

Managing the quality of higher education and its impact on economic development - Kosovo case

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Abstract

The Republic of Kosovo is still facing a number of challenges related to the country's sustainable economic development, where one of the challenges is related to the management of an inadequate quality of education. Raising the quality management of education is considered as one of the most important issues in order to have a sustainable economic development. Therefore, Kosovo needs to consolidate and develop the education system at an appropriate level in order to provide employee absorption for the labor market not only by the local market but also by the international market. The purpose of this article is to present the education trends in Kosovo according to levels and with a special view of higher education, a theoretical look on the role of higher education in economic development, absorption capacities of the labor market for graduates in higher education, the separation of the state budget in education, the management of the quality of higher education and its impact on the economic development of the country and at the end of this paper to present the conclusions of the scientific paper and the recommendations for the future in the field of higher education.

Keywords: *Management, development, economics, education, policy.*

Introduction

Education is a primary factor in economic growth through its impact on building and advancing human capacities where the benefits of education cannot only be seen for the educated person but can also be seen for the economy as a whole. The education system in Kosovo has been facing difficulties over the years, so it's important to focus on the contemporaneous as it consequents the prospects of tomorrow. So how can we build a quality education with direct results for the future of younger generations in Kosovo? Although the Ministry of Education, Science and Technology (MEST) has prepared several strategies over the last decade, but still insufficient in terms of raising quality in education. Educational strategies prepared by MEST in Kosovo need to be clearer in terms of vision, mission and objectives. Investment in education is still unsatisfactory, with 4.88% share of spending on education as part of the Gross Domestic Product (GDP). The educational strategy should have in mind the development of a quality education system that will provide objectives and measures related to improving the quality of teaching and learning as its main objective. Higher education has been and is a motor of economic growth, albeit higher education needs to respond to the market needs. In the last decade in Kosovo, the number of public and private institutions of higher education has increased, therefore it has been reformed in the preparatory, structural and organizational aspects.. The main objective and purpose of this study is to analyze the relationship between higher education and

economic growth in Kosovo. This paper analyzes the impact of higher education on economic growth as well as the key factors, benefits and costs of higher education in Kosovo's economic performance. Education in Kosovo still faces unsatisfactory quality, there are still many cases where learning is done by memorisation and not by comprehension. The quality of education in higher education still needs to be improved especially in the private sector where the quality of education should be higher than it is now. For this reason, educational institutions in Kosovo should pay extra attention to the teacher training for the use of contemporary methodologies in the teaching and learning process (USAID, 2015). Another important role is the management of sustainable and efficient higher education policies in order to increase the quality of education at an appropriate level. Understandably, the weaknesses that appear in education in terms of quality are limitations or shortcomings that really damage the future of economic development as well as the social aspect. The other purpose of this paper is to contribute to literature by enabling a specific analysis of the impact that higher education has on increasing economic growth.

Student Number Trends in Kosovo

Before going to higher education trends, I present a general picture of the number of children, pupils and students at all levels of education in the public and private sectors. According to official statistics published for the public and private education sector, the number of children, pupils and students was over 500,000 in 2015/2016 (Ministry of Education, Science and Technology and the Kosovo Agency of Statistics, 2016), which is also shown in table 1. and asfor the number of students in the total of this framework; about 120,081 students.If we compare the participation by education level, the level of primary lower secondary education is increased by 264,222, while the smallest number is in special education (1 + 2 + 3) with 357 students.

Table 1. Number of children, pupils and students at all levels of education in public and private sector 2015/2016 level education; public and private total

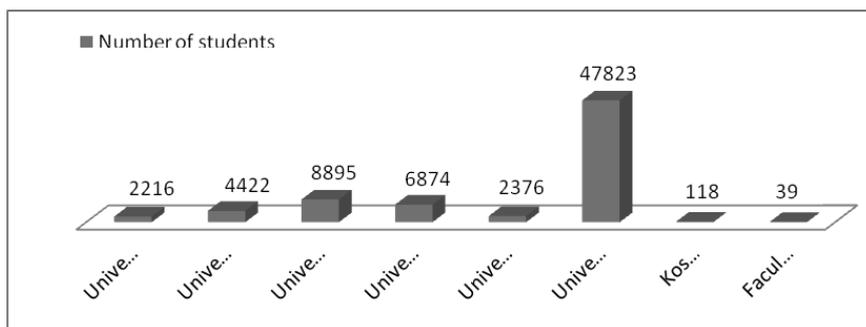
Level	Education	Public	Private	Total
		2015/2016	2015/2016	2015/2016
0	Preschool	26,190	1,354	27,544
1+2	Primary and lower secondary	261,579	2,643	264,222
,3	Upper secondary	85,544	2,470	88,014
1+2+3	Primary,lower and upper secondary special	357	:	357
5+6	University	72,763	47,318	120,081
Total		446,433	53,785	500,218

