



# **Students-as-insurers: rethinking 'risk' for disadvantaged young people considering higher education in England**

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# Risk!



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# The risk society

- ▶ Argument broadly framed within Beck's (1992) concept of the 'risk society':

**'The proportion of life opportunities which are fundamentally closed to decision-making is decreasing and the proportion of the biography which is open and must be constructed personally is increasing' (p.135).**

# Choices, choices, choices...

- ▶ Societal structures still exert a powerful influence, but there has been a ‘loss of traditional security’ (Beck, 1992, p.128)
- ▶ Young people are now confronted with...
  - ▶ More decisions that need to be made
  - ▶ More potential options from which to choose
  - ▶ Less certain outcomes from those options
  - ▶ ...and more blame if they choose poorly!

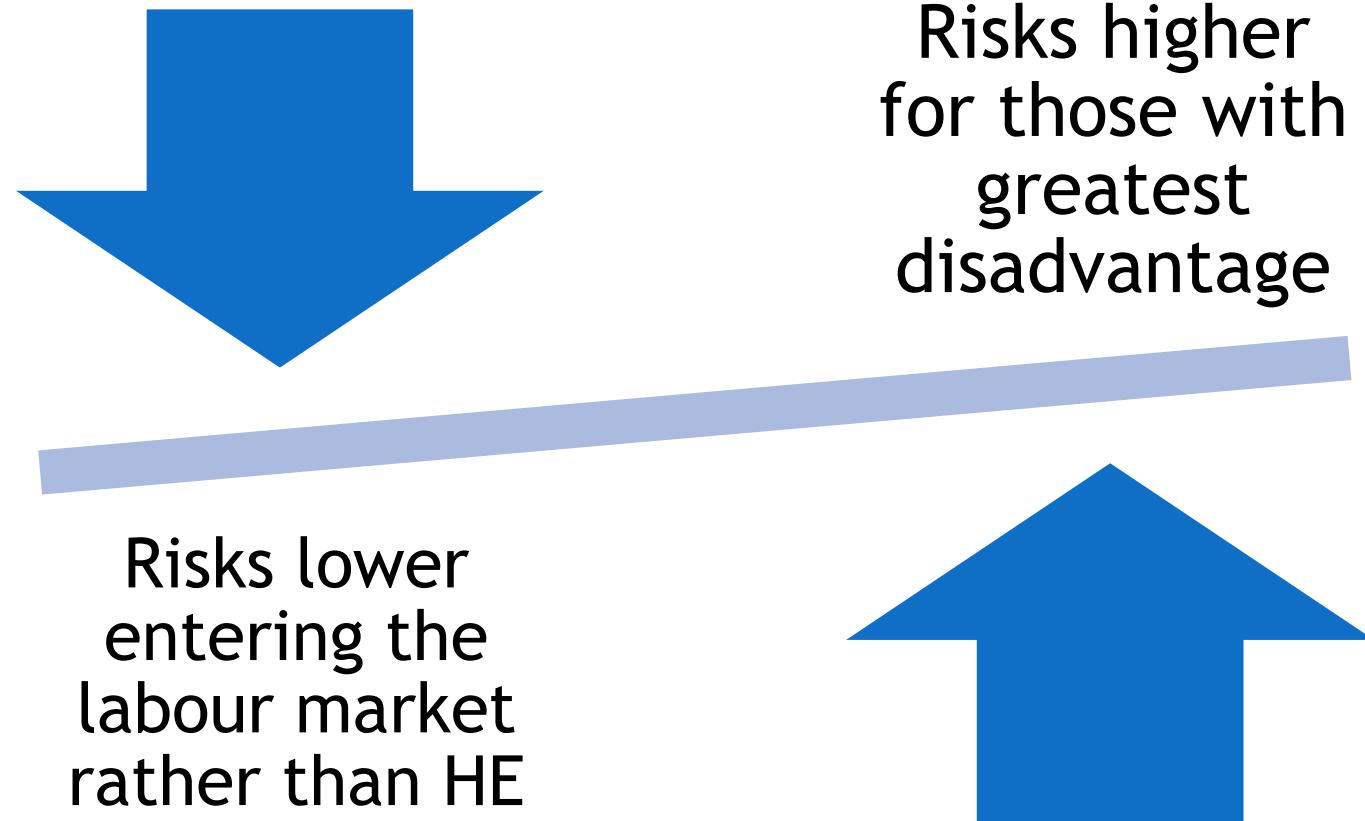


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# Ubiquitous accounts of risk

