



# The Role of Education in Economic and Social Development of the Country

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## ABSTRACT

The article said that in the current context, education is an important component of social and economic development. Company represented by the public, corporate, private sector households across the demand for professionals in the goal-setting exercise education. I must say that the accumulated knowledge (scientific, methodological, spiritual) provides a level of education of population, databases and knowledge bases. Implementation possibilities of society is carried out in the research, cultural, industrial, business and other activities in the form of suggestions of experts. In turn, the effectiveness of the educational system and its development is based on three defining principles - accessibility, quality and security.

**Keywords:** Education, Socio-economic Development, State, Educational Services

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## 1. INTRODUCTION

A distinctive feature of the XXI century is to accelerate innovation in the rapid deployment and contradictory processes of globalization. At the heart of the new global world order are the backbone links interrelated phenomena of knowledge, human and economic. Reality of this world dictate to improve the quality of higher education, which implies a radical change in the structure and content of training, the introduction of modern educational technologies. In the context of globalization and increasing competition in the economic sphere, higher education becomes a competitive environment. A necessary condition for the growth of competitiveness of educational services of higher education institutions on a global scale to improve the quality of higher education. The current state of the national system of higher education does not correspond to the changed realities of public life, the needs of business and the labor market. Integration of Russian higher education in the world and, above

all, the European space through the implementation of a high intellectual potential of international educational standards involves the development of a national system to ensure the quality of educational services.

The quality of educational services is a multidimensional category, encompassing all of its functions and activities: Educational programs, research, human resources and logistical base, so the evaluation of the quality of higher education should be based on multivariate analysis, the structure of education, its content, technology, training, resource potential of universities. It is the basis for the development of a conceptual model to improve the quality of educational services. The feasibility study identified the boundaries of angles isolated invariant with respect to the components of partnership strategies of government and business in the system of higher education in the conceptual modeling of new integrated structures involved in socio-economic development of the region in the horizontal plane of the education market.

## 2. THE MAIN PART

In modern conditions, education is an important component of social and economic development. Company represented by the public, corporate, private sector households across the demand for professionals in the goal-setting exercise education. Accumulated knowledge (scientific, methodological, and spiritual) provides a level of education of population, databases and knowledge bases. Implementation possibilities of society is carried out in the research, cultural, industrial, business and other activities in the form of offers of experts, and the effectiveness of the educational system and its development is based on three defining principles - accessibility, quality and security.

The key role of education requires a special relationship to him by society and the state, determines the dynamics of socio-economic development, acts simultaneously on two interrelated and interdependent markets - market of educational products and services and the labor market.

Education - this is one of the most dynamic and investment attractive areas of the market economy. According to expert estimates, in the developed countries, the rate of annual increase in the volume of demand and supply of educational services is 10-15% (Litvinova et al., 1997).

William Petty, the first focused on the high importance of citizens' wealth of knowledge as an element of the wealth of the kingdom (Petty, 1940; Petty et al., 2000). Adam Smith compared the person with a pre-acquired specific knowledge and skills, with high-tech expensive machine: "... The work done by the machine until the occurrence of wear and tear, return on investment in its capital, bringing a profit of at least normal levels. Man, get an education, it can be compared to an expensive machine discussed above. It is believed that the work that he has learned to perform, to be paid above the wages of ordinary employees, and allow him to recover all the costs of education, bringing a profit, which, at least, brings generally equal assets, but it must be done in a reasonable time" (Smith, 1962; Kobersy et al., 2015).

In the works of Fisher capital it is seen as a category that characterizes the labor skills of people, raw materials, natural resources, which brings transformation later return in the form of services or products (Fischer et al., 1992). Say, Senior, Mill, Irving Fisher wrote about the "human" form of capital, by which they mean the theoretical knowledge and practical skills. They believed that the investment in time and labor associated with the receipt of an education, must serve as a source of increased productivity growth, and as a consequence - increase the revenue base of the company (Say, 1986).

