

Executive summary

The individual and social returns from education are extensively researched and well documented in the literature. It is reported that an increased level of education contributes to the economic growth and wellbeing of a society (for example, Canton 2007; Sianesi & Van Reenen 2003). Higher levels of education are also associated with higher income, increased opportunities for employment, and greater job security for individuals (ABS 2008a).

This study focuses on occupational prestige as a measure of the individual return from education for young people aged 16 to 26 years. The main objectives of the study were to investigate whether a rise in occupational prestige is predicted by the level of education and whether the effect of education on the rise in occupational prestige differs by individual characteristics and family backgrounds. This study also examined whether there are gender differences in the trajectories of occupational prestige.

The study used the 1995 cohort of the Longitudinal Surveys of Australian Youth (LSAY).¹ The 1995 cohort comprises a nationally representative sample of young people who were in Year 9 in 1995.

Occupational prestige is measured using the ANU3 scale.² Lower scores indicate lower prestige and higher scores indicate higher occupational prestige (for example, 0.8 for railway labourers and 99.2 for specialist medical practitioners). The educational attainment variables were measured as the highest qualification attained each year. This study used a multilevel quadratic growth model to examine the change in young people's occupational prestige over 11 waves of the LSAY data. The key results are as follow.

- ✧ There was a steady growth in the average occupational prestige among young people aged between 16 and 26 years. The estimated mean occupational prestige is comparable with messengers at age 16, general clerks at age 21 and associate professionals at age 26. Nonetheless, growth in occupational prestige varies by individuals.
- ✧ The level of occupational prestige and rate of change were predicted by an individual's educational attainment. In particular, the level of occupational prestige at age 21 and the rate of growth were highest for young people with a bachelor or higher degree and lowest for individuals without Year 12 or equivalent. By age 26, the average occupational prestige of individuals without Year 12 or equivalent corresponds to that of stonemasons and the average occupational prestige of individuals with a bachelor or higher is equivalent to financial brokers.
- ✧ The gaps in occupational prestige among young people with different educational attainment get larger as time goes by. The growth curve has an inverted U-shape. Young people with higher occupational prestige at age 21 tend to have a higher rate of linear growth in their occupational prestige. Moreover, they also tend to have less-curved growth lines than individuals with lower occupational prestige at age 21. Given the rates of linear growth and acceleration, the gap

¹ LSAY is a research program that focuses on young people's transition from school to further education, work, or other destinations (NCVER 2009).

² The ANU3 scale provides continuous scores of occupational prestige and the scale lies between 0 and 100 (McMillan & Jones 2000; Jones 1989). Two different versions of the ANU3 scale were used for the 1995 cohort data; the ANU3_1 was used from 1996 to 1999 and the ANU3_2 was used from 2000 to 2006. ANU scales are based on the Australian Standard Classification of Occupations (ASCO) produced by the Australian Bureau of Statistics (ABS). The ABS released the 2nd edition of ASCO in 1996, with the ANU3_2 scale developed in 2000.

between young people with higher and lower occupational prestige at age 21 increases by the age of 26.

- ✧ The effects of educational attainment on the growth of occupational prestige differ by individual characteristics. Females tend to have higher occupational prestige and the difference between males and females was larger for young people without Year 12 or equivalent. Academic achievement in Year 9 was also a significant predictor of occupational prestige; however, the difference varies by the educational level.
- ✧ Family background was associated with occupational prestige above and beyond the effect of young people's educational attainment. Children of parents with an upper-middle or higher occupational level and children of parents with a bachelor or higher degree have higher occupational prestige.
- ✧ Males and females generally have similar growth patterns in occupational prestige, although there are some notable differences. For both genders, the level of occupational prestige and rate of growth were highest for individuals with a bachelor or higher degree and lowest for individuals without Year 12 or equivalent. However, occupational prestige showed little difference for females by types of vocational education and training (VET) qualifications, whereas they were quite divergent for males. For both males and females, the level and growth rate in occupational prestige differs by academic achievement in Year 9 and the gap was much larger for males.

The findings suggest that effort needs to continue to increase young people's completion of Year 12, or in the case of early school leavers, the completion of VET qualifications. Given the larger occupational returns from a bachelor or higher degree, it is necessary to expand opportunities for young people to enable them to pursue higher education to achieve the potential of education for aiding social mobility.
