

Investment in Human Capital by Families

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ABSTRACT The family spends its resources on one of the most common goal, i.e. "education of children" from its goal complex, considering it as an "Investment in human capital. This increases productive capacity of the individual yielding a stream of economic benefits over his working life. Rising expenditure on education including heavy school fees and private coaching fees is a common phenomenon of urban areas, taking away a large share of family's income. To have on empirical evidence a study was conducted with the aim to find out goals set by families for education of children, the facilitating practices and expenditure on education of children. A descriptive survey of parents of 130 children studying in tenth, eleventh and twelfth standards was conducted through questionnaire which also contained a scale to find out "education facilitating practices" of parents. Majority of the fathers were businessmen, half were graduate and the mean monthly income was Rs. 20,444/-. Nearly half of the parents had set 'Masters Degree' as goal and majority had great commitment to achieve the set goals. Three fourth of parents considered education of children as "investment in human capital". Majority of parents followed good practices for facilitating child's education. The mean yearly expenditure on education was Rs. 12,939/-. Amongst all the items "Private tuition fees, required maximum expenditure. Almost all the respondents always managed expenditure from their regular income. ANOVA showed variation in practices with education of father, family income and class of study. Expenditure varied with class of study. The study indicates that families must make adequate provision for heavy expenditure of education of children.

INTRODUCTION

As soon as the family is established, it sets certain goals, may it be at a conscious or sub-conscious level. These are the ends that families are willing to work for (Nickell and Dorsey, 1967) in order to achieve satisfying life. When a family lives goal directed life, it has desire or obligation to attain ends. This feeling is conceptualized as commitment, which reflects the willingness and determination of the family to allocate all the possible resources to attain their goals.

Although each family has its own "goal-complex", there are certain goals which seem common to all the families. Overall development of family members and appropriate management of family resources for that purpose are the common goals for each family. The family spends resources on individual family members, firstly, because it is a fundamental function of family to provide for needs of all the family members and secondly each individual is considered as "Human Capital" and the family invests into that capital as it does for other forms of capital.

Can human being be viewed as a capital? Yes. In terms of economics, capital is that which is a factor of production and which helps to enlarge productive potential of the society. Human being

is a capital asset, which yields a stream of economic benefits over his working life. Human capital is a part of man (Schultz, 1971). It is "Human" because it is embodied in man and it is "Capital" because it is a source of future satisfaction or earning or both.

Human capital, unlike other physical assets, can not be sold but can be acquired by means of investing in oneself. Investment in human capital includes all activities that increase human resources (Nickell et al., 1976). Expenditure on human resource and development came to be regarded as an investment. (Dhingra, 1988). It seems to be perceived as a process of contributing to and developing of the quality embodied in human beings (Mathur, 1981).

Investment in Human Capital is widely viewed as the expenditure on education, health, training, career related knowledge and skills which improve the productive capacity of the person, increase his adaptability to the changing requirements of the economy, improves the quality of human being and increase the future monetary income potential of a person, family and the nation at large.

Of these, education has received most of the attention and health falls the next. Expenditure on these take a large share of our country's

budget. The data are available for the nation as a whole but the scenarios of the household sector remains rather less clear. But it is the household which is the shaper of the life of an individual.

Education promotes economic growth for the country. It is recognized that the educated earn more than the less educated; they hold pleasanter jobs, their earnings rise faster and are higher relative to the earnings of the less educated. Education serves to develop individual to become competent and responsible citizens by giving men and women an opportunity to acquire an understanding of the values and philosophy of their life (Swanson, 1981).

The government has taken measures to provide education with very little fees but attending school/college is far from free. Schultz (1971) states that "if education was free, people presumably would consume it until they were satisfied, and they would 'invest' in it until the return of education was zero". But the reality is very different.

Private tuitions and coaching classes and other related aspects constitute a major head of the family budget these days. A family having a goal of good and higher education for the children needs to make adequate provision for such large expenditure. But what is the expenditure in general required for this purpose? How to make provisions for it? What cost the families have to bear in order to keep the commitment to fulfill the goal of education of children? Which practices do the parents follow to facilitate education of children? Answer to such questions would provide some guidelines to other families so as to make suitable provisions from the beginning. The experts from Home Management can guide the people for efficient management of their resources. A review of relevant literature indicated dearth of research in this direction. With this background a study was undertaken to analyze the goals, practices and expenditure of families regarding education of their children as investment in human capital.

The specific objectives of the study were as follow:

- 1 To identify goals of families regarding education of children.
- 2 To probe in to the reasons for incurring expenditure on education and problems faced in keeping the commitment of the set goal of regarding education of children.
- 3 To study the practices followed by families

to facilitate education of their children.

- 4 To investigate the amount of the expenditure incurred and the sources of financing.

METHODOLOGY

The research design was descriptive in nature. The sample comprised of those families whose children were studying in 10th, 11th and 12th standard of 3 selected schools of Baroda city in the academic year of 1999-2000. Sixty children studying in each standard were contacted through systematic random sampling thus making total sample of 180 families. Due to non return of some questionnaires, the sample ultimately comprised of 130 families – 50 from std 10th, 30 from 11th and 50 from 12th std. Either of the parents were the respondents of the present study. The data were collected through questionnaire which comprised of several sections.

