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To Choose Education – Consequences for the Individual and the Society*

The purpose of this report is to discuss to what extent educational policies may improve the link between individuals' educational choices and society's need for competences. The analyses use economics research as a point of departure and encompass three topics related to career choices: 1) the decision process and choices between educational alternatives; 2) the significance of educational contents on productivity in the short term and in the long term; 3) how does the possibility to go back to school at an adult age affect long term labor market outcomes and how does that compare with the costs implied from society's point of view.

The first section is about study advice. All educational choices are made under uncertainty, and the underlying idea is that study advice may reduce the uncertainty an individual faces. Although a relatively cheap measure, it may lead to substantial long-term benefits in terms of job-satisfaction, productivity and decrease the need for resources devoted to correct initial choices. Several Swedish authors have proposed that study counselling should be a much more integrated part of education. The report discusses such an extended role and how it might affect the efficiency of the supply of human capital.

The second section deals with educational contents, foremost comparing general and vocational education at upper secondary level. All educational systems must find a balance between the two types of educational contents, but partly due to historical reasons there are large differences between countries in how it is organized. Another reason for the country differences may be that there are very few studies which credibly compare the long-term effects of educational contents. Therefore, it has not been possible for a consensus view to develop around a preferred model. The report contains new empirical results based on Swedish register data, analyzing short-term and long-term earnings differences associated with different educational contents.

The third section is about adults in education, a “second wave” of educational choice, and the long-term consequences on annual earnings. Adults may wish to re-enroll education for many different reasons. The OECD and the EU have repeatedly encouraged their member countries to stimulate adult education, as it enhances the flexibility of the work force. The problem for national governments is that adult education is a very expensive policy tool, both in terms of large investments but also since participants will work substantially fewer hours. In addition, the potential economic benefits of such measures are not visible until after a government’s term of office. The report gives an account of results from Swedish evaluation studies of short- and long term earnings consequences of adult education in college, in Komvux (the municipal adult education) or within the framework of active labor market policy.

*A summary of a report in Swedish with the title “Att välja utbildning – betydelse för individ och samhälle” (SNS Förlag).