

Investing in Higher Education (Human Capital) Key Factors of Economic Development in Global Flows

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Abstract

The phenomenon of globalization began as simple trade exchanges, but it has since developed into a multifaceted phenomenon that affects all aspects of people lives and nations around the world, from the biggest and most developed, which have millions of residents, to those with only a few thousand people and a small area. Starting with the political, economic, social, cultural, technological, and exchange of experiences in all areas, the advantages of this phenomena are widespread and diversified. There is no disputing the fact that everyone agrees that raising the standard and quality of education is one of the top concerns for all nations, whether developed and developing. Although education is first and foremost a fundamental human right, it may also be seen as a tool for advancing economic growth in any nation and as a significant driver of productivity and efficiency in the local, regional, and global economies. It is beyond dispute that resources (human, financial, and natural) are important, but only effective utilization of those resources can guarantee ongoing economic progress and social wellbeing.

Keywords: globalization, knowledge economy, human capital, information society, economic development

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"Growth without investment in human development is unsustainable and unethical."
Amortya Sen

1. Introduction

The global economy is the worldwide economic activity between different countries, which is considered intertwined that can negatively or positively affect other countries. In short, the global economy refers to the world economy, composed of different economies of individual countries, with each economy. Globalization has accelerated over the past century to the point that trade between nations has increased and cross-border constraints on migration and commerce have been greatly eliminated. The resulting phenomenon is what a global economy is all about. People are now able to sell their wares in any market all over the world. Also, consumers enjoy a wider variety of goods and services that they can find from other countries and not just in their own countries. The term "globalization" describes trends toward a more integrated and interdependent global economy, which means that national economies are transitioning from systems that are largely isolated from barriers to investment and trade to systems that are increasingly impacted by distance, time zones, language, and legal system differences. In open economies with declining trade and investment restrictions, and cultural. Distance is shrinking as a result of advances in technology, culture is unifying, national economies are merging into interdependent and integrated economies, thus creating a unique global system. Globalization is the development beyond the market and the world economy and means the so-called "world without borders", it cannot be treated as a phenomenon which has a fixed starting point and does not have a precise definition. Globalization fostered the great mobility of people from one country to another and this has led to an interplay of cultures through their cultural and social adaptation also expanded the technological knowledge which has made this easier and faster phenomenon. And the word "globalism" itself does not include some countries with specific characteristics or features, but by the name itself it means that it includes all countries of the globe. The benefits of this phenomenon are universal and very diverse starting from the political, economic, social, cultural, technological benefits, exchange of experiences in all aspects.

2. What is Globalization - Definitions on Globalization

The term globalization, which has been widely used since the 1960s, still lacks a precise and exhaustive definition. Such a thing makes it impossible to develop a theoretical and deterministic analysis, to enable the creation of a framework within which we can coherently analyse the innumerable empirical evidences, which are sometimes rightly and sometimes without it towards this so modern phenomenon. In this regard, one of the world's most famous economists Jagdish Bhagwati, writes: Non si ha ancora un'idea chiara, coerente e "globale" di come funziona questa globalizzazione...e di come si può farla funzionarla meglio.

However, researchers in various fields have tried to define such a phenomenon. Thus, the world-famous

sociologist Zygmunt Bauman defines globalization as a devaluation of rules as such: man, being unable to regulate and influence phenomena that develop and change on a global scale, becomes a passive spectator in the face of uncontrollable and unpredictable situations.

At the same time, it is the famous expression of the mathematician Edward Lorenz, according to which in a globalized world the air shocks caused by the wings of a butterfly in the Amazon are enough to trigger a storm in Texas.

Other definitions emerge as a result of the political positions of their authors. The most determined market supporters, or right-wingers mainly, see globalization as the most advanced stage, as the triumph of liberal capitalism, where the market and its invisible regulatory hand will help the development of world society. Among the most outspoken advocates of deglobalization is Filipino sociologist, environmentalist and politician Walden Bello. The fundamental problem in Bello's view is capitalist-industrial overproduction, which in turn was the result of a number of factors that coincided with World War II, such as "post-war consumer demand, the reconstruction of Europe, American military spending.", and rapid economic development in the decolonized world, "exactly the same factors that created the "golden age of capitalism" in the United States

The most courageous opponents of globalization, or leftists, distinguish it as the most advanced stage of imperialism and colonization of poor countries from rich countries. Between these two groups stand the moderates, who see globalization as a phenomenon that can create development if properly administered, whether in poor or developing countries or in developed countries.

