



# Unemployment rate by highest qualification

**People with a tertiary education are more likely to be in employment, and less susceptible to overall fluctuations in levels of unemployment, than those without a tertiary qualification**

## Indicator Description

Unemployment rates by highest qualification.

## Why This Is Important

The success of an education system is manifested in, among other things, the success of individuals in finding sustainable employment. There is a substantial body of evidence that shows that those with higher levels of education are more likely to participate in the labour market, face lower risks of unemployment, as well as having greater access to further training and receive higher earnings on average. These labour market

advantages are an important outcome of education. They may even be the primary economic and social outcome, because earned income enables people to achieve a higher standard of living and many of the other individual and national outcomes associated with education may accrue either directly or indirectly from this.

This indicator shows the relative unemployment chances associated with extra education. Movements in the relative measures of employment can reflect changes in the relative labour market value of particular skills and levels of education, and changes in the skill requirements of the overall economy. The increasing labour market

demand for young people with upper secondary and tertiary education qualifications foreshadows an increasing risk of exclusion for those individuals with lower attainment.

International data suggest that on average across the OECD, tertiary education more than halves the expected period of unemployment over a working life.

## How We Are Going

In the 16 years since 1991, people with no qualifications have had unemployment rates exceeding those with qualifications. In 2007, during this current period of relatively low unemployment, people whose highest qualification was a school qualification had an unemployment rate 2.4 percentage points lower than those with no qualifications. People with other tertiary qualifications and degrees or higher had rates which were 1.4 and 1.7 percentage points lower again respectively.

It is clear that during periods of relatively higher overall unemployment, for example the early and late 1990s, the disparity in unemployment rates between those with and without a qualification is at its greatest. For instance, from 1996 to 1998, while unemployment rates increased by 34% for those with no qualification and 43% for those with a school qualification, unemployment rates remained relatively flat for those with a tertiary qualification.

## How To Find Out More

The increasing labour market demand for young people with upper secondary and tertiary education qualifications foreshadows an increasing risk of exclusion for those individuals with lower attainment. To obtain more information on lower educational attainment consider the indicator:

- School leavers with no qualifications.

Unemployment is interrelated with income. To obtain more information on income and education consider indicator:

- Impact of education on income.

## References

- Ministry of Education (2006). *Tertiary Education Strategy 2002/07: Monitoring Report 2005*. Wellington: Ministry of Education.
- OECD (2007). *Education at a Glance: OECD indicators 2007*. Paris: OECD.
- Statistics New Zealand (1991-2007). *Household Labour Force Survey (June Quarter)*. Wellington: Statistics New Zealand.

Percentage unemployed by highest qualification (1991 to 2007)

