

The significance of student's spending in family's income

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1. Introduction

Albania is a developing country, which previous political system often denied education for part of its population. Therefore with the adaption of capitalist system, education was free for all so that everyone could pursue their own dream in the academics field. As a consequence we notice that people are more attracted by education, families usually give up from their incomes and savings in order to invest in their children's education. However, students seem to have forgotten the sacrifice of their own families and as a result they often get surprised by the ugly truth they face. This kind of reality is at the same time interesting to study and difficult to accept. That was the situation we dealt with in the University of Tirana.

We have taken in consideration Bachelor's students, which have been interviewed personally. Their individual answers have been collected to form the database on which we have based our analysis. Through empirical and econometrical methods we will try to explain the weight of income that the student receives from the family in the family's income and the weight of entertainment spending in families' income. Our research aims not only explaining the phenomenon in the economical aspect but also in the social one. We hope this research to be a sign of reflection for all of us in order to understand ourselves and our future aims better.

2. Education and consumerism in Albania

2.1 Education's development in Albania

Albania is a place that during the last 20 years, has been in front of challenges and reforms. One of the biggest challenges and desires of any country is to raise education's level of citizens that belong to that country. National conditions, Government's policies on education and global forces constitute the external environment among which youth education will be held. Whereas in the internal environment an important impact has family with its structure and incomes, school with its education methods and society inside which family and school exist. All these factors will affect incomes from education in the labor market and therefore will affect macroeconomic indicators deriving the development of the country. One of Albanian priorities is education, lowering the number of children who abandon school and growing Albanian elite. The elite is that part of society that generates ideas, progress and development. The elite is generated in universities which are the temples of knowledge. Society's pressure about education has brought a higher number of public and

private universities. Acceptance of students in universities reached its highest growth rate during the academic year of 2003-2004 where the growth rate has been 22% higher compared with the year before, followed by the 2009-2010 academic year with a growth rate of 25%. The demand for education has been permanently increasing, fact that is shown by an increase in the number of private and public universities reaching a total number on 38 private universities. This high number of students on auditors cannot be used as a triumph, because there is still much to do to reach developed countries' level.

Albania is a country with low average national incomes and as Blanden J., Gregg P., and Machin S. (2001) quote, there is a direct relationship between family incomes and the level of education. Children from low income families go on to leave full time education much earlier. In Albania 30% of people between 19 and 23 years of age attend universities, a percentage almost equal to other countries of the region, such as the Republic of Macedonia with 29,8% (Republic of Macedonia State Statistical Office, 2011). However this percentage is lower compared to other countries such as Czech Republic (59%) or European Union countries (70%). (EUROSTAT, 2009)

This desire for education is associated with costs. We see low employment and jobs with low wages for students. Employment opportunities for youth are bars, call centers or other jobs with a minimum wage and students' incomes do not afford their life. There is also a lack of subsidies, loans and scholarships for students in Albania. Albanian families' mentality states that universities should be finished between 19 and 23 years of age and this kind of mentality prevents Albanian youth from earning some money first and then finance their own studies.

2.2 Consumerism and its effects in the society

Both western prosperous societies and other underdeveloped and developing societies are increasingly oriented around consumption: the act of consumption, the desire to consume and the extensive communicative apparatus designed to celebrate consumption and elaborate its signification. (Shenhong J.)

Consumerism is a social and economic order that is based on the systematic creation and fostering of a desire to purchase goods in ever greater amounts. Consumerism is the myth, which believes that individuals will be integrated by consuming. It degrades the need for morally fulfillment to satisfaction of owning commodities, and it substitutes the requirement of capacity to do more consumption for the

pursuit of virtues in the public and spiritual rebirth. It leads us to a new kind of social control and it is techniques of social power that refashion mind and body. As a consequence consumers are leading their self-worth to the buying power. The acts of buying and owning reinforce self-worth and construct their selves as well as the social relations. Personal well-being is evaluated and marked by the amount of consumables that he or she is able to have. Consumerism has become a reality during the last two decades even in Albania. Individuals are basing their identity in the buying power. We noticed it incarnated at the students of the Economic Faculty, University of Tirana.

3. The Empirical Model

3.1 Characteristics of the sample

To get known with students spending, their families' income and the importance of students' spending in these incomes, we addressed a survey to a sample of 61 students which:

- attended the first, second or the third academic year,
- had one or two brother(s)/sister(s).
- 39.3% of them lived in Tirana and the other part lived in other regions of Albania,
- 22 students who were employed (36.1%) and 39 students were unemployed (63.9%),

This survey was about their families' income, basic and non-basic spending that students have during their student life.

