

Corporate Education as an Instrument of Russian Human Capital Development

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Abstract

The paper analyzes the role of corporate education in the process of Russian human capital development. The development of corporate education in the context of the policy of modernization in Russia is examined. The tendency of corporate education institutionalization in Russia is described. The role of corporate education in forming a social capital of a corporation, and, to some extent, of society as a whole, is examined. It has been proved that the corporate education becomes a factor of the Russian modernization in social and economic spheres. The conclusion is made that the corporate education in Russia acts as a significant instrument of developing the professional structure of the society and human capital.

1. Introduction

The goals of current modernization policy of Russia suppose the priority development of human capital. The problem of human capital development is considered as the most important condition of the national prosperity, strengthening the competitive capability of Russia, creating the innovative economy. The power and society clearly realize that such traditional “diseases” of Russian economy as a low labor productivity, innovation technology resistance, management inefficiency are mainly stipulated by the insufficient level of human capital development. The human capital being formed by means of investments in the rise of people living standards and life quality, the intellectual activity, one of the most important conditions of its increase is the efficient educational policy appropriate to the needs of economy and society. Nowadays Russia is faced with the problem of improving the professional education, integrating it in the processes of economic modernization. One of the ways of increasing the effectiveness of professional education is the development of different forms of further

professional education including the corporate education.

The purpose of this paper is the analysis of the corporate education in modern Russia as a consequence of reformation of socio-economic field and a factor of human capital development, its qualitative growth. During recent 10 years there has been a tendency of institutionalization of the corporate education system in Russia. In spite of the economic grievances connected with the crisis, the development of corporate education as an element of the Russian system of education continues, the basis of organization and standards of educational process are consolidated, the principles of management are worked out, the relationship with the state educational structures are formalized.

The corporate education can be defined as a purposeful personnel training in accordance with the company and market requirements, the corporation taking organizational and financial part. In Russia the corporate education acts as an emerging social institution providing the satisfaction of business needs in knowledge management, professional workers’ adaptation, forming and translating the corporate culture.

The system of corporate education is formed as alternative against the traditional system of vocational education. Firstly, it differs in the organizational parameters i.e. system of financing, training forms and periods. Secondly, it differs in the content that is in the range of educational services and subject trend. Thirdly, it is different in the values and purposes determined by the company strategy. But these differences, in the author’s opinion, allow the two systems to supplement each other, create the ample opportunities for the human resource development and for solving the problems of the country modernization.

The socio-cultural context of corporate education development in Russia will be considered in the report. The process of institutionalization of corporate education will be described. The economical effects and social significance of corporate education will be analyzed. The corporate education will be considered as an instrument of human capital “modernization”.

2. Development of corporate education as a consequence of reforms

In the former Soviet Union there was a wide network of branch institutes training the personnel for a certain production field. But these branch institutes had never considered the process of professional education as a modernization factor as it was required by neither the ideology and nor the extensive economy. Furthermore they practically ceased to exist with the beginning of reforms in 1990s. Therefore it is rightful to connect the development of corporate education in Russia with the beginning of profound economical transformations. In the course of reforms the tasks of technical modernization and even just maintenance of production capacities revealed the necessity of personnel training, forming the skills of production management in the new economic situation.

In developed western countries the advent of corporate educational structures was connected, in the first place, with the increasing competition in globalization conditions, in Russia it was dictated by the obvious lag of the domestic companies behind the world standards of the intellectual capital development. In our country the necessity of corporate education development was induced by the tasks of production modernization (increasing the knowledge content, changing the key technologies, intensive equipment replacement), and acceleration of growth of companies' intellectual capital.

The intellectual capital is connected with the intangible assets of production; however there is a certain formal indicator for expressing these "intangible", "soft" resources. Tobin's q is applied for the cost estimate of the intellectual capital value – it is the ratio between the company market value and replacement value of its physical asset: buildings, equipment, resources. If Tobin's q is considerably more than 1, it is possible to conclude that the company actively uses the intangible assets such as personnel knowledge, skills, management structures, company image or brand etc.

Many Russian companies' Tobin's q is less than 1, it is the evidence of investing mainly in the tangible assets. Only the most successful competitive companies using the effective management system, information technologies, the companies which created the recognizable and credible brand have the relatively high Tobin's q against this background. In such context the task of intellectual potential development was and is strategic not only for an individual enterprise or corporation but also on the national scale. This problem is clearly realized by the leading corporations and the goal and task setting in

all the major Russian corporate universities are indicative of it.

