



HIGHER EDUCATION AS A DRIVER OF ECONOMIC DEVELOPMENT, COMPETITIVENESS AND GROWTH

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Abstract;

Higher education is now a major economic driver, and colleagues and universities are critical components of national and regional work, force-development strategies and innovation systems. Higher education plays, an increasingly critical role in the economic competitiveness of local, state, and national economies. This paper lays out the growing global interest and import of economic competitiveness and the ways in which governments are seeking to harness the power of higher education to support their own competitiveness. It concludes with a discussion of how governments, businesses, and higher education institutions could collaborate to develop public agendas to guide, among other things, the economic contributions of colleagues and universities. Furthermore, to scan higher education economic development activities as well as state-level study of the economic roles of campuses in a large public university system, this paper describes the many ways in which colleagues and universities promote and foster economic development. Higher education economic development activities are diverse, involving many different economic processes.

This paper describe how; 1) these activities are often combined in complex combinations; 2) the activities interact with and are contingent on each campus' environment ; and 3) the activities and their probable impacts may changes over time. Also, the purpose of this paper is to bring greater attention to the critical role that higher education plays in economic development. The attention here is not to put these economic development functions of colleagues and universities on a pedestal above teaching, research, and community, and meant to bring greater clarity to their communities.

The paper conclude that the governments should improve and expand higher education institutions for the sake of increasing development and recommended that collaboration between government and institutions can helpful in identifying and capitalizing of the core strengthen of an economy.

Keywords: higher education, innovation, economic competitiveness, universities, foster, process

1. INTRODUCTION

Higher education has increasingly become a central component of economic and social development, particularly as economies move toward knowledge- and innovation-based models of production. Universities and other higher education institutions are no longer viewed solely as providers of academic qualifications; they are also important producers of human capital, knowledge, research, innovation, and entrepreneurial capabilities. Through these functions, higher education can influence labor productivity, technological progress, employment opportunities, and the capacity of economies to compete in an increasingly interconnected global environment. (*World Bank, 2026; OECD, 2025; UNESCO IESALC, n.d.*)

The relationship between higher education and economic development operates through several interconnected mechanisms. First, higher education contributes to the development of human capital by providing individuals with advanced knowledge, technical skills, analytical abilities, and professional competencies. A more highly skilled workforce can enhance productivity and facilitate the adoption and development of new technologies. Second, universities contribute to research and development, knowledge creation, and innovation, which can support technological advancement and the emergence of new products, services, industries, and business models. Third, higher education institutions themselves represent significant economic units through their employment, expenditure, procurement, investment, and interaction with local and regional economies. (*Arbo & Benneworth, 2007; OECD, 2026*).

The economic contribution of higher education also extends beyond its direct financial activities. Universities can generate indirect and induced economic effects through the circulation of income and expenditure within local economies. Employees spend their incomes on goods and services, institutions purchase supplies and services from businesses, and research activities may generate new enterprises and commercial opportunities. Consequently, the presence and activities of higher education institutions can contribute to local economic activity while simultaneously strengthening the broader knowledge base of the economy.

In addition, higher education can contribute to economic competitiveness by improving a country's capacity to develop and retain skilled human resources, generate innovation, and respond to structural changes in global markets. Economies with strong higher education and research systems may be better positioned to develop knowledge-intensive industries, attract investment, support entrepreneurship, and adapt to technological change. However, the economic contribution of higher education depends not only on the amount of resources allocated to it, but also on the effectiveness with which these resources are used and the extent to which higher education institutions are connected to economic, technological, and social needs.

The diversity of higher education systems is also relevant to economic development. Different types of institutions, academic disciplines, research fields, professional programmes, and educational pathways can provide economies with a broad range of skills and competencies.

Such diversity may help labor markets respond to changing demands and enable institutions to contribute to different sectors of the economy. At the same time, effective collaboration among universities, governments, businesses, and other stakeholders is important for translating knowledge and educational outcomes into broader economic benefits. (OECD, 2007; OECD, 2024).

Therefore, examining higher education solely in terms of educational expenditure or the number of graduates provides only a partial understanding of its economic significance. Its contribution should also be considered in relation to human capital formation, labor productivity, research and innovation, entrepreneurship, knowledge transfer, investment, and the wider economic effects generated by institutional activities.

Against this background, this study examines higher education as a driver of economic development, competitiveness, and economic growth. It focuses on the different channels through which higher education contributes to economic performance and considers both its direct role as an economic institution and its broader contribution to human capital, knowledge creation, innovation, and competitiveness. Understanding these relationships is important for designing higher education and economic development policies that can strengthen the capacity of economies to achieve sustainable and inclusive growth.

2- Research Problem

Higher education has increasingly become an important driver of economic development, competitiveness, innovation, and knowledge-based growth. Universities and other higher education institutions contribute to economic development not only through teaching and research, but also through innovation, human capital development, knowledge transfer, entrepreneurship, employment generation, and cooperation with government and the private sector.

Despite the growing recognition of these contributions, the economic role of higher education institutions is not always fully understood or effectively incorporated into national and regional development strategies.

In many economies, there remains a gap between the capabilities of higher education institutions and the needs of economic development, particularly in relation to innovation, labor-market requirements, technological development, entrepreneurship, and competitiveness.

Furthermore, the diversity of higher education activities and their interaction with the economic environment make it difficult to determine the extent to which higher education contributes to economic competitiveness and sustainable economic growth. The problem is therefore not limited to the expansion of higher education, but also concerns the ability of higher education institutions to utilize their diverse functions and resources to generate broader economic and social benefits. Accordingly, the research problem can be summarized in the following central question:

To what extent does higher education diversity contribute to promoting economic competitiveness and economic growth, and through what mechanisms can higher education institutions strengthen their contribution to economic development?

3- Research Questions

The main question can be divided into the following sub-questions:

1. What are the major dimensions of higher education diversity that contribute to economic development?
2. How does higher education contribute to economic competitiveness?
3. To what extent does higher education contribute to innovation and knowledge-based economic growth?
4. How can cooperation between universities, government, and the private sector enhance the economic contribution of higher education?
5. What policies can governments adopt to strengthen the role of higher education institutions in economic development?

The purpose of this paper is to cultivate greater understanding among elected officials, business representatives, policymakers, academics, and other concerned parties about the central role universities and colleges play in national, country, and local economies. There are some attempts to know how universities and colleges exert impact on economic growth. Some of them explore methodologies, metrics, and data sources that may be used to gauge the performance of diverse higher education institutions in improving economic outcomes. Other present typologies of economic development activities and generate new energy and focus for national community of scholars and practitioners working to formulate new models for how universities and colleges may lead economic development in their nations, country, and communities while still performing their more traditional and central educational functions.

