

# ***Education, Career and Income: Stylized Facts and Prospect***

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**Abstract:** The paper sorts out the literature on education level and people's potential income. This article analyzes the link between income and education level and worldwide data to discuss the relationship between income and education level. This study approaches the subject from three angles: the influence of education level on industry selection, the impact of education level on profession selection, and the link between education level and income. The paper review past research and article to further study the topic. For the research, the paper comes to the conclusion that there is a positive correlation between education and income. During the whole education life, there are two obvious jumps over the whole holistic study life. After finishing undergraduate student and getting a diploma, the income will increase faster than two. The student who chooses to pursue a professional degree has the highest income in the whole population. This article helps to understand the choice between employment and continuing education.

**Keywords:** income, education, career choice

## **1. Introduction**

In the contemporary era, the job market gradually became more and more competitive. From the side of view of a newcomer to the crucial world, their education level has already become their more powerful weapon which helps them to stand out from the thousands of competitors. Usually, graduate people are looking for further education in order to achieve a higher income. The author attempts to collect information and data to survey the relationship between education degree and income.

Thinking in economic terms, the choice between going on to higher education and entering the labor market depends on the magnitude of the present value of the future cash flows of both. If the present value of future income after going on to higher education (e.g., whether to pursue a bachelor's or master's degree) is lower than entering the labor market directly, then a rational person's choice should be to enter the labor market, and inversely it also true.

However, in real life, the costs and benefits of pursuing higher education usually cannot be answered by simple economic analysis [1]. For example, going on to higher education has multiple potential benefits, which can also affect future earnings. These potential benefits include, but are not limited to: (1) learning specialized knowledge; (2) expanding social network; (3) having first-hand employment resources; (4) a border resources zone; (5) higher academic reputation; (6) in a campus teaching position [2].

By expanding the study duration, job applicants have more time and opportunities to explore and apply for better positions. This factor will mostly boost the employability of those who possess or are pursuing a higher degree. While studying, they may have already found a suitable position with a decent salary. Such a circumstance will result in reduced frictional unemployment for those with a high educational degree. Also, when a person is studying cutting-edge technology, he is less likely to face structural unemployment. Employees will earn more if the unemployment rate falls.

Exploring the opportunity costs of continuing your education is also important. For instance, pursuing greater education will cut down on job experience and hours, and people must pay tuition in order to obtain a higher degree. An education at a university is quite expensive. But in the long run, its expense pays off.

Based on the social background, the paper hope to find the relationship between education and income level, should modern people further their study degree in order to gain higher income. The motivation for this paper is due to the concerns of career requirements. In the contemporary era, enterprises gradually require an employee with higher degrees. Therefore, understand the relationship between education and income.

The rest parts of this paper will be organized as follows: Part 2 The impact of education level on industry selection; Part 3 The impact of education level on income; Part 4 Conclusion.

## **2. The Impact of Education Level on Industry Selection**

Choosing the right industrial line may have a significant influence on a person's income. Physicians and attorneys were commonly regarded as the highest-paying professions. On the other side, students majoring in law and medical have exhibited the most consistency over time. Her first-year medical student expenses in 2021–2022 will range among \$39,237 and \$63,630, according to the AAMC [3]. Her four-year bachelor's degree in medicine will essentially cost her \$250,000 in college tuition. \$206,180 on average is spent on each year of law school. The average cost of attending law school is \$137,970 (tuition only), or \$45,990 year. better levels of education are linked to lower levels of job stress and better levels of job satisfaction in relation to employment resources (money, job autonomy, and job variety) [4].

One study that examined the relationship between education level and income found that while education does have a positive impact on income, the size of this impact varies depending on an individual's occupation [5]. For example, individuals with a bachelor's degree in computer science earned, on average, \$82,000 per year, while those with a bachelor's degree in education earned, on average, \$42,000 per year. This demonstrates that the impact of education on income can vary greatly depending on an individual's field of study [6].

Education is the connecting dot between an economy's physical and human resources, and this is critical to its long-term viability. As a result of its beneficial effect on national GDP, education increases the marginal productivity of its workforce. With gradually increasing education level, people were easier to enter any position they want.

### **2.1. Basic Results and Patterns in the Literature**

Previous literature reveals that education level and industry choice have a strong relationship. For instance, Kettunen, J. used data from Finland to explore the connection between education and the duration of unemployment [7]. He claimed that those with advanced degrees have harder time in obtaining job opportunities than their peers with lesser levels of education. He utilized the years of schooling as an explanatory variable for the length of unemployment. He also demonstrated that individuals with master's or doctoral degrees and those with fewer than nine years of schooling had a higher rate of unemployment compared to those with more than nine years of education [7].

## 2.2. The Impact of Education Level on Choosing a Career

There are several variables that affect this connection. The first is that those who have completed college are more likely to get well-paying employment. They are also more likely to work in professions that provide opportunities for advancement and greater pay. Furthermore, persons with college degrees are more likely to have full-time jobs than those without.

Education can also influence an individual's interests and passions, which may steer them toward certain career paths [8]. For instance, a person with a solid foundation in biology could be more motivated to work in medicine or research. People will be more likely to stay in one career for a longer period of time if they choose a profession that can meet their needs for both money and dreams.

Additionally, a lot of jobs, like mechanics, demand skill. People may learn the knowledge and abilities they need to thrive in the workplace through real-world situations [9]. In addition, access to better-paying professions and advancement possibilities is provided by a college degree.

## 3. The Impact of Education Level on Income

From figure 1, The variation between high school graduates and dropouts is considerable. A high school graduate makes roughly \$40,000 per year, which is more than 40% of the income that someone without a high school diploma makes.