Such social factors as unevenness of the Russian regions' development, quantitative and qualitative (structural) inequality of supply and demand for labor force have taken its toll in the development of corporate education. For example, the population density in Eastern Siberia is very low, and at the same time the resource development of Eastern Siberia is considered to be a strategic mission for Russia. Russia is already lacking the labor force and according to the expert forecasts the scarcity of labor will rise in the near future. Russian employers will have to get immigrants involved in solving the production problems, the immigration of highly skilled specialists being hardly expected. More than 40 % of migrants coming to Russia don't have any professional education and can be engaged only in unskilled labor activity. It is necessary to provide the opportunities of retraining and advanced training for the certain migrants including the possibilities based on the principles of cooperation of the business and the state [1]. In this situation Russian corporations set the problem of working out the set of measures to develop the labor market, labor force quality, to overcome the labor shortage. And the corporate education is an important element of such programs, as it allows solving the problem of training the personnel of different professional standards for the purpose of "leveling" the standards and redistributing the labor force.

It is necessary to mention the problems of the traditional system of professional education. The elementary and secondary vocational education turned out to be destroyed in the course of the years of economic reforms. The negative effect of Russian reforms is today's acute shortage of professional workers (we mean labor power) in power industry, ship building, oil production and some other branches of economy [2]. The corporate educational structures responded to that imbalance quicker than the traditional ones having begun training the regular labor force within the frameworks of their educational centers and later in corporate universities. Training workers is still an important area of corporate education. And in the leading corporate universities of Russia even in crisis conditions workers were trained practically on the same scale, and in some aspects even on a greater scale than in the year before the crisis [3].

The share of population with higher education in Russia is higher than the average for OECD countries [4]. But such a high level of education does not provide economic growth and social welfare. In the field of higher education the problems are the poor resource base (laboratory equipment,

simulators) of many Russian higher educational institutions and also inadequate correspondence of competencies of university graduates to the practical requirements of modern production. In modern conditions even in leading western countries the traditional system of professional training often turns out to be inefficient, it doesn't provide the employers with the drift of labor and the trainees are not provided with the stable social status. It manifests in distinguishing between specialists having diplomas and those who have qualifications. The relationship of educational institutions with the employment market in Russia as well as throughout the world is becoming less reliable and assured than before. In the Russian Federation according to the social research conducted in 2008 only 39 % of respondents said that they worked in the specialized field they had qualified within the system of professional education. 18 % more said that they worked in allied trade and almost half of respondents, 43 %, said that they worked in other specialized field. Obviously, there are considerable divergences between the structure of the personnel training carried out by traditional educational institutions and labor market requirements [5]. Such gaps can be bridged via the system of further, particularly, corporate education. It is worth emphasizing that in comparison with the traditional educational establishments the private corporations display greater mobility and flexibility on the issues concerning the organization of training their employees.

This mobility is accounted for the fact that corporations don't solve the macroproblems of education. Unlike the state that has to care of the progressive development of the nation and the even professional human resourcing the economic needs, the corporate education caters for the order which is formed in accordance with the company's labor requirements. It limits the scale of the decisions made but gives them greater specificity and feasibility.

3. Institutionalization of Corporate Education in Russia

The mentioned circumstances force the corporate education to act as an instrument of developing the professional structure of the society and the human capital. One might speak about the pronounced tendency of corporate education institutionalization. In the country the corporate educational institutions function successfully, the specific educational environment is being formed, the corporate educational standards and the systems of monitoring

and planning the human resources are being developed.

The corporate education evolved from organizing the corporate training centers providing the fragmentary educational services on the requests of company separate subdivisions to creating the large-scale educational structures – corporate universities. A corporate university is regarded as a system of inter-firm education integrated by the common concept and methodology within the framework of company development strategy. The strategic missions of a corporate university are corporate knowledge management; creation of innovation environment in the company, elaboration and realization of personnel development strategy; standardization of corporate education programs; elaboration of normative base. Unlike a training center a university is an important element of corporative management and not just a set of teaching procedures.

In Russia the first corporate universities appeared in early 1990s, but in those years they were image-rather than business component of Russian corporations. Today the situation has changed and universities of major companies take an active part in solving the key problems of the corporations' development such as personnel training, optimization of companies' management systems, implementation of youth programs, brand designing, development of professional standards, comparison of corporation experience with the advanced experience in the branch (benchmarking).

