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THE PROBLEM OF INFLUENCE OF EDUCATION IN A COUNTRY ON ITS COMPETITIVENESS

The problem of calculation of competitiveness of a country exceeds the framework of interests of economists alone. Possession of knowledge about strong and weak points of a state is a powerful tool both for internal and international development of this state.

One of the internationally recognized methods for composition of rating of countries is the method of the World Economic Forum (WEF). The WEF defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the sustainable level of prosperity that can be earned by an economy. In other words, more competitive economies tend to be able to produce higher levels of income for their citizens.

For more than three decades the WEF has studied the problem why in some countries there is a steady economic growth for a long period of time contributing to significant increase of the living standards, whereas in other countries there is stagnation of economic development or even worsening of life conditions. The methodology used to assess national competitiveness has necessarily evolved over time as the WEF has taken into account the latest thinking on the factors driving competitiveness and growth. It was in this context that in 2004 the World Economic Forum introduced the Global Competitiveness Index (GCI), a highly comprehensive index for measuring national competitiveness, taking into account the microeconomic and macroeconomic foundations of national competitiveness [1].

The methods for evaluation of competitiveness of countries are based on the model the essence of which is in determination of the value of the array of indicators regarding numerous factors of commercial, economic, political, social, educational and other activities of the country with a follow-up weighing and comparison of the values.

The report for 2008 uses the data collected in more than 130 countries and publishes economic ratings of the countries on the basis of calculation of the Competitiveness Index.

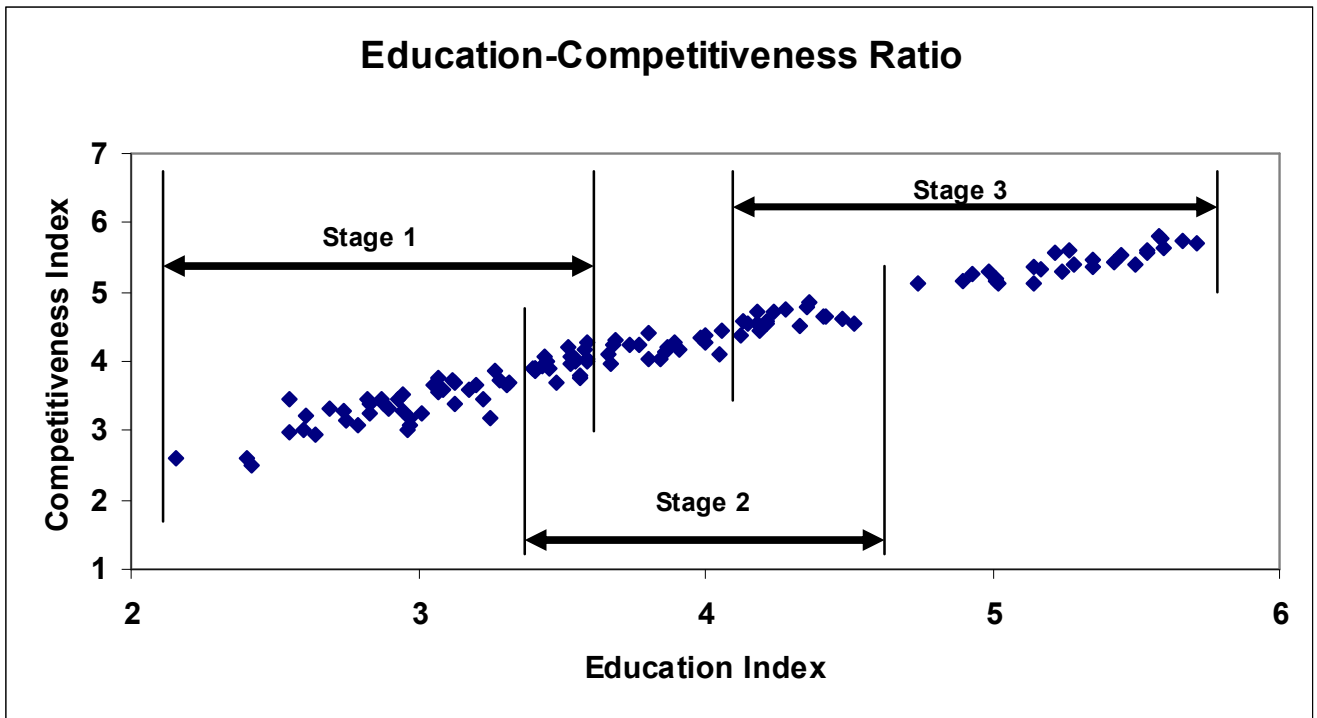
The WEF permanently studies the factors related to quality of education in a country and its influence on efficiency of production in the framework of analysis of competitiveness of countries. Hence, the WEF singles out three stages of economic development of countries that characterize the process of progressive development of the countries in which the business environment of a country contributed to appearance of various forms of competition of companies of this country among each other. Companies and social institutions of various countries and, hence, the countries, compete against each other in different ways due to a different level of economic condition of the business environment in which they are. When economic development of a country grows its competitiveness grows too.

At stage 1, the stage of prevailing influence of the basic economic factors like cheap labor force or not-depleted reserves of natural raw material resources play the main role in determination of competitiveness of a country. At the second stage of prevailing of investment offers efficiency in production of standard products and services becomes the prevailing factor in achievement of competitiveness of countries. Finally, at the third stage of prevailing of innovation offers the prevailing factor of competitiveness is an ability to create innovation products and services with use of the most advanced technologies.

The aggregated indices of education are formed through weighed summing of the relevant sub-indices that reflect availability of education in a country, the level of elementary, secondary and higher education, as well as some particular parameters like, for instance quality of teaching of mathematics.

It is interesting to compare the obtained indices of education in a country with an index of competitiveness for the same country through composition of a correlation diagram (figure 1). At the diagram it is possible to see the dependence between these two indices or, in other words, the higher is the level of education the higher is the general competitiveness of a country and vice versa. Besides, countries with the lowest values of indices of both the competitiveness and the index of education are, as a rule, at the first stage of economic development and countries with higher values of indices are at the second and third stages.

Figure 1. Ratio of education index and competitiveness



Literature

1. The Global Information Technology Report 2007–2008 connecting to the networked economy. Oxford University Press, 2006