

## **Is Mass Higher Education Working? A Reflection on the Economic and Political Sustainability of Higher Education Expansion in Portugal**

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### **Abstract**

In recent years the expansion of higher education has become a staple of most political agendas. This has been presented as a strategy that is not only virtuous from an economic point of view, but also with clear social benefits regarding equality of opportunities and social mobility. The appeal of this strategy has been particularly significant in those countries where massification of higher education developed later and, in these cases, governments were willing to enhance this expansion as a way of catching-up levels of qualification and productivity. The appeal of this strategy has been particularly significant in the case of Portugal, whose levels of qualification of the labour force have been historically low, especially when compared with its European counterparts. Hence, over the last two decades the country has experience a massive expansion of its higher education system, whose numbers of students enrolled and rates of enrolment of the age cohort multiplied more than four times since the mid-eighties.

This paper focus on the sustainability of the recent trend of higher education (HE) expansion in Portugal and attempts to update and rebalance a debate that is too often carried out exclusively from a supply-side perspective. It departs from a broad view of sustainability. It encompasses not only the “usual” political motivation behind HE expansion – the idea that is *mandatory* that an increasing share of the younger population cohorts enrol in tertiary education following the transition towards a knowledge-based stage of economic development, the resulting shift in the nature of job tasks in many occupations and the emergence of new specialisms; but also recognises that the political support to further expansion in the system actually depends on the restructuring of jobs effectively happening at a sufficient pace to accommodate the expectations of the new generations of graduates. In this sense, calculating and referring to the extent of any “mismatches” between supply and demand for graduate jobs gains additional relevance and potentially some new research blood. This is true even if one accepts that, in the past, the use of the term often resulted in the failure to consider the transformation of skill demand in middle-level occupations and “new graduate jobs” and, therefore, in an over-pessimistic account of both the need and the economic returns of mass higher education (Elias and Purcell 2004; Sloane 2004; Schomburg and Teichler 2006)

The papers develops an empirical framework which incorporates the diversity of jobs currently carried out by university graduates and their changing skill requirements but

one that also provides a useful benchmark to refer to such “expectations mismatches”. With a new typology of graduate-level jobs in hand, the paper then summarises a number of recent empirical findings regarding the evolution of this somewhat fragile balance in the 1995 to 2005 period. Several relevant findings emerge from this analysis.

First, the paper stresses the fact that countries with more recent processes of HE *massification* (Spain, France and Ireland, for example) have relied to a greater extent on the skill upgrading of *existing* information-processing jobs which usually fall short of qualifying to either *traditional* or *new* graduate jobs. In other words, the path-specificity of skill upgrading in these countries means that there is a potential higher risk of such expectation mismatches occurring. While it is true that the level of HE massification in Portugal is still modest relative to these countries, the paper argues that they can still provide a relevant benchmark to assess the future risks of further HE massification.

Second, the paper investigates the consequences of this increasing diversification of graduate jobs on the economic return of a tertiary degree. It recognises, first of all, that the average return to a tertiary degree is still considerably high in Portugal and that its recent decrease is first the consequence of the mentioned relative rigidity of skill demand regarding the creation of a sufficient number of new knowledge-creating jobs. More importantly, however, it also argues that the impact of such trend has been far from homogenous across the whole universe of university graduates with those in lower-level occupations and at the bottom of the wage distribution being disproportionately hit and with those at the top experiencing stable or even increasing relative premiums to tertiary education.

Third, the paper tests more directly the impact of over-education (relative to the graduate jobs’ current skill requirements) and finds that the relative penalty associated with this condition has also increased over the same period. In this sense, and while clearly rejecting an alarmist tone, the paper finds evidence that the risk of investing in tertiary education in Portugal has greatly increased in recent years with again potentially important consequences regarding the management of graduates’ employment expectations.

In short, the paper does question the extent to which Portugal can continue to be portrayed as a straightforward and simple success story regarding the massification of HE. It adds evidence regarding the particular situation of the late-massification countries and the extent to which these – and southern European economies more specifically - can continue to be described within the wider European consensus that young graduates’ employment difficulties are simply transitional (Schomburg and

Teichler 2006). Furthermore, the paper will reflect about that evidence about the Portuguese experience with mass higher education and the implications regarding political and social support for continuing expansion of higher education.

### **References**

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