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## **ABROAD EXPERIENCE OF DEPENDENCE ON THE LEVEL OF EDUCATION AS A FACTOR OF THE GROWTH OF THE SHADOW SECTOR IN THE ECONOMY**

*The article analyzes the foreign experience of dependence on the level of education of the population as a factor that can influence the growth of the shadow sector in the economy, and in turn create threats to the national economic security of the state. A direct connection between the informal employment of the population and the low level of education in the state has been determined. It was concluded that the connection between the level of education and informal employment, that is, employment in the shadow sector of the economy, is directly related to the level of technologies used in production, the effectiveness of organizational and economic structures and innovative development, and the impossibility of improving qualifications due to the implementation of state programs is not leaves workers with opportunities to get formal jobs and pushes them into the shadow sector.*

**Key words:** *shadow sector, shadow economy, economic security, level of education of the population, innovative development, employment of the population.*

Formulation of the problem. The connection between the level of education and informal employment, that is, employment in the shadow sector of the economy, is directly related to the level of technologies used in production, the effectiveness of organizational and economic structures and innovative development. The low level of education provokes the development of the shadow sector, in which progressive competitive technologies are not used and highly competitive goods are not produced. The shadow economy is aimed at such production, from which it is easy to exit due to its simplicity, in order to open a new unofficial enterprise in a new place, which does not involve high investments. The issue of the level of education of the population, which is directly related to the growth of the shadow sector in the state,

is extremely important at a time when the state needs transparency in the economy, needs a more thorough study and the provision of adequate recommendations.

Analysis of recent research and publications. A number of scientists dealt with the issue of studying the factors that provoke the emergence and development of the shadow economy based on world experience: Chen M. A. Autio T. Taylor P. S, but it needs a deeper study and the provision of an adequate proposal for improving the system of economic security of the state.

Presenting main material. A special place in solving the issue of national economic security by increasing the human potential of the nation is occupied by the issue of the effectiveness of the education system, which is also in the area of responsibility of the state authorities.

In the study of Ege. The article "Scale and Consequences of the Shadow Economy for Turkey" attempts to analyze the average level of education in different social groups of the population at the same time as the level of their social security, life expectancy and the share of people participating in the operations of the shadow sector in each social group. The author showed that an increase in the level of education simultaneously correlates with a decrease in unemployment, an increase in life expectancy, and a decrease in child mortality. In addition, the level of education increases simultaneously with economic growth and the amount of tax deductions.

However, for Turkey, the relationship between educational attainment and official unemployment is lower than expected. It is possible to assume that in Turkey the enterprises of the shadow sector are also interested in attracting educated citizens. However, we see that the level of employment of educated citizens in the official sector is significantly higher than in the shadow sector. Educated citizens are not inclined to cooperate with the shadow sector of the economy, and the level of their demand in the official sector is quite high. Data analysis shows the dependence of the intensity of cooperation with the shadow sector on the level of education.

It is possible to determine a direct connection between the informal employment of the population and the low level of education. It should be noted that the impossibility of obtaining the desired level of education is perceived by those interested in it as a result of the low level of social security guaranteed by the state. Low-skilled workers who are not in demand in the formal sector of the economy are looking for an opportunity to work, regardless of the status of the enterprise that

offers it. It is for this reason that low-skilled workers work in the shadow sector.

Unskilled labor when used in the formal sector of the Turkish economy is considered by employers to be inefficient, even at low wages, because it involves social and tax deductions that make its use unprofitable from the point of view of obtaining a profit. This is considered as a factor for the constant growth of informal employment, that is, the shadow sector of the economy.[5] In connection with the lack of education of the population, the growth of informal employment can be very significant in Turkey.

The relationship between the level of education and informal employment, that is, employment in the shadow sector of the economy, is directly related to the level of technologies used in production, the effectiveness of organizational and economic structures and innovative development. The low level of education provokes the development of the shadow sector, in which progressive competitive technologies are not used and highly competitive goods are not produced. The shadow economy is aimed at such production, from which it is easy to exit due to its simplicity, in order to open a new unofficial enterprise in a new place, which does not involve high investments. On the other hand, economic conditions are currently subject to continuous change, which often makes new specialties and skills in demand that are not possessed by persons working in formal enterprises.

The impossibility of improving qualifications due to the implementation of state programs does not leave workers with the opportunity to get official work and pushes them into the shadow sector. In the shadow sector of the economy, technologies are used, the use of which is associated with large investments and can be classified as low-tech. Informal employment here has the advantage that it allows workers to apply insufficiently developed professional competences in connection with outdated or primitive technologies that are present in this sector of the economy.

The fact that the low quality of Turkey's education system, the insufficient coverage of the population and the lag in the teaching of the knowledge that forms the sought-after professional competences are among the main problems of Turkey, the majority notes. [2]

Among other reasons for the increase in the number of people employed in the shadow sector (hence, the growth in the volume of the "shadow" product), it is appropriate to mention the mass migration of the rural population to the city,

characteristic of Turkey. The rate of increase of the urban population with the help of rural resettlement is 2.5% per year. This rapid growth of an undereducated population has created a labor market from which personnel willing to work in informal employment are recruited. The presence of this labor market is the reason for the decrease in the average level of wages, which in turn does not allow workers to spend money on improving their qualifications and educating their children. Thus, here too we see the recursive influence of the causes and consequences of the factors that determine the development of the shadow sector of the economy.

