

IFC Case Study: Laureate in Mexico

Creating Opportunities to Improve Skills and Incomes through Access to Higher Education

IFC'S STRATEGY

IFC's education strategy seeks to expand equitable access to quality education at affordable costs that leads to employment opportunities. It also calls for IFC to bring value to clients through its sector expertise, and to help clients design methods for assessing the effects of higher education on employment opportunities for students.

LAUREATE, AN IFC EDUCATION CLIENT

Laureate International Universities (Laureate) offers higher education degrees in Mexico, in an environment where there is a significant, unmet demand for college degrees and yet, private universities face a highly competitive market to expand their services. This study relies on data collected directly from the field, including a college graduate's survey, an employer's survey, and in-depth interviews to Laureate former students.

OVERALL RESULTS

Through the evaluation, it was possible to identify significant positive impacts of a Laureate education. The evaluation revealed clear signs that Laureate has a higher impact on women's careers. While the effects on men are significant and robust, effects are many times larger for women. Both UVM and UNITEC seem to be contributing to closing the gender gap in career advancement. Additionally, Laureate graduates show greater social mobility than their peers, relative to their family background. For UNITEC, this is particularly significant because their target students come from lower socioeconomic classes.

The job market perceives that Laureate alumni have competitive skills, when compared to undergraduates from other universities, including those in the premium segment. This makes it feasible for recent Laureate graduates to attain a higher-than-average level of compensation and expect promotions in the same time-lapse as their counterparts. Moreover, the flexibility offered by Laureate institutions may be increasing a student's possibilities.

In general, when compared to the control group, the most robust results show that Laureate has a positive effect in several areas.



Recommendations

While this study identifies Laureate's high-achieving graduate performance, it cannot explain the specific mechanisms that explain these results. This opens an opportunity for further research to understand what Laureate is doing better than its competitors.

What mechanisms can explain these high returns on educational investment? How do career services, academic curriculum, professors' training, flexible schedules, opportunity to work during studies, and social networks affect social mobility outcomes?

This is a first study about the effects of access to affordable higher education on social mobility. The next generation of studies on social mobility and affordable higher education should consider shifting research focus from access to education quality.

Students make educational decisions without sufficient information about the higher education market. Laureate provides higher returns on educational investment than their competitors, and prospective students should know this so that they can make better decisions. Laureate should share and publicize the findings of this study to convey that Laureate is a sound investment vis-a-vis their competitors.

From a policy perspective, affordable private education is worth exploring further as a solution to education access, and as a key player in building stronger labor markets.

EMPLOYABILITY

Laureate graduates spent less time when searching for their first job after graduation than their counterparts in other private and public universities. Particularly, UNITEC's graduates show a higher employment rate than graduates from other private universities.

INCOME AND JOB QUALITY

More graduates from Laureate universities have income higher than their counterparts.

CAREER ADVANCEMENT

More Laureate graduates were recently promoted and were likely to hold management positions than professionals in the control group. UVM's graduates show a particularly high likelihood of being recently promoted.

GENDER GAPS

Female graduates from Laureate, both in UVM and UNITEC, were more likely to hold management positions than females in the control group.

SOCIAL MOBILITY

More Laureate graduates have moved upward from their previous socioeconomic status than their counterparts. Furthermore, a higher number of Laureate graduates registered positive changes in their occupational prestige, compared to their parents.

UNITEC graduates' avenues to social mobility are driven mainly by higher income. UVM graduates' avenues to social mobility are driven mainly by gains in occupational prestige

The results are consistent across both control groups, both in the group formed by public and private universities and the group consisting only of private universities. However, effects are stronger when comparing the treatment group to the private universities only.

Negative impacts were also found. Laureate alumni spent more time unemployed after moving on from their first jobs after graduation, and they said their bachelor's studies were less useful for their professional life than their counterparts.

In general, the main findings are consistent and reinforce each other. A correlation analysis shows that those graduates who spent less time looking for their first job after college are more likely to have been promoted recently, and to be holding a management position. They also tend to be more satisfied with their jobs, have a higher income and spent shorter periods of time unemployed.

The Method

The impact evaluation relied on comparing outcomes from a treatment group (Laureate's UVM and UNITEC) to a control group (other private and public universities). The treatment group included individuals, who enrolled in and graduated from the traditional bachelor degrees offered by UVM and UNITEC. Two different comparison groups were proposed:

- a group of individuals who graduated from other (non-Laureate) universities, which includes both public and private institutions; and
- a group of individuals who graduated only from (non-Laureate) private universities.

Both control groups are formed by college graduates, from other universities in the Mexico City's Metropolitan Area with similar characteristics to Laureate graduates prior to enrollment.



Contact

Hayat Abdulahi-Abdo
Economist
(202) 458-0915
Habdo@ifc.org