

Is graduates' labour market meritocratic? Assessing long-term trends on inequalities in earnings among Peruvian graduates.

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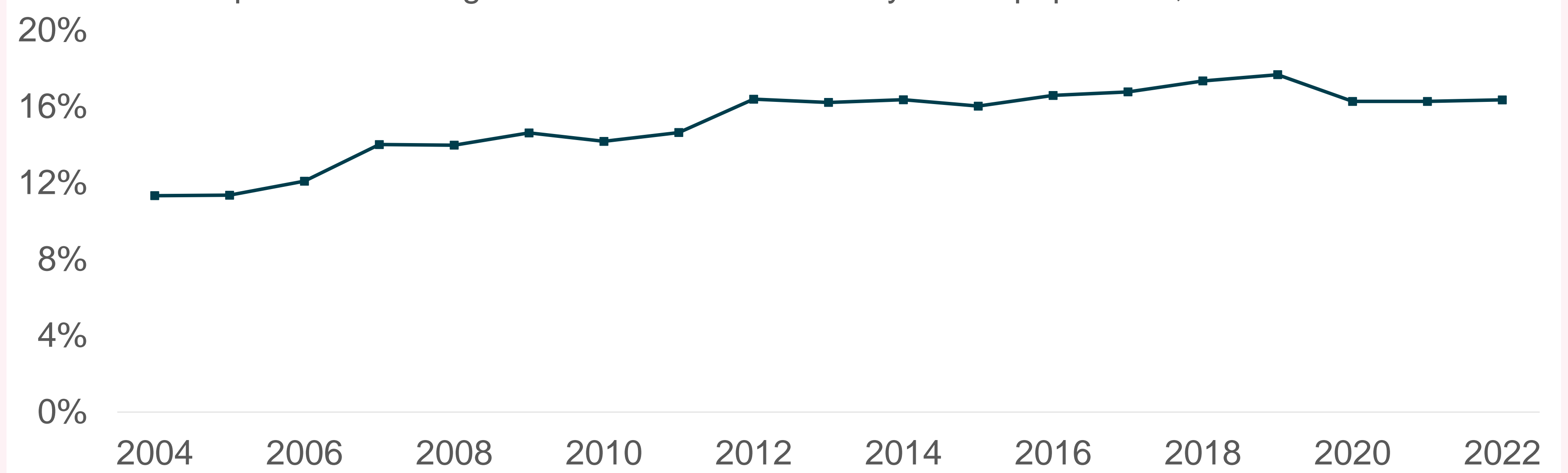
CONTEXT

- Over the last two decades, there has been an increase of graduates' population both, in absolute and relative terms, consequence of college expansion (Graph 1).
- This increase of graduates' population has been strongly stimulated by the high levels of returns that degree holders have compared to non-graduates (Graph 2).
- Although this can be interpreted as an indicator of a meritocratic labour market (a labour market seeking skilled labour) a more granular analysis show us important inequalities among graduates (Graph 3).
- These inequalities are strongly associated to graduates social origins (gender, race, class), or to the type of education received, which also tends to be determined by social origins (Graph 4).
- Aiming to assess the meritocratic power of Peruvian labour market in the long-term, I present an analysis of how social origin variables determine graduates' outcomes.

