

MANAGEMENT IN ECONOMIC SECTORS

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CRISIS AND EDUCATION: EXTERNAL AND INTERNAL IMPACTS

Considering the knowledge economy as a state of the economy in which knowledge becomes a kind of goods, and any new goods carry unique knowledge, it aims for the creation, dissemination, and use of knowledge in all spheres of society. In this article as the defining feature of the knowledge economy was taken the ability to learn, which is critical to the economic success of individuals, enterprises, regions, and national economies. Taking into account that the concept of "learning" includes not only obtaining new information but the creation of new competencies and abilities as well, the main reason for the growing role of education is the correlation between learning and change. Underlining that the traditional education system does not satisfy the realities of the knowledge economy, the crisis of education was overviewed in this research. In this system, where knowledge becomes goods, the commercialization of education is researched. For developing countries, the effects of the economic crisis impact the most on social processes. But at the same time the efforts to minimize the negative consequences, are focused only on that part of the social sphere which directly depends on basic economic indicators, and the relatively autonomous spheres, as well as the system of basic and applied science and innovation are not taken into account. In addition to the global economic crisis, which affects education, education itself is in crisis, where available resources do not allow to achieve the educational goals. The impact of the global economic crisis on education is characterized by a decline in public funding, reducing needs for professionals, a decrease in the number of solvent populations, and the outflow of professionals. The global crisis of education is characterized by a general decline in the quality of provided education, the violation of continuity between higher and secondary education, the general deterioration of staff.

Keywords: economic crisis, education, educational crisis, demand, financial expediency, crisis management.

Statement of the problem. The economic crisis can be distinguished as two-side process with the transformation of socio-economic processes and with the renovation of theoretical patterns. At the same time for developing countries, the effects of the economic crisis have the greatest impact on social processes. Targeting on neutralization of negative consequences, all efforts are focused on the part of the social sphere that directly depends on basic economic indicators and does not take into account the relatively autonomous spheres, as well as the system of basic and applied science and innovation. That is why education, which is key in the system of knowledge economy, becomes vulnerable to the effects of economic crises, namely because of its equivalence to other sectors of the economy in the sense that comes to the fore financial expediency and clear management. It should be mentioned that in addition to the global economic crisis, which affects the education, the education itself does not meet modern demands and as a result is in crisis, so with available resources it is impossible to achieve educational goals.

The purpose of the research is to describe the crises in education as two side process, which, from one side, appears due the impact of economic crises on education and, from the other side, due to the inability of education to satisfy the demands of information society, as well as to predict the consequences of such impacts on the socio-economic sphere of society.

Analysis of research and publications. Underlining the unpredictable outbreak of the COVID-19 pandemic, the Managing Director of the International Monetary Fund K. Georgieva¹ highlights that it became a trigger that caused a global economic crisis, the depth and duration of which have not yet been determined. From the other side V. Halasiuk² provides the idea that determinative characteristic of the current crisis is in its course, which began as a supply crisis, but then continued as a crisis of demand. Noticing the main methods to overcome the effects of economic crises Ya. I. Kuz'minov³ says that, unfortunately, developing countries focus their efforts only on areas that directly depend on basic economic indicators. At the same time mentioning the impact of economic crises on education equalizes it with other sectors of the economy V. Tsiligiris⁴, adds that the financial feasibility comes on the foreground. In Ukraine, the problems of the development of education have been studied by many scientists, including O. Hrishnova⁵, U. Husar⁶, V. Kremen⁷ and others. But despite the great contribution of scientists, the problems of the impact of economic crises on education and ways to overcome such consequences still remain not solved. In the system of knowledge economy, where knowledge becomes a commodity and education is commercialized, a necessary condition for the further development of education is its ability to overcome the destructive effects of economic crises and the ability to change according to the needs of information society. That's why from scientific and theoretical points of view the provided research can be a basis for transformation of education, which may be adapted to the need's modern society.

Presentation of the main research material. Taking into account that the XXI century is characterized by the transition to a new stage of development of society, this transition from industrial production to the production of services has become a source of cyclical processes in the world economy. The effects of economic crisis begin to affect social processes, and developing countries are already taking several measures to neutralize the negative effects in this area. But these measures are focused only on that social sphere which directly depends on basic economic indicators (employment, income), and practically is not concentrated on the situation that can be in relatively autonomous areas (education, health, culture), as well as in system of basic and applied science and innovation⁸. However, the current situation, after the longest 11-year market growth in history, has been marked by the explosion of the COVID-19 pandemic, which has become a tiger, that caused the global economic crisis. According to the Managing director of the International Monetary Fund, it is expected the worst economic downturn since the Great Depression, but the depth and duration of the crisis is still uncertain⁹.

