

## Executive summary:

# The value of higher education

## Rapid evidence review and initial data analysis

May 2023

A belief in the value of higher education for disadvantaged students underpins the mission of the Centre for Transforming Access and Student Outcomes in Higher Education (TASO) to close equality gaps in higher education. To better understand the various benefits of higher education, TASO commissioned State of Life and Mime to conduct research to understand the individual and societal impacts of disadvantaged young people graduating from higher education courses. This research involved:

- A.** an initial rapid evidence review to expose the gaps in the existing literature
- B.** analysis of publicly available UK Households Survey data to fill some of those gaps
- C.** a proposal for further research to be carried out, through an application to the Longitudinal Education Outcomes (LEO) dataset.

### **A. Findings from the rapid evidence review**

- The rapid evidence addressed five research questions, each of which explored a possible impact of higher education on disadvantaged young people. Evidence that analysed the *causal* impact of higher education was prioritised. There is strong evidence that disadvantaged young people who attend higher education have higher future earnings than disadvantaged young people who do not. For example, Anderson and Nelson (2021) find this average earnings difference is around £8,300 at 15 years after KS4.
- However, there is also evidence that disadvantaged graduates earn less than non-disadvantaged

graduates, with one paper estimating that this earnings gap is around 10%, even when controlling for other factors, such as the specific university attended.

- Britton et al. (2019) find that when controlling only for the subject group studied at university, there is little change from the raw earning gap. However, when controls are added for UCAS tariff score, ethnicity and gender, this accounts for the majority of the reduction in the earnings gap to around 10%. Entry tariff score for higher education courses appears to explain more of the average earnings gap between disadvantaged and non-disadvantaged graduates than subject choice. Subject choice and university attended only partly explain this gap.
- Graduates from low socioeconomic backgrounds appear to benefit from higher levels of measures linked to wellbeing, such as perceived financial prosperity. On average, graduates also report higher levels of life satisfaction and happiness than non-graduates (although this is not specific to disadvantaged graduates).
- There is evidence that higher education can increase social and geographical mobility for disadvantaged young people. For example, Britton, Drayton & Van der Erve (2021) found that 22% of FSM graduates were in the top quintile of earners at age 30, compared to only 6% of FSM non-graduates, suggesting that attending university is associated with social mobility.
- There is a lack of high-quality research on the impact of higher education on self-actualisation and attitudes towards other people and communities.

This review identified key gaps in the existing literature. There is little evidence on how outcomes for disadvantaged graduates vary according to the specific education pathway pursued. Additionally, there is a lack of evidence surrounding the role that additional factors play in causing the disparities observed in outcomes between disadvantaged and other graduates, for example, on how disadvantaged graduates' prior attainment, ethnicity and home region affect how they benefit from higher education. Finally, there is a general lack of high-quality, UK-specific evidence on the value of higher education for disadvantaged students in terms of 'softer' outcomes, such as wellbeing and attitudes, in comparison to the evidence available on economic outcomes.

## B. Findings from the analysis of public data

In order to address the gap identified around softer outcomes (personal wellbeing, mental health, confidence, social capital and community cohesion), we analysed publicly available data from the UK Household Longitudinal Survey – Understanding Society (Usoc). While we can observe higher levels of soft outcomes among higher education graduates, this difference is probably because they are likely to be younger, more affluent and employed.

Applying a more thorough analysis, we find that most of these relationships can indeed be accounted for by demographic data. However, the correlation between higher education and a series of social capital outcomes – number of close friends, diversity of friends and reduced loneliness – remains positive and significant. Furthermore, there is some evidence that this positive correlation between higher education and social capital outcomes may be stronger for particular groups in society, such as ethnic minorities, women, and people with low income.

## C. Next steps

Informed by the findings of this report, further investigation of LEO data will be undertaken to allow a more detailed analysis of long-term economic outcomes in order to address the gaps identified in the existing literature. Specifically, the analysis will consider the impacts of the specific education pathway pursued and the additional factors that could influence these outcomes.

## Recommendations

- While attending higher education has clear economic benefits, higher education providers must do more to address the gap in labour market outcomes between disadvantaged graduates and their peers.
- The literature identifies subject and institution choice as factors that may partly determine future earning potential. Pre-entry information, advice and guidance may help students enter courses which are a better match for their long-term earning potential based on prior attainment. To address the remaining gaps which exist between more and less advantaged graduates, higher education providers must take a strategic approach to employability support, developing and evaluating programmes specifically designed for disadvantaged students.
- Further research is needed to identify the impact of other characteristics such as ethnicity, gender and prior attainment on the outcomes of disadvantaged graduates.
- To accompany the evidence on the economic value of higher education, there is a clear need for more evidence on the non-economic outcomes for disadvantaged graduates.

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**TASO** is an independent charity that aims to improve lives through evidence-based practice in higher education (HE). We support HE professionals through research, toolkits and evaluation guidance on what works best to eliminate equality gaps. We inform practitioners of the best available evidence and produce new evidence on the most effective approaches. TASO is an affiliate 'What Works' centre and is part of the UK Government's What Works Movement.