

ABSTRACT

Efficiency and productivity of a worker is mainly determined by the Human Capital Investment (HCI) and the importance of firm-specific human capital for organizational performances has been studied previously by many researchers. The purpose of this study is to conduct a comparative study of HCI between teachers in government and international schools. Two specific objectives of the study are to identify the factors affected on HCI between teachers in government and international schools and to analysis the impact of HCI on earnings of each group comparatively. Questionnaire method was used to collect primary data for this study conducted in selected government schools and international schools in Western province. 432 government school teachers and 98 international school teachers were selected for the sample using multi-stage sampling procedure. Binary logistic regression model was used for the analysis of the determinants of HCI while endogenous switching model was used to derive earning function to investigate the impact of HCI on earnings. The study found that tendency of HCI increases with age at decreasing rate while being government teacher, log family income and moonlighting have positive relationship with HCI and being permanent and years of education have significant negative relationships with HCI. The study concludes that human capital investment accounts for a higher proportion of wage differentials of school teachers showing the positive impact of HCI on earnings.

Key words: Human Capital Investment, Earning Function, Impact of Earnings, Endogenous Switching models, Government and international school teachers