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The Economic Dimension in the Educational Activities (The Role of Economy in Education and Education in the Economic Development)

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ABSTRACT: The economic growth in a country is also influenced by the education. In the perspective of production function, educational institution with various activities can be categorized into a gigantic industry because of its massive resources and human resources involved. In the perspective of economy, educational activities cover two dimensions, consumption (short-term) and investment (long-term). The ongoing educational process will trigger the economic growth and at the same time, the learning young generations are exposed with the new knowledge and skills existed in the future which will become the driving force to the development of a country. Based on this understanding, it is okay to say that the development indicators of a country can be seen from the system and the implementation of its education. Liking it or not, the educational institution with the activities has become the industry with the economic paradigm. The shift of the paradigm is not without any cause, in order to make education not only exists but also stays on the front row in advancing the community - country. The principle of "managing education in business way but not turning education into business" became very relevant in the context of making educational institution developed and modern which meet the context and needs.

KEYWORDS: Economy, Education, and Economic Growth.

I. INTRODUCTION

There is an improper view regarding the educational activities. The educational activities are seen as social activities for the society, that **Etzioni (1964)** considers as normative organization, the non-profit activities. This indicates that the educational activities have no relation with the concept, theory, and economic activities, thus the educational activities can run without considering economic concepts which can actually turn an organization's activities more dynamic and productive. Effectiveness, efficiency, productivity, and many others are some examples which might allow an organization to become dynamic

It is a fact that the educational growth influences the economic growth and the economic growth influences the educational growth. Based on this understanding, in advanced countries, the government's attention becomes so big towards education sector, which is shown in the political commitment on the education sector budget allocation which is as big as other sectors. It is because the investment of education sector will actually push the economic growth and will create social prosperity.

Truthfully, the problems in education cannot be separated from problems in economy. Directly and indirectly, the contribution of education towards economy and development must be acknowledged. Therefore, education must not always be considered as consumption and finance, but also must be seen as an investment with long term benefits. The concept of education as an investment is growing rapidly and believed by all nations that the development of education sector is the key of other sectors' development. The concept of human capital investment which can support the economic growth, has been discussed since the era of Adam Smith (1776), Heinrich Von Thunen (1875) and other classic theorists before 19th century, pointing out the importance of human capital investment.

Theodore Schultz in 1960 through his speech entitled "Investment in human capital" in front of The American Economic Association has become the pioneer in formulating the human capital theory. The essence of the speech is that the process to achieve knowledge and skills through education is not merely a consumption, but also an investment. **Schultz (1961)** then elaborates the concept by stating that the development of education sector with human as its main focus might give direct contribution towards the economic growth in a country, through skills and ability production from the workforce. The initial idea of this view has already attracted some experts to study the values of economy and education. In 1961, Bowman introduced a

concept "the revolution of human investment in the economic thinking". Researchers, like **Becker (1993)** and others also conducted a test on the human capital theory.

The new perspective has influenced the perspective and mind set of many parties, including governments, planners, international institutions, researchers, and other modern thinkers, along with the development executors of education and human resources. In the developed countries, besides serving as the consumptive aspect, education also becomes the human capital investment and leading sector or the main sector. Because the government attention on the development of this sector is serious, for example if the budget allocation commitment of education sector is as big as other sectors, the success of investment in economic investment format (budget support) is addressed in education which is correlated with the advancement of macro development including the economic development itself.

The educational activities as an "industry" have become the important factor which triggers the economic growth and modernization of a country. Therefore, definite and systematic strategy to support the goal of education, to enrich the life of a nation, is needed. The mastery and the excellence of science and technology in a country will turn the country into a respected country. The importance of educational activities as the instrument of a country's development creates the new perspective about the benchmark of a country's development. The indicator is no longer seen from the economic growth, but observed from how good the education system and practices are.

Considering the explanation above, the researcher attempts to conduct research on the theme focusing on the co-relativity and synergy dimensions between education and economy. The results of the research are expected to construct the substantive thoughts (not dichotomy and partial) about the role of economy and education and education in the economic development itself.

II. METHOD

This research implemented descriptive quantitative approach. Based on the type of data, this study emphasized the analysis of the relationship between observed phenomena using scientific logic without statistical analysis (Sugiyono, 2015; Denzin & Lincoln. (2018). The expected result of the research is to obtain the picture of co-relativity and synergy dimensions between education and economy. It is with the hope to construct the substantive thoughts (not dichotomy and partial) about the role of economy and education and education in the economic development. After obtaining the qualitative data, the data were analyzed based on the observation or finding in the field.

