

# The impact of higher education for part-time students

Executive Summary 36  
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# **The impact of higher education for part-time students**

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## Executive Summary

### Introduction

The UK Commission for Employment and Skills commissioned Birkbeck, University of London and the National Institute for Economic and Social Research, to examine the impact of higher education (HE) on the labour market experiences of graduates who studied part-time and full-time as undergraduates.

Recent policy developments suggest that part-time study is central to the UK's skills and employability agenda because it provides flexible study aimed at those already in the labour market. This matters because of the need to up-skill and re-skill the ageing working population. Furthermore, as the 2011 White Paper *Higher Education: Students at the heart of the system* (BIS, 2011) confirms, part-time study can further the government's wider HE policy objectives. Specifically, it has a role in providing educational opportunities throughout people's lives, in increasing social mobility, and in creating a more diverse HE sector responsive to the needs of employers, the economy, and students by giving students greater choice and enhancing their HE experience. To make part-time HE more affordable and accessible, for the first time part-time undergraduates in England will be eligible for student loans to cover the costs of their tuition fees. Consequently, twice as many – around a third-of part-time undergraduates will qualify for government-funded financial support from 2012/13.

Little is known about the extent to which part-time undergraduate study enhances employability, earnings, and labour market progression, unlike the much larger body of research on full-time undergraduates. To help fill some of the large gaps in our knowledge, this study assesses the impact of part-time study on the labour market experiences of graduates and compares them with those who studied full-time as undergraduates.

The study analyses the Higher Education Statistics Agency's data from the Longitudinal Destination of Leavers from Higher Education survey which follows up both full and part-time undergraduates six months and three and a half years after graduation.

## **The characteristics of part-time undergraduates**

The part-time student undergraduate population is heterogeneous and are very different from their full-time counterparts.

- The majority are older and women who are employed full-time and have family commitments.
- Most do not study for a bachelor's degree but take vocationally orientated and professional qualifications.
- Unlike full-time undergraduates who typically enter HE with a Level 3 qualification, the part-time HE population is polarised in terms of their entry qualifications. A high proportion have prior experience of higher education, already hold a Bachelor's degree, and are re-skilling, often with financial support from their employer. At the opposite end of the spectrum, a substantial minority have no or low level entry qualifications. They are up-skilling and taking advantage of 'second chance' learning opportunities, which they pay for themselves or sometimes with help from the limited government-funded financial support currently available.
- However, irrespective of whether part-time undergraduates are re-skilling or up-skilling most want a higher education qualification to get ahead and to meet their career ambitions.

Our multivariate analysis of the Longitudinal DLHE data acknowledges these important differences in student characteristics and attempts to control for them.

In examining the impact of part- and full-time study, we emphasise labour market experiences three and a half years rather than six months after graduation. This is because research suggests that it takes several years for individuals to reap the benefits of lifelong learning qualifications. Therefore, this study may not have captured the full employment and wage effects of part-time higher education, or of full-time higher education.

## **Key messages**

- There were significant employment advantages to those who improve their skills by upgrading their current qualifications from below a Level 3 through part-time study relative to full-time study. This was also true for those who obtain new skills but without a qualification upgrade.

- Individuals benefit financially from the skills acquired through part-time and full-time higher education study. The skills they acquire also benefit employers and the wider economy.
- The contribution of graduates from part-time study to economic prosperity, particularly in relation to earnings, exceeds that of graduates from full-time study in the relatively short period of time under consideration – up to three and a half years after students graduated.
- The Westminster coalition government's decision to extend student loans to part-time students could potentially open up more opportunities for employees to enter part-time higher education.

## **Key findings**

### **Employment effects of part-time study**

- The same proportion of graduates from both part- and full-time study - 88% - is in paid employment three and a half years after graduating from higher education although twice as many part-time as full-time graduates work part-time (14% compared with 6%).
- The same proportion, just 3%, of graduates from part- and full-time study is unemployed three and a half years after graduation. However, part-time study is less likely than full-time study to assist unemployed job seekers back into work.
- The majority of graduates, irrespective of their mode of study while undergraduates are employed in the top three occupation categories: Managers and Senior Officials, Professional occupations and Associate Professional and Technical occupations. 77% of employed graduates from part-time study and 73% from full-time study work in these occupations three and a half years after graduation.
- A higher proportion of graduates from part- than full-time study are employed in the public rather than the private sector, namely in Public Administration, Education and Health and Social Work (59% compared with 44%).
- A higher proportion of graduates from part- than full-time study have permanent jobs three and a half years after leaving higher education (87% compared with 79%).
- The likelihood of graduates of part- and full-time study being employed varies by their characteristics.