Higher education's traditional role and strengths lie in educating students and producing new knowledge. Increasingly, through higher education institutions apply these functions, and take on additional roles, to generate economic growth and prosperity in the institutions' communities, regions, and, in some cases, other countries. In part this transformation has been fostered by a growing recognition of the economic realities associated with a "flat world" where the global location of production, income and economic growth is determined by competitive advantage, (Friedman, 2005).

In this flattened world, innovation has become one of the driving forces behind a nation's economic competitiveness; as such, higher education has, in itself, become a competitive advantage (Lane, 2012; Carnevale & Rose, 2012). According to (Stieglitz Joseph, 2010) long run competitive advantage lies in the country higher education institutions and the advances in technology that drive from the advantages that those institutions provide.

Table: 1 change in expenditure on educational institutions , selected countries (1995, 2000, 2005, 2010, 2015, 2020) index of change between 1995 and 2020 in expenditure on educational institutions from public and private sources, by all level of education {GDP deflator (1995=100) constant price}

Countries	1995 (1)	2000(2)	2005(3)	2010(4)	2015(5)	2020(6)	
Australia	100	127	133	137	141	145	
Austria	100	103	105	106	107	108	
Canada	100	108	111	114	n/a	n/a	
Denmark	100	123	131	132	132	138	
Finland	100	113	117	122	129	134	
France	100	110	111	111	n/a	n/a	
Germany	100	n/a	n/a	n/a	110	109	
Greece	100	155	166	176	200	208	
Hungary	100	111	119	134	155	150	
Ireland	100	137	142	148	159	171	
Italy	100	103	113	107	109	107	
Japan	100	107	108	109	112	111	
Mexico	100	129	138	148	162	159	
Poland	100	125	134	136	142	151	
Portugal	100	130	138	137	139	136	
Spain	100	110	113	115	119	124	
Sweden	100	123	124	135	137	139	
United kingdom	100	112	120	131	139	139	
United states	100	131	130	135	143	148	

Sources: Education at a Glance 2021 OECD Indicators OECD

4. NATIONAL COMPETITIVENESS: HIGHER EDUCATION'S ROLE

It is too difficult to determine exactly how higher education emerged as a competitive advantage in the advanced countries. One might point to any myriad of the country to spur the development of research into the agricultural and mechanical arts through the funding of new colleges and universities. Many other policies could likely be added to this list, but policies alone did not create and sustain the worldwide success of this particular national strength. A number of institutional, cultural, and historical factors also contributed. (Geiger, 2004) suggest the answer is the decentralized, competitive structure of the university system which fostered and rewarded innovative and entrepreneurial behavior. The collective diversity and flexibility of the entire high education sector, with community colleges, liberal arts colleges, comprehensive institutes, and so forth offering multiple educational pathways on how national pathways to a wide range of students surely also helped. But for the purposes of this section, I am focusing on how national governments incorporate higher education into their competitiveness strategies. Many development countries design a plan for high education institutions could be used or grown to support its economic competitiveness. These are certainly calls for increasingly the number of college graduate in the coming years, and some leaders believe the third world countries should support additional

research funding, but these are not plans or strategies. This disconnect is partially explained by the fact that governments, and the role of higher education in the competitive advantage of country is discussed below.

Education is central to our ability to improve our quality of life and wellbeing through success in selling goods and services on international markets. The quality of education outcomes is central to national competitiveness. For example Ireland's education system has been a key contributor to economic growth and improvements in living standards in recent years. We need to have one of the best education and research system in the world to drive economic recovery (National Competitiveness Council, 2009). For many nations, the role of higher education in fostering economic competitiveness is seen primarily as the production of highly skilled labor. For example, the competitiveness reports of such varied nations as Croatia, Malaysia, South Korea, and Guyana all point to the need for more workers for the knowledge-based industries. For example, in the case of Malaysia, the government wanted to stem the significant outflows of students from the nation. (Ziguras, 2003) estimated that in 1995 Malaysia lost approximately US\$ 800 million due to the very large number of students studying overseas; this does not include the potential loss of productivity occasioned by a large number of those students not returning to the country. To counter this trend of their students studying abroad, the Malaysia government began expanding its domestic capacity, as well as attracting branch campuses from overseas institutions (Lees, 2001; Sirat, 2005)

5. HIGHER EDUCATION'S CONTRIBUTION TO COUNTRY ECONOMIC COMPETITIVENESS

Globally, the concept of competitiveness is mostly discussed at the national level, but it is also influencing much activity at the national level as well. For example Libya and United Emirates are both active in increasing their own competitive advantage (Wannis & Earling, 2007). In terms of higher education, both have adopted strategies to import higher education and build new domestic institutions to help expand their advantage (Groom, 2010). They also compete with each other as with well as other nations in terms of attracting students, workers, and business. In nations where governments retain control over higher education, economic development and competitiveness strategies that utilize higher education can be quite varied, but often lead to government competing over business, laborers, and other drivers of economic development. Higher education institutions can play an active role in its competition seeking to attract students, faculty, resources, and recognition. Many countries now have competitiveness councils and are ranked based on their own economic competitiveness and how business friendly they are. Some states even have their own international trade departments, designed in overseas markets. As with nations have come to recognize the importance of higher education's institutions, though many now have been forced to cut back on their support to higher education (Johnstone, 2012).

Innovation has become the driver of economic competitiveness. Colleges and universities, particularly those with a significant research infrastructure, have proven to be one of the primary

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sources of innovation. In fact, (Abel and Deitz , 2009) found that having a research university in a community is one of the most important contributions to creating and innovation-based economy, as such entities not only produce new knowledge and facilities knowledge spillover into the local community but their infrastructure is important for retaining and attracting high-skilled laborers into the local population. The research by country institute revealed that there were two basic strategies for fostering innovation. The first, which was often pursued with a collaboration of government, industry, and private and public higher education institutions, focused on creating a research infrastructure that would allow for building and or attracting an industrial cluster.

Why are higher education institutions interested in providing such support? The efficiency and effectiveness of a business's operations contributes to how well a region can adapt and absorb new technology (Glaeser and Saiz, 2003). While knowledge creations supports innovation, building better business helps facilitate the transfer of knowledge and innovations into the local marketplace. Community revitalization, a third avenue of contribution, also proved to be an important component of the economic impact of colleges and universities. The local environment can affect an institutions' ability to recruit and retain students, staff, and faculty. Second, local and state leaders are increasingly calling on institutions to invest in the local community. In many places, colleges and universities are among the largest employers and serve as community centers. In addition, despite their growing global engagements, colleges and universities, as anchor institutions, remain inextricably linked to their local communities (lane & Kniser, 2008) this is very different than corporations, whose headquarters, research labs, and production facilities have become increasingly mobile

Table: 2 Public Internal rates of return for an individual obtaining a university-level degree 2003 in selected countries

	Rate of return when the individual acquires the next higher education	Rate of return when the individual acquires the next higher education	Rate of return when individual at age 40 (direct cost) and foregone earning	Rate of return when individual at age 40 (direct cost) and foregone earning	Non direct but foregone earning	Non direct but foregone earning
	Male%	Female%	Male %	Female%	Male%	Female%
Belgium	12.2	17.9	10.6	9.4	10.3	9.0
Denmark	7.8	6.9	3.4	1.0	3.3	0.9
Finland	13.6	11.3	10.7	8.7	10.6	8.6
Hungary	18.8	13.1	14.8	10.3	13.6	9.2
Korea	14.2	16.8	7.4	17.2	5.9	13.1
New Zealand	9.9	9.9	2.4	2.1	1.7	1.2
Norway	9.5	9.9	4.3	4.5	4.3	4.5
Sweden	7.5	6.3	3.6	1.8	3.4	1.6
Switzerland	6.3	5.8	-0.1	-0.7	-0.2	-0.9
United kingdom	13.7	16.1	6.4	8.4	5.6	7.1
United states	14.1	13.0	9.6	6.0	7.3	3.2

Source: OECD. See Annex 3 for notes (www.oecd.org/edu/eag2007).

