

How to Cite:

Acosta, R. M. (2021). The effectiveness of public expenditure on higher education and the employment in Mexico. *Linguistics and Culture Review*, 5(S3), 476-485.

<https://doi.org/10.37028/lingcure.v5nS3.1613>

The Effectiveness of Public Expenditure on Higher Education and the Employment in Mexico

Rubén Macías Acosta

Autonomous University of Aguascalientes, Aguascalientes, México

Abstract---Higher education is the most important element to achieve the redistribution of wealth in a country, for that reason its public spending is a subject to study, also the studied professions, the demanded professions by the market and the salaries received by them, because citizens must be able to attend the principal needs of the nation, thereby increasing their income and achieve a decent life. The objective of the document is to analyze the educational proposal considered in the National Development Plan (PND) 2019-2024 in Mexico, specifically in the objective: “2. Guarantee employment, education, health and welfare” analyzing the proposal “5. Young people writing the future, this is a national program aimed to young people who are enrolled in a center of higher education”. In the methodology, it is made a descriptive analysis of the expenditure on education, that information is published by the Chamber of Deputies in México also analyze the information of the Occupation by Economic Sectors generated by National Institute of Statistic and Geography (INEGI). The results of the study showed the dismantling of the occupation of the companies with the proposal of higher education issued by the government, because the expenditure made is mostly destined to the attention of saturated professions, and careers with greater needs have fewer graduates, there is an unsatisfied demand for professionals in these areas, it shows that students focus on studying over saturated professions earn less and have a demotivation in work in its area. It concludes by analyzing the great challenge of increase the enrollment in the careers that cover the national needs in some areas of the labor market and generate an effective redistribution of wealth and higher salaries.

Keywords---educational policy, employment, public spending, salaries.

Introduction

Education is a variable that increases the human development of people, the citizens that study can be hired in better jobs because they have more training. Therefore, education is an element of great importance for people to increase their standard of living, in addition to the fact that education allows them to integrate into the social and productive changes in the world.

In Mexico, one of the government's objectives is to encourage the education of citizens to redistribute wealth. More and more organizations hire workers with a higher level of studies because they have a lot of requirements for quality certifications. An essential element to achieve is the increase of educational opportunities in Mexico, it is necessary for effective public policies that allow people with fewer resources, be integrated into universities because they need to acquire the skills to achieve higher-paying jobs.

Public spending on education is important to provide education for people with fewer resources and allow them to integrate into the organization's positions with higher salaries, being a need for companies to hire personnel with enough qualification to make the job (Keen & Marchand, 1997; Rajkumar & Swaroop, 2008). Educational policies must be integrated as an essential element in schools supporting the educational quality in schools, allowing the curriculum to be relevant at the end of the studies, then the citizens can be hired in activities that need greater training, in this way it will be achieved the social welfare.

Theoretical framework

Employment is a variable of great importance in the economy because it generates well-being in people. People who work are valuable by adding value to the type of work and the place where they do it (MOW, 1987). Considering work as a set of psychosocial functions that allow people to integrate into society (Dakduk & Torres, 2013). Work dignifies people because they can cover their expenses and improve their standard of living. Work allows people to have social well-being (Caraballo, 2017).

The elements that consider people's productivity are experience, education, and age (Durán, 2005). There is a positive relationship between the reservation salary and the level of education of the workers (Monte et al., 2011). Employees have different job skills, this is a factor that determines their productivity and salary (Méndez Sayago, 2015). For this reason, companies pay higher wages to people with higher skills (Yellen 1984).

Education is important so that people have greater social well-being. Education increases job opportunities and reduces poverty (Muzyka et al., 2021). Education ensures that people have jobs with higher wages by increasing the purchasing power of families. It is necessary to establish educational policies that allow the integration of people in universities, including those with lower incomes (Boni, 2021; Christopher, 2019). Thus, it is possible to include people with lower incomes in the educational environment. A need for public policy is that all people have the same opportunities to study (Monzón, 2015).