Issues related to the educational services market (DOC), with investments in human capital were first covered in the works of Marshall, which states that education enables many who might die in obscurity, to be able to expand their potential abilities (Fisher, 1987).

List claimed that the welfare of all humanity and the separate state is not associated with material wealth and the level of development

to create it and be reimbursed the cost of education in many areas and outside areas (Marshall, 1993). According to the statement of the American scientists Grayson and Della, "education is directly related to competitiveness. No society can have high-quality products without high-quality raw materials. Education creates a 'human capital,' which is in conjunction with 'physical capital' and gives an increase in productivity and quality. That was always true, but it is doubly true for the global economy is technically difficult" (Liszt, <http://economicus.ru/cgi-ise/gallery>).

The concept of "human capital" was formed into a single concept in the late 1960s. Schultz, Becker, Denison, George. Kendrick, Robert Lucas - the founders of the concept of human capital considered education not only by the consumption of certain forms of educational services, but also on the part of productive capital investments (Toffler, 1980). So, Mr. Becker was first used method for evaluating investment in physical capital for comparing the efficiency of investment in human capital, using which he analyzed, changes in the distribution of income after increasing the level of human capital among the masses as well as the effect of the reproduction process on the welfare of individual countries (Becker, 1993).

In the USSR, Russian researchers analyze human capital wore mostly critical, determined secondary importance to this category. In modern Russia, the concept of "human capital" was studied systematically with the production, organization and management of educational services highlights the following authors: Dobrynin, Dyatlov, Kapelyushnikov, Crete, Chekmareva, Shchetinina et al. (Becker, 1993; Kendrick, 1978; Kapelyushnikov, 1981, Kuznetsova, Forecasting and monitoring of the market of educational services and Schetinina, 2001).

For example, Gevorgyan, considering human capital as an economic category, he emphasizes that "the human exploration of information (knowledge) is transformed into an important resource for the development of production, and investment in human capital is becoming a priority for economic growth. This, in turn, leads to a sharp increase in the role of education in the reproduction of the productive powers of man" (Woodpeckers, 1995).

Under the human capital refers to a person's ability to work, his skill, knowledge, skills. Determine the level of human capital in every consumer of educational services available at each stage of its accumulation, ranging from pre-school education, to higher education, as well as postgraduate or advanced training. Every consumer of educational services and, accordingly, the copyright in the future human capital is always in proportion to the estimated benefits and costs. Gevorgyan noted that the expected benefits are a major factor in deciding the rate of return to education for society differs from the rate of return for the individual, as the costs and benefits of education for society and the individual are calculated differently (Woodpeckers, 1995).

We emphasize that ideological constants present in the human capital theory, showed a major impact on social and economic policy of many countries. This led to a change of attitude of society to invest in human. They saw the investments that promote the

production, and the long-term in nature, effect. This contributed to the theoretical justification for the activated form of education and training of professional workers in many countries. Certain categories of “human capital” are shown in Figure 1 (Gevorgyan, 2005).

Thus, we believe that when considering the category of “human capital” paramount need to rely on the opinion of Becker, who indicated in the study, saw the definition - the expected impact of the regulatory limit investments in investments in employee training, driven by the manager to a cost-effective strategic decisions. Rates of return are the regulator of the distribution of investments between various types and levels of education, including between the education system and the rest of the economy. Increasing the impact of borders indicate overinvestment, reduction - of underinvestment.

It costs on the production of human capital include: Direct costs, including tuition fees and other education expenses, change of residence and work; loss of earnings, which is an element of opportunity cost, since education, change of residence and the work associated with the loss of income; as well as moral damages, since education is a difficult and often unpleasant occupation, job search tires and exhausts the nervous system, and migration leads to the loss of old friends and acquaintances (Woodpeckers, 1995).

In assessing the expected benefits of investment in human capital for individuals, researchers isolated and short-term factors affecting the change in the dynamics of demand of people with consumption of educational services.

