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### *Paper 118: Graduating and gradations within the middle class: the legacy of an elite higher education*



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## **Abstract**

*This paper explores the significance of an elite higher education for occupational differentiation within the middle class. The paper is based on longitudinal research derived from a cohort of thirty-year olds whom we have been following since the start of their secondary education when they were deemed to be 'destined for success'. The large majority have subsequently graduated and are in professional and managerial occupations. However, even within this picture of overall 'success', there are within-cohort differences which highlight the significance of an elite education on subsequent destinations. Those who went to an elite university were generally in higher level occupations and on higher salaries than those who went to less prestigious, and particularly post-1992, universities. Although this may suggest the fine-grained workings of a meritocracy at the 'top end', the success of private schools in sending their pupils to Oxbridge (with lower A level results than state schools) and the relatively higher earnings of privately-schooled non-graduates indicate an enduring school sector effect. Indeed, the difference in earning outcomes within our sample of respondents leads one to question the economic value of obtaining degrees from less prestigious universities and colleges of higher education.*

In a time of uncertainty over jobs in general, it is clear that those who undertake a university education are excellently placed to meet the challenges and reap the rewards of a rapidly changing knowledge-based and competitive market place. (Warwick 2002)

Perhaps it is not surprising that Diana Warwick, as Chief Executive Officer of Universities UK, should endorse the value of higher education. However, the benefits of a university education are also repeatedly asserted by the British government as it continues to try to increase the numbers of students progressing to degree-level study and reconfigures the funding arrangements for higher education.

While graduates do earn more overall than non-graduates, blanket assertions of the economic values of a university education should be treated with caution. Firstly, the rewards of obtaining a degree may be diminishing as the number of graduates increases. Purcell et al's (2005) latest survey found that the earnings of a recent cohort of graduates had not kept pace with those of an earlier cohort, leading them to suggest that there may be a decline in the excess demand for graduate skills and knowledge. Secondly, these blanket assertions ignore the extent to which particular kinds of higher education confer *differential* advantages – an issue which has become increasingly important both politically and sociologically and which provides the focus of this paper. Other research has examined the impact of subject studied (eg Dolton et al 1997) and class of degree (Smith and Naylor 2001). Our analysis concentrates on the extent to which the status of the university attended is associated with socio-economic success.

## **Background**

On the policy front, the drive towards expanding the number of students going to university, fuelled by the promise of the 'knowledge-based and competitive market place', has led to significant changes in the composition of the student body and the ways in which higher education is funded. Universities have grown from a handful of elite providers catering for a small minority of the well-educated to part of a mass system.

In order to cope with the expanding numbers of higher education students, the UK and other countries are increasingly following the American model of fostering a market-based system of higher education provision and asking students to contribute to the cost of their education. From the early 1960s, students on undergraduate programmes received financial support from their local authorities through means-tested maintenance grants and the direct payment of fees to their university. The first moves towards shifting funding from the public purse to the student

began in 1990 with the freezing of maintenance grants and the introduction of subsidised student loans. In 1998, students (other than in Scotland) were additionally asked to contribute £1000 per annum towards their fees. The following year, what remained of the maintenance grants were replaced by loans and the fee contribution was increased to £1150 per annum. From 2006, English universities will be allowed to charge full-time students variable fees of up to £3000 per annum<sup>1</sup>. Originally it was envisaged that universities would charge students a range of fees. However, the overwhelming majority charge the maximum fee. This transfer of significant amounts of the costs of higher education to students has focused attention on the 'value' of degrees and their relative purchasing power in the labour market.

Of course, the education system has always been a means of launching students into different levels of the labour market. However, extended educational careers have delayed the significant branching off points. There was a time when a good set of O level results could more or less guarantee a non-manual occupation and A levels were the entry point for some professions, such as accountancy. The development of a mass system of higher education means that other mechanisms of filtering are being developed to distinguish the 'high fliers' from the 'unexceptional' graduate.

While some might argue that the expansion of the knowledge economy will bring sufficient high grade jobs for all graduates, there is little doubt that the ever growing middle class will be characterised by new fractions and divisions – both horizontally and vertically. Given the longstanding significance of education for the middle class, the level and nature of qualifications at the higher levels are likely to be critical markers of distinction. Whereas once it was sufficient merely to get a university degree, the increasing pool of graduates may make it more important than ever to get the 'right' university degree.

