

# The Distinction of Having Different Level of Education in Determining Socio-economic Status

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**Abstract.** This paper would examine the roles that education played in current societies in determining one's economic returns in the society, and the cause of the trend. When the world is experiencing rapid technological and social development, the role of education was continued to rise that it started to impact one's economic return and social expectations and status. In estimating the different social changes resulted in the impacts, the paper could inform the economic returns between people with different level of education background. This paper would further explained how possessing higher education background could resulted in differences incomes and expectation from the society, and explained the causes of the pattern in the society corresponded to technological development and available of education for most of the people in the world, and aimed to drew the importance of having higher education importance in determining one's socio-economic status that helped people recognized the importance of educations in the society and helped make decisions on their life upon education.

**Keywords:** Socio-economic Status; Education; Advanced Technologies Development; Unemployment.

## 1. Introduction

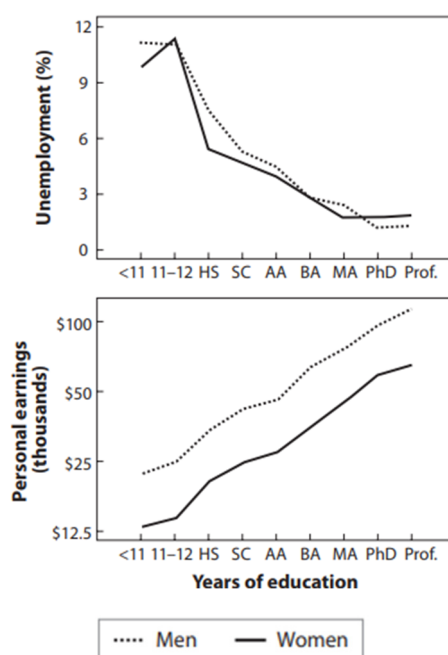
In the past, some people pursued higher education background and believed that it could bring them a relatively stable income and into privilege class. This trend had somehow challenged by the rapid emergence of technologies that promoted a new views of world and value. Currently, many people failed to recognize that attending certain education level such as university or even get a master degree became indispensable for people who desired for income growth and raise in social status in the future. Although the high-penetrability of Internet provides more working opportunities for people who don't have substantial education level than the past, people who possess higher education background are guaranteed to have a more stabilized and exponential incomes growth in the future. To prove the point, this paper collected data to estimate the role of having different education background would impact one's socio-economic status he or she obtained. After viewing some data that evaluate people's income with different education background, the differences in the income would not be seen straightforward in making a huge differences. Some people started to believe education was causing too much time to be spend and decide to enter society and become labor force earlier. This ideas failed to recognize the potential benefit of having higher education such as attending college or get a master degree could help one establishes huge increase in income as they get along and becoming more experienced. Most importantly, higher education could help one by making them more valuable social capital and followed the pattern of the society as technologies and other factor evolved.

## 2. Literature Review

In the late 20century, education was not emphasized in many places that many people decided to enter workplace earlier to get more experiences in society, and there are many people who started their own investments instead focusing on education. And the pattern could be seen in some current views, state attending college does not worth it cost that there aren't a huge income gap between people who only own high school education background and those attending college, and people need to spend 4 years in order to graduate. In define the high education background, it would be infer mainly master degree in at least one academic field. From Infoplease, a website collected data from

the Columbia Electronic Encyclopedia and the Random House Unabridged Dictionary, enumerates average annual income of graduates from college and high school in 2020.[1] While having high school education background could get around \$26653, college education background guarantees with about \$31,734. However, the role of having higher education becomes more essential and indispensable for one's ability to reach high socio-economic status in their future. With the rapid growth of technological development, people who own higher education background are consider as more valuable human capital and they have the capabilities to get higher wages since they are scarce in number. Furthermore, the gap between people in different status has increased in the recent years. In Hong Kong, where known as the commerce center in the world, the rich and poor gap is the most extreme, the richest 10% of the population occupied most of the resources in the society, and follow with these patterns of income inequalities that exaggerated in the 21st century, having higher education became more important and indispensable that could guarantee them higher socio-economic status and opportunities to rise in their future.