The long-term factors include:

1. A high level of wages for a future life;
2. A greater satisfaction from the work chosen for life (moral benefits);
3. The achievement of higher social status. It is assumed that in a modern society can rise from the bottom to the top, and it requires only the effort. There is a so-called “lifts” social mobility, one of which is education;

4. Broad access to more promising, interesting work;
5. Submissions parents about the future of children, which is a determining factor in the choice of life strategy as a result of the traditional system of family education in Russia;
6. The level of education and social status of the parents. Which affects the orientation of their children (the continuity of generations, the continuation of the profession of parents). For parents, the child’s higher education serves as proof of the viability of the family, the consistency of its material and social resources;
7. The choice of profession, to make friends or acquaintances;
8. The prestige of a particular type and level of education.

As a short-term factors are considered:

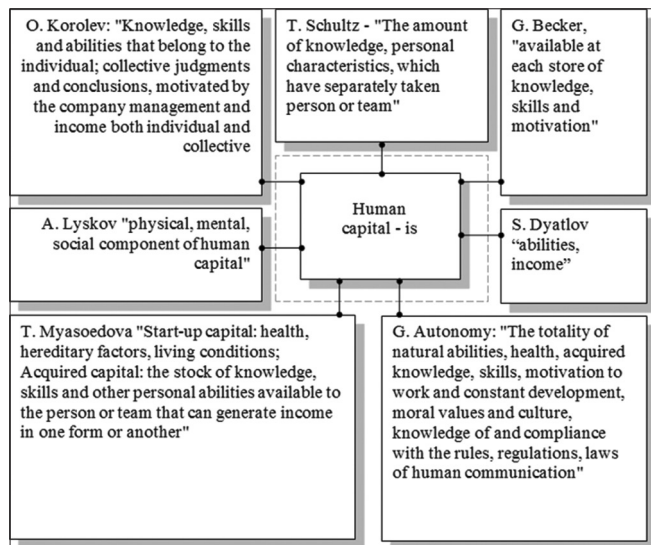
1. Appreciation of non-market activities and interests which are connected with education (learning process, communication with friends, school or student life);
2. The desire to go to any university young men to defer military service;
3. The desire of girls to go to school, due to the desire to marry well (Korolev, 2007).

According to the point of view of Mr. Winston’s education - this is a business, because in this area and made available at a specified price and purchased educational services necessary for the activity factors of production, however, differs significantly from the formation of business (Davydova, 2004). The scale of education as a separate sphere of socio-economic relations, and the value to society can be judged by the following figures: Worldwide trained 81 million students in higher and secondary special educational institutions, of which 40% are concentrated in the seven leading countries (USA, Germany, France, Great Britain, Italy, Canada) (Gordon, 2005).

In modern conditions in higher education can be clearly seen the following trends: Increasing the educational level of the population, the internationalization of higher education, the active development of government schools – “autonomy” of education, which, in turn, define the main vectors of state policy in the field of higher education in the countries of the Organization for Economic Co-operation and Development (OECD): Improving access to education, quality assurance of higher education, improving financial efficiency in the higher education sector (Vasiliev et al., 1999).

In countries such as Italy, Japan, France, the United States increase in productivity is achieved through the creation and dissemination of technological innovation, with the majority of these innovations is the result of fundamental and applied research. Higher educational and qualification level allows workers to use new technologies to adapt quickly to changes in the environment (Vakhshayn and Meshkov, 2005). Investments in human capital are paying off in the form of high-quality labor force, which has a high level of wages corresponding to the social status and greater prestigious post. In terms of economic benefits for the state education contributes to the expansion of demand, thus stimulating the growth of production of goods and services.