Table: 3 Private Internal rates of return for an individual obtaining a university-level degree 2003 in selected countries

	Rate of return when the individual acquires the next higher education	Rate of return when the individual acquires the next higher education	Rate of return when individual at age 40 (direct cost) and foregone earning	Rate of return when individual at age 40 (direct cost) and foregone earning	Non direct but foregone earning	Non direct but foregone earning
	Male%	Female%	Male %	Female%	Male%	Female%
Belgium	10.7	15.2	20.0	28.2	21.1	32.2
Denmark	8.3	8.1	12.4	10.2	12.5	10.5
Finland	16.7	16.0	16.2	13.2	16.4	13.4
Hungary	22.6	15.0	25.1	19.4	27.8	22.0
Korea	12.2	14.9	15.0	27.7	15.9	31.1
New Zealand	9.3	12.9	6.5	7.5	7.2	8.8
Norway	12.1	15.7	15.6	15.9	15.8	16.2
Sweden	8.9	8.2	10.4	8.2	11.3	22.3
Switzerland	10.0	9.8	10.9	20.6	11.3	22.2
United kingdom	16.8	19.6	11.4	14.9	12.5	16.8
United states	14.3	13.1	12.9	9.7	15.1	13.0

Source: OECD. See Annex 3 for notes (www.oecd.org/edu/eag2015).

6. ECONOMIC DEVELOPMENT STRATEGIES: BUILDING COLLABORATIONS

Some prominent theories about fostering economic growth and competitiveness are built, at least in part, on the contributions of higher education institutions. (Florida Richard, 2003) talks about the need for regions to attract the creative class, the innovators and creators of the new economy. According to (Clifton, 2011) he suggests ‘super mentors’ play an important role in cultivating and growing small business. Moreover, industries benefit significantly from the exchange of ideas generated by knowledge spillover (Carlino, 2001). Finally, (Etzkowitz and Leydesdorff, 2000) argued that successful local innovations systems resemble are intertwined. Common among all of these economic development and innovation-fostering strategies is colleges and universities. These institutions are believed to create environments attractive to the creative class, foster super mentors and fill a critical role in the development of new research and new ideas.

In many cases, it seems that discussions of economic development are one-sided. Institutional leaders, as demonstrated above, often highlight the myriad ways in which their college or university could contribute economically to their country. Government leaders invoke the need for higher education to support their competitiveness agenda, but it seems such plans are often designed with little direct recently gone so far as to question the value of institutional activities that are not clearly tied to the economic goals of the country.

7. THE INSTITUTION AS AN ECONOMIC UNIT: SPENDER AND CONSUMER

At perhaps their most elemental level, higher education institutions are economic actors that receive and expend resources in exchange for goods and services. Universities and colleges offer services to students and parents, who in turn bring resources to the institution through tuition payments, living expenses, visits, and other economic activities. Most also receive grants from other public and private sources, such as research grants from the government, private foundations, or corporations. These resources are then spent by the items essential, construction, vendors, service contracts and other factors. In turn, these expenditures are re-spent, as university employees buy food, shelter and other items, or as construction companies purchase supplies. And they circulate farther as those who work for businesses supported by higher education institutions spend their income. As these cycles of spending and re-spending continue, depending on their origins and destinations as well as on the spatial boundary of analysis, a dollar imported by a university is seen as producing a multiplier effect on the local economy- at least to the extent that the spending and re-spending remains within the local economy. *Abel, J. and Dietz, R. (2009)*

Moreover, perceiving higher education institutions in this limited role as spenders and consumers omits economic impacts generated by the content of what it is that universities and colleges do, such as key impact of an educated population or basic research that makes technological innovations feasible, new businesses spun off by university research activities and entrepreneurial services benefiting from workforce training and entrepreneurial services, or businesses attracted to a community because of university presence.

Table 4 provides an important indicator of the financial resources devoted to education by measuring total expenditure on educational institutions per full-time equivalent (FTE) student in 2018. This indicator allows comparisons of the amount of resources allocated to each student across countries and educational systems.

Differences in expenditure per student may reflect variations in national income levels, the cost of educational services, teachers' salaries, infrastructure, educational technology, and the organization of educational institutions. Countries with higher expenditure per student generally have greater financial resources available for providing educational services, although higher spending does not necessarily guarantee better educational outcomes.

From an economic perspective, expenditure per student can be considered an indicator of the investment in human capital. Education expenditure contributes not only to the provision of current educational services but also to the development of knowledge, skills and competencies that may increase labor productivity and support long-term economic growth.

Therefore, Table (4) demonstrates that education should be viewed not simply as a public expenditure item, but also as an investment capable of generating economic and social returns over time.

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Table4. Total expenditure on educational institutions per full-time equivalent student (2018)

In equivalent USD converted using PPPs for GDP, direct expenditure within educational institutions, by level of education

