

More than just Dollars and Cents: The Value of Education beyond Income Potential

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What is the true value of an education? And for whom?

As economists would say, education is a public good and, therefore, its value is not just for the individual but also for the society and country in which the person lives. Value, therefore, is in the income that the education enables the person to earn. Value is also in the creation of a cadre of people that can add new services and innovations to the functioning of a community, society, and country.

Education has the following components. First, new content needs to be transferred to the learner or old content needs to be reinforced in the learner. Second, in some instances, skills (programming, data visualization, critical thinking, use of statistical packages, clear articulation, etc) need to be learnt by the learner. Third, education is the transfer of values and perspectives to a new generation. Fourth, effective education requires that the learning enter the long-term memory of the learner and that the learning (content, skill, or a combination) be reproducible on demand.

The reproduction on demand by the learner is a key requirement from recruiters looking to hire and pay employees, especially at the beginning of their careers. And, therefore, the question is, what is the value of education in terms of income? Clearly, the better the learning of the content and skills, the higher the valuation of the education in terms of salary and, hence, the income potential.

This value is manifested, for example, in the salaries that are being paid to people with core AI skills. Some estimates suggest that the total number of people on the planet that can build foundational AI models and then overlay it with domain-specific models that are applicable is less than 50,000 on a planet of 8 billion humans. And these people are paid very handsomely indeed. This is payment for skills. Similarly, there is a demand for drone pilots - a new skill which is creating new jobs, and which requires relatively lower-level skills with lower income potential. There is payment for the perspective and skills that MBA graduates bring to business.

But is there a value to education beyond the income potential for an individual? We need to remember that income potential and realization exists in a context, in a circumstance in a larger environment that defines the overall potential and limits of income generation potential. This context and circumstance is defined by the way in which people work together, by the way in which institutions work and by the way in which people engage with others.

Arguably, with the advent of AI which allows content and skills to be built up in the blink of an eye in a machine, the value of education will have a higher proportion coming from

the public goods part of education, from the transfer of values and perspectives to a new generation; it is the internalisation of these values and perspectives that will provide the canvas and the facilitation for the nature and scope of different income generating activities. Values and perspective come from the interaction that the learner has with his/her interlocutors over time. These interactions lead to the internalisation of habits and ritualistic behaviours that are the manifestation of values for that individual. For a harmonious and productive society, these values would be integrity, hard work, pride in one's culture and history, openness to engage with the world, respect for individuals and institutions and a willingness to stretch oneself in the goal of nation-building and of providing a sustainable planet for our children and grandchildren.

This then is the value of education beyond income potential. And arguably, for a stable, harmonious world, we should be looking at both the content, skills, and perspective part of education and at the values part of education.

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