

Human Capital Investment In Poor Households

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Abstract:- The purpose of this study was to analyze what variables that used to distinguish the decisions for poor households to invest in human capital in the education field. The study was applied to the parents of poor households that have junior high school children in their last year with the total of 240 respondents. Using discriminant analysis, the findings showed that the variable of school fee, parent's expectations, the level of household income and the time allocation of parents to children's education are significant variables to distinguish between the poor households which continue their education and those which don't. The variable become the best distinguisher is the perception of parents towards the school fees.

Keywords: household income, human capital investment, poor households, school fees, the expectations of parents

I. INTRODUCTION

The problem of poverty became a social problem for third world countries like Indonesia [1]. The 2014 Central Bureau of Statistics data states that the poverty rate in Indonesia amounted to 28.28 million or 11.25 % and increased by 0.11 million people from the previous year. Poverty is where there is a state of shortage in variety of basic needs such as basic food, shelter, health care and security [2]. Actually, poverty is not only restricted to purely economic phenomena. Moreover, poverty also deals with the possibility or probability of a person or poor households to establish and develop business and society welfare [3].

Due to the fact of low education, the cause and effect of poverty correlates to each other and is difficult to be decreased [4], [5]. This kind of influencing mutual relationship is what should be able to be cut off in order to reduce the rate of poverty. Eventually, the main effort to reduce the rate and even break the chain of poverty can be done by improving education, as it can be advantageous for human capital investment of parents to their children [5], [6]. Human capital investment is an activity which affects the real incomes of the future, attached to the human resources [7]. Human capital can be in a form of skill, education, health and trainings. Similar to investment in capital goods, investment in human capital needs current borne costs by expecting a benefit in the future [8]. School fees are very influential on human capital investments. The lower the cost of education, the higher levels of investment will be [8]. In general, the cost of education can be categorized into three groups [9], namely :

1. Direct costs are costs that directly relates to the school needs, including tuition fees, administration fees, books expenses, supplements and other equipment.
2. Indirect costs incurred to support school activities, including expenses for accommodation, transportation and food expenses.
3. Opportunity cost is the cost which occurred due to choosing to use the time and money for the school. These costs include the opportunity cost of salary / wages, interest and rent.

The calculation of opportunity cost on the human capital investment decisions are generally addressed for high school graduates who are faced with the dilemma between continuing education to college or not. In this context, these individuals have already entered working age [a high school graduate \pm 18 years old] to face fees which weigh equally in choosing between continuing to college or work. Meanwhile, the subjects researched in this study are poor parents who face the dilemma of human capital investment, ie to send their children who have graduated from secondary school [age \pm 15th], to continue the next stage of school or not. According to Convention 138 on the minimum age to work, it is mentioned that the minimum age for children allowed to work in any kind of work, must not be less than 18 years. Thus, the earning opportunities for them be small, making the choice between school and work is unequally balanced. If the background research is the poor households, the aspect of the loss of parents' opportunity to earn interest and rental income from the amount of funds that will be invested for school children can occur. This is reasonable, as the amount of income in poor households will majorly be spent on consumption, rather than to save, even in physical capital investment.

Due to the mentioned statement above, in this study the school fees will only be examined by the elements of direct and indirect costs seen from the perspective of parents. It is based on the premise that school fees for each person may vary in number, both in the amount of direct costs and indirect costs. Parents' perceptions about the school fees will also probably be different [costly for a single household, may not necessarily be for other households even though the amount are the same].

Empirically, the effect of the school fee to human capital investment decision in this case to send children to school, is examined by Voiculescu [9]. The results of the research mentioned that investment in human capital by schooling have a positive relationship with age and income, but is weakened or negatively related to the increase in tuition fees. The research of Hussain, et al.[101] stated that in Pakistan, one of the factors that make the number of children dropping out of school was due to the education's expensive cost constraints. As the school fee goes high, the human capital investment is low. This is due to the fact that one does not consider the impact of its investment in the future and they show reluctance to invest as the waiting list period of the investment increases/ becomes longer [11]. Thus, it is alleged that school fees has a negative effect on the human capital investment decisions.

