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### *Keynote*

## **Higher Education Dropout and Labor Market Integration: Experimental Evidence from Germany**

Thousands of students worldwide leave higher education without graduating, and attempt to gain access to the labor market. It is commonly assumed that dropping out hampers an individuals' labor market integration. However, our knowledge on the causal effect of dropping out is limited, as the bulk of the literature has been unable to consider important confounders, such as individual characteristics that influence both, the dropout decision and the labor market success. Moreover, employers and their hiring decisions have received little attention, despite their pivotal role in granting access to the labor market. Furthermore, it has been rarely taken into consideration that dropouts compete against different competitors, depending on the type of position they apply for.

In this talk, I present findings from a research project which attempts to address these shortcomings. In Germany, higher education dropouts typically apply for either a) apprenticeship positions which are typically sought-after by high school graduates; or b) positions for persons with completed vocational qualification ('Facharbeiter'); or c) positions for higher education graduates. Against this background, I aim to answer the following research questions: First, what are the causal effects of a dropout on the hiring prospects for all three types of positions? Second, which mechanisms explain the different hiring prospects of persons with and without dropout? Third, which factors facilitate labor market entry for dropouts? Theoretically, I draw on human capital theory, signaling theory, and credentialism to derive hypotheses on the hiring preferences of employers. Empirically, I show findings from a series of factorial survey experiments we conducted with random samples of employers who advertised job postings in 2018. These employers rated several résumés (i.e. vignettes) of hypothetical job applicants who were competing for the same position but differed with respect to the characteristics reported on their résumés. Beyond the main criteria of higher education dropout, we experimentally varied a range of dimensions that typically affect hiring decisions, such as high school GPA, or job-relevant skills acquired during an internship.

The results of these experiments provide evidence on the consequences of a university dropout in relation to typical reference groups with more linear educational trajectories. The findings can help to inform students and career counselling, because they provide indications such as how to optimize labor market entries in case of an imminent university dropout. On a more general take, this project demonstrates how experimental studies can complement the DZHW data infrastructure, to help answer open questions in higher education research.