

THE MAIN REASONS UNDERLYING PERSONAL INVESTMENT IN EDUCATION

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Abstract:

In a globalized world where information means power, we are witnessing a reorganization of the labor market, consisting in its computerization, thus, in order to successfully cope with an increasingly sophisticated job, certain skills, advanced knowledge and a diploma of higher education in the field are required. In this context, young people are considering more than ever to invest in their training level, strongly motivated to increase their earnings and quality of life. Throughout life, individuals are encouraged and find reasons to determine them to invest in education and professional development because through the educational system they acquire abilities and knowledge, which are reflected by the change of a person towards the benefit of the entire society.

Keywords: motivation, education investment, earnings, higher education

Introduction

For a better understanding of the concept of *motivation to study*, we consider it appropriate to clarify the meaning of motivation. It is that inner strength that makes individuals act in a certain way, taking decisions that will somehow affect their future. The reasons are multidimensional; they are of biological and social nature, between internal impulses and knowledge, between subjective necessity and value as a reference system, in relation with objects and connections between people, so they cannot be reduced to none of the factors causing and influencing them. (I. Cătoi, N. Teodorescu, 2004, p.19) This paper aims to highlight the main motivations that lead individuals to invest in their training by attending a university's courses, by choosing a certain form of higher education.

1. Literature Review

Studies on the motivations of individuals taking life decisions have been the focus of researchers ever since the last century, being "historically connected to the emergence and development of economic psychology and the psychological implications on economic life" (I. Cătoi, N. Teodorescu 2004, p. 277). The term "**motivation**" and the term "**motivational research**" "was created in 1930 by Austrian psychologist Ernest Dichter" (I. Cătoi, N. Teodorescu, 1997, p. 221). In Romania this type of research emerged starting with 1935 when author **D. Todoranu** wrote a paper entitled "The Psychology of Advertising.

Motivation is the expression of certain needs or desires of individuals, characterized by a relative stability over time. Each person has his own motivation when placed in a position to make a particular decision. Therefore we can say that motivations are

different from one individual to another, thus, no two people have a common set of motivations to influence a particular decision or some aspect of his life. That is why researchers often face various problems when trying to determine the characteristics of a particular market segment regarding the motivation behind the decision.

People always try to understand the very reasons behind their present choices and their future consequences. When it comes to **higher education**, often the students place the moment of graduation in the distant future. But all these "long term goals can generate profound effects on the present motivation, taking into account the fact that many of the motivational models focus on the present rather than the future." (Douglas F. Kauffman, Jenefer Husman 2004 op. cit. Oyserman, D., Terry, K., and Bybee, D., 2002; Csikszentmihalyi, M., and Schneider, B., 2000). In order to better understand the present, people try to remember the past so they can more clearly understand what they hope will be in the future, (adaptation from Douglas F. Kauffman, Jenefer Husman, 2004, p. 1). "When talking about education, we must consider three things: the first is motivation, the second is motivation and the third is motivation too." (Ames, 1990; op. cit. Martin L. Maehr, Heather A. Meyer, 1997, p. 372). Thus, one can identify two accepted ideas of motivational research in studying higher education consumer behavior: (adapted by - I. Cătoi, N. Teodorescu, 2004, p. 214)

➤ **motivational research in a narrow sense** - focused on the knowledge of needs to determine the reasons and their hierarchy in terms of investing in higher education

➤ **motivational research in a broad sense** - the study of other processes that define consumer behavior (perception, information, attitudes and actual behavior)

Study motivation represents the reasons to participate in an educational process of a person who considers it desirable for its own development (Linda S. Lumsden, 1994), based on a clear reason to attend a particular institution.

2. Identifying the motivation in the process of higher education

"The students' perception of the usefulness of knowledge they acquired during university studies generates positive effects on motivation". (Simons, J., Dewitte, S., and Lens, W., 2000).

