

Labour market outcomes: the relationship between education types and literacy scores

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It is undisputable empirical evidence that higher educational attainments provide better labour market opportunities such as higher wages or lower unemployment risks. Yet, it is less well known what drives these educational premiums. In this contribution, we investigate jointly the impact of cognitive skills and education on wages with the help of data from the Swiss sample of the Adult literacy and lifeskills survey (ALL). ALL is a database containing objective measure of skills measured by literacy and numeracy tests. Our research follows the footsteps of a burgeoning economic literature on employer learning, i.e. the dynamic relationship between skills, education and labour market experience. Therefore, we estimate the monetary returns to observed skills (literacy and numeracy scores) and their evolution with labour market experience and job tenure. Our main focus is to compare various educational level such as secondary vocational education (either dual or full-time schooling), high school degrees, tertiary vocational education and university degrees. Recent evidences show that the type of schooling is more relevant than its length in the Swiss context, especially with respect to vocational education as the latter seems to produce flatter age-earning profile. We also explicitly model private and public information by decomposing total work experience between public experience i.e. work experience with prior employers and current job tenure.