



# ADDRESSING SMART ECONOMIC GROWTH BY SPECIFIC POLICIES IN THE EUROPEAN HIGHER EDUCATION AREA

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**Abstract:** *This paper aims to analyze the characteristics of the European Higher Education Area in the framework of EU Strategies for higher education. The main indicators analyzed in this paper are: the number of students enrolled in higher education in the European Area countries, annual public expenditure allocated to higher education and a comparison between Romania and the EU in tertiary education. The conclusion drawn in the paper is that each European country must implement its own reforms in tertiary education due to different national frameworks. The demographic changes play an important role for the education policies in all countries, as some of them are facing relatively high growth in the number of students, while others face a decrease.*

**JEL classification:** A110

**Key Words:** European Higher Education Area (EHEA); number of students; annual public expenditure; higher education

## 1. INTRODUCTION

Education went through a series of changes over the time, thereby maintaining the rhythm of transformations to the existing conditions. Since ancient times, Plato appreciated education as the most precious gift that a person can acquire; the ancient Greeks amounted education as the usefulness of life and Socrates indicated the social function of education.



The European Higher Education Area (EHEA) was founded in March 2010, during the Budapest-Vienna Ministerial Conference, and was meant to ensure more comparable, compatible and coherent systems of higher education in Europe.<sup>1</sup>

Over the last three years, 47 countries, more than 4 000 higher education institutions and numerous stakeholder organizations have continued to adapt their higher education systems, being included in EHEA.<sup>2</sup>

Educational services market plays an important role in social and economic life in the European Union. This market analysis is the first step to a better understanding of future trends. Based on this idea, the current article analyzes the determinants of higher education system across the European Area, taking into account: the number of students enrolled in higher education in the European Area countries, annual public expenditure allocated to higher education and a comparison between Romania and the EU regarding tertiary education.

Throughout time, it was proved that education has an important role in the development of any country. Furthermore, the economic development of a country is strictly related to the quality of human resources.<sup>3</sup> Therefore this article is based on the importance of education in all societies.

## **2. TRENDS IN THE EUROPEAN HIGHER EDUCATION AREA**

This analysis includes: the number of students enrolled in higher education in the European Area countries, annual public expenditure allocated to higher education and a comparison between Romania and the EU regarding tertiary education.

### **2.1 NUMBER OF TERTIARY STUDENTS IN THE EHEA**

The size of the student population is very diverse in the countries of the EHEA. The number of tertiary students enrolled in higher education in the academic year 2008/2009 is presented in Table 1, for 38 European countries.

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<sup>1</sup> \*\*\*, Bologna Process – European Higher Education Area (EHEA) <http://www.ehea.info/> Accessed August 16, 2016

<sup>2</sup> \*\*\*, European Commission/EACEA/Eurydice (2015). The European Higher Education Area in 2015: Bologna Process Implementation Report. *Luxembourg: Publications Office of the European Union*, p. 3

<sup>3</sup> Palade, A., Brătucu, G. (2013) The marketing of educational services. A study regarding the graduates' professional path. *Bulletin of the Transilvania University of Brasov*, 6(55), pp. 57-64

**Tab. 1 Number of tertiary students in the academic year 2008/2009 in EHEA**

No. crt.	Country	Number of students	No. crt.	Country	Number of students
1	RU	9.909.160	20	AL	242.590
2	TR	2.924.281	21	SK	234.997
3	UA	2.798.693	22	DK	234.574
4	DE	2.438.600	23	CH	233.488
5	UK	2.415.222	24	NO	219.282
6	FR	2.172.855	25	LT	210.744
7	PL	2.149.998	26	IE	182.609
8	IT	2.011.713	27	AZ	180.276
9	ES	1.800.834	28	AM	154.639
10	<b>RO</b>	<b>1.098.188</b>	29	HR	139.069
11	NL	618.502	30	MD	135.147
12	BE	425.219	31	LV	125.360
13	SE	422.580	32	SI	114.391
14	CZ	417.573	33	EE	68.399
15	HU	397.679	34	MK	65.200
16	PT	373.002	35	CY	30.986
17	AT	308.150	36	IS	16.919
18	FI	296.691	37	MT	10352
19	BG	274.247	38	LI	754

Source: Vassiliou, A.- Commissioner responsible for Education, Culture, Multilingualism and Youth (2012). *The European Higher Education Area in 2012: Bologna Process Implementation Report. Education, Audiovisual and Culture Executive Agency, p. 19*