Another form of influence of the shadow sector on the level of education and the mutual influence of a low level of education on the growth of the shadow sector is the use of child labor in the shadow sector. The use of child labor is traditional for the Turkish economy, and tends to be transferred to the criminal sector, that is, to the sector in which operations that are expressly prohibited by law are implemented.

A decrease in the volume of the shadow sector would mean a decrease in the demand for unskilled labor, which, in turn, would increase the need for education among the population. In the shadow sector of the Turkish economy, there are enterprises that, as a rule, do not use high-tech processes and do not have significant capital. Consequently, in those industries in which entities of the shadow sector are concentrated, there is a slow development of production. The competitiveness of the products produced in these industries decreases, and as a result, the income on capital invested in the industry decreases. [3]

A high standard of living of the population is the basis of stability and economic security of the country. The constant positive trend of economic development reduces the shadow sector of the economy. However, the high rate of inflation in Turkey is a significant obstacle to reducing the volume of the shadow sector. In order to reduce the rate of inflation, it is necessary to create opportunities for intensive economic development, the basis of which should be an increase in labor productivity. Without the implementation of educational programs, it is impossible to attract labor resources to high-tech production, implement innovative projects and increase GDP per capita.

Therefore, a high level of education of the population ensures the stability of economic development. In turn, a high per capita GDP allows citizens to spend more and more money on improving their education. However, the beginning of this process lies in the sphere of implementation of state programs and increase

of state expenditures on educational programs. Implementation of state programs is possible at the expense of the budget, which is provided as a result of economic growth.

Uneven redistribution of national income, as many economists note, is one of the main reasons for the growth of the shadow sector of the economy. The population receiving a small share of the national income moves to the informal employment sector in order to save on taxes and thus increase its share of income. The involvement of child labor in families also solves the problem of increasing the total family income, which is especially important for families living in poverty. [5] The expansion of the population, which is close to this limit or has crossed it, forces it to seek employment in the shadow sector, ensuring the growth of the product produced in it and the share of the shadow GDP.

At the same time, unofficial employment of the shadow sector recursively reduces the possibility of a fair redistribution of national income among all other subjects of the economy. The reason for this situation is the lack of inflows of funds to social funds from persons whose employment is not officially registered. Therefore, insufficient funds are accumulated in the funds for the state to carry out an effective social policy. This increases the inequality of income redistribution, generating factors of social tension and conflicts that pose threats to national security.

A direct consequence of the above considerations is the conclusion that the growth of wages in the official sector of the economy will allow to increase deductions to social funds and reduce the uneven distribution of national income. Wages are the main motivator for regulating the distribution of labor resources between the formal and informal sectors of the economy. The growth of social funds will increase deductions for the implementation of educational programs, increase the efficiency of the use of human resources, that is, the value of national human capital. Such a state of affairs will be a direct manifestation of mutually beneficial cooperation between citizens and the state, which means an increase in the level of national economic security.

The uneven distribution of income of citizens working in these sectors reflects their social inequality in terms of wages in high- and low-productivity sectors of the economy. This forces us to talk about their forced work in the shadow sector, which is determined by the impossibility of finding an official job due to low professional competences, that is, a low level of professional education.

The difference in wages is such that there is an obvious opportunity to cover the costs of education of persons engaged in activities in the shadow sector at the expense of social deductions in the sector of the official economy. [3]

Another problem that is characteristic of Turkey and gives rise to the growth of the shadow sector of the economy is uncontrolled population growth. The growth of the population, which is ahead of the growth of the national income, reduces the possibility of successful implementation of state social and educational programs, does not allow to ensure a uniform increase in the well-being of citizens.

The outpacing of population growth rates relative to GDP growth rates is expressed primarily in the growth of the unemployment rate. The rapid growth of the population of Turkey, as well as the replenishment of the labor market at the expense of the rural population, are significant factors in the growth of the sector of the informal economy. We can trace the presence of a direct relationship between the level of education of women in Turkey and population growth, that is, the number of children in families.

An almost symmetric inverse relationship between the rate of population growth in Turkey and the change in the share of women among persons obtaining higher education was revealed. Thus, improving the quality of education of the population not only increases the efficiency of production and the level of national human capital, but also provides an opportunity to raise more competent and educated people in families, and also increases the potential of state educational programs, the funds of which are spent more "addressably". By indirectly reducing the rate of population growth, the level of education of women promotes more full employment and reduces opportunities for the growth of the shadow sector. [1]

As you know, unemployment is one of the important factors in the growth of the shadow sector of the economy. Insufficient growth rates of modern production leave undemanded labor resources that are used in enterprises that require a low level of education and a smaller amount of investment. These are often enterprises that use informal employment, that is, those that can be classified as the shadow sector of the economy. In addition, low-skilled workers are a layer of workers who first of all lose their jobs in a situation of economic crisis. They are the ones who move to the informal sector in case of dismissal from legal enterprises.