The collected data in this study consisted of two types: primary and secondary data. The primary data were obtained from **interviews** with selected informant, direct **observations** on selected activities, **documents** related to this thema. Meanwhile, secondary data were obtained from **library research** (books, journals, previous studies, and various concepts) regarding character education written by experts (Creswell, 2016; Sugiyono, 2015). **Observation** technique was done by observing the participants, in which the researcher was also involved directly in the relevant economy and educational activities implementation. **Interview** technique was done by interviewing the chosen research subjects and by considering its relevance with the focus of the research. In-depth interview was applied to the informants with the qualification of economic and educational practitioners. To complete the research data, the researcher also used **documentation** technique involving the documents about educational activities in economic dimension. **Library research** served as the supporting method especially in gathering the secondary data related to the theories relevant with the research theme.

By implementing these methods, the research is expected to get the valid data which are relevant to the theme and focus of the research qualitatively and quantitatively, dan to describe clearly the co-relativity and synergy dimensions between education and economy objectively which shows the actual condition of subject/object based on the facts being studied. After the data from the field were collected, they were then processed and analyzed in three stages, (1) data reduction, (2) data display, and (3) verification (Sugiyono 2015). These three components were interactive and interrelated. At the stage of data reduction, important, meaningful, and relevant data were categorized and grouped. After that, those data were presented with a good writing framework so that it can be understood by readers. Then, conclusions were drawn (Creswell, 2017)

III. DISCUSSION

A. Economic Influence on Education

1. Education as an Investment

The growing opinion implies that the development of the education sector is only a sector that is budget-consuming with no clear benefits (especially economically). Such a view leads people to doubt and even distrust the development of the education sector as the foundation for development progress in all sectors.

This uncertainty, for example, is manifested in the small budget commitment for the education sector. Allocating the budget for the education sector is considered a waste of money that is meaningless. As a result, the education sector budget allocation is usually remainder. This perspective has now begun to be displaced in line with the discovery of scientific ideas and evidence of the vital role and function of education in understanding and positioning human beings as the main force as well as a prerequisite for development progress in various sectors.

In the 1970s, research on the relationship between educational and economic growth experienced stagnation and ambivalence due to the emergence of doubts about the role of education on economic growth in several countries, especially in the United States and developed countries that received assistance from the World Bank at that time. These doubts arose, among others, because of the criticisms of educational sociologists including **Becker (1964, 1975, 1993)** who stated that this theory of human capital emphasizes the material dimension of humans so that it does not consider humans from the socio-cultural dimension.

Becker's critique actually opened the perspective of a philosophical belief that education is not only counted as an economic investment, but more than that, education must be seen in the social and cultural perspectives and dimensions that are oriented towards the human dimension. These perspectives and dimensions are more important than just economic investment as education is related to humanity itself (human dignity).

Several other neoclassical studies have been able to scientifically reaffirm the importance of educated humans in directly supporting economic growth and all other macro development sectors. It is based on scientific belief that the World Bank has finally realized its international aid program in various countries. The contribution of education to this growth becomes even stronger after considering the interaction effect between education and other physical investments. It means that the physical capital investment will increase its added value in the future if at the same time investment in human resources is also made, which will directly become actors and users in the physical investment.

It is now approved that the development of a country's human resource is a key to prosperity and growth and for the effective use of its physical capital resources. Investment in human capital is an integral component for all development efforts. Education must cover a broad spectrum in the life of society itself.

2. Investment in Education

Investment means investing capital or money. Capital or money invested aims at gaining profit, either in the form of money or capital or in the form of goods or services. **Kenneth J. Arrow (1962)** suggests that the term investment is the allocation of current resources that have productive alternatives which are useful for carrying out activities that can increase profits obtained in the future. The cost of an investment is the profit obtained divided by the use of resources in various other activities. Thus, it is clear that investment is capital or money investment that is intentionally made to bring profits through the products produced.

Meanwhile, education is a human effort to build humans themselves with all their problems and spectrums regardless of the dimensions of time and space. This means that the core of education is lifelong learning, while forms of formal education, non-formal education (outside school) and so on are only the modus operandi of the educational process. Education here is intended to increase human dignity so that they have skills and abilities to increase their productivity. Therefore, the results of education will be a very useful human resource in the development of a country.

