

The Education Effects in Personal Finance Management

Sanie Doda, PhD Candidate

Lecturer, "Aleksander Moisiu" University
Durrës, Albania
E-mail: sanijedoda@yahoo.com

Doi:10.5901/mjss.2013.v4n1p361

Abstract

This research tries to identify the importance of the education in the well-managment of the personal finances. To improve your inputs, it means to start a way toward a financial freedom. This doesn't mean obligatorly to have a luxiory life, but to adapt efficient supplies to achive a given confort, assuring a more successful future. The education is one of the more important elements, which push the development of the country. This is one of the basic reasons, why one of the strategic goals it is the liberalization of the teachingeducation. The education is a potential variable, which has a large impact to take personal financial decisions and in the managerial capability of the money, where the whole society aims a high financial turn into the investment into the high schoolluniversities. It exists an unique connection between the education and the education's results and these results into personal finances and the economical welfare, in general.

Keyword : *Education, Personal finance, Economic development.*

1. Education and incomes

The level of the quality of the education has a direct influence in to the individs' payment. This is, still, a fact. We already know this fact, but although we ask: How precise is education part of this change in payment and reward? Recently the experience's level is one of the factors a manager has in consideration before helshe emplys a new staff member. This standart should be fulfilled, as criteria for qualified profesionists.

The rules and the rule makers or rulecheckers are every day more been updated. This is happening in some appropriate sectors, where the employers may see if staff members have the specified certification. If it doesn't happen, it means they are not ready for the market, because they are not assured as it is asked, to do the work carried as it should be. The market asks quality.

The education and the battle against the illiteracy are important elements, which push the development of the country.¹ This is the reason why one of the strategic goals of the Spanish Cooperation, is the contribution to realise effectfully the studies, to reduce the fail level and to drop out the school. Another point is the contribute to improve the quality of the education through the restoration of the schools, to supply it with equipments, the training of the teaching staff, the consolidation of the school community and the public education system.

Albanian Education System is one of the more undermined structures during the Albanian political and socio-economical transition. Even so the level of the illiteracy is clearly reduced, it should be improved more the teachingeducation level and should reduce the level of failure or the drop out of the school, especially into the rural aereas.

Other challanges with which we should afford are: schools must be furnished with didactic supplies; it must be assured the development of the educative activities into pleased levels in case to avoid congestions inside the classrooms. They must be checked the pedagogical and educative methods and the techniques to be adapted to the necessities of the children.

All this factors and achievements will bring to the descent of the drop out of the school, promoting the children motivation. This is particularly important into rural aereas, where a lot from them dream to move to improve the economical situation of their families. According to the Rapport for the Objectives off him Millenium for Development

¹ Chen, H., & Volpe, R. (1998). *An analysis of personal financial literacy among college students. Financial Services Review, 7, 107-128.*

(OMZH- in Albanian) for the year 2009, an important progress it is done for the accomplishment on a universal secondary school education.

Although this, more than 10% of the children in scholar age don't the school. This is a very anxious problem. Let's take an example: the percentage of motherhood with only secondary school or at maximum with the high school, it directly means the reduction of the level of the infantine's death-rate and in the same time improvement in the process of nutrition. We have to underline that when the parents are educated, the level of frequentation of the school will be higher.

The project "The upgrowth of human capacities" through the Albanian Education System has brought a positive impact into the educational level of Albanians. The support of the educational reform, the management of human resources and the funded improvement of the infrastructure and furniture, it includes a detailed analysis to the actual situation into the secondary schools in Scutari, Tirana, assuring dates for the quality of the schools, infrastructures, equipments, the supplies and the staff qualification.

It also, analyses the basic reasons of the pupils' failure and the drop out of it, stressing the economical level of the families.

In the end, it proposes recommendations for recruited staff into teaching, the local and national authorities, to promote qualitative education in Albania.

- The involvement of the new components into the priuniversity structure of the curricula.
- The modernization of the methodologies of teaching through projects in base of regions or schools, paying attention to the pupil, his independent thought and opinion.
- Teacher and headmaster's capability through trainings, to spread modern mentality and to manage the situations created by the transition.
- The contraction of work days into priuniversity education from six days into five days. This has been done according to the new social-economical conditions.
- The notable improvement of the curricula's high school quality, through the research permanent work and important intervents into content, study's system, the quality's evaluation and to the strengthening of institutional capacities. The above changes have been and are still important elements to whole reform of the educational system in Albania.