Source: MES & KAS (2016) Publication of Education Statistics 2015/2016

If we analyze the trend of lower secondary education from the education year 2007/2008 to 2016/2017, we have a decreased number of students at this level of education for 77,720 students at the lower secondary education level in Kosovo,the number of students in the years to come will based on of this trend and the pyramid of the population of Kosovo will change over the years regarding to age groups as

well. As reason for the decline of this number of students, it is understood that natality and especially emigration play a major part. The population pyramid has changed and will change over the years as far as age groups are concerned. (Bellaqa, B., 2016). One of the factors that has led to the decline in the number of pupils is the fall in birth rates in Kosovo, then emigration, family planning, and so on. If we analyze the number of students by Universities for the academic year 2015/16 it results that the largest number of students is at the University of Prishtina with about 47,823 students, whereas the smallest number is at the Faculty of Islamic Studies with about 39 students. The number of students by public universities can also be seen through graph 1.

Graph 1. Number of students according to public universities in Kosovo in the academic year 2015/2016



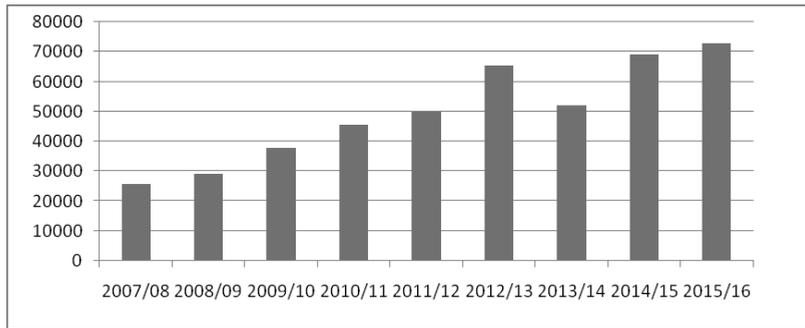
Source: Data processing by the author, based on the Kosovo Agency of Statistics data 20152016

Based on the higher education trends analysis it appears that in the academic year 2007/08 the number of students in the public university sector was 25,840 whereas in the academic year 2015/16 the number of students reaches 72,763 students, there is an increase in the number of students students from 2007/08 to 2015/16 for 46,923 students. If we analyze the trends of the number of students in higher public education in Kosovo from 2007/08 it is noted that there have been year-on-year growth trends except for the academic year 2013/14 where there was a slight decrease, then after that an increase in the number of students, which can be seen in Graph 2.

Graph 2. Student Number Trends 2007/2008 - 2015/2016

Source: Data processing by the author, based on the higher education data on the number of students from 2007 / 08-2015/16

Based on the analysis, the number of students per 2000 inhabitants for 2015/16 is around 137 students, including the state and private sector



A theoretical overview of the role of higher education in economic development

Increasing the quality of education at the highest level undoubtedly also affects the growth of economic development. To identify the weaknesses related to the quality of education some questions should be raised, among which distinguishable: What we can improve in terms of quality of education?, What is it that we do that is not at the proper level regarding to quality improvement?, What should be avoided and corrected in order to increase quality? As for the explanation of economic growth, our analysis focuses on the interconnection between the factors that develop human resources according to many researches that have been conducted regarding the determinants of economic growth in the last two decades of the last century. The results of the analysis have shown success in explaining the differences in capital growth calculated by countries over a certain time period (Barro, 1991). From a theoretical point of view, there are at least three mechanisms through which the level of higher education can influence the advancement in terms of economic growth. Firstly, micro-education means higher human resources by professionalizing the workforce, which has an impact on job productivity growth and thus will have unprecedented economic growth. Secondly, higher education can influence the growth of innovative capacities of the economy, as well as the increase of new knowledge for technological advancement. And as a third instrument or a third mechanism, it can be noted that higher education can facilitate the distribution and transfer of the knowledge needed to better understanding and processing (Adelman, I. and C.T. Morris, 1968). A significant change in recent times has also been observed in terms of career notion. If past careers were a synonym for achieving individual progress in terms of the hierarchy or in a profession, today's notion of the career is a term that describes the way of learning and the work of the individual. So it is no longer a term that is reserved only for the most successful individuals such as managers, musicians, etc, but also in a wider sense (Blaug, M, 1966).

