

# Graduates' Early Labour Market Success in Germany: Does University's Status of Excellence Make a Difference?

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2 March 2021

Since already more than 20 years, higher education in Germany has been affected by expansion and reforms. The German Initiative of Excellence is one of the most publically debated, but in contrast to other reforms, like the Bologna-Process, still empirically less examined. By now, little is known about consequences of changing the funding system, which results in more vertical stratification among German universities, for individual labour market returns. There exists no empirical evidence whether graduating from a “University of Excellence” leads to a wage premium at labour market entry. Therefore, we apply a difference-in-differences approach to shed light into intended and unintended consequences of this reform. Our findings do not indicate any significant excellence premium in wages for graduating from a university endowed with the label “Excellent”. This general result holds true for men and women as well as different measures for social origin. Finally, we discuss our results in the light of policy evaluation in higher education.