

Parents Behavior towards Educational Investment Decision: A Case Study of Bahawalpur, Pakistan

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Abstract: This study is concerned with the parents' investment behavior towards higher education. Primary data is collected from 300 households for the empirical analysis. Data is collected through field survey by using questionnaires'. Simple random sampling is used for collection of data. For the determination of parent's investment behavior's predictors quantitative and qualitative analysis is conducted. For qualitative analysis cross tabs and percentages are used and for quantitative Binary logistic model is used for estimation. Parent's investment behavior is measured by their decisions for investment which is taken as dependent variable. Father income, family back ground, gender discrimination, number of adults' child, and traditional attitude towards education and academic records are used as independent variables. The findings of this study explore that the parents' decisions to send their children to university for higher education is highly associated with their traditional attitude toward education (as they consider just males as their future investment); their preference for education based on sex and family back ground. All these variables have greater impact on parent's investment behavior towards higher education and statistically significant ($p \leq 0.05$).

Keywords: Investment Behavior, Higher Education, Gender Preference

1. INTRODUCTION

Education, mere the delivery of knowledge, skills and information from teachers to students, is inadequate to capture the idea of being educated. What is really important is the process (that further wants many factors) that makes a person an educated one. Being an educated person means you have access to optimal states of mind regardless of the situation you are in and able to perceive accurately, think clearly and act effectively to achieve self-selected goals and aspirations.

The tragedy at present is that we have limited the scope of education by limiting it into an accumulation of knowledge. Education involves both Knowledge and Wisdom. A person's behavioral change is also very important along with other factors that make a person an educated one. The developed countries of the world have cultivated their culture through this process and the developing countries including Pakistan also need to create such type of education system which become productive for the nation.

The amount of schooling received by an individual, although affected by many non market factors, can be determined by demand and supply like any other commodity or service. However because most education is publically provided in less developed countries, the determinants of the amount demanded turn out to be much

more important than the determinants of supply. On the demand side the two principal influences on the amount of schooling desired are (1) a more educated student's prospects of earning considerably more income through future modern sector employment (the family's private benefit of education) and (2) the educational cost both direct and indirect that a student or family must bear. The amount of education demanded is thus in reality a derived demand for high wage employment opportunities in the modern sector. This is because access to such jobs is largely determined by individual's education. Majority of the poor in under developed areas does not demand education for intrinsic noneconomic benefits but simply because it is the only means of securing modern-sector employment. These derived benefits must in turn be weighed against the cost of education.

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On the supply side the quantity of school places at the primary, secondary, and university level is determined largely by political processes, often unrelated to economic criteria. Given mounting political pressure throughout the developing world for greater numbers of school places, we can for convenience assume that the public supply of these places is fixed by the level of government educational expenditures. These are in turn influenced by the level of aggregate private demand for education. Because it is the amount of education that is demanded that largely determines the supply (with the limits of government financial feasibility), let us look more closely at the economic (employment oriented) determinants of this derived demand. The amount of schooling demanded sufficient to an individual for modern sector job appears to be related to or determined by the combined influence of the following 4 variables: the wage or income differential, the probability of success in finding modern sector employment, the direct private cost of education, and the indirect or opportunity cost of education although several other important variables many of them noneconomic certainly influence the amount of education demanded; the four variables give important insights into the relationship between the quantity of education and demanded and the supply of employment opportunity. According to Agabi (2012),

“Education as an economic investment” highlights the various types of education and their impact on the economic development of a nation and how they can be explored to achieve optimal social and private economic benefits from the process of education and also presents a rationale for seeing education as an investment rather than a social service.”

Halling [2009] explained that do better educated investors make smarter investment decision, role of human capital and education in investment decision making, and also examined whether better educated investors make smarter investment decisions and exhibit greater investment skill than less educated ones.

