

# Differences in Earning Potential Across Educational Attainment Groups

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## KEYWORDS

income, educational attainment, university, Canada, employment

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## RESEARCH SUMMARY

### DESCRIPTION

In this study, researchers at Statistics Canada explore the economic benefits gained by Canadian youth (aged 25-34) across three educational attainment groups: those with a high school diploma, college graduates (not including trade schools or apprenticeships), and those with university degrees. Using data from the 2006 and 2011 Canadian Census, researchers found that those with university degrees earned significantly more than those with a high school diploma. They also examined salary gains by gender and found that, while educational attainment translates into higher overall salaries for both sexes, a large gap persists between men and women. Lastly, they found that higher educational attainment translates into an increased likelihood of being employed in full-time work.

### METHODOLOGY

The authors gathered data from both the 2006 Canadian Census and the 2011 National Household Survey. They then split the data according to year, gender, and employment status. Data on salary differences across gender and educational attainment groups were available for the years 2005, 2007, 2010, and 2012. Data across educational attainment and gender groups regarding full-time employment were available only for 2005 and 2010. The researchers reported their findings in table and graph formats (see Key Findings section below).

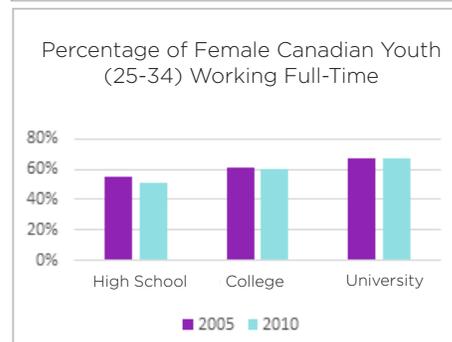
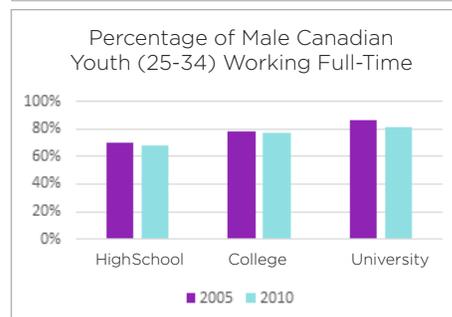
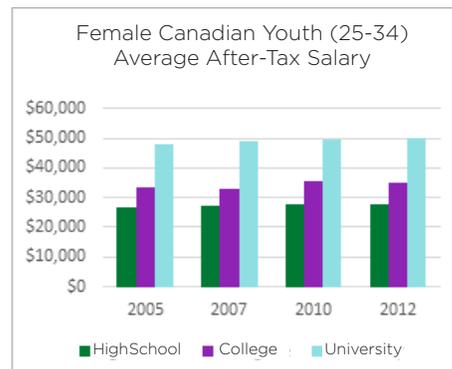
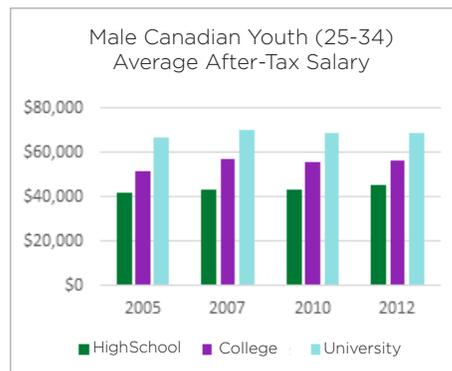
### KEY FINDINGS

The study found stark differences across the categories of educational attainment and gender in regards to real income and full-time employment status.

- Between 2005 and 2012, both men and women earned, on average, significantly higher salaries with each corresponding increase in level of education.
- » Compared to women with a high school education, women with a university education earned 65% more. The figure was 35% for men.

» Compared to women with a high school education, women with a college education earned 51% more. The figure was 19% for men.

- Between 2005 and 2010, both men and women with a post-secondary diploma were, on average, more likely to be employed full-time than their counterparts with only a high school education.
- » Compared to men with a high school education, men with a university education were 17% more likely to have full-time employment. The figure rose to 20% for women.
- » Compared to men with a high school education, men with a college education were 10% more likely to have full-time employment. The figure rose to 11% for women.



## ABOUT THIS SUMMARY

Post-secondary graduates earn higher after-tax salaries and are more likely to be employed in full-time work than those without a post-secondary degree.

### WHY THIS MATTERS

Although after-tax wages have not grown substantially for each educational group since 2005, this research shows the clear benefit of having a post-secondary education. Indeed, for both genders, as well as with every rise in educational attainment, average salaries and the likelihood of being employed on a full-time basis increased.

This research also shows how gender and career development are related, even with higher education. Though not the focus of this article, it is worth pointing out that in 2010 women with university degrees were 15% less likely to be employed full-time than men, while earning an average after-tax salary in 2012 that was 28% less than that of their male counterparts.

### RECAP

Two important take-aways from this study are as follows:

- From 2005 to 2012, women and men with university degrees made after-tax salaries that were 65% and 35% greater than those of Canadians with only a high school diploma.
- From 2005 to 2010, women and men with university degrees were 20% and 17% more likely to be employed full-time than those with only a high school diploma.

### APA CITATION\*

Frank, K., Frenette, M., & Morissette, R. (2015). *Labour market outcomes of young postsecondary graduates, 2005 to 2012*. Economic Insights: Statistics Canada, 1-9.

\* Also available in French