Having in consideration all these reasons, we hope this document to be a basement stone for the teaching\education institutions, organization and communities, which work to develop and to improve the Education in Albania, in that way to rise the European standards and to guarantee access in secondary level for all the children, who will write the country's future.

Albanians, historically, consider the education as a precious heritage². Following the tradition of the forefather's generations, not only in the years, but into the century, the education continues to be one of the basic values of the albanian society and one of the keys of its future³. This is consisted into years. Above, we will introduce a detailed description to the origin of the education of our country.

The first school, officially is known that of the seventh March 1887, but the roots and its truth speak earlier. From this time to today's time, in the education's Albanian history are registered a lot of significant facts, which testify the wish and the achievements into education. In the same time, are shown a lot of important celebre figures, whose efforts are concentrated into the richness of the minds of Albanians to optimize the Albanian nation's values.

In the Republic of Albania, from decades, seventh March, is celebrated as the National Day of the Teacher. In fact the first written Albanian documents, respect the XV-th century. The oldest book, into the Albanian is "Missal" of Gjon Buzukut, edited on 1555. The enriched language and the relational permanent orthography testify that this document is upheld into an earlier tradition to the Albanian writing.

After the 1990's, the Albanian society entered into a new epoch. Democratic changes involved the entire life field, which were reflected into education. The market economy and new social occurrence, propound the necessity for urgent changes to the educational system, as:

- The elimination of the political and ideological dimension of monist system from the curricula of all the priuniversity level education.
- The involvement of the priuniversity education new subjects curricula, as social education, healthy education, education for the human rights, informatics, which ask as a necessity the new concept and the crosscurricular into the school.

Actually, the basic education or differently the obligated education is 9 years. All the children from six to sixteen years old must follow the basic education. The parents have the right to choose between the public and npublic schools, where

² Biberaj, E. *Albania in Transition*, Tiranë: Ora, 2001, p.20-30.

³ Friedman, M. *Capitalism and Freedom*, Tiranë: ISP & DITA 2000, 2005.

the firsts are free schools and the seconds are with the payment. The children are obligated to start the school in the age six. There aren't any counts out criteria to take up the first class, except the rare cases, when the children suffer salubrity.

The basic education aims to develop the intellectual, creative, practice and physic capability of the pupils, to develop their persobality and to give them the essential elements of general cultura and citizen education. This is why we are underlining these aspects, because they build the grounds of individual's education.

Albania is one of the last countries into the region for budget's percentage into education versus the PBB's members. Albania leaves Turkey meanwhile; it's so far away from the average EU's countries. "Having in consideration the descent trend, this evidence has recently taken in Albania, adding the 2.8% for 2011, it might be said, that the standarts' EU achievement for the outgoings, still remains a illusion, evaluates ODA organization.⁴

According to the dates introduced from the ODA, Cypius is the state which invests more form the GDP into education, approximately 6.4%, after which comes Slovenia with 5.63 % and Hungary with 5.15 %. These tree contries stand over the average of UE, from 5.1 %. Albania should fullfill the percent of 30 deegred through 100 citizens, to achive in this way the standarts with high quality into high education.

By this study of ODA, this is a determinated condition placed form the Europe Council and the last 10 years, the high education seems to have changed shape. But Albania is still under the numeral 30. Meanwhile, another problem is connected with the fact of the validity of the degrees realeased from the universities' institutions.

The dates introduced from ODA, show that only 25% of the programes of the private universities are accredited. In walking process there are 20 programesm meanwhile the bigger part are still unaccredited. The private university's accreditation pays special attention to the public, this duethe fact they are new and not so much consolidated institutions.

On the other side the public education has already created a tradition and an opinion gained into years. In the moment of speaking, we may judge the problem of accreditation, over the better part of the private universities. This remains one of the standarts to be fulfilled, as ODA, says.

