

HIGH EDUCATION AND ITS IMPACT ON ECONOMIC GROWTH

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ABSTRACT: *Referring to the evolutionary economy and the national approach to innovation systems, higher education institutions are widely considered as a leading economic growth instrument. Education brings benefits not only to the individual, but also to the economy as a whole, and it is important to link the global, national, sectoral and spatial dimensions of educational-economic development relations. Thinking about the relationship between education, technological innovation, production and development, the dynamics at multiple scalar levels provide a way forward for education and development. The scope of this publication is to analyze the impact of higher education on economic growth and the main factors, benefits and costs of higher education in Albania's economic performance. The purpose of this publication is to contribute to the literature by enabling a specific analysis of the impact that higher education has on economic growth, given that Albania is still a transitional country and the education system suffers in many cases from lack of funds and is affected by various reforms.*

KEY WORDS: Higher education, unemployment rate, economic impact, public and private, research, innovation

INTRODUCTION

"Higher education is the strongest study level for increasing socio-economic mobility" Drew Faust - President Harvard University

Higher Education is an important link in the education system and is one of the major public services. The right to education should be certainly a national priority, as a good education system further prepares many professionals who will provide inputs in many areas of development of a country with competitive advantages and sources of economic growth.

The development of education during the transition period in our country has marked significant and visible changes and shows a programmatic, structural and organizational reform.

Particular attention has been paid to the process of liberalization of higher education by creating a completely "new market" and with fundamental changes from the market and other businesses becoming one of the decisive factors in the socio-economic developments of the century today's changes and current global developments.

In Albania there is cohabitation between the public and private education sector, indispensable not only for internal developments but also for the "opening of doors" of higher education under the current conditions of globalization. But the experience of coexistence and competition between public and non-public higher education has undoubtedly highlighted various issues. They are particularly related to the level of standards and the quality of teaching and learning, with the best adaptation of the direction of studies to the market and labor market requirements in particular, and to all developments in the country. The essential goal

throughout this process remains the integration of our education system into the European one; moreover student youth is and remains a promoter of this process.

According to the World Bank indicators, the education budget in Albania is much lower if compared to the OECD countries. The fund for each student is about 1 thousand euros, compared to 18 thousand euros for a student in other countries. However, the contribution of higher education to the promotion of economic growth is important, especially in times of crisis, as it helps in the rapid industrialization of the economy by providing manpower with professional, technical and managerial skills. Today, there are few universities that are showing their potentials to offer development alternatives to society and ways to get out of the crisis. There are few elaborated theses and conclusions drawn from inclusive scientific conferences that can serve to the institutions as guidelines for implementing anti-crisis reforms.

Achieving synergies between providing universities' alternatives and their enforceability by state institutions undoubtedly requires a greater supporting role on the part of the last ones. Continuing the upgrading of higher education from the point of view of standards and quality, accreditation and prosecution processes, wider involvement in their studies and scientific work, the collaboration of university and postgraduate studies with those of European and world countries, is a process that requires a broad consensus and support, as the ultimate goal is to increase economic and social development.

THEORETICAL APPROACH TO THE ROLE OF HIGHER EDUCATION IN ECONOMIC GROWTH

Higher education is considered as a form of investment for human resource development and “the engine of development in a country's economy”. Benefits for individuals include better employment prospects, higher salaries and greater training to save and invest. This may result in the improvement of the level and quality of life. The amount of investment in education differs from country to country, depending on the economic potential, priorities and policies that the country has set.

According to statistics, the US is the country with the largest investment in education. However, an important indicator is certainly the percentage of gross domestic product (GDP) allocated to education, the development of each country of the world, and especially the absolute amount of financial resources. As is well known, educational investments include budgeting for the construction and renovation of many educational facilities, infrastructure regulation and external environment, provision of teacher salaries, student share allocation and student allowances, reform and review of curricula, etc. In particular, investments should be in function of quality education to ensure a sustainable development economy. Easterlin says that by 1850 very few people outside of Europe and the United States had had any formal education. In Africa, in many Asian and Latin American countries, the lack of education has been present until 1940. The highest level of education creates an opportunity for the workforce to adapt more easily and quickly to a new job, but at the same time they also have greater communication skills.

Education also impacts on raising the standard of living in general, of course, by the fact that the educated man knows how to regulate his life better under the same conditions. No country has achieved a steady economic development without significant investment in human

resources. The overwhelming development of science and technology has brought the idea of lifelong learning and the inclusion of the population into this. However, different countries are not only distinguished by size or extent, but also by the quality of higher education.

THE RIGHT TO EDUCATION AND SOCIAL EQUALITY

There are two different perspectives for education: a perspective sees education as the development of human capital for economic growth, and the other sees it as a mechanism for social equity. In most societies, education is widely seen as one of the foundational instruments for creating equal opportunities. However, in many developing countries and in some developed countries (including the US), there is a continuing problem of unequal access to quality education. This inequality usually appears in two categories: based on gender status and on socio-economic data.