H1: School fees as a distinguishing investment decisions' variable

Measuring the future profits on investment in human capital, is in fact a difficult job, because it is very dependent on the future information of uncertainty job. However, the measurement of the return rate can be predicted by measuring the flow of revenue to the comparison of different jobs at the current time [12]. Investing in education can be interesting when the benefits of the future present exceed the costs [8]. The mathematical equation can be formulated as follows:

$$\frac{B_1}{1+r} + \frac{B_2}{(1+r)^2} + \dots + \frac{B_t}{(1+r)^t} > C$$

The empirical research which links between the future investment decisions' expectations such as Armand [13] and Muamaroh [14] say that the expectations of the parents is what determines the decision to send their children to school or not. Yueh [15] shows that the parents decided to invest in childrens' education as an impulse to obtain financial guarantees from the children at the retirement time. Meanwhile, some research suggests that parents who have a weak economy mindset and attitude is only oriented to meet the needs of everyday life, while the children's education is not a top priority [16], [17]. Thus, the actual expectations of parents towards education investments in children can be seen from two perspectives, namely expectations for the children, for example, wanting their children to be smart, having a good character and having a better life. Moreover, from the parent's side, they also expect to have a more comfortable life in their old age. The higher the expectations of parents towards their children's education outcomes, the more compelled the parents are to invest in human capital in the form of their childrens' education.

H2: the parent's expectations to become the distinguishing variable of human capital investment decisions in poor households.

The dilematic conditions in investing in the children's education will be faced if the household is poor. The human capital investment in poor households will be constrained by the low income of their household. Leibowitz [18] and Hussain, et al. [10] found that the the income level of parents would give effect to the investment in education and their children's income in the future. In his research, it is explained that the parents' income will be used to meet the needs of number of goods and services as a form of household investment. Glick and Sahn [19] who consider gender in their analysis, found that family income will be able to improve the decision of parents to send their daughters to school, but will not for sons.

On other hand, the amount of income that can be received by a household is not unlimited. The income constraint can be formulated as follow [20], [12], [21]:

$$\sum p_1'x_1 = I = \sum W_j l_j + V$$

where y1 is the product purchased in the market ; p is the price of the product ; I represent income , W is the wage per unit or the time spent for working and V is the income other than wages. So, the income calculation is not just from the income on routine work, but also from other income which comes from outside of wages [eg donations, working part-time jobs, etc.]. When observing the equation above, it can be noticed that when it comes in the effort to maximize the household income, the parents are also hampered by time constraints, which is formulated by [20], [12], [21]:

$$l_i + t_j = T$$

where T is the total time owned, l_j is the time spent working, while t_j is the time duration that can be used to carry out household tasks . Limited time requires every person to be able to organize all their activities carefully. Simply, the consequences is that the more time parents confiscated to work outside, then there will be less allocation of time for activities in the household, including the duration of time and attention given for their kids.

The allocation of time parents have for their children holds a vital role in the success of their education [22]. Meanwhile, the behavior of the parents from poor households with low income and vulnerability to

economic shocks, tend to spend a lot of time to work. Therefore, the attention to their children’s education became minim. Similarly, there is a research conducted by Budi & Sidemen in poor households, who work as scavengers in the village of Mount Sulah [23]. It explains that the number of school dropouts in scavengers’ children is due to the low allocation of parents’s time for their children education.

H3: The income of the household is a distinguishing variable of human capital investment decisions in poor households.

H4: The allocation of time provided by the parents is the distinguishing variable human capital investment decisions in poor households.

Based on the above elaboration, this study tries to examine the human capital investment decisions of poor households of their choice to continue their education or not, based on the variables that are thought to be their consideration. The variables that appear to be based on theoretical and empirical studies in this research is the school fees, parental expectations , the level of income and time allocation which were provided by parents for their children's education .

II. METHODS

The research was conducted on the poor household, located in the Malang district who have junior high school age children, studying in their last year, in 2014. The subject of this study was chosen on the basis that they had just passed a dilemma to continue their education at the high school level or not. Based on the data from Malang District Education Office, it is obtained that the number of population is as much as 8025. The number of the sample according to Davis and Cosenza [24] is amounted to $n = 238.58 \approx 240$ respondents. The sampling technique used in this research is by multistage sampling method.

Based on the data field which is obtained with a total sample of 240 families, it is noticed that as many as 21 % or as many as 70 families decided not to continue their education, while as much as 79 % or as much as 170 families decided to continue their education.