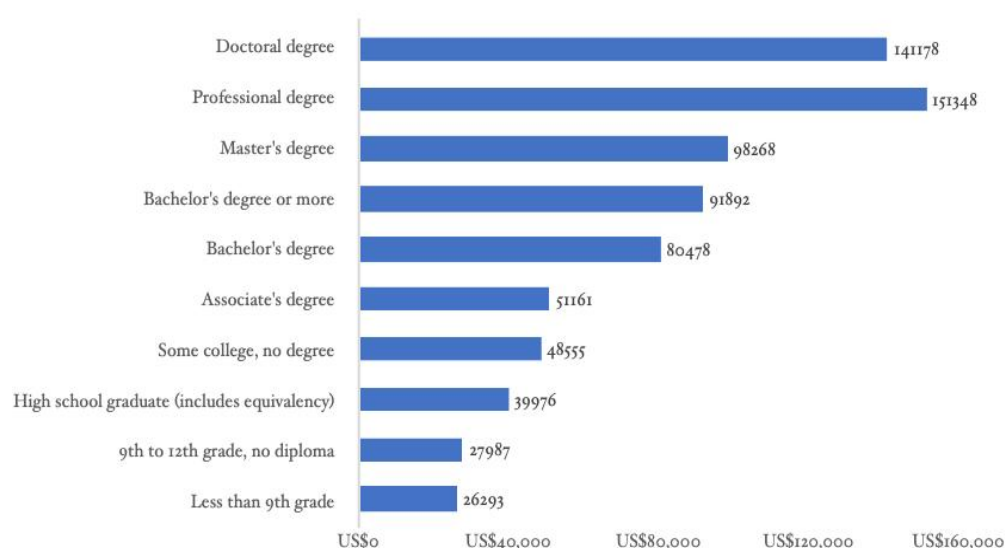


Figure 1: Average income by degree.

Data Source: Unite census [10]

Photo credit: Original

While there is a positive association between education degree and income, it is crucial to emphasize that this correlation is not perfect. A person's income level can be influenced by a variety of factors, including their subject of study, geographic region, job experience, and personal attributes such as race and gender.

The relationship between prior employment and income is also impacted. Studies show that education level has a positive impact, but job experience is the most important factor in deciding remuneration. An individual with a bachelor's degree and ten years of work experience makes \$22,000 more each year than one without one, according to studies.

Location can have an obvious impact on how income and education are correlated. One survey found that a bachelor's degree holder in the US makes an average salary of \$59,124. However, where they reside will determine this. People with bachelor's degrees, for instance, made an average of \$77,000 per year in California and \$44,000 per year in Mississippi, respectively. This implies that, regardless of educational attainment, a person's geographic location may have a major influence on their income level.

In general, a citizen of the United States with a bachelor's degree makes around \$80,500 annually, as opposed to about \$40,000 for those with only a high school certificate. The average salary of a college graduate is double that of a non-graduate [11]. Colleges sometimes offer a combined pricing for both tuition and fees even though they are separate costs. A doctor's education continues after she completes her four years of medical school. After finishing medical school, one must do a medical residency [12]. Based on official statistics from the college board, the average cost of fees and tuition for the academic year 2022–2023 was \$28,240 for public universities, \$10,940 for citizens of the same state at public universities, and \$39,400 for private colleges [6].

The correlation between education level and income has important policy implications, particularly in terms of access to higher education.

Affirmative action is one of the strategies put up to overcome these inequalities since it seeks to advance diversity and equal opportunity in both the educational and job sectors. Assignment or prioritization of particular racial or gender groupings is a common component of affirmative action legislation. In addition to lowering economic disparity, this will enhance access to higher education.

The forgiveness of student loans has also been suggested as a strategy to support equal access to education. Many people have substantial debts from student loans, which can make it harder for them to seek higher education and become financially stable. In addition to promoting income equality, planners can lower the financial obstacles to higher education.

However, access to higher education is not equal across different groups, and there are significant disparities in educational attainment and income levels between different racial and gender groups. In order to address these disparities, it is important to implement policies that promote equal access to education and employment opportunities for all individuals.

#### 4. Conclusion

As a review of past surveys and literature, the result boils down to the conclusion that there is almost a positive correlation between educational level and income. But career choice also is a significant problem; on average, people who graduate from med school and law school have the highest average income. Strong evidence proves that there is an enormous gap between university educated degrees and high school graduates. Also, a doctorate, a professional degree, and a master's degree all clearly vary from one another in another way.

There is a clear link between educational attainment and income. According to U.S. Census Bureau data, those with a college degree earn more than twice as much as those without a college degree. The median income for those with a college degree is \$60,000, while those without a college degree earn \$27,000. As one would expect, the average American's income varies greatly depending on their level of education. A college degree may not be right for everyone, but it can undoubtedly lead to a higher income.

In conclusion, there is correlation between education level and income that is favorable, with higher educated individuals frequently earning more. Although it is not the only one, the educational background has a significant role in influencing income levels. A person's income level can be affected by a wide range of factors, due to several facts including their subject of study, geography, prior employment experience, gender, and race. Additionally, while education can help people land well-paying jobs, it cannot ensure success or financial stability.

Close to the income and opportunity disparities based on educational attainment by addressing structural hurdles and injustices in society, such as discrimination based on race, gender, and socioeconomic position. To do this, we must fund high-quality training and education initiatives, make higher education accessible to all, and support legislation that encourages equal pay for equal labor and career progression possibilities. In order to create a just and equitable society in which everyone can play an active part regardless of their background or circumstances, it is crucial to comprehend the link between money and education.

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