

## THE IMPACT OF HIGHER EDUCATION ON HUMAN DEVELOPMENT

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### Abstract

In recent decades, developing countries have made great efforts to achieve desirable conditions and reduced their distance with developed countries. Some of them have been helpful and some others are still in a vicious circle of poverty and underdevelopment.

Human development encompasses all the dimensions of political, social, and cultural activities. In this approach, essence of human development is a process of strengthening human capabilities. Acquiring knowledge and access to the resources are very important to achieve the desirable standards of life, including everything from health, family, education, employment, wealth, safety, security, freedom. One of the main characteristics of human development is its emphasis on human capital. Human capital and skill formation are important elements for productive employment and overcoming poverty.

Education is one of the most important aspects of human development. It helps to increase the status and capabilities of human. Also, education was seen as central to sustained growth and it is an important factor of economic development. It is in turn essential to human development and education is the key to social and economic development, to peace and stability, and to democracy. Education has a major impact on health outcomes. Investments in education must be significantly increased.

Today, higher education is a highly important sector. Higher education transfers existing knowledge to students (through education) and also it creates new knowledge that result to employment, increase in wealth, and economic growth. Researches show that educated people make better choices about their life. Higher education provide opportunity and can change the lives of high school graduates and they make more money, stimulate the economy and create healthier life. The higher education may be the single most important investment young people can make in their futures. Also, many studies have proved the high rate of return in investment on higher education.

This paper is used indicators of education, life expectancy, gross national income and higher education to compare 128 countries and their effect on human development. Also, this paper considers (i) a structural equation modeling in research; (ii) it proposes a model for measuring the extent of human development with respect to the selected indicators, and (iii) Finally, this paper uses structural equations to measure the effect of higher education on human development

**Keywords:** Education, Higher education, Human development, Gross national income, Life expectancy.

## INTRODUCTION

Higher education is an important factor for promoting economic growth. Therefore, it can help human development from different aspects. (*World Bank 1994*) Human development is defined as the process of enlarging of human choices through the acquisition of information and the exploitation of human capabilities that ultimately lead to a better life. (UNDP 1990).

In this approach, development is done for human and by human. In the past three decades, according to the United Nations Human Development Report, developing countries have made positive changes in human development (UNDP 2013). Economic growth indicated that it cannot lead to human development by itself. Income distribution policies should focus on income of poor people and investment in people's capacities and abilities. (undp,2013).

Human development is the use of human opportunities and capacities to achieve a creative and productive life in accordance with human needs and interests. The main goal is the human being and the quality of life, and this is only through the enhancing of human capabilities. In the concept of human development, people are free so that they can make appropriate choices for the improvement of their life and in this way, they must be able to act freely. In practice, these choices can be unlimited and change over time. But, acquiring knowledge and access to the resources is necessary to attain the desired standards of living and gain a healthier and longer life (Alkire 2010).

## THEORETICAL FRAMEWORK

Human development is inherently complex (UNDP 2013) and several factors influence on it. One of the important aspects of human development is the acquisition of knowledge and access to the resources needed to attain the desired standards of living. Higher Education has a strong positive effect so educated people go into jobs with better working conditions. (Krishnakumar & Sarti, 2014) Today, the importance of higher education is highlighted because countries are moving towards a knowledge society. Investing in higher education has benefits to society and individuals. Many studies have indicated the high rate of return in higher education (Psacharopoulos,2008).

On the other hand, the expansion of information and communication technologies have led to a quantitative and qualitative growth of higher education and reduced spatial and temporal constraints for lifelong learning. As the ability of higher education systems has increased to provide distance education to students and to meet the needs of adult education. Enhancing access to higher education and attracting competent people can be effective in reducing poverty and income inequalities and increasing living standards.

One of the main characteristics of human development is that it is important to human capital formation. Higher education is considered as one of the most important factors affecting human capital in the human development approach. Education and other key factors of human development are directly and indirectly related to higher education. Higher Education transfers the available knowledge to students (through education), also generate new knowledge that creates employment, increases national wealth and contributes to economic growth.

Higher education is a social investment and it is the basis for human development. On the one hand, the promotion of human capital increases production; on the other hand, it will expand democracy. This will lead to governments more accountable. Higher education can effect on regional and national human development through increasing educational opportunities, increasing public access to higher education, economic growth and employment, higher incomes, higher savings, higher productivity, improved working conditions and more career and professional mobility, more consumption to improve quality of life, civic engagement, increased awareness and national consensus, social mobility etc.

Another aspect of human development is women. Women's participation in higher education has spread throughout the world. Today, women play an important role in the human development of countries. Over the past two decades, the expansion of higher education has increased the participation of women. Women comprise half of the students in universities. This suggests that women tend to continue to study and participate more socially. In long time, this will help reduce the dispersion of human development in the country and improve the human development of women and society. In practice, the effect of women's activities on human development is high, because they are responsible for home and raising children.

Per capita income is one of the important indicators that are mainly considered for international comparisons of standard of living. It plays an important role in promoting the human development. When income increases, choices will also increase and more opportunities are used. On the other hand, financing for

health and education in the community requires adequate. Actually, per capita income represents the living standards of a community. Over time, changes in per capita income reflect the economic conditions of the community and their well-being.

