

MANAGERIAL RISKS OF HUMAN CAPITAL TRANSFER IN THE EDUCATION SYSTEM: THE CASE OF RUSSIA

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Abstract

The transfer of human capital of schoolchildren and students is its organized movement from school to colleges and universities and then to the labor market. The purpose of such a transfer is to form the quality of the human capital of youth in accordance with the requirements of the education system, society, and the labor market. Many of the risks of losing the quality of human capital during the transfer may be due to the «flaws» of educational management. The purpose of the article is to characterize the managerial risks of the transfer of students' human capital in Russia. Tasks of the article: 1) interpretation of the concepts of «transfer of students' human capital» and «managerial risks of human capital transfer»; 2) analysis of managerial risks of human capital transfer arising at various levels of management of the education system in Russia; 3) approaches to minimizing managerial risks of human capital transfer of Russian youth. Empirical basis of the article: 1) semi-formalized interviews with representatives of educational organizations of the Sverdlovsk region (2020, n=30); 2) analysis of the results of other empirical studies of Russian education that are close to the problem under study.

Key words: education, educational management, human capital of students, managerial risks of transfer of students' human capital

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Introduction

The theory of human capital has recently become a universal theoretical framework that is actively used to study modern society, the economy, and education (Tomlinson, 2021; Oswald-Egg, Renold, 2021). Meanwhile, the problem of adapting its main categories and theses to educational topics manifests itself both at the theoretical and empirical level. This concerns the general interpretation of the human capital of the subjects of education (Becker, 2009), its structure, approaches to measurement and evaluation (Kuzminov et al, 2019; Popov, 2020). The dynamics of human capital remains poorly understood, both in time and space, although this aspect is promising for development in the light of the constant changes in education itself and

its context (Carnoy et al, 2013), as well as the increasing mobility of students (Winogrodzka, Grabowska, 2021; Chankseliani, 2018).

Another aspect of the topic under study is the impact of educational management on the organization and results of human capital transfer in the education system. Management is the most powerful actor in education, with large legal, organizational, and financial resources. It creates the institutional design of this process, regulates it in accordance with its interests. Meanwhile, despite the efforts made, the quality of the students' human capital does not fully satisfy any subject of Russian education (students, their parents, the academic community, employers, and finally the state itself). It is enough to give three arguments: the first is the growth in the number of schoolchildren, students of colleges and universities, characterized by educational (academic) failure; the second is difficulties with employment of graduates of colleges and universities; the third is the growth of NEET youth after graduation. All this is evidence the barriers and risks that arise at the «input» and «output» of each level of education. Since the institutional conditions for the movement of young people are set by educational management, we can talk about the managerial risks of the transfer of students' human capital.

The object of the study is the organization of the transfer of human capital of Russian youth in the education system. The subject of the study is the managerial risks of human capital transfer in the Russian education system. The purpose of the article is to characterize the managerial risks of the transfer of students' human capital of Russia.

1 Empirical base and methods

The empirical basis of the article is the results of the project «Transfer of human capital of educational communities: from failure to success» (2019-2021). A semi-formal expert interview was conducted (n=36 people). The interview experts were representatives of educational organizations of various types in Yekaterinburg and the Sverdlovsk region RF (schools, colleges, universities, private educational centers). The selected educational organizations present the main levels of the Russian education system (school, secondary vocational, higher education). The selection of experts in organizations was carried out in accordance with two criteria: work experience in the field of education for at least 10 years and the availability of the necessary competencies (knowledge and experience) for evaluating education.

The obtained empirical material was compared with the results of other empirical studies of Russian education that are close to the problem. We studied the data of statistical and

monitoring studies on Russian education for 2016-2020. Important for the formulation of the conclusions of the article were the results of the author's research on Russian education, implemented from 2016 to 2020 in the Ural Federal District, the Sverdlovsk Region and Yekaterinburg. These include an empirical study on the project «Formation of a nonlinear model of Russian higher education in the region in the context of economic and social uncertainty» (2017) and «Parents and School: Interaction in the city's education system» (2019).