In basic spending were included spending about: rent, water, light and maintenance; food and non-alcoholic drinks; communication and transport; smoking; shoes, clothes and personal maintenance; school.

Whereas in non-basic spending were included: culture; hotel, bars and restaurants; other goods and services.

Throughout descriptive analysis we noticed that families' incomes in 50% of cases are up to 80000 lekë, where with a confidence interval of 95%, values are 61000 lekë to 125000 lekë. Incomes that students receive from their families in 50% of cases are up to 25 000 lekë and with a confidence interval of 95% values are 11 600 lekë to 46 300 lekë. We also noticed that basic spending of a student in 50% of cases are up to 23 500 lekë, with a confidence interval of 95%, values are 11 300 lekë to 38 500 lekë and non-basic spending in 50% of cases are up to 8 000 lekë, with a confidence interval of 95% values range from 3 800 lekë to 15 000 lekë.

Fig.

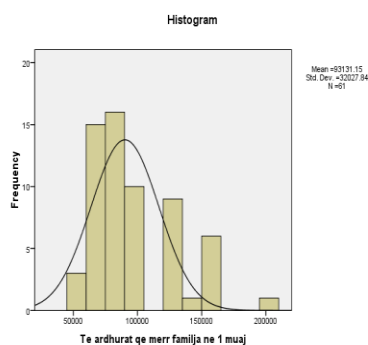


Figure 1: The distribution of income that student receive from the family

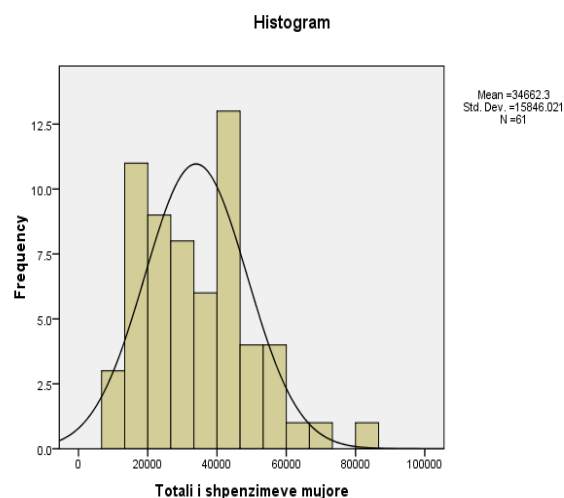


Figure 2: The distribution of students' total spending in a month.

3.2 Sacrifice of Albanian parents in education

We built up a multiple linear regression in order to observe the families' sacrifice in their children education where the weight of income that students receive from their family in family's income is affected by family income, the number of children in the family, whether the student live in Tirana or district and if they work or not. Throughout the multiple linear regression we form this mathematical equation which explains the model:

$$Y = 0.623 - 0.211X_1 - 0.067X_2 - 0.187X_3 + 0X_4 \quad \text{where:}$$

Y – represents the weight of income that the student receives from family in total family's income.

X_1 – indicates if the students live in Tirana ($X_1 = 1$) or districts ($X_1 = 0$).

X_2 – shows the number of children in family.

X_3 – indicates if the student works ($X_3 = 1$) or not ($X_3 = 0$).

X_4 – shows family income in thousand lekë.

The constant $\beta_0 = 0.623$ indicates the weight of income that the student receives from the family in the family's income when all other factors are maintained in zero. This value is not realistic and representative for the model since the number of children can't be zero for the families taken into consideration and can't be zero even for the family's income. The constant explains also the model statistically significant and shows the significance that Albanian families give to the education of their children. As a result, despite all the other factors the weight of income that the student receives from the family in the family's income is significant at a level of 62.3%.

The first factor influencing the model, if the student lives in Tirana or districts, shows that the weight of income that the student receives from the family in the family's income is about 21.1% lower for the students from Tirana compared to the ones from district, when all the other factors are

maintained constant. That derives from the higher basic-spending of students from district.

Regarding the second factor involved in the model, which is the number of children, we see that for each additional child in the family, the weight of income that the student receives from the family in the family's income reduces on average 6.7% when all other factors are maintained constant. It is an expected result given that parents have one more child to care and that requires spending.

As far as the employment of students is concerned, we noticed that for the students who work the weight of income that the student receives from the family in the family's income reduces with about 18.7% compared to the weight of the students who don't work, when all other factors are maintained constant. It comes because of the students who work try hard to afford their spending as a student with their own salary.

