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## GLOBAL: Perceived returns of higher education

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Can the earnings premium which higher education gives students over their lifetime encourage more into university and get them to agree to foot some of the bill - if not as students then as graduates? Governments are certainly keen to know. In recent years many have sought to expand the number of students going into higher education, but they are under economic pressure to keep the costs to the public purse down.

A lot of research has focused on working out exactly what the returns of higher education are to students, depending on where and what they study. However, more important than that for predicting student demand for higher education and for ascertaining whether raising extra fees from students will put them off going to university is their perception of those returns.

Our research has certainly found there is a perceived pay-off to higher education, particularly in the medium term. We investigated students' perceptions of the financial returns to their higher education studies in three Czech and four Polish faculties of economics and two English business schools.

We focused on first-year home students since their decision to go into higher education was very recent. Those taking part in the survey, which was conducted in 2009/10, completed a questionnaire. They were asked about their expectations of income in their first job immediately after graduation and then after 10 years of work experience. They were also asked about the level of earnings they would have expected if they had not entered higher education; both immediately after leaving school and after 10 years of employment.

Although the perceived rates of return varied by country and gender, it is clear that students see a definite pay-off to going to university, with the benefits being larger in the medium term than immediately after graduation. Interestingly, significantly more English students, who already pay tuition fees, perceived the returns to higher education to be greater than Czech and Polish students, where public university education is free of charge. This seems mainly because English students typically only spent three years at university, compared with five years in the Czech Republic and Poland.

Also, women in the Czech Republic and Poland expected lower rates of return and lower earnings than men while in England women mainly expected equal salaries to those of men.

Overall, students seem to expect positive returns to their higher education studies and perceive higher education to be a profitable investment. In fact, students seem to value a university degree at least as much as 10 years of post-secondary school labour market experience.

This is good news for policy-makers who are looking to emphasise the value of higher education and convince students to invest their own money in their education. But they should be wary about just gauging the opinions of students who have already done their own sums and made the choice to go into higher education.

They need to track changes in the perceptions of high school leavers generally to get a true picture of the perceived economic benefits a university education gives since, once the perceived costs outweigh the perceived benefits, regardless of whether or not there are actual returns to higher education, the demand for higher education may decline.

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