As it can be seen, Russia occupies the first place. It owns more than 25% of the student population of the entire EHEA.<sup>4</sup> Russia was expected to occupy the first position considering that it is the largest country in the world<sup>5</sup> (having more than 17 million square kilometers), and the ninth country in terms of number of inhabitants (the first eight countries

<sup>4</sup> Vassiliou, A.- Commissioner responsible for Education, Culture, Multilingualism and Youth (2012). *The European Higher Education Area in 2012: Bologna Process Implementation Report. Education, Audiovisual and Culture Executive Agency, pp. 19-22*

<sup>5</sup> \*\*\*, Wikipedia, List of countries by area,

[http://ro.wikipedia.org/wiki/Lista\\_%C8%9B%C4%83rilor\\_dup%C4%83\\_suprafa%C8%9B%C4%83](http://ro.wikipedia.org/wiki/Lista_%C8%9B%C4%83rilor_dup%C4%83_suprafa%C8%9B%C4%83) Accessed August 10, 2016



are not in the European space - China, India, USA, Indonesia, Brazil, Pakistan, Nigeria and Bangladesh). The following graphic illustrates a better representation of this data.

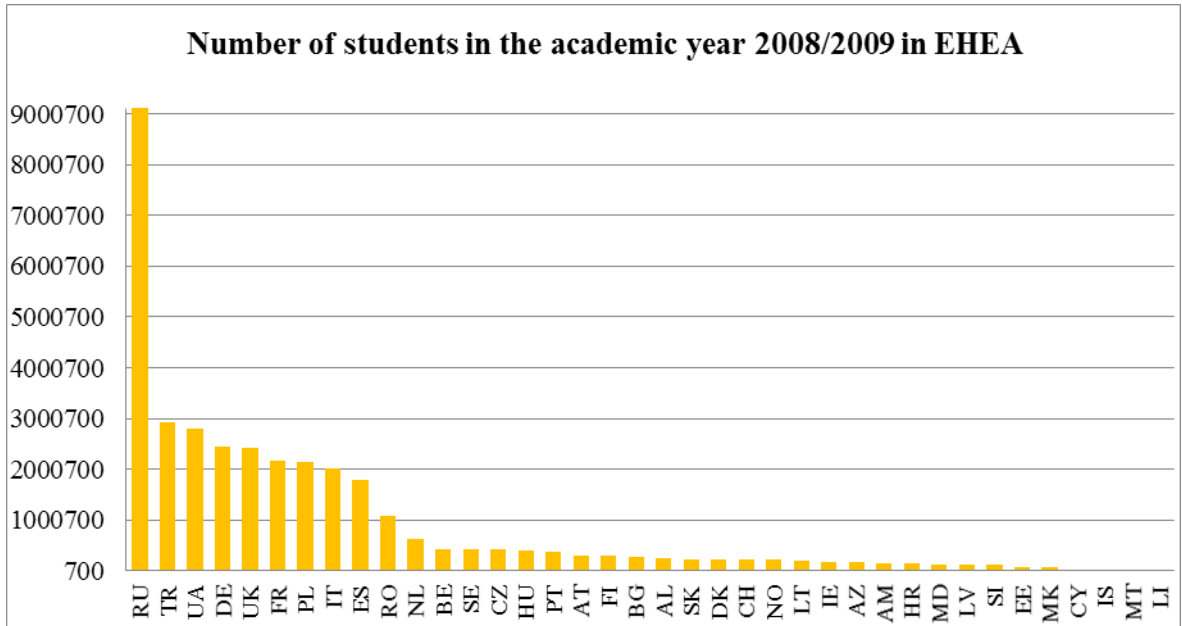


Fig. 1 Number of students in the academic year 2008/2009 in EHEA

Source: Vassiliou, A.- Commissioner responsible for Education, Culture, Multilingualism and Youth (2012). *The European Higher Education Area in 2012: Bologna Process Implementation Report*. Education, Audiovisual and Culture Executive Agency, p. 19

It is noted that students ranked in top five countries (namely Russia, Turkey, Ukraine, Germany, and the UK) represent more than 50% of all students. At the same time, France, Poland, Italy and Spain have recorded more than 1,500,000 students, while less than 200,000 students are enrolled in 14 other countries.