According to Bandura's socio-cognitive theory, the majority of human actions are directed towards a goal (Bandura 1986). Any personal choice is made by considering the purpose of a reward or by avoiding some undesired consequences. "Thus, the combined impact of the assurance of the result of the choice, and the efficiency of the choice, are based on the motivation pushing the individual to act in a certain way and on the necessary support to obtain the best results" (Bandura, 1986; Corno, 1989, op. cit. Raymond B. Miller, and Stephanie J. Brickman, 2004, p. 11). But, are individuals motivated in their university choice by extrinsic or intrinsic motivations? A person can decide to invest in his education because of external pressure (extrinsic) or because it brings him personal satisfaction (intrinsic). Future goals guide present choices of individuals even before the moment an individual becomes a student.

"The promises of long-term rewards are a powerful motivational aspect as students formulate their long-term objectives by making *connections between what they are and what they hope to become in the future*, and the activities they are currently carrying are a powerful source of motivation". (Douglas F. Kauffman, Jenefer Husman, 2004, p. 2) "Individuals would not engage in any activity without a

reason", (Erin Hiley Sharp, Linda L. Caldwell, John W. Graham, Ty A. Ridenour, 2006, p. 361) because any decision is taken to satisfy a need or to fulfill a wish. But any human decision is a response to some internal reaction through which the individual tries to answer the question "**why?**" "The answer to this question is influenced by the past, by social norms, by others' performance, and so on." (Bernard Weiner, 2000, p. 2-4)

Experts in marketing research and psycho-sociology identified the existence of six major classes of reasons (N. Teodorescu, 2000, p. 7) that influence individuals in their educational process:

✓ **Affiliation reason** - the desire to be associated with / or be in the presence of others

✓ **Purchase reason** - the desire to have, to hold

✓ **Prestige reason** - the desire to be seen as an important person by others

✓ **Power reason** - the desire to control or influence others

✓ **Altruism reason** - the desire to help others

✓ **Curiosity reason** - the desire to investigate and explore the environment in which the person lives

3. The main reasons that guide people to invest in higher education

Normally, individuals engage in actions they believe will lead to results they want by getting a certain status in society, a substantial labor market reward, all in an effort to avoid negative consequences such as pain caused by social rejection (Raymond B. Miller, and Stephanie J. Brickman, 2004, p.11). In 1986, Bandura was referring to these items, anticipating the result of expectations, serving as incentives for the actions undertaken by individuals. "Any desire of an individual **will influence his own effort level and the perseverance to achieve those**

results generating certain behaviors and beliefs about the outcome of the actions." (Bandura, 1986) According to Bandura, the process of **self-regulation of motivation** which lies at the of investing in higher education implies three processes:

➤ Self-observation and monitoring of one's own behavior

➤ Self-evaluation and self-judgment

➤ One's own reactions and emotional consequences. (Raymond B. Miller, and Stephanie J. Brickman, 2004, p.11)

The efficiency of these processes was qualified by Harackiewicz and Sansone (1991) as "targets", meaning a cognitive representation of a behavior (action) which aims to achieve certain performance standards.

Individuals associate obtaining a certain level of performance with the possession of a diploma in a field, assuming that education often represents a passport to obtain a better job. However, *the main motivation* that leads individuals to invest in education is that of *earnings*. While most trained employees tend to become more competent and able to perform a more sophisticated work than those less prepared, education however does not help you obtain the job you want most, especially in a market with strong segmentation, developing countries being characterized by this type of labor market. (Pages, Stampini, 2007, p. 2) Thus, the satisfaction gained by obtaining a university or postgraduate degree repeatedly tends to be suffocated by the subsequent experience of the labor market. However, *the quality of human resources decisively depends on the knowledge gained through education*, a scholarly person is able to understand a different point of view, is able to develop collaborative relationships, and his world perspective and the different possibilities tend to gain a new image, all leading to the opening statement that

education contributes to accepting diversity, sooner or later satisfaction will generate value. In figure 1 below we

can see the share of people holding higher education in the OECD countries.

