THE INTEGRATION OF HIGHER EDUCATION GRADUATES ON THE LABOR MARKET

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Abstract

The success of higher education graduates' transition to the labor market is analyzed in this paper. A series of representative factors which influence the success rate on the labor market were analyzed through an exhaustive case study among graduates from West University of Timișoara. The results show a high level of satisfaction amongst graduates, despite the high level (over 40%) of total incongruence (vertical and horizontal) between the degree's field and the actual workplace. We can also assert that the graduates' insertion in the labor market is a real success, since most of them are able to get a job in less than 6 months from graduation (58.5%), even more do so 12 months post-graduation (83.9%).

Keywords

graduates' labor market entry, employability, job (mis)matching, job satisfaction, graduates' labor market success

Introduction

The expansion of higher education units in the last decades is caused by a necessity to keep up with the development of economy, technology and society. This expansion has drawn attention to the school - work transition and the percentage of graduates who are truly employable after finishing their studies.

Thus, a series of questions came up while researching the relationship between the degree and the introduction of the graduates to the labor market. These questions were the foundation for this case study:

- What happens to the graduates after the finalization of their studies?
- What is the thing that makes the difference between those who are able to find work after graduation and those who are not? Is it the field of studies, the prestige of the institution, the work experience (e.g. internship, volunteer work), the social-demographic background, or all of these together?
- And if they do actually find it, is their job congruent with their level and field of education?

These are questions that are constantly sought to be answered from the perspective of graduates, employers as well as from other stakeholders (economic, political and educational factors).

In the first half of 20th century the requirements on the labor market, which were reflected in the education system, were delimited according to the sense "the workers struggle, and the leaders think". The dichotomy worker/leader had its mark on the educational systems which developed to offer different types of teaching and they incorporated the myth of the need

of separation of academical education from vocational education. Today our future is headed towards building a bridge which is going to connect these two types of education (Stokes, 2017).

Today, education and particularly academical preparation are seen both by Europe (OECD, 2000), as well as globally (WEF, 2017, 2018) as key factors for the development of an economy based more and more on knowledge and learning in a society based on knowledge and learning.

The connection between universities and labor market is stronger than ever, and the dynamism of society changes puts a lot of pressure on the educational systems. It compels them to redefine their role and look for new ways of producing and transmitting knowledge in order to live up to the expectations of economy, social and cultural life in general (OECD, 2000).

For example, after the shock of economic crisis in 2009 the European Commission adopted in 2010 the „EUROPE 2020 A strategy for smart, sustainable and inclusive growth” (European Commission, 3.03.2010). This strategy had the purpose of fixing the economy at a European level. Education is one of the main pillars, and the target for tertiary education (ISCED 5-8) is reaching a 40% percentage of higher education graduates who belong to the 30-34-year-old age group. In Romania this score is of only 26.7%.

Despite of the extension of access to education, more and more employers claim that they are facing a lack of qualified work force (OECD, 2016, 2017, 2018), therefore having to invest in professional trainings for those who they decide to hire. At the same time higher education graduates cannot find jobs suitable for their level and field of education. This is a fact proven by the big number of graduates which decide to redo/continue their studies, either in their field, or by even completely changing it, which happens even if they are able to get a job in the beginning (a lot of them work and study at the same time). To sum it up: there is an incongruence between skills offered by school and skills requested on the labor market.

Literature Review

Employability is a controversial topic, with multiple views and micro-interpretations.

Even if the concept is a very important target of economic politics globally, and the main target of today's higher education (especially the transition of graduates to the labor market), there seems to be difficulties regarding defining, measuring and transferring employability to the students/graduates.

The employability of higher education graduates has been a very important topic included in a lot of Bologna Process' debate themes (e.g. high-quality education, mobility, qualification frameworks, therefore highlighting the pressure put on higher education institutions to contribute to employability).

For Støren & Aamodt (2010) employability consists of the benefits and utility of the graduated study program (both for the career as well as for achieving the tasks at the work place) which are measured based on the data resulted from surveys with participants who had finished their studies 5-6 years prior to the survey.

Employability can be considered a relative concept, which depends on the law of supply and demand of jobs and does not only represent specific needs of a certain work environment. It is relative when it comes to the placement of an individual in the hierarchy of those looking for a job. The employability of an individual is dependent on the employability of the other people who have the same educational/experience background (Brown, Hesketh & Williams, 2003), therefore an employable person does not always result in an employee.

The transition on the labor market of higher education graduates implies them being evaluated for their abilities by the employers. This evaluation is based on the idea that it is “the process which determines if a candidate meets all the necessary performance standards,

therefore if they are able to demonstrate their skills.” (Hager, Gonczi & Athanasou, 1994).