Policies are decisions made by the government aimed at improving the welfare of the people (Aguilar, 1993). Public policies must be equitable to promote social justice (Cohen & Franco, 2005). It is necessary to establish public policies focused on the inclusion of people in higher-paying jobs. Public spending is an essential element so that actions can be established for the benefit of people. In society, there are factors of social exclusion, such as the place of birth, among others that must be addressed through inclusive public policies. The government needs to redistribute wealth through spending on education (Monzón, 2015; Samodryn et al., 2021).

The freedom of the people is an element that allows the development of citizens, being a necessary element spending on education so that people who have less income can enable themselves and establish social change (Sen, 2000; Widana et al., 2020). Social exclusion is generated by the lack of opportunities to study and stay in school. The government must establish actions to reduce the inequality study opportunities (Monzón, 2015). Social progress is shown with the education of people, and the education budget is a necessary element to achieve it. International organizations suggest the promotion of public policies that include the entire population (Castrillón, 2016).

It is necessary to have the appropriate conditions in schools so that the teaching-learning process can be carried out properly so that students end up qualified for the labor field (Monzón, 2015). The educational policy actions allow solving the needs of the problem in the countries considering the educational quality (Gamboa & Bonals, 2016; Ayyar, 1996).

Educational quality must be oriented towards universal education, the improvement of educational quality in all institutions, and the financing of education through public spending (Tooley, 2002; Mohtadi & Roe, 2003). It is necessary to consider the necessary capacities of the country to design effective economic and social policies that allow improving education. It is necessary to guarantee educational quality and education for all. The standard of living of people affects academic success and equal opportunities for citizens. Students with fewer resources find difficulties in success in school because they have less cultural capital (Monzón, 2015). The educational policy must consider objective education, considering the inclusion of all students (Castrillón, 2016; Stone III & Mortimer, 1998). Educational policies must be evaluated to establish actions that benefit people with fewer resources (Escudero Muñoz, 2010).

It is necessary to establish effective educational services in Mexico because there is a lack of budget for infrastructure and a lack of commitment from workers to improve educational quality (Sánchez-Juárez, 2018). Government intervention is necessary for the establishment of effective public policies in educational matters for citizens (Molina Díaz & Gantier Mita, 2017). Public spending is necessary for effective social results to be achieved (Pinilla-Rodríguez et al., 2018; Lee & Won, 2014). Public spending allows the goals of education, productivity, and work to be achieved in a nation (Brito-Gaona & Iglesias, 2017; Birdsall, 1996).

In the work of Jiménez (2018) entitled “the effect of the minimum wage on labor transitions in Argentina. Evidence from a quasi-experiment”, it is evaluated the

impact of the minimum wage on the quality of employment is considered, showing that the increase in the minimum wage reduces the change from work to quality jobs by informal salaried workers, reducing the objective of education for people (Robinson & Sexton, 1994; Malcomson, 1999).

In the work entitled "The minimum wage and employment: International evidence and possible impacts for the Mexican case" by Campos Vázquez (2015), the literature on the minimum wage and its impact on the price increase is reviewed, showing that the effects of the increase the minimum wage increase the standard of living of people with few incomes, without having a significant impact on informal workers.

In the document by Méndez Sayago (2015), entitled "Efficiency wages in a context of heterogeneous agents and limited rationality", an artificial labor market is analyzed determining efficiency wages with heterogeneity in workers, showing that the higher skills workers have more opportunities to achieve jobs with higher salaries (Webbink & Hartog, 2004), the education is an element that allows them to achieve the training of citizens.

Methodology

In this study, a descriptive analysis of spending on education and occupation of people with higher education is carried out. Education expenditure statistics from the Ministry of Finance and employment statistics from INEGI were used.

Results

The quarterly Gross Domestic Product (GDP) in Mexico has had important changes since 2020, showing negative growth in the first quarter and a large drop in the second quarter due to the pandemic protection measures, showing a negative percentage of -18.8%. (Figure 1). The negative percentages were maintained in the secondary and tertiary sector, while in the primary sector they were positive. The Gross Domestic Product in the first quarter in Mexico of the year 2021 has had a great recovery and the sectors that have the highest growth have been the secondary and tertiary sectors, the primary sector has shown continuous growth (Figure 1).