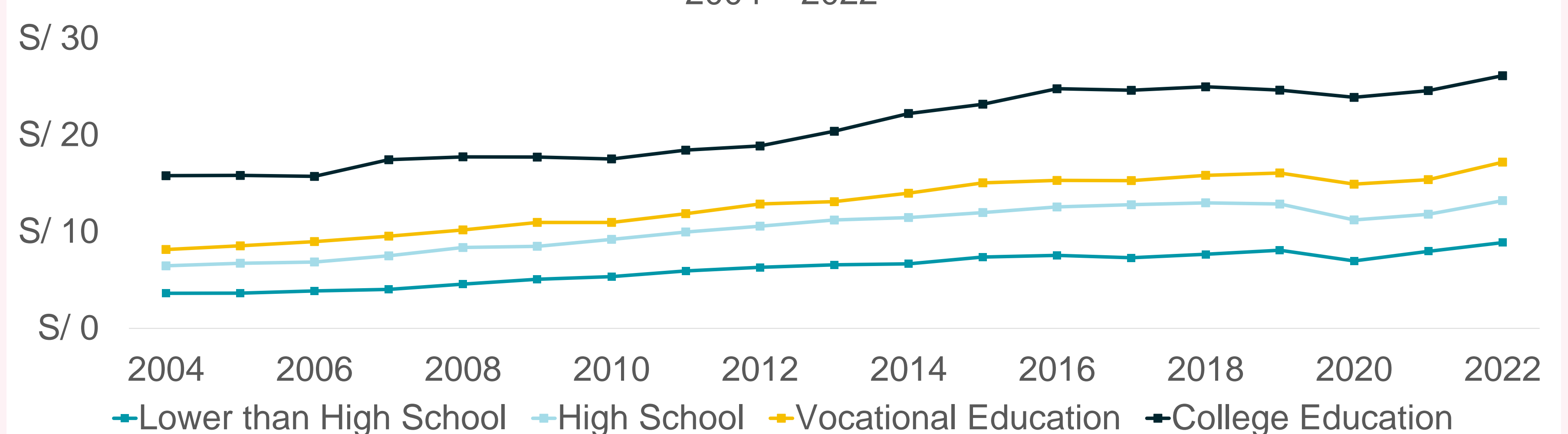
DATA & METHODS

- We use data from the Peruvian National Households Survey, which is conducted yearly by the National Office of Statistics (INEI) and has national inference power.
- We analyse earnings differences by social origin using the variables gender (male vs female), ethnic background (Spanish vs indigenous mother tongue), social class (degree vs non-degree holder parent) and type of college attended (high vs low quality).
- We make a pooled model with data from 2014 to 2022, regressing the log of earnings on variables mentioned above and controlling by age, region, area, year and job.
- Graph 5 shows predicted earnings for most privileged and unprivileged graduates at 30 years-old, working as professionals in Lima.

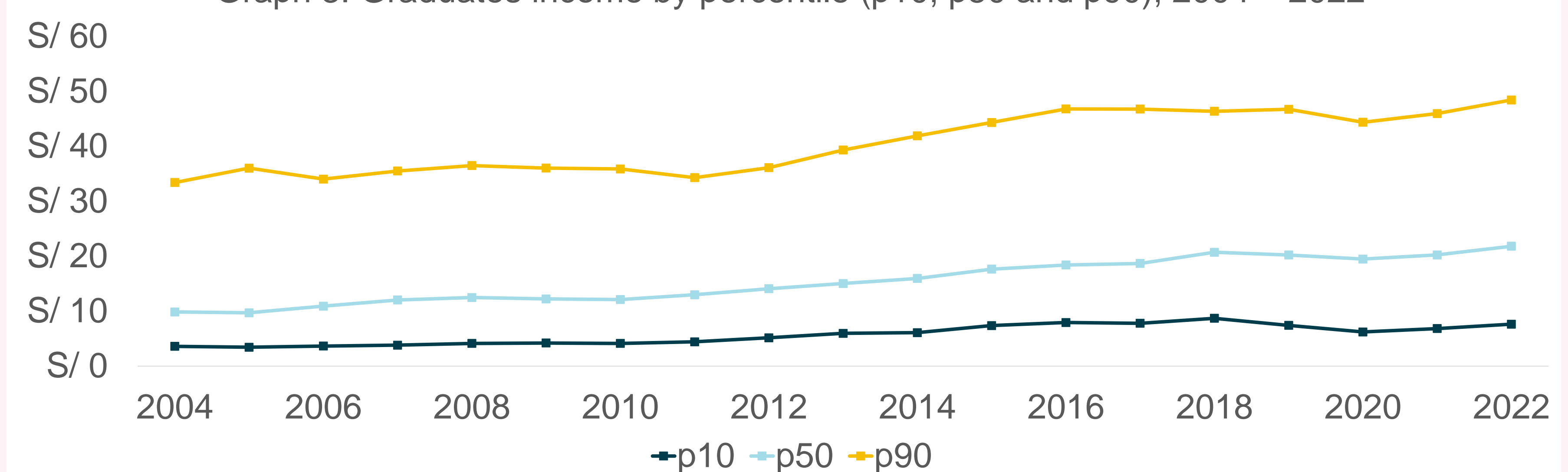
Graph 1: Share of graduates over economically active population, 2004 – 2022