According to forecasts published by the IMF, more than 170 countries will face falling incomes per capita. Considering the rapidity of the crisis, it already turned into a global financial crisis and is likely to turn into a full-scale (systemic) economic crisis with falling production in the real sector of the economy and other negative effects. Economic growth has stalled, economic systems have shrunk, trade has shrunk, leading to job and income losses. According to the data of The International Labour Organization, 51 million people will lose their jobs, 81% of the world's jobs will be affected by coronavirus and quarantine, and the World Bank estimates that another 46 million people will be below the poverty line. At the same time, the ILO underlines that the COVID-19 pandemic had caused the "worst crisis" since World War II.

¹ Georgieva, K. (2020). Confronting the Crisis: Priorities for the Global Economy. *IMF*.

<<https://www.imf.org/en/News/Articles/2020/04/07/sp040920-SMs2020-Curtain-Raiser>> (2021, July, 13).

² Галасюк, В. (2020). Економіка України: пандемія COVID-19, нова економічна реальність, рекомендації. *Фонд Ганса Зайделя. Представництво в Україні* <<http://www.clubofrome.org.ua/wp-content/uploads/2020/04/Doslidzhennya-Fond-Zajdelya.pdf>> (2021, July, 13).

³ Кузьминов, Я. И. (2009). Вероятное воздействие экономического кризиса на систему образования и качество человеческих ресурсов России. *Вопросы образования*, 2, 172-186.

⁴ Илиева, Ж., Цилигирис, В. (2021). Внимание к глобальным проблемам и востребованность на местном уровне: новый взгляд на высшее образование. *Международное высшее образование*, 106, 15-17.

⁵ Грiшнова, О. А. (2002). Формування людського капіталу в системі освіти і професійної підготовки: дисертація на здобуття наукового ступеня доктора економічних наук. Київ: КНУ імені Тараса Шевченка.

⁶ Гузар, У. С. (2011). Трансформація трудової діяльності в умовах переходу до економіки знань: автореферат дисертації на здобуття наукового ступеня кандидата економічних наук. Львів: Львівський інститут банківської справи Університету банківської справи Національного банку України, 20.

⁷ Кремень, В. Г. (1999). Україна: шлях до себе. Проблеми суспільної трансформації. Київ: ДрУк.

⁸ Кузьминов, Я. И. (2009). Вероятное воздействие экономического кризиса на систему образования и качество человеческих ресурсов России. *Вопросы образования*, 2, 172-186.

⁹ Georgieva, K. (2020). Confronting the Crisis: Priorities for the Global Economy. *IMF*.

<<https://www.imf.org/en/News/Articles/2020/04/07/sp040920-SMs2020-Curtain-Raiser>> (2021, July, 13).

IMF emphasizes that the highest risk areas are developing countries and low-income countries, which have fewer resources and therefore remain vulnerable to crises of supply and demand, various, negative changes in financial conditions.

According to the British researcher V. Tsiligiris¹, economic crises equalise education with other sectors of the economy in the sense that financial expediency and clear management come in the first place. In addition, education, like other areas of the economy, needs cost optimization and a balanced budget

The education and science system in developing countries is much less productive and efficient than in developed countries. The low efficiency of domestic education and science systems is confirmed by the small number of enterprises engaged in technological innovation, even in comparison with countries with an average level of development, as well as the number of patents and inventions per 1,000 people employed in science.

The new, leading, socio-cultural role of education in the knowledge economy is just at the stage of creation. That's why two projects were launched in 2002: the 21st Century Academy, organized by the CHEPS (Center for Higher Education Policy Studies); and The Brave New World of Higher Education Transatlantic Dialogue, organized by the European University Association, the American Board of Education and the Center for Education. The significant impact of these factors provides a wide discussion about the modernization of universities, later embodied in the communiqué "On the Role of Universities in Europe of Knowledge" adopted by the European Commission in 2003. This document helped develop and implement European Higher Education Area (EHEA), the concept of creating a European Research Area (ERA)².

In Ukraine, the network of universities is one of the densest: there are 6.7 universities and 8 colleges, technical schools, and colleges per 1 million population. As of the beginning of 2019/2020 academic year the number of universities, institutes, academies increased compared to 2014/2015 academic year by 1.4% (to 281), and, on the contrary, technical schools, colleges and schools decreased by 12.7% (338 institutions) and compared to 1991 – by 51.1%³. Therefore, the network of universities is transforming³.