The replacement of outdated means of production with high-tech equipment in the industrial sector also leads to a reduction in unskilled workers who seek

employment in the informal, low-tech sector.

Providing workers with a decent level of education, conducting training programs prevent the outflow of labor from the official to the unofficial (shadow) sector. Without adequate labor resources, the informal sector will not be able to increase the output of the “shadow” product and will weaken the threat to the national economy.

Turkey’s education policy does not meet the requirements of providing the labor market with a highly qualified workforce. The following reasons are called the main ones:

- specialist training programs in educational institutions are not oriented to the needs of the economy and do not prepare graduates for the in-demand specialties;
- the system of professional retraining of personnel for again does not work emerging directions and conditions of production activity.

These two conditions are the main reasons for the formation of labor resources that do not meet the needs of the modern economy. These labor resources can find demand mainly in the shadow sector, unable to implement expensive production modernization projects. [4]

As mentioned earlier, the decline in tax morale is one of the significant factors behind the growth of the shadow economy. At the same time, the lower the tax morale in society, the higher the tendency to engage in tax evasion activities. Further, the less taxes are paid by those subjects who have such an obligation, the greater the tax burden is assigned to honest economic agents. An excessive tax burden makes economic activity low-profit or unprofitable, which is an incentive for tax evasion and transfer of production to the shadow sector. Such recursion is the decline of tax morale in connection with the growth of the tax burden in Turkey.

Effective educational programs that provide the economy with a high level of human capital, create a basis for the introduction of highly effective technologies, give an impetus to the economic development of the country, which will be reflected in the emergence of new jobs, ensure the employment of the population, increase tax collections and reduce the tax burden on one economic unit. This cascading process with positive recursive dependencies will eventually lead to an increase in the tax morale of the population. A number of studies conducted in the cities of Turkey support this opinion. About the relationship between the level of education of the population and its tax morale.

A sufficient level of education allows you to better understand the principles and tasks of tax policy and realize the importance of collecting taxes to ensure appropriate social protection, including for yourself personally. They indicate the dependence that is revealed between the level of education of the population of different countries and the level of tax collection. Education provides an understanding of tax policy as a basis for the implementation of social, including educational, programs. This condition increases tax collection, which increases the social security of citizens, and in turn provides them with awareness of the state's performance of its socio-economic functions as the basis of national stability and economic security. This, in turn, is the basis of compliance with the principles of tax morality.[2]

The above studies show the dependence of the size of the shadow sector on the level of education of the population participating in it. This condition occurs in various branches of production. At the same time, it is fair to conclude that by focusing efforts on the implementation of educational programs, the state will reduce the influence of factors contributing to the growth of the shadow economy in Turkey.

Conclusions. Requirements for the level of education of working citizens are directly related to the level of technologies used in production, the efficiency of organizational and economic structures, and the degree of innovative development. Such productions require the involvement of highly qualified employees, therefore, educated citizens are not inclined to cooperate with the shadow sector of the economy, and the level of their demand in the official sector is quite high.

The impossibility of improving qualifications due to the implementation of state programs does not leave workers with the opportunity to get official work and pushes them into the shadow sector. In this, the absence of educational state programs to achieve the required education is perceived by those interested in it as a consequence of the low level of social security guaranteed by the state.

The low quality of the education system in Turkey, its insufficient coverage of the population and the lag in the teaching of disciplines that form the required professional competences are one of the main problems of Turkey. The increase in the number of people employed in the shadow sector (hence, the increase in the volume of the "shadow" product) is caused, among other reasons, by the mass migration of the rural population to the city, characteristic of Turkey. The rapid



growth of an undereducated population has created a labor market from which personnel willing to work under conditions of informal employment are recruited. The presence of this labor market is the reason for the decrease in the average level of wages, which in turn does not allow workers to spend money on improving their qualifications and educating their children.

A high level of education of the population will ensure the stability of economic development. In turn, a high GDP per capita allows citizens to spend more and more money on improving their education level, and the growth of the formal sector of the economy will increase tax deductions that can be directed to improving the level of education of the population. State educational programs will increase the efficiency of the use of human resources, that is, the value of national human capital. Such a state of affairs will be a direct manifestation of mutually beneficial cooperation between citizens and the state, which means an increase in the level of national economic security.

Declining tax morale is also one of the significant factors in the growth of the shadow economy. Effective educational programs, providing the economy with a high level of human capital, will create a basis for the introduction of highly effective technologies, will give an impetus to the economic development of the country, which will be reflected in the emergence of new jobs, ensuring the employment of the population, increasing tax collection and reducing the tax burden on one economic unit, which will make the tax burden reasonable and ensure an increase in the level of tax morale. Education provides an understanding of tax policy as a basis for the implementation of social, including educational, programs. , in turn, is the basis of compliance with the principles of tax morality.

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