

# The benefits of personal investment in education from the perspective of Academic Marketing

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**Abstract:** *Individuals acquire abilities and knowledge thanks to the education system and these are further used on the labour market, but the main purpose of education is to contribute to the individuals' intellectual development, to their creative spirit as well as their sense of responsibility, so that the higher education graduates become increasingly more capable of improving their quality of life and ensuring a decent future by making use of the knowledge gained during study years in their work. This paper tackles the problem of personal investment in education from the perspective of academic marketing, while the conclusions reflect the importance of personal investment in education to obtain benefits at individual, organizational and social levels on a competitive and globalized market, but also the major role of academic marketing in orienting higher education institutions towards consumers.*

**Keywords:** personal investment in education, academic marketing, benefits.

**Jel Classification:** M31, I23, I26

## Introduction

Over the last few years, education has been considered to be the key to ensuring a good and stable workplace. With the increase in the education level, the employees who hold higher education degrees tend to become more efficient in fulfilling the different tasks required by the labour market and the technological evolution. In spite of this, education does not give graduates the ideal job at the right time. (Pagés C., Stampini M., 2007, p. 2) As a result, it is often the case that the satisfaction of obtaining an undergraduate or a graduate degree is smothered by the later experience on the labour market. In any case, the quality of human resources and the individuals' acquired abilities depend on the quality of the knowledge gained during study years. But apart from knowledge, education provides a series of abilities and intense experiences, contributing thus to the individuals' personal development. A person who enjoyed quality education becomes capable of understanding different opinions from theirs, becomes more tolerant of others, more willing to offer support, more capable of developing optimal collaboration relationships. All these lead to the conclusion that education contributes to openness to diversity and work efficiency. At the same time, higher education institutions – aware of the education needs of modern society - make intensive use of marketing in their activity, not only in their relations with the academic stakeholders and especially with the business environment but also to attract quality students who would successfully ensure their role in the society, resulting in the generation of benefits at individual, organizational and social levels.

## Literature review

In a globalised economy, education is not perceived as a national good, but rather an international one, which means that all the countries and regions depend on its performance, a phenomenon facilitated by the labour force migration. But access to education, especially to higher education is often made difficult due to its high costs. The education consumers work out its efficiency level before deciding to invest in their own instruction, because when an individual makes a decision for themselves aims at satisfying some needs and wishes to improve their life, to evolve and to reach a certain level of personal development. (Szymanski, D. M., Henard, D. H., 2001) Any decision to invest in one's own education "is based on the individuals' wellbeing – which actually lies in a unique set of purposes that can be achieved through the goods provided by the economic and social systems." (Mursa G., 2005/2006, p. 219) Michael S.O. (1997) defined universities as "communities with different academic ideologies, principles and traditions, organized under an institutional name and logo, where students were the main consumers." (Michael, S.O., 1997, p. 117, op cit. in - Jurkowitsch S., Vignali C., Kaufmann H. R., 2006, p. 10 ) Higher education institutions, like any other organizations, exist to meet the individuals' and society's needs (Maringe, F., 2006) with a view to promote progress through their main function, i.e. the education function, the creation of knowledge and its dissemination by means of specialised publications and research as well as the involvement in solving the community's problems. (Zaharia R., Avram E. M., Eftimie R. C., 2011, p. 356) Operating on a globalized market, universities are increasingly becoming relational

entities, being oriented towards a good communication with the market and towards the development of collaborations with the business environment. This being said, the mission of higher education institutions is one of extreme importance, that of individual and social development, and it refers to "the purpose for which a university exists and was created," (Smedescu I. (coord.), 2008, p. 111) but also to its research function which ensures progress and innovation.

But education also provides individuals with benefits at personal level, like better incomes and easier access to the desired job, but also at organizational and social level. Card (2001) identified a causality relation between education and incomes. Therefore, the increase in the number of study years through higher education enrolment leads to higher incomes. Arcalean C and Schiopu I. (2010) refer to the level of education passed on from parents to children, emphasizing that the new generations' investment in education is dependent on their parents' education. According to these authors, the investment in human capital is two-stage process: the first stage is mandatory and corresponds to secondary education, while the second one is optional and corresponds to higher education. The authors also point out that enrolling in higher education means that individuals must give up being on the labour market, therefore giving up the potential income they would get if they got employed. In exchange, however, by graduating university they acquire abilities and knowledge which will increase their future incomes.

