

A STUDY ON THE INFLUENCE OF EDUCATION ON THE EARNINGS OF URBAN AND RURAL PEOPLE

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ABSTRACT

Education is widely considered as an important means for the development of an individual and society. It is a pre-requisite for the progress and development of countries. There exists difference of opinion among educationists and economists regarding the role of education in determining the economic value of education. A good number of research studies have been carried out to analyze the economic value of education. The present investigation is to assess the contribution of education to the earnings of people in urban and rural areas. The sample for the study consisted of 2254 earning members from 1500 households selected from an educationally backward, but economically advanced district of Idukki, in the state of Kerala. The data are collected using a Questionnaire. The study revealed that education has a significant role to play in determining the earnings of people, irrespective of locality. The study high lights that the more educated will have more earnings and vice versa.

Key Words: Education, Earnings, Level of Education, Educational Category, Urban, Rural.

INTRODUCTION

Education is the supreme form of wealth and is the fulcrum of every kind of development. It is the process of human enrichment for the achievement of higher and better quality of life. It transforms the raw human beings into human resources, other-wise known as human capital and prepares them to be capable of utilizing the resources economically. It is a means of social improvement and material well-being, especially for the economically and socially backward people. It provides them the capacity of acquiring new skills and develops in them the right attitude to wealth, savings and work.

NEED FOR THE STUDY

In India considerable progress has been achieved in terms of literacy, school enrolment, network of schools and spread of higher education institutions including technical and professional education. Expenditure on education, both governmental and parental is on the increase. But this rise in expenditures is justifiable, if it provides higher productivity in terms of higher earnings and security to households.

Many economists believe that there exists a positive relationship between education and earnings of individuals irrespective of the sector of employment. But there exists alternate views among economists and educationists regarding the contribution of education to earnings. This broken relationship demands further investigation. Also the influence of the factors like locality also require special attention.

OBJECTIVES OF THE STUDY

1. To find out whether there exists any significant difference in the earnings of people having different levels of Education in the Urban subsample.
2. To find out whether there exists any significant difference in the earnings of people having different levels of Education in the Rural subsample.
3. To find out whether there exists any significant difference in the earnings of people having the same level of education in the Urban and Rural sub samples.

METHODOLOGY

The present investigation is aimed to study the role of education in determining the earnings of Urban and Rural people. Hence to investigator adopted Normative Survey method for the study. The independent variable selected for the study is the level of education attained by the people. The dependent variable is the earnings of people. Earnings denote the average monthly earnings of individual members of households from all sources. The sample for the present study consisted of 2254 earning members, from 1500 households selected by stratified random sampling technique from Idukki District. Of the total earning members, 484 are from urban households and the rest 1770 are from rural households. The data required for the study are collected using a questionnaire. The important statistical techniques employed for the analysis of data are, Test of significance of the difference between means (t-test), Analysis of Variance (ANOVA) and Duncan's Test.

PROCEDURE OF THE STUDY

The sample earning members were divided into four categories according to their level of education. The four levels of education are School Educated (E1), Certificate Holders (E2), Degree/Diploma holders (E3), and Post Graduates and above (E4). The mean earnings of each of these categories were computed for the Rural and Urban sub samples. Difference in the mean earnings of four categories of people having different level of education is computed for the urban and rural subsamples. Then the difference in the earnings of people in each of these educational levels in the urban and rural subsamples also found out.

ANALYSIS AND INTERPRETATION

A. EARNINGS OF DIFFERENT EDUCATIONAL CATEGORIES

The difference in the mean earnings of the four Educational categories of people in the Rural and Urban sub-samples have been presented below.

URBAN

Total sum of squares, mean sum of squares and F value for the mean earnings of different Educational categories of people in the Urban sub sample were computed. The data and results are given in Table 1.

Table 1: Summary of Analysis of Variance (ANOVA) of Mean Earnings of Different Educational Categories- Urban

Source	Sum of Squares	Df	Mean Square	F
Between Groups	3105924545.97	3	1035308181.99	45.91**
Within Groups	10823156301.13	480	22548242.29	
Total	13929080847.10	483		

**** Significant at 0.01 level**

From table it is obvious that the value of the F statistic is 45.91, which is highly significant (0.01 level). It can be concluded that there is significant difference in the earnings of Urban people belonging to different Educational categories. To find out which Educational categories differ significantly in their earnings in the Urban sub sample, Duncan's Test is used and the results are given below.

