The Nexus for Education on Economic Growth: The Case of Turkey

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ABSTRACT

Purpose – Human capital has consistently been recognized as one of the major factors driving the economic growth of a nation. It is essential to make the education sector, which plays a major role in development of human capital, more responsive towards the changing demands of an economy. Extensive literature on this subject presented a close relationship between role of education and economic growth of the nation. The present study examines the impact of Turkey’s education sector on the economic performance of the country for the time period 1999-2016. Additionally this study investigated the inverse relationship between them i.e. whether the rising economic growth of Turkey is also contributing significantly in education.

Design/methodology/approach – Economic growth theories including classical Cobb Douglas model search impact of education level on economic growth. This paper studies whether schooling rate, vocational education and other education improvements had positive impacts on economic growth for Turkish economy. In order to search the relation between human capital and economic growth trend analyses, stationarity analyses, ARIMA modelling, causality search and cointegration tests made for education variables in Turkey.

Findings – Improvements in education level has positive impacts on economic growth for Turkish economy. The econometric analyses supports that hypothesis.

Discussion – Human capital has strong impact on economic development for future success of Turkish economy. Improvements in education level reveals the human capital and economic growth relation in long term.