### **The research**

This paper addresses the issues of differentiation among graduates through drawing on data derived from the latest stage<sup>2</sup> of a research programme which began in 1982. This project was designed to provide an interim snapshot through a questionnaire survey of the progress of a group of young men and women whom we have been following since the start of their secondary education<sup>3</sup> when they were deemed to be 'destined for success'.<sup>4</sup> When we first revisited them they were in their mid-twenties.<sup>5</sup> When we surveyed in 2004, they were in their early thirties. For an overview of the project findings, see Power *et al* (2006).

#### *Overall profile*

In broad terms, our survey of their current positions indicates that the early success of our respondents has been sustained. The large majority are in middle class occupations on

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<sup>1</sup> The situation in Wales and Scotland is slightly different. Although Scotland claims to have 'abolished' fees, they have merely replaced the 'up-front' fee with an endowment that will be repaid after graduation. In Wales, Welsh students will pay an up-front fee of £1200 with the remaining difference up to £3000 being made up by the Welsh Assembly Government. The situation in Northern Ireland is similar to that of England, at least while the Assembly has been suspended.

<sup>2</sup> Success Sustained? A follow-up study of the 'Destined for Success?' cohort (ESRC Award No. RES-000-22-0627).

<sup>3</sup> The State and Private Education: An Evaluation of the Assisted Places Scheme (SSRC Award No. C00230036). See Fitz *et al* (1986).

<sup>4</sup> All of them were identified as being 'academically able'. This identification was based on a number of criteria. Passing entrance examinations was taken as an indication of ability for those at academically selective schools (private or state) while those at state schools were identified by their teachers as being academically capable of gaining an assisted place at an independent school.

<sup>5</sup> Destined for Success? Biographies of academically able students (ESRC Award No. R000235570). See Power *et al* (1999)

comfortable, even very high, incomes. Comparison with their contemporaries in the BCS70 survey reveals their continued ‘success’. At thirty, 41% of the BCS70 cohort were in Classes I & II (Woods *et al* 2003) whereas nearly 80% of our cohort are in Classes I & II (Table 1).

**Table 1: Socio-economic profile**

	Frequency	Percent
I	61	23.1
II	147	55.7
IIINM	50	18.9
IIIM	3	1.1
IV	2	.8
V	1	.4
Total	264	100.0

*Includes those in full- and part-time employment*

At one level, this is hardly surprising. Our cohort left school with good qualifications and the overwhelming majority (over 80%) went to university, nearly one third (30%) went on to study master’s degrees or postgraduate diplomas and 6% have a PhD. However, behind this picture of what might be considered unextraordinary success, we have found that some within-cohort differences have been magnified. A key factor in accounting for these differences is the continuing legacy of their school and undergraduate education.

### *Finding work in the knowledge economy*

Brown and Hesketh (2004) have argued that the promise of the knowledge economy is based on false premises about the expanding nature of the labour market. They found that most graduates did not go into relatively high-skilled, high-waged jobs. The findings from research on our cohort are somewhat different. As already mentioned, almost all our graduates are now in middle class occupations. Our cohort’s destinations show a close correlation between socio-economic position and level of qualification (Table 2). No-one who left school without at least A levels is currently in Class I and no-one who has taken a higher degree is in a manual occupation (IIIM, IV & V).

**Table 2: Relationship between highest qualification and occupation (full or part-time)**

	GCSE	A levels	Degree	Masters	PhD
I (n=61)	.0%	4.9%	63.9%	23.0%	8.2%
II (n=128)	5.5%	7.0%	60.9%	18.0%	8.6%
IIINM (n=68)	11.8%	25.0%	51.5%	8.8%	2.9%
IIIM and below (n=6)	16.7%	33.3%	50.0%	.0%	.0%

Our cohort is also earning significantly above the national average. Brown and Hesketh noted that the national salary of graduates was falling from £13,422 in 2002 to £12,659 in 2003. The average (median and mode) salary of our respondents shortly after they graduated in the mid-1990s was around this level (£10,000-£14,999). Ten years later, the average salary of those still in full-time employment was between £35,000 and £39,999.