In discussing the importance of education from different perspective, there are many reasons that education should be put in a more essential position in current day society. Some voices has proposed that one should consider to get to jobs earlier that could help them get more working experience and time to accustomed with different working conditions and issues. This perspective was supported by people started adopt consumeristic ideas and spent money more on entertainment and human services. And the widespread of social media allowed more career employment taken online for entertainment and service institution without requirement of high education background, propagating many jobs such as delivery man , coach, and game blogger that could people could have access to online. One of the most common seen digital company doing delivery service named Meituan, offered food and movie ticket services on internet. In Jobui, an employment site where employees in different enterprises share experiences and opinions and companies posted their employee needs. [2], delivery men from Meituan shared their wages and working condition about them. These delivery job could earn them about nearly 2000 dollars monthly. However, these required them to work for more than 12 hours a day and many employees complained that they hardly have pretty tiny income growth for several years and no welfare guarantee to them. To get further into the case, people with higher education would tend to have commit fewer crimes and participate more in civic life[3]. At the same time, higher education could provide one with more stable earning and exponential income growth.

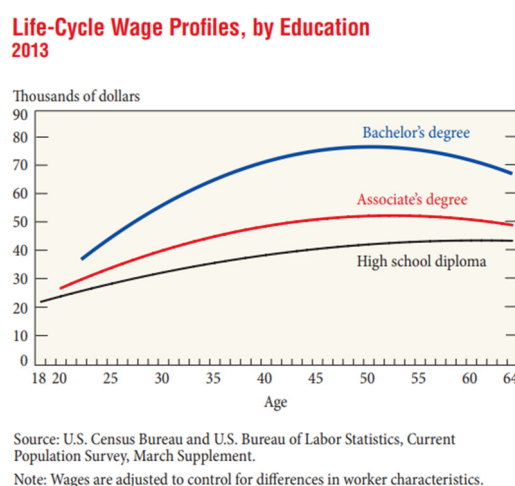


**Figure 1.** Income range in United State in America between 2007-2009 after adjusted of inflation of Consumer Price Index

Key to education labels: <11=0-10 years completed, 11-12= 11 or 12 years completed without diploma, HS=high school diploma, SC=some college, AA=two-year degree, BA= four-years degree, MA=master's degree, PhD=doctoral degree, Prof.=professional degree (e.g., JD, MD, DDS). Source: author's calculation from the US Census Bureau's March Current Population Survey, person 30-54 years old (see King et al.2010).

In Figure 1, there is a clear pattern seen that higher education background could bring one higher income growth and less chances of unemployment. From each level of rising, there is a more beneficial economic outcomes guaranteed in for both genders. This was resulting in college and higher education levels would cultivate one's problem solving abilities and advanced understanding on certain science or sociological fields that allowed them to get more advantages when addressing to technological development and success in their jobs. These skills such as the abilities to stick with a task from start to finish, to get along with others, to interpret vague instructions correctly, or to solve practical problems quickly can all contribute to success in school and on the job. These things have been termed by some as noncognitive skills[4], were taught in a positive selections that higher education background could get more benefits from it through continuing practices and which education played a slightly role in improving one's ability to reach economical progress.

More evidences shown in Figure2, research [14] done in 2014 collected data which illustrated the income trends of the people in United State classified on their education background, the census collected citizen's income in terms of their education level and changes during several ages' era.