The measurement of each variable is performed as follows: (1) the school fee describes the magnitude of high school fees which are relatively assessed on the parents’ perception. This variable is measured by the direct cost’s assessment [tuition, textbooks and other supplies], and indirect costs [transportation costs, food costs, boarding fees] by using Likert scale. (2) Parents’ expectations describe the parents’ hope to invest in sending their children to secondary school level. This variable was measured by the expectations of parents towards their children on investment in terms of the children and of the parents and the family by using Likert scale . (3) The level of household income is the amount of revenue earned by parents from their productive activity within one month period. The indicators used to measure the level of household income is by knowing the amount of the average income gained by the parent in the form of wages and other non- wages household which can be obtained within a period of one month. (4) The allocation of the time provided by the parents in their children's education is the duration provided by the parents in monitoring their children's education. This variable is measured by the intensity of the day parents monitor their child's education by using Likert scale

Then, based on the hypothesis, the data is further processed with discriminant analysis techniques to identify the variables that made the best two distinguishers of two groups of respondents. In this case, the best two distinguishers are the poor households who decide to continue their education and a family who decided not to continue their education.

III. RESULTS AND DISCUSSION

The data obtained which is based on the amount of household income earned each month are presented in Table 2. As the general investment, investment in human capital in this case from educational perspective also requires small cost sacrifice. School fees are considered in this study include tuition fees, including other school needs, fees, books , transport , consumption and dormitories . The perception of the survey respondents, which is the poor households associated with the school fees are summarized in Table 2 below.

Table 2 Criterias Of School fee

| INDICATOR | CRITERIA | |
|-------------------|---------------------------------------|-----------------------------------|
| | NOT SENDING TO SECONDARY SCHOOL LEVEL | SENDING TO SECONDARY SCHOOL LEVEL |
| School Fees | High | Low |
| Book Costs | High | Low |
| Transport Costs | High | Low |
| Consumption Costs | Medium | Low |
| Dormitory Costs | High | Medium |

| | | |
|---------|------|-----|
| Average | High | Low |
|---------|------|-----|

From the data shown in the above Table 1, in general it can be said that group of respondents who chose not to continue their education belongs to the high category, while the group of respondents who chose to continue their education belongs to the category of low. Respondents, who belong in the high category, have an interpretation that they assume that the school fee which is used for the childrens' school is burdensome. Meanwhile, the respondents in the low category, means that they do not feel heavy to bear the fee of his son to continue his study/ school. If we observe each indicator, it can be noted that the item costs which are generally more burdensome among other cost items are the cost of the place when children are forced to stay educated in other distant areas relatively. This is reasonable because when someone decides to stay in the dorm, then the expenses will be redoubled because it is not only used to pay for a place to stay alone, but also requires the cost of consumption that is not small.

As for education level variables, is based on the data obtained in the field to get information as listed in Table 3. From the table it is obtained that the information of groups of households who decided not to send their children to secondary school level, or who decided to not continue must have a majority of income in the range 700000-1159000 rupiah each month. In the group of respondents who decided to continue their children's school, as many as 40.59 % are in this category. Meanwhile, the group did not send their children as much as in the range of 48.57 %. The level of income in the range 2540000-3000000 is just completed by parents who decided to send their children, amounting to 4.12% of the total respondents were drawn. As for groups that do not continue their education naknya only 3 heads of households who have income in the range of 2080000-2539000.

Table 3. Level of Household income

| INCOME RANGE (Rp) | SENDING CHILDREN TO CONTINUE SCHOOL | | DOES NOT SEND THEIR CHILDREN TO CONTINUE SCHOOL | |
|-----------------------|-------------------------------------|--------|---|--------|
| | F | % | F | % |
| 700.000 – 1.159.000 | 69 | 40,59 | 34 | 48,57 |
| 1.160.000 – 1.619.000 | 42 | 24,71 | 21 | 30,00 |
| 1.620.000 – 2.079.000 | 35 | 20,59 | 12 | 17,14 |
| 2.080.000 – 2.539.000 | 17 | 10,00 | 3 | 4,29 |
| 2.540.000 – 3.000.000 | 7 | 4,12 | 0 | 0,00 |
| TOTAL | 170 | 100,00 | 70 | 100,00 |
| Average | 1.490.000 | | 1.300.000 | |

The allocation of time available for the education of the parents' children may have influenced their decision to send their children to the secondary level or continue their study. In this study, the variable allocation of time is measured using three formers indicators in order to know how much the time intensity is of the time set aside by parents to support their children's education. Table 4 presents the summarization of the parents' response related to the variables.