It is well known that for many individuals, education is the springboard into life, an opportunity to find a better job and to get a higher salary. Nonetheless, in the

light of the above-mentioned, one cannot help but wonder if it is effective to invest in education. Meulemeester J. L and Rochat D emphasize the fact that "choosing to enrol in a certain mode of education will continue to be present among the investment needs and requirements to ensure a faster economic growth"(Meulemeester J. L. și Rochat D. 1995, p. 351), thus generating both social the organizational benefits by enhancing productivity and economic efficiency. At the same time, "education is recognized as a key factor that determines the economic growth of developing countries." (Kitaura K.,2009, p. 615)

#### **The impact of education on income from the perspective of Academic Marketing**

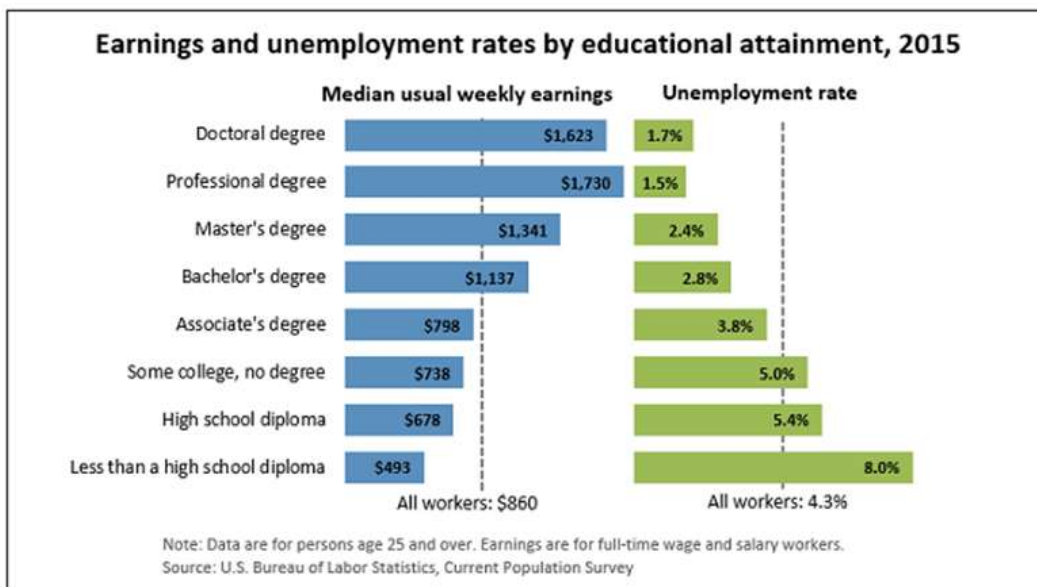
Academic marketing is a modern concept developed by higher education institutions. The correct implementation of academic marketing policies and strategies includes the analysis of the academic marketing mix which becomes an important part of any higher education institution. "The academic marketing mix is made of a controllable set of marketing tools which an institution uses to get the desired response from the target audience. The academic marketing mix consists of everything the higher education institution can do to influence the higher education demand."(Ivy J., 2008, p. 289) By combining the elements of the academic marketing mix, the organizations manage to meet as well as possible the consumers' needs. (Soedijati E. K., Pratminingsih S. A., 2011, p. 2125). Grönroos (1994) thinks that higher education institutions are clearly oriented towards consumers, establishing relationships

with them by providing quality education activities, and in Sharrock’s opinion (2000), when it comes to education, the consumer comes first. Maringe F. (2006) argued that “the universities like any other organizations exist to fulfil the consumers’ needs and a first objective of this mission is that of delivering

satisfaction through the specific academic products and services,”(Maringe F., 2006, p. 130) at both personal and professional levels.

The main benefit of education is earning a certain income level as it can be seen in graphic no. 1.

