

The Role of Unanticipated Labour Market Conditions in Graduates' Regret of Study Choice

Melline Somers (Maastricht University/ROA), with Didier Fouarge

14 May 2019

Almost one in four Dutch graduates indicates shortly after graduation that they rather would have chosen a different field of study. Even when one has a job, regret of one's study choice can reduce workers' job satisfaction, productivity and wages. The analyses in this study rely on the assumption that youngsters choose a field of study partly based on expectations they have about future field-specific returns to education. We examine how the discrepancy between labour market conditions at the time of study choice and the actual labour market conditions faced upon labour market entry relates to regret of the field-of-study choice. Using data for Dutch secondary vocational graduates, we show that regret among male graduates is positively and significantly related to unfavourable changes in labour market conditions: a 1%-point higher discrepancy between the field-specific unemployment rate when choosing a study programme and the unemployment rate at labour market entry is associated with a 14%-point greater likelihood of reporting regret. For females, we do not find such a relation. From a policy perspective, our findings suggest that mid-term labour market forecasts by field of study provide relevant information that potentially could improve educational choices.