		Primary	Secondary				Post-secondary non-tertiary	Primary, secondary and post-secondary non-tertiary	Tertiary					Primary to tertiary	Primary to tertiary (excluding R&D)		
			Lower secondary	Upper secondary					Short-cycle tertiary	Long-cycle tertiary	All tertiary	All tertiary (excluding R&D)					
				General programmes	Vocational programmes	All programmes											
													(1)			(2)	(3)
OECD	Countries																
	Australia	10 745	14 214	14 505	12 842	14 071	14 162	9 752	12 227	10 304	22 806	20 647	13 627	14 053	12 531		
	Austria	13 151	16 621	14 508	18 535	16 907	16 747	5 571	15 254	19 066	20 704	20 452	14 980	16 837	15 171		
	Belgium	11 482	14 760	14 522 ^a	14 935 ^a	14 758 ^a	14 758 ^a	x(3, 4, 5, 6)	13 322	13 815	20 696	20 471	13 364	14 702	13 330		
	Canada ^{1,2}	10 629 ^a	x(1)	x(5)	x(5)	14 575	14 575	m	11 854 ^a	18 669	27 983	24 496	m	14 905 ^a	m		
	Chile	6 425	6 524	5 675	8 765	6 171	6 287	a	6 356	4 938	10 296	8 813	8 397	7 070	6 950		
	Colombia ¹	3 158	3 250	x(5)	x(5)	3 334	3 274	m	3 219	x(11)	x(11)	2 863	1 879	3 145	2 939		
	Costa Rica ¹	m	m	m	m	m	m	a	m	m	m	m	m	m	m		
	Czech Republic	6 614	11 277	9 634	11 675	11 101	11 191	2 427	9 206	23 186	16 126	16 148	10 626	10 523	9 476		
	Denmark	12 292	11 651	10 464	9 886	10 242	10 892	a	11 551	20 145	19 628	19 684	10 541	13 396	11 322		
	Estonia	8 362	8 571	8 156	8 856	8 446	8 506	9 833	8 466	a	17 433	17 433	10 663	10 277	8 910		
	Finland	10 056	16 046	8 861	8 555 ^a	8 639 ^a	11 061 ^a	x(4, 5, 6)	10 661	a	16 170	16 170	9 936	12 190	10 516		
	France	8 724	11 438	14 367	16 511	15 107	13 006	11 021	11 201	15 706	17 940	17 420	12 090	12 464	11 382		
	Germany	10 096	12 561	13 735	16 681	16 253	13 926	12 791	12 774	12 112	19 324	19 324	10 793	14 178	12 350		
	Greece ²	6 768	7 751	5 711	8 621	6 517	7 109	m	6 943	a	3 503	3 503	2 103	5 656	5 133		
	Hungary	5 784	5 561	9 112	9 077	9 068	7 319	13 821	7 153	5 058	14 117	13 738	11 621	8 255	7 900		
	Iceland	14 414	17 133	11 536	17 881	13 003	14 735	16 445	14 593	15 675	15 675	15 675	m	14 803	m		
	Ireland	8 539	11 097	x(5)	x(5)	10 183	10 634	33 132	9 921	x(11)	x(11)	17 152	12 160	11 178	10 308		
	Israel	9 696	x(3, 4, 5)	7 271 ^a	18 272 ^a	9 555 ^a	9 555	1 068	9 572	5 735	15 786	12 336	8 416	10 082	9 359		
	Italy	9 947	10 515	x(5)	x(5)	12 849 ^a	11 962 ^a	x(5, 6)	11 202	5 989	12 353	12 305	8 182	11 428	10 584		
	Japan	8 977	10 786	x(5)	x(5)	11 838 ^a	11 330 ^a	x(5, 6, 9, 10, 11)	10 185	14 102 ^a	20 657 ^a	19 309 ^a	m	12 194	m		
	Korea	12 535	13 775	x(5)	x(5)	16 024	14 978	a	13 794	6 016	12 685	11 290	8 882	12 914	12 069		
	Latvia	6 611	6 669	7 107	9 851	8 206	7 455	10 199	7 076	8 897	10 551	10 309	7 500	7 795	7 170		
	Lithuania	6 456	6 495	8 427	6 841	6 539	6 508	7 785	6 560	a	9 905	9 905	7 641	7 336	6 805		
	Luxembourg	21 143	25 985	24 830	24 998	24 933	25 421	2 045	23 376	3 126	54 325	47 694	27 984	24 973	23 679		
	Mexico	2 958	2 496	3 360	3 632	3 454	2 876	a	2 918	x(11)	x(11)	7 907	7 010	3 619	3 493		
	Netherlands	9 891	14 249	12 035	16 883	15 222	14 726	a	12 658	12 072	20 971	20 898	13 517	14 518	12 852		
	New Zealand	8 868	10 584	12 568	9 740	11 763	11 138	6 819	9 934	11 874	18 966	17 923	14 400	11 335	10 717		
	Norway	15 410	15 410	16 713	17 816	17 265	16 441	25 734	15 972	22 800	25 506	25 428	16 050	17 949	15 988		
	Poland	8 562	8 374	7 050	8 866	8 078	8 220	6 317	8 344	26 705	11 180	11 192	8 343	8 963	8 344		
	Portugal	8 812	11 354	x(5)	x(5)	10 670 ^a	11 001 ^a	x(5, 6)	10 013	6 602	11 987	11 779	8 859	10 371	9 778		
	Slovak Republic	7 305	6 562	6 988	7 461	7 307	6 873	7 269	7 025	8 844	12 172	12 113	9 524	7 854	7 432		
	Slovenia	9 385	11 941	9 603	7 746	8 337	9 772	a	9 584	4 487	15 429	14 060	11 010	10 395	9 842		
	Spain	8 329	9 667	9 767	13 346 ^a	10 928 ^a	10 290 ^a	x(4, 5, 6)	9 336	9 903	14 828	13 800	10 362	10 321	9 563		
	Sweden	12 911	13 358	12 029	16 393	13 616	13 500	7 857	13 144	7 111	27 886	26 147	12 127	15 290	12 976		
	Switzerland	m	m	x(5)	x(5)	18 932 ^a	m	x(5)	m	m	m	m	m	m	m		
	Turkey	3 945	4 064	5 588	6 626	6 043	5 058	a	4 707	x(11)	x(11)	10 008	8 176	5 723	5 372		
	United Kingdom	11 679	12 199	14 124	11 225	13 247	12 765	a	12 245	29 173	29 969	29 911	23 809	15 212	14 187		
	United States	13 139	14 138	x(5)	x(5)	15 609	14 859	15 834	14 009	x(11)	x(11)	34 036	29 969	18 593	17 662		
	OECD average	9 550	11 091	10 581	12 304	11 590	11 192	m	10 454	12 671	18 373	17 065	11 653	11 680	10 488		
	EU22 average	9 601	11 477	10 785	12 511	11 543	11 404	10 005	10 671	11 931	17 583	16 986	11 088	11 767	10 674		
Partners	Argentina	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Brazil	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	China	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	India	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Indonesia	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	Russian Federation	x(3, 4, 5, 6)	x(3, 4, 5, 6)	5 937 ^a	3 608 ^a	5 734 ^a	5 734 ^a	x(3, 4, 5, 6)	5 734	4 474	10 599	9 024	8 076	6 430	6 229		
	Saudi Arabia	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
	South Africa	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
G20 average		m	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m

Source: OECD/UIS/Eurostat (2021)

HIGHER EDUCATION AS A DRIVER OF ECONOMIC DEVELOPMENT, COMPETITIVENESS AND GROWTH

Table 5. Public and total expenditure on educational institutions per full-time equivalent student, by type of institution (2018) In equivalent USD converted using PPPs for GDP, direct expenditure within educational institutions (final source of funds), by level of education