Investment in education means allocating costs for the implementation of education and taking advantage of the human resources prompted through education. In this context, education is seen as a human learning industry, meaning that education creates humans who have indispensable abilities and skills for the economy of a country to increase individual income as well as national income.

Thus, investment in education has a long period of time to be able to find out the results and even then, the results are not in the form of direct profits, but benefits for individuals who receive education and for the country. As an investment function, education makes a significant contribution in increasing the standard of living, quality of people, and national income especially in the following areas:

a. The teaching and learning process ensures an open society (i.e., a society that is always willing to consider new ideas and expectations as well as to accept new attitudes and processes without sacrificing themselves).
b. The education system provides the right foundation for the development and research results (the inherent guarantee for the sustainable growth of modern society). Educational investments can maintain the integrity and constantly increase the supply of knowledge and the continuous discovery of new methods and techniques.
c. If in every economic sector we get all the factors needed by the society except for skilled labor, the investment in the education sector will increase per capita income in that sector, unless the social structure in the community is not profitable.

d. The education system creates and sustains a supply of human skills in a flexible labor market. In addition, it is able to accommodate and to adapt in relation to the changing needs of the workforce and the changing modern technological society **(Komaruddin, 1991: 14).**

Investments in education focus the attention on humans as resources that will become human capital (Gary S. Backer, 1962). Human capital here refers to workforce as a factor of production that connects non-economic aspects of education to other economic aspects that have two essential characteristics, namely: (a) the quality of the workforce as a productive input cannot be divided and used separately, (b) the ability of the workforce cannot be transferred to others. According to **Ace Suryadi (1991),** the theory of human capital is reflected in skills, knowledge, and work productivity. It is further explained that there is an investment model in the form of human resources which directly or indirectly relates educational indicators on one side and economic indicators on the other side. The intended model is a cost and benefit analysis model for education (cost benefit analysis). This model is a very important methodology in conducting analysis for educational investment and can help decision makers to decide and choose among alternative allocations of limited educational resources to be able to provide the highest capability.

3. The Role and Function of Economy in Education

Although quite decisive, the role of the economy in education is not the main factor. There are other factors that determine the life and death of an educational institution more than the economy, namely the dedication, expertise and skills, and commitment of administrators and teachers. They are the key to the success of a school or college. It means that if administrators and teachers or lecturers have adequate dedication, are experts in their fields, and have skills in carrying out their duties, it is possible for educational institutions to be successful in carrying out their mission even with an inadequate economy. The function of economy in education is to support the smoothness process of education, not a capital that is developed to get abundant benefits. Here, the role of economy in schools is also a part of educational resources that enable students to develop cognition, affection, and psychomotor skills to become reliable workforce who are able to create their own jobs, have a work ethic, and can live sparingly. Apart from supporting the process of economic education, education also functions as a subject matter in economic problems in human life.

Therefore, the role of economy in education is limited to: (a) fulfilling educational needs that cannot be made alone, such as infrastructure and facilities, media, props, and so on, (b) financing all building equipment, such as water and telephone electricity, paying for services from all educational activities, (c) developing individuals who act economically, such as learn to live sparingly, (d) meeting the basic needs of educational personnel, (e) increasing work motivation, (f) increasing work enthusiasm of the educational personnel.

According to **Kotler (1985),** the role of economy in education is closely related to the analysis, planning, implementation, and supervision that provides changes in values as results of the educational process. To achieve it, Kotler defines the role or function of economy in the educational cycle and process as the following:

a. Administration Function. (1) provision of learning infrastructure and facilities, including classrooms, (2) provision of learning equipment in schools, (3) provision of textbooks and laboratories, (4) teachers and personnel payments.

b. Psychological Function. Improving student learning outcomes: personality improvement, aesthetic and skills, direction and attitude formation, strengthening abilities, increasing knowledge, science and technology, and sharpening the mind.

c. Production Function. (1) determining the market needs/wants (competencies needed by the working world, (2) improving educational missions and programs (quality education), (3) improving community satisfaction and increasing efficiency in the educational process.