**Figure 2.** Life-cycle wage profiles, by education 2013

With higher education background, there would be a higher exponential growth depicted for one's income. At the same time, it also provide more steady earning throughout different life era because education could guarantees jobs that are technological and focus on social development that sustained the society and brought more long term advantages to these knowledge possessors. This could be also seen as the pattern that the globe was seeking for betterment through higher education. Adam Smith remarked in *The Wealth of Nations* (1776), 'the desire of bettering our condition... comes with us from the womb and never leaves us till we go into the grave' (Smith 1979, p. 441). When the society is improving, the social demand for higher educational opportunities is consistent and rising, and this make education especially importance for people who desired to earn higher economic returns in the long run that they could get sufficient incomes regarding inflation and other issues that might happen because higher education obtained knowledges that are more practical under many careers.

This trend of having higher education background could resulted in more stable income growth and higher chance of success could be seen as a continuity from the past. Even in the mid 20century, there were ideas suggested the importance of education in mattering one's income. The potential raise in earning for people with higher education background lasted longer time than those who only

obtained high school education[5]. In figure 3, it illustrated a research done in the last centuries on the relationships between the mean income with the education background, and depicted the changes within employee's ages.

TABLE 2. — MEAN INCOME AFTER TAX BY AGE AND YEARS OF SCHOOL COMPLETED \*

| Age   | Years of school completed |       |       |       |             |       |         |           |
|-------|---------------------------|-------|-------|-------|-------------|-------|---------|-----------|
|       | Elementary                |       |       |       | High school |       | College |           |
|       | 0                         | 1-4   | 5-7   | 8     | 1-3         | 4     | 1-3     | 4 or more |
| 14-15 | \$107                     | \$125 | \$ 89 | \$119 | \$125       | \$769 |         |           |
| 16-17 | 247                       | 309   | 275   | 283   | 227         | 371   | \$352   |           |
| 18-19 | 366                       | 619   | 737   | 876   | 680         | 793   | 528     | \$855     |
| 20-21 | 619                       | 904   | 1106  | 1452  | 1474        | 1564  | 860     | 904       |
| 22-24 | 782                       | 1149  | 1445  | 1776  | 2024        | 2158  | 1567    | 1663      |
| 25-29 | 994                       | 1406  | 1756  | 2164  | 2443        | 2745  | 2655    | 2878      |
| 30-34 | 1082                      | 1585  | 2005  | 2478  | 2790        | 3202  | 3642    | 4461      |
| 35-44 | 1374                      | 1714  | 2191  | 2750  | 3115        | 3614  | 4390    | 6044      |
| 45-54 | 1575                      | 1878  | 2351  | 2899  | 3296        | 4062  | 4842    | 6835      |
| 55-64 | 1670                      | 1789  | 2170  | 2633  | 3027        | 3844  | 4374    | 6360      |
| 65-74 | 1037                      | 1137  | 1455  | 1751  | 2132        | 2692  | 3080    | 4757      |
| 75-   | 583                       | 682   | 837   | 1004  | 1373        | 1784  | 1996    | 3001      |

\* Based on 3½% sample from total U.S. male population. Income and federal tax rate in 1949.

**Figure 3.** Illustrated a research done in the last centuries on the relationships between the mean income with the education background, and depicted the changes within employee's ages

