



## The value of educational paths in the Swiss labor market

### Summary

This report describes how the individual opportunities and risks on the Swiss labor market vary for people with different educational pathways and qualifications – and how these differences have changed over the past 20 to 25 years. In a first stage, we outline the change in the educational structure over this period using different data sources. This reveals significant changes – the proportion of people with tertiary-level qualifications has risen significantly in particular. Behind this development lies a general trend towards higher qualifications, a shift towards immigrants holding tertiary degrees and an increasing level of female employment. The main part of the study looks at the employment and salary situation of people with different educational backgrounds, which is supplemented by the working population's subjective assessment of their own employment situation. In a first stage, we describe the integration of people with different educational pathways into the employment market. While there are significant differences between various educational background groups, few notable changes are identified over the period. A similar pattern emerges in relation to the average pay level of the educational background groups. We find very significant differences in median pay between people with different educational qualifications, but pay differences are remarkably stable over the period. This does not just apply to average pay but also to the respective low and high pay levels in the various educational background groups in an almost identical way. A comparison of the change in aggregated salary distribution shows that the rise in the aggregated pay level is largely attributable to the increase in the proportion of people with higher qualifications and consequently higher salaries. In a further step, we document that the wage distributions of groups with different educational pathways overlap to a considerable degree, one of the reasons being that there exist significant and persistent pay differences between various sectors.

Overall, there is little indication of devaluation of vocational education and training qualifications during the period under review. In terms of relative wage development, the increasing proportion of the workforce with higher qualifications resulted in an apparent devaluation of all educational qualifications. However, as the study also shows, there is no absolute devaluation of training/education but instead relative shifts in the structure of the qualifications of the workforce. Finally, the employment and pay opportunities associated with educational qualifications only have a limited impact on a person's subjective satisfaction with their own employment situation. This



indicates that objective labor market indicators – such as the risk of unemployment or level of pay – do not permit full evaluation of the individual value of educational qualifications.