

**Key Concepts:**

professional development  
 supply and demand  
 marketable knowledge  
 Marginal Market Value

## Chapter 5

## Strategies for Maximizing the Market Value of Your Degree

In the movie *Groundhog Day*, Bill Murray’s obnoxious character, Phil, can’t help but scoff when he learns that the object of his desire, Rita (played by Andie MacDowell), spent her time in college studying 19<sup>th</sup> century French poetry.

“What a waste of time!” he snorts, before he learns yet another lesson from that endlessly looping day: You shouldn’t belittle other people’s passions, especially if you want them to like you. Phil tries to soft-pedal his scorn by calling Rita’s college major choice a sign of an incredibly strong and bold person.

But another lesson of that recurring scene is that Phil’s initial instinct, while impolite, might be right: Are you kidding? You thought you could find a job with that?

Rita’s *paying* job, after all, was to produce Phil’s weather segments, not write, interpret or simply enjoy the beauty and depth of long-dead French poets.

That 1993 movie (yes, we realize that was around the time you were born; think of it as an oldie but a goodie) was illuminating in ways beyond its mystical Zen storyline that had Phil reliving the same day over and over and over until he finally became a better person. The film also

## 74 • Making College Pay

inadvertently tells us something about the changing nature of a college education. *In a knowledge economy, some kinds of knowledge have more market value than other kinds of knowledge.*

That's a fact. Actually, it always has been a fact of life of capitalism. Doctors (one type of knowledge) have tended to earn more than nurses (different type of knowledge). Engineers (one type of knowledge) have tended to earn more than assembly workers (different type of knowledge). Professors (one type of knowledge) have tended to earn more than preschool teachers (different type of knowledge).

A college education today is different than it was decades ago. Because more and more employers are requiring bachelor's degrees among entry-level workers, college has become more directly tied to employment. That's partly because many jobs have become more technologically complex. But it's also partly because employers consider a college degree to be a great screening tool. The fact that you have earned a degree tells them a little something about not only your aptitude but your perseverance. Whether you really need that particular degree for that particular job is another matter.

Many people in higher education, especially those with a more liberal-arts leaning, don't like to admit this, but the business of college, especially for the traditional 18-to-22 age group, is now largely about *professional development*. The pursuit of a bachelor's degree for the vast majority of students heading off to college each year is about getting a job. Plain and simple. Yet, the structure of college is still geared around *personal development*. That's why you will still face all those general education requirements of philosophy, foreign language and history even though you plan to be an engineer or a computer programmer. That's also why you'll still have the option of pursuing your passion for comparative French literature and art history even though the prospects of your landing a job in either of

those fields are pretty slim.

Our point here is not to suggest that having a passion for French poetry or art history is bad. It's merely to point out that there's a difference between knowledge and *marketable* knowledge. A knowledge *economy* doesn't reward all knowledge; it rewards marketable knowledge, or knowledge that someone (an employer) is willing to pay for.

You're not the only one struggling to make a good decision about your field of study. Colleges are struggling with this themselves. They have long experienced a tension between their personal development mission (think of the intellectual and moral growth that humanities classes encourage) and their professional development role (think of the skills acquisition that occurs in fields such as business and medicine). Yet, over the past decade or so, a clear winner in this academic tug-of-war has emerged: professional development. The overwhelming majority of students go to college today because that's their most likely path to a decent-paying job.

The more the knowledge economy values your major, the bigger the spread between the salary you will earn with a bachelor's degree and the salary you might have earned without one. The higher the Marginal Market Value of your degree, the quicker your education investment will be repaid. So what are some strategies for increasing the odds that you have a degree with higher market value in the knowledge economy?

**MMV Strategy 1: Understand the implications of supply and demand.**

Supply and demand is a fundamental concept in economics. If you want to approach the college decision in a more business-like way and treat it like the significant financial investment it is, you need to understand the implications of supply and demand. Why is it that most undergraduates who major in accounting make so much

## Reality Check

What does all this discussion of the changing marketplace and the changing college mission mean to you? Well, it means that it's up to you to choose your field of study wisely and with a realistic view of the end goal. You need to focus on acquiring skills that will help you get a job after graduation. This doesn't mean you can't pursue your passions for fields that are not as highly valued or as highly demanded in the knowledge economy, but it does mean you will need to think about ways to make your passions marketable or minimize your investment — or both. You don't want to make the same mistake that far too many students do of spending a lot to acquire knowledge that is little rewarded. That's how we end up with well-educated English majors working as Starbucks baristas and drowning in debt.



more money than equally talented students who major in history? Whether you think it's fair or not, that's the powerful force of supply and demand at work.

Differences in the market value for knowledge are based on two things: 1) the value of the knowledge itself and 2) how much of the knowledge is needed in the current economy. Let's assume for the moment that all knowledge has value (No. 1). If that's the case, then what must make a big difference in the knowledge economy is No. 2.

To illustrate this, let's think about a particular field. The knowledge economy has some demand for people who specialize in, say, Ancient Middle Eastern Art. It's a small demand, but, as we noted earlier, all knowledge has some degree of value. The problem arises when there are more Ancient Middle Eastern Art majors than there is demand in the economy. When that happens, the market value of the degree is going to be lower. That's because a lot of people are competing for just a few jobs.

This is why some degrees in some knowledge areas are always going to pay more than others. Those fields with

higher pay tend to have fewer workers with the right match of in-demand skills. In the marketplace today, we tend to have more history and psychology majors than we have jobs for people with those particular sets of knowledge. That's why history professors tend to make less money than economics professors and why a large number of psychology majors work as office managers and customer service representatives.

That's the economic reality you need to understand and operate within, but that reality does not need to keep you from pursuing your passions and your dreams. If you have a burning desire to study a field that is not in high demand in the knowledge economy, go ahead. But you owe it to yourself to think about ways to make your passions more marketable or pursue strategies to minimize your education investment – or both. You don't want to make the mistake that far too many students do: Assuming that whatever field they study, they will be amply rewarded. That kind of thinking drives far too many students to invest a lot of money and time to acquire knowledge that brings them little financial return in the marketplace.