Impact of higher education on economic development

The importance of human resources for economic development is a sure foundation for long-term and sustainable economic development. Many researches in this area prove that there is no high quality secondary vocational education and higher

education without a very high quality primary and lower secondary education, because that is the starting point of safe foundations for the development of skills, knowledge and skills, respectively competences foreseen by the Kosovo Curriculum Framework. One of Kosovo's resources is its young population, where one of the characteristics of the population is that 1/3 of the population is under the age of 15, but having labor force is not enough, for the state it is also important for this workforce to be offered education according to the trends of the modern economy. Qualitative education has a greater impact on economic development; according to research conducted by the European Organization for Cooperation and Development (OECD) the highest quality education countries have had more economic growth than the states that have had education at an inapt level.

The more educated people are, the greater their potential is in terms of employment, which can also be found through Table 2.

Table 2. Employment status by education attainment

Kosovo 2015 Inactive Employed UnemployedAll				
LEVEL OF EDUCATION (%)				
No school	7.3	0.1	5	2.3
I -IX classes	50.8	15	40.2	38.1
Secondary vocational	17.9	36.2	24.6	26.9
Secondary gymnasium	17.2	21.2	18.2	20
Tertiary	6.8	27.5	12.1	12.6
TOTAL	100	100	100	100

Source: KAS (2016) *The Labour Force Survey 2015*

Table 2 shows that university graduates are the highest employed workforce, according to data from 2015, the number of employees from the overall number of graduates is 12.6% (Kosovo Agency of Statistics, 2016).

Table 3. Employment rate by economic activities 2012 - 2017 expressed in%

Economic activity (NACE REV2)	Year					
	2012	2013	2014	2015	2016	2017
Agriculture, forestry and fishing	4.6	5.9	2.6	2.3	4.2	4.4
Mining and quarrying	1.2	1.3	1.1	0.8	1.1	1.2
Manufacturing	14.3	12.6	13.8	14.6	13.2	13.2
Electricity, gas, steam and air conditioning supply	2.3	1.7	1.7	1.8	1.6	1.8
Water supply, sewerage, waste management	1.2	1.2	1.0	1.5	2	1.2
Construction	9.5	11.4	10.9	9.5	11.6	12.9
Wholesale and retail trade; repair of motor vehicles	13.4	12.8	14.4	14.3	14.8	14.7

Transportation and storage	3.5	3.2	3.4	2.8	3.2	2.7
Accommodation and food service activities	4.8	5.3	6.0	6.6	6.4	6.6
Information and communication	2.3	2.9	2.9	3.2	2.2	2.6
Financial and insurance activities	2.2	2.2	1.8	2.0	1.9	1.7
Real estate activities	0.2	0.2	0.0	0.1	0.1	0.1
Professional, scientific and technical activities	1.8	2.0	2.0	1.8	2	2.2
Administrative and support service activities	4.7	3.8	3.4	3.6	3.3	3.7
Public administration and defence, compulsory social security	5.0	4.9	6.4	7.4	7.4	6.1
Education	12.0	11.1	11.9	12.2	10.6	9.5
Human health and social work activities	7.5	8.1	7.2	6.2	5.6	6.5
Arts, entertainment and recreation	2.2	1.7	1.5	1.5	1.7	1.4
Other service activities	3.9	3.6	3.4	4.2	3.6	4.4
Activities of households as employers	1.6	2.2	2.9	2.4	2.6	2.1
Activities of extraterritorial organisations and bodies	2.0	1.9	1.5	1.2	0.9	1
TOTAL	100	100	100	100	100	100

Source: Data processing by the author, based on labor force survey data on employment rate by economic activities 2012-2017

Based on data analysis, it is noted that the highest employment rate in education was in 2014 by about 11.9% (KAS, 2014). Between 2012 and 2017 the economic activities that lead in employment rates are production, construction and education while the other economic activities are less represented in the employment of active power. By analyzing enterprises we can see that the small and medium-sized enterprise sector have contributed to the creation of job opportunities in Kosovo.