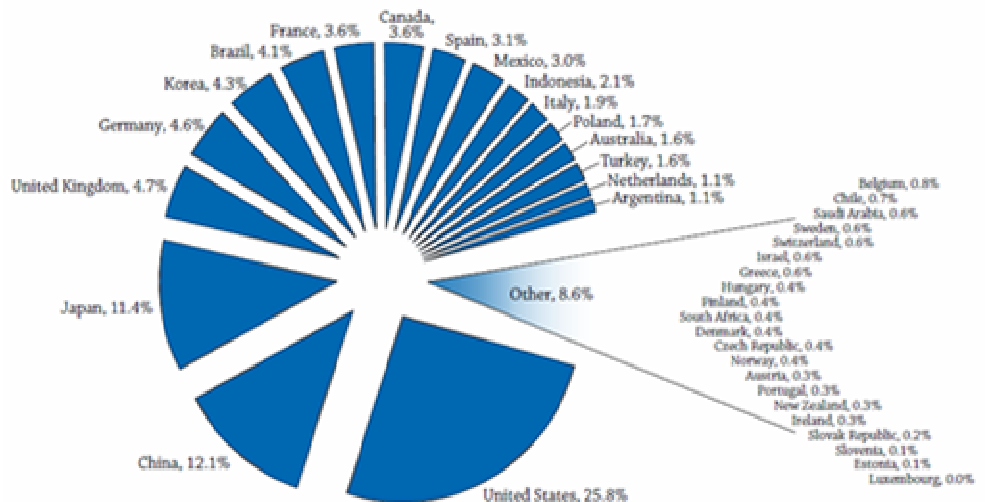


Figure 1. Countries' share in the total 25-64 year-old population with tertiary education, percentage (2009)

Source: OECD Indicators – *Education at a Glance 2011*, ISBN 978-92-64-11420-3 (print) ISBN 978-92-64-11705-1 (PDF), p.35

Figure 1 shows that in the USA, 25.8% of the population has a higher education diploma. Also, the USA, Japan and China, have almost half – approximately 49% - of the population with higher education diploma in OECD countries, they are followed by UK – 4.7%, Germany with 4.6%, Korea 4.3% and Brazil 4.1%. In Europe, France has 3.6%, same as Canada.

"In Ireland, Korea, Luxembourg, Poland and Portugal, the annual growth of the percentage of those with higher education rose by more than 5%. In countries like Hungary, Netherlands, Slovakia the proportion of the population that had not attained upper secondary education decreased by 5%. In OECD countries, the rate of 25-64 years old with no higher education diploma has dropped annually by 3.4%

on average, since 1999, and the rate of those who graduated a post-secondary, not tertiary education has increased by 0.9% on average per year since 1999." (OECD Indicators – *Education at a Glance 2011*, p.36)

The difference in earnings for people with university education aged 55-64 is on average 12% higher than those with higher education aged 22-54. For people of a certain age, in the case of job loss, the re-employment opportunities increase if they hold a university degree compared to those individuals who do not have a higher education diploma. (*Education at a Glance 2010*, p.134). Next, relative earnings from employment by level of educational attainment in OECD countries. is observed in figure 2.

