

Work experience gives wage premiums

For the first time economists show the more you see of employers while still at school the more you earn in later life.

Over the last decade, employer engagement has become a common place aspect of the British educational experience. Through their encouragement of such activities as short periods of work experience, careers talks, mock interviews, CV workshops and workplace visits, education ministries across the four UK nations have sought to close the gap between the chalkface and the workplace. Why? Because governments felt, in large part, that by doing so young people would leave education better prepared to do well in the world of work.

It is reasonable to ask then, did the policies work? Did great levels of employer contact at school or college provide tangible benefit to young people as they entered the workforce? One of the best ways to find this out is to survey young adults, asking questions about their current experiences in work and what they recalled of their school days. Thanks to YouGov, the research team at charity the Education and Employers Taskforce working with independent economist Chris Percy has been able to do just that.

The results are striking. Based on an initial sample of nearly 1000 young Britons aged 19 to 24, the research questioned in detail 170 respondents reporting full-time annual salaries plotting those against a scale of remembered employer contacts of any sort. The comparison shows a significant relationship – that each employer contact on a scale of 0 to 4+ relates on average to a wage premium of 4.5% or £900 so that a young adults recalling four or more contacts could be expected to earn £3,600 more than a peer who remembered no such activities.

There are a number of common reactions to such significant findings. Do they, for, example mask higher levels of academic achievement? Did those young adults who recalled higher numbers of employer contacts also attain higher levels of qualifications? The analysis can put in place controls to investigate and the answer is no. Equally, it is not the case that the type of school (for example, grammar or independent schools) attended by the high earning young adults who recalled multiple numbers of employer contacts drives the results. And finally, it is very unlikely that the results reflect the different personalities of people while they were at school. While it might be expected that more dynamic personalities would seek out and take advantage of more opportunities to get involved in community activities while at school if they had the choice, that cannot really explain the results found.

As Prue Huddleston, Emeritus Professor at the University of Warwick, states: "In the British tradition of employer engagement in education, there is relatively little scope for pupil agency in determining whether or not they engage in many activities. Typically, over the last decade, schools have either required all young people in a year group or class to take part in activities such as work experience, one-day enterprise competitions and career fairs or chosen not to engage in them at all. Some pupils might show agency in choosing to take part in longer duration enterprise competitions or be

selected themselves for business mentoring, but these commonly involve fewer than 10% of pupils in any year group."

Wider research suggests too that the findings in this study are to be taken very seriously. Four high quality US studies have tracked young adults into the labour market after they left school completing mainstream learning programmes rich in employer contacts – and all four find evidence of wage premiums. Statistical analysis has also been undertaken using British and American longitudinal databases wherein the fortunes of thousands of people are tracked from birth to adulthood – and a number of recent studies have shown significant relationships to exist between teenage uncertainty or unrealism about careers and lower levels of success in the youth labour market. Put another way, those young people with better ideas about jobs and careers – and this is one of the key things teenagers get from their employer contacts – are more in demand from employers.

In the research, entitled "**Employer engagement in British secondary education: wage earning outcomes experienced by young adults**", it is argued that best way to understand why such advantage in the early labour market can be to understand the benefits of employer contacts in giving teenagers access to reliable, usable information about the jobs market and where they might best fit into it. As well as potentially developing skills and networks of relevance to later employment, young people are gaining access to hugely useful insights into the breadth of the labour market and entry routes into different professions. And employer contacts are of such great impact because teenage understanding of the labour market is generally very poor. By gaining better access to information about the labour market, young people are better placed to understand the opportunities which best match their interests, enthusiasms and abilities

Unfortunately, the research also shows that only a small proportion of young people experience higher levels of employer contacts whilst at school – only 15% of young adults recalled three or more contacts through their schools or colleges. This is why it is so important that organisations like the UK Commission for Employment and Skills and the Chartered Institute for Personnel and Development through its campaign, Learning for Work, are encouraging employers of all sizes and sectors to step forward and massively step up their work with schools and colleges. A lot of a little goes a long way and through easy, free, national programmes like www.inspiringthefuture.org employers can help both themselves and Britain's teenagers.

These findings are to be found in a new article published by the *Journal of Education and Work*, an academic publication of international standing edited by Professor Hugh Lauder of the University of Bath. All articles appearing in the Journal are rigorously peer-reviewed.

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