	Primary, secondary and post-secondary non-tertiary				Tertiary				Primary to tertiary			
	Public sources		Total expenditure (public and private sources)		Public sources		Total expenditure (public and private sources)		Public sources		Total expenditure (public and private sources)	
	Public institutions	Private institutions	Public institutions	Private institutions	Public institutions	Private institutions	Public institutions	Private institutions	Public institutions	Private institutions	Public institutions	Private institutions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
OECD												
Countries												
Australia	11 582	7 506	12 235	12 214	8 948	247	25 021	3 453	10 888	6 577	15 604	11 093
Austria	15 346	8 079	15 594	12 336	20 853	8 224	22 279	13 257	16 890	8 146	17 469	12 759
Belgium	14 530	11 630	14 879	12 232	19 523	15 387	22 892	18 746	15 502	12 351	16 440	13 483
Canada ¹	11 507 ^a	2 422 ^a	12 190 ^a	7 891 ^a	12 821	a	24 496	a	11 844 ^a	2 422 ^a	15 347 ^a	7 891 ^a
Chile	6 283	3 486	6 283	6 401	8 860	2 645	14 027	7 821	6 664	3 187	7 428	6 907
Colombia	2 967	454	2 968	4 217	4 542	0	4 544	1 164	3 191	274	3 193	3 010
Costa Rica ²	5 640	3 119	m	m	14 677	a	16 408	m	6 624	m	m	m
Czech Republic	8 625	4 230	9 372	6 990	13 739	595	17 535	4 772	9 725	3 254	10 867	6 395
Denmark	12 005	6 900	12 016	9 192	16 179	10 778	19 597	30 656	13 084	6 954	13 975	9 489
Estonia	8 184	6 501	8 356	10 577	13 057	193	18 360	5 829	9 147	4 770	10 335	9 274
Finland	10 588	10 459	10 658	10 691	24 775	8 574	27 374	9 270	12 279	9 376	12 650	9 874
France	11 114	6 251	11 730	9 023	15 560	4 347	17 916	15 418	12 013	5 860	12 982	10 339
Germany	m	m	m	m	m	m	m	m	m	m	m	m
Greece	6 744	85	6 744	10 561	2 694	a	3 503	a	5 178	85	5 491	10 561
Hungary	6 586	6 497	6 931	8 027	9 797	5 665	13 447	13 783	7 168	6 408	8 112	8 646
Iceland	14 514	9 582	14 954	10 510	15 112	9 750	17 221	10 679	14 613	9 651	15 331	10 580
Ireland	8 941	a	9 942	5 162	12 123	a	17 231	15 241	9 478	a	11 172	11 739
Israel	8 272	9 739	8 462	14 116	3 173	7 224	3 286	14 030	8 056	8 500	8 243	14 074
Italy	10 873	1 779	11 547	6 404	8 640	1 380	12 501	11 114	10 445	1 639	11 730	8 058
Japan	m	m	m	m	m	m	m	m	m	m	m	m
Korea	12 748	9 575	13 952	13 001	12 511	2 479	19 025	9 354	12 721	4 445	14 536	10 365
Latvia	6 684	3 812	6 984	9 978	8 899	5 668	10 176	10 322	6 738	5 475	7 061	10 286
Lithuania	6 287	3 849	6 505	7 738	7 021	1 702	10 261	6 273	6 452	2 923	7 348	7 106
Luxembourg	24 603	8 784	24 603	16 897	42 978	a	47 694	a	25 937	8 784	26 385	16 897
Mexico	2 682	9	2 793	3 888	7 035	0	7 586	8 497	3 146	6	3 304	5 440
Netherlands	11 208	a	11 628	59 074	15 775	a	20 624	23 297	12 172	a	13 526	38 346
New Zealand	8 911	3 416	10 006	9 339	10 075	4 451	18 742	9 848	9 118	3 576	11 559	9 417
Norway	15 532	22 055	15 533	23 553	26 685	6 803	27 746	13 366	17 651	15 377	17 854	19 093
Poland	7 452	5 398	8 192	9 857	11 254	1 203	13 206	4 827	8 168	3 624	9 136	7 730
Portugal	9 998	1 300	10 330	8 213	8 513	118	11 911	11 183	9 705	1 022	10 641	8 911
Slovak Republic	6 419	5 931	7 025	7 024	8 994	433	12 539	7 565	6 846	5 177	7 940	7 098
Slovenia	8 692	5 243	9 624	7 602	12 646	4 701	14 913	6 173	9 361	4 962	10 520	6 861
Spain	9 780	4 274	10 238	7 335	11 200	865	14 386	11 722	10 124	3 705	11 244	8 068
Sweden	13 283	12 315	13 289	12 411	22 851	15 257	27 083	19 378	14 931	12 688	15 664	13 294
Switzerland	16 352	16 773	m	m	30 090	9 728	m	m	18 963	15 288	m	m
Turkey	3 655	360	3 795	16 801	8 522	2	9 359	13 571	4 518	237	4 782	15 695
United Kingdom	10 809	9 596	11 470	12 964	a	7 350	a	29 911	10 809	8 967	11 470	17 711
United States	14 048	1 176	14 278	11 378	14 808	5 576	29 972	43 987	14 191	3 292	17 237	27 061
OECD average	10 101	6 253	10 444	11 576	13 855	4 712	17 437	13 049	10 678	5 727	11 664	11 575
EU22 average	10 388	5 964	10 771	11 777	14 622	5 005	17 877	12 570	11 020	5 642	11 938	11 201
Partners												
Argentina	4 294	1 716	m	m	x(9)	x(9)	m	m	5 841	1 848	m	m
Brazil	3 748	a	m	m	14 427	a	m	m	4 448	a	m	m
China	m	m	m	m	m	m	m	m	m	m	m	m
India	m	m	m	m	m	m	m	m	m	m	m	m
Indonesia	m	m	m	m	1 811	105	m	m	m	m	m	m
Russian Federation	m	m	m	m	m	m	m	m	m	m	m	m
Saudi Arabia	m	m	m	m	m	m	m	m	m	m	m	m
South Africa	2 549	m	m	m	m	m	m	m	m	m	m	m
G20 average	m	m	m	m	m	m	m	m	m	m	m	m

Note: See Definitions and Methodology sections for more information. Data and more breakdowns available at: <http://stats.oecd.org>, Education at a Glance Database.

Source: OECD/UIS/Eurostat (2021).

Analysis of Table (5): Public and Total Expenditure on Educational Institutions per Full-Time Equivalent Student, by Type of Institution (2018)

Table (5) provides a more detailed perspective by distinguishing between public expenditure and total expenditure per FTE student according to the type of educational institution.

The distinction between public and total expenditure is particularly important because educational institutions may receive funding from different sources. Public expenditure represents resources provided by governments, while total expenditure includes public resources as well as private sources of funding.

The table therefore illustrates differences in the financing structure of education across educational levels and countries. Some systems rely predominantly on government funding, while others involve a greater contribution from households, private organizations, or other non-governmental sources.