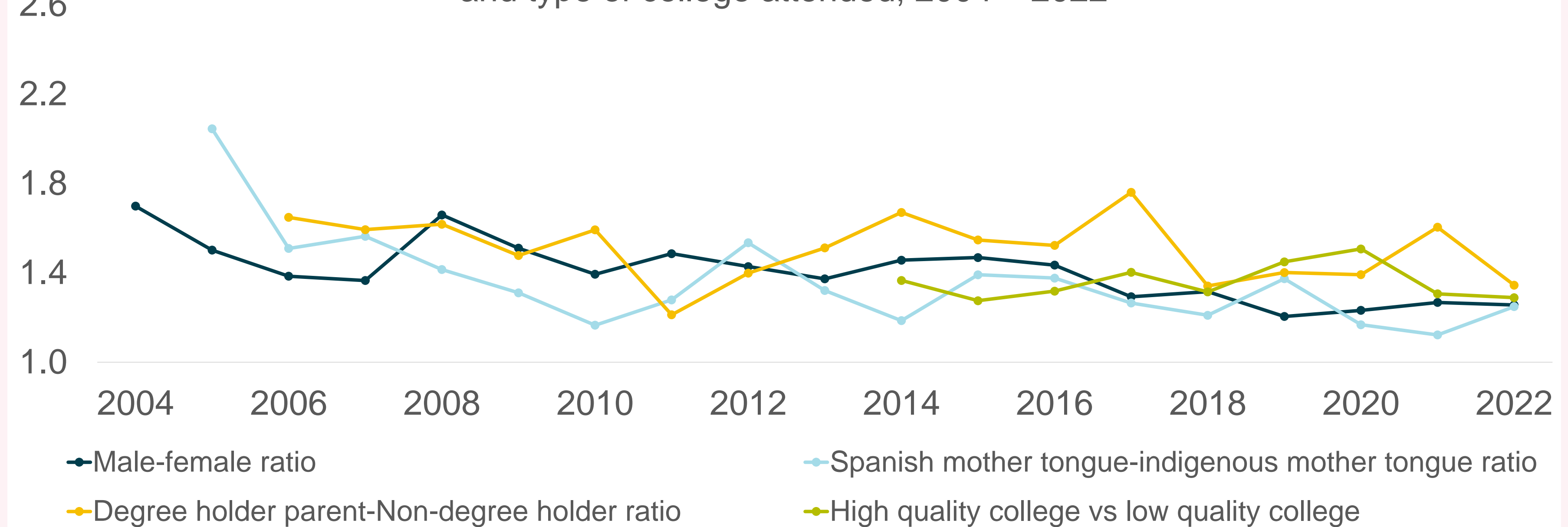
Graph 2: Individuals' earnings (in thousands of PEN) by educational attainment, 2004 – 2022



