

Higher education and income does it pay off argumentative essay examples

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Throughout the world, education is linked with income in the minds of many, particularly as they arm their children for the challenges of life. Getting a college degree is often equated with getting a better job and making more money; this is often the impetus behind pursuing higher education for many people in industrialized countries throughout the world. However, is this true? Is there a correlation between the level of education one has and the amount of money they make? The following examines the literature available on the subject to gain an understanding of the pervading wisdom of academic professionals on the correlation between education and income. Despite the possession of a bachelor's degree not guaranteeing employment, and the usefulness of post-graduate programs in increasing one's income, the institution of higher education does seem to correlate directly to better job prospects and higher incomes.

In order to see if education and income are correlated, it is necessary to look at the global picture to see if it is a universal trend among countries. De Gregorio and Lee's (2002) findings indicate there was a large role of education distribution and attaining higher education in a more equal income distribution among the populations of countries. At the same time, the income inequalities still had some unanswered questions, leaving the question open as to what causes those lower incomes in the face of higher education. O'Neill (1995) discusses cross-country inequality of income, wherein different factors in the income levels of the populations of several countries were examined. One of these factors, education level turned out to have a significant say in income distribution – “convergence in education levels has resulted in a reduction in income dispersion” (p. 1289). This is in

support of De Gregorio and Lee's assertion that higher education has a tendency to diminish income inequalities.

There are some countries in which higher education does not have as positive of an effect on job prospects and earnings. In many European nations, actual skill earned through education has a lower level of impact on earnings when the country's educational institution is more vocation based (Van de Werfhorst, 2011). He also posits the existence of a credentialization model, wherein education does not reward based on the skills it provides to a student, but on other factors instead (namely the aforementioned reputational capital). Instead, the role of education is to get an individual into a particular social group, and the skills they have upon reaching that group will determine their wages. This is another way in which college can help students; apart from the education they receive, they have the ability to network with others and get in touch with job programs and internships to provide themselves with guaranteed employment upon graduating.

It is also necessary to examine the extent to which education rewards individuals through the skills that it imparts. According to research, nearly 50% of the education effect received through higher education was through the cognitive skills needed for the vocation of their choice, meaning that college affected these traits the most. The degree to which this education effect takes place depends on the country, and the role education plays in their culture. In Germany, for example, a higher education effect was found than in the United States, as they place a higher emphasis on education and hard work (Barone and de Werfhorst, 2011). Despite these cultural factors, the existence of a higher education seems to be a positive effect in varying

degrees amongst most countries with a higher education system.

One determining factor involved in higher education is the income required to attain it - it is much more difficult for people in the lower class to afford more schooling, thus making it harder to attain a higher education and by extension earn more money. The demographic variation found in institutions of higher learning skews much more highly toward members of higher-income families. Blaug (2001) finds an extremely positive correlation between the amount of education received by an individual and their personal earnings. He examined 30 countries in his study, where he found three different explanations for this correlation. The first was economic - the level of education allows people to learn more useful skills that are more sought after (and thus better paying). The second was sociological - there is an interesting correlation between amount of education and higher social status, and there is the thought that the ruling class imparts their values onto those attending higher education. The third is psychological - the ability to achieve higher education is found in those who are more able to succeed in higher paying jobs anyway. Blaug also posits that these three varying aspects are not necessarily in conflict with each other; the labor market requires able people with the social values of the ruling class in order to continue, and those people naturally earn more money due to the sought-after jobs they occupy.

There are varying benefits of attending higher education institutions, including economic success: " There is a positive correlation between higher levels of education and higher earnings for all racial/ethnic groups and for both men and women" (Baum and Ma 2007, p. 2). This lends further

credence to this idea that more school equates to more money. Part of this is attributed to a larger-than-before wage gap between high school graduates and college graduates, which widens with each passing year. There is even further corroboration of the idea that those who are already in possession of a higher income will be more likely to get a higher education; nearly 25% of the lowest socioeconomic class just get a high school education, while nearly all of the top 25% go to college.

Smyth and Strathdee (2010) performed research on how much of a return on investment individuals who got Bachelor's degrees from New Zealand universities received once they entered the working world. According to their findings, there is a significant level of difference in income generation between disciplines, particularly between sciences and liberal arts. However, there is still an overall trend towards higher income based solely on having a higher education. The researchers used this data to demonstrate how important education was to maintaining social orders in economies and societies, especially in regards to "reputational capital" - namely, the clout one receives having attended college (particularly reputable colleges).

Tao (2008) takes a different approach to examining income levels by comparing how people got them - higher education or physical appearance. Given the findings that people from colleges of varying reputations make about the same amount of money, the researchers turn to physical appearance as a barometer for income. It was found that, for the most part, people with the same level of education saw income disparities when one of them was more physically attractive than the other. This and other studies point to other factors that contribute to income independent of education,

and significant factors to keep in mind when making such correlations.

There are certainly counterarguments to the idea that a bachelor's degree pays off – often, it costs a great deal of money to attend college, with many students racking up tens of thousands of dollars worth of debt. This leads them to take out student loans, if they do not qualify for scholarships; this can create a system that leads them to be forced to pay off their schooling for years, if not decades, to come if they do not receive a sufficiently high education. In today's economy, it can be difficult to find work right out of school, and many must even move on to post-graduate programs like Master's degrees to gain a sufficient income for their standard of living. To that end, it is easy to see how looking for higher education can be a risky gamble. However, given the existence of scholarships, and the statistical research that supports the prospect of getting a higher income to pay off those student loans with a college degree, the best way to improve one's income is to get a bachelor's degree as compared to sticking with a high school education.

In conclusion, the literature seems to support the assertion that higher education pays off. When people pursue undergraduate levels of education or higher, they are put in a better position to keep up with the demands of an ever-changing, increasingly technological workforce. The social and networking possibilities inherent to college life also provide practical help in finding prospective employment and help with study and job skills. While many argue that the student loan problem sends students into massive debt without the guaranteed prospect of paying it off, this possibility is preferable

to the effective guarantee of low job prospects and income with just a high school education.

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