Entering the labour market: University of applied science vs. university – Does it matter?

Based on the common assumption that education is a valuable resource and a good protection against risks as unemployment or poverty, attention can be drawn to the differences within graduates of higher education institutions. In this field of research this contribution will focus on differences between subjects and between different forms of higher education institutions – university and university of applied science (Fachhochschule). This notes the ongoing public discussion about differences in the German higher education system – associated with varying career opportunities.

The *theoretical framework* of the contribution is primarily the *signalling theory.* So, from the point of view of an employer, there is only limited information about the performance of graduates leaving the higher education institutions. One of the most important pieces of information in this context is the practical experience of applicants. In view of this need for information the curriculum of university of applied sciences has a greater focus on practical application in contrast to the stronger theoretical focus of universities. Therefore the question will be analysed, if there is – aside from certificates – a signalling effect of the university of applied science in comparison with the university.

In order to identify the signalling effect and other mechanisms resulting in an advantage of graduates of universities of applied science in entering the labour market, several other factors should be taken into account. First, the analysis will consider information, which is important from a methodological point of view. For example disciplines and second training phases. This reduces unobserved heterogeneity especially according different chances on the labour market and different career paths. Second we will include other factors which should influence the entry into the labour market according to the signalling theory. Third, human capital theory suggests to take into account for example differences in duration of study or professional training. And fourth, we will consider Bourdieu's (1977) habitus concept by including for example the educational background. A possible ability bias will kept in mind by applying a control function approach and controlling for the grade of the university entrance qualification, for example.

The questions will be analysed using data from a graduate panel. In the first models we can find the advantage for graduates of universities for applied science reported based on

descriptive analyses, too. But first results indicate that this advantage can be explained by controlling for the mentioned mechanisms.