Graphic no. 1 – The income and unemployment rate by educational attainment



Source: [http://www.bls.gov/emplep\\_chart\\_001.htm](http://www.bls.gov/emplep_chart_001.htm)

According to the data provided by the Bureau of Labour Statistics in 2015 in USA - an example of good practice in academia, PhD graduates earn \$1623 per week while the unemployment rate is as low as 1.7%. Master’s graduates earn \$1341 per week and the unemployment rate is 2.4% while undergraduates make \$1137 per week and their unemployment rate is 2.8%.

But investment in education involves personal, organizational and social benefits, with true relations of inter-dependency between them.

### The benefits of personal investment in higher education

Personal investment in higher education is as important as any other type of investment because the beneficiaries enjoy numerous advantages on the short and long term at individual, organizational and social level, as it can be seen in table no. 1.

Table no. 1 – The benefits of personal investment in education at individual, organizational and social level

	Individual level benefits	Organizational level benefits	Social level benefits
<b>Short term benefits</b>	<ul style="list-style-type: none"> <li>- Employment opportunities</li> <li>- Obtaining a certain income level</li> <li>- Work satisfaction</li> <li>- Knowledge broadening through certain specialized courses</li> </ul>	<ul style="list-style-type: none"> <li>- Increased productivity ensured by a better qualified workforce</li> <li>- Reduction of external recruitment costs (including the necessary time for integration and the risk of employing an unknown person to the company)</li> </ul>	<ul style="list-style-type: none"> <li>- Savings on social benefits expenses (the unemployment benefit as a consequence of the transition from university to the labour market)</li> </ul>
<b>Long term benefits</b>	<ul style="list-style-type: none"> <li>- Flexibility and mobility</li> <li>- Lifelong learning (increased chances to get trainings and knowledge updates later in life)</li> </ul>	<ul style="list-style-type: none"> <li>- Additional benefits (reputation improvement)</li> <li>- Savings (the lack of training needs for new employees)</li> </ul>	<ul style="list-style-type: none"> <li>- Production externalities generated by higher education</li> <li>- A higher tax income thanks to a higher salary</li> </ul>

Source: <http://janderson99.hubpages.com/hub/Education-Cost-Benefit-Analysis-Is-College-and-Higher-Education-Worth-It>

Given the findings of the specialized literature regarding the advantages of personal investment in education, I believe that all these help higher education institutions to better understand the target audience and to provide optimal and high quality services. They put an emphasis on the benefits of such a personal investment in education in order to attract as many valuable students as

possible with a view to ensure the long term success of higher education institutions but also an optimal collaboration with the labour market by providing specialists in all fields of activity. The first individual benefit of education is the chance to get employed after graduating a particular mode of education, as it is shown in table no. 2 below.



Table no. 2 – The employment rate based on educational attainment

**Employment rates, by educational attainment (2015)**  
Percentage of employed 25-64 year-olds among all 25-64 year-olds