Occupation (ISCO – 88)	Year					
	2012	2013	2014	2015	2016	2017
Legislators, senior officials and managers	7.7	6.9	8.2	8.6	7.6	7.1
Professionals	17.0	15.8	16.7	17	13.8	13.8
Technicians and associated professionals	7.5	7.9	7.5	6.9	7.4	7.5
Clerks	4.9	4.4	4.7	5.2	5.6	5.7
Service workers and shop and market sales workers	19.3	17.7	18.4	17.4	18.1	18.2
Skilled agricultural and fishery workers	2.7	2.7	1.5	0.9	2.2	3.1

Craft and related trade workers	14.4	16.2	14.9	14.2	16.4	15
Plant and machine operators and assemblers	7.7	7.4	6.8	6.7	6.9	5.8
Elementary occupations ¹	18.7	21.5	21.2	23.1	22	23.8
TOTAL	100	100	100	100	100	100

Table 4. Employment by profession 2012 -2017 expressed in%

Source: Data processed by the author, based on the labor force survey data for the employment rate by profession 2012-2017

Based on the analysis of occupational data from 2012 to 2017 in the Kosovo economy, it appears that the professions most absorbing in labor force are those in which the employees had job positions in services and sales, in elementary professions, as professionals and handicraft workers. If we analyze the data from 2012 to 2017 for Service workers and shop and market sales workers in services, it emerges that in 2012 employment in this profession was 19.3% (The World Bank and Kosovo Agency of Statistics, 2012)

Employment trends of graduates in Kosovo

Based on analysis of the trends of graduates in Kosovo, it emerges that over 7,000 students graduate within the public university within the year, including graduates at the Bachelor and Master level, but most of them stay at home due to the high unemployment rate and this unemployment is expected to be present for students for a long time to come (Bellaqa, B, .2016).

If we compare the number of enrollments with the number of graduates, a small number of them graduate; this occurs as a result of the ineffectiveness of the studies. GDP growth below 8% for Kosovo is insufficient to mitigate the unemployment rate, given that around 27,000 young people enter the labor market each year, so any increase below 8% cannot be enough for the mitigation of unemployment since Kosovo has a huge discrepancy between income and labor market outcomes, as well as taking on the of the age of inactive high labor force in Kosovo. If we make a comparison of the number of graduates from academic year 2010/2011 to academic year 2013/2014, a total of 19,492 students in the public sector have graduated. The number of graduates based on trends turns out to be lower in the academic year 2010/2011, while the most significant increase in the number of graduates was in the academic year 2013/2014 with about 6,628 graduate students, including the University of Prishtina and University of Prizren. The largest number of graduates graduated from the Faculty of Economics with 1, 312 students, followed by the Faculty of Education. But if we make a comparison of the graduates in terms of gender, it turns out that women lead in all faculties, except the faculty of engineering, architecture and construction. Otherwise from the fact that there are more women with a bachelor's degree, men lead in master studies. In 2013/2014 993 students have graduated; out of them 538 men and 455 females. There is a huge discrepancy between the number of jobs and the number of graduates, where the graduates also face long-term unemployment which in Kosovo is quite prominent (Bellaqa, B., 2016). Any candidate who applies

for a job at a company is subjected to a verbal interview and if this phase is successful then the candidate enters practical testing, ie work on the test conditions for a certain period of time, which may be from 3 to 6 months (Mincer, J., 1962). If we analyze the number of enrollments during the academic year 2015/2016 we see that the number of enrollers in Kosovo was about 120 thousand students including the public and private sector of higher education, according to this the number of graduates who should have graduated within the year should be over 15 thousand students, but because the efficiency of studies is not at the right level the number of graduates is significantly smaller. Solving this problem can be done by providing students with skills in the studies that also enable them to work abroad. Strategies and state policies should provide more educational programs in which more job opportunities can be created, especially in professions in which businesses have demands for certain professions, so the orientation of the production of cadres should be based on the needs of internal and external market. Public or private universities offer a public good such as the providing of higher education. In this regard, more than the status of universities, their quality in terms of quality and employment of their graduates, quality in terms of scientific research, and in terms of their level of contribution to national development, constitute one of the factors that differentiate universities from one another (Arcadius, K., 1965).

State budget divided for education in Kosovo

Kosovo is categorized in low-income countries in 2015, GDP per capita was 3277 €. Kosovo's average economic growth from 2009 to 2015 was 3.2%, see Table 5. Growth was driven mainly by the high pace of public investment, from the continuity of foreign aid, from investments in 2015 the greatest investments were from the private sector and diaspora remittances (IMF, 2016).

