Research Paper E-ISSN NO : 2455-295X | VOLUME : 8 | ISSUE : 9 | SEPTEMBER 2022

A REVIEW OF RESEARCH ON THE RETURNS TO HIGHER EDUCATION

WELFREDO JR. L. YU, MA. ED [1] | JOSE BONIE C. CABEZARES, MA. ED [2] | SHERYL A. EMLANO, MA. ED[3] | REY C. ENRIQUEZ, MA.ED [4] | ERNIE T. GALEZA, MA. ED [5] | MARILYN M. MIRANDA, ED.D [6]

[1] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, SURIGAO DEL SUR, MINDANAO, PHILIPPINES.

[2] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, CITY OF NAGA, CEBU PHILIPPINES.

[3] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, CEBU CITY, CEBU PHILIPPINES.

[4] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, CITY OF DANAO, CEBU PHILIPPINES.

[5] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, CEBU CITY, CEBU PHILIPPINES.

[6] CEBU TECHNOLOGICAL UNIVERSITY-MAIN CAMPUS, DEPARTMENT OF EDUCATION, CITY OF NAGA, CEBU PHILIPPINES.

ABSTRACT:

A limited number of studies have been conducted to investigate the prevalence of return to distance learning in various academic fields. This journal analyzed the return on investment of obtaining a higher education through distance learning across a variety of fields in the chosen area by employing qualitative research methods, data from a variety of related studies, and earnings functions. The rate of return based on earnings as well as non-monetary private and social benefits in addition to earnings is what is known as the total return to higher education. This rate of return captures the higher education's contribution to development. This rate would be lower in an economy that did not have these negative externalities. Because the private non-market and social benefit externalities that are measured are positive, it can be concluded that externalities contribute to higher per capita development. The opportunity cost of funds and the return on physical capital are both estimated to be lower than the total return, which is estimated to be significantly higher. This is the first major evidence of serious underinvestment in higher education in the Philippines for optimal development.

KEYWORDS:

RATE OF RETURN, HIGHER EDUCATION, ECONOMY, AND DEVELOPMENT.

I. INTRODUCTION

The rate of return known as the total return to higher education is based not only on earnings but also on non-monetary private and social benefits in addition to earnings. This rate of return is known as the rate of return to higher education. This rate of return accurately reflects the contribution that higher education makes to economic growth. By enacting a variety of policies and taking a variety of other measures, numerous countries all over the world have made the commitment to provide their citizens with equal access to educational opportunities and an even distribution of educational resources. This commitment has been made in order to meet the Sustainable Development Goals (SDGs) (Ye et. al., 2018). Endogenous development is the name of a new theory that has been proposed as a significant new contribution to academic research. According to this theory, the optimal rate of development can be accomplished by combining production in firms and households with the educational externalities and the endogeneity of new ideas. This should result in the optimal rate of development.

In an economy that did not have these types of negative externalities, the unemployment rate would be lower. It is possible to draw the conclusion that higher levels of externalities contribute to higher per capita development because the private non-market and social benefit externalities that are measured turn out to be positive. Both the return on physical capital and the opportunity cost of funds are estimated to be lower than the total return, which is estimated to be significantly higher. However, the total return is estimated to be significantly higher. This is the first major evidence that the United States is not investing enough money in higher education to ensure the country's full potential is realized.

The available research on the private and social returns of higher education in general, specific higher education qualifications, and degree level subjects is the primary focus of this review. The review also takes into consideration specific higher education qualifications. The total return on investment for higher education is calculated in relation to the total societal costs of this investment. The value of these non-market outcomes, in

addition to earnings, is factored into this calculation. This essential metric, which compares the performance of various types of investments to that of higher education, is essential for determining the extent to which higher education contributes to overall development.

Higher education's contributions to better health, child development, longevity, household and asset management, and other areas all fall under the category of private benefits that cannot be quantified in monetary terms and are therefore not included in the discussion of public value. The non-monetary social benefits, also referred to as externalities, include contributions to the development of civic institutions that ensure democracy, human (or civil) rights, and political stability; reductions in crime rates; increased environmental sustainability; increased tax revenues; and an increase in the number of innovative ideas.