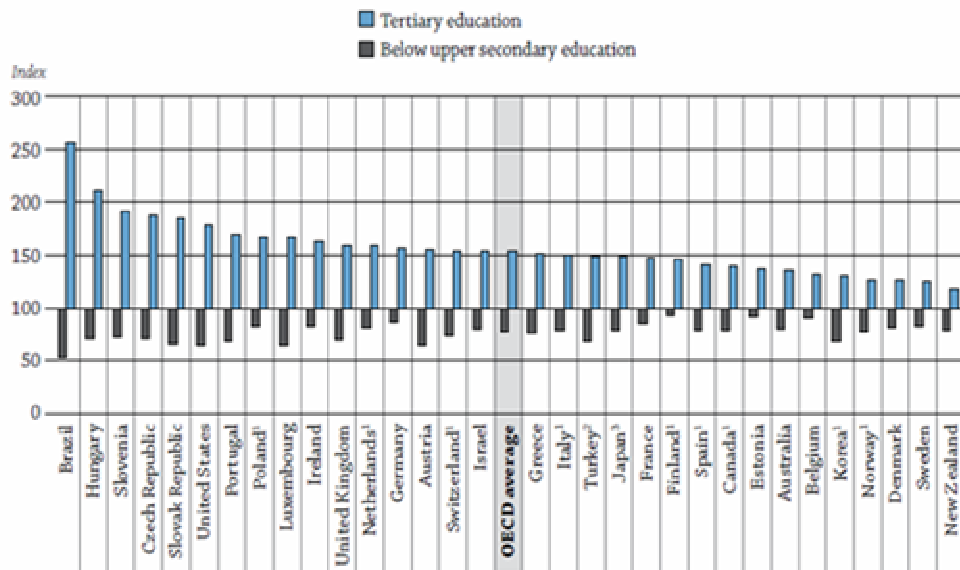


Figure 2. Relative earnings from employment by level of educational attainment for 25-64 years old – 2009 or latest available year

Source: OECD Indicators – *Education at a Glance 2011*, ISBN 978-92-64-11420-3 (print) ISBN 978-92-64-11705-1 (PDF), p.138

Earnings grow proportionally with education level. Higher studies bring more benefits. A person with a diploma of higher education can earn 50% more than an individual with secondary education. As shown in graph no. 1.1, the income of people with higher education diplomas is significantly bigger. In countries like Brazil, Hungary, Slovenia, USA, ecc, this is doubled or tripled compared to secondary education incomes.

Globally, in most OECD countries, the demand for university studies has been proportional to the offer of universities. For those aged 25-64 years, the share of persons with higher education diploma has increased significantly since 1999, from 21% to

30% in 2009. (Education at a Glance 2011, p. 139)

In recent years, the strong growth of the number of people who decided to invest in higher education confirms that one of the main reasons for individuals to invest in education is **earnings**. With a diploma of higher education, chances of bigger earnings increase, leading to a better quality of life. Individuals also invest in higher education in order **to reduce the risk of unemployment**. Figure 3 presents the differences between the highest and lowest unemployment rate countries according to the level of education. Countries are ranked in descending order of the difference between highest and lowest unemployment rates of 25-64 years olds with below upper secondary education.

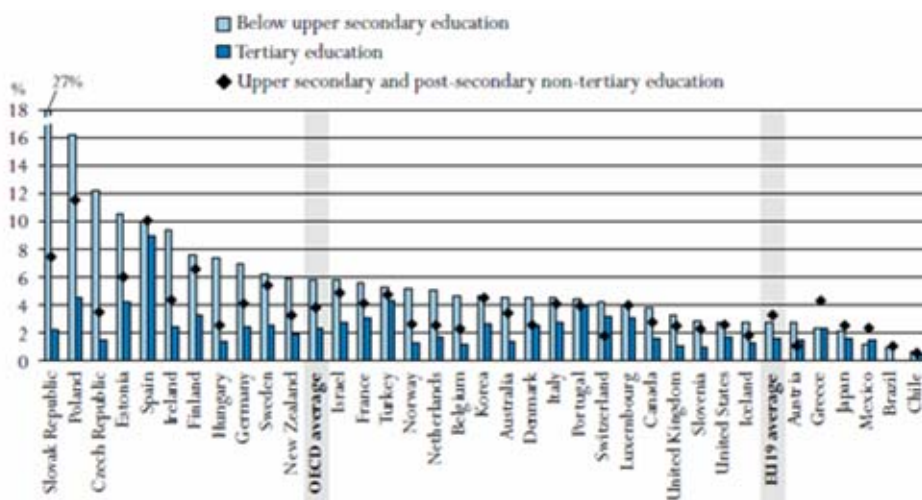


Figure 3. Difference between highest and lowest unemployment rates for below upper secondary and tertiary educated 25-64 years-old individuals (1997-2008)