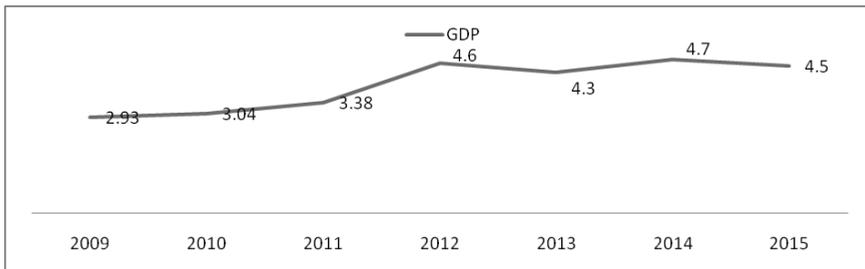
Table 5: Average annual economic growth in Kosovo and comparable countries (2009-2015)

Contry	Average economic growth (2009-2015)
Kosovo	3.2%
Albania	2.4%
Macedonia	3.1%
Serbia	3.8%
Moldova	2.1%
Georgia	0.2%

Source: IMF (2016) Review of Stand-By-Arrangement.

Taking over this economic growth and the unemployment rate in Kosovo, which according to the 2016 Labor Force Survey data, the unemployment rate is around 27.5%, Kosovo will still face further difficulties in alleviating unemployment, especially for the young age population where the students are part of. Macroeconomic mapping, which addresses the relationship between higher education achievements related to GDP growth, according to many studies, finds evidence of higher GDP growth in countries where the average population has spent more years in school and has achieved higher scores on knowledge tests. Education should be dealt with higher

priority by the Kosovo government, namely MEST, simply by the fact that the budget allocated to primary, secondary and higher education within the BPV participates with a small share, serving as an indicator evidencing that it is very low to ensure the highest quality in the education system in Kosovo (Ministry of Education Science and Technology, 2014). Insufficient funding of the education system in Kosovo hampers the work of all education structures to continue the successful implementation of reforms in education. Kosovo needs to concentrate on providing the necessary conditions for achieving quality education because a qualitative investment in education today will ensure a human resources development that would contribute to Kosovo's fastest economic development in the future.



Graph 3. Public education expenditure for 2009 – 2015 period

Source: Data processed by the author based on the Ministry of Finance data on the allocation of the state budget for education in the GDP framework for the 2009 – 2015 period

Graph 3. best describes the importance given to the education system in the case of allocating the state budget for education and how much of GDP participates in education. Figure 3 shows that the biggest support in education was given in 2014 by about 4.7% of GDP. The following are the calculation of public spending on education as a percentage of GDP for 2009 and the following years:

$$PEP_{GDP} = \frac{E}{GDP} \times 100 = \frac{117747575}{4007800000} = 2.9 \%$$

PEP – Public Expenditure as a share of GDP

PE – General Public Expenditure on Education corresponding to fiscal year t

GDP – Gross domestic product corresponding to fiscal year t

Public Expenditure on Education as a share of GDP for 2010

$$PEP_{GDP} = \frac{E}{GDP} \times 100 = \frac{128739097}{4229100000} = 3.0 \%$$

Public Expenditure on Education as a share of GDP for 2011

$$PEP_{GDP} = \frac{E}{GDP} \times 100 = \frac{161900668}{4776100000} = 3.38 \%$$

Conclusions and recommendations

The higher education university level in Kosovo still faces a substandard quality, especially in private colleges, and adequate measures should be taken to increase quality in order to produce the skills needed by the trends of market economy. The link between university education and economic development is a rather complex connection that has a mutual impact. The key factors affecting the link between higher education and economic growth is the quality of education and its impact on the country's economic development. Investments in the education sector in Kosovo are insufficient, so the state needs to increase the percentage of investment in education in the GDP framework, assuming that a high quality education will contribute to economic development. Universities and private colleges should ensure the preparation of cadres for the internal and external market and make continuous improvement in terms of delivering programs in line with global developments. If we have such a large number of graduates who do not find jobs, then the higher education mission has failed by bringing graduate and unemployed cadres. A key role in improving the performance of education with the labor market needs to be close cooperation between MEST, MLSW and MTI where, when drafting the strategies, they present specific, measurable and achievable mathematical objectives, in particular there should be more interlink between the education system and the labor market. The demand of both local and international businesses is that the knowledge provided by the high level of education responds to the market economy. One of the other problems of higher education is that theoretical learning is not closely related to practical learning, since the labor market requires cadres that are well prepared in the practical aspect, higher education in Kosovo should also pay attention to the students practical aspect in relevant sectors of the economy. One of the weakest points of the education system in Kosovo is the lack of mechanisms to ensure the quality of education. Providing these mechanisms would help to create an accountability system within the education system, which would impact on better organization and management of the learning process.

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