

1 Structural Changes in Tertiary Education and Impacts on the Labor Market

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Abstract

This article aims to analyze the dynamics of the labor market and the Croatian tertiary education system in order to point out key organizational problems within the latter, as well as to offer some possible recommendations for improvements. Competitiveness of the national economy depends mainly on the quality and the development of human capital. The quality of human capital is determined by the quality of the educational system, investments in education and enrollment rates. In knowledge based economy, the quality of tertiary education system plays an important role. Like graduates in many other countries, Croatian university and college graduates have better jobs with higher wages; higher activity rates, longer careers, lower unemployment rates and better employment prospects. Even though between 1990 and 2005 total student population in Croatia rose by 82 percent, this expansion was dominantly concentrated in the field of humanistic and social sciences, in non-university courses and among students which (partly) pay tuition fees. At the same time number of students whose education fees are fully covered by public sources, has decreased. Educational infrastructure has not kept pace with this increasing trend, while proportion of private fees in total tertiary education cost overrode 20 percent in the 2000s. Using aggregate data on employability of university graduates we have observed to which extent publicly financed university

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entry quotas have followed the changes in labor market demand. Comparing data on recent university graduates from programs with low and high employability, we have found that publicly financed entry quotas for different faculties for most part were not in congruency with trends and demands in the labor market, but they were mostly the result of revenue maximization strategy, followed by the faculty boards (mainly in social and humanistic fields) creating some distortions in the university-educated segment of the Croatian labor market.

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