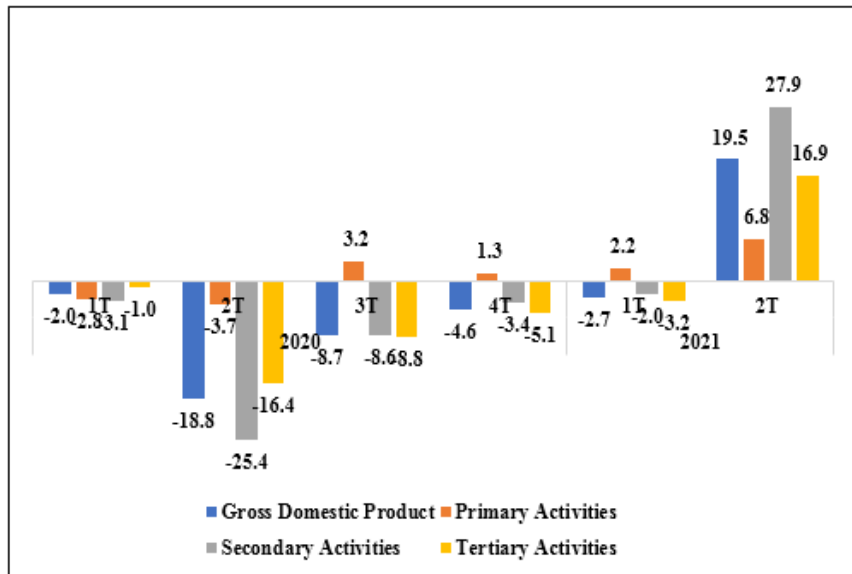


Figure 1. Percentage of Quarterly Gross Domestic Product
Source: INEGI (2021)

The spending on social development in Mexico related to education has remained almost constant during 2021. Health spending shows a substantial increase, due to the pandemic, it was necessary to purchase supplies to assist citizens, to accomplish with sanitary measures (Figure 2).

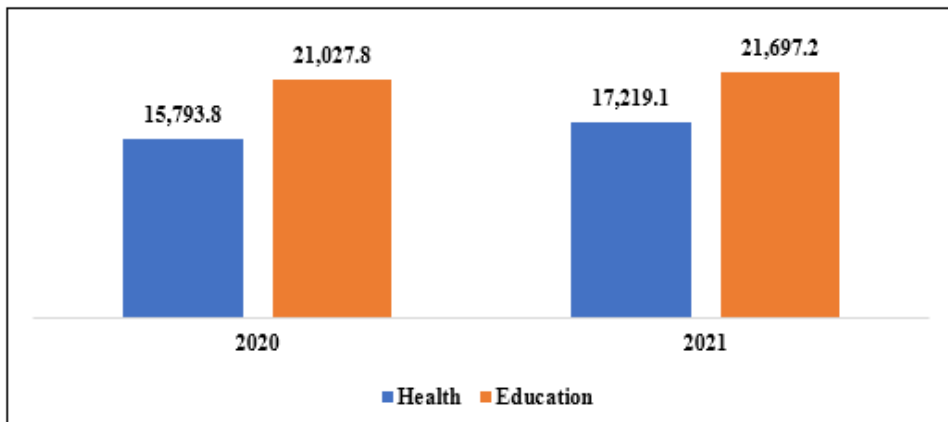


Figure 2. Spending on Social Development (USD)
Source: SHCP (2021)

Spending on economic development shows a decrease from 2020 to 2021, due to the pandemic, because resources were used to improve the health sector to provide vaccines for the population; therefore, spending on labor, commercial and economic issues decreased drastically (Figure 3).