Source: *Education at a Glance 2010*, www.oecd.org/edu/eag2010, p. 107

The less educated people are the most exposed to the risk of unemployment. It can be seen from the graphic that in countries such as Poland, Finland, Korea, Italy and others, the unemployment rate for those with secondary education or below average has skyrocketed in recent years, while for people with tertiary education this indicator is lower. The lowest rate of unemployment for 1997-2008 was registered in countries such as Chile, Brazil, Mexico, and Japan. During the economic crisis, the risk of becoming unemployed increases for those with low levels of education, which can turn

into a major problem because a part of the working age population remains unoccupied, that is why in many countries there are initiatives for investment in training and re-qualification courses for a certain category of people or some financial support for programs to allow employees to obtain a diploma of higher education. In most countries the real labor market conditions influence the decision of individuals to invest in education. Figure 4 presents the evolution of the rate of unemployment in Europe, USA and Japan during 2000-2011

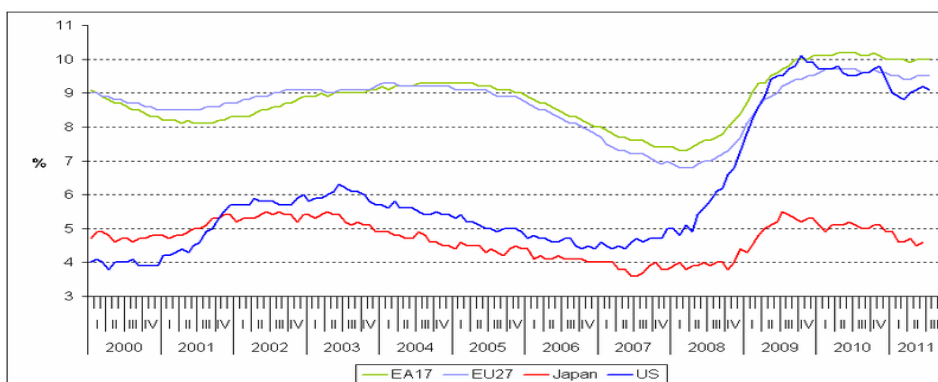


Figure 4. Unemployment rates in EU, US, Japan, 2000-2011

Source:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployed_rates_EU_US_Japan.PNG&filetimestamp=20110831091535

The graph shows that, starting from 2008, the unemployment rate in Europe and USA increased substantially, while Japan had a relatively constant evolution during the analyzed period of 2000-2011. The highest unemployment rate was recorded in the USA at the end of 2009, as shown in the graphic no. 1.3 – reaching values of about 10%, while in 2007 it was around 5%. In Europe, also, the years 2009 and 2010 brought with them high unemployment rates while in Japan the highest value of the unemployment rate was registered in 2009 and it was just over 5%.

Conclusions

The motivation of individuals to invest in education is based on the occurrence of unmet needs, which together will lead to a conscious effort to engage in the process of learning, because acquiring new knowledge leads to increased productivity and to a supplementary income. The increase of revenue for people with higher education is accelerated according to age and a certain level of experience, while for those with secondary education increase of revenue comes only with age and much slower. Owning a tertiary education diploma offers owners some security in maintaining a job or eases the access to new jobs reducing the risk of unemployment. Investing in higher education also

provides a certain social recognition and appreciation from family and acquaintances. Another **powerful stimulus** that leads individuals to invest in higher education and to obtain a university degree is the **social position** this offers, as well as **special recognition from family and friends**. Often young people take the decision to invest in higher education because of their family, in order to earn a reputation, because a university degree opens different perspectives to individuals and helps them to integrate more easily into the labor market.

The fear of unemployment, the fear of losing a good job is another powerful motivation that guides individuals to invest in tertiary education. The more educated a person is, the less chances there will be to become unemployed. For this reason, many people decide that after finishing high school or after completing a specific post-secondary program, to remain in school to attend an university, thus giving up the income they could get if they entered the labor market immediately after graduating from the secondary education, being stimulated by the future benefits offered by the private investment in higher education, because within knowledge-based society individuals are increasingly aware of the social and economic benefits offered by owning a university degrees.

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