The corporate universities of major corporations are the structures integrating a great number of educational institutions acting on a common basis. Establishing such structures allows training company personnel of all levels from the workers of lower positions to the top managers and forming the common education space for the production needs. Many Russian corporate universities evolve in contact with the major western companies and corporate universities translating the western experience and education technologies, getting the skilled foreign staff involved in training the personnel of the Russian corporations. It is of great importance both for the development of an individual company and the practice of professional education. The logic of the corporate education development leads to setting a mission of developing the common model of a corporate university in recent years. In spite of the differences in types of activity and companies' strategies the professionals arrive at an idea that it is necessary to design a common model of a corporate university to speak in one professional language in the world of corporate education.

One more type of corporate university – a structural subdivision of a conventional university – is developing in Russia. Such form of cooperation between business and education is mutually beneficial. Business is concerned with increasing the level of corporate education, it has to meet the most modern requirements of the professional community and it is hard to provide the appropriate level of corporate education without engaging the academic research resource. The interaction with the conventional universities is also attractive in terms of strengthening the brands of corporations, whose employees can be certified by the major conventional universities. In its turn the universities also consider the cooperation with business to be an important mission, as it is related to funding the scientific research, supporting the talented young people, developing the innovative study programs etc. As an example of such university we can mention the experience of establishing the corporate university of “Russneft” company in the Lomonosov Moscow State University – the oldest and the largest classic Russian university. The unit trains the highly skilled specialists of the new generation for oil and gas complex needs [6]. The basis of training is the idea of joining the efforts of several university faculties for designing the Master’s programs and business education programs taking into account the actual problems confronting the oil corporations today.

Another form of the corporate education – the institutes of advanced training included in the state corporations - has been developed in recent years. The specific feature of these forms is that they are the result of transforming the state institutes of advanced training – for example, the non-governmental educational establishment of “Rosatom” corporation “Central Institute of Continuing Education and Training” (NGEE “CICET”). The mission of the NGEE “CICET” is to raise professionalism and competency of nuclear workers to ensure safe sustainable development of the nuclear industry and competitiveness of the world market of nuclear technologies. This institute has the developed structure, the good reputation connected with its long work period within the system of professional education, close connection with scientific institutions. The NGEE “CICET” develops bilateral cooperation in the field of research, education and training in nuclear science and technology with a number of international organizations and educational establishments - European Nuclear Education Network Association (ENEN), Deutsche Energy-Agenture (DNA), Aalto University (Finland) [7].

As a sign of institutionalization we can consider establishing the organizations which by their

activities contribute to the peculiar “network effect” and strengthening the efficiency of corporate education. The organization regulating the interaction between business, authorities and providers of educational services - the International Association of Corporate Education (IACE) - was established in 2007 in Russia. The IACE activity is aimed at bringing the corporate education nearer to real business requirements and creating the close mutually beneficial cooperation between the three key players of this market: business organizations, educational institutions and the state. The purposes of this organization are positioning and promoting the corporate education, increasing the efficiency of investment in the human capital; consolidating the efforts of business community aimed at the development and implementation of professional standards; establishing the system of social accreditation of programs and academic staff in the field of corporate education; setting up the bank of information resources for the purposes of the exchange of knowledge and the best world practices.

The Russian Managers Association (RMA) has been working successfully for many years and contributing to the development of the Russian corporate education. It is a nation-wide independent non-governmental organization whose members are the representatives of large Russian business. Its activity is aimed at the comprehensive help to the transition of the Russian business community to the international standards and ethical standards of business conduct, integration of Russia into the international economic space, forming the positive attitude to the domestic business at home and abroad.

The factor and the manifestation of the corporate education institutionalization is also the system of its information support. Firstly, it is necessary to mention the significance of large information resources being at the disposal of certain corporate universities and available for all the participants of the education programs via the system of distance education. E-learning programs allow forming the information culture and personnel administrative skills, developing the knowledge management system. Also they are used for creating the common virtual space of users in large companies, whose multiple subdivisions are located in different Russian regions or even other countries [8]. Secondly, virtual and real discussion clubs, forums function actively within the corporate education system, “The Korporativnye University” (The Corporate Universities) specialized journal is published. In the context of these forms the issues of teaching methods, the technology issues, the place and the role of corporate studying in the education process in whole, the trends of education environment

development, the Russian and foreign experience of corporate education are being discussed. It is rightful to consider this as a reflection of the process of forming the normative regulators.