3. Investing in education, key factor in economic development (Education, Health and Science)

Education directly affects economic growth as long as it is essential to improve human capital. The productive capacity of an economy depends on various factors. These include physical capital, technology and the number of employees, as well as their quality. This quality is mainly determined by what is called human capital.

Investing in education is important for any country because it brings economic growth and development. The discussion and elaboration of the relationship between quality in education and its impact on economic development is done in different aspects. Education is a process of continuous acquisition of knowledge, skills and competencies. They are acquired and achieved in public and private educational institutions.

Regarding the impact of education policies not only on human capital but also on social capital, Fukuyama states: "The area where governments are most likely to generate social capital is education." Educational institutions carry not only human capital, but also social capital in the form of rules and norms). Technical-technological developments have created new opportunities (computerization) for people to supplement and develop their knowledge every day. The need for new knowledge is constant. He could acquire this knowledge through learning that he begins at a young age and continues to complete until adulthood. "Modern enterprises are increasingly devoting their resources (money, time, information and energy) to the education and lifelong learning of employees." If American universities are compared to other global competitors, Europe and Russia, the difference is also evident. According to the measurements of 2019 in top 20 best universities in the world, 4 are from Europe and 16 from USA. In the top 100 universities, 34 are from Europe and 49 from the US. In the sense of investments, The US spends 2.7% of GDP on research and development (R&D), which is twice as much as European countries. Whereas, Russia in the top 100 has only 1 university in the 87th place, specifically it is about Moscow State University. In 2013 Russia also had 1 institution, where the same university was ranked 79th and in 2003 it was somewhere in the middle of the country 102-150.

Only 0.1% of GDP is earmarked for science development in Macedonia. This is the main reason for the poor development of educational and research activity in our country, which is at the bottom of the list compared to the countries of the region. According to past investments in scientific activity, Macedonia can boast of competition only in journalistic activity. University professors believe that poor funding of science is one of the main reasons for the brain drain from the country.

Not investing in science and the right people will leave us far behind the neighbouring peoples we have, let alone the peoples of European countries. This may also reflect on our aspirations as a new state, to integrate with dignity in the European Union. Thus, investing in education, especially in poor counties, will be essential for revenue growth.

The twentieth century brought a real revolution in medicine in all its fields and branches. Existing branches deepened and developed amazingly but at the same time new branches were born such as virology, immunology, genetics, and a series of other branches that together with the endless number of new methods of diagnosis and treatment provide an aid great in terms of the health of society. However, the development does not end here because the problems that come before it to be solved are added, such as the new serious disease of AIDS, Covid, etc. Nevertheless, as it was in its east, it always overcame those obstacles that at the moment seemed insurmountable, and further the developments we expect will be amazing. Much of today's globalization is "e-world"; e-commerce; e-enterprise, e-government, and e-mail. (e-electronic) In September 2001, the Internet enabled physicians in New York, USA to perform tele-ocean surgery (tele surgery), assisted by a robot

Strasbourg, France (Pogue, 2001). For this reason, there is a need for permanent education, which is a necessary need for the follow-up and perfection of contemporary technical and technological achievements, which are a major factor in the socio-economic development of each country. Schulz rightly states that the decisive productive factor in improving the prosperity of the population (especially in underdeveloped countries) is not space, energy, land, but the decisive factor is the qualitative increase of the population and the achievements in knowledge education.