A cursory reading of our data might lead one to conclude that the promise of the knowledge economy has been realised. However, an important explanation for the elevated status of our cohort, and the discrepancy between Brown and Hesketh’s findings and ours, may well be the status of university attended. A large proportion of our cohort went to higher status universities. Fewer than 2% of undergraduate students in the UK go to Oxford or Cambridge, as opposed to over 15% of our sample. Our data show that attending an elite university for one’s first degree enhances subsequent success.

### The importance of an elite education

We noted in the earlier study that those who were ‘getting on famously’ were most likely to have attended private schools and gone to elite universities, particularly Oxbridge. Nearly ten years on, the advantage of an elite education seems to have been consolidated. Table 3 shows that, while 44% of those who went to elite universities were in Class I, this was the case for only 25% of those who went to other ‘old’ universities, and 9% of those who went to ‘new’ universities. Only 12% of those who went to elite universities were outside Classes I & II, compared with 33% of those who went to ‘new’ universities.

**Table 3: Socio-economic status in relation to status of HEI (% within HEI rank)<sup>6</sup>**

	Elite (n=61)		Other ‘old’ (n=108)		‘New’ (n=46)	
	%	N	%	n	%	n
I	44.3	27	25.0	27	8.7	4
II	44.3	27	52.8	57	58.7	27
IIINM	11.5	7	20.4	22	30.3	14
IIIM and below	0	0	1.9	2	2.2	1

There is also a strong relationship between earning levels and status of university attended (Table 4). Nearly one fifth (19%) of those who went to elite universities were earning over £90,000 per annum – compared with only 8% and 5% of those who went to other ‘old’ and ‘new’ universities respectively. Attending a prestigious university is clearly an advantage in a labour market overcrowded with graduates. For example, Brown and Hesketh found that from 14000 applications to one leading employer, Oxford University graduates were 29 times more likely to be appointed than candidates applying from ‘new’ universities.

**Table 4: Earnings in relation to status of HEI (% within HEI rank)**

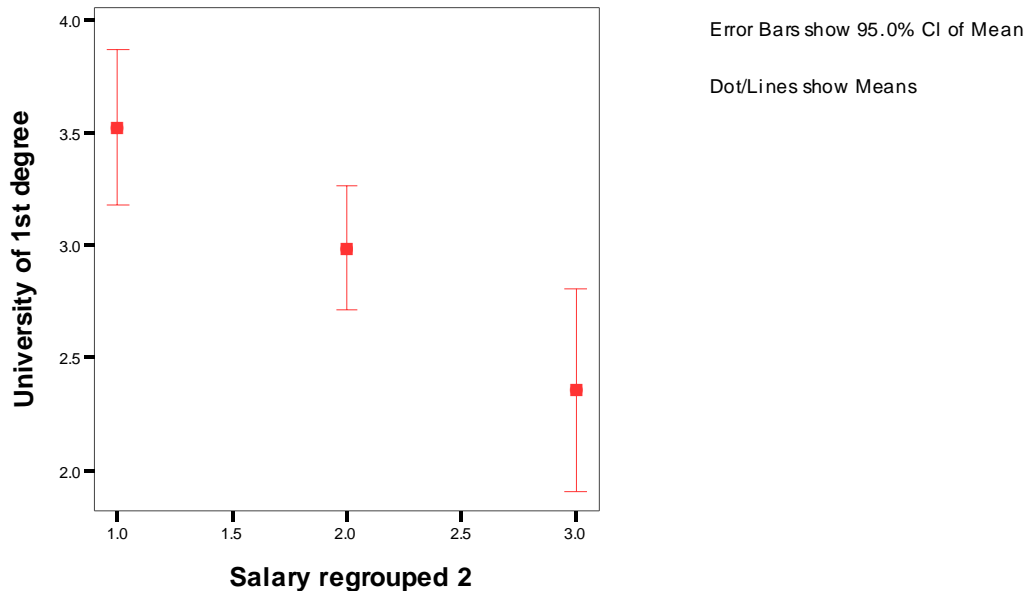
	Rank 1 (n=53)		Rank 2 (n=84)		Rank 3 (n=37)	
	%	n	%	n	%	n
Less than £30,000	18.9	10	38.1	32	56.8	21
£30,000-£59,000	43.4	23	39.3	33	35.1	13
£60,000-£89,000	18.9	10	14.3	12	2.7	1
Over £90,000	18.9	10	8.3	7	5.4	2

*Only includes those in full-time paid employment.*

<sup>6</sup> Our ranking of universities is adapted from the various ‘performance’ and ‘variation’ tables published in the media at the time. ‘Elite’ universities include Oxbridge and other prestigious universities, such as Durham, Imperial, LSE and UCL. The second category, contains all other pre-1992 universities. The third category contains the ‘new’ universities incorporated as a result of the abolition of the ‘binary line’ in 1992 (some of which were still polytechnics when our respondents entered them) and colleges of higher education.