The differences between public and total expenditure can also provide an indication of the extent of private participation in financing education. A relatively small difference between the two measures may indicate a predominantly publicly financed system, whereas a larger difference suggests a greater role for private funding.

From an economic perspective, the table is useful for examining how societies distribute the financial responsibility for education between the public and private sectors. It also highlights the fact that the cost of providing educational services varies according to the type and level of institution.

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Table 6. Average annual growth in total expenditure on educational institutions per full-time equivalent student (2012 to 2018)

GDP deflator 2015=100, constant prices and constant PPPs, by level of education

	Primary, secondary and post-secondary non-tertiary					Tertiary					Primary to tertiary				
	Total expenditure per student in constant prices and constant PPPs		Average annual growth between 2012 and 2018 (%)			Total expenditure per student in constant prices and constant PPPs		Average annual growth between 2012 and 2018 (%)			Total expenditure per student in constant prices and constant PPPs		Average annual growth between 2012 and 2018 (%)		
	2012	2018	Number of students	Total expenditure	Total expenditure per student	2012	2018	Number of students	Total expenditure	Total expenditure per student	2012	2018	Number of students	Total expenditure	Total expenditure per student
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
OECD Countries															
Australia	m	11 179	m	m	m	m	18 877	m	m	m	m	12 849	m	m	m
Austria	13 504	13 964	0.0	0.5	0.6	17 826	18 723	0.5	1.3	0.8	14 790	15 413	0.1	0.8	0.7
Belgium	11 924	12 078	0.5	0.7	0.2	17 779	18 560	1.3	2.0	0.7	13 013	13 330	0.6	1.0	0.4
Canada ^a	10 470 ^a	10 822 ^a	0.8 ^a	1.4 ^a	0.6 ^a	21 430	22 364	1.7	2.5	0.7	13 008 ^a	13 608 ^a	1.0 ^a	1.8 ^a	0.8 ^a
Chile	4 562	5 972	-0.1	4.5	4.6	8 406	8 280	2.3	2.0	-0.3	5 570	6 643	0.5	3.5	3.0
Colombia	2 257	2 892	-0.9	3.3	4.2	5 244	2 572	3.5	-8.1	-11.2	2 761	2 825	-0.1	0.3	0.4
Costa Rica	m	m	-0.5	m	m	m	m	1.1	m	m	m	m	-0.2	m	m
Czech Republic	6 997	8 377	1.0	4.1	3.0	11 248	14 693	-4.3	0.0	4.6	8 040	9 575	-0.1	2.8	3.0
Denmark	12 165	10 491	-0.4	-2.8	-2.4	m	17 877	0.8	m	m	m	12 167	-0.1	m	m
Estonia	6 859	7 742	0.8	2.9	2.0	8 913	15 942	-6.0	3.6	10.2	7 430	9 398	-0.9	3.1	4.0
Finland	10 015	9 724	0.2	-0.3	-0.5	19 129	16 573	0.5	-1.9	-2.4	11 812	11 091	0.3	-0.8	-1.0
France	9 967	10 258	0.5	1.0	0.5	16 474	15 953	2.2	1.6	-0.5	11 185	11 414	0.8	1.1	0.3
Germany	10 531	11 582	-0.7	0.9	1.6	18 351	17 521	2.7	1.9	-0.8	11 958	12 855	0.0	1.2	1.2
Greece	6 503	6 450	-0.2	-0.3	-0.1	4 106	3 255	2.9	-1.0	-3.8	5 707	5 255	0.9	-0.5	-1.4
Hungary	4 624	6 805	-1.6	4.9	6.7	9 389	13 069	-4.2	1.2	5.7	5 535	7 853	-2.1	3.8	6.0
Iceland	10 055	13 410	-0.1	4.8	4.9	11 858	14 404	-0.6	2.7	3.3	10 413	13 602	-0.2	4.3	4.6
Ireland	m	9 413	1.6	m	m	m	16 273	2.0	m	m	m	10 606	1.7	m	m
Israel	7 571	8 837	1.9	4.6	2.6	13 465	11 389	3.5	0.6	-2.8	8 581	9 308	2.2	3.6	1.4
Italy	8 978	10 018	-0.1	1.8	1.8	11 126	11 005	0.0	-0.2	-0.2	9 418	10 220	-0.1	1.3	1.4
Japan	9 983	10 214	-0.9	-0.5	0.4	19 474 ^a	19 364 ^a	0.1 ^a	0.0 ^a	-0.1 ^a	11 983	12 229	-0.7	-0.3	0.3
Korea	m	13 295	-3.0	m	m	m	10 881	-1.4	m	m	m	12 447	-2.5	m	m
Latvia	5 373	6 470	-0.1	3.1	3.1	7 810	9 427	-2.5	0.6	3.2	5 979	7 127	-0.6	2.3	3.0
Lithuania	4 983	5 987	-2.7	0.3	3.1	9 300	9 054	-4.2	-4.6	-0.4	6 066	6 705	-3.1	-1.4	1.7
Luxembourg	21 479	21 378	1.5	1.4	-0.1	m	43 617	m	3.5	m	m	22 839	m	1.6	m
Mexico	m	2 726	0.6	m	m	m	7 388	6.2	m	m	m	3 381	1.3	m	m
Netherlands	10 767	11 634	-0.6	0.7	1.3	19 535	19 208	2.2	1.9	-0.3	12 505	13 344	0.0	1.1	1.1
New Zealand	m	9 000	m	m	m	m	16 238	m	m	m	m	10 269	m	m	m
Norway	m	14 458	m	m	m	m	23 018	m	m	m	m	16 248	m	m	m
Poland	6 591	7 987	-0.8	2.5	3.3	8 010	10 712	-2.9	1.9	5.0	6 931	8 579	-1.3	2.3	3.8
Portugal	8 950	9 300	-1.8	-1.1	0.6	10 653	10 941	-1.5	-1.0	0.4	9 291	9 633	-1.7	-1.1	0.6
Slovak Republic	5 530	7 243	-0.9	3.7	4.6	9 537	12 489	-3.2	1.3	4.6	6 265	8 098	-1.3	3.0	4.4
Slovenia	9 287	8 748	1.2	0.2	-1.0	10 523	12 835	-3.3	0.0	3.4	9 565	9 489	0.3	0.2	-0.1
Spain	8 385	8 631	1.0	1.5	0.5	12 724	12 758	1.9	2.0	0.0	9 301	9 542	1.2	1.6	0.4
Sweden	11 263	12 388	2.3	4.0	1.6	23 721	24 643	0.8	1.5	0.6	13 475	14 410	2.1	3.2	1.1
Switzerland	18 142	m	1.2	m	m	26 734	m	2.7	m	m	19 880	m	1.5	m	m
Turkey	3 762	4 732	1.8	5.8	3.9	12 124	10 060	7.2	3.9	-3.1	5 002	5 752	2.7	5.1	2.4
United Kingdom	10 524	11 351	-0.5	0.8	1.3	25 461	27 728	2.9	4.3	1.4	12 645	14 102	0.0	1.9	1.8
United States	12 274	13 289	0.4	1.7	1.3	28 800	32 285	-1.1	0.8	1.9	16 322	17 637	0.0	1.3	1.3
OECD average	9 170	9 690	0.0	1.9	1.8	14 453	15 833	0.4	0.8	0.7	9 801	10 829	0.1	1.7	1.6
EU22 average	9 270	9 549	0.0	1.4	1.4	12 956	15 688	-0.7	0.8	1.6	9 382	10 961	-0.2	1.3	1.6
Partners															
Argentina	m	m	0.3	m	m	m	m	2.7	m	m	m	m	0.8	m	m
Brazil	m	m	m	m	m	m	m	m	m	m	m	m	m	m	m
China	m	m	m	m	m	m	m	5.5	m	m	m	m	m	m	m
India	m	m	m	m	m	m	m	3.5	m	m	m	m	m	m	m
Indonesia	m	m	0.7	m	m	m	m	4.3	m	m	m	m	1.1	m	m
Russian Federation	4 969	4 985	2.9	3.0	0.1	7 775	7 846	-3.3	-3.1	0.2	5 755	5 591	1.4	0.9	-0.5
Saudi Arabia	m	m	m	m	m	m	m	5.0	m	m	m	m	m	m	m
South Africa	m	m	1.0	m	m	m	m	2.7	m	m	m	m	1.1	m	m
G20 average	m	m	m	m	m	m	m	2.4	m	m	m	m	m	m	m