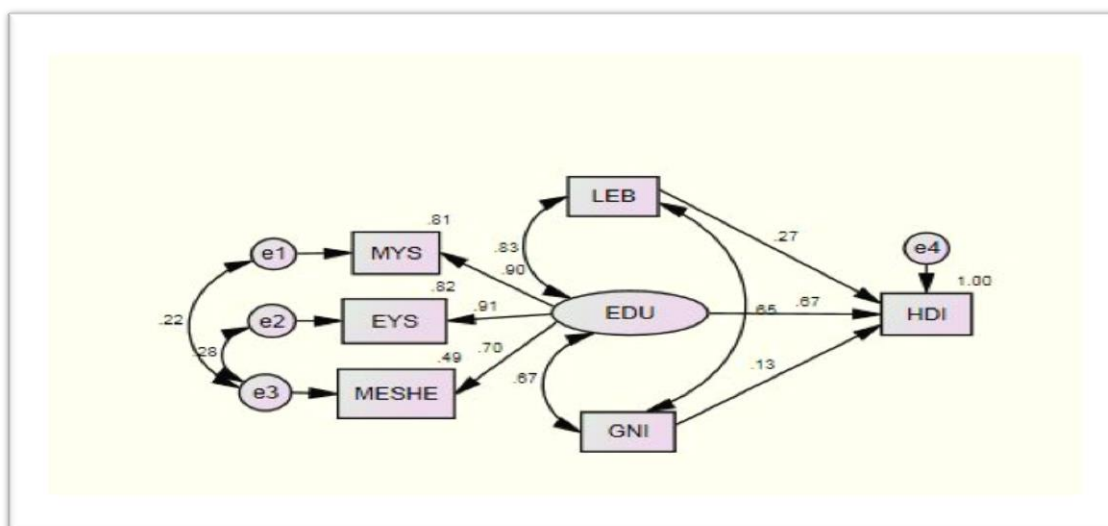
On the other hand, studies have shown that nutrition and health are factors of human development that have a significant impact on income levels and economic growth rates. Economic growth does not occur without improvement in human development. Considering the importance of human development, extensive studies in this field and its effective factors have been done on human development in different countries, such as economic growth, good governance, education, health, information technology and communication, etc.

## FINDING

In this research, structural equation modeling has been used to estimate the effect of higher education on human development. The cross-sectional and time series data used in this study were used from World Bank and UNDP data from 1990 to 2011. we were used, Human Development Index (HDI), Gross national income (GNI) per capita, Life expectancy at birth, Mean years of schooling, expected years of schooling, Higher Education (average years of higher education is computed by Barrow and Lee).

In this model, the relationship between higher education and human development has been investigated. In the following model, the Human Development Index (HDI), Education (EDU), Life expectancy at birth (LEB), Gross national income (GNI) Per capita, Mean years of school (MYS), Expected years of schooling (EYS) have been used in Mean years of school in higher education (MESHE) .

The effect of higher education on human development



Education, per capita income and life expectancy have a positive impact on human development. The above model shows positive effects and the effect of each of these variables on human development in the countries of the world. Based on this model, the effect of education (0.65) on human development in the studied countries is much higher than life expectancy (0.27) and per capita income (0.13). Life expectancy has the greatest impact on human development after education.

In human development indicators, education consists of three indicators of Mean years of school (MYS), Expected years of schooling (EYS) and Higher education. The model indicates that Expected years of schooling (0.91), Mean years of school (0.90), Mean years of school in higher education (0.70) had the most effect on the education of the countries, respectively. To fit this model, we have used a variety of standards that AMOS has provided. In the fit of the model, the  $\chi^2$  values obtained ( $p = 0.165$  and  $\chi^2 = 7.8$ ). It isn't significant at 0.05% level and the model can be accepted. We cannot reject it. Another criterion used to evaluate the model is the  $df/\chi^2$ . If this criterion is smaller, fit the model is better. This criterion in the first model is 1.568<sup>1</sup>.

<sup>1</sup> Many researchers believe that criterion is smaller than 2 or even 3. Sometimes, the number of observations is high, so the amount increase. In this situation, it is not a good measure for model evaluation (maniee 1388).

Criterion	significance level	Estimated value
$\chi^2$	-	<b>7.840</b>
$df/\chi^2$ (df=5)	<2	<b>1.568</b>
P	>0,05	<b>.165</b>
GFI	>0,9	<b>.983</b>
AGFI	>0,9	<b>.927</b>
NFI	>0,9	<b>.992</b>
CFI	>0,9	<b>.997</b>
RMSEA	<0,08	<b>.064</b>

Table (2) shows the estimated parameters of the model. The table rows indicate the relationship between variables. The table columns indicate Estimates, Standard Errors (S.E.), Critical Ratios (C.R.), and Probability Levels (P).

Table (2) Estimation of model parameters

			Estimate	S.E.	C.R.	P
<b>HDI</b>	<---	LEB	.005	.001	7.436	***
<b>HDI</b>	<---	EDU	.048	.003	16.242	***
<b>HDI</b>	<---	GNI	.000	.000	4.917	***
<b>MYS</b>	<---	EDU	1.000			
<b>EYS</b>	<---	EDU	1.129	.065	17.442	***
<b>MESHE</b>	<---	EDU	.093	.008	11.369	***

This table shows that the estimated parameters are significant.

## CONCLUSION

According to the Human Development Index, the level of education, and income and the average of lifetime determines the ranking of countries in human development. Higher education directly has a positive impact on the country's human development index through the education index. Education and health are but one of the many activities that need to be funded. How much will each be funded. Today, higher education has been very importance, because knowledge has played a major role in social and economic development.

The estimated model in this paper indicates that the effect of education on human development is much higher than life expectancy and per capita income. Also, life expectancy has a greater positive impact than per capita income on the human development index. Therefore, increasing economic growth and per capita income, regardless of education and health, will not have much impact on human development in the countries. On the other hand, with the increasing importance of the knowledge and the movement of countries towards a knowledge-based society, public education has a greater impact than higher education on human development. This is probably due to the lower population of graduates of higher education than public education graduates. This amount seems to change with the development of higher education.

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