**Figure 1:** Classification category of “human capital”



Currently, the process of modernization and reform of education in virtually every country in the world. And, despite the differences in systems and approaches in this field, global trends in education have much in common, in particular:

- Changes in the objectives and functions, strengthens its innovative component prevails over the cultural characteristics of the developing countries;
- Improves the quality of education in line with the changing needs of society involves real implementation of new educational technologies, changing the whole system of training and retraining of highly qualified specialists;
- Focus on the principles of lifelong education is the introduction, as the new educational technologies, and finding new ways of presenting educational services tailored to the needs of school-leavers and students;
- Formation of new goals of the school, which in the twenty-first century. It becomes a social institution to meet the needs of society in vocational education (Dobrynin et al., 1993).

According to expert estimates, \$1 costs in the education system allows you to receive 3 to \$6 arrived. In Russia, an engineer come in 10 times less than the income generated than in the US. Ratio social cost of gross national product used for education, in our country amounts to only 2.7% compared with 6.1% in developed mills, 4% in developing and 5.7% - on the average in the world (Schetinin, 2001).

Leading positions in the global economic and political space occupied by countries that are leaders in the production of new knowledge, introduction of innovative technologies in industry and everyday life, based on developments in the field of knowledge-technology. Experience shows that educated people are more involved in social activities and to a lesser degree integrated into the criminal environment. The source of criminal activity, as a rule, are the social strata with very low incomes. It should also take into account the cultural aspects, the desire to assert positive values, attitudes and ethical principles (Woodpeckers, 1995). The social and economic benefits of education development are grouped in Table 1. (Woodpeckers, 1995).

As can be seen from Table 1, nation-wide benefits are determined by the growth of social productivity of labor, increasing the

country's competitiveness, increase scientific and technological capacity, expansion of export opportunities, and others. The increasing is currently competition in the provision of educational services of higher education that goes "... beyond the traditional conceptual, institutional and geographical boundaries," initiate the process of institutional diversification. There are virtual license (franchise), corporate universities, brokers in the field of education, as well as software vendors, publishers, entertainment companies, "seeking to capitalize on the potential of a new international market" HPE educational services (Burdenko, 2004; Shkurkin et al., 2015).

The increase in budgetary financing of educational services in the 1994-2004 biennium. In Russia it has resulted in higher professional education "institutional trap" provoked by the authorities and the management of the state and private business, and manifested in various forms, including:

- Increase in the number of state universities with the unjustified increase of the planned contingent of admission in 1995-2004, which led to a significant reduction in the quality of educational services and the disparities in the structure of training;
- The preservation of regional specialized universities that 60-70% overlap and areas of specialization of universities at upgrading the status of colleges, institutes, academies and reducing the status of universities (Kobersi et al., 2015);
- A relative reduction of public expenditure norms per student in 1992-1995, and then increase regulatory lag of public spending per student from the growth of the planned contingent in 1995-2004;
- The absence or reduction of public funding for equipment, materials, construction, repair, travel, etc.;
- Restrictions on admission to different specialties and fields (economics, law, management) in public high schools in the lobbying and the creation of privileges non-state institutions of higher education bodies of representative and executive authorities of the Russian Federation;
- "Unscrupulous franchise" state, permission to the artificial expansion of networks unmanned personnel and material and technical base of universities and branches, which led to decline in the quality of teaching, qualifications of graduates,

**Table 1: Potential benefits of education for the individual, the company and the state**

Benefits	Private	Entrepreneurial	Public
Economic	Higher wages, pension Better job opportunities Higher savings Personal and professional mobility Career prospects	Profit maximization Labour productivity growth Improving the quality of management, marketing The increase of competitiveness of production Using the cheap highly skilled workforce	Growth of social productivity of labor Growth of the country's competitiveness The growth of scientific and technical potential Expansion of export opportunities Reduction of transfer payments The increase in tax revenues The increase in aggregate demand and supply Accelerated development of new innovation technologies
Social	Improving the quality of life Improving working conditions Satisfaction with work A healthier lifestyle Implementation of creative abilities	Formation of a favorable social and psychological climate Favorable conditions for refresher training Quick adaptation to the environment, to the needs of the information economy	The formation of the foundations of civil society Improving the health of the nation Formation of the middle class Reducing the criminalization of society The development of democratic values, attitudes and cultural norms



the pursuit of a diploma instead of competence (Pankrukhin, 1995).