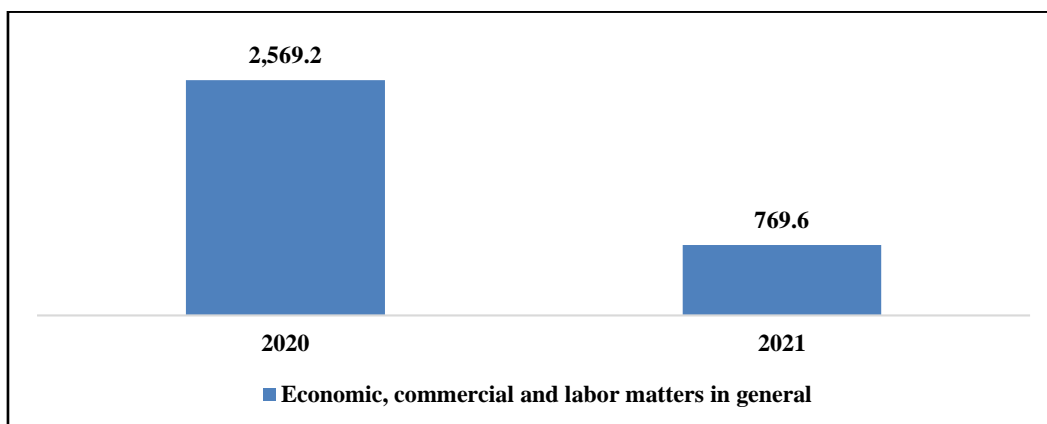


Figure 3. Expenses on Economic Development (USD)
Source: SHCP (2021)

The educational characteristics of the population show that the percentage of people who attend school from 15 to 24 have increased 1.3% from 2015 to 2020, showing slow progress in the indicator, because it practically remains constant in a large period, showing a stagnation (Figure 4).

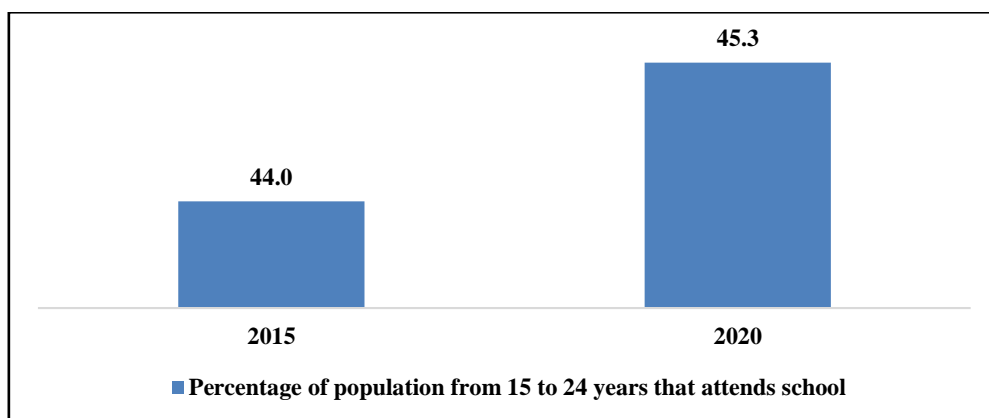


Figure 4. Educational Characteristics of Population
Source: INEGI (2021)

The percentage of the population with higher education increased 3% in 5 years, taking 2015 as the initial year and 2020 as the final year. This shows that there is slow progress in the empowerment of people with higher education, being an important opportunity for people to have better opportunities to increase their quality of life with higher-paying jobs (Figure 5).

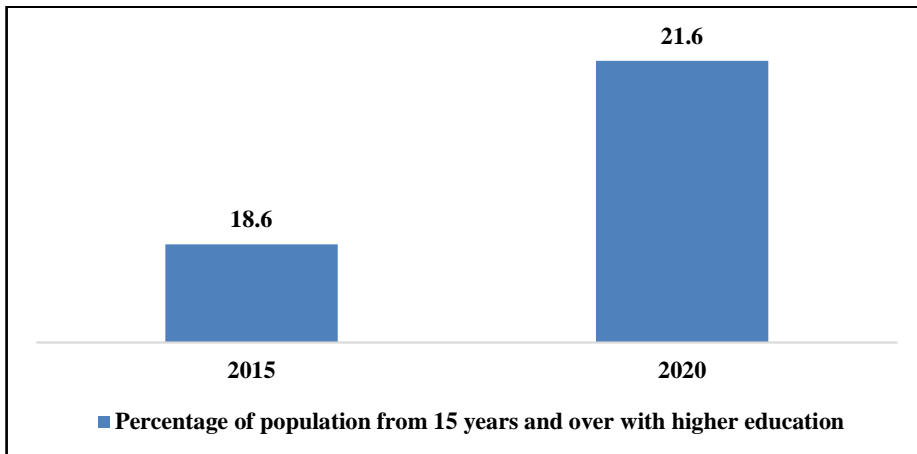


Figure 5. Percentage of the population from 15 years and over with higher education
Source: INEGI (2021)

