

Importance of Tertiary Education on Example of Selected Economic Faculties in the Czech Republic

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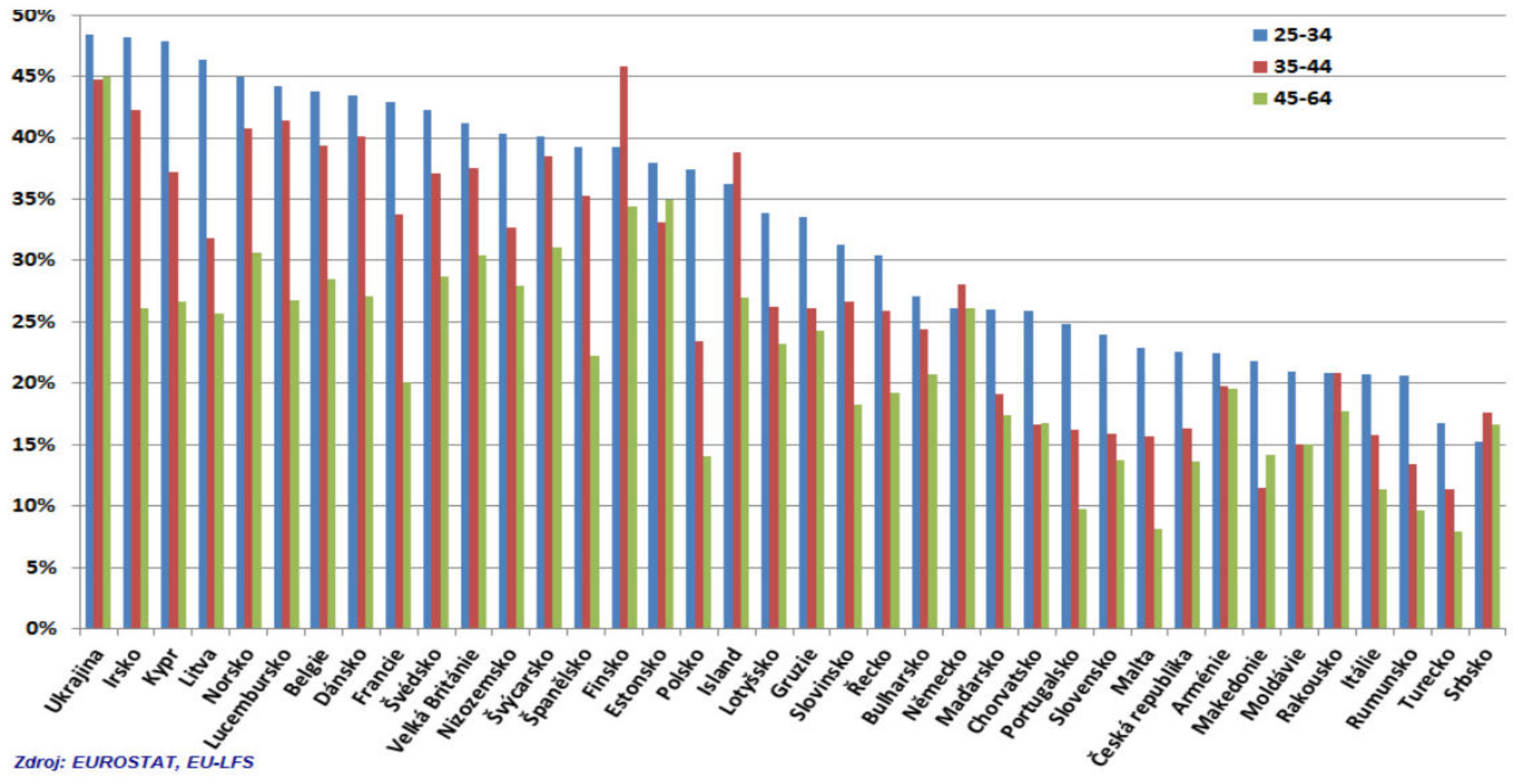
Importance of Employability of University Graduates

- Importance of employability of university graduates – political issue;
- Significant increase of number of young people with university degree in the Czech Republic and other European countries (See e.g. Zelenka, Koucký, 2011); within 10 years more than 200%;
- European Commission – support of further increase – the objective for EU member countries – the increase of average share of students with university degree from 31 % in 2010 to 40 % until 2020.