Today, the development of education systems depends on many factors, which primarily include:

- Mass pursuit of higher education;
- Knowledge societies: Regular updates and the addition of “basic” higher education due to the increased dynamics of the development of society and technology;
- Diversity of the needs of society and, accordingly, the requirements for the higher education system - the content, scope, forms and methods of learning;
- Liberalization of the administration form part of the state;
- Demographic decline, a change in the demographic structure of the population: An increase in the proportion of more adult and elderly population, compared with a share of the traditional college-age population and, as a consequence - the need to incorporate in educational policy needs of older age groups;
- Lack of public resources necessary to support the development of higher education;
- The development of innovative educational technologies;
- The globalization of social and economic processes and the associated internationalization of the education market (Formation of a society based on knowledge, 2003).

Factors of efficiency of the educational system can be grouped as follows: Availability, which means the desire of students to learn (nutrition, health, support for parents), the external environment of training (leader interested in educated workers, equal access to all levels of education, etc.); Software - Government support, monitoring the efficiency of resource use, the amount and distribution of public funds, performance assessment, satisfactory system of information, monitoring and feedback, etc.; quality - relevant programs, competence in the global economy, contribute to the social wealth, flexibility and adaptation to change, basic education and re-certification of teachers, salaries and professional development, results-based monitoring of quality assurance (Inshakov, 2005).

The key task of the Russian educational policy - to ensure a high quality of education on the basis of preserving its traditions and in line with current and future needs of the individual, society and state. Unfortunately, in Russia there is a disregard for the social component of the importance of education, the prevailing view of the concentration of the role of education as a “private matter of young people and their parents” (Pankrukhin, 1995). Education is seen by young people as a means of generating higher knowledge-assets. According to opinion polls, education, and according to the high school students and their parents, became the main and virtually the only option for the successful implementation of the labor market. There is a situation where the majority of students and their parents to education, no matter in what would be the university it was received and what specialty - education and a diploma of higher education - is, in their view, a kind of guarantee of competitiveness in the labor market.

Families interest in investing in education and willingness to bear the time spent behind the expected and confirmed by the survey

49 thousand. Households conducted Roskomstat. The question: How would you do with surplus funds? They answered that they were ready to send them to education, 4.2% of respondents, 30.2% - for the purchase of various material benefits. In addition, and in that part of the population that appreciates the benefits of education, have a desire to avoid the cost of these goals (Woodpeckers, 1995).

### 3. CONCLUSIONS

Currently, the sector is highly developed enough extra budgetary paid education and educational services market operates a large number of private educational institutions. The emergence of non-state educational institutions contributed to the development of competitive relations in the educational market: State universities were forced to activate efforts to improve its competitiveness, increase the mobility of educational services, training programs and the level of innovation capacity.

During the period in 1995-2006 the number of students in Russian universities has increased two and a half times and came close to 7 million people. On the 10<sup>th</sup> people there are 430 students, which is one of the highest rates in the world. According to the survey, 76% of students satisfied with their education and believe that they can work in any country (Gevorgyan, 2005). When planning in education must take into account increasing international mobility, a high proportion of the costs of higher education and increase its value. In this context, it becomes an important trade-off between quantity and quality of education (Inshakov, 2005).

Positioning education as a key factor in economic and social development, we note that, firstly, the increasing role of skilled labor increases the requirements for the level of education. Second, accelerate the aging process and the depreciation of qualification promotes self-education and expand the scope of additional vocational training. Third, in a rapidly developing knowledge economy, the role of intellectual labor and reduced the importance of physical labor. Fourth, change of occupation requires time, educated people spend less time searching for a new job.

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