Table 4. Criterias Of Parents' Time Allocation

| INDICATOR | CRITERIA | |
|--|----------------------------------|---|
| | SEND CHILDREN TO CONTINUE SCHOOL | DOES NOT SEND CHILDREN TO CONTINUE SCHOOL |
| The willingness of time parents give to make sure that their children go to school in a safe condition | Medium | Low |
| The willingness of a parent to accompany the children to study at home | Medium | Low |
| The willingness of parent to monitor the development of children's learning outcomes | High | Medium |
| AVERAGE | Medium | Medium |

In Table 4 it can be seen that the time provided by the parents for their children's education is at the middle category. For the variable allocation of parents' time to a child's education has a meaning that daily, the intensity of the allotted time parents support children's education is average.

If seen from each indicator which forms a variable allocation of time of parents to a child's education, it can be informed that the two groups have a low criteria for indicators of time when parents need to make sure that their children goes to school in a good situation. When compared to other indicators of a variable, it can be said that in general the morning activities of the parents makes them difficult to set aside time to prepare their children to be able to go to school in a good condition.

In making investments, including investment in human capital by education, is not separated from the expectations of investors to get good results in the future. Data collected on this variable is composed of two indicators that assess the expectations of parents for the good of his son's life and expectations of parents for the good of their future lives. The results of extracting data on these variables are presented in Table 5 below

Tabel 5 Criterias of Parent's Expectation

| PARENT'S EXPECTATIONS | | |
|--|---|---|
| INDICATOR | CRITERIA | |
| | NOT SENDING THEIR CHILDREN TO CONTINUE SCHOOL | SENDING THEIR CHILDREN TO CONTINUE SCHOOL |
| People's expectations on investment for their child from the other children | Medium | High |
| Expectations of parents towards their children on investment from the private side | Medium | High |
| AVERAGE | Medium | High |

From the Table 5, it can be informed that the parents who not to send their children to secondary school have medium criteria and the parents who send their children to secondary school have high criteria. Respondents who are in the high criteria imply that parents in these groups have great expectations for its investment in the form of sending their child. Meanwhile, the group of parents who decide not to send their children's school also have expectations about the future of their children even at the level of the magnitude is seen medium. If seen by the index value of each indicator, it can be noticed that the expectations of parents from both groups have the same higher expectations for their own side than to the side of their own children. Considerable differences occurred in the group of parents who choose to send their children to school on a group of parents who do not continue their education.

The Results of hypothesis testing to four variables using discriminant analysis can be presented as follows

Table 6 Output Of SPSS

| | | | Eigenvalue | |
|------------------------------|--|----------------------|--|--------------------|
| | Wilks' Lambda | Structure Matrix | Canonical Correlation | Eigenvalue |
| SCHOOL FEE | .460 | .920 ^{*)} | .762 | 1.386 ^a |
| EXPECTATIONS | .799 | -.426 ^{*)} | | |
| TIME ALLOCATION | .929 | -.235 ^{*)} | | |
| INCOME | .976 | -.133 ^{**)} | | |
| Functions at Group Centroids | who decide to continue their children's school | -.752 | who decide not to continue their children's school | 1.827 |

*) Sig=0.00 **) Sig <0.05

Based on Table 6, it can be seen that of the four variables which was assumed to be the distinguisher between those who decide to continue their children's school with a group who decide not continue their children's school, it is informed that all variables are identified as having significant value smaller than 5% alpha .

Thus, the variables become the best distinguisher in the group of respondents who continue and do not continue their children's school in order are the perception of parents towards the school fee, parental expectations, the allocation of time parents to a child's education and the level of income.

From the Table 6, it is known that the Canonical Correlation values is 0.762 , so the magnitude of CR² is 0.58. This means that 58 % of the variation between groups of households who choose to continue their children's school with households that choose not to continue their children's school can be explained by the perception of the cost of education, parental expectations, the level of income and the allocation of parents' time to children's education .

Table 7. Wilks' Lambda

| Test of Function[s] | Wilks' Lambda | Chi-square | df | Sig. |
|---------------------|---------------|------------|----|------|
| 1 | .419 | 205.232 | 4 | .000 |

From the Table 7, it can be seen that the amount of the value of Wilks's lambda is equal to 0.419 or Chi – square, which is amounted to 205.232 with 0.000 significance. It can be concluded that the discriminant function is statistically significant, or in other words means that the value of the discriminant scores for both groups of respondents differed significantly. The descriptive analysis can also classify the information obtained in the future observations into one of two groups of respondents. From Table 8 can be seen that the output value classifications' rate is 90.8 %. A total of 70 respondents from groups of households are unable to continue their children's school classified correctly. Moreover, there were 148 respondents classified correctly to groups who decide to continue their education, while 22 respondents are in the wrong classification.