As a comparison, in the academic year 2011/2012, there were around 37.2 million tertiary students in the EHEA.<sup>6</sup>

## 2.2 ANNUAL PUBLIC EXPENDITURE ON TERTIARY EDUCATION

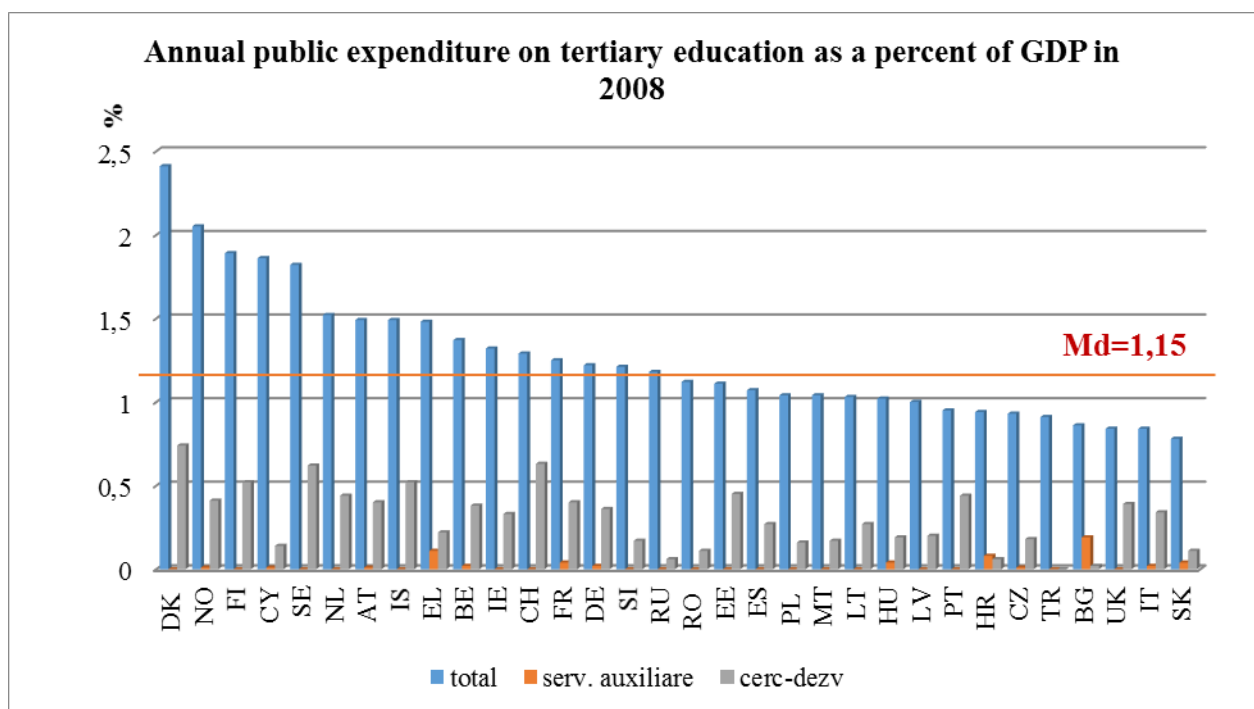
In order to perform a comparison between the European countries taken into account, an analysis of the percentages of GDP allocation to higher education was further conducted,

<sup>6</sup> \*\*\*, European Commission/EACEA/Eurydice (2015). *The European Higher Education Area in 2015: Bologna Process Implementation Report*. Luxembourg: Publications Office of the European Union, p. 29

with data provided by Eurostat. This gave the possibility of drawing an overall image on public spending for higher education.

Figure 2 shows the graphical representation of the annual public expenditure allocated for higher education as a percentage of GDP in 2008.

It should be noted that the data submitted was registered in 2008, when the global economic crisis effects were not felt. Therefore, it is possible that during the economic crisis, the amounts allocated to tertiary education to be lower compared to the ones analyzed.



**Fig. 2 Annual public expenditure on tertiary education as a percent of GDP in 2008**

*Source: Eurostat (European Commission)*

It must be mentioned that the data presented for Russia was registered in 2009, for Romania – 2007, Turkey - 2006 and for Greece - 2005.

It is to be observed that in 2008, annual public spending on higher education has the highest share of GDP in Denmark and Norway, with percentages higher than 2%. The lowest percentage was recorded by Slovakia, with only 0.78% of GDP. The average spending on higher education was 1.15% of GDP.

Within the total of public expenditure for higher education expenses are also included auxiliary services and research and development.



Research and development expenses can represent half of the total spending on higher education system, as it can be seen in the model of Switzerland (49%), Portugal (47%) and UK (46%).

Romania holds the seventeenth position, which leads to the conclusion that a substantial increase in funding for the Romanian higher education is necessary so that it can fully integrate into the European Area, and also meet the quality and performance requirements.<sup>7</sup>

### 2.3 TERTIARY EDUCATION - COMPARISON BETWEEN ROMANIA AND THE EU

According to the Ministry of National Education, the tertiary education (higher education - ISCED level 5) includes:

- higher education short-term (2-3 years) provided by colleges,
- higher education long-term (4-6 years) conducted in universities, institutes or academies.