Comparing the practices in the Republic of Macedonia with the practices of the countries in the region, market-oriented economies as well as developed economies, it has been identified in which areas there are more stagnation and in which areas we should work the most. The analysis of statistical data mostly analyses the reasons for failures and successes, which is very important for macroeconomic decision-making policies that are oriented on these paths towards integration into global trends. Undoubtedly Macedonia is not an exceptional case of investing in human capital. In a new economy that Macedonia intends to apply, human capital is considered the most important asset of economic development. When we say human capital, we mean the role of education in its establishment and shaping, thus providing the key skills required in the labour market. The higher the level of education the higher the level of income. Expenditures on education should be seen as investments, returns from which accelerate economic growth and development. All this leads to the conclusion that the Government of Macedonia should have priority in building the development of the education system in the country and as a result this will affect the economic development of the country.

4. Theoretical overview of human capital and its motivation

Today literature recognizes several definitions in terms of human capital, but which have essentially almost the same approach. Various scholars often see human capital as an asset of the unit (organization), an asset that contains the skills, experience, and capacity needed to perform a task or entrepreneurial task. An interesting definition of human capital that goes hand in hand with recent socio-economic developments is: Human capital is the stock (quantity) of competencies, knowledge, personal and social attribute, including creativity, merciful to all of them in the ability to do work and to produce economic value. Another interesting definition of human capital is: By human capital we mean the employees of an organization who have experience of judgment, intelligence, ability to build relationships and to penetrate the issues they address. (Noe; Hollenbeck; Gerhart; Wright 2011, p 3). Edwin A. Locke in his book *Principles of Organizational Behavior* claims that: Human capital is one of the largest assets available to an organization which invests unsparingly for this capital (Locke 2003, p. 46). We look at this definition that human capital is given a lot of importance by stating that organizations, institutions invest without saving. Many theories strongly emphasize the fact that motivation and investment in human capital, through education (training), increases productivity, but also develops the economy (Michael Simkovic, 2012). There are theorists and economists who look at human capital under the "umbrella" of intellectual capital. Dean R. Spitzer in his book *Performance Measurement* writes: "One of the most valuable forms of intangible assets is intellectual capital which is divided into three categories: organizational capital (patents, copyrights, trademarks, infrastructure, culture), capital in relation to the relationship between the parties (relationship with customers, supply, partners, competitors, government, community) and human capital (skills, knowledge and attitudes of employees, talents)" (Spitzer 2007, p 220).. These authors view human capital as an integral part of intellectual capital. From the definition it is clear that motivation is an important part of a successful human capital-organizational relationship. On the other hand, many theories prove that it is necessary to motivate human capital to further promote performance development and innovation. Every time throughout history, but especially in the period in which we are living where technological development has advanced by giant strides, the role of education and investment in human capital has been assessed as vital to the economic development of a country. It seems that the US even for a relatively long time cannot compete with other states in this race. According to the Department of Education, over 85% of adults in the US graduate from high school, while over 30% complete college. University graduates in the US are higher than in any other country in the world. Also, the US spends almost twice the value of GDP on higher education, compared to countries like France, Germany, the UK or even Japan.

5. The future of the 'Knowledge Economy' in a global perspective

Knowledge competition within a globalized economy has become a clear indicator of the role of higher education in economic development and growth. Higher education is a determinant not only of a faster and higher economic development, but also of better quality (through the development of technology, innovation, innovation), and has a positive impact on the income and well-being of individuals. The importance of higher quality education in the economic and social development of any country is one of the topics discussed and elaborated in various aspects. Education and the economy have a strong and important link, which over the years has changed its characteristics and intensity. In today's technological society, education is more closely linked to the economy than in past decades. In the past two centuries, the focus on education has shifted from lower to

higher education because of the importance and impact it has on economic growth. The twentieth century points to a period of higher education development and higher economic growth.

In contemporary conditions where we have an advancement of science, technical-technological processes, professional staff are necessary in all economic spheres.

Greater competition and consequently emerging inequalities are increasingly coming as a result of what is called the "knowledge and service economy" which relies on high-tech information systems. Greater competition and consequently emerging inequalities are increasingly coming as a result of the so-called "knowledge and service economy" which relies on high-tech information systems. (Guns 1998).