The standard of study of the child, education and occupation of father and mother, total income and size of the family were the independent variables whereas the intervening variable was practices regarding facilitating education of the children and the dependent variable was the expenditure on education of children to collect information in relation to the objectives of the study. A summated rating scale was developed to assess the practices regarding facilitating education of children which had 3 point continuum. The respondents were required to indicate the frequency of following the stated practices whether always, sometimes or never. Scores of 3 through 1 were ascribed to the responses. The possible range of minimum to maximum was divided into 3 categories having almost equal interval. The higher scores indicated good practices and lower, the poor practice. The scale was subjected to establishment of content validity and reliability through split-half method ($r=0.65$).

MAJOR FINDINGS

From the total sample about 71 percent of fathers of the children in reference were engaged in business. About three fourth of the mothers were employed. About 49 per cent of the father as well as mothers were graduate and 35 per cent fathers were post graduate. The monthly income ranged from Rs. 10,000 to 28,000 with a mean of Rs. 20,444. The mean number of the family member were 4.38. From the total sample 83 per cent were

boys and only 17 percent were girls, hence, gender wise analysis could not be done.

Generally the students of the tenth, eleventh and twelfth standard join coaching classes or take personal tuitions since the quality of education provided in the institutions poses a question mark. Taking advantage of this drawback private coaching classes have grown like mushroom specially in Urban areas. Private tutors are also at an advantage. As per the principal of demand and supply and its effect on price, the fees of these tutors and coaching classes are also very high, which may take a lion's share of family's income. Moreover Baroda being fairly developed city, there are several classes running for personal development such as to improve the English speaking, Personality development, Computer/ typing classes etc. Children take advantage of these.

The present investigation revealed that all the students studying in eleventh and twelfth standard and majority of the students of tenth standard attended tuition classes. A little less than half of the students from all the groups attended computer classes.

Set Goals and their Commitment for Education of Children: The goals set by the families may range from short term to long term. To achieve long-term goals, several short term goals have to be achieved. About 46 percent of the parents of total sample had set "Obtaining masters' degree" as long term goal for their children. Nearly 20 percent fathers had set "qualification in engineering line" as the long term goal.

Nearly 85 per cent of parents had set short term goal as that "the child should achieve first class in each test". A very wide majority (89%) of parents set the goal for their children as to "they should attend the school and/or classes regularly". About 75 percent of parents had set short term goal for themselves as "they would give time and attention to the child."

A wide majority (95%) of parents had great extent of commitment to achieve the set goals. To keep the commitment for achieving the goals, they had decided to provide the child all the facilities to study well and incur all the essential expenditure as a way of investment in human capital.

Reasons for Providing Education to Children: From the total sample of the parents, 90 to 94 per cent gave education their children as 'education gives name and prestige in the

society'. Almost all the parents gave education to their children as it is the parent's duty'. Eighty eight to 100 percent of respondents said that 'education increases the child's productive capacity', and 88 to 90 percent felt that 'education makes the child able to earn enough in future'. Parents ranging from 74 to 97 percent considered that as "an investment in human capital". The weighted mean scores was found amongst personal (2.26), social (2.07), economic (2.84) reasons which indicated that economic reasons were higher on the list than others for providing education to children.

Problems in Keeping Commitment Regarding Goal of Education of Children: For keeping the commitment regarding the goal of education of children a number of problems were faced by the respondents. About 63 percent of respondents said that they had problems since "the fees were very high". Similar percentage of the respondents said that "the staff in school is dissatisfactory", 'the teachers are irresponsible', 'they do not teach', hence the parents have to depend on private tuitions/coaching classes". More than half of the respondents had "to curtail extra expenses" in order to keep the commitment of goal of education of children.

Practices for Facilitating Education of the Children: Practices of the parents for facilitating education of the children included several aspects such as provision of various facilities, providing motivation, guidance, supervision and participation of the parents in educational activities of children. Almost all the parents provided all the facilities for their children. About 77% always gave verbal encouragement to the children to score more marks. Seventy one percent of parents always guided the children to select the course/subject. Nearly 71% of the respondents always kept record of children's performance in school and private coaching classes. About 60% of the respondents 'sometimes' sat with their children while study.

Comparison of the mean weighted scores on each aspect showed that practices regarding guidance (2.4) were better than others. For provision of facilities it was 2.36 and for motivation it was 2.35 in the range of 1 to 3. The least was regarding supervision. On the whole, a wide majority of the respondents followed good practices regarding facilitating education of children.

Expenditure on Education: Expenditure on education involves several items such as school

fees, private tuition/coaching class fees, cost of textbooks/notebooks, etc. The parents spent Rs. 12,939/- on an average per year on the education of children. The mean yearly expenditure was Rs. 11,152/- for the 10th standard, Rs. 10,368/- for eleventh standard and Rs. 17,298/- for twelfth standard students. Thus, it was highest for twelfth students, next for 10th and less for 11th students probably because the students of 10th and 12th have to appear in Board Examination. Amongst all the items private tuition fees required maximum expenditure i.e. of Rs. 8194.26 and the school fees required Rs. 2566.13 per year. Less than Rs. 500 were spent on stationery items (Table 1).