Economists have been speculating for at least a century that the social return on investment in education may be greater than the private return on investment. When evaluating the effectiveness of public investments in education, it is essential to consider the magnitude of the social return that education provides. Some individuals believe that obtaining a higher level of education is required because doing so paves the way for a better career and a higher-earnings Card. This is, to a certain extent, not completely unreasonable. There is a trend toward skilled workers earning more money than unskilled workers, in spite of the common pattern that income rises in proportion to the length of time spent working at a rate that decreases with time spent employed. Training on the job or in a classroom setting are both viable options for acquiring this skill. This suggests that a positive effect on income can be achieved through increased educational spending to some extent.

In addition, there is an increase in the number of innovative ideas. This section will provide an overview of the use of rates of return to investment in higher education, which has been one of the most popular methodologies for the analysis of the economic relevance of education ever since the emergence of the economic analysis of education in general and higher education in particular. The purpose of this entry is to provide an overview of the use of rates of return to investment in higher education. Since the beginning of the field of economic analysis of education in general and higher education in particular, calculating the rates of return on investments in educational institutions of higher learning has been one of the most common and widely used methods for determining the economic importance of education (Figueiredo, 2020).

II. OBJECTIVES

This evaluative study aims to stand as a review regarding the returns to higher education which is the main focus of this paper. This study aims to achieve the following objectives:

1. To help people enrich their understanding of themselves and world. It will also help to improve the quality of their lives and leads to broad social benefits to individuals and society.
2. To promote democracy and sustainable growth and contributes to reduced crime and lower state welfare and prison costs by prioritizing the needs of higher education.
3. To have a continuous improvement on the students and teacher's experience while studying in higher education.

III.METHODOLOGY

This study uses a descriptive research approach which the information is taken from credible electronic sources. It scrutinizes data from present implementing guidelines so that a better method in the review regarding the returns in higher education.

This research paper contains suggestions from reliable writers of different journal that are related to the topic of this paper that could help the researcher to assess the whole discussion of the review. As a result, it could create excitement and self-reliance to the part of educators regarding the importance of their job as an instructor in higher education.

PRESENTATION OF DATA AND ANALYSIS

1. THE RESUMPTION OF STUDIES LEADING TO A BACHELOR'S DEGREE

The earnings potential of someone who has a bachelor's degree is obviously much higher, but the expenses are also much higher. Again, the return on investment for a bachelor's degree is significantly higher than the average return of 7.2% that an S&P index fund has generated over the past ten years, indicating that this is an effective investment for fostering earnings growth. It also shows that the cuts that states have made to higher education funding over the past 15 years have not been effective, and that there has been an underinvestment at the bachelor's level, which prevents optimal growth from occurring. This does not take into account the costs of the institutions, but it does have a lot of controls that are designed to establish causation.

2. ENROLLMENT IN POSTGRADUATE DEGREE PROGRAMS

At the master's, doctoral, and professional levels, the earnings premium for having a higher education has grown at an even faster rate. Even so, it seems unlikely that the earnings of these graduates will fully reflect the social benefit externalities given the research training they receive and the generation of new ideas and adaptations throughout their careers as demonstrated in the model presented previously. Because of subsidies, private rates of return are significantly higher than this. It has been my experience that this follows a global pattern in which the social rates of return to primary education are highest in the very poorest countries, whereas the rates of return to junior and senior secondary education are highest at

middle levels of development.

3. DIFFERENTIATING BETWEEN PUBLIC AND INDIVIDUAL ADVANTAGES

Numerous non-financial outcomes of higher education are benefits that accrue privately to the graduate and his or her family. However, some of them are social benefits that accrue to people who are not members of the family, including future generations; these are examples of externalities. It is the household that produces human capital in theory and in our model, and since parents typically help significantly with the financing and are involved in the decision, the family is regarded here as the basic decision unit at the undergraduate level. This is because it is the household that produces human capital in theory and in our model. This includes the parents typically shouldering a large portion of the foregone earnings costs, which are very roughly equivalent to the costs of room and board, clothing, and transportation, as well as helping with tuition, which all too often includes cosigning student loans. In addition, this includes the parents typically bearing the majority of the foregone earnings costs. This indicates that benefits provided within the family, such as health benefits provided to the spouse and children, will be regarded as private benefits provided to the family as a whole.