The percentage of employed people by educational level shows that people with high school and college degrees are the most employed. The highest employability is related to the highest level of education, while people with secondary education are in the second place of employability, then those with elementary education, and finally those who did not complete elementary education. (Figure 6).

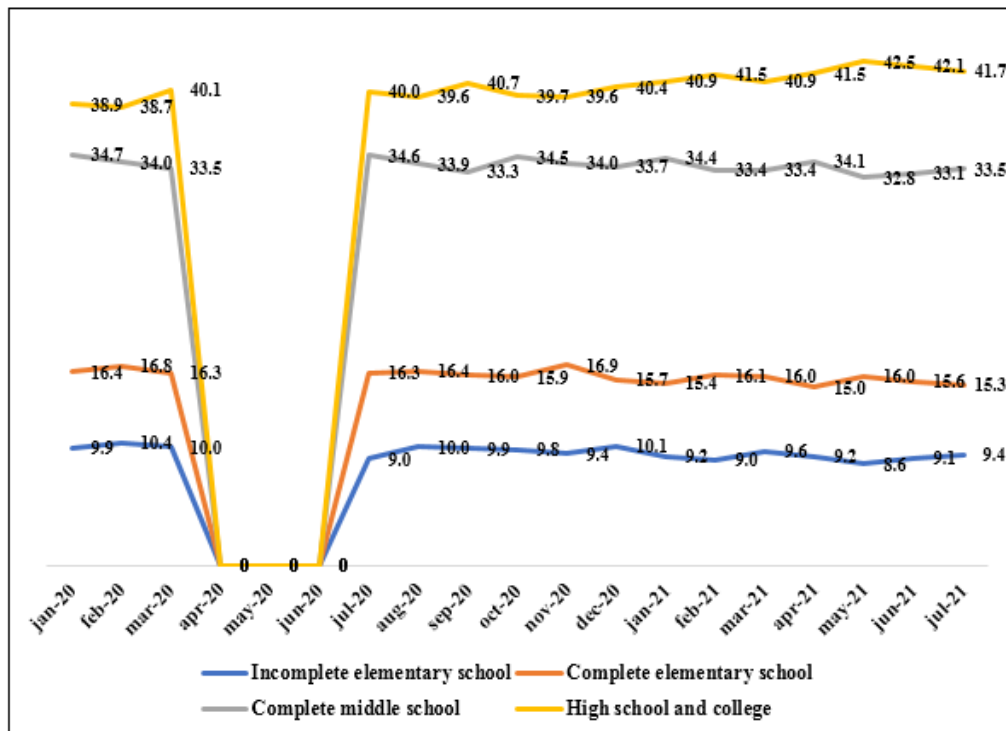


Figure 6. Percentage of employed population by education level
Source: INEGI (2021)

Conclusions

The productive processes of the companies demand people with a higher degree of studies to do the job. The population with a high school and higher education has greater possibilities of being chosen by companies. This situation shows the need for organizations to employ trained workers to maintain their quality certifications in the processes.

Therefore, education acquires relevance as a transcendental factor in the redistribution of wealth. Citizens with higher education improve their living conditions when they find themselves working for organizations, increasing the number of people who work formally and contribute with the government paying taxes.

Spending on education and health is very important in the current pandemic because it is a priority to preserve the welfare of the population, being a need to look for strategies that allow citizens to study higher education. That is a way to redistribute the wealth in the country, support people to study higher education, and be employed in companies. In addition, the training of the population in various skills increases the attractiveness for investors, by having people who can do the job.

Also, the education of people is a benefit for the government and citizens, this helps to prevent that the citizens work informally and not paying taxes. Therefore, public policies that promote education need to be analyzed, to integrate into the citizen's informal jobs.