The financial advantage of obtaining a degree from an elite university is even more clearly apparent in the following dot graph (Fig 1), which reveals how the status of the university (the lower the value, the higher the status) is associated with high salary levels.

**Fig 1: Relationship between status of university and earning**



The financial and occupational advantages conferred by an elite degree are evident in a number of other ways. In terms of property ownership, which is likely to become an increasingly significant factor in asset consolidation, our graduates from the most prestigious universities were in a better position than others. Even though they are only in their early thirties, 33% of them now own their home outright, compared to 21% of graduates from other universities and 13% of non-graduates.

Not only do elite degrees convert to ‘hard currency’ in the labour market, they may also contribute to the ‘soft currency’ of employability which Brown and Hesketh (2004) argue is becoming increasingly important. Our data from this survey do not lead themselves to indepth qualitative analysis. However, they do indicate that, perhaps not surprisingly, graduates from elite universities were more likely to have a positive perception of themselves: 96% see themselves as ‘successful’, compared to 86% from other ‘old’ universities and 82% from new universities.

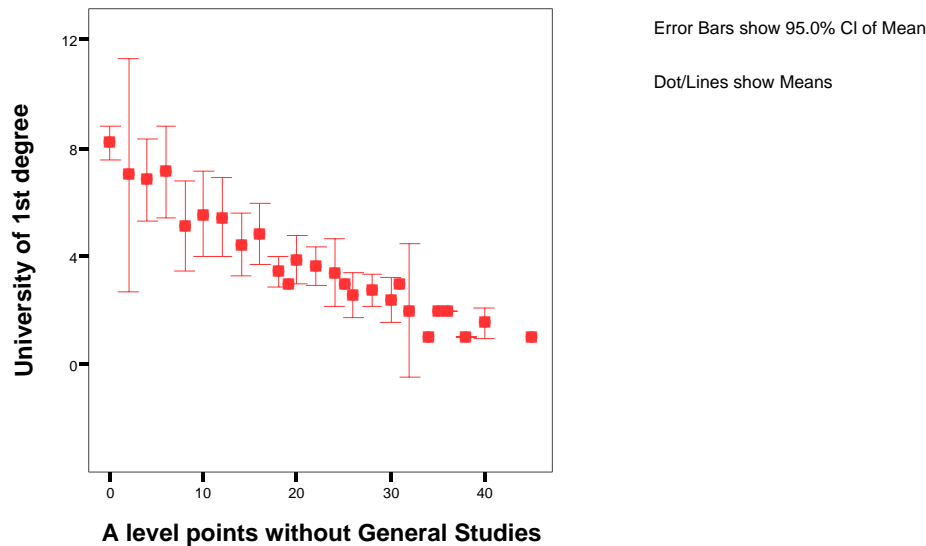
Despite the strong association between the status of their higher education, not one of our 35 Oxbridge graduates specified their university education as a contributory factor in their success. Only a quarter (9/35) made any reference at all to their educational background or qualifications. The majority of explanations about why they had succeeded related to personal qualities, such as hard work, intelligence and determination.

### **Personal merit or institutional advantage?**

Of course it could be argued that the relative prosperity of our elite graduates reflects nothing more than the increasingly fine-grained workings of a meritocracy – if the most able go to the

best universities then it is perhaps highly appropriate that they go further and earn more. However, such a conclusion presumes a close connection between school achievement and university attended which, our research suggests, can only partly be sustained.

*Fig 2: Relationship between university and A level points*



There is certainly a close correlation between success in A levels and the status of university destination (Fig 2). But regression analysis shows there is also a school sector effect. For state schooled pupils, 55% of variance in university destination is accounted for by A level points. For those privately schooled, only 38% of the variance can be accounted for in this way. Naylor et al's (2002) analysis of graduate earnings in England has also identified a private school effect for some schools and for men in particular. However, they did not consider separately the *status* of the university. Further analysis of our data suggests that some of the variance between our private and state schooled respondents might be explained by different processes at both the 'top' and the 'bottom' end of student performance.