Furthermore, from the perspective of the employers, employability seems to refer to always being prepared for work: owning one’s abilities, knowledge and skills and having commercial understanding, all these allowing the newly graduated people to productively contribute to organizational goals right after starting their job (Mason, Williams & Cranmer, 2009).

The concept is one which depends on the individual and the context equally, in an age when the individual is permanently requested to renew his knowledge and abilities. At the same time this cannot be based on their present educational background and on the labour market in order to form a long-term career in only one profession or organization (Clarke, 2008).

From the same perspective of the individual, Fugate, Kinicki & Ashforth (2004) introduced the idea of the construct concept for employability, more precisely a *psycho-social construct*. Defining it as a multi-dimensional aggregate of *career identity*, of *personal adaptability* and of *the social and human capital*, employability captures all the shared conceptual characteristics between these dimensions (pro-active adaptability at the work place).

Tomlinson (2012) highlights the fact that higher education graduates build their own employability in a relative and subjective manner, as an answer to all challenges: growth of flexibility, individualization and positional competition on the labor market. Therefore, employability is intimately linked to personal identity, and the frame of reference reflects the socially built nature of employability in general.

The perspective of employers on the capacity of professional transition of graduates and the abilities that they are expected to have in the moment of transition on the labor market is highlighted by the quality study about European employers: *The Employability of Higher Education Graduates: The Employers’ Perspective* (Humburg, Van der Velden & Verhagen, 2013). The answers of over 900 employers from 9 different European countries were completed with interviews, as well as focus-groups of the other interested parties from 12 European countries. The most important results gathered from the study are (Humburg, Van der Velden & Verhagen, 2013, pp.5-6):

- Professional expertise is essential.
- Interpersonal abilities become more and more important.
- Work experience is the key to obtaining an interview.
- There is place for specialization – The employers point out that in an organization or team it would suffice to only have one or two people with such abilities, resulting in a clear area of expertise among graduates.
- Strategical/organizational abilities are necessary for long-term career opportunities. When it comes to long-term career opportunities for graduates this kind of skills are highly appreciated.
- International orientation is preferred. Globalization involves graduates becoming more and more internationally oriented.
- General skills should be well developed.
- There is no difference between requirements for short-term employability and long-term employability.
- Weak performance leads to high costs for employers, as well as for the graduates.

“What should universities do differently in order to help their students with their preparation for the World of work?” is the question for which Peter J. Stokes (2017) is looking for answers in his book *Higher Education and Employability: New Models for Integrating Study and Work*. Stokes also argues that the economy itself needs students to get the jobs they need. He sees employability as a conceptual bridge between higher education and employers, built

within an ecosystem of organizations which supports the integration of formal education in professional and real life. Stokes promotes the idea of a very close partnership between the concerned institutions, colleagues, universities and employers, which can prepare individuals for labor market and develop institutional internship programs and distribution of jobs. Its meaning is valuable because of two aspects: 1) it eliminates the artificial division between vocational and academical education; 2) it creates an ecosystem which easily integrates work and learning and contributes to understanding the way how these components can evolve into partnerships and business models.

A series of theories frame and explain the issue of the school-labor market relationship, an issue long debated in the specialized literature by the researchers, as well as by the stakeholders from the economic, political, educational and / or social fields. The research in the field has given birth to many theories over time: Human Capital Theory (Schultz, 1961; Mincer, 1981; Becker, 1994, 1997; Blundell, Dearden, Meghir & Sianesi, 1999; WEF, 2017), Signaling Theory (Spence, 1973, 2002; Connelly, Certo, Ireland & Reutzel, 2011; Protsch & Solga, 2015), Screening Theory (Arrow, 1973; Stiglitz, 1975; Wolpin, 1977; Psacharopoulos, 1979; Bills, 2003), Job Search Theory (Stigler, 1961, 1962; Holzer, 1987; Montgomery, 1991; Saks & Ashforth, 1999;; Kanfer, Wanberg & Kantrowitz 2001; Try, 2005; Weber, & Mahringer, 2008; Faggian, 2014), Matching/Mismatching Theory (Mortensen, 1982; 2011; Petrongolo & Pissarides, 2001; Kucel, 2011; Pissarides, 2011; Verhaest, Sellami & Van der Velden 2017) and Credentialism Theory (Davis, 1981; Bills, 1988, 2003; Boylan, 1993; Tomlinson, 2008; Bidner, 2014).

Data and Methods

The data of this case study were collected through the sociological survey based on self-applied online questionnaire (CAWI - Computer Assisted Web Interviewing), exhaustively distributed to all the bachelor students of West University of Timisoara, promotion 2017-2018. The survey had a longitudinal character (tracer study), for this purpose being carried out in two stages, at 6 months and 12 months from the moment of graduation. This way 856 valid answers were gathered. The answer rate was 25%, very close to the European average for this kind of surveys, which is usually situated between 16% and 60% (Allen & Van der Velden, 2009).