Among the obligations of the government that are established in the Mexican Constitution, it is a civil right to have free education, being necessary to increase public spending, in this way the purpose is to increase the number of people with studies and cover the needs of the companies, improving the public spending. The fall in the Gross Domestic Product of the pandemic reduced the quality of life of the people, in addition, to generating a reduction in employment as a consequence of the stop of the productive activities to attend to the protection measures against COVID-19, being obligatory due to the danger by the pandemic.

References

- Aguilar, L. (1993). *El Estudio de las Políticas Públicas*. México: Miguel Ángel Porrúa.
- Ayyar, R. V. (1996). Educational policy planning and globalisation. *International Journal of Educational Development*, 16(4), 347-353. [https://doi.org/10.1016/S0738-0593\(96\)00056-9](https://doi.org/10.1016/S0738-0593(96)00056-9)
- Birdsall, N. (1996). Public spending on higher education in developing countries: too much or too little?. *Economics of Education Review*, 15(4), 407-419. [https://doi.org/10.1016/S0272-7757\(96\)00028-3](https://doi.org/10.1016/S0272-7757(96)00028-3)
- Boni, Y. (2021). Agro tourism objects development as effort relieving poverty during COVID 19 pandemic. *International Journal of Social Sciences*, 4(1), 153-161.

- Brito-Gaona, L. F., & Iglesias, E. M. (2017). Inversión privada, gasto público y presión tributaria en América Latina. *Estudios de economía*, 44(2), 131-156.
- Campos Vázquez, R. M. (2015). El salario mínimo y el empleo: evidencia internacional y posibles impactos para el caso mexicano. *Economía unam*, 12(36), 90-106.
- Caraballo, M. P. R. (2017). Significado del trabajo desde la psicología del trabajo. Una revisión histórica, psicológica y social. *Psicología desde el Caribe*, 34(2), 120-138.
- Castrillón, B. B. (2016). Políticas educativas y escolarización: subjetividades alternas. *Revista Virtual Universidad Católica del Norte*, (48), 171-182.
- Christopher, N. (2019). The effectiveness of HRM policies and practices. *International Journal of Social Sciences*, 2(1), 24-32.
- Cohen, E., & Franco, R. (2005). *Gestión social: cómo lograr eficiencia e impacto en las políticas sociales*. Siglo XXI.
- Dakduk, S. & Torres, C. (2013). Los Nuevos significados del Trabajo. *Debates IESA*, 18(2), 25-28.
- Durán, J. (2005). ¿Determinantes del salario de reserva en el mercado laboral de Cali en el 2004?. *Documentos de Trabajo del CIDSE*, (85), 1-21.
- Escudero Muñoz, J. M. (2010). Evaluación de las políticas educativas: cuestiones perennes y retos actuales. *Revista Fuentes*, 10, 8-31.
- Gamboa, L. A. A., & Bonals, L. P. (2016). Calidad educativa en México. De las disposiciones internacionales a los remiendos del Proyecto Nacional. *Revista Internacional de Investigación en Ciencias Sociales*, 12(2), 155-174.
- INEGI (2020). Banco de indicadores.
- Jimenez, M. (2018). El efecto del salario mínimo sobre las transiciones laborales en Argentina. Evidencia a partir de un cuasiexperimento. *Revista de análisis económico*, 33(1), 55-88.
- Keen, M., & Marchand, M. (1997). Fiscal competition and the pattern of public spending. *Journal of public economics*, 66(1), 33-53. [https://doi.org/10.1016/S0047-2727\(97\)00035-2](https://doi.org/10.1016/S0047-2727(97)00035-2)
- Lee, Y. J., & Won, D. (2014). Trailblazing women in academia: Representation of women in senior faculty and the gender gap in junior faculty's salaries in higher educational institutions. *The Social Science Journal*, 51(3), 331-340. <https://doi.org/10.1016/j.soscij.2014.05.002>
- López-Ruiz, María (2018). Empleo y trabajo: (De)construyendo realidades. *Arch Prev Riesgos Labor*, 21(2), 75-77.
- Malcomson, J. M. (1999). Individual employment contracts. *Handbook of labor economics*, 3, 2291-2372. [https://doi.org/10.1016/S1573-4463\(99\)30021-3](https://doi.org/10.1016/S1573-4463(99)30021-3)
- Méndez Sayago, J. A. (2015). Salarios de eficiencia en un contexto de agentes heterogéneos y racionalidad limitada. *sociedad y economía*, (29), 203-232.
- Mohtadi, H., & Roe, T. L. (2003). Democracy, rent seeking, public spending and growth. *Journal of Public Economics*, 87(3-4), 445-466. [https://doi.org/10.1016/S0047-2727\(01\)00135-9](https://doi.org/10.1016/S0047-2727(01)00135-9)
- Molina Diaz, G., & Gantier Mita, M. (2017). El gasto público y su efecto en la economía boliviana: periodo 1990-2015. *Revista Perspectivas*, (39), 7-42.
- Monte, P. A. D., Ramalho, H. M. D. B., & Pereira, M. D. L. (2011). O salário de reserva e a oferta de trabalho: evidências para o Brasil. *Economia Aplicada*, 15, 613-639.
- Monzón, Y. (2015). Una política educativa: la equidad. *Revista Iberoamericana para la Investigación y el Desarrollo Educativo (RIDE)*, 5(10).