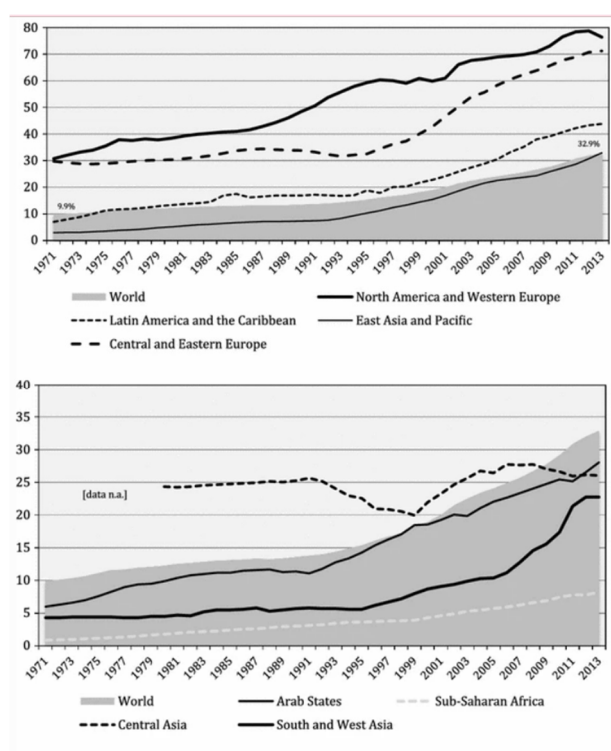
The income differences between different education background population was getting more and more expanded when employees get older and more experienced. This also reconcile with the point made in Social and Economic Returns to College Education in the United State [3] that attending education could maintain a more stable income growth. From the point discussed, the benefits of owning higher education level could guarantee one with huge amount of advantages in socio-economic status compares to population with only high school education level. For career mentions front such as delivery man or game blogger, employees need to experience more risks and chances of being unemployed since they relied on their prime of life to bring their wealth. These groups of people would reach their minimal wages earlier since they hardly experience income growth and lived upon their time spend on working[5]. Recognizing the trend, people should attending higher education if their family allowed because the advantages guaranteed through higher education would follow oneself in their whole life, regarding the changes in different conditions and ages. This is important in helping one make decisions for the choice of education that having higher education would always be the most optimal suggestion that one could have and the role of education would continued to rise in the future with the growth in society development.

Another factor that made having higher education background more indispensable was the universal access to certain level of education in most of the countries on earth. As the society developed rapidly, more and more people are available and have the capability to afford education for their child. And addressing the point, the number of people that owned degree has slightly increased. In United State, the total graduate and professional degree enrollment increased by approximately 35%, from 2.2 to 2.9 million students between 2010-2013[6]. And research found the pattern that the economic return for people who own degree increased in a tremendous rate compares to college and lower level. The earning advantage of college graduates over high school graduates increased only 6% from 2000 to 2013 versus a 17% increase in the relative earnings of those with a graduate degree [7]. When trying the analyze these changes into a single claim, it brought the argument back to the point that education help cultivate important human capital that worth great value. As human capital theory, offers a straightforward account of both selection into and rewards for graduate and professional education: the expected benefits given must outweighed the cost to motivate one to make the choices[8]. There are many requirements for people who pursue degrees to consider such as risks and costs that one could experience. Education was concluded as a positional good for many people that balancing benefits and costs for it. However, the expectations for education has been raised for these centuries that it started to be view as material that one must possess to get

into higher status and earning. Many people started taken post-baccalaureate even after their undergraduate. In United State, bachelor's degree attainment rising from approximately 5% of 25–29-year-olds in 1947 to more than 30% in 2013 [9]. This growth trend resulted in the more drastic competitions existed between having higher education background that it started to shift to some goods that one needs to purchase for not lag behind of the majority, and resulting for the exaggeration of the importance of education in determine one's socio-economic status that having degree is no longer for the minorities but many people could have access to. This raise the basic standards for the employments demand and that having higher education level started to become a tool for competing with peers and indispensable for people who wanted to achieve higher socio-economic status.

In China, there are also impacts of different education level on one's income and economic return. Currently, there has been increase in trend of income inequalities that mainly caused by the huge differences between employees' ability. And when research applied to evaluate the cause of it, different education background among employees was one of the central claims correspond to the cause of it. With a different education system from Americas that people attend education in a more organize way, the similar pattern was seen that having higher education background such as owning degree could guarantee one with a higher economic return.

