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Should I Stay or Should I Go? Income disparities by university degree in Switzerland

Using repeated panel data of graduates from all Swiss universities in the period 2004-2014, the main objective of the study relates to income inequalities after a tertiary degree. Within the context of the implementation of a two tier system as part of the Bologna reform, we are particularly interested in income inequalities between graduates holding different diploma (BA, MA, PhD). Since improving employability was one of the main goals of Bologna, our contribution aims to answer the question whether and in which cases diploma of specific fields of study already pay off at BA level when entering the labour market and how incomes – given the tertiary degree level, field of study and further training – evolve within the first five years after graduation.

With reference to human capital theory, signalling theory, and the labour queue model, we expect on the one hand an effect of vertical stratification, i.e. more schooling increases monetary returns, and on the other hand an effect of horizontal stratification, i.e. returns are related to the field of study and the university attended. Due to existing institutional norms, it is to be assumed that employability with a BA depends strongly on the chosen field of study. On the other hand, we expect that the introduction of the BA and MA diploma has influenced the recruitment behaviour of employers and that companies have created jobs for which no MA is required.

With this contribution we would like to extend our analyses on status attainment after a university degree (Glauser, Zangger, and Becker 2019) by the aspect of monetary returns. Accordingly, the empirical analyses are based on panel data of the Swiss Graduate Survey (Erhebung bei den Hochschulabsolventinnen und Hochschulabsolventen, EHA). We use OLS regression and the Heckman correction to account for sample selection.

Keywords: returns to education, income perspectives, employability, panel data

References

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