Table 8. Classification Results^a

| | | DECISION_INVS | Predicted Group Membership | | Total |
|----------------|--------------------------------|---------------|--------------------------------|----------------------------|-------|
| | | | NOT SENDING TO CONTINUE SCHOOL | SENDING TO CONTINUE SCHOOL | |
| Original Count | NOT SENDING TO CONTINUE SCHOOL | | 70 | 0 | 70 |
| | SENDING TO CONTINUE SCHOL | | 22 | 148 | 170 |
| % | NOT SENDING TO CONTINUE SCHOOL | | 100.0 | .0 | 100.0 |
| | SENDING TO CONTINUE SCHOL | | 12.9 | 87.1 | 100.0 |

a. 90,8% of original grouped cases correctly classified.

Cost of Education as the Distinguisher's Decision of Human Capital Variable of Poor Households.

Unlike other types of physical investments in the form of modal or capital, investment in human modal capital is a type of investment that is invisible and attached to the individuals. Investment in human capital is an action that is accumulated early and is adapted to the human life cycle. In other words, this type of investment can not be done at any time by following the economic cycle such as investment in physical capital. As investment in general, investment in human capital requires sacrifice and expect greater revenue stream in the future. The most fundamental thing on this investment is that the amount of investment can not be resold or transferred.

Investment in human capital in the form of education, seeks to improve the quality of life of the individuals. With a variety of characteristics attached to it, this type of investment is investing their human capital which is most often committed by investors from a variety of socio-economic status. As this type of investment in general, the investment in education aspect raises the opportunity cost is quite large.

Opportunity Cost which is associated with investment in education will be great when faced with the investor, which in this case are older people with the category of poor economic status. With a budget constraint which tends to be low, the cost of education will be competing with a variety of basic living needs of the poor households urge to do so. In addition, choosing to add the duration of the study will be the same as losing the opportunity to earn extra income at this time due to the energy and time that is owned by members of the household, which should be focused on school. Thus, the necessary ability to weigh the amount of costs to be allocated for investment in education compared with the likely outcome that can be obtained in the future is necessary.As in this study focused on the investment decisions of human capital in the field of education in poorer households, the results shows that school fee becomes a variable which distinguish the largest group of poor households who decided to continue their children's school with poor households that have decided not to continue their education . These findings indicate that poor households with low income levels have different perceptions associated with that school fees that they should spend on their children. Most of them think that

school fees burden their lives. While others consider education is one form of altruism, in which financing for it is deemed not to be a burden.

When the school fees continues to rise, while the parents see it as a heavy burden, the school fees then has a positive correlation with dropout rate [8] . As mentioned by Hussain, Salfi, Khan [10], it is stated that in Pakistan, one of the factors that make the number of children dropping out of school was due to expensive cost of constraints. This is because parents do not consider the impact of its investment in the future and they show reluctance to immediate invest because the waiting list period of the investment increases or becomes longer [11].

The waiting period on investment in education is likely to be less attractive, as the poor parents when faced with the alternative fulfilling the needs and wishes of those who reward faster than to be used to pay school fees that would not necessarily be successfully finance. Groups of poor parents who decide not to continue their children's education also have the assumption that the cost of education would be more efficient if it is used for physical investments, which are assessed to be more quickly to generate revenue for them, or at least visible forms. On the other hand, the majority of poor households think that a children's education is their duty as parents. Driven by a sense of altruism they then do not think that the cost of education is a burden. On this basis then they decide to continue their education. Household as a whole interlocking emotional, bring a unique behavior in the achievement of satisfaction, especially from the side of the parents. The level of satisfaction of parents is not only depends on the fulfillment of their personal consumption, but also influenced by fertility and utility rates of each children [20]. Sending children to continue their school, although faced with a huge opportunity cost, it will be paid when they can see changes in attitudes and behavior of children towards better and intellectual abilities of children increased. On the basis of the exposure it can be concluded that the perception of parents associated with education costs that they must bear for their children will indeed differentiate their selection decision whether to continue or not to continue their school education.

Expectations of Parents as Human Capital Variable Decision Distinguishing Poor Households.