- ▶ Earlier generation of literature constructed strongly around the ‘riskiness’ of higher education for disadvantaged young people:
  - ▶ Financial: ‘inherently risky, demanding great investment and costs, and yielding uncertain returns’ (Archer and Hutchings, 2000, p.569)
  - ▶ Social: ‘The risks and reflexivity [...] are about being different people in different places, about who they might become and what they must give up’ (Ball *et al.*, 2002, p.69)

# Relational constructions of risk

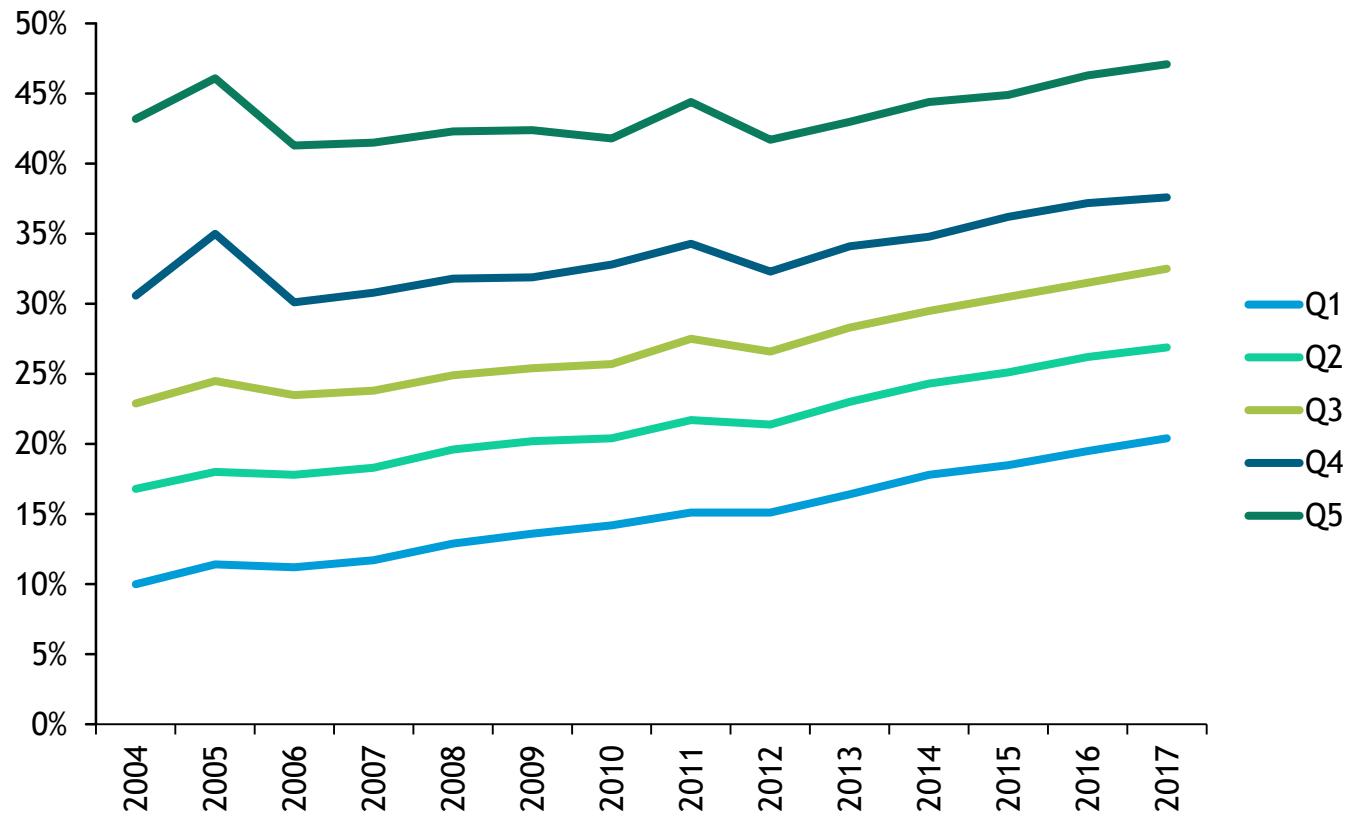


# That was then... this is now

- ▶ More recent literature suggests that this discourse of HE as ‘risky’ has declined, despite rise in costs:
  - ▶ Esson and Ertl’s (2016) study of prospective students found a growing acceptance - ‘no point worrying’
  - ▶ Harrison *et al.*’s (2015) study of current students found most were knowledgeable, but indifferent, about debts
  - ▶ Evans and Donnelly (2018, p.1267) find ‘acceptance, ambivalence and at times positive orientations towards the prospect of debt’
  - ▶ However, Jones (2016) did find evidence of risk concern among younger teenagers in schools with no tradition of HE



