

ASSESSMENT OF THE INFLUENCE OF THE "COST DISEASE" FACTOR IN THE FINANCING OF THE COSTS OF HIGHER EDUCATION INSTITUTIONS IN UZBEKISTAN

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Annotation

In this research work, opinions are given on determining the main factors that should be taken into account in financing the costs of state higher education institutions in Uzbekistan and evaluating the position of external factors among these factors. It is aimed to categorize the "cost disease" factor, which represents a set of external factors, to analyze the relevant indicators for perspective and evaluation of their impact. Scientific-theoretical views and conceptual approaches related to the consideration of factors are highlighted. Based on the obtained results, the main conclusions were drawn and appropriate proposals were formulated.

Basic concepts. Labor productivity, wages, price changes, inflation rate, profit deficit, "cost disease" problem, Baumol indices.

Introduction

In recent years, a new era of popularization of higher education learning has begun in Uzbekistan. In this period, the practice of financing the costs of higher education institutions (HEIs) and the factors affecting them will also be different. As a result of the reforms and changes in the industry, the sensitivity of costs to external macroeconomic factors and market principles will increase. Under the influence of these processes, the study of the features of universities' cost reflection and the production function in HEIs acquires current importance. For this purpose, it is important to analyze the costs of HEIs in accordance with changes in internal and external factors and analyze them based on statistical observations. In this research

work it is planned to observe the labor productivity, wage trends, price changes, and profit deficit indicators in HEIs.

Brief literature review

R. Archibald and D. Feldman, R. Martin, I.V. Abankina, T.V. Abankina, P.V. Derkachev [1,2,3] conducted research on this topic. They analyzed the indicators of HEIs, which should be taken into account when financing, in comparison with macroeconomic indicators, which are considered as external factors. Based on these research, various observations were conducted based on the concept of "cost disease" by W. Baumol. In particular, it has been analyzed that HEIs are studied as an industry in which labor productivity has not increased, or in a stagnant productivity, where real wages are increasing, like other industries that are considered to be a single service sector. To the question of whether there are other factors behind the rapid increase in the costs of higher education institutions than the "cost disease" R. Archibald and D. Feldman [1] tried to find an answer. According to their conclusion, the following four factors can strongly influence the rapid increase in higher education costs: a) higher education is a service-based industry. This, in turn, is the most important factor limiting the labor force productivity indicator; b) higher education is an industry requiring highly skilled labor force. This demand is explained by the demand for the scientific potential of the main workforce in higher education; c) the introduction of new technologies in the field of higher education services requires a more highly qualified workforce; d) the use of high technologies and reduction of capital capacity are required in this industry to improve quality, but not to reduce costs.

Analyses and results

During 2010-2022, the following external factors are required to be taken into account and studied in the financing of state HEIs in Uzbekistan:

First, it is necessary to analyze the change of the monetary expression of the labor productivity indicators in the state HEIs of Uzbekistan in relation to the general economic labor productivity. In this case, the fact that labor productivity indicators are lagging behind similar indicators in the economy illustrates that there is a tendency to the diagnosis of "cost disease". The opposite case means that such a factor does not exist.



Secondly, it is necessary to analyze the changes in the wage indicators in the higher education institutions in relation to the dynamics of wages in the whole economy. If the sharp increase in wages without increasing labor productivity indicates a high tendency to the "cost disease" factor in HEIs, its low level indicates that the influence of this factor does not exist.

Thirdly, the change of prices in HEIs in relation to the level of macroeconomic inflation. In this case, a rapid increase in prices in HEIs means an increase in their susceptibility to Baumol's disease, and in the opposite case, such a relationship is weak.

Fourthly, in the presence of the above three factors, it will be possible to analyze the changes in the deficit or excess of income, which is the main financial indicator of the HEIs.

A set of special Baumol indices has been developed in order to diagnose indicators of the "cost disease" factor in HEIs that are consistent with empirical observations, through which observations can be made regarding the stable financing of HEIs by external factors for a specific period. In these indexes, the factors of labor productivity changes, wage changes and price changes are evaluated as exogenous, i.e., explanatory factors. The index (composite index) representing the deficit of income is considered as an explanatory endogenous factor. In Table 1 given a description of the cases of indicators obtained for the Baumol indices. On the basis of these indices, the effects of HEIs on external factors are evaluated. Based on the results obtained on the influence of external factors, it is possible to diagnose the existence and level of the "cost disease" problem in HEIs, as well as their influence on each external factor. Based on these assessed impacts, it is possible to draw conclusions related to the sustainable financing of HEIs and to develop various measures related to the effective solution of this problem.



Table 1. Description of indicators obtained for Baumol indices (Source: Patronized Goods in the Sphere of Culture: «Price Disease» Features and Effects] //Published Books. – 2012)

Indicators	Status	Description
Change in labor productivity	$B_1 > 0$	This means that labor productivity at HEIs is growing at a higher rate than the economy as a whole.
	$B_1 < 0$	This means that labor productivity at HEIs lags behind the growth rate of the economy as a whole..
Changes in wages	$B_2 > 0$	This means that wages in HEIs are higher than the rate of general economic wage growth.
	$B_2 < 0$	This means that wages in HEIs lag behind the rate of wage growth in the economy as a whole.
Price changes	$B_3 > 0$	This means that the contract prices in HEIs exceed the general economic growth rates of prices.
	$B_3 < 0$	This means that contract prices in HEIs lag behind the general economic price increase.
Income deficit	$B > 0$	This means a decrease in the level of income deficit.
	$B < 0$	This means an increase in the level of income deficit.

Conclusions

Correct assessment of external factors is very important in the sustainable financing of the costs of HEIs. Since not taking into account such factors can make it difficult to take effective measures in the financing of HEIs. This can lead to industry-specific problems such as consequential wage imbalances, price freezes, and inappropriate use of labor resources. The presence of specific instruments on the external factors related to the financing of HEIs makes it possible to use relatively more accurate and effective evaluation criteria in this regard. Regular evaluation of their sensitivity to external factors is important for proper long-term financing of the expenses of the HEIs. Having a set of indicators that should be used for empirical observations greatly simplifies the process of analysis and diagnosis.



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