	Below upper secondary					Upper secondary or post-secondary non-tertiary		Tertiary				All levels of education
	Less than primary	Primary	Completion of programmes in lower secondary	Lower secondary	Completion of programmes in upper secondary	Upper secondary	Post-secondary non-tertiary	Short-cycle tertiary	Bachelor's or equivalent	Master's or equivalent	Doctoral or equivalent	
OECD												
Australia	75	44	1	64	1	77	83	81	84	84	86	76
Austria	x(2)	28 <sup>d</sup>	1	54	1	76	80	84	77	89	89	75
Belgium	30	37	1	54	1	72	84	78	84	86	91	70
Canada	x(2)	45 <sup>d</sup>	1	59	1	71	80	81	83	83 <sup>d</sup>	x(10)	76
Chile <sup>1</sup>	53	55	1	66	1	72	1	81	85	94 <sup>d</sup>	x(10)	70
Czech Republic	4	9 <sup>e</sup>	1	43	1	79 <sup>d</sup>	x(6)	78	79	87	92	78
Denmark	x(2)	45 <sup>d</sup>	1	64	1	80	91	86	84	89	94	78
Estonia	m	34	1	61	1	77	78	82	87	86	89	78
Finland	x(2)	39 <sup>d</sup>	1	59	1	72	94	81	82	85	88	75
France <sup>2</sup>	46	41	1	61	1	73	59	83	82	86	87	72
Germany	x(2)	48 <sup>d</sup>	1	62	1	79	85	89	88	88	94	79
Greece	26	44	49	55	57	55	61	66	67	79	91	58
Hungary	19	26	1	50	1	73	81	82	80	87	89	72
Iceland	x(2)	61 <sup>d</sup>	1	79	1	87	96	90	90	94	98	87
Ireland	20	38	1	56	1	67	72	78	83	86	88	71
Israel	37	40	1	57	1	73	1	82	87	91	92	76
Italy	31	28	1	55	1	70	74	m	69	81	89	64
Japan	x(6)	x(6)	1	x(6)	1	77 <sup>d</sup>	x(8)	77 <sup>d</sup>	86 <sup>d</sup>	x(9)	x(9)	79
Korea	x(2)	63 <sup>d</sup>	1	68	1	72	1	76	78 <sup>d</sup>	x(9)	x(9)	74
Latvia	7 <sup>e</sup>	29	1	55	70	72	72	86	84	88	93	74
Luxembourg	38 <sup>d</sup>	58	1	66	1	71	79	81	83	87	86	75
Mexico	57	63	70	68	75	71	1	73	80	87	87	68
Netherlands	37	52	1	65	1	78	88	86	87	90	96	77
New Zealand	x(4)	x(4)	1	69 <sup>d</sup>	1	79	86	86	88	87	92	80
Norway	48	43	1	62	1	80	82	84	90	93	99	81
Poland	6	42	1	46	1	67	70	62	83	88	95	70
Portugal	29	61	1	74	1	79	83	1	74	86	92	72
Slovak Republic	c	18	m	36	38	73	74	79	73	81	85	71
Slovenia	13 <sup>e</sup>	33	1	50	1	70	1	77	86	87	92	71
Spain	27	40	1	57	1	68	62	75	78	81	90	65
Sweden	x(2)	42 <sup>d</sup>	1	68	83	85	84	84	90	92	94	83
Switzerland	52	65	1	70	1	83 <sup>d</sup>	x(6)	x(9)	89 <sup>d</sup>	89 <sup>d</sup>	93 <sup>d</sup>	84
Turkey	34	50	1	59	1	62	1	68	78	86	92	58
United Kingdom	m	41	1	59	77	84	1	83	87	86	90	78
United States	52	58	1	54	1	69 <sup>d</sup>	x(6)	77	81	84	88	73
OECD average	33	43	m	60	m	74	79	80	82	87	91	74
EU22 average	25	38	m	57	m	74	77	80	81	86	91	73

Source: OECD Indicators (2016), Education at a Glance 2016, ISBN (print) 978-92-64-25979-9, ISBN (PDF) 978-92-64-25980-5, p. 103.

It follows that the highest rate of employment in the case of undergraduate studies can be found in countries such as Iceland, Norway, Sweden (90%), Switzerland (89%), Germany and New Zealand (88%). In the case of graduate studies (Master's level) the highest employment rate is in Chile, Iceland (94%), Norway (93%), Sweden (92%), Israel (91%), while in the case of PhD graduates the

