

Analysing the Employability of Business and Administration Study Programs in Portugal

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Abstract

This paper investigates the impact of institutions and study programs' characteristics on the employability of higher education graduates. We consider the field of Business and Administration in Portugal, and employ an econometric fractional model to analyse the influence of several indicators in the unemployment "propensity" of the pair study program/institution.

The results show important differences between public and private institutions, between study programs of great and small size and among the several fields of graduation within Business and Administration. Moreover, the regional location of the institutions/study programs seems to be important to explain unemployment differences.

Key words: Employability; Higher education; Business and administration science; Fractional models

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INTRODUCTION

Several recent developments have raised interest on the analysis of employability: the rapid expansion of higher

education, the increase of labour market competitiveness, the demand for new competencies and professional profiles, rising labour market uncertainty and high unemployment rates.

Employability was, alongside entrepreneurship, adaptability and equal opportunities, one of the four 'pillars' of the European Employment Strategy. The improvement of graduate employability is also a key issue for the Bologna Process (London Communiqué, 2007). Finally, employability has been related to the assessment of the quality or performance of the higher education institutions (see for example, van Nijlen and d'Hombres, 2008, Smith et al., 2000, or Stock and Alston, 2000).

The concept of employability has been changing along the years following society' transformations. Several authors provide insights on the meaning of employability. For example, employability may be "the capacity of an individual to obtain a satisfactory job, taking into consideration his personal characteristics and the job market conditions" (Grazier, s/d, p.11). For Chiavenato (1997), employability is a set of competences and abilities which are necessary for a professional worker to obtain and to maintain a job. Martinez (2006) considers employability as a way of explaining all things that allow individuals to enter or/and continue in the job market. Therefore, employability refers not only to a person's ability to find a job but also to secure this job, remain in employment, and obtain a new job if required. Ideally, the notion of employability also includes the quality of work or employment.

International data typically show that, in general, higher educated people display a higher probability of finding a job and with better quality (see OECD, 2009). Consequently, one may conclude that obtaining a university degree is a good investment for both the individuals and the society. Nevertheless, official statistics also reveal a growing number of unemployed university graduates in many European countries. Finding employment has become