

Differences in wage growth by education level: An empirical analysis of the Swiss dual education system

Sylvain Weber, University of Geneva, Switzerland

A new trend of the literature concerned with the returns to tenure argues that some human capital may be specific to the industry of employment. Industry-specific experience is therefore added in the equations used for the estimation of returns to tenure and general experience. Using data from the Swiss Labor Force Survey, we estimate a model that accounts for job tenure, general experience, industry-specific experience, plus occupation-specific experience. This last component has been ignored so far, but seems essential and maybe even more relevant than industry-specific experience in the determination of wage growth over the career. Switzerland is a highly interesting case for the study of earnings, thanks to its dual education system that allows to define education levels by their types. Such a classification goes one step further the usual definition of education levels by their duration only. Consistently with the literature, our results show that more-educated workers gain more from work experience. Moreover, for an equal education duration, workers with more general skills gain more from experience. Vocational training, providing workers with fairly specific skills, leads to a relatively flat wage profile over the career.