- Graduates whose tuition fees were paid mainly by central government, typically to study subjects allied to medicine, are more likely to be employed three and a half years after graduation than graduates who receive no help with their fees. Graduates who received financial help with their tuition fees from their Local Education Authority (LEA) – some of the poorest undergraduates - are less likely to be employed. Employer support with fees is more important for graduates of part- than full-time six months after graduation but not three and a half years after graduation.
- Older graduates are less likely to be employed than younger graduates three and a half years after graduation. However, there are no differences in the likelihood of graduates from part- and full-time study being employed according to their age or motivations to study.
- The level of entry qualifications at the beginning of study has no impact on the overall probability of graduates from part-time and from full-time study being employed. However, graduates from part-time study with entry qualifications of Level 4 or 5 have higher employment rates three and a half years after graduation than similar graduates from full-time study. Also graduates who enter part-time HE with a qualification below Level 3 also are more likely to be employed than those who enter full-time HE with similar qualifications.

### **Wage effects of part-time study**

- Three and a half years after leaving HE, graduates from part-time study in full-time employment earn more on average than similar graduates from full-time study. Some 84% of part-time graduates earn more than £20,000 compared with 73% of full-time graduates.
- The salaries of graduates from part-time study grow at a slower pace compared with their full-time peers. They are less likely to see their salaries increase and are more likely to see their salaries stagnate between six months and three and a half years after graduation. During this period, 78% of graduates from part-time study see their salaries rise taking them up at least one £5,000 salary band, 16% experience no change while 6% see a drop in their salaries. The equivalent proportions for graduates of full-time study are 88%, 8% and 2%.
- Both pay levels and the chances of a pay rise between six months and three and a half years after graduation vary by graduates' characteristics.

- Three and a half years after graduation, there are no differences in the pay levels of graduates by whether or not they received employer support with their tuition fees. However, graduates from part-time study awarded LEA financial help earn more than similar graduates from full-time study. Yet, part-time graduates obtaining fee support from other government sources have lower earnings than their full-time counterparts.
- Older graduates are more likely to be higher earners than younger graduates three and a half years after graduation, especially older part-time graduates.
- Graduates of part-time study who received LEA financial support towards their tuition fees, and those who obtained similar help from their employer, are more likely to get a pay rise that moved them up a pay band between six months and three and a half years after graduation than those who had studied full-time.
- Graduates aged 30 or more who had studied part-time are less likely to experience a salary increase three and a half years after graduation than younger graduates.
- Graduates' qualifications on entry to university have no impact on the probability of salary growth three and a half years after graduation, indicating no difference in the propensity to move up the pay distribution for graduates who re-skilled or up-skilled.

### **Implications for policy**

- Part-time HE study plays a significant part in raising, updating, and improving the skills levels of people already in employment and ensuring they possess the skills and qualifications required by employers, especially in the public sector. It enhances the employment prospects for students with high level entry qualifications who are mainly re-skilling, and those with low-level entry qualifications who primarily are up-skilling.
- Part-time study allows for more flexible and diverse HE provision and for employees to combine studying with employment, but there is no evidence that it is particularly beneficial as an alternative to full-time study for young people.
- Part-time study helps to widen HE participation and to increase the social mobility of graduates of part-time study who entered higher education with low-level skills, more so than similar graduates of full-time study. However, older graduates who study part-time fare worse (in terms of employment prospects and pay progression) than older graduates from full-time study, suggesting that part-time study does not reap rewards relative to full-time study, for this group.

- The study confirmed the financial benefits accruing from part-time HE study and the positive impact of making it more affordable via government-funded financial support. The findings endorse the Westminster coalition government's strategy of improving access to, and the level of, financial support for part-time study, especially for low-income individuals with low-level qualifications wishing to up-skill.
- Student loan policies are predicated on the principle that those who benefit from higher education should contribute towards its costs, and the assumption that participants of higher education will reap some private returns in terms of their employment prospects and higher wages on graduation.
- The findings suggest that government-funded student loans for part-time students from 2012/13 are justified in terms of: the private and public returns to such an investment including the higher employment and pay progression rates of part-time graduates without a Level 3 qualification compared with similar full-time peers; the increased productivity of low-income employees as measured by the higher pay levels and pay progression of those in receipt of LEA awards; and on the grounds of equity by increasing social mobility both for those entering part-time study with low-level qualifications and for those with low-incomes in receipt of government-funded LEA awards.
- The study's findings also help validate the government's strategy, in a period of public expenditure constraints, of restricting student loans to the most disadvantaged in the labour market, those with the least human capital, without prior experience of higher education, and wanting to up-skill.
- The higher pay levels of graduates from part-time study suggest that they are likely to pay back their student loans at a faster rate than graduates from full-time study and to pay higher interest rates. Both are to the benefit of the Exchequer and make loans for part-timers potentially cheaper than those for graduates of full-time study.



Executive Summaries present the key findings of the research produced by the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports and all outputs are accessible on the UK Commission's website [www.ukces.org.uk](http://www.ukces.org.uk)

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