

Title: Social origin, skills and graduates' outcomes in employment in Brazil: how does it vary across fields of study and institutions?

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Abstract:

Understanding the role of education in structuring unequal results in the labor market requires going beyond studying the level of education in an aggregated way (van de Werfhorst & Kraaykamp, 2001). This is especially important at differentiated educational levels – such as higher education – which, in Brazil, anchor the most beneficial outcomes in the labor market, and are therefore important in structuring any inequality that passes through the labor dimension. This implies that special attention should be paid to diplomas and courses (Gerber & Cheung, 2008). Unfortunately, with few exceptions (Carvalhaes & Ribeiro, 2019; Ribeiro & Schlegel, 2018), Brazilian research is still not very sensitive to this dimension, mainly due to the lack of access to data that measure in a disaggregated way courses or areas of study in higher education and the graduates' outcomes in the labor market. Even more limited is the amount of research that manages to address selectivity among college degree holders to obtain more accurate measures of the degree's effects on labor market outcomes. Using unpublished data from three editions of the national performance assessment of higher education graduates (2009-2011) and administrative data covering the population of formal employees in Brazil (2010-2015), we contribute to this research by looking at the heterogeneity of socioeconomic outcomes during the first four years after graduation in Brazil. We find that the common dichotomy between formal employment and non-traditional forms of employment does not seem to apply to the upper strata of the workforce: graduates from privileged social backgrounds and with a higher level of skills tend to remain out of formal employment soon after graduation, which seems compounded by deteriorating job market conditions for graduates. Evidence suggests that the upper strata of the workforce can benefit especially from self-employed work, either because this actually represents autonomy over these workers' own endeavors, or because it involves very significant tax gains. In addition to participation in formal employment, we found that, once employed, graduates' salary advantages increase as they advance in the proficiency scale of skills assessed at the end of graduation. Separate analyses by the field of study show that initial differences in wages and occupational prestige are more pronounced in less occupationally specific fields and among graduates from public universities. Nevertheless, the enormous heterogeneity between careers and higher education institutions decreases in a non-trivial way once selectivity is addressed. Overall, our results indicate the persistence of social inequalities and closure by diploma, which suggests a limited capacity for a college degree to level the playing field among graduates in Brazil.