According to a study edited from the World Bank, on April 2011, it is seen that, quite in all the surviwed schools, are reported infrastructures and room problems. By the surviwe, in almost 95 % of the classrooms, it is imposible to have classes, especially when the weather is bad or there isn't any elceticity power.

The rural schools resulted very small, without a telephone cable, without any electricity and quite ofen, without a library. Meanwhile, in the Global Competition Raport, Albania is listed in the 84-th place, a lot lower, compared with Southern Europe, having a better place than Bosnje.

The education system shows a demonstration in a flabbily situation in a place which aspirates to have a permament economical rise to be integrated into the UE. Meanwhile, rapports and published dates in a lot of organizations and institutions spread a bitter panorama of these sectors in Albania, which still are, the more underfeet and bedmanaged.

The education and the medicine are the two priorities from the Albanian government, during the last years, which don't result to have performed well. In fact, we are placed somewhere in the end of the list, in Europe and Ballcan. These are results published form Open Data Albania and a lot of other institutions. The bad performance into the educative and medical systems, rappresent two important piles of public sercives isn't shown any improvement.

2. The education affects in economy

Other components into the Albanians income are incomes from proprieties, annuities etc. Their spread is different this by the size and the tipes of the families. For the families with a person, the incomes come principally from the annuities and transfers etc.⁵ this is a characteristic edhe for the couples without children and the families with a single parent. From the other side, private transfers are sensible for the families with a person and those with a single partner, takin one forth of the incomes. For the children with one or two children, the main income source is it from the work, which take three four of them. In general, the income from work make more than two third of familiar total income.

2.1 Albanian income, the researches started from 2002

In the year 2002 it was made the fist surviwe from th LSMS, campionated over the living level of the families from the Stattistic Institute (INSTAD). This surviwe, made it possible to gather a large information over the Albanian families, their demographic situation, how have moved during the transition years and which have been the conditions, how do they

⁴ Open Data Albania

⁵ Bank of Albania, April 2011

live, how much do they earn, how much do they spend for the family and how much do they spend for themselves, how do they take care about themselves, how do they evaluate their financial situation, the access to the basic services and so on.

Gathered information makes possible the realisation of economic conditions and family social synthesis and the appropriate studies over the poverty, according to the recent charges of the World Bank and the Union Nations for a multidimensional of the poverty into the survey of the key indicators, which express the economic growth and the reduction of the poverty. LSMS will continue to be applied almost year after year to gather the information from the half of the sample of 2002 year. It will have into attention happenings and processes, which affect into the living level and will survey the progress made into the application of the strategy of the government for Economic and Social Development, the objectives of the new millennium. The methodology which will lead the study will be completely applied into the European experience over the surveyees over the Albanian families.

So, starting to the above indicators, we can reach into the definition the young people; see the education as a way to reach their aims, their goals. Normally, this trend is more than welcomed from the educational Albanian institutions, because young people and their educational level, expresses the quality of the human capital, which our country owns.

We, generally, think for the university education, into personal aspect. Students invest a lot of time and energy, as well as money, to build their future, through education. This is a huge perspective and a higher standard of living, which bring the Albanian families into the conditions to save money, to sacrifice the consume possibility, to lend money, with the aim to make possible their children to continue the universities. In this large aspect, the assignees of the investments into the high education are less paid the attention, but they are too important into the welfare of our nation. The more powerful state's government, invest milliards of dollars a year into public colleges and universities.

The government offers grants, ticks and working help, duty ticks, to help the second level students. Although the way to realize young men, the way in which is underlined the scrounger's role (in this case the student's), where the education's possibility is already risen. It is quite impossible to evaluate the investment appropriate level, whether private, whether public into the high education without a concrete meaning of the individual and the society, so the relationship for the scrounger, apart from the costs and charges. Is the personal and public investment into the high teaching into the value's cost? Is it the most appropriate investment? Sure it is, the most appropriate and the surest.

A lot of people think the higher levels of the education are related with the higher winnings and the university is a condition to have a comfortable living⁶. Logically, people degreed from universities give their contribution more than the others for the public thesaurus and in other different ways to improve the social welfare. Namely, the university education slows the probability of being depended from the society. The consolidation of those general concepts may grow up our understanding for the contributions of the high education raising the efficacy of well working of the society.

