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Reasons of Household Spending on Basic Education

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Abstract

The principal objective of this study is to find the reasons for household expenditure on basic education. Hence, this paper explores the motives of household spending on basic education. In the course of this study, a survey was carried out among the 380 households to collect the data, and descriptive statistics were used to analyse and interpret the data. As a result, it has been found that the households are motivated to spend on their children's basic education to formulate human capital on them. Moreover, they devote their scarce resources to their children's basic education to make them competent in the labour market through which their future life will be decent.

Key words: household, basic education, expenditure, reasons, human capital

Introduction

The Government provides different levels of education to the people, such as basic education, secondary education, higher education, technical and vocational education, and non-formal education (Dupriez, & Dumay, 2006). Basic education is the first step of education among any other levels of the educational structure in the nation. The variety of instructive actions, taking place in numerous sceneries, aims to encounter fundamental wants defined in the world statement on education for all (Dreze & Sen, 2003). Furthermore, it also includes a diversity of the non-formal and informal community and individual activities proposed to meet the elementary learning requirements of the public of all ages (Aluede, 2006). It means all the fundamental knowledge-generating activities are included in basic education. However, in a formal education structure, basic education refers to the first step of the education system. In this context, the researcher aims to find the reasons for household expenditure on basic education.

An expense of the financial resources for education is expenditure on education (Johns & Morphet, 1975). In Nepal, a financial resource on education is spent by

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two parties- the public (Government) expense managed from tax revenue and the household/private cost driven by household income (Reinikka & Smith, 2004). This means that education expenditure is made either by the Government or by the household.

Expenditure on education is an investment in development (Wagley, 2006). Furthermore, he states that the more we spend on education today, the more we can gain tomorrow. However, the outcome of investment in education cannot be seen immediately (Psacharopoulos, 2006). It is the investment for long-term return (Baker, 1999). It expresses that the spending on education gives the long-run return to the individual and the entire nation.

Generally, expenditure on education by the Government refers to financing on education, so it is related to the resources' utilisation on education by the Government (Rao, 2014). Besides, the fund utilisation by the private or parents or household for their children's education is taken as household expenditure on education (Githaiga, 2016). Household cost of education includes a monthly fee, hostel fee, private tuition fee, and other expenditures; among these, the monthly tuition fee is the expenditure that every household must pay, excluding those well below the poverty line (Zhang & Zhou, 2017). Therefore, it shows that the household is also one of the significant sources of educational expenditure.

Household expenditure on education is more significant than public expenditure (Ray, 2006). The magnitude of household expenditure on education is double public expenditure but poorly targeted (Dang & Rogers, 2016). Households finance comparatively more to the finance of primary education than tertiary education (UNESCO, 2012). It shows that household expenditure on education is more focused on the basic education of their children.

Human capital is formulated through education (Schultz, 1961). He further pointed out that human capital can be developed by gaining knowledge, good health of labour, and skills. All these three sources of human capital formation are resultant from basic education. Since human capital is a fit labour force with knowledge, skills, and good health and can add to income generation, through basic education, children can make the basis for the training that can enhance the skill of the labour force (Wojcicki & Krzesinski, 2019). Hence, the people spend their resources on basic education to enhance their children's knowledge, skill, and good health. Through this process, human capital formation is possible for children. Therefore, it specifies that the household expenditure on basic education is devoted to human capital formation.

The human capital theory also advocates that investments are made in people to increase the individual's productive ability. Becker (1976) developed this labour market model for parents' decision-making behaviour concerning educational investments in children's education. It recommends that parents base their decisions

on the expected net benefits of their investments in their child's education (Becker & Tomes, 1986). Further, they express that parents will spend time and money on education if their child's expected future earnings are more significant than the cost of education. Schultz (1961) argues that human capital is formulated through education. He further pointed out that human capital can be acquired by gaining knowledge, good health of labour, and training. All these three sources of human capital formation are derived from basic education. Because human capital is a healthy labour force with knowledge, skills, and good health, it can contribute to income generation. Through basic education, children can make the foundation for the training that can enhance the skill of the labour force. Hence, the people spend their resources on basic education to enhance their children's knowledge, skill, and good health.