Statistical data on tertiary education are shown in the following table.

**Tab. 2 Statistical data on tertiary education in 2014, comparison between Romania and the EU**

		Early leavers from education and training	Tertiary education attainment	Employment rate of recent graduates	Adult participation in lifelong learning
<b>Romania</b>		18.1%	25%	66.2%	1.5%
<b>EU average</b>		11.1%	37.9%	76.1%	10.7%
<b>Target 2020</b>	<b>National target</b>	under 11.3%	at least 26.7%	at least 82%	at least 15%
	<b>EU target</b>	under 10%	at least 40%		

*Source: European Commission (2015). Education and Training Monitor 2015, Country sheets. Luxembourg: Publications Office of the European Union*

<sup>7</sup> Ștefan, V., Chivu, M. (2011). Romanian higher education reform and adaptation between the requirements of the knowledge society. *Annales Universitatis Apulensis Series Oeconomica*, 13(2), pp. 604-611



The participation rate in tertiary education was 25% in 2014, in Romania. It is below the EU average (which in the same year has recorded 37.9%). The national target for 2020 is 26.7% and the EU target is 40%.

According to the European Commission<sup>8</sup>, tertiary education attainment in Romania has been growing steadily over the past four years, reaching 25% in 2014. Romania is close to achieving the Europe 2020 national target of 26.7%.

The data presented in Table 2 shows that young people dropping out of education and training in Romania, registered 18.1%, while the EU average is 11.1%. From the analyzed data, the most worrying factor is the participation of adults in the process of learning throughout life, where Romania has recorded a rate of only 1.5%, while the EU average is 10.7%.

Since 2014, the Romanian Government adopted a number of national strategies and application norms (regarding lifelong learning, early school leavers, tertiary education). In 2015, the Government approved<sup>9</sup> the National Tertiary Education Strategy 2015-2020, which is the engine of economic growth, enhancing productivity and promoting social cohesion through the foundation of a knowledge-based economy.<sup>10</sup>

National Tertiary Education Strategy 2015-2020, adopted in 2015, proposes that the higher education should be relevant to labor market needs and accessible to disadvantaged groups. However, the process of adapting the academic educational system to labor market needs is slow. For starters, counseling and career guidance centers would be set up and six months mandatory internships will be reinforced for university graduates.

### 3. CONCLUSIONS

The Educational services market plays an important role in social and economic life, both in Romania and the European Union.

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<sup>8</sup> \*\*\*, European Commission (2015). Education and Training Monitor 2015 Romania. *Luxembourg: Publications Office of the European Union*, pp. 7-8

<sup>9</sup> \*\*\*, Government Decision no. 565/2015 approving the National Strategy for the tertiary education 2015-2020 of 07.15.2015

<sup>10</sup> \*\*\*, Ministry of Education and Scientific Research (2015). National Strategy for tertiary education 2015-2020, Bucharest



The conclusion drawn in the paper is that each European country must implement its own reforms in tertiary education due to extremely different internal contexts.

As it is shown, the number of students varies from country to country. The highest number of students is registered in Russia, having more than 25% of the student population of the entire European Higher Education Area.

Furthermore, demographic changes play an important role for all countries, some of them facing relatively high growth in the number of students, while others predict a decrease.

Public expenditure varies from country to country. Similarly, the response to the recent economic crisis varies by region: while public spending increased considerably in some countries after 2008, there were significant budget cuts in others. However, the economic crisis led to a global decline in public spending for higher education.

In a review of public expenditure allocated to higher education as a share of GDP in 2008, Romania was ranked seventeenth. The conclusion is that a substantial increase in funding for the Romanian higher education is necessary so that it can fully integrate into the European Area, and also meet the quality and performance requirements.<sup>11</sup>

**CONFLICTS OF INTEREST AND PLAGIARISM:** The authors declare no conflict of interest and plagiarism.

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<sup>11</sup> Ștefan, V., Chivu, M. (2011). Romanian higher education reform and adaptation between the requirements of the knowledge society. *Annales Universitatis Apulensis Series Oeconomica*, 13(2), pp. 604-611





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[http://ro.wikipedia.org/wiki/Lista\\_%C8%9B%C4%83rilor\\_dup%C4%83\\_suprafa%C8%9B%C4%83](http://ro.wikipedia.org/wiki/Lista_%C8%9B%C4%83rilor_dup%C4%83_suprafa%C8%9B%C4%83) Accessed August 10, 2016