Results

The interpretation of the results tries to follow the success of the higher education graduates' transition on the labor market. All the factors which are representative for the analysis of the success of higher education graduates' transition on the labor market are taken into account: having a job, how many months are needed to obtain a job, the (in)congruence between the level of studies and the job, the (in)compatibility between the field of studies and job and the satisfaction at the work place. The descriptive analysis of the results has a comparative character due to the longitudinal character of the study.

In order to be able to see if the students have a job, they were asked the simple question: "Do you have a job now?" (graph 1). The results for the employability rate analysis, for the batch of 6-months-after-graduation respondents, tells us that 58.5% of higher education graduates have a job. At the same time, 41.5% confirm that they do not have a job 6 months after graduation.

Twelve months after graduation, the percentage of graduates who have a job increases significantly to 83.9%, with only 16.1% of graduates not having a job at that time.

Graph 1: The occurrence of a job

There is a significant growth of employability in the graduates who graduated 12 months prior to the survey. The percentage of those who do not have a job, 12 months after graduation is almost identical to the European Union unemployment rate amongst young people (16.1%), but it is lower than the one registered in Romania - 19,3% (Eurostat, 2018).

Another marker of success on the labor market is the one of the “speed” with which the students are able to find a job. We explored this aspect in this research case by measuring the number of months the graduates needed to find their first job.

The respondents were split into two categories: the ones who had obtained a job prior to graduation (during high school, after finishing high school or in the three years of faculty) and the ones who found a job after finishing their university studies (graph 2).

Graph 2: Speed of transition

Surprisingly, there are no significant differences in finding a job between the two categories. We can notice a slightly faster “speed” in the case of university graduates, but this association has proved insignificant (χ^2 Sig=0.250). The result is however in contradiction

with the one highlighted in the previous sub-chapter where a better relation between the time of searching and the time of getting a job is highlighted (for higher education graduates).

In order to observe the existence or non-existence between the level of studies of the graduates and their job after graduation the graduates were simply asked: “What is your level of preparation needed for your current job, generally speaking?”

Graph 3: The level of preparation needed for the job

In the third graph we can observe the answer of the graduates. They show that half of graduates have jobs which are fitted for their level of preparation, there are no significant differences between the two types of respondents. We can also see that 1 out of 2 graduates has a job which is not fitted for their level of studies. Furthermore, we can observe that 1 out of 4 graduates have a job for which they are over-qualified. The same number of graduates have jobs for which they are under-qualified. These are cases of “vertical education incongruences” (Kucel, 2011; Verhaest, Sellami & Van der Velden 2017). We can however take into consideration that the real failure situation here is for the ones who have a job for which they are over-qualified.

As it can be seen in the graph number 4, the congruence between the type of degree and the obtained job was analyzed in the same way, by asking the graduates 6 months and 12 months post-graduation: “Do you think that your current job is closely related to your degree’s field?”.

Graph 4: The congruence between the field of studies and the job

Almost like the “The level of preparation needed for the job” variable results, only a few more than a half of the graduates say that their job is compatible to their field of studies. The differences between the two stages of the survey are insignificant. Regarding the graduates who claim that their job is not strongly related to their field, we can observe a slightly higher incompatibility percentage amongst those who answered 12 months post-graduation (46,2%). We can confirm that their “horizontal educational incongruence level” (Kucel, 2011; Verhaest, Sellami & Van der Velden 2017) is pretty high as well.

Considering both items, the level of preparation versus job and the degree of specialization versus job, we can conclude that almost half of the graduates have a case of “total educational incongruence” (Verhaest, Sellami & Van der Velden, 2017), on both vertical and horizontal level.

Graph 5: The level of satisfaction for the job.

However, most of the graduates claim that they are satisfied with their current job, even

a decrease in the level of satisfaction over time can be observed (see graph 5).

Conclusions

We analyzed the answers from the graduates, in both stages of the survey (6 and 12 months after graduation), considering the main question underlying this study: "What happens to graduates after completing their studies?".

It can be confirmed that the transition to the labor market was a successful one for the higher education graduates, taking into account that the majority of the graduates found a job (58.5% at 6 months post-graduation; 83.9% at 12 months post-graduation), with relatively small effort and time costs, including the short period of time needed for looking for a job. Most of the graduates found a job after approximately a month of search.

Nevertheless, to be able to say that the graduates' insertion in the labor market was a real success, we had to look at other indicators included in the research tool. Thus, through the assumptions of the (mis)matching theory we could find that for about 50% of the graduates (without significant differences between the two stages of the study) there are incongruences both vertically and horizontally between the level/field of the studies and the requirements of the current job.

Contrary to these results, most of the graduates declare themselves satisfied with their current job. This conclusion highlights the necessity for more research for identifying the elements which could determine this high level of satisfaction.

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