In further prospection, the most prosperous provinces in China, Guangdong, depicted this pattern of the relationships between level of educations and economic return in the future, In a research done by South China Market Of Human Resources in 2020, illustrating a more recent collection of relationships of income of the people in Guangdong and their correspond education background. When the employees first entered working space, the differences was in a small range between different educational group of high school and master degree. But several years of gaining experiences, people with higher education background such as owning master or bachelor degree would experienced about more of 80% net growth of their income than those who only own high school background. These differences were resulted not only in abilities, but also demonstrated the reflection of society's expectation views on the importance of education. People with higher education tend to have more opportunities experiencing income growth since they have better skills in specific fields and being put in a higher expectation in achieving their text.



**Figure 4.** A staggering changes over the rate of high education groups for people pursuing more economic return

The world currently evolved rapidly and there is higher participation in higher education group. In 1971, 9.9 % of the world school leaver age cohort enrolled in tertiary education of 2 years or more in duration, Footnote 2 8.4 % of women and 11.5 % of men. Higher education was mostly a small elite sector, with most graduates becoming professionals or managers. In 2013, Of the school leaver age cohort, 32.9 % entered higher education. Graduates entered a wide range of occupations across and down the labor markets. Mass higher education was the global norm and was moving towards something more universal. More than 100 hundred countries have over half of the population passed high school data [10].

In Fig4. the x-axis represents the year while the y-axis represents the amount of people that obtained some sort of education background high school. It could be seen that globally people started having higher education background that in developed states such as North America and central Europe, people experienced much more competitions in their jobs career. Started from decades ago, the expansion of education participation was boosted. The amount of people owning some sort of degree has increase of 1 % a year means 20 % in 20 years. A staggering changes over the rate of high education groups for people pursuing more economic return.

When research focused on the importance of education, further examination could be shown between different cultures with different educational system. In an industrialized and developed place such as Hong Kong, when government mandated free and compulsory primary school and provided substantial funding for this mandate, it appeared that educational opportunities for children from all socioeconomic backgrounds increased [11]. Due to harsh working conditions and career guaranteed in more developed place, attending higher education level was more important that only provide higher economic return, but also helped one raise their status in high social stratification society. The world is evolving with the rapid growth in technologies, and people started entering more developed place for jobs, these education would act as a key that connect to the growth of the society, and ensured long term benefits that outweighed the cost potentially.

Follow with the technological development of the society, more jobs started to be replace by technologies intelligence. It could be wide seen that technological improvement was exploiting the labor market and causing unemployment. For capitalism beliefs, technologies could helped increased the productions while decreased the cost of it at the same time. "In neoclassical theory, production growth is endogenous and depends-in the long term-on the rise in productivity and the expansion of the economically active population. In that context, technical change entails an increase in income due to the rise in productivity and the quality of the goods, given a certain level of the workforce"[12]. Particularly in many Industries, jobs such as drivers, cleaners, and manufactured productions started acquiring artificial intelligence to help with the efficiencies and qualities. People started to shift to services industry. From statistic collection from the [13], published a table listing 72 occupations, and the likelihood they would be computerized. In Mexico, data shown that in recent decades, technology applications have been replacing medium-skilled labor [14]. It also explained the motivation for the increase in need for higher education level that doing works that required more specific and deeper skills would reduce the chance of getting unemployed or replaced by the advanced technologies.

### 3. Conclusion

Education has being playing a more important role in current society that higher education background provides people with abilities to get into jobs that guarantee more stable economic returns in different age era and exponential growth in their income. Furthermore, education started becoming a positional good that could be held as some form of identity that people could have higher expectation on, thus provided higher education groups with more treatment and sufficient incomes. Education could helped one becomes more potential especially in rapid social and technological development that the learning could support them to career with more specialized fields that they job would not be replaced by technologies. On the other hand, certain level of education was granted for

most of the people in the society that only by possessing higher degree such as bachelor or master degree oneself, it could reduce the competitions of your peers. Owning higher education background was indispensable for people who want higher economics returns and socio-economic status and for the 21<sup>st</sup> century it becomes an essential part of the society that we should pay more attention for, if examining it from a economical and social perspectives.

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