When investing in human capital to compete with the fulfillment of the basic needs of households, it will pose a dilemma and the opportunity cost is huge. This is generally the case in poorer households. Parents as an investor would consider many things when deciding whether to invest in their children's education. One element to be considered a parent is their expectations of what their children's future will be like with the investment that has been done.

In the economic expectations, the future on investment in human capital is currently calculated on the amount of costs incurred (direct, indirect and opportunity cost) to the amount of wages that would be obtained in the future. Different types of physical investment, investment in human capital is a type of investment that is not visible and the final results in the form of the amount of income to be received is difficult to predict at present. However, in this study, it is found out that although investment in education is difficult to predict the final result, there are many households in this context that is the poor households that invest in the education of their children. Households who decided to continue their children's school has high expectations for their children's future on investment costs incurred.

Expectations of parents to send their children related decisions are usually based on expectations that the subjective nature is compared with the calculation of future real income of the investment made today. In fact, expectations of parents in the future of their children are very diverse, but nevertheless high expectations of parents would encourage them to invest in their children's education. While expectations of parents are low on investment returns they do, will give a result in low investment in their children. This is in line with the thinking Arman [13] and Muamaroh [14] which states that the expectations of parents is what determines the decision to send or not to send their children. As the findings in this study, expectations of parents can be viewed from two perspectives.

The first expectation of parents is related to improving the future of their future, and the second is the expectation of parents of the household and the elderly person. In terms of children, the expectations of parents to send their children may be able to improve attitude, character and behavior of children as a result of education in schools. In addition, parents also hope that by investing in the education of their children, it will make her become smarter so that they can get jobs and livelihoods more feasible. Expectations of parents towards education investments accomplishments can also be started from the experience of life in which they live with the condition of education. The discomfort experienced parents, in turn encourage them to protect their children so that did not have the condition as perceived parents. A second review, expectations on investment in the education of children is of the households and the elderly person.

As the results, this study found that older people hope, it is most likely his son's success as one of the steps to get out of the poverty trap. If observed back in the magnitude of the expectations of parents for the household and personal self, compared were greater expectations on the children concerned. This is supported by Yueh [15] who found that the parents decided to invest in the education of their children because of the push

for financial guarantees of the children at the time of retirement. As investors in general who want their positive feedback on him, as well as when parents decide to send their children the expected parental feedback can be either financial or non-financial magnitude as ever respect and even just for the satisfaction and pride that can be obtained when her parents were able to complete one level of education. Related to poor households, feedback is expected to be greater when they dare to decide to send their children while having to press the fulfillment of the needs of others. No wonder if eventually they hope to children who are sent to be great, to be able to help parents face heavy economic burden especially when they have begun to ripen.

On the other hand parents who decide not to continue their children's school could not be interpreted that they do not have positive expectations on the children he had. In this case, the expectations of parents to their children are shown rather than through formal education. The results of this study found that parents stop education of their daughter and eventually married to men who have a socio-economic status, which is higher in the hope children could live more comfortable and able to uplift the underprivileged household. Thus it can be seen that the poor parents looked forward to the children, but not in the capacity of their children's education, but through other factors beyond. This is confirmed by studies Davis, Martinez [24], which states "The poor believe the returns to education are low at low levels and only high at higher levels, and that it is unlikely they will ever get to the higher levels, they may not want to make the effort to invest in the lower levels and keep their children away from school even when it is free." It can be concluded that parents who have a weak economic background, mindset and attitude is only oriented to meet the needs of everyday life, while the children's education is not a top priority [16], [17]. This perspective patterns ultimately determine how big their expectations of their children through formal education is.

Household Income Levels in Human Capital Variable Decision to Distinguish Poor Households.

The level of household income is a means to maximize the utility of household members. The level of income will be faced with the needs and desires of household members which vary so the ability to determine priorities is related to the limited amount of income required. Thus, the preparation of the priorities of each household is different and will show different variations in the combination of funding.