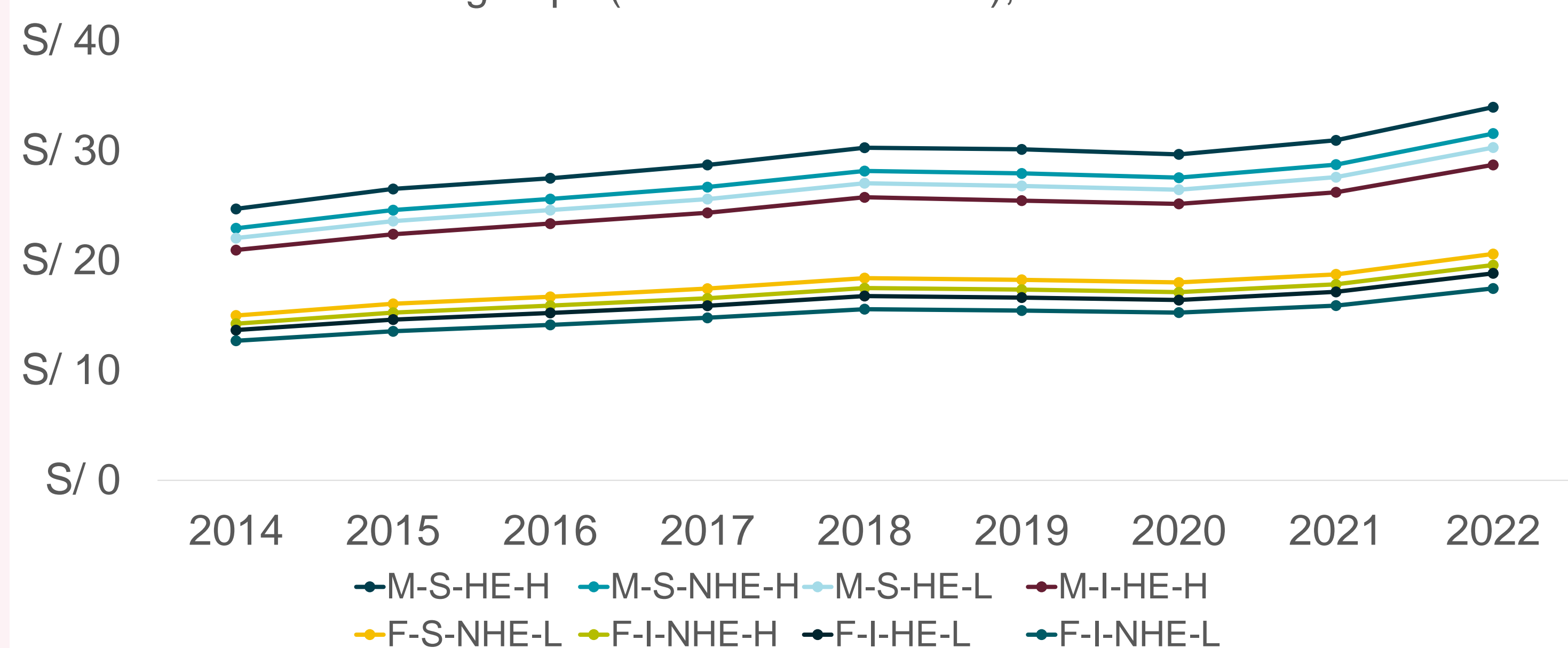
Graph 3: Graduates income by percentile (p10, p50 and p90), 2004 – 2022



Graph 4: Graduates' earnings ratio by gender, ethnic background, social class and type of college attended, 2004 – 2022



Graph 5: Predicted earnings for most privileged and unprivileged social groups (in thousand of PEN), 2014 - 2022



M: Male; F: Female | S: Spanish mother tongue; I: Indigenous mother tongue | HE: Degree-holder parent; NHE: Non-degree holder parent | H: Top college; L: non-top college

FINDINGS AND CONCLUSIONS

- Social origin (class, race, gender) and the type of college attended (generally conditioned by social origin in Peru) determines an important part of future earnings.
- These findings question the idea of a meritocratic labour market and present preliminary evidence of patterns of segregation among graduates.
- Further research is necessary to have a more accurate idea of the extent to which earnings are determined by social origin.