Methods and Materials

This research was conducted adopting the quantitative approach. It is a descriptive research design (Kerlinger, 2008). It helped find new facts and information or verify old facts or information in the research (Young, 2004). Hence, the researcher followed the descriptive research design to gather and analyze data.

The researcher followed the survey method to establish the rationale and give accurate and objective descriptions. One of the rationales for the quantitative method is that the study entailed collecting data from the research respondents using a structured questionnaire (Ngulube, 2015) to analyze and investigate the educational issues (Borg & Gall, 1989). The researcher used Yamane's (1967) formula to determine sample size and the cluster sampling technique to select representative samples. Based on the research questions, a set of questionnaires to collect the data from the study area was designed. Correspondingly, reliability and validity were addressed, and the data collection was needed on the household expenditure on basic education.

Ratuwamai Municipality in Morang district has been selected as the study area for this research. The population of Ratuwamai Municipality is quite diverse. Indigenous (Madhesi) people occupy the major population of this municipality. In this regard, 56.32 per cent of people are Madhesi, and 43.68 per cent are Pahadi. However, there is also diversity within the Madhesi people, such as Brahmin, Kshetri, Dalit, etc. (Ratuwa Mai Nagarpalika, 2019). Similarly, variety can also be found in immigrant people (Pahadi) from the hilly regions. Hence, it was selected as a study area for the research.

Based on the ontological assumption, the purpose of this researcher was to find out the reasons for household spending on basic education. Thus, following the quantitative study, results were analysed. For the study, a survey method was used, including selecting several representative households, selecting the questions appropriate for the informants, and linking with the research questions (Baker, 1999).

Thus, based on survey research, the nature of the data for this study was quantitative, and the primary source of the data was primarily used to carry out the result of this research. Data were collected using a closed-ended questionnaire in this study.

The population of this study was the total number of households of Ratuwa Mai Municipality whose children were pursuing basic education. Therefore, the total number of households of Ratuwamai Municipality whose children were pursuing basic education was the actual population of the study. According to the record of the municipality, the total number of households was 12482, out of which 7478 household children were pursuing basic education (Ratuwa Mai Nagarpalika, 2019). Hence, the population of this study is 7478 households of Ratuwa Mai Municipality of Morang district, out of which 380 households were selected by cluster sampling.

Two stages of cluster sampling were used to draw this sample size from the population (Joncas, 2007). In cluster sampling, all the elements in the designated clusters are surveyed (Thompson, 1990). It suggests that higher exactness can be attained by distributing a given number of elements over a large number of clusters and then taking a small number of clusters and counting all components inside them (Galway et al., 2012). So, the whole population of the study was divided into ten clusters according to ward numbers of the municipality. There are ten wards altogether, out of which a simple random sampling procedure selected one ward in the first stage. In the second stage, one cluster was made from public schools and another from private schools. Further, there were altogether five public schools and four private schools in sampled ward. The researcher selected the two private schools and two public schools from each cluster by simple random sampling.

After selecting sampled schools, the researcher visited each school to collect the information of households of each student who was pursuing basic education. The researcher collected the actual address of all guardians of basic level students then visited each household of the students to survey the study. There were altogether 403 households whose children were pursuing basic education in sampled ward's schools. The sample size of this study was 380, but all 403 households were surveyed following the assumption of cluster sampling as suggested by Thompson (1990). However, removing some outlier units from the sample, the researcher analysed the actual sample of 380 households in the data analyzing process.

The structured questionnaire was used to collect the respondents' data because the study is based on the survey design (Majumdar, 2005). To construct the questionnaire, "the measuring household expenditure on education: a guidebook for designing household survey questionnaires" (p. 1) published by UNESCO in 2018 was used. A field study was carried out to contextualize these indicators and the scale of household expenditure on education in the Nepalese context. In addition, library books, newspapers, research books, magazines, and journal articles were

intensively studied to collect more information to redefine the variables. Formerly, the research frame defining indicators and variables based on the research questions was constructed.

