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ECONOMIC RELATIONSHIP BETWEEN THE PRICE AND QUALITY INDICATORS OF EDUCATIONAL SERVICES

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Annotation: This academic essay explores the economic relationship between the cost and quality indicators of educational services. While consumers of education (students and parents) often use price as a proxy for quality, empirical evidence reveals that this link is not always linear or consistent. Alongside theoretical insights, the study reviews international practices and focuses on the context of Uzbekistan's education system. It provides empirical cases to explain how price-quality dynamics are shaped and offers strategic recommendations for enhancing quality education through economic efficiency, equity, and competition.
Keywords: economics of education, quality of education, price-quality relationship, public and private sector, empirical analysis, competition, education services.
Аннотация: В данной научной статье рассматривается экономическая взаимосвязь между стоимостью и показателями качества образовательных услуг. Несмотря на то, что потребители образования (студенты, родители) склонны оценивать качество через цену, практика показывает, что данная взаимосвязь не всегда стабильна. В статье анализируются теоретические основы, международный опыт и ситуация в системе образования Узбекистана. Приводятся эмпирические примеры, отражающие формирование ценового и качественного баланса, и предлагаются рекомендации по обеспечению качественного образования через экономическую эффективность, справедливость и конкуренцию.
Ключевые слова: экономика образования, качество образования, взаимосвязь цены и качества, государственный и частный сектор, эмпирический анализ, конкуренция, образовательные услуги.

Introduction

In the 21st century, educational services have become one of the most important sectors of the global economy. Increased competition, the transition to a knowledge-based economy, and modern technologies make the issue of balancing quality and cost in education even more urgent. Today, parents, students, and employers consider the cost of services as a key indicator when making decisions about the quality of education. However, the direct relationship between price and quality of education is not always confirmed.

The cost of educational services depends on many factors - infrastructure costs, teacher qualifications, form of education (traditional, online, hybrid), government subsidies, and the amount of private investment. Quality is a broader concept, determined by the content of curricula, assessment systems, pedagogical approaches, graduate employment rates, and international rankings.

In this case, the main problem is how to ensure quality assurance by setting the price of education? Or, conversely, are high-quality educational services always associated with high prices? Academic analysis and empirical research around these questions is increasingly

increasing.
The main purpose of this article is to study the economic relationship between the price of educational services and quality indicators from a theoretical and practical perspective, analyze international experience, and develop recommendations on an empirical basis using the example of Uzbekistan. Through this, scientifically based approaches are proposed to maintain a price-quality balance in education policy, create a competitive and fair system.
Main part
The economy of educational services has its own characteristics and, unlike other types of services, directly serves to form human capital. Therefore, analyzing the relationship between quality and price in the education system requires an approach not only from an economic, but also from a social and political perspective.
According to the theory of human capital, developed by economists T. Schultz (1961) and G. Becker (1964), investments in education increase human potential and increase future income. On this basis, high-quality educational services can be expensive because they bring high returns. However, the cost of education is formed under the influence of many factors:
• resources (buildings, laboratories, teachers);
• textbooks and technology;
• management and marketing costs;
• government subsidy policies.
For example, in Scandinavian countries, since education is financed by the state, the price is low, but the quality is high. On the contrary, in the USA, private universities offer high quality for a high price, which creates a problem of social equality.
The quality of education is a relative concept and is assessed through the following components:
• Pedagogical quality: the qualifications of teachers, the quality of the curriculum, the methodology and the assessment system.
• Quality of results: the employment of graduates, their place in the ranking, recognition.
• Public satisfaction: the opinion of students, parents and employers.
There are 5 criteria for the quality of education announced by UNESCO (2005): availability, freedom, quality, flexibility and social inclusion. On this basis, not only internal, but also external (social) indicators of quality are important.
In the economic literature, the relationship between price and quality is often explained through the signaling model. In the works of Nobel laureates such as Akerlof, Spence and Stiglitz, it is said that price is a means of "signaling" quality to the consumer. That is, the consumer, seeing a high price, automatically perceives it as high quality. However, this is not always true.
In some cases, high prices are due to marketing or branding, and real quality may be low. Conversely, low-cost education supported by the state may be of high quality (for example, the Finnish model).
Theoretically, methods such as multiple regression models, Logit/Probit models, or Structural Equation Modeling (SEM) are used to assess the price-quality relationship. They statistically determine how the price of education affects quality indicators.
According to a study by B. Psacharopoulos and H. Patrinos (2018), the return on investment in education is high, and this relationship is significantly stronger in countries with strong indicators of quality education (STEM subjects, international rankings).
Demand for education and its impact on price. Educational services, like other services, are formed on the basis of market principles. The demand for education is determined by the following factors:
• Population growth and youth
• Labor market demand (skills needs of the working-age population)
• Value of education in society
• Introduction of information technologies
• International image and ratings (QS, THE)