Elbadawy (2006) examined that “Education return in the marriage market” how female education improves marriage characteristics. Investment in female education may have non-labour market motives, especially in the context of devolving countries with bride price system. Expectation of better marriage prospects and potential upward social mobility. Three types of variables included in husbands quality such as his education, his pre-marital wealth level and other characteristics and suggested in this paper a high level of female education play a strong role in her marrying a highly educated husband. After marriage,

educated female lives independently and both husband and wife handle their children easily in a better way. The dataset employed in this paper is a longitudinal survey that follows on the Egypt labour market survey ELMS 98. In this paper multivariate statistical analyzed and used regression model and conclude that female education plays a significant role in having a marriage with better characteristics. The regional dummies and parental education dummies are also significant. Educated women handle their families in better way. Catsiapis [1987] draw a Model of Educational Investment Decisions estimates of the expected net present value of postsecondary education are developed for a sample of high school graduates, based exclusively on individual expectations of the relevant costs and benefits at the time of the enrollment decision. Psacharopoulos and Harry (2002) examined in his paper “Returns to investment in education “based on human capital had been estimated since the late 1950s. They present the latest estimates and patterns as found in the literature at the turn of the century. However, because the availability of rate of return estimates has grown exponentially, the authors include a new section on the need for selectivity in comparing returns to investment in education and establishing related patterns. The data is based on empirical results. The rise in earnings inequality experienced during the 1980s and 1990s in many countries led to renewed interest in estimates of returns to schooling.

Blundell et al., (2001) “Estimating the returns to education: Models, Methods and Results” their study appropriate non-experimental methods and micro econometric models for recovering the returns to education using individual data. In this paper at least three distinct ways defined the “returns to education”: (a) the private return (b) the social return and (c) the labour productivity return. The first of these is made up of the costs and benefits to the individual and is clearly net of any transfers from the state and any taxes paid. The second definition highlights any externalities or spill-over effects and includes transfers and taxes. Schutt (2003) highlights the importance of Human Capital for Economic Growth” that human capital plays an important role in explaining income differences has been present in economists’ thinking for a long time. By some accounts, it can even be traced to the work of Adam Smith and Alfred Marshall, although it was not until the middle of the 20th century that Gary Becker and others developed a theory of human capital. According to this theory which a person’s level of education and experience determine his or her (labor) income, was originally envisaged in a microeconomic context, but had subsequently been applied to macroeconomics. Martins et al., (2009) explained “The policy determinants of investment in tertiary education”. Human capital is seen to be a major driver of economic growth. In this context, the need for

reforming higher education systems has been intensively debated in a number of OECD countries. They discussed how policies can affect investment in tertiary education in ways that would eliminate some of the perceived shortcomings of existing systems, while preserving or (preferably) enhancing equality of access to higher education. Their focus was on the institutional set-up of tertiary education that provides incentives for supplying quality educational services; the private returns from higher education which act to attract prospective students; and, individual funding mechanisms to help overcome the liquidity constraints that may restrict participation in higher education. Boreland et al., (2000) explained in his paper "Returns to investment in higher education" Full-time employed graduates receive a substantial wage premium over non-graduates, on average of the order of 65 per cent; that is controlling for age, experience and other characteristics usually included in such analysis, an employed graduate receives on average about 65 per cent more than an employed person without a degree.

Psacharopoulos and Harry (2004) explained in his article "Return to investment in education: A further update" Returns to investment in education based on human capital theory have been estimated since the late 1950s. In the 40-plus year history of estimates of returns to investment in education, there have been several reviews of the empirical results in attempts to establish patterns. The rise in earnings inequality experienced during the 1980s and 1990s in many countries led to renewed interest in estimates of returns to schooling. A very large literature suggests that systematic changes in the production process led to changes in the demand for certain types of labor. It was argued much earlier in the literature that education is more productive the more volatile the state of technology. A more selective rates of return estimate review focusing on the causality debate between schooling and earnings concluded that the effect of ability and related factors does not exceed 10% of the estimated schooling coefficient. The classic pattern of falling returns to education by level of economic development and level of education are maintained in the updated data set the private returns to higher education are increasing. These new results are based on six new observations and updated estimates for 23 countries since the last review (Psacharopoulos, 1994). In last it was based on the fix provided by the newer quasi-experimental research on the economics of education, investment in education behaves in a more or less similar manner as investment in physical capital. In advanced industrial countries, the returns to human and physical capital tend to be equated at the margin. At the same time, we should point to a major research gap, which is the marriage between the micro and the macro evidence on the returns to education. Whereas at the micro case, as amply