The increasingly globalized markets and the intensification of global competition require nations to be able to utilize all available human resources. Existing evidences show that there are many countries that have high tolerance of gender inequalities in the workforce and lack of education, a fact that risks their competitiveness and productivity. When a country removes 50 percent of its population, it is difficult to grow and compete with other economies that optimally utilize all human resources. Discriminatory practices in the labor market undermine both national economic interests and human development prospects. Therefore, gender inequality is more than a matter of social injustice and has an impact on the economic growth of the countries.

A UNESCO Worldwide Education Report 2016 notes that formal discrimination appears to be declining in most countries. However, informal practices in the family, communities and businesses remain constant sources of gender inequality. While many countries are slowing towards achieving gender equality in elementary school enrollment, an important gap seems to continue to exist in secondary education. However, improvement in elementary schools is encouraging, as additional evidence suggests that investment in early childhood education gives higher outputs to the labor market later. To achieve the equality and quality of education for all, there are three distinct but related challenges: (i) Ensuring that all children are able to attend school; (ii) preparing the education system to teach children of marginalized backgrounds by providing sufficient qualifications and motivating teachers with appropriate supporting structures; and (iii) raising the average level of learning by providing additional resources for the lack of schools. In general, students from wealthy families are systematically ranked in high quality schools, while children from marginalized families attend public education. Such inequality contributes significantly to higher education, drop-out rates, and less capacity for individuals from poor families and communities.

EDUCATION AND ECONOMIC DEVELOPMENT IN ALBANIA

According to data published by the Statistical Yearbook for Education 2013-2014, in Albania, there were about 15 public higher education institutions and 43 private higher education educational institutions. The number of students enrolled in the public Institutions of High Education (IHE) for the period 2013-2014 was around 145,028 students, out of which 116,911 students attended full-time studies. According to these data for the year 2013-2014, there are 24,684 students graduated from the Public IHE, an increasing number compared to the period

2012-2013. There has also been an increase in the number of graduate students in vocational study programs.

However, in view of the functioning of the education system in Albania in order for a country to have economic and social development, it is important to raise the quality of educational institutions, but obviously this requires higher salaries for teachers, funds for better research and analysis, investment in labs and information technology so that economic development can enhance this quality of education.

The reform in higher education is very important and should affect the development of the country, contribute to the economic and democratic growth, and serve as a greater incentive for future European integration. If we analyze the factors that have determined our current development, it is noticed that the Albanian economy does not support the development of innovation and technology but is based on policies for maintaining macroeconomic stability as well as remittances, a situation inherited from the past system.

The annual GDP growth by 2014 was higher than that of domestic savings, which appear at the level of deposits. This margin (average annual GDP growth during annual average deposit growth) actually reflects the high level of remittances and the informal economy, which could allow cacophony in the program for the development of higher education (massive as well as quality). Quality in education is the solution for Albania based also on the practices of developed countries that have gone the same way. This certainly requires greater independence in the country's universities, in order to determine admission criteria or quotas as many other countries.

CONSLUSIONS AND RECOMMENDATIONS

The education system in Albania should focus on education as training for employment and creating opportunities with a direct impact on the economic development of the country. The pre-university system, as well as all the reform of higher education is a necessary step to enable the training of young people with what is expected tomorrow in the labor market. The Higher Education Reform will not only enable the creation of necessary spaces, but it will also encourage universities to be at the forefront of policy-making incentives to areas of crucial importance to the development of the country. Emphasizing the problems and challenges of our country in the field of using technology from businesses, as well as the concrete steps taken by the relevant institutions is an important element of improvement that needs to be done in the field of Innovation. These are some of the issues that should be kept in mind:

- The creation of a platform for cooperation in the field of research and innovation for all public or private higher education institutions.
- Organization and promotion of research and scientific activities carried out in academic institutions as well as the economic system, with particular interest to the technological needs of SME-s.
- Quality before quantity: In the interest of a rapid increase in education and training opportunities, especially in private education, quality has been abandoned or quality requirements are neglected by inadequate monitoring. Existing educational institutions should

be monitored for compliance with quality standards; if they meet these standards, they can be accredited, but always subject to regular monitoring of standards.

- Symmetric development of academic and non-academic programs. With a broad focus on the rapid growth of the number of higher education countries, the impression that the completion of higher education was almost unavoidable for success in a professional career deepened, making the youth and their parents make the wrong decisions, decisions that in many cases cause disappointment and frustration even in the economy. Opportunities should be found to integrate aspects of the world of work into basic and secondary education, especially through direct experiences in the world of work. These should also be accompanied by up-to-date information policy on professional perspectives at all levels.

- Strengthening the public offering of non-academic educational opportunities. Due to the clear focus on university higher education, those non-academic educational alternatives have not been sufficiently supported to turn them into realistic alternatives for young people. That is exactly what should be done properly as soon as possible. In addition to these measures, awareness-raising and clarifying campaigns can be considered.

- Learning through Processes: Taking into account the professional world in constant change and explosive growth of information, focusing on mere factual appropriation is no longer sufficient. Through the content of curricula, the ability to identify and build processes and to meet future requirements should be targeted. This will be a response to specific conditions in Albania where entrepreneurial learning & culture due to the large number of micro and small businesses should be a cornerstone in school education and then in the formation professional.

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