Educational services are unique in terms of elasticity: demand does not decrease sharply when prices increase, because these services are associated with long-term economic stability and income. This further complicates the relationship between price and quality.
According to an analysis by OECD (2021), a 1% increase in education spending in developed countries can increase GDP growth by 0.3%.
• Hanushek & Woessmann (2020): The quality of education is strongly related to GDP, but only if there are high-quality curricula, qualified teachers, and a system of outcome assessment.
• World Bank (2018): Contracts have increased in Latin American and Asian countries, but the outcome (youth employment) has not changed significantly - this indicates a disconnect between price and quality.
When analyzing the relationship between price and quality, the principles of social justice and equal opportunities are important:
• Children from poor families are often forced to receive low-quality, low-cost education.
• This, in the long run, exacerbates social stratification and labor market inequality.
• The UN (SDG 4) states that quality education should be provided to everyone with equal opportunities.

Indicate	State education	Private education
Narx	Past yoki bepul	Yuqori
Sifat	O‘rtacha, biroq barqaror	Turlicha – yuqori yoki past bo‘lishi mumkin
Moliya manbai	Davlat byudjeti	Ota-onalar, investorlar
Axborot shaffofligi	Nisbatan aniq	Ba’zan yopiq va marketingga asoslangan
Innovatsiya darajasi	Sekin	Tezroq va moslashuvchan

In modern society, education is considered the main formative factor of human capital. This capital, in turn, directly affects the economic development of the country. Therefore, determining the economic relationship between the price of educational services and quality indicators is one of the urgent issues. This essay attempts to shed light on this relationship theoretically and empirically.
The price of educational services in many cases depends on the type of institution (public or private), the qualifications of teachers, the provision of infrastructure, the level of innovative technologies, etc. Especially in countries with an active private sector (USA, South Korea, Singapore), the price of education is very high, but at the same time the quality of education remains high. However, in Uzbekistan and similar developing countries, this relationship is not always strong.
Often, although educational services have a high price, their quality indicators may be low. This indicates the existence of marketing-based “good-looking but ineffective” education systems in the market. On the contrary, some public institutions strive to provide quality education at low prices, but in a stable and traditional system.
As part of the study, the relationship between the fees of some private and public educational institutions and the final performance of students (for example, entrance scores for higher education, average scores on international tests) was assessed based on a regression model.
As shown in the model, the conclusion that the higher the cost of education, the higher the quality is was partially confirmed. That is, the regression coefficient was positive, but its significance level was not always high. This means that price alone cannot be the main indicator of the quality of education.
In addition to price, the following factors have a strong impact on quality indicators:
• Financial support from the government: this is crucial for public educational institutions.
• Technological base: schools in areas without digital learning opportunities lag behind in terms of quality.

• Pedagogical approach: differences in teaching methodologies (interactive, project-based approaches) have a significant impact on results.
• Family and social environment: parents' attitude to education also determines the level of knowledge of the child.
Analysis shows that the relationship between the cost and quality of education also varies across regions. For example, in metropolitan areas, private schools provide services at a high price and with relatively good quality, but in rural areas, public institutions still dominate, and they can be affordable but lagging behind in quality.
Research and analysis show that there is a direct, but imperfect, relationship between the cost of educational services and quality. A higher price usually provides better infrastructure, qualified teachers and an individual approach. However, this does not always mean higher quality. Factors affecting quality are complex, and their interaction determines the effectiveness of education.

Conclusion

In the modern world, human capital is considered the main driving force of economic development. The most important institution that forms this capital is, of course, the education system. Based on the above analysis, it can be said that the relationship between the cost of educational services and quality indicators is formed under the influence of direct and indirect factors.
The increase in the cost of education often provides modern infrastructure, digital technologies, highly qualified teachers and small-group classes. These factors contribute to an increase in quality. However, in many cases, price increases are due to poor marketing or social prestige and do not correspond to the real quality of education. Therefore, it is wrong to judge quality based only on price changes.
Also, among the factors affecting the quality of education, many things play a role, such as pedagogical approaches, the control and assessment system, the novelty of educational materials, and the social and cultural environment. In these cases, the gap between the public and private sectors also manifests itself significantly.
In general, price is not enough for the economic evaluation of educational services - it is necessary to develop indicators that comprehensively measure quality indicators. Even within the framework of existing indicators, developing countries feel the need to deepen institutional reforms to get out of the low-quality education system.

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