1. There is significant difference between the earnings of E₁ and E₂ categories. The earning of E₂ (6459) category is significantly higher than that of E₁ (4057) category.
2. There is significant difference between the earnings of E₁ and E₃ categories. The earning of E₃ (9590) category is significantly higher than that of E₁ (4057) category.
3. There is significant difference between the earnings of E₁ and E₄ categories. The earning of E₄ (1054) category is significantly higher than that of E₁ (4057) category.
4. There is significant difference between the earnings of E₂ and E₃ categories. The earning of E₃ (9590) category is significantly higher than that of E₂ (6459) category.
5. There is significant difference between the earnings of E₂ and E₄ categories. The earning of E₄ (1054) category is significantly higher than that of E₂ (6459) category.
6. There is no significant difference between the earnings of E₃ and E₄ categories.

RURAL

Total sum of squares, mean sum of squares and F value for the mean earnings of different Educational categories of people in the Rural subsample is given in the Table 2.

Table 2: Summary of Analysis of Variance (ANOVA) of Mean Earnings of Different Educational Categories - Rural

Source	Sum of Squares	Df	Mean Square	F
Between Groups	9767079407.12	3	3255693135.70	176.47**
Within Groups	32580546841.45	1766	18448780.77	
Total	42347626248.58	1769		

**** Significant at 0.01 level**

From table it is obvious that the value of the F statistic is 176.47, which is highly significant (0.01 level). It can be concluded that there is significant difference in the earnings of Rural people belonging to different Educational categories. Duncan's Test shows that:

1. There is significant difference between the earnings of E₁ and E₂ categories. The earning of E₂ (5404) category is significantly higher than that of E₁ (3497) category.
2. There is significant difference between the earnings of E₁ and E₃ categories. The earning of E₃ (8778) category is significantly higher than that of E₁ (3497) category.
3. There is significant difference between the earnings of E₁ and E₄ categories. The earning of E₄ (9359) category is significantly higher than that of E₁ (3497) category.
4. There is significant difference between the earnings of E₂ and E₃ categories. The earning of E₃ (8778) category is significantly higher than that of E₂ (5404) category.
5. There is significant difference between the earnings of E₂ and E₄ categories. The earning of E₄ (9359) category is significantly higher than that of E₂ (5404) category.
6. There is no significant difference between the earnings of E₃ and E₄ categories.

B. EARNINGS OF EACH EDUCATIONAL CATEGORY

The differences between the mean earnings of each Educational Category of people in the Urban and Rural subsamples are given in Table 3.

Table 3: Data and Results of Test of Significance of the Difference between Mean Earnings of Each Educational Category- Urban and Rural

Educational Category	Sub sample	No.	Mean	S. D	t value
E ₁	Urban	130	4058	2880	1.81
	Rural	906	3497	3364	
E ₂	Urban	116	6459	3764	2.6**
	Rural	348	5404	3788	
E ₃	Urban	156	9590	5818	1.39
	Rural	374	8778	6252	
E ₄	Urban	82	10541	5961	1.69
	Rural	142	9359	4440	

**** Significant at 0.01 level**

The following inferences were drawn from the table.

1. There is no significant difference between the earnings of people in the Urban and Rural areas in E₁ (CR = 1.81; P > 0.05), E₃ (CR = 1.39; P > 0.05) and E₄ (CR = 1.69; P > 0.05) Educational categories.
2. There is significant difference between the earnings of E₂ Educational Category in the Urban and Rural sub samples (CR = 2.6; P < 0.01). Urban (6459) people earn significantly higher than that of Rural (5404) people.

MAJOR FINDINGS OF THE STUDY

The major findings of the study are the following;

1. There is significant difference in the earnings of people belonging to different Educational categories (E₁, E₂, E₃, E₄) in the Urban sub sample, except between E₃ and E₄.

2. There is significant difference in the earnings of people belonging to different Educational categories (E1, E2, E3, E4) in the Rural sub sample, except between E3 and E4.
3. There is no significant difference between the earnings of people in the Urban and Rural sub samples in E1, E3 and E4 Educational categories. But there is significant difference between the earnings of E2 Educational Category, where Urban people earn significantly higher than that of Rural people.

CONCLUSION

The present study is to analyze the role of Education is an important in determining the earnings of people in Urban and Rural areas. The study reveals that Education is an important factor determining the Earnings of people both in Urban and Rural areas except in certain cases. The earnings of more educated people will be higher than the earnings of less educated. Locality is not a significant factor in determining the earnings of people.

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