Issues to discuss:

- ✓ Rate of returns to higher education – influence of tuition fees implementation, of overeducation.
- ✓ Is the labour market able to accept so many graduates? Problem of overeducation, overqualification.
- ✓ Is the structure of graduates in conformity with labour market needs? Mismatch between jobs requirements and workforce qualifications increases.

Share of people with university degree, according to their age, 2010



Analysis of data

Expected earnings of university graduates

Survey methodology

- First year students of selected economic faculties (Prague, Liberec, Pardubice).
- Partial results based on survey between years 2001 - 2013.
- More than 6000 respondents.
- Data about student's expectations, parental earnings and education.

Data – Expected Earnings in CZK

Expected salary	University Graduate			University Graduate + 10yers of Experience		
	Liberec	Pardubice	Prague	Liberec	Pardubice	Prague
Minimum	17 680	18 420	21 227	27 958	28 031	36 881
Avarage	21 262	22 888	26 862	34 094	36 255	47 715
Maximum	27 768	32 404	35 021	53 365	66 500	97 652
Hodnota	Secondary School Graduate			Secondary School + 10yers of Experience		
	Liberec	Pardubice	Prague	Liberec	Pardubice	Prague
Minimum	11 711	11 450	14 566	17 917	17 373	21 035
Avarage	14 896	14 625	17 621	21 587	21 571	26 043
Maximum	19 407	24 181	24 218	31 653	34 443	38 088

Source: own calculation, based on data collected within grants GAČR No. GA402/09/1123 and GA402/04/0039

Comparing to: "Median of real gross monthly income of employees with university degree at Czech labour market of 30 years old people was in 2011 approximately 24 000 CZK.

People with secondary degree earned in 2011 approximately 19 000 CZK."

Earning expectation in 2011/2012 according to gender

University	Gender	University Graduates	University+ 10 years experience	Difference	Secondary school graduates	Secondary school + 10 years experience	Difference
Liberec	women	20 894	30 606	<i>9 712</i>	13 978	19 104	5 126
	men	23 726	38 660	<i>14934</i>	15 811	23 340	7 529
Pardubice	women	20 752	30 768	<i>10 016</i>	14 221	19 357	5 136
	men	29 141	57 898	<i>28 757</i>	16 782	27 408	10 626
Prague	women	26 333	41 929	<i>15 596</i>	17 004	23 575	6 571
	men	31 473	78 640	<i>47167</i>	20 993	28 637	7 664

Source: own calculation, based on data collected within grants GAČR No. GA402/09/1123 and GA402/04/0039

Results - comments

- **Significant difference between expectations of:**
- Men and women;
- Prague and region faculties;
- Graduates and 10 years after working experience;
- University educated and those with secondary degree.

- Reflection of reality at labour market:

Possible influence of knowledge of earnings of friend, parents, location of working.

Parental Earnings of Respondents in 2012

	Education		
Parents	Primary	Secondary	Tertiary
Mother (number of respondents)	10	207	115
Average Gross Earnings	16 500 CZK	19 740 CZK	28 037 CZK
Father (number of respondents)	9	203	119
Average Gross Earnings	20 625 CZK	25 723 CZK	34 976 CZK

Source: own calculation, based on data collected within grants GAČR No. GA402/09/1123 and GA402/04/0039

Results - comments

- Corresponds with educational structure of people / parents living in the CR;
- Highest share of parents with secondary degree for both mothers and fathers;
- Gender earnings gap is the deepest for parents with tertiary education.

Calculation of Returns

- **Short-cut method** for calculation of rate of returns to higher education (based on Psacharopoulos).
- Differences between earnings of university graduates and those with secondary degree.

Expected Rate of Return in 2009 – 2012 in %

	Male	Female	Total		
	2011/2012	2011/2012	2009/2010	2010/2011	2011/2012
Uni Graduate	10,81	9,86	12,31	10,85	10,19
Uni + 10 years	16,8	13,2	15,49	18,07	14,55

Source: own calculation, based on data collected within grants GAČR No. GA402/09/1123 and GA402/04/0039

Possible problems - issues

- Qualification structure - number of graduates will increase until 2020 to 43 % of population however working places for graduates will increase only for 10% - influence at quality and cost of education.
- Overqualification will decrease the rate of returns from education (nevertheless it still will reach positive values).
- It might deepen diferencies between earnings in Prague and in regions (both expected and real) – Prague has the lowest unemployment of Uni graduates, higher number of jobs for university graduates comparing to regions

- Thank you for your attention.

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