However, the economic crisis caused a reduction in public funding in the education sector, with a shift in priorities to the primary education. The innovative nature of the allocation mechanism of the state budget's expenses between higher education institutions, introduced in 2020, undefined the specific indicators which are used for adjustment of funding. On the other side, the reduction of the government order for training has particularly negative consequences for regional educational institutions⁴.

At the same time declining wages in companies and rising unemployment, falling production and budget revenues, which began with the crisis lead to a significant decline in living standards. It should be pointed out, that such changes in socio-economic sphere affect not only the reduction of wages, but also the structure of demand for labor by profession and skill level.

Today, in the context of socio-economic crisis, changes in modern society are associated with all spheres of public life: financial, economic, and social. Although education system is associated with socio-economic, administrative forms of state functioning, it reflects the structure of its economic organization, in a crisis and reform, education becomes especially important and becomes one of the strategic priorities of public policy.

In addition to the global economic crisis, which affects education, education itself does not meet modern demands and as a result is in crisis when available resources do not allow to achieve this goal.

In the information society, where rapid scientific and technological development leads to serious consequences associated with the results of such development in terms of their social aspects for nature, habitat and for the future of mankind. Thus, radical changes in the role of science in modern society have led to transformations in science itself: a change in organization, change in ways and methods of obtaining scientific knowledge, change in the relations between science and society, the development of processes that change science but occur in sociocultural and socio-economic plane.

¹ Илиева, Ж. Цилигирис, В. (2021). Внимание к глобальным проблемам и востребованность на местном уровне: новый взгляд на высшее образование. *Международное высшее образование*, 106, 15-17.

² Журавлева, И. А. (2013). *Информационное общество*. Иркутск: Иркутский Государственный Университет, 141.

³ *Стратегія розвитку вищої освіти в Україні на 2021-2031 роки, 2020* (Міністерство освіти і науки України).

Офіційний сайт Міністерства освіти і науки України

<<https://mon.gov.ua/storage/app/media/rizne/2020/09/25/rozvitku-vishchoi-osviti-v-ukraini-02-10-2020.pdf>

(2021, July, 13).

⁴ Журавлева, И. А. (2013). *Информационное общество*. Иркутск: Иркутский Государственный Университет, 141.

At the same time systematic accumulation of knowledge has caused the transition from quantitative to qualitative changes, which has led to the differentiation of modern science into many professional fields, scientific specialties, and areas, to the transformation of parts and sections of former sciences into independent disciplines. Wide access to digital information and data, free traffic of information in society caused the openness of scientific knowledge. However, open science being affected by the constraints of a market economy, where data and information obtained from state-funded research are privatized or used only for profit¹.

Another urgent problem is the unconformity of the levels of education and science development and the demand of integration interaction between them. Furthermore, the education system needs a powerful scientific component that forms a holistic view of the essence of human existence and society, revealing the ethical aspect of relations between people, social groups, human relations to culture and nature, which will be the educational basis for further social development.

The role of science in education is in its driving force of the functioning and development of education, which provides transmission to future generations not only of collective knowledge, but also guidelines for the future².

Besides this, current trends in the information society, which determine the social role of education, can be classified as follows:

- *accelerating the development of society*, which creates the need for training or retraining of people who are capable of social adaptation in today's dynamic transformations;
- *globalization*, which expands the intercultural communication, that determines the important role and functions of sociability and tolerance;
- *the emergence and growth of global problems* that can be solved only by international cooperation, which requires the formation of integrative thinking;
- *formation and development of the knowledge economy*, which requires constant professional development and retraining of employees, increasing their professional mobility;
- *increasing the value of human capital*, which in developed countries is 70-80% of national wealth, which leads to intensive development of education.

Being presented in 1967, the concept of "education crisis" was used by P. H. Coombs, director of the International Institute for Educational Planning, who said that the education system could not adequately respond to the sharp acceleration of scientific and technological progress since the mid-twentieth century³.

The current crisis of education is just another in a chain of crisis stages that come with the development of the education institution of throughout its history. There are five systemic crisis situations in the history of the education institute: 1) the allocation of education in a separate area of social activity; 2) the appearance of a special group of people who are professionally engaged in educational activities in special educational institutions; 3) mass education due to increasing its availability and reducing the cost of educational services; 4) creation of classical education, differentiation of subject areas of education, professionalization of education; 5) the contradictions of classical education and modern socio-economic realities⁴.

There are several other main factors that characterize the crisis in education. First, it's the informatization of society due to its computerization, increasing the role of the media and communication in the functioning of all social institutions. Second, it's the rapid and constant development of innovative technologies in science and industry, which leads to high social dynamics of modern society. Third, the growing gap between learning practices and the rapid development of technologies, which causes the inability of modern human even after higher professional education to perform professional duties effectively. Thus, the meaning of traditional classical education is lost, but at the same time the need for continuing education of the specialist throughout his working life increases⁵.