The only factor which does not affect statistically significant the model but improves it, are the families income in thousand lekë. It is explained that with the rise of the families income students tend to spend more so the weight of the income they receive from the family in family's income is not affected.

The model explains the phenomenon in a statistically significant way, where 60.4% of the weight of income that the student receives from the family in the family's income is explained by the factors included in the model.

3.3 Albanian student's consumerism

During the interview of the students, we noticed that a big part of their daily spending would include spending for entertainment. Even when their families are in economic hardship, students find it necessary to spend mainly for culture, coffee-shops, restaurants and hotels. For this, we built an econometric model where the weight of the non-basic spending covered in the family's income would be explained from the total family income, the number of children in the family, if they work or not and if they are from Tirana or from another area. Throughout the multiple linear regression we form this mathematical equation which explains the model:

$Y = 0.173 - 0.003X_1 - 0.026X_2 + 0.002X_3 + 0X_4$ where:

Y – represent the weight of the non-basic spending in the family's income

X_1 – shows whether they are from Tirana ($X_1=1$) or from another district ($X_1=0$)

X_2 – represents the number of children in the family

X_3 – shows whether the student works ($X_3=1$) or does not work ($X_3=0$)

X_4 – represents the student's family income

The constant of the model $\beta_0=0.173$ shows how much the weight of the non-basic spending affect in the family's income when all the other factors are held at a level of 0. However this is impossible (like in the previous case) because we cannot have 0 children in a family that is taken for the study. Moreover this shows that the non-basic spending cover 17.3% of the family's income regardless of the other factors in the model. So despite these elements, the students will spend on entertainment such as in bars, restaurants, hotels, and culture etc.

The first influential factor is that a student from Tirana or another district is not represented in a statistically significant way in the model. It shows that for students from Tirana the non-basic spending are 0.3% lower compared with a student from another district. But in whole student population, the fact of being from Tirana or another area spends an equal amount for entertainment.

The second fact, the number of children in the family, shows that if we add one child in family, the weight of non-basic spending the family income reduces with 2.6% when all the other factors are fixed. This happens because the spending for entertainment occupy a bigger weigh of student spending and an increase in number of children in families will low the family income that each student takes from their family for spending on entertainment.

Whereas the fact if a student is working or not improves also the model but it does not explain Y in a statistically significant way. This happens because the fact if a student is employed or not does not effect on their entertainment spending. However the students who work has a weight of entertainment spending 0.2% higher than the ones who do not work.

At least the factor which represents the family incomes does not affect in a statistically significant way in model but improves it, also with the other factors, explain better consumerism. Students will spend for entertainment despite families' income.

The designed model explains the phenomenon in a statistically significant way where 15.9% of the weight of non-basic spending in families' income are explained by factors of the model. Students are indifferent to their parents sacrifice and, affected by the pressure of the society, they tend to base their identity in consumerism.

4. Conclusions

Albania is a developing country where traditional cultural elements are faced each day with globalization. Students, just like any other citizen are faced with new challenges, among which is education. Education in Albania, as in any other countries has its own history and development. However, in today's society we usually feel the silent sacrifice of Albanian parents to invest in their children's education, which derives from a denial of the desired school in the communist system and the fact that education has a strong connection with being successful in the labor market. That will make Albania reach the levels of developed countries.

In defense of this phenomenon, the empirical model is constructed to express the dependence between the weight of income that students receive from their family in family's income and family's income, students' employment, the number of children in family, their living in Tirana or district. It shows that the weight of income that students receive from their family in family's income do not depend on family's income because the higher the family's income, the higher the students spending are, so families will do the utmost to educate their children in the best way; by increasing the number of children in family the student' income reduce as they will have to share the same amount with their brothers or sisters; the weight of income that

students receive from their family in family's income is higher for the students who live in district than for the ones who live in Tirana because of the cost of housing in Tirana (campus/rental, food) and students who work try hard in order to cover their cost of living as students.

While in the second empirical model we noticed that the weight of non-basic spending in the family's income occupies a considerable weight regardless of family income, whether or not student work, the number of children in the family and if they came from Tirana or districts. So students were inclined to consume on goods, which burden significantly in the pockets of their parents,

making us know from close the student' consumerism . They spend plenty of time in bars and are less attracted to work, while their parents sacrifice for them.

Everything mentioned is a harsh reality of the Albanian society that we have to recognize the way it is and fight it by raising the youth awareness through the developing education policies. In that way students will be encouraged for their future, have a chance for a part time job during their studies and recognize better their parents' sacrifice. The society should take care of its youth, as it is the input and the output of the future, firstly by recognizing their problems and then by trying to fix them up.

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