demonstrated earlier, it is established beyond any reasonable doubt that there are tangible and measurable returns to investment in education, such evidence is not as consistent and forthcoming in the macro literature. More research on the social benefits of schooling is needed. For developing countries, there is a need for more evidence on the impact of education on earnings using a quasi-experimental design. Moreover, this research needs to be used to create programs that promote more investment and reform financing mechanisms. Drackner and Gita (2010) "Educational investment and democratic development" discussed and demonstrated the link between investments in education and democratic development. This paper suggests that increased investment in education at all levels, formal and non-formal, was capable of producing democratic effects through bottom-up and top-down processes. However, the relationship between education and democracy was not straightforward.

Education also promotes economic growth, national productivity and innovation, and values of democracy and social cohesion. Investment in education benefits the individual, society, and the world as a whole. Broad-based education of good quality is among the most powerful instruments known to reduce poverty and inequality. With proven benefits for personal health, it also strengthens nations' economic health by laying the foundation for sustained economic growth. For individuals and nations, it is key to creating, applying, and spreading knowledge—and thus to the development of dynamic, globally competitive economies. And it is fundamental for the construction of democratic societies. Increases productivity and earnings benefit every year of schooling increases individual wages for both men and women by a worldwide average of about 10 percent. In poor countries, the gains are even greater. An educated and skilled workforce is one of the pillars of the knowledge-based economy. Increasingly, comparative advantages among nations come less from natural resources or cheap labor and more from technical innovations and the competitive use of knowledge. Studies also link education to economic growth: education contributes to improved productivity which in theory should lead to higher income and improved economic performance.

Higher Education is the key need of Pakistan to become it an economic giant. Despite recent achievements, the country still faces numerous challenges to raise the education of its population to the standard of its South Asian neighbors.

1.1 Problem Statement

In Pakistan there are different factors which affect parents' investment decisions on education. This study focuses how gender discrimination and Parents traditional attitude, not to send their female children for higher education, effects their decisions for investment in tertiary or higher education.

1.2 Hypothesis

There is a link between parents' decisions to invest in tertiary education and their preference toward their children education on the basis of gender?

1.3 Objective

- To find out determinants of investment decision in higher education.
- To determine gender discrimination in families for higher education.
- To find out attitudes of families toward investment for higher education.

Family Back Ground	Parents wants to invest in Education		Total	Percentage of willingness
	Yes	No		
Poor	2	7	9	22.20 %
Middle	50	42	92	54.34 %
Rich	15	4	19	78.94 %
Total	75	45	120	

2. DATA AND METHODOLOGY

The empirical analysis of parents attitude towards educational investment decisions is determined. Questionnaires, having MCQs and open ended questions, are used for collecting primary data in Bahawalpur City and peripheral areas. Interview technique is used for survey and households are selected through simple random sampling. Sample size is four hundred numbers of observations.

A model is formulated to suggest a conceptual framework for parents' attitude towards educational investment decisions. In our analysis, we used binary logistic model.

Following Equation describes the relationship between parents attitude toward educational investment decisions.

$$SCUFHE = \beta_0 + \beta_1 FB + \beta_2 FI + \beta_3 GD + \beta_4 NA + \beta_5 FTA + \beta_6 AR + U_i$$

SCUFHE = Decide to Sent your children to university for higher education

- FB = Family background
- FI = Father Income
- GD = Gender discrimination
- NA = Number of adults
- FTA = Follow your traditional attitude
- AR = Academic record

We take educational investment decision as dependent variable; it means how much parents agree to invest on child. Usually parents want to invest for better returns in future. But in this study we find out some other social factors like gender discrimination, parents' attitude towards education and some traditional factors that affect parents' educational investment decisions. Although behind all these factors future returns of education are still always remained in parent's minds.

3. RESULTS AND DISCUSSION

The study is based upon qualitative and quantitative analysis. In qualitative analysis, cross tables shows parents educational investment decisions vary in different groups of family back ground, parents income, gender discriminations and in quantitative analysis we check the relationship between dependent and independent variables by using binary logistic regression.

