

**BUCHAREST UNIVERSITY OF ECONOMIC STUDIES**



Doctoral School of Management

## **DOCTORAL THESIS**

Presented and publicly defended by the author:

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**Title of the doctoral thesis:**

**THE IMPLICATION OF INVESTING IN THE HIGHER EDUCATION  
SYSTEM FOR ECONOMIC DEVELOPMENT AND PEOPLE'S LIVING  
STANDARDS**

**Doctoral Supervisor: Prof.univ.dr. Claudiu Constantin CICEA**

București,

2024

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## **CHAPTER 1: INTRODUCTION**

Investment in higher education is essential for economic development and improving living standards. Higher education institutions contribute to the creation and dissemination of knowledge, workforce training, and human capital development. Governments and policymakers increasingly recognize the role of higher education in stimulating economic growth and social progress, leading to higher productivity, increased wages, and improved social mobility. Additionally, higher education stimulates innovation and entrepreneurship, driving technological progress. Studies show that investments in higher education improve employment prospects and incomes, thereby raising living standards. Academic institutions are sources of technological innovation, crucial for economic development. As the world becomes more globalized and technology advances rapidly, investments in higher education are vital to remain globally competitive and to meet the demands of the changing job market. Higher education promotes social and economic mobility, reducing poverty and income inequality. However, investments must be efficient to maximize impact, and the risk of brain drain is a challenge. In conclusion, investments in higher education significantly impact economic growth and the well-being of the population, being essential for reducing inequalities and adapting to technological changes.



The fundamental objective of this thesis is to analyse the relationship and interaction between investments in the higher education system and economic development and the population's living standards (especially in Vietnam). Additionally, the thesis aims to identify future trends in the relationship between investments in higher education and economic development and living standards.

The main research tools of the thesis are qualitative and quantitative research methods. Qualitative research methods include document review, theoretical generalization, and comparative method. Quantitative research methods include data synthesis and processing methods and analytical methods, such as statistical analysis, logistic regression method, one-way ANOVA analysis, and binary regression analysis.

## **CHAPTER 2: THE STATE OF THE ART IN HIGHER EDUCATION INVESTMENTS**

Chapter 2 presents the concepts of investment, economic development, and living standards. Investment refers to the allocation of resources for a specific project or objective to generate income or profit. It can be classified based on the source of financing, the sector of manifestation, the method of production, and the objective. The source of financing can be public or private, while the sector of manifestation can be industry, agriculture, tourism, construction, transportation, education, or health. Depending on the nature of the targeted objective, the investment can be for new objectives or for modernizing existing ones.

Economic development refers to the growth of an economy, measured by various indicators, such as GDP, employment rate, per capita income, and living standards. Economic development is often seen as a means to improve people's living standards by increasing their access to goods and services, creating employment opportunities, and enhancing the overall quality of life.

Living standards refer to the level of economic well-being of individuals, including factors such as income, education, healthcare, and access to basic needs, such as food, water, and housing. Investments play a crucial role in promoting economic development and improving living standards by creating jobs, enhancing infrastructure, and fostering innovation.

### **CHAPTER 3: THE SITUATION OF HIGHER EDUCATION INVESTMENTS FOR ECONOMIC DEVELOPMENT AND LIVING STANDARDS IN VIETNAM**

Chapter 3 analyzes the situation of higher education investments in Vietnam based on state budget allocation, social investments, and household investments. The research indicates that the level of investment in higher education compared to other educational levels is disproportionately low, despite a consistent increase in the size of higher education over the years.

In this chapter, the author addresses the labor market size, employment, and unemployment situation up to 2021 in Vietnam. The complex and prolonged impact of consecutive waves of the Covid-19 pandemic has posed greater challenges for the labor market in 2021 compared to 2020. The workforce and the number of employed persons have decreased, while underemployment and unemployment rates have increased. The size of the workforce with university or higher education has shown a slight increase over the years.

In 2022, the country's economic and social situation continued to be affected by the Covid-19 pandemic, with signs of recovery in the second half of the year. The population tends to restrict spending in 2022 due to the impact of various factors, and consumer behavior may change due to the effects of the pandemic. Rising prices (basic goods, fuel prices), limitations in service supply (dining out, tourism, entertainment) contribute to this trend. Although average per capita spending decreases, average per capita income tends to increase compared to the previous year, marking the recovery of household life after the pandemic. Inequalities in society persist between urban and rural areas, regions, and between low-income and high-income groups. Therefore, post-pandemic recovery policies should focus on the more vulnerable groups in society.

### **CHAPTER 4: RESEARCH METHODOLOGY**

In Chapter 4, the study introduces the theoretical basis, and the author proposes a research model regarding factors that affect employees' incomes. This chapter also argues the relationship between the variables in the research model to build research hypotheses

that answer the posed questions. The research required a process of analyzing previous approaches, determining sample size, sampling methods, and analytical methods to achieve the proposed research objectives.

## **CHAPTER 5: RESEARCH RESULTS**

This chapter pursued four main aspects of analysis. Firstly, the characteristics of the survey sample were analyzed, with detailed demographic aspects presented. Secondly, the extent to which the variation of the dependent variable can be attributed to the variation of the independent variables was highlighted. The results showed that the level of education has the strongest impact on household head income, followed by the number of hours worked and the field in which the household head works. Gender and household size also positively influence, albeit to a lesser extent. Thirdly, the study tested if there are differences between the populations of independent variables concerning the dependent variable. The results show no gender, experience, or residence differences related to income. However, for other variables, there are such differences for the dependent variable of household income. Consequently, the following conclusions were highlighted: there are felt differences in income level depending on education level, field of activity, hours worked, and occupation.

## **CHAPTER 6: SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

The thesis concludes by addressing whether the relationship between investments in higher education and economic development and living standards is bidirectional. The thesis establishes the relationship between investments in higher education and economic development and living standards and identifies future trends for developing this relationship. From here, the author proposes several solutions to further strengthen and develop this relationship. While this thesis contributes valuable information to this research field, it is imperative to recognize certain inherent limitations of the research design. Recognizing these constraints is crucial for a nuanced understanding of the study's results and to guide future research efforts.

