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Title: How Does “Who You Are” Shape Your Household’s Decisions about Whether and How Much to Spend on Education? : Insights from a Sub-Saharan Country

The critical role of education in our contemporary society can hardly be exaggerated. For an individual, education is often the key to better employment and economic security. From an aggregate societal perspective, educational attainments of its people have huge positive externality effects on the quality of a country’s human capital and thus on its long-term socio-economic development. Not surprisingly, worldwide annual spending underlying consumption of educational services runs into trillions of dollars. Given its pivotal socio-economic role, research insights into factors affecting spending on education are of keen interest to public policy makers. However, data availabilities have meant that research has mostly focused on public spending by governments. In contrast, rigorous research on private spending behaviors by households or the critical “end-users” of education remain quite limited, especially in poorer developing countries. In fact, it is practically non-existent for Sub-Saharan countries, even though it is here that education can potentially generate the most positive externality for the global society. The goal and contribution of our study is to mitigate this conspicuous limitation in a substantive way.

Specifically, based on World Bank data from a recent (2012-13), statistically representative survey of over 14,000 urban households across Kenya, our study sheds systematic insights into the relative roles played by key socio-economic, political, and technological factors in facilitating or hindering household spending on education. Using statistical analysis through a Tobit-II or double hazard model, we investigate how such factors affect household decisions on whether and how much to spend on education. Of particular focus are disparities based on genders of household heads and children, and the relative roles played by internal migrations, financial leverages, and digital accesses. For instance, we find that access to the internet plays a much larger role in influencing household education spending than even access to financial loans. Our study contributes by shedding practical insights from a geographic region from where insights are lacking but needed most, as well as by generating insights that are substantively novel in terms of several factors analyzed. We discuss how our insights can inform and guide broader public policy issues to foster education.