

An Anglo-German Foundation Report

The contribution of degree subject to the gender wage gap among graduates: A comparison of Britain, France and Germany

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Executive Summary

It is a fact that women earn less than men. However, there is little consensus as to why this should be the case. In this project we focus on university graduates and show that degree subject is relevant to the gender wage gap. We draw on person-level data from Britain, France and Germany, and observe wages and degree subject for a large number of graduates. Wages differ by degree subject and women on average study different degree subjects from men. A stylised picture would characterise men as predominant in engineering and related fields, whereas women are predominant in education and language studies. This is true in all three major European economies. Because men concentrate more on financially rewarding subjects than women, degree subject can explain a significant share of the gender wage gap among graduates in all investigated countries. The importance of degree subject to the explained gap in wages ranges from 13–36% in our preferred specifications.

The findings that we report show that the subject studied in higher education matters for future labour market outcomes. At a given point in time in all three countries, a sizable portion of the wage differences between male and female graduates can be explained by degree subject. The cross-country pattern is less consistent when looking at changes through time. In Britain it seems that women have made much more headway than in France or Germany into studying degrees that pay off more in the labour market. Thus there has been a narrowing of the wage gap between male and female graduates in Britain, part of which can be attributed to convergence in male/female degree subjects, which has not occurred in the other two countries.

The findings of this project should be of interest to a number of parties. These include academics from various social science disciplines with an interest in gender, education and the labour market. The results should also be of interest to policymakers concerned with gender equity and how gender-specific disparities originate. Finally, employers whose

labour demand over time has been increasingly shifting towards graduates, together with workers' representatives, may well be interested in the way in which different degree subjects are rewarded in the labour market, and how this contributes to different wages for men and women.

The structure of the remainder of the report is as follows: Chapter 2 discusses and summarises the large amount of data work carried out in the project, and presents descriptive statistics to motivate the analysis that follows. Chapter 3 presents the estimation results and Chapter 4 concludes.

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Notes to the editor:

Anglo-German Foundation: For thirty years the Foundation has contributed to policy-making in Britain and Germany by funding bilateral research and discussion of economic and social issues which challenge both countries, and by making the results of this work available to decision-makers, practitioners and their advisers.

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