In general, the amount of revenue can be allocated to three main activities: consumption, investment and saving. Meanwhile, the investment and savings will basically be done if the basic consumption needs have been met. Thus the amount of household income will be able to determine the variation of the type of expenditure that can be done. The greater the income means higher constrain budget, so there will be more variety allocations that can be done. In the context of poor people, with revenue likely to be small, they are ultimately faced with the allocation of limited income. With a low budget constrains, they must be able to draw up priorities household so that each utility can be optimized. As the results of this research, it is showed that the level of household income is a distinguishing variable between households who decided to continue their children's school with their children that do not attend school. The amount of income received by each household, specifying a combination of which allocations will be done, whether binventing or not. In this case again, the scale of priorities established by them. As supported by enelitian Leibowitz [18], Hussain, Salfi, Khan [10] found that the income level of parents would give effect to the investment in education and income children in the future. In his research explained that the parents' income will be used to meet the needs of a number of goods and services as a form of household investment. Group of households who choose not to continue their education, education can assume that a large proportion of their income. While the budget constraint is low making their budget allocations are limited so that education is not a priority in the allocation of its budget. It is actually reasonable in the context of poor households, which according to their characteristics is a group that is generally shortage basic needs such as basic food, shelter, health care and safety [2]. With the lack of earned income, the fulfillment of basic needs become urgent.

On the other hand, poor households who decided to continue their children's school thought that education is a priority for them. So that the pattern of their fulfillment can be regulated by limiting the amount of consumption of basic necessities in order to set aside a portion of income for school children. The behavior of other parents trying to keep sending their children to owe income expectations by relying on odd jobs will be able to receive in the future.

Allocation of Parents' Time for Children's Education for Human Capital Variable Decision Distinguish Poor Households.

As mentioned in previous discussions, that the allocation of time parents to households struck by the insistence of meeting the needs of households with working time great consequence. In other words, the more time parents confiscated to work outside, then the allocation of time for activities in the household the less, including attention and the duration of time for their kids. Time constraints owned by the parents force them to be able to allocate the time that private utilities and other household members may be optimal.

As the results of this study, the findings show that time spent with the parents for their children's education can be a distinguishing variable between households who send their children to school and those that did not continue their children's school. Parents who put children's education a priority will seek to allocate the time they had to control the progress of education obtained by the children. It is actually the same as those of investors in general. They will try to continue to monitor the movement of its main investment if it involves huge cost drain on budgets compared with other expenses. The allocation of special time is having an opportunity of parents to monitor their children's education which aims to make investments that have been embedded and was not until becoming a failure. This is as stated Leclercq[22] that the allocation of time parents have their children holds a vital role in the success of their education. The allocation of time given the middle of busy working parents is one form of attention and concern for their children's education. The less time parents devoted to their children's education, and then it will produce a response from the children that the parents are not too concerned with the aspects of education. This is the problem the parents of the poor households must face with the choice of time that must be allocated to monitor their children's education or to work to meet household needs.

As the setting in this study, the majority of parents are farmers; it is proved that the time provided for their children is not too long. Parents' time had mostly used for work. Before the child woke up, the parents had gone to the fields, when the parents have to go home to rest, their children are still outside the house. And so on until the children's condition was no concern of parents. Parents argue that indeed the majority of their time is used to work as a response to the desire to multiply the income that can be obtained by household. Moreover, after the tiring work they go home to rest. As well as a research conducted by Budi, Gede on household of waste pickers in the Village of Mount Sulah [23] explained that parents who do not pay attention to their children's education, for example, they are indifferent to the process of learning their children, and did not pay any attention at all. It would be the interests and needs of children in learning, not organize study time, not provide or supplement a learning tool, not want to know how their children's learning progress, difficulties experienced by children in the study, and others, can cause children to become lazy in school. It can be concluded that the time allocation given by parents in children's education plays an important role to determine the child's education would continue or not.

IV. CONCLUSIONS AND RECOMMENDATIONS

This study begins with a review of economic phenomena that show the increasing poverty in Indonesia with low contribution in the education sector. The problem that arises then is not explaining on the considerations on which the decision heads of poor households to invest in human capital, namely the decision to continue or not to continue children's school. From the analysis, the data found the variable of school fee, the expectations of parents, income level and allocation of time provided the parents for their child's education, are the variables that are able to distinguish the decision poor households to invest in human capital, namely in the field of education. Of the four variables, the variable of school fee is the best distinguisher in the group of respondents who continue and do not continue their children's school.

Because this study can only contribute to the prediction of the investment decisions of human capital of the poor by 58%, the researchers then can complete lack of predictive power by considering other variables, such as the perception of parents towards education, the perception of parents towards school institutions and parents' perceptions of the interest of the child to attend school. Researchers also consider that it is necessary to do research and development in an effort to find a model to change the mindset that relate to the importance of human capital investment in education in poor communities.

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