# Participation rates over time (1)

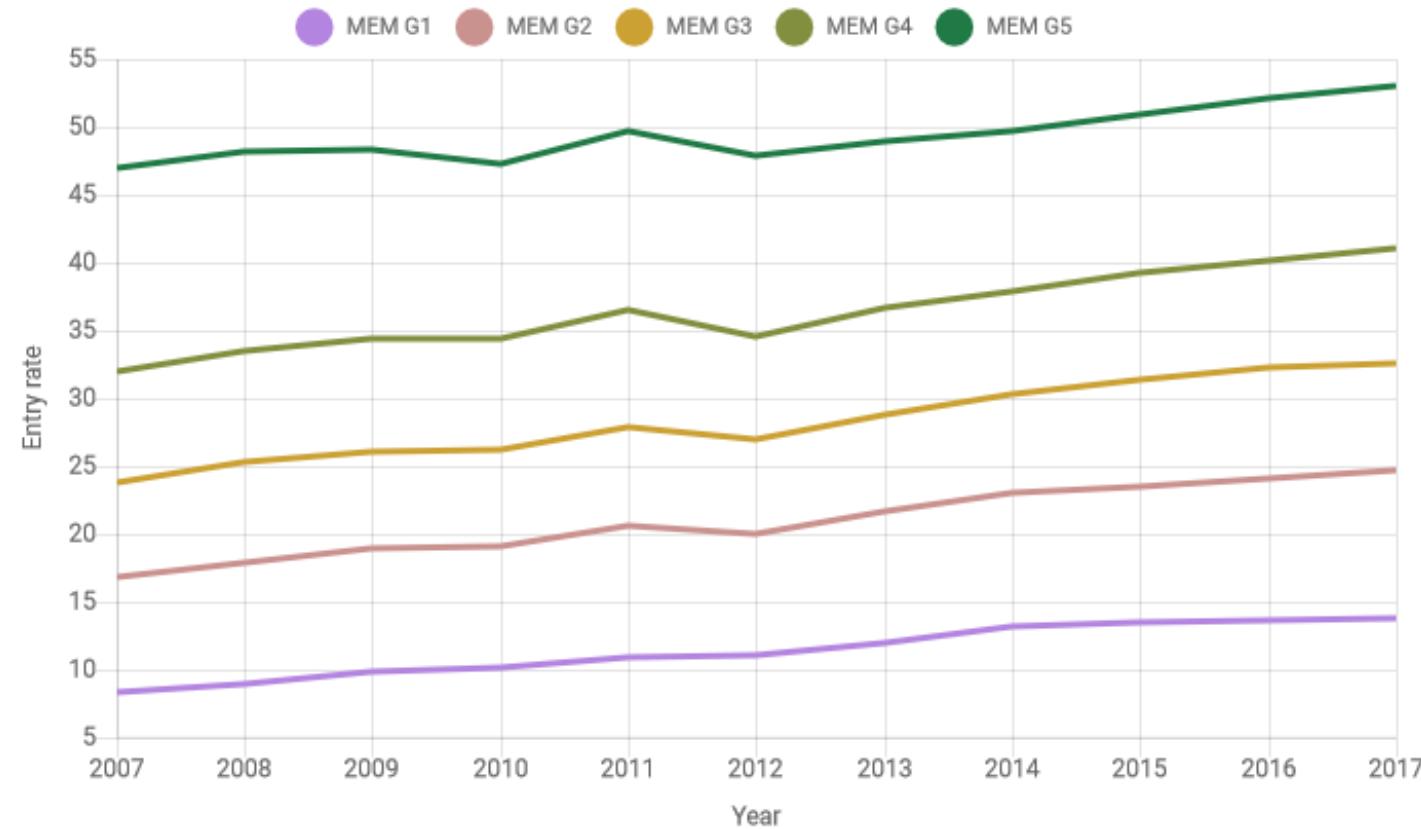


Full-time  
participation of  
18 year olds by  
POLAR quintiles  
(Source: UCAS)



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# Participation rates over time (2)