Students from private schools got into Oxbridge with lower point scores. The mean A level point score total for Oxbridge graduates from state schools was 35, whereas it was only 31 for their counterparts from private schools. Eight students from private schools gained entry with fewer than the 3 'straight' As normally expected. One managed to obtain a place with only 14 A level points.<sup>7</sup>

This raises a number of issues about the complex processes of university choice. Research has shown that less privileged students are sometimes discouraged from applying for elite universities for a variety of reasons, including how they feel they will fit in and cope with the level of work (see for instance NFER 1998, Leslie 2002 and Keys et al 2002). Whitehead et al

<sup>7</sup> It should be noted, though, that our students were seeking places at the end of the 1980s - before the widespread media coverage of underrepresentation of state schooled students which subsequently led some elite universities to take school designation into account. However, recent reports (2004; 2005) by the Sutton Trust suggest that the underrepresentation of academically able students entering elite universities remains.

(2006) found that, aside from course-related aspects, the most common factor in discouraging students from applying to Cambridge is the complex application procedure which heightens ‘fear of failure’. Our research suggests that private schools appear to be better at preparing students for Oxbridge’s distinctive admission procedures and may thus lessen fear of failing.

What is less clear though, and merits further research, is why private schools do not tend to send their students to the less prestigious universities. At the bottom end of the achievement spectrum, it appears that students from private schools were less likely to go to university at all if they got low A level points, unlike state school pupils who were more likely to go to ‘new’ universities. Whether this reflects lack of awareness or consideration of alternative university destinations within private schools or a calculation of the relatively lower value of other degrees is unclear.

As Fig 3 shows, those who did not go to university (9 on the  $x$  axis) were earning, on average, more than those who went to lower status universities and colleges of higher education. There is though a strong school effect here. Our private school non-graduates were earning significantly more than our state school non-graduates, although this may be partly explained through their generally higher A level points.

## **Discussion**

This paper has explored how the status of university is related to occupation and earnings among our cohort of middle class men and women. It is argued that the greatest gains have gone to those who went to elite universities for their first degree. While this may simply indicate that the most able go furthest, the close connection between private schools and entry to elite universities, particularly Oxford and Cambridge, suggests that there are institutional as well as individual factors at work. Moreover, our data suggest that the earnings associated with obtaining a degree from a less prestigious university, particularly a post-1992 institution, may be no higher than could be achieved with A levels alone.

The issue of the relative returns of different degrees, and indeed whether it is financially worthwhile to study for a degree at all if it has low value in the labour market, is now of central concern because of the twin agendas of widening participation and passing down some of the costs of higher education to the supposed beneficiaries – the students themselves.

Even if there were to be a close meritocratic relationship between school, university and work, the differential earning power of degrees makes the level charging policies of universities somewhat problematic. Some degrees are clearly worth far more than others. While there may be little new in this, in that Oxbridge graduates have for a long time held a monopoly on elite occupations, it becomes more problematic in a climate of widening participation which has shifted a significant part of the expense of higher education away from the state and (largely middle class) parents and onto students. Students from disadvantaged backgrounds are most likely to go to the least prestigious universities and, despite the grants and bursaries available for the poorest students, many with parents earning below the national average salary will get no help and will find themselves having to pay off their debt (which recent reports indicate will amount to more than £22,000). Not only are students from poorer backgrounds likely to leave university with the largest debts (Callender and Wilkinson 2003) and have less access to borrowing resources (Pennell and West 2005), it is probable that the lower rate of return on their qualifications will mean that they will be repaying their debts over a considerably longer period than those who have paid the same fees but went to more a prestigious university.



Our own research suggests that the legacy of university status endures and possibly even magnifies through the life course. If this is so, it raises serious questions about the prospects of those who invest money and time into obtaining degrees that are not as strong a currency. Clearly, there are other benefits to studying which should not be forgotten (see, for instance, Bynner & Egerton 2001), but the promise of the new knowledge economy may only be realised by those privileged or lucky enough to obtain elite qualifications.

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