Note: See Definitions and Methodology sections for more information. Data and more breakdowns available at: <http://stats.oecd.org>, Education at a Glance Database.

Source: OECD/UIS/Eurostat (2021).

Analysis of Table (6) : Average Annual Growth in Total Expenditure on Educational Institutions per Full-Time Equivalent Student (2012–2018)

Table 6 examines the average annual growth in total expenditure per FTE student between 2012 and 2018. Unlike Tables 4 and 5, which provide information on expenditure levels at a particular point in time, Table 6 focuses on the change in expenditure over time.

The indicator is particularly useful because an increase in expenditure per student may reflect growing investment in education, rising costs of educational services, changes in student numbers, or improvements in the resources available to educational institutions. Conversely, low or negative growth may indicate financial constraints, reductions in educational investment, or changes in the structure of education financing.

The 2012–2018 period also provides a basis for examining differences in the pace of educational investment across countries. Countries experiencing relatively rapid growth in expenditure per student may have increased their commitment to education during this period, while countries with slower growth may have maintained more stable levels of expenditure.

However, expenditure growth should not be interpreted independently from other economic indicators. An increase in spending does not automatically mean an equivalent improvement in educational quality or economic outcomes. The effectiveness of expenditure depends on how resources are allocated and used, including spending on teachers, infrastructure, research, technology and student support.

Overall Interpretation of Tables (4–6)

Taken together, the three tables provide three complementary dimensions of educational expenditure:

- * Table (4): the level of expenditure per student in 2018.
- * Table (5): the source and structure of financing and differences by type of institution.
- * Table (6): the change in expenditure over time during 2012–2018.

These indicators support the broader argument that higher education institutions are economic units and producers of human capital. Their economic role cannot be assessed solely through their direct spending on goods and services. Educational expenditure also contributes to the development of skills, knowledge, research capacity and innovation, which can generate longer-term effects on productivity and economic development.

8. RESEARCH, DEVELOPMENT AND INNOVATION

Universities create new knowledge, including basic research as well as activities aimed at producing market innovations, such as commercializing research finding, public-private partnership to produce marketable research finding, and pulling together researchers from multiple disciplines, different departments and schools, and high technology businesses to create clusters of people and institution that learn from each other, generate new ideas, and translate them into innovations.

Research activities among institutions of higher education have been found to have significant consistent economic spillover effects at the local regional levels, typically through commercial innovations and research (Jaffe, 1989: Anselin, Varga, & Acs 1997). Universities and colleges the key to growing high-tech industry was to foster robust research universities and institutions, a critical factor for economic growth because high-tech industry “is becoming a more important determinant of the relative economic success of metros” (DeVol & Wong, 1999).

Abel and Deitz, (2011) found that while higher education levels in the populace are important to state and regional economies, there is a more powerful impact if the local schools are research universities. Because “college graduates are highly mobile,” there are a positive relationship between a metropolitan area and production (Number of colleges students and educates) and Human Capital”. however “R&D activity tends to be much more geographically concentrated,” and because these activities “influence the demand for human capital in a region that a spillovers from academic R&D plan an important role in attracting highly educated workers to a region.

Yet basic research does not always generate market innovations and eventual sales revenues (Geiger& Sa, 2008). To commercialize research produced by university personnel, universities have adopted several practices designed to generate more innovation and licensing revenue.

9. INVEST IN THE FUTURE

In the wake of global economic crises many countries face the twin challenges of making public finances sustainable while building the foundation for continued long-term economic growth. Education is a large item of public expenditure in most countries. At the same time it is also an essential investment for developing long run growth potential of countries and for responding to the fundamental changes in technology and demographics that are re-shaping labor force. Education also play a major role in keeping individuals in the labor force longer-an advantage that becoming a necessity, Libya face demographic and structure changes in labor market. Not less important, good education increases employability. Focusing on labor market condition, people with lower levels education had more difficulties finding and keeping a job. Libya seen an unemployment rates among people with same level of education have remain in the same level while for those without upper secondary education, unemployment rates have repeatedly raise. *Wildavsky. B. (2010).*

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Table: 7 Expenditure on educational institutions as a percentage of GDP, by levels of education (2000, 2010, 2020) in selected countries (from public and private sources by year)

	2020	2020	2020	2010	2010	2010	2000	2000	2000
	Primary and post-secondary education	Tertiary education	Total of level of education	Primary and post-secondary education	Tertiary education	Total of level of education	Primary and post-secondary education	Tertiary education	Total of level of education
Australia	4.2	1.6	5.9	4.2	1.5	5.6	3.7	1.7	5.5
Belgium	4.1	1.2	6.1	4.1	1.3	6.1	n/a	n/a	n/a
Canada	n/a	n/a	n/a	3.3	2.3	5.6	4.5	2.3	6.8
Denmark	4.3	1.8	6.1	4.1	1.6	5.7	4.0	1.6	5.6
Finland	3.9	1.8	5.7	3.6	1.7	5.3	4.0	1.9	5.9
France	4.1	1.3	5.4	n/a	n/a	n/a	n/a	n/a	n/a
Germany	3.5	1.1	4.6	n/a	n/a	n/a	3.7	1.1	4.8
Iceland	5.4	1.2	6.6	4.7	0.9	5.6	n/a	n/a	n/a
Italy	3.4	0.9	4.3	3.2	0.9	4.1	n/a	0.7	0.7
Japan	2.9	1.3	4.2	3.0	1.3	4.3	3.1	1.1	4.2
Korea	4.4	2.3	6.7	4.0	2.6	6.6	n/a	n/a	n/a
Mexico	4.3	1.3	5.6	3,8	1.1	5.5	4.0	1.1	5.1
Netherlands	3.4	1.3	4.7	3.0	1.2	4.2	3.0	1.4	5.4
Poland	3.8	1.5	5.3	3.9	1.1	5.0	n/a	n/a	n/a
Portugal	3.8	1.0	4.8	3.9	1.0	4.9	3.6	0.9	4.5
Spain	3.0	1.2	4.2	3.2	1.1	4.3	3.8	1.0	4.8
United kingdom	4.4	1.1	5.5	3.6	1.0	4.6	3.9	1.2	5.1
United states	4.1	2.9	7.0	3.9	2.7	6.6	3.9	2.4	6.3

