

Government Arts college – Autonomous, Coimbatore -18
Department of Economics: II Master of Business Economics: VI SEMESTER
Economics of Human Resources: 18 MEC 43C

Unit: II

Educational investment: characteristics

1. External benefit to the society, organization in cultural aspects
2. Consumer expectation for more quantity and quality
3. Investment aspired for more returns and goodwill.
4. Long gestation period between learning and earning
5. Non-depreciating asset of the longest period.
6. Returns proportional to the qualification, skill and training

Educational priorities

Education priorities refers to the expectation out of such an education, generally it would mean a sumptuous salary with perks, a good business, prestige and social status.

Accordingly, the students and their parents would prefer the Academic or Vocaitonal sreams, Arts or Science disciplines, or some focused courses.

Rate of return on investment in education

This is the ratio of investment to its earnings.

The cost or expenditure of education brings a lot of benefits to the individuals and the society. However, all the benefits are not directly measurable. For example, a change in attitude.

A specific training course may bring promotion for a person. That training course may cost the person some cost. But, the person could evidently appreciate its return. The return may be in terms of a job, promotion, salary increment or rise in perks. Here, the benefits are direct and quantifiable. And the returns is in the short period.

In University education, the person takes a long period of time to complete his education, And the person waits long for a suitable employment. Here, there is direct returns but with a long gestation period.

Benefits of education

Types of benefits

- Direct benefits
- Indirect benefits
- Private benefits
- Social benefits

The above benefits brings the following specific advantages.

1. Higher earnings
2. Creation better commodities and services
3. Happier and secured life.
4. Poverty Reduction
5. Social prestige and status
6. Sense of Accomplishment
7. Higher **Productivity**.
8. Better Communication.
9. Critical Thinking Skills.
10. Greater **Discipline**.

Contribution of education to economic growth

Education enables the provision of skilled and trained man power to the society. This could be used in production and distribution sectors or in administration.

The economy gets many benefits as listed below:

1. More and better goods and services
2. Higher income generation for individuals and organisations.
3. Cost reduction, avoidance in specific sectors or sub sectors.
4. Utilization of hitherto unutilized or under utilized human and natural resources.
5. Environmental friendly and sustainable development approach