In the previous pages, it is described a variety of the living ways, differently from the incomes, the life style and the models of behaving which correspond with the different levels of the education. We have tried to bring out general statistics due to the govern archives, not known academically. We aim to show up a general view of the situation. Somewhere we have mentioned some detailed summaries, according to the style of presentation in this report.

Individual characteristics, the ability of registration that is degreed from the second level institutions, may have a direct and systematic influence into other results.

For example it may happen that the abilities and the necessary motivation to be successful will raise the income even for those with less formal education.

The influence of the high education into the economic necessities and general achievements contributes into a lower security. People, who have been condemned before they got the high school degree, may not go to the college. The characteristics and the circumstances of the life, which push people into criminal achievements, it may happen for them not to be able to follow higher levels of education.

Sophisticated statistic analyzes may help to clearly the change between the correlation and the cause.

Generally, it may be said, the high education has a powerful influence into all the individuals of the society. If so these models should be interpreted carefully, they offer some persuasive arguments for our investments value into the high education.

Another helpful factor to do the right interpretation it is that not all the persons who profit from the high education have the same qualitative level. Personal enjoyment and the experiences to improve life, which are generated from high education, are practically possible to be misured. Such profits as the growth of the citizens into involvement can't be truly translated into the comparison conditions between costs and investments.

The goal is to show the role the economy plays into education's quality. With a full education, individuals may be able to make a better life. The education plays a very important role to raise the cost of the society. As a result we will

⁶ Sen, A. *Development as Freedom*. Tiranë : Dudaj, 1999.

have lower demands into the social appoyment programes, lower percentage of jailed people and high level of citizenship.

The registration norms into universities are clearly raised during the last thirty years, in all the demographic groups. This is good news due to the participation of the second level in the process of education. There are the persons who earn less money, the families whose parents hasn't followed an university or the minorities. It may be said the children whose parents used to go to universities, might follow their father's steps, so to go to the university or to take a degree.

To be part of universities there exist a lot of factors: economic limitation, large contrasts from elementary school to college, academic preparation, insufficient financier aspirations, which create a hedge to the participation to college. There are a lot of psrents in Albania, which want to educate their children, but for economic reason, the children afer finish the Hight School are forces to work.

2.2 Educative level

The aim is not to analyze the consengences or to propone the solutions fot the empties into the envolvment into universities or post-universities courses, but to bring out the lost possibilities for individuals and society. If all the demographic groups are educated, they will find easier to find a work. The society will work efficiently enjoying a variety of common profits.

It isn't possible to be seen the public and private investments costs into hight education. It is important both successes and shortness of these investments tobe clear. Students who follow the hight hight education institutions have a large kind of knowledges into the management of personal finances. This way the citizens and the duty-payers bring out a new number of people who profit directly or indirectly when the citizens have access for the university's level of educations.

For this reason the inequal norms of involvement into hight education, in all different the segments of Albanian society, may be an urgent question with interes not only directly for the individuals, but also as a public, state local and central's question. It may be said that this is a detailed attestation for both the assignees private and public of the high education. It, also puts light over the spreading of the assignees, taking in consideration as improvement.

2.3 The hight educated individuals profits

- The hight education level brings higher profits for all the races, groups, ethni, as well for men and women.
- The tranch between the incomes of the people who have finished only the Hight School and them who have finished the university is clealy raisen recently. The payments of the people with only high school are lower.
- Each university'sexperience gives misured profits, so we can say that the individuals who have a university degree, posses a high level of knowledges.

2.4 Social profits

- The high level of the education correspond with lower levels of unemployment and poverty, so apart the fact the individuals give their contribute; they don't need the social programmes, generating the drop of the demand for public budgets.
- Educated individuals are more considered in realation to their personal health, smore less and are quite not involved into law problems.
- The high levels of education are closely correlated with higer percentage of the citizen involvement into volunteer community works, voting, blood donation etc.

2.5 The observed models into the participation into the high education involve

- Practically all the pupils, with high incomes, are registred into universities, but only 80 per cent of them, who have lower incomes, continue the high education after finishing the high school.
- Changed incomes are a tendency which has a little influence into the registration norms into university.
- The involvement into high education changes the racial\ethnic groups. It emancipates and improves the differences. Meanwhile the trench between rom and the othet part it is raisen recently. About this problem, should be taken responsibilities.
- The deficiencies to individuals, who don't frequent universities, make a big influence into the future generation.

