

EconWorld2014@Prague

The Effect of Student Effort on Output and Welfare and Educational Standards

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ABSTRACT

This paper is a theoretical attempt to better understand the effect of various factors on the effort students devote to learning and, in turn, the effect of student effort on output and welfare. The factors included into the analysis are individual (ability and family income), institutional (educational standards and quality of education) and economy-wide (labor market conditions, income distribution and government policies). One basic assumption of the study is that students decide how much effort to put in acquiring educational skills according to their calculation of potential future benefits and current costs resulting from studying now. Two other important assumptions are that there are large disparities between students in terms of ability and income and that labor markets do not operate smoothly due to imperfections. These assumptions are not unrealistic for a developing country environment, of which this study is mainly concerned. Two models are developed in an attempt to find answers to the following main questions: 1. What are the results in terms of output, income distribution and welfare of a government policy focused on manipulating student effort by setting educational standards? 2. How do imperfections related to labor markets (labor surplus, asymmetric information and skills mismatch) shape student effort? 3. Is it possible to get a better understanding of some aspects of Turkey's higher education experience and to draw some policy implications by using the insights from the models?

KEYWORDS Student effort; innate ability; educational standards

JEL I28