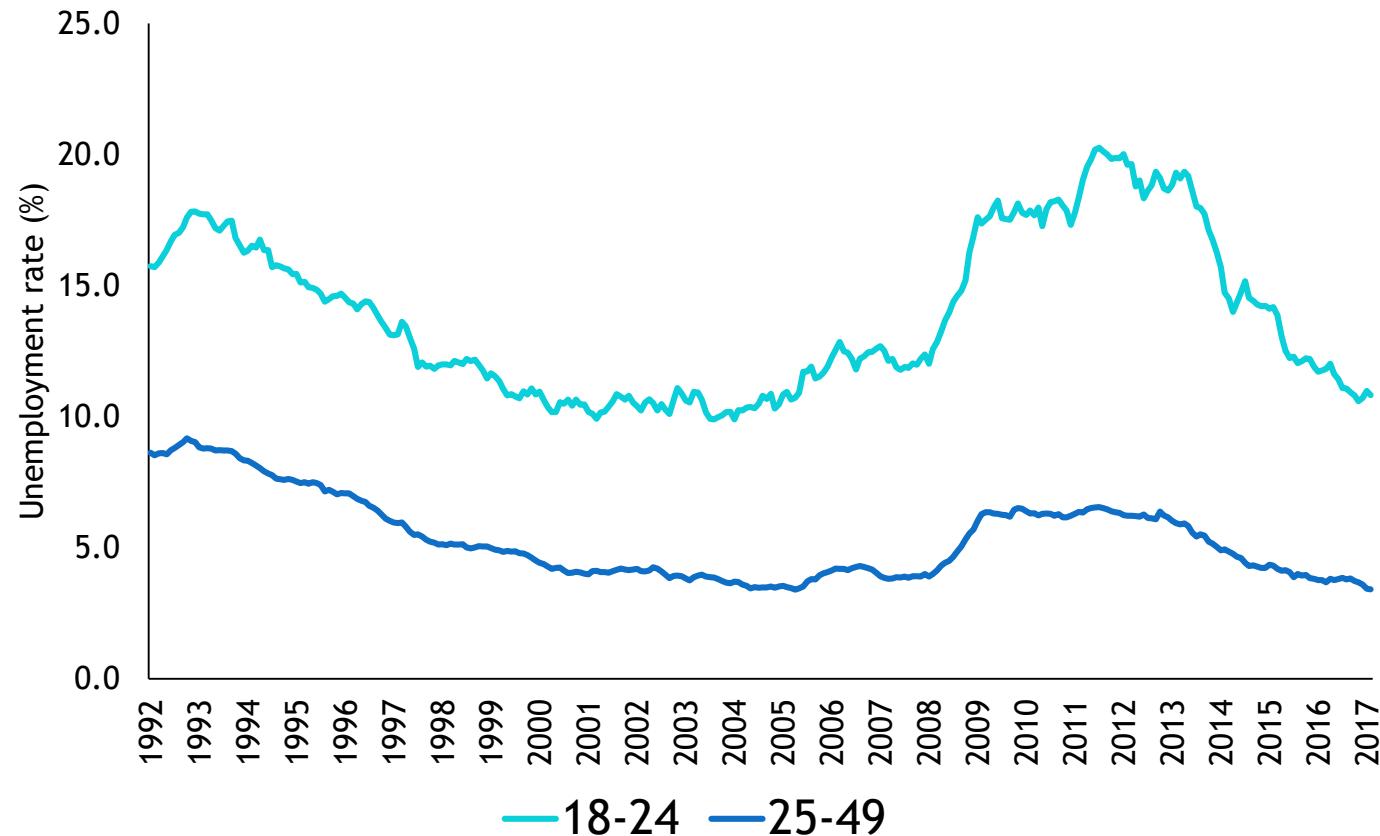


Full-time  
participation of  
18 year olds by  
UCAS Multiple  
Equality Measure  
(Source: UCAS)



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# Youth unemployment over time



Seasonally-  
adjusted three-  
month average  
unemployment  
rate (ONS, 2017)



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# Occupational ‘graduateness’

- ▶ Brynin (2013, 2017) examines changing nature of graduate employment:
  - ▶ Proportion of graduates working in ‘grey area’ occupations has nearly doubled, from 23 percent (1993 to 1995) to 40 percent (2010 to 2012)
  - ▶ Occupations become ‘graduate’ by weight of numbers
  - ▶ Professionalisation of previously non-graduate occupations - e.g. nursing
  - ▶ Post-materialist career choice (Atfield and Purcell, 2010)

# Quick summary: four key changes

1. The proportion of young people going to HE rose from one-in-three to one-in-two now - increased diversity
2. The sensitivity to increased costs was stronger among relatively advantaged young people, especially in lower status universities
3. Very high youth unemployment, followed by switch to precarious 'gig economy' - 16% drop in average wages (Costa and Machin, 2017)
4. Intergenerational downward drift of 'graduate jobs'



# Boudon and Kahneman

- ▶ Boudon (1974) predicts universal desire to avoid downward social mobility
- ▶ Usually used to explain high demand for education among middle classes (Thompson, 2017)
