009/2012.

**Notes:** results based on a multinomial logistic regression of employment status. The sample excludes individuals studying and working. Average marginal effects of ethnicity are plotted, along with their confidence interval. This implies that a given outcome is more likely for a given ethnic group compared to the White group if the symbol is to the right of the red line; outcome less likely if found to the left of the line. Effects are significant between a given ethnic group and the white group if the horizontal lines do not cross the red line.



**Figure 3** Ethnic effects on mean level of earnings, controlling for educational credentials and age ( $N_{\text{Female}}=25,100$ ;  $N_{\text{Male}}=20,320$ ). Source: HESA data 2009/2012.

**Notes:** results based on a linear regression of annual earnings. The sample excludes individuals studying and working. Average marginal effects of ethnicity are plotted, along with their confidence interval. This implies that a given outcome is more likely for a given ethnic group compared to the White group if the symbol is to the right of the red line; outcome less likely if found to the left of the line. Effects are significant between a given ethnic group and the white group if the horizontal lines do not cross the red line.

minority graduates (particularly Indian, Black African and Other) seem to do better than their White peers when it comes to earnings.

Of great concern, then, is the fact that ethnic minority graduates from Russell Group Universities are still more likely than their White peers to experience unemployment early on in their labour market career rather than be found in employment. This is largely a result of lower levels of non-professional employment, which is below their skills (but employment

nonetheless), rather than professional-level employment where differences are minimal. Given the established impact that early unemployment spells have on occupational pathways, these higher rates of unemployment among ethnic minority Russell Group graduates is a cause for concern. Moreover, whereas high educational attainment could be seen as a pre-emptive strategy to secure 'better' occupations and/or avoid discrimination on the labour market, the evidence analysed in this briefing throws into question whether the returns to such investments will be positive in the long term. This and the role that social background may play will be investigated in further research.

## About the authors

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- <sup>2</sup> The Russell Group Universities represent 24 of the UK's leading universities in terms of both teaching quality and research investment.
- <sup>3</sup> University of Oxford's Equality and Diversity Unit. 2014. University of Oxford: Equality Report 2012/13. Staff and Student Quality Data. [http://www.admin.ox.ac.uk/media/global/wwwadminoxacuk/local/sites/equalityanddiversity/documents/Equality\\_report\\_2012-13\\_Sections\\_B\\_and\\_C\\_%5BFINAL%5D.pdf](http://www.admin.ox.ac.uk/media/global/wwwadminoxacuk/local/sites/equalityanddiversity/documents/Equality_report_2012-13_Sections_B_and_C_%5BFINAL%5D.pdf). Accessed 4 June 2014.
- <sup>4</sup> Office for National Statistics. 2013. 'Census 2011: Ethnic Group by Sex by Age - Nomis'. <http://www.nomisweb.co.uk/census/2011/DC2101EW>. Accessed 4 June 2014.
- <sup>5</sup> Boliver, Vikki. 2013. 'How Fair Is Access to More Prestigious UK Universities?' *The British Journal of Sociology* 64 (2): 344-64. doi:10.1111/1468-4446.12021.
- <sup>6</sup> The analyses and the conclusions in this brief are the sole responsibility of the authors and comply with HESA rounding methodology.
- <sup>7</sup> For more information see <https://www.hesa.ac.uk/overview>
- <sup>8</sup> For more information see [https://www.hesa.ac.uk/index.php?option=com\\_content&view=article&id=1899](https://www.hesa.ac.uk/index.php?option=com_content&view=article&id=1899)
- <sup>9</sup> This category includes those inactive for reasons other than studying, including traveling.
- <sup>10</sup> Employment is considered in the professional category if it is in the top 3 Standard Occupational Classification (SOC) major grouping. See [https://www.hesa.ac.uk/index.php?option=com\\_content&view=article&id=2889](https://www.hesa.ac.uk/index.php?option=com_content&view=article&id=2889).
- <sup>11</sup> For the purpose of this outcome, the earnings categories were transformed into midpoints and rounded to the nearest £500/£1000 in order to analyse earnings as a continuous variable.