Amongst the expenditure on education related activities such as transportation for education, uniform, sports, fees for other courses etc. amongst them maximum expenditure was incurred with tuition for education, which increased with the standard of study. Expenditure for clothing, sports activities and other courses was more amongst the students of eleventh standard. The mean was Rs. 10,016/- per year.

Ways of Financing the Education: Almost all the respondents 'always' managed money from their regular income. Nearly one third of the respondents said that they never took credit to finance the expenditure on education.

A Comparative View: A comparison of mean score on the practices of parents for facilitating education of children was done taking each variable into consideration. (Table 2). The mean expenditure on education and education related activities was also compared.

No significant difference was observed in the mean practice scores and mean expenditure on education incurred by fathers' and mothers' occupation. Education of father and mother caused variation in the mean scores of practices related to education. The practices were better as the educational level of parents became higher. This was proved through ANOVA also. The expenditure on education and education related

activities did not vary with educational level of parents. The monthly family income caused variation in practices related to education but not the expenditure.

The class of study caused variation in practices, expenditure on education and education related activities. The mean expenditure for education was more for tenth and twelfth than eleventh standard. But expenditure on education related activities was more for students of eleventh than the students of tenth and twelfth. The ANOVA proved the observation.

Testing of Hypotheses: Analysis of Variance was computed to test the hypotheses. It was revealed that the practices of parents regarding education of children varied with education of father and mother ($F=3.99$ sig. at 0.05 for each), income ($F=3.12$ sig. at 0.05) and class of study ($F=5.15$ sig. at 0.01). The expenditure on education and education related activities varied only with the class of study ($F=8.33$ sig. at 0.01 and $F=5.35$ sig. at 0.01 respectively). Thus class in which children study can be said to be the main reason for variation in practices and expenditure on education of children. A positive relationship was found ($r=0.53$ at 0.01) between practices and expenditure on education. It can be said that better the practices, higher the expenditure on education.

CONCLUSION

The study reveals a high expenditure on education, hence, those parents whose children would be entering in tenth, eleventh and twelfth standard can plan for saving or managing money to meet the heavy demand in future. The school must pay attention to their teaching so that increasing number of students do not depend on private tuitions/coaching classes which charge heavy fees.

Parents of children studying in tenth, eleventh and twelfth standard set long term goal of

Table 1: Mean yearly expenditure on various items on education.

S. No.	Item of Expenditure	10 th	11 th	12 th	Total
1	School Fees	3452.4	2180.6	2065.4	2566.1
2	Private Tuition Fees	5764.0	6254.3	12,564.5	7994.3
3	Text Books	423.0	503.0	576.7	500.9
4	Note Books	509.5	525.0	775.2	603.2
5	Related Books	575.2	402.0	810.0	575.7
6	Stationery Items	488.0	503.0	506.4	499.1
	Total	11,152.1	10,367.9	17,298.2	12,939.4

Table 2: Comparison of mean scores of practices and expenditure on education according to selected variables.

S. No.	Variables	n	Practices on education	Expenditure on education	Expenditure on education related activities
1.	<i>Occupation of Father</i>				
	Service	38	151.86	11634.7	8292.1
	Business	92	152.02	14,489.5	8074.13
			t=N.S.	t=1.9 (0.05)	t=N.S.
2.	<i>Occupation of Mother</i>				
	Employed	96	151.0	13,380.5	7896.4
	Not Employed	34	154.5	14,430.0	8819.7
			t=N.S.	t=N.S.	t=N.S.
3.	<i>Education of Father</i>				
	Secondary	22	144.6	13561.4	7521.4
	Graduate	63	152.1	13503.5	8037.6
	Post Graduate	45	155.4	13912.1	8579.6
			F=3.99 (0.05)	F=N.S.	F=N.S.
4.	<i>Education of Mother</i>				
	Secondary	45	148.15	12990.5	7979.8
	Graduate	63	152.03	13627.79	8467.9
	Post Graduate	22	158.08	15092.3	7515.1
			F=3.9 (0.05)	F=N.S.	F=N.S.
5.	<i>Family Income (Rs./Month)</i>				
	10,000-15000	43	146.6	12406.9	7797.8
	15,001-20,000	36	154.6	13271.6	7856.9
	20,001-25,000	26	152.96	13523.1	9225.0
	25,001 and above	25	156.3	16491.0	7996.8
			F=3.12(0.05)	F=N.S.	F=N.S.
6.	<i>Class of Study</i>				
	Tenth	50	154.9	11152.1	7041.0
	Eleventh	30	144.6	10367.9	10015.7
	Twelfth	50	153.5	12939.2	8107.1
			F=5.15(0.01)	F=8.33(0.01)	F=5.35(0.01)

achieving highest possible qualification for their children. Through fairly good practices regarding education and incurring high expenditure on education, they invest in their children as human capital.

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