4. EFFECTS THAT ARE UNIQUE TO POSTSECONDARY EDUCATION

When comparing the effects of K-12 education to those of higher education, it is common for the effect of one additional year of education to be linear, extending into the college years. This allows one to differentiate the effects of higher education from those of K-12 education. In cases where there is evidence to support this, it will be brought up for discussion. However, there is evidence that the effects of certain outcomes are not linear in terms of years of education. For example, in the case of new ideas contributed by graduates, the effects increase with years of education, whereas the effects of democratization decrease as years of education progress because corrections are made. Regarding each relevant outcome, this will be discussed in relation to it.

IV.CONCLUSION

This evaluative study stands as a review regarding the returns to higher education. It can be concluded that:

1. The earnings potential of someone who has a bachelor's degree is obviously much higher, but the expenses are also much higher.

2. At the master's, doctoral, and professional levels, the earnings premium for having a higher education has grown at an even faster rate.

3. Numerous non-financial outcomes of higher education are benefits that accrue privately to the graduate and his or her family.

4. This rate of return captures the higher education's contribution to development. This rate would be lower in an economy that did not have these negative externalities. Because the private non-market and social benefit externalities that are measured are positive, it can be concluded that externalities contribute to higher per capita development.

5. When comparing the effects of K-12 education to those of higher education, it is common for the effect of one additional year of education to be linear, extending into the college years. This allows one to differentiate the effects of higher education from those of K-12 education.

V. RECOMMENDATION

The opportunity cost of funds and the return on physical capital are both estimated to be lower than the total return, which is estimated to be significantly higher. This is the first major evidence of serious underinvestment in higher education in the Philippines for optimal development. Therefore, the Philippines might improve its policies to make headway in education to expand access and improve quality. The Philippine government might support and expand human capital development, innovations, alternative learning systems , trainings and co-curricular activities to provide skills-based learning opportunities to out-of-school youths, strengthen early childhood care and development programs, reviewing and implementation of the K-12 system, and increased education expenditure over the years, initiated improvement on the structural changes in basic and higher education, and intensified partnerships with the private sector and industry.

ACKNOWLEDGEMENT

This paper is an output of the researcher in the Degree of Doctor in Development Education at the Cebu Technological University – Main Campus, Cebu City, Philippines in compliance with the mandate of the university.

First of all, we extend our heartfelt gratitude to our adviser, Dr. Marilyn M. Miranda for the assistance to complete this Research Journal successfully.

We also would like to express our appreciation to Dr. Emily C. Rosal and Dr. Marilyn M. Miranda for sharing their insights and expertise.

Likewise, we would like to thank our co-doctor and for providing us the sample journals and inspiring us through positive online messages.

To the researchers' family we would like to express our sincerest appreciation and heartfelt gratitude to all your support, be it big or small, which, in one way or another, have greatly contributed for the completion and success of this undertaking.

Above all, to the Omnipresent, Omniscient and Omnipotent God Jesus Christ, for answering our prayers and for giving us strength, wisdom, and courage to continue. Thank you, our Almighty God.

REFERENCES

1. Zhu, Y. & Xu, L. (2022). Returns to Higher Education-Graduate and Discipline Premiums. IZA Discussion Paper.

2. Walker, I. (2020). Heterogeneity in the returns to higher education. The Economics of Education, 75-90.

3. McMahon, W. (2020). Nonmonetary Private Returns of Higher Education. The International Encyclopedia of Higher Education Systems and Institutions, 2103-2108.

4. Volchik, V. et. al. (2018). Higher education as a factor of socio-economic performance and development. Journal of International Studies 11 (4).

5. McCowan, T. (2019). Higher education for and beyond the sustainable development goals. Springer Nature.

6. Zumeta, W. et. al. (2021). Financing American higher education in the era of globalization. Harvard Education Press.

7. Patrinos, H. & Psacharopoulos, G. (2018). Returns to investment in education. Taylor and Francis.