Table no.1: Parents Investment Decisions and Family back ground

Source: Survey

Explanation: The statistical data table no.1 clearly illustrates that family back ground has great influence on parental investment decisions. The poor invest less in tertiary education as compared to middle and rich because only 22.2 % people having poor family background are willing to invest in education of their female children. The quantity is much less as compared to 54.34 % of the middle class and 78.94% of rich class.

Table no.2: Parents Investment Decisions and Father's Income

Fathers Income	Parents wants to invest in Education		Total	Percentage of
	Yes	No		

				willingness
10000— 32000	20	30	50	40
34000— 46000	20	11	31	64.51
50000— 70000	16	4	20	80
80000— 100000	19	0	19	100

Source: Survey

Explanation: The statistical data table no.2 clearly illustrates that father income has great influence on parental investment decisions. As the percentage shows that fathers whose income is less than 32000 invest less in tertiary education as compared to fathers whose income is more than 32000. The increasing percentage 64.51, 80, 100 of fathers having income more than 32000 clearly illustrates

Table no.4: Parents Investment Decisions and Gender Discrimination

Child Preference	Parents Wants to Invest in Education		Total	Percentage of willingness
	Yes	No		
Boys	50	5	55	90.9
Girls	10	35	45	22.22
Total	60	40	100	62.5

Source: Survey

Explanation: According to the above mentioned table, 90.9% people are willing to invest in the education of boys and only 22.22 % parents want to invest in the education of girls. The wide gap clearly shows that most of the parent are willing to invest in the education of boys only.

Regression Results

Table no .5 Binary Logistic Regression Analysis

Dependent variable	Independent variable	Coefficient	P.Value	S.E	O.R
Sent your children to university for higher education	FB	1.811	.005	.664	6.114
	FI	.000	.000	.000	1.000
	GD	-.549	.038	.264	.578
	NA	.331	.041	.162	1.392
	FTA	-2.804	.010	1.082	.661
	AR	1.103	.000	.265	3.014

that economy plays a vital part in parents' decision making for the investment in/on female education.

Table no.3: Sent Male children to university for higher education because they earn for family

SCUFHE	Followed Traditional Attitude		Total
	Yes	No	
No	40	5	45
Yes	55	20	75
Total	95	25	120

Source: Survey

Explanation: Above table no.3 shows families' traditional attitude as education of male child is more preferable as compared to female child effects their decisions to send their child for higher education.

	Constant	-6.827	.008	2.578	.001
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Data Source: Survey

R² = .532

P.V = Level of significance

O.R = Odd Ratio

β = Coefficient

Explanation:

The results clearly show that the determinants of parental investment in higher educational is effected 6.114 times by their family background. Family background impact on dependent variables positively. Family background has significant relation with the dependent variable that is send their children to university for higher education. Father's income has positive impact on dependent variables. Father's income has significant relation with the dependent variable as parental investment decision is effected 1.000 times by their father's income. Parental investment decision in higher educational is effected 0.578 times by their gender discrimination. It has negative impact on dependent variables and has significant relation also none of adults child effect the parental investment decision in higher educational by 1.392 times. It has positive impact on dependent variables. It has significant result. According to the above result, the determinants of investment decision in higher education is effected .061 times by their follow traditional attitude(not to send female child for higher education as they will not earn for family). It has negative impact on dependent variables and have significant relation a further results shows that result Parental investment decision in higher educational is effected 3.014 times by their academic record. It also has

positive impact on dependent variables. Academic record has significant relation with the dependent variable.

Conclusion

Those parents who send their children to university for higher education and their child get more education then it is consider best investment for economy. Higher education of children is important for economic

Policy Recommendations

Government should

- Provide facility to students so they keep on their studies.
- Improve the income level of poor people by providing subsidies.
- Launch specific development programmers and policies to promote knowledge and awareness among parents about the benefits of higher education.
- For the elimination of gender inequality in education at all levels and to achieve the Millennium Development Goals, there is a need of developing education as investment and other infrastructural facilities without gender biases.

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