Recognizing the close link between education and development has led developed nations to invest incessantly in the education sector. Public investment in this area is driven by the fact that education plays a role not only in promoting the economy but also in another very sensitive aspect such as "it is the proportional distribution between different social groups of the fruits of economic growth." (Gilles&Verdier 1993). Rightly, education is considered "as a powerful instrument that promotes social equality"

In many firms and companies of developed countries or institutions that deal with the problems of economic and social development, it is now becoming common to have a new profession and job position, that of «expert on new knowledge and knowledge» (Chief Knowledge Officer) (Croteau&Dfouni 2007).

The Institute for Health Measurement and Evaluation at the University of Washington (The Lancet) has made comparisons of human capital development globally (195 countries) from 1990 – 2016. In terms of human capital, Albania is compared only to African countries, as it is behind the countries of the region. Our country is the only one with yellow in Europe on the map of the level of human capital, writes "monitor". Macedonia moved up one place in this index, climbing to 51st place in 2016 from 52nd place in 1990. Bosnia and Montenegro had a deterioration of the index in 2016, with 6 and 7 positions respectively, but still they performed much higher than Albania in the global ranking

Measuring human capital: a systematic analysis of 195 countries and territories, 1990 - 2016

	Ranking 1990	Ranking 2016	Change in ranking
Albania	75	91	-16
Bosnia	58	64	-6
Montenegro	41	48	-7
Serbia	46	46	0
Macedonia	52	51	1

Source: The Lancet

6. Conclusion

Globalization, the effects of which we feel and comment on every day, is primarily due to the revolution of information and communication technologies as well as the liberal system of trade exchanges under the WTO or regional agreements on different continents of the world. Essentially, globalization is the development of the knowledge economy and knowledge administration. The entire economy of developed countries is already included in this new system: Information and communication technologies are present everywhere, accompanying the production and distribution process at every step. The companies and firms of the "new economy" are divorcing more and more the companies of the "old economy". The new economy or "net economy" is becoming increasingly an imposing reality. The world has already entered a new period of economic history and its development. The challenges are no longer just in Europe as in the early nineteenth century; they are no longer just in Europe, North America or Japan as during the twentieth century! In this sense, the "new economy" is increasingly showing that "the world does not suffer from excessive globalization, but from a lack of globalization" and as much as poor and developing countries, including Macedonia and other countries in the region, to invest in the "new economy", the easier it will be for them to follow the pace and performance of developed countries, and the more they will be able to integrate into the world economy and benefit from it. It is understandable that countries with low levels of development (investment and low state budget) cannot allocate sufficient funds to intensify education and vice versa. The effectiveness of the higher education system and its ability to meet the needs of future employers is vital to the economic survival of the state. Globally, the United States has long dominated the rankings of the most prestigious and influential universities in education, science, and technology. This dominance in science and technology creates real opportunities for the US to take advantage of these results to maintain a significant advantage over other global competitors in other areas such as economics, diplomacy, security or even art and culture.

-North Macedonia has no alternative but to actively lead its connection to the global economy. We emphasize that North Macedonia is still not connected to the global economy. Macedonia in the future needs to focus on several segments in order to move forward and benefit from globalization. The measures to be taken are;

-leading an open economy., leading a policy of attracting I. D.H., the most rational use of European funds.

But if we refer more concretely to the statistics of our daily reality, the figures are just as alarming: the percentage of expenditures for technological research and development at the national level is still quite small and almost without any effect on the economic development of the country; the amount of these "knowledge workers" in our institutions and enterprises or businesses is insignificant; we are classified very low in indicators of reading, contacts with new technical-scientific information, publications or use of books; we have a number and circulation of scientific journals / 1000 inhabitants quite low and much smaller than the vast majority of developing countries; including in the same group University professors with titles and degrees with employees of research institutions outside the university system, we are very low 0.1% of GDP, while the EU has included in this sector 0.6% of employees, USA 0.9%, Japan 1.1%, etc .; the role of our universities in the spread of new technologies is almost non-existent; in our universities and scientific institutions so few scientific workshops and seminars are held, that they are still the subject of television chronicles or the participation of ministers and deputies as special events. Consequently, we are very low in the international rankings and classifications in terms of the index of performance and competitiveness of the business and its institutional functioning, in terms of the indicator of social and intellectual capital, etc.

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