ADMINISTRATION FUNCTION	PSYCHOLOGICAL FUNCTION	PRODUCTION FUNCTION
. Provision of learning infrastructure and facilities, including classrooms . Provision of learning equipment in schools Provision of textbooks and laboratories . Teachers and personnel payments	Improving student learning outcomes: personality improvement, aesthetic and skills, direction and attitude formation, strengthening abilities, increasing knowledge, science and technology, and sharpening the mind	. Determining the market needs/ wants (competencies needed by the working world) Improving educational missions and programs (quality education) Improving community satisfaction and increasing efficiency in the educational process

According to **Mutrofin (1996),** developed countries have a clear commitment in building the education sector. This commitment is implemented with a very clear economic support as well, in which the economic system is oriented towards educational needs

that are based on the meeting of needs of modern society which include: high technology, flexibility, and mobility of the workforce. In the context and perspective of Indonesia, educational development has a strategic place with the emergence of Link and Match, this policy expects the world of education to prepare workers in accordance with the labor market, including quality, quantity, and types with adequate economic support.

According to **Vizey (1996),** the most popular measure of looking at the role of the economy in education is the link between the economy and education itself. Vizey's opinion is based on the assumption that education is human capital. This thought emerged in the era of industrialization in modern society. This argument has two aspects: first, education is a form of national investment to improve the quality of human resources needed in modern economic growth. Second, education is expected to produce an increase in welfare and wider opportunities in real life.

The role of the economy in education, in this case, is to support the smoothness of the educational process and as an economic teaching material that forms economic people, namely humans who in their daily lives have the ability and habit of having a work ethic, do not work half-heartedly, are productive, and live efficiently.

4. Role (Economic Feedback in Education)

Human resource development through education directly supports economic growth, and therefore spending on education should be viewed as a productive investment and not merely seen as something consumptive without a clear rate of return. Various other studies have always shown that the return value of human capital is greater than that of physical capital. No country in the world has progressed rapidly with the support of low-educated human resources. So, if we expect development progress, then human capital (education sector) must be used as the main prerequisite. Many developing countries, including Indonesia, face the problems mentioned above. The role of education, when studied economically, will contribute to the role of the government and society on the impacts that will be experienced by the Indonesian state in the long term in the future with education development policies as the basis of state development.

a. Economic Value in Education

The role of the economy in supporting education, which in its technical language is human capital, has not been included in the literature on economic growth theory for too long. Ari A. Pradana puts it forward to confirm the opinion of **Lucas (1990)** and **Mankiw, Romer, and Weil (1992),** who revised the neoclassical growth theory of the legendary **Solow (1956).** Their studies show that the standard Solow theory can only explain how a country's economy can grow, but is not sufficient to explain the gap in the level of income per capita between countries in the world. It was only when the human capital variable was taken into account that part of the gap could be explained.

The basic assumption in assessing the contribution of education to economic growth and reducing inequality is that education increases worker productivity. If worker productivity increases, economic growth will increase. On the other hand, an increase in productivity means an increase in income. It is always assumed that the benefits of increased education in the aggregate will be greater for the poor.

Thus, if the level of education increases, the income of the poor will also grow faster, and in the end, inequality will decrease. The problem is such assumptions cannot always be generalized. The benefits of education in terms of increased productivity and income of workers only apply to certain types of work. As a result, an increase in the level of education does not necessarily provide benefits to growth and equity, especially when we talk about the benefits of education for the poorest groups.

b. Specific Economic Interventions in Education

There is an opinion that education and educational policies are not beneficial for the prosperity of a country. This is a completely unfounded opinion empirically. The message to be conveyed is that many other things cause the positive contribution of education to not be too large in promoting economic growth and equity. In other words, education is not a magic spell. Consequently, government intervention in this field must also be carried out carefully.

The form of prudence is not to be trapped in measuring the government's role from the size of the education budget allocation. Budget is important, but not on how big, but planned, used for what, why, and how. In several developing Asian countries, although most teachers are paid too little, the ADB study shows that additional budgets for equipment and buildings improve education quality.

Apart from budget issues, the level of education in a country may face other problems beyond funding. Here, specific government intervention is needed to address these problems. For example, in Kenya, it was found that the low quality of basic education was caused by poor nutrition of primary school students due to intestinal worms. The distribution of deworming medicine to elementary school students was found to be more effective in improving the quality of education there.

In conclusion, there is no universally predictable government policy in all countries. This is at the heart of the populist critique of neoliberal policies. The opposite is also true. There is no universally applicable populist policy. In addition, not everything can be solved with a bigger government budget.