Source: OECD (www.oecd.org/edu/eag2021)

Table (7) shows us the percentage of expenditure on education institutions as a percentage of GDP the remarkable percentage was in the United States in 2020 it was 4 percentage of GDP and the least number is 0.9 in Italy and Iceland.

Overall, the demand for better education has shown few sign slowing, despite the very significant increase in the number of tertiary graduates. Across the country, Libyan people with tertiary degree found a skilled job in their first year in the labor market. The fact that labor market have absorb the significant increase in individuals with tertiary education that rapidly labor market demand for skilled labor is changing its global competition for jobs moves up the education ladder, it will be

crucial for Libya to develop policies that encourage the acquisition and official use of these competencies to retain both high value jobs and highly educated labor as labor market change and the demand for competencies rises, adults will need to be able to re-enter education to upgrade their competencies or to change their professions.

Improving the performance of education systems and raising value for money will be a formidable task for public policy. It will require education systems that have often tended to people supply driven to develop effective mechanisms to understand and respond to the rapidly changing economic and social demand for competencies. Effective policies here will require a solid understanding not just of the development of competencies, but also of how better competencies use their talent people, and how better competencies feed into better jobs, higher productivities, and ultimately better economic and social outcomes. The future will measure the success of education system no longer by how much countries spend on education or by how many individuals complete a degree, but by the educational outcomes achieved and by their impact on economic and social progress. Citizen and employers now expect education systems to;

- 1-be responsive by ensuring that education and training providers adapt efficiently to changing demand;
- 2- Deliver quality efficiency in learning provision so that the right skills are acquired at the right time, at the right place and in the most effective made;
- 3-provide the flexibility needed to allow people to student and train in what they want, when they want and how they want;
- 4- Reduce barriers to entry such as institutional rigidities, up-front fees and age restrictions and ensure a sufficient variety of entry and re-entry pathways and;
- 5-last but not least, to develop efficient and sustainable approached to the financing of learning with a rational basis for who, should pay for what, when, and how much.

Libya will continue to address these challenges vigorously and to pursue not just the economic development indicators data, but also advance in area where a considerable investment is still needs to be made in conceptual work. The further development of the knowledge society is her to stay, and requires a capable, highly qualified and innovative labor force. Managing the growth and development of educational systems in ways that improve access, enhance quality, increase performance and boost value for money is not ways. Libya must establish which policy choices and mix promote efficient learning in their specific context. International comparisons can offer valuable insight, as they allow Libya to see its own education systems in relation to the quality,

equity and efficiently of educational services achieved elsewhere in the world. Sharing of policy experience can also how different educational system address similar problem.

10. RECOMMANDATION

a- Universities and colleges have been played a critical role to fostering economic development process, have yet to be documented fully and their impact has not been measured in any systematic form.

b- Libyan economy needs many initiatives, which have the potential to contribute to creating opportunities for the thousands of Libyan currently experiencing long-term unemployment

c- There are an urgent need to enhance the effort to create another mission to the universities and colleges, in addition to meeting the skill needs of manufactures and training workers, these institutions are spurring the development of economic opportunities through the support and creation of new firms within their society

d- To take advantage of these new opportunities it becomes critical for universities and colleges institutions to be aligned with two other important economic development actors. First are the local economic development groups both public and private within economic.

E-universities and colleges can play an important role in the development and growth of new and relocated firms. There has been little engagement on issues such as research and specific skills training of incumbent engineers and managers of many local companies.

f- Universities and colleges can applied a new research projects that support the productivity and growth of startup companies. In addition, this can include practical courses in accounting and basic management classes, which aid individuals in the writing business plans and product development strategies

11. CONCLUSION

The diversity of higher education systems plays a critical and transformative role in promoting economic competitiveness, innovation, and long-term economic growth. By providing diverse academic pathways, encouraging interdisciplinary learning, developing specialized skills, and supporting research and innovation across different fields, higher education institutions contribute to the formation of a flexible and highly skilled human capital base. Such diversity enables graduates to respond more effectively to changing labor-market requirements and strengthens the capacity of economies to adapt to technological and structural transformations.

The economic contribution of higher education, however, extends beyond the provision of education and the development of human capital. Universities and colleges are also important economic institutions through their expenditure, employment, procurement of goods and services, research activities, knowledge creation, technology transfer, entrepreneurship, and interaction with local businesses and communities. Their spending can generate multiplier effects within local economies, while their research and innovation activities can contribute to the emergence of new businesses, industries, and economic opportunities.

At the same time, the economic development role of higher education should not be considered in isolation. Effective economic development requires collaboration between governments, higher education institutions, businesses, and other stakeholders. Government policies that seek to expand or strengthen higher education are more likely to produce meaningful economic effects when they are linked to clearly defined economic development and competitiveness strategies. Similarly, universities can enhance their contribution to national and regional development when their educational, research, and innovation activities are aligned with the needs and emerging capabilities of the economy.

Such collaboration can help identify the core strengths of an economy, improve the allocation of resources, support emerging industries, and strengthen the connection between knowledge production and economic activity. In this context, higher education is not simply a consumer of public and private resources; it is also a producer of knowledge, skills, innovation, and economic opportunities.

Nevertheless, economic development is not the sole purpose of higher education. Universities have broader educational, social, cultural, and scientific responsibilities. However, the growing importance of knowledge-based and innovation-driven economies has increased the significance of their economic contribution. Consequently, understanding the relationship between higher education and economic development requires consideration of both its direct economic effects and its longer-term contributions to human capital, innovation, productivity, and competitiveness.

Finally, the diversity of economic development activities undertaken by higher education institutions, the different economic processes through which they operate, and the potentially different effects they generate suggest that no single method is sufficient for measuring their economic impact. A combination of quantitative and qualitative approaches may therefore be necessary to capture the full range of effects. This perspective also raises important questions for future research concerning why particular economic development activities emerge, how they are interconnected, how they evolve within institutions, and how they differ across universities and colleges.

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