

THE RELATIONSHIP BETWEEN EDUCATION AND INCOME

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ABSTRACT

Previous studies had stated that, Individuals and households spend their money in education to get better employment opportunity and enhance earning. Individuals and households invest their money in education to get better employment opportunity and enhance earning. In addition "Many workers increase their productivity by learning new skills on the job" (Becker, 1975). In Batticaloa district, households spend their money to access a superior job and earn more income in future. In this line working people have the different level of education and skills. Anyhow, this is important to know that various employments differ based on their own characteristics. Even if they have attempted in access the education and skills to earn more through better employment, they would not gain employment opportunity regarding their qualification and skills. Hence, there is a mismatch between households' employment and their qualification and skills. Therefore, this paper sets out to assess whether education appears to earn more in the Eravurpattu divisional secretariat and Manmunai north divisional secretariat of Batticaloa district. Data were gathered through structured questionnaire from 100 households in both divisional secretariats of Batticaloa district. They were selected were selected by convenient sampling method. Collected data were analysed by multiple regression analysis and correlation analysis which was analysed through the STATA package. The regression result revealed that primary education, higher education and degree in the university have positively significant impact on earnings at one per cent level. Conversely, studies on language, information technologies and professional studies are not significant with earnings. According to the R-squared value, adjusted R-squared value and F statistics also support with this studies positively. Further, the correlation test revealed that the relationship between monthly income and degree in university is a moderate and positive relationship. There is a weak and positive relationship between monthly income and studies on information and technologies. In contrast, monthly earnings with secondary education and primary education are found to be a negative relationship. Though higher education, studies on language skills and professional studies have no relationship with monthly income. Finally, this study revealed that, mostly education level has a positive relationship with monthly income than other skills development studies.

Keywords: Degree, Education, Language, Monthly income