- MOW (1987). *The Meaning of Working*. England: Academic Press
- Muzyka, O., Lopatiuk, Y., Belinska, T., Belozerskaya, A., & Shvets, I. (2021). Modern aesthetic education and its further directions. *Linguistics and Culture Review*, 5(S4), 12-21.
- Pinilla-Rodríguez, D. E., Jiménez Aguilera, J. D. D., & Montero Granados, R. (2018). Gasto público y salud en el mundo, 1990-2012. *Revista Cubana de Salud Pública*, 44, 240-258.
- Rajkumar, A. S., & Swaroop, V. (2008). Public spending and outcomes: Does governance matter?. *Journal of development economics*, 86(1), 96-111. <https://doi.org/10.1016/j.jdeveco.2007.08.003>
- Robinson, P. B., & Sexton, E. A. (1994). The effect of education and experience on self-employment success. *Journal of business Venturing*, 9(2), 141-156. [https://doi.org/10.1016/0883-9026\(94\)90006-X](https://doi.org/10.1016/0883-9026(94)90006-X)
- Samodryn, A., Moskalyk, H., Oleksenko, R., Khavina, I., & Leushyna, O. (2021). Formation of V. Vernadsky's noospheric ideas as the basis of the educational pedagogical policy strategy. *Linguistics and Culture Review*, 5(S1), 978-996.
- Sánchez-Juárez, I. (2018). Gasto público, índice de competitividad y política social en México. *Problemas del desarrollo*, 49(192), 109-138.
- Sen Amartya (2000). *Desarrollo y libertad*. España: Planeta.
- SHCP (2021). *Estadísticas Oportunas de Finanzas Públicas*.
- Stone III, J. R., & Mortimer, J. T. (1998). The effect of adolescent employment on vocational development: Public and educational policy implications. *Journal of Vocational Behavior*, 53(2), 184-214. <https://doi.org/10.1006/jvbe.1998.1663>
- Tooley, J. (2002). Justificación de las soluciones de mercado en educación. In *Nuevas tendencias en políticas educativas: estado, mercado y escuela* (pp. 307-334). Ediciones Juan Granica.
- Webbink, D., & Hartog, J. (2004). Can students predict starting salaries? Yes!. *Economics of Education Review*, 23(2), 103-113. [https://doi.org/10.1016/S0272-7757\(03\)00080-3](https://doi.org/10.1016/S0272-7757(03)00080-3)
- Widana, I.K., Dewi, G.A.O.C., Suryasa, W. (2020). Ergonomics approach to improve student concentration on learning process of professional ethics. *Journal of Advanced Research in Dynamical and Control Systems*, 12(7), 429-445.
- Yellen, J. L. (1984). Efficiency wage models of unemployment. *The american economic review*, 74(2), 200-205.