To make the questionnaire more reliable and ensure content validity, the focus group discussion was conducted with the ten parents, out of whom five were from public schools and five from private schools whose children were pursuing basic level education. All the feedback and inputs from parents were incorporated in the questionnaire and final for the piloting. The piloting survey was done within the 10 percent sample size, i.e., 38 households (Blazev et al., 2020). The opinions from the piloting survey were so enthusiastic and valuable, which given the precious inputs to finalize the questionnaire for the research. Hence, all the valuable items were included from piloting, and some non-response items were removed from the questionnaire and made it final for the survey in the study area.

After the completion of the questionnaire development, the next step was the data collection process. Data collection is the procedure of gathering and measuring information on targeted variables in an orderly manner, enabling the researcher to answer the research questions and evaluate the outcomes (Pant, 2010). First, the researcher visited the selected households and clarified the research purpose, and gathering information from them, which was done only after taking their consent. Next, the researcher persuaded them that their data would not be publicized on their identity. Finally, all collected data were entered in the SPSS program to find the reasons for household spending on basic education.

Result and Discussion

Spending resources on education is an investment in human capital (Todaro & Smith, 2015). Many previous studies also agree with this statement. Six possible reasons were found during the piloting of the questionnaire. In the final survey, the structure question was set, and the question had multiple responses. Therefore, the reply of respondents has been presented in table 1 as follows:

Table 1: Reasons for Expenses on Education

Responses	Number	Percentage
To make a good citizen	295	34.0
To get employment	198	22.8
To earn money in the future	99	11.4
To make future life happy	195	22.5
For learning transformation	50	5.8
It is investment	30	3.5
Total	867	100.0

According to table 1, the maximum response (34%) is to make a good citizen. Good citizen refers to the socially and economically prosperous in a good manner (Valentino et al., 2008). Children acquire knowledge, skills, and decent manner from basic education. When children become good, they can earn more, migrate from one place to another for a better career opportunity, and are eligible for different pieces of training in the future, which represent the human capital. So, people spend their scarce resources on their children's education.

Moreover, 22.8 percent of respondents expressed that they spend their income on their children's education to get better employment in the future. This reason is also highly connected with human capital formation. Because, without knowledge, skill, good health, and training, nobody can earn a good income in the future. It is challenging to format human capital (Kolomiets & Petrushenko, 2017), and when people become educated, they get all these things. So, the people spend their resources on the education for human capital formation on their children.

Correspondingly, parents were so enthusiastic about investing in education to make their children's future good. As per obtained data, 22.5 percent of respondents want to make their children's future life happy through the investment in education. Therefore, they are ready to invest their scarce resources in their children's basic education (Hedges et al., 2016). Similarly, Dang and Rogers (2016) argue that parents invest in education for the excellent foundation of a decent future for their children in the labour market. Further, they claim that proper investment in basic education positions a strong foundation for human capital formation. Good human capital can earn more which makes their life happier in the future because basic education lays the base for a better job, better income, good health, and quality life standard. Thus, it makes human life happy and prosperous in the future. Therefore, it means investment in basic education is necessary for the human capital formation through which children's future life can be happy.

The obtained data also shows that 11.4 percent of parents want to make their children earn more money in the future. So, they invest in basic education. Psacharopoulos (2006) argues that the earning capacity of educated labour increases with the increases in educational level. However, a strong foundation is made in the basic level of education. That is why people spend on basic education. He further points out that investment in basic education is the milestone for human capital formation in children. Therefore, it proves that parents invest in their children's education for the formation of human capital.

Similarly, people also inspire to spend on education for future earning and transfer knowledge from one generation to another. Some people also think that spending on education is an investment in the productive sector (Psacharopoulos, 2006). So, households spend their scarce resources on their children's basic education.

Conclusion

People spend their resources on education for human capital formation on their children by making good citizens, getting better employment, making their children's future life happy, making their children earn money in the future, and transferring the learning. So, people devote their scarce resources to education for the better human capital formation of their children.

Financing on basic education laid the foundation on the children for productive human capital formation. It provides fundamental knowledge and skills to the children that are necessary to formulate efficient human capital. Moreover, investment in basic education enhances the skills and expertise and enables people to migrate from one place to another for a better opportunity in employment. Similarly, basic education also firms a strong base on the children for the high return in the long run. So, households devote their scarce resources to the basic education of their children.

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