- The history shows the education is a long-life treasure. He gives a high level of turning for all the students from all the racial/ethnic groups, either for men either for women. It also affects into the society.

The major part of incomes from the high education is realised individually from students and their families. For the members of all demographic groups, their average incomes are risen from teaching level. The degreed earn around 73 per cent more and those with advanced grades earn 2-3 times more than the high school degreed. The educated individuals aren't quite untouchable from the unemployment and poverty.

In general, the society gains a financial turn back from high education investments. The education raises the productivity, brings higher incomes, generates high payments taxibility, and reduces the independence of the incomes from the public programmes transfers. In general, the high education improves the whole life.

More, the economic advantages are almost underlined with a large range of implications. For example, a part the growth of the standarts of living, the poverty reduction improves the general welfare of the population, where the unemployment psychologic implications are obviously.

The children who are grown up in a well educated family, are more intelligent and abler than the other category of children. We should pay more attention to the education, so to create the possibility to take back the money invested into their education.

Let's try treat the situation with a slogan: More education today, more money tomorrow".

Officially, the average of the incomes grows up the education level. The people who have followed a good studing programme are surer in the work market. We will be to choose between the alternatives we might be offred. The education as the third social – economic indicator, we are treating, has a basic role into the influence the general living of our country.

2.6 The natioan weekly average incomes

The knowledge capital exists just when the knowledges are put under a function, and when they generate new knowledge and abilities. Only the knowledge capital is into the function of the human development, because the knowledges which aren't applied don't produce new konowlegdes and abilities. Accoding to the OECD, ⁷ the return gained from the invenstment into education, may be manifested with higher incomes, related more with the work market, with the better health and a lot of other non-monitory profist.

Seen from this aspect, the investment into education is a general politic of development. This is a very specific politic due to its strategic long – life character. ⁸ Conceptual mistakes into teaching politics result with long-term consequences, which, first, are investigated into the work market to equilibrate the offer with the demand, which is later manifested into the general economical locking.

Teaching politics aren't productive only in the context of Human Development and Human Capital but also in the context of social capital, because through the teaching process may have influence into the growth of the social capital, which includes social nets, the norms and the values through the individuals in a society. ⁹ According to the influence of teaching politics not only into the human capital, but also the social capital, Fukuyama, declares: "The area where the government may generate social capital, it is the education". ¹⁰

The human process of development it is an important hanger into the total chain: Education-Teaching-Knowledge and Capability. The knowledge capital-the knowledge application, brings the human development. The application of the knowledges and individual capabilities for the economic development produce human capital. The union of the people into social nets, the obeisance of the norms and fixed ethic cods, forms the social capital.

Social capital in Albania is in low levels. Teaching organizations aren't carring only the human capital, but also the social one, in the norms and rules form. It isn't worth only for the elementary level and the high one, but for the university one. The doctors learn only the medicine, but Hipocrat's attestation too. Better defence form the malversation it is the qualitative professional gift of high officials.

⁷ Blondal, Field, Girouard, 2002

⁸ Chen, H., & Volpe, R, *An analysis of personal financial literacy among college students*, p.100–128

⁹ Schuller, 2001, fq. 20

¹⁰ *Kvalitetno obrazovane za sve, Izazovi obrazovanja u Srbiji (2004), Ministarstvo prosvete i sporta, Beograd, p. 101-102.*

The complementar roles through the human-social capital. - Shuler 2001

	Human Capital	Social Capital
The fokus	Individual relationship	Raports
The measurement	The teaching length	Qualifications
The results	Belief levels	The behaviour\values
Direct: incomes		
The productivity		
Indirect: health		
Citizen activity		
Social cohesion		
Economic achievement		
The rise af social capital		

The education, comparing with others goods, enkindles positive lateral exterior effects into the capital human and social level focusing the relationship between raports. The qualifications are gained into the teaching process. This justifies the intervention of public power to finance education and private demands. The whole family may be acquired, by someone educated.