According to **Ali (2005),** Malaysia has experienced high progress in human resource development because, during the reign of PM Mahathir Mohamad, he had planned for future human resource development by making a fairly high investment of 28 percent of the state budget. Seeing this success, the Indonesian state, with the 1945 Constitution, which has been amended, gives a mandate to the government to determine the education budget at 20 percent of the state budget as stated in Article 31, Paragraph 4. Investment, described as a tangible form of intervention in the field of human resource development, is a long process. To support the success of the plan, education must be used as a benchmark for developing a country. However, education is like a horse-drawn carriage, meaning that the success of the educational process is a contribution from across sectors, namely labor, industry, economy, culture and so on.

B. The Role of Education in Economic Development

Education contributes significantly to economic development. This has become an absolute and axiomatic justification. Various academic and empirical studies have proven the validity of this thesis. Education is a way to progress and achieve social and economic prosperity. Meanwhile, failure to build education will give birth to various crucial problems, such as unemployment, crime, drug abuse, and welfare defense which ultimately leads not only to the social aspect, but also to the economic burden that various parties, especially the government, will bear.

1. Education and Economic Development (growth)

Could there be educational intervention on development (economic growth)? Education has a representative carrying capacity for economic growth. **Tyler (1977)** reveals that education can increase a person's work productivity, increasing his income. This increase in income also affects the national income of the country concerned, which in turn will increase the income and standard of living of low-income people.

Meanwhile, Jones (1984) sees education as a tool to prepare an educated and trained workforce which is very much needed in the economic growth of a country. Jones sees that education has the ability to prepare students to become potential workers. This will make them more ready to train in their work which will boost the level of labor productivity, which will directly increase national income. According to him, the correlation between education and income appears to be more significant in developing countries. Meanwhile, **Vaizey (1962)** sees education as the main source of skilled and trained talents. Education plays an important role in providing a workforce. This should be the basis for educational planning because economic institutions require educated and trained personnels. The problem faced is that there is rarely a strong equivalence between work and required education, resulting in the emergence of educated and trained unemployment.

Therefore, it is necessary for education to anticipate needs (EDUCARE: Jurnal Pendidikan dan Budaya, http://educare.e-fkipunla.net Generated: 11 February 2009). In addition, it must be able to predict and anticipate the qualifications of knowledge and skills of the workforce. Employment prediction as a basis for educational planning must follow economic growth, which is related to the socio-economic policy of the government. Educational intervention in the economy is an effort to prepare economic actors to carry out the functions of production, distribution, and consumption. Interventions to the production function are in the form of providing the workforce for various levels, namely top, middle, and low management, or in extreme terms, blue-collar and white-collar workers.

In addition to labor, education also intervenes in production to provide strong entrepreneurs who are able to take risks in innovation in production technology. Another form of intervention is creating new technologies and preparing the people who use them. Production expansion programs through intensification and rationalization are a tangible manifestation of the role of educational institutions in this production function. Intervention in the distribution function is through the development of research and development of products that are in accordance with the needs and desires of the community or consumers. Interventions on the consumption function are carried out through increasing work productivity which will encourage increased income. This increase in income will lead to an increase in the consumption function, which is indicated by the increase in the amount of savings that comes from the income set aside. These savings will be a capital investment that will accelerate a country's economic growth rate.

2. Measures of the Role (Contribution) of Education

In economic development, what is the correlation between education and economic development? To answer the questions above, we cannot escape the problem of development. The concept of development in the economic field is very diverse and

depends on the context in which it is used. Economists developed a theory of development based on the production capacity of human labor in the development process, later known as Investment in Human Capital. This theory is based on the consideration that the most efficient way of carrying out the national development of a country lies in increasing the capacity of its people. In addition, it is also hypothesized that the main factor that supports development is public education.

The basic assumption that underlies the correlation between education and workforce preparation is that education is held to improve skills and knowledge for work. In other words, education prepares workers who are ready to work. However, in reality, the unemployment rate in almost all countries increases by about 2% every year **(World Bank: 1980).** The occurrence of unemployment is not due to the failure of the educational process, but because education does not always have to produce graduates with certain types of work. Schools can produce workers with certain skills, but schools are not the only place to achieve these skills. There are various factors to measure how well economic growth is measured. These measures include (1) Per-capita income, (2) Changes in the employment map from agriculture to industry, (3) Energy consumption or use of high-tech goods such as cars, telephones, and televisions, (4) Improvements in system efficiency of community production as measured by GDP and GNP, (5) Satisfaction with meeting basic community needs, and (6) Achievement of goals by various groups in society, which is associated with the use of limited resources.