¹ Ibid.

² Ibid.

³ Турбовской, Я. С. (2016). Кризис образования: поиск системного решения. *Профессиональное образование в современном мире*, 6 (1), 171-180.

⁴ Арасланова, А. А. (2010). Кризис классического образования в эпоху смены образовательных парадигм. *Вестник Челябинского университета*, 3, 14-24.

⁵ Старыгина, А. М. (2016). Кризисные тенденции в системе высшего образования современной России. *Гуманитарий Юга России*, 22 (6), 238-245.

An important problem of modern society, which can be determined as the cause of the systemic crisis in modern education, may be called the replacement of external criteria for assessing the effectiveness of education by internal criteria, the interests and needs of the student. The traditional model of assessing student knowledge from the point of view of the teacher is replaced by a model in which the student determines how the provided information is important for them. In addition, we can identify several major crisis trends in the development of modern education:

1. *General decline in the quality of provided education.* The level of training is rapidly declining in recent years, as repeatedly emphasized by employers of university graduates. The reasons for this are the conservatism of education, insufficient funding of educational institutions, low qualification of teaching staff.

2. *Violation of continuity between higher and secondary education,* caused by a decline in the level of training of graduates of secondary schools. In addition, the introduction of external examination excluded higher education institutions from decision-making about the quality of future students.

3. *General deterioration of the staff of higher education institutions,* which was caused by: a) "aging" of the teaching staff; b) insufficiently developed system of continuous education, retraining and advanced training of teaching staff of higher education institutions; c) low level of wages of teaching staff; d) weak level of funding for research activities of teachers, equipment of universities; e) devaluation of the value of a diploma of higher education, academic degrees and titles.

The development of the education system, its transformation in the information society, requires first of all improving the quality of education, as well as the development of all components of the education system: meaningful; organizational; managerial ¹.

Conclusions. The economic crisis is a two-way process where, on the one hand, socio-economic processes are transformed, and on the other hand, theoretical patterns, and exaggerated assessments of the capabilities of the economic system are rethought. For developing countries, the effects of the economic crisis have the greatest impact on social processes. To neutralize the negative consequences, all efforts are focused on the part of the social sphere that directly depends on basic economic indicators, and does not consider the relatively autonomous spheres, as well as the system basic and applied science and innovation. It should be noticed that a distinctive feature of the 2020 economic crisis is that it began as a supply crisis and continued as a demand crisis. Developing countries are at the highest risk because they have fewer resources and therefore remain vulnerable to supply and demand crises, various, negative changes in financial conditions.

As the education and science system in developing countries is much less productive and efficient than in developed countries, there is a small number of enterprises that carry out technological innovations. However, the education system is related to socio-economic, administrative forms of state functioning and reflects the structure of its economic organization, which in a crisis and reform should turn education into one of the strategic priorities of public policy. But the lack of analysis of specific education markets in developing countries and its inclusion in anti-crisis policy can lead to ineffective anti-crisis policy in general.

The economic crisis caused the reduction in public funding in the education sector, with a shift in priorities to primary education. Moreover, the reduction of the government order leads to the transfer of tuition fees for higher education to students or their families, and in conditions of reduced wages and unemployment, lack of credit system, the principle of access to higher education is violated. Thus, the reduction in expenses on higher education, which has been observed in recent years in Ukraine, confirms that this sector is not a priority for the state.

In addition to the global economic crisis, which affects education, education cannot satisfy the demands of modern society, because in the information society, the systematic accumulation of knowledge, free access to digital information, has led to the openness of scientific knowledge, which caused the transfer of science within a market economy. Another priority problem is the mismatch between education and science. Since science is the driving force of the functioning and development of education, the peculiarity of integration is not in the absorption of one area to another, but in deep interaction, but with the preservation of independence.

Furthermore, the information society is characterized by innovative thinking, the need for an intellectual, creative, harmoniously developed personality, capable of perceiving innovations, finding,

¹ Журавлева, И. А. (2013). *Информационное общество*. Иркутск: Иркутский Государственный Университет, 141.

and mastering new knowledge, which is presented in the social role of education. That's why one of the causes of the systemic crisis in modern education can be considered the replacement of external criteria for assessing the effectiveness of education by internal criteria, the interests and needs of the student.

The development or transformation of the education system in the information society is possible only with the improvement of the quality of education, with the transformation of the content of education, with the creation of integration educational programs, with the change of management strategies.

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