As there isn't a unique and simple connection through means invested into education and the results of the education and in the influence of these results into the economic welfare. For its developments is required to be created a mean, a supply or an indicator to measure these raports and impacts.

The mean with which is measured the impact's raport into economic welfare, into the human continuity, their health, discovered in the eve of XX-th century, is called Human Development Index. HDI is an indicater for the level of human development of a given family, state, place, region, commune or locality. With HDI, the measument of HD is spread over tradicional comparision of national incomes calculation.

Sometimes is alongside passed the fact that the first development aim is the profit the people have from this development. Even so helpful the figures which express the national incomes don't come to discover the income composition of the incomes or the exploiters of economic growth. In some cases people may evaluate the food and good services, bigger possibilities to approach education, the possibility to be heard their voice. The responsibilities into ratification of the decisions make safer or better the environment conditions, more than the apsolute goals of incomes.

For this reason: "National Development Politics may not be based only in the creation of the influence of the results into the eficasity and the efectivity of teaching into economic welfare, into the Human and Social Development Capital, brings bigger incomes."¹¹

Into the developmental discourse, the economic development would have to be a "mean" and an "end", before it will be just an "end". The approach in the human development, concentrates the necessary care into the influence of the politics and in those, how they are transformed to improve the life means. Recently this approachment has underlined the most basic politic and human eases, into the balance for human development, into economic development.

There are a lot of writers all over the world who write, but there two of them, who write in the same way.

3. Conclusions and recommendations

- Holding the personal finaces is one of the most difficult duties, with which individuals should afford.
- Succsesful financier management shouldn't be seen as a short term goal, but as an target to bring welling profits into long term periods.

¹¹ *Gradanin: Izazovi i mogucnosti. Izveštaj o humanom razvoju. Kosove 2004. Prishtinë , 2004, f.1135*

- Albania has passed a very difficult economical and political transition, so still, in Albania, doesn't work the special ticket windows or agencies to be on the function of personal finances only. This is a reason why nowadays, the majority of Albanian families, has encountered problems with personal finances.
- Education is a potential variable with impact into individual financial decisions even so the capability to manage the money. More educated the individuals more capable to manage and take decisions towards personal finances.
- Education as an important social-economic indicator has a basic role into to affect the general life in our country. The society enjoys a high financial turning back into investments into university education.
- The teaching plays positive role to manage money and to encourage savings. High school and universities should be more involved into youth financial education, to assure all involved individuals into teaching process are a very important instrument to promote economic and personal finances in Albania.
- Culture, as an essential aspect, plays a very important role to take personal decisions. Unfortunately, a lot of people in Albania suffer the lack of financial education, causing them to take weak decisions according to their management of finances.

Bibliography

- Biberaj, E. Albania in Transition Tiranë: Ora, 2001.*
- Gradanin: Izazovi i mogućnosti. Izveštaj o humanom razvoju. Kosove 2004. Prishtin 2004, p. 1135*
- Friedman, M. Capitalism and freedom, Tiranë: ISP & DITA 2000, 2005.*
- Gradanin: Izazovi i mogućnosti. Izveštaj o humanom razvoju. Kosove 2004. Prishtinë, 2004, f. 1135.*
- Chen, H. & Volpe, R, An analysis of personal financial literacy among college students, p. 100-128*
- Joo, S. & Bagwell, D. C. (2003). Tools for the financial professional: personal financial wellness. Journal of Personal Finance, p. 39-53.*
- Joo, S. & Garman, E. T. (1998b). Financial wellness may be the missing factor in understanding and reducing worker absenteeism. In: E. T. Garman, P. L. Camp, D. C. Bagwell, & J. Kim, Personal finances and worker productivity, p. 172-182.*
- Raport for the Millenium Objectives t for Development (OMZH), Tiranë 2009*
- Sen, A. Development as Freedom. Tiranë: Dudaj, 1999.*
- John Hancock. (2001). Insight into participant investment knowledge & behavior, p. 30-53.*
- Spencer, H. The man against the state. Tiranë : ISP & DITA 2000.*
- Manski, C. "Economic analysis of social interactions", Journal of Economic Perspectives 14, 115-136.*
- Soros, G. Capitalism's crisis Global. Tiranë: Botimet Toena, 1999.*