- ▶ This desire is greater among disadvantaged young people (Obermeier and Schneider, 2015)
- ▶ Kahneman (2003) argues that people are generally loss-averse (rather than risk-averse)
- ▶ Furthermore, this aversion is greater for those with lower reserves of wealth



# Simon and bounded rationality

- ▶ Decisions taken under uncertainty with unclear and probabilistic outcomes exhibit ‘bounded rationality’:

‘Rationality is bounded when it falls short of omniscience. And the failures of omniscience are largely failures of knowing all the alternatives, uncertainty about relevant exogenous events, and inability to calculate consequences’ (Simon, 1979, p.502).



# Graduate returns and satisficing

- ▶ Near-impossibility of predicting graduate salaries in advance (Green and Zhu, 2010; Walker and Zhu, 2011; Naylor, Smith and Telhaj, 2016)
- ▶ Manski (1993, p.49): ‘Having witnessed the struggles of econometricians to learn the returns to schooling, I find it difficult to accept the proposition that adolescents are endowed with this knowledge’
- ▶ Simon (1979, 1997) predicts that such decisions are satisficed - meeting minimal criteria, but not optimised

# The Ellsberg paradox

- ▶ People tend to prefer known outcomes over risky ones with higher outcomes (Ellsberg, 1961; Jones, 2016)
- ▶ Is HE or the youth labour market more risky...?
- ▶ Graduate employment at 95% (HESA, 2017)



