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Abstract

Higher education expansion, wage premiums and institutional changes in Austria

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In the second half of the twentieth century, higher education expanded steadily worldwide, especially in high-income countries. In 13 out of the 38 OECD member countries, more than 50% of the young population aged 25-34 have a tertiary education, and in a further 13 countries the share exceeded 40% in 2021.ⁱ Even if the share in Austria almost doubled (from 23.3% in 2000 to 42.4% in 2021), the level of educational attainment is still relatively by international standards. I use the annual time series from 1994 to 2020, made available by the Luxembourg Income Study (LIS) to examine longterm trends in educational attainment and related labour market outcomes in Austria. First, I track educational expansion over a 25-year period by analysing changes in the share of the working-age population with tertiary education as a composite category, by detailed educational level (distinguishing between short-cycle, BA, MA, PhD and 'old' diploma degrees), and by gender. I then calculate higher education premiums for women and men separately, and show how the methodological choice of using the logarithm of wages affects the results regarding gender differences and the observed time trends. Finally, I transform the annual data into a cohort structure in order to assess the impact of two institutional changes in Austrian higher education that should have contributed significantly to the educational expansion in the country: the establishment of Fachhochschulen in 1994, and the implementation of the Bologna process starting in 2000.