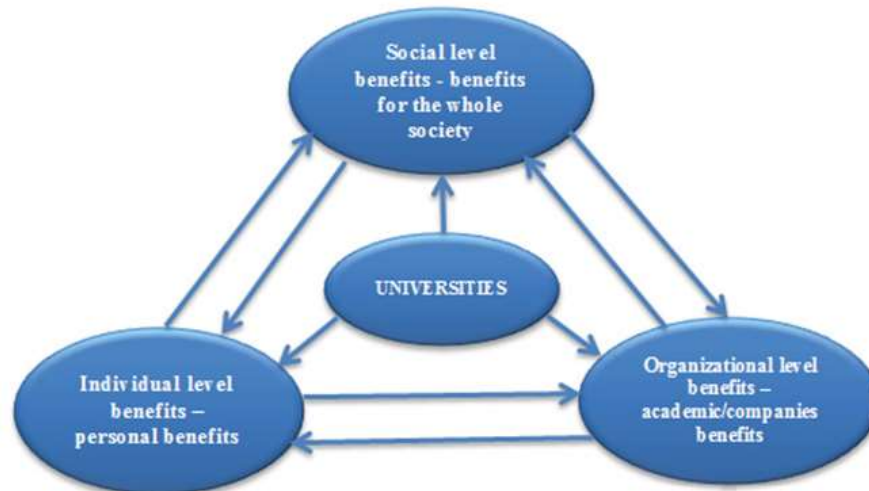
highest rates of employment are in countries such as Norway (99%), Iceland (98%), The Netherlands (96%), Poland (95%), Denmark, Germany (94%), Latvia, Switzerland (93%), the Czech Republic, Israel, New Zealand, Portugal, Slovenia, Turkey (92%), Belgium (91%), Spain and the United Kingdom (90%). Thus, in many countries, a high level of education leads to employment rate growth.

### The development of a conceptual model on the benefits of personal investment in education from the academic marketing perspective

Higher education institutions through the education they provide are considered to be an extremely important resource for the future of a society because it contributes to

the development of knowledge. To this end, universities through their mission to create and disseminate knowledge have an innovative function in all fields of activity of a society and provide a series of benefits to those who hold degrees at individual, organizational and social levels due to the interdependency relations among these which can be seen in figure no. 1 below:

Figure no. 1 – The interdependency relations among education benefits



Source: own research, inspired by

<http://janderson99.hubpages.com/hub/Education-Cost-Benefit-Analysis-Is-College-and-Higher-Education-Worth-It>

Education benefits at individual level (personal benefits) – such as higher chances to employment, higher income, work satisfaction, ability to carry out sophisticated work, ability to perform the work in the required time, i.e. adaptation to deadline, ability to use modern technology, sense of responsibility, ability to work in team – generate positive effects not only at organizational level (academic/companies benefits)

– on the universities where the individuals studied through continued collaboration with alumni, on the companies/institutions where they work by increasing the number of skilled employees, on the collaboration between the higher education institutions and the business environment in order to ensure student internships, on the reduction of staff recruitment costs, etc. – but also on social level (benefits for the whole society)

– the reduction of unemployment rate, the increase in work productivity, the increase in the number of specialists in all areas of expertise. Universities through the education they provide contribute to the economic growth, which in turn have positive effects on individual level. Consequently, there are true relations of inter-dependency and mutual influence among these three categories of benefits.

### Conclusions

The benefits of universities resulted from the increase in the number of students lead in time to positive effects on the one hand at individual level, such as the personal satisfaction of students when obtaining their higher education degree and the knowledge and skills gained during university, and on the other hand at the social level, considering the highly qualified workforce which will lead to the increase in the number of specialists on the labor market. Moreover, social level benefits - represented by the increase in work productivity in the specific fields of these specialists not only generate organizational level benefits - through efficiency and profitability improvements, but also individual level benefits, given the increase in income, permanent accumulation of knowledge through lifelong learning by attending trainings and professional satisfaction, reduction of unemployment rate.

Higher education by providing education, is the basis of an individual's professional

pyramid, becoming a development pillar of the global societies and generate individual, organizational and social benefits. The more innovative universities are, the richer a nation is. The economic growth depends on the usage of knowledge at global level, globalization being one of the elements that facilitate the international economic and social development, and consequently universities become the main actors. These have a few key values which ensure individual and social welfare: effective communication with all classes of public, high level of satisfaction when it comes to the consumers' higher education needs, the development of the entrepreneurial spirit and teamwork, the concern for the permanent development of quality and professionalism, the creation and implementation of innovation at all levels, the creation of partnerships with the business environment. This is why academic marketing orients the actions of higher education institutions towards consumers, represented especially by students, in order to meet as well as possible their knowledge needs but also those of the society as a whole by preparing specialists in all fields of activity.

Academic marketing plays a major role in generating benefits because its use involves quality, it leads higher education institutions to orient towards consumers, to better understand the market and society education needs, while the academic marketing mix analysis contributes to an in-depth understanding of the benefits of personal investment in education.



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