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# Students-as-insurers

- ▶ Social risk has declined due to growth and diversification of HE
- ▶ Financial risk of HE has increased due to costs
- ▶ However, financial risk of not entering HE has increased faster
- ▶ Concept of HE as a form of ‘insurance’ against downward mobility (Boudon) or loss (Kahneman)
- ▶ Non-financial benefits of graduate employment



# A precautionary principle

- ▶ '[Young people] see an increasing number of jobs becoming graduate so that the risk of not undertaking a university degree seems higher than the risk of taking one' (Brynin, 2017, p.110).
- ▶ 'There is such high unemployment at the moment for our age group so to not go to university seems like a really silly thing to do, because you are not going to have a job if you don't have these qualifications [and] in this climate you don't want to not have a job' (Esson and Ertl, 2016, p.1274).

# Conclusion

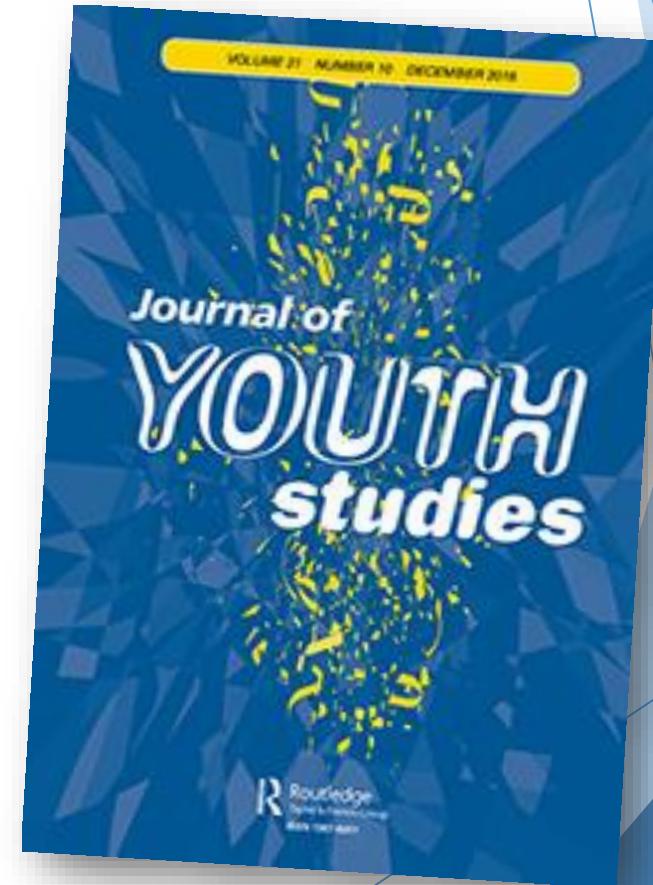
- ▶ Young people are well-attuned to risk society (Beck, 1992) and uncertainty in decision-making toward adulthood
- ▶ However, their decisions are driven by relative assessments of risk across available options
- ▶ Satisficed decision-making (Simon, 1979)
- ▶ HE as a means of reducing uncertainty (Ellsberg, 1961) - avoiding downward mobility rather than necessarily providing upward mobility (Boudon, 1974; Kahneman, 2003)
- ▶ Consistent with, but not proved by, data...

# Future research

- ▶ Do students recognise this discourse of insurance?
- ▶ How does risk intersect with gender? Men as more risk-tolerant - does this explain gendered participation in HE?
- ▶ What happens as the youth labour market recovers - remember the MEM Group 1 line flattening?
- ▶ What are the implications for HE sector built around discourse of investment and human capital theory (Becker, 1993)?

# Full article

- ▶ Harrison (in press) Students-as-insurers: rethinking 'risk' for disadvantaged young people considering higher education in England, *Journal of Youth Studies*
- ▶ <https://www.tandfonline.com/doi/full/10.1080/13676261.2018.1535174>



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