4. Corporate Education as a Factor of Social Capital Formation

The directors of many Russian corporations consider the problem of continuing education and personnel growth in the context of corporate social responsibility and not only the basis of economic success. The corporate social responsibility is an integral element of the modern business development strategy, the conceptions of the corporate social responsibility are included into the body of normative documents of all large corporations. The observance of these principles is considered as a basis of long-term and steady development of corporations allowing to combine harmoniously the successful business with the basic universal values and national priorities, and also as the contribution of business structures to forming the civil society in Russia. The “Social Charter of Russian Business” declares such challenges of business community as the assistance in revealing the professional and personal abilities of employees by means of the personnel development, creating the conditions for professional and career advancement, training, supporting the working capacity, creating the stimuli for productive efficient labor [9].

The corporate social responsibility means the social dialogue based on the condition that employers and employees have both competitive and common interests. The social dialogue promotes establishing the partnership, healthy climate in the relations between workers and company management, mitigates the risk of industrial conflicts, contributes to the human development – increasing the opportunities of self-development and self-realization. In this context the corporate education is challenged by not only personnel professional training but also by realizing in companies the programs of training the personnel of all levels aimed at forming the personal responsibility, analytical skills, emotional intelligence, aspiration for the result in the activity, educability. Many companies and enterprises implement the programs of career management. Developing the skills of cooperative decision making, commission of cooperative actions, culture of information exchange and interaction with external organizations in the course of training, the corporate education fulfils an important social function – it forms the social capital of the society on the corporate level.

The social capital is an integral component of the human capital. The social capital is the combination of social institutes, norms, values, networks and organizations which constitute the forms of interaction within the society and are its credit necessary for creating the individual and collective wealth. The feature of the social capital is that it can't develop independently on one society level, it becomes efficient in the consolidated (from the viewpoint of value paradigms and interaction patterns) society. That's why the development via the system of corporate education the attitudes of activity, initiative, responsibility contributes to forming the new value system of all the society and the development of the nation human capital.

It is also necessary to consider the development of corporate education in the context of continuing education. In modern conditions the strategic task of any state is to be creating the conditions for continuing education. The purpose of education in the democratic society is to give a person an opportunity of continuing education or in other words continuation of an opportunity of growing. In modern situation in Russia it is impossible to claim that these opportunities are widely given to the population, especially taking into consideration the unevenness of the regions' development. The international comparison shows that Russian population's participation in the process of continuing education is at a rather low level. On the average according to the data concerning 25 countries in EU members, 42 % of the country inhabitants take part in the continuing education, in Russia only one in four does. According to this indicator Russia ranks 25th among 30 European countries in which the investigation was carried out. In this context the encouragement of people self-education and continuing education is the condition for the development of innovation activity [10]. In the years to come the Russian government is planning to develop the sector of further professional education (advanced training, retraining). In accordance with the Conception of Socio-Economic Development of Russian Federation the conditions for participating in the continuous education by not less than 50 % of people of working age annually must be provided by 2020 [11]. There is every reason to believe that the corporate education development will become one of the ways of solving this problem.

5. Conclusion

The corporate education is an important element of modern system of professional education in Russia. It originated as a consequence of radical

changes in the economy and social sphere, modernization processes in the country. Its development was dictated by the requirements of the major corporations to train the personnel and form the governing bodies on the basis of western and domestic experience for the purpose of reorganization of former production or organization of new one.

Nowadays the corporate education in Russia is more and more acquiring the institutional features and acts as a significant instrument of developing the professional structure of the society and human capital. The continuous skill improvement and self-tuition of workers are the distinctive features of the modern high-technology production, one of the factors of increasing the human resource capitalization, a compulsory component of the public (social) modernization. The corporate education is becoming a factor of the Russian modernization in social and economic spheres. Staff training in the system of corporate education contributes to increasing the corporations' intellectual potential, eliminating the certain disproportions in the labor market, more dynamic socio-economic development of the regions which are the "presence zones" of corporations. It is possible to speak about the social efficiency of corporate education, forming the employees' active position via training, developing the corporation's social capital. The activity of corporate universities and educational centers promotes the dialogue between the business, state and education, provides innovation impulses for developing the state education sector facilitates the integration of Russia in the world economic and cultural space.

6. References

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