As an illustration, the pattern of correlation between education and economic development differs according to the unique characteristics of each country. In short, it looks like this:

a. Capitalist Countries vs. Socialist Countries

The economy in a capitalist country assumes that its production model is free from government intervention and requires open competition in marketing. The correlation between education and economic growth is very close, and education is necessary. Economics in socialist countries has different contexts in interpreting economic growth and development. The government has a role in controlling the course of the production and marketing process. The correlation between education and economic growth and development seems invisible because development is highly regulated by the country, not determined by individual citizens.

b. Industrial vs. Non-Industrial Countries

In the developed United States, the percentage of workers working in the industrial sector is 33%, and in the service sector, 66%. The percentages in the same sector in Mexico are 23% and 33%, respectively. In developed countries, the population has higher per capita income, use of sophisticated technology, and energy consumption greater than in less developed countries. Developed countries have greater capital accumulation due to excess income after deducting consumption needs. This results in a larger amount of savings and will eventually be reinvested in the existing economic system. The correlation between education and development in developed countries is very clear from the changes in individual characteristics related to the level of economic growth.

In non-industrialized countries, the economy is highly dependent on the agricultural sector, so a higher percentage of the workforce works in the non-industrial sector. It is clear how important the analysis of the contribution of education to development is. One of the reasons why there is so much controversy about the link between development and education is that very few education policies are properly monitored and evaluated for their results. Analysis of education is usually ex-post facto, meaning that data is obtained from past events.

Actually, the concept of how education should be evaluated must be developed since the objectives are set, considering the framework and methodology. The method that is often used in evaluation research is linear regression and educational production. Based on the foregoing, it is necessary to find criteria or measures of growth or development outcomes in order to discuss further the contribution of education to development.

According to human capital theory, the contribution of education is very influential on economic development. This contribution can be achieved through improving skills and work productivity. Rapid economic growth in Asian countries and progressive changes in production towards high-tech industries and services have resulted in increasing demands from the business world for the need for skilled and educated (quality) human resources. Quality human resources can only be produced by a quality education system as well.

According to **Armstrong and Taylor (2000),** the role (contribution) that the world of education can do in economic development includes: (1) Creating skills in carrying out tasks, (2) Improving organizational quality, and (3) Supporting the growth of the industrial world (business).

According to **Psacharopoulus (1977),** the opportunities that the world of education can take in supporting and improving the economy can be measured by: (1) The creation of a more productive workforce because it has better knowledge and skills and is relevant to the needs of the business world (industry), (2) The availability of wider business opportunities in an effort to build a

higher quality education world, (3) The creation of a group of educated leaders, and (4) The availability of various education-based economic programs that encourage the emergence of competitive capabilities and output quality. Psacharopoulus continues that, by referring to these criteria and measures, to determine the correlation between education and economic development, the following data are needed: (1) Education data, which includes educational participation for each type and level of education, (2) National income, either in the form of Gross National Income, Gross Domestic Income, and Per capita Income, (3) Changes in the employment map, with a range of agriculture-services-industry, and (4) Energy consumption.

IV. CONCLUSION

Although not the only factor influencing economic growth, the contribution of educational activities to economic growth is quite significant. The importance of the influence of educational activities on economic growth can be seen in increasing the learning productivity of the younger generation, which in time will become not only an object but also a development because of the competencies (knowledge and skills) obtained from educational activities. With economic needs that are increasing day by day, it is the education factor that will help economic growth because it will produce more professional qualities of human resources for both industrial and agricultural sectors. From there, influence will be created (directly or indirectly) on the economic growth of a country.

The concept of education as an investment which is described as an intervention of economic power (education as an investment), has developed rapidly, and every country increasingly believes that the development of the education sector is a key prerequisite for the growth of other development sectors. The concept of human capital investment that can support economic growth must also be built and developed from an economic structure and system that supports the birth of quality education.

Education contributes significantly to economic development. This has become an absolute and axiomatic justification. Various academic and empirical studies have proven the validity of this thesis. According to human capital theory, the contribution of education is very influential on economic development. This contribution can be achieved through improving skills and work productivity. Rapid economic growth in several Asian countries and progressive changes in production towards high-tech industries and services have resulted in increasing demands from the business world for the need for skilled and educated (quality) human resources. Quality human resources can only be produced by a quality education system and practice as well. The human capital theory assumes that formal education is the most important instrument to produce an economic order that has high productivity.

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