2 Results and Discussion

1.1 Transfer of students human capital and its management risks: theoretical interpretation of concepts

The students' human capital (schoolchildren, college and university students) is a set of cognitive and non-cognitive resources that allow them to achieve a certain level of educational success. Fig. 1 shows the structure of the human capital of educational communities.

Fig. 1: The structure of the human capital of educational communities

| | | | |
|------------------------|---|------------------------------------|--------------------------|
| Health Capital | Cultural capital | Moral capital | Social capital |
| | (III) Predictive resources | | |
| Educational motivation | Ability and readiness for professional self-determination | Value attitude to educational work | Achievable motivation |
| | (II) Behavioral resources | | |
| Subject knowledge | Subject skills | Subject skills | Metasubject competencies |
| | (I) Cognitive resources | | |

Source: author's research

The students' human capital should be considered not only as a stock of available resources, but also as a dynamically changing characteristic. The concept of «human capital transfer» integrates ideas about various types of human capital movement in the education system (from school to colleges and universities and then to the labor market). The transfer of human capital of educational communities is interpreted by the authors as the *movement of the students' human capital in the structure of the education system (between its levels, segments and organizations), institutionally and organizationally formed and leading to its redistribution both within the field of education and beyond (movement to the labor market)*. We can postulate

different types of human capital transfer of educational communities – horizontal (switching between educational organizations of the same level) and vertical (increasing the level of education).

The human capital transfer of schoolchildren and students is an organized process in the Russian education system. The purpose of such transfer is to form the quality of the human capital of young people in accordance with the requirements of the education system, society, and the labor market. The human capital transfer should lead to an increase in its quality and its value. However, during the transfer, both the enrichment and depletion of cognitive and non-cognitive resources can occur, as well as the transformation of educational motivation, value ideas about education, as well as all predictive elements. In this regard, we can talk about two vectors of this transfer – a positive one, which leads to the enrichment of the human capital of Russian youth, and a negative one, the result of which is educational failure with the full range of its destructive consequences.

Many of the risks of losing the quality of human capital during the transfer may be due to the «flaws» of educational management. By managerial risks, we understand the possibility of unfavorable scenarios for the human capital transfer to students due to inefficient management decisions. These risks may be caused by educational policy objectives that are not adequate to the public needs and interests of educational communities. Some of them are related to the incompetence of educational management at different levels of education. Some managerial risks are caused by resource deficits – a lack of finance, time, and information about real processes and contradictions that are developing in Russian education.

1.2 Identification and characterization of managerial risks of the students' human capital transfer

The subjects of educational management in Russia are presented in fig. 2. Macrolevel subjects are *actors* of human capital transfer. They set the institutional conditions, directions, mechanisms, speed, measures to support and stimulate the human capital transfer. The method of constructing the design of the human capital transfer in the field of education is the educational policy.

Fig. 2: Levels of education management in the Russian Federation

| | Secondary education (schools) | Secondary vocational education (colleges) | Higher education (universities) |
|------------|--|--|--|
| Macrolevel | Ministry of Education | | Ministry of Science and Higher Education |
| | Information and analytical institutes («think tanks») | | |
| Mesolevel | Ministries of Education in the federal subjects (regions) | | - |
| Microlevel | Municipal education departments | College administration | University management |
| | School administration | | |

Source: author's research

Meso- and microlevel subjects are *agents*. During the transfer process, they perform the functionality specified by the macro-regulator. As a rule, it has a template, regulated nature. A special group of subjects of human capital transfer consists of its *participants* – students, their parents, teachers. They participate in the transfer, having their own interests and goals, but adapt to the institutional design of the transfer, which is set by the macro-regulator.

At each level of higher education management, specific risks are formed. Some of them become end-to-end, i.e. they arise at the macrolevel and spread to the meso- and micro-level. The study made it possible to identify the management risks of human capital transfer at the macrolevel.

The first risk is *selective policy* – supporting capable and talented schoolchildren and students who demonstrate significant success in the scientific and educational field and ignoring students who have learning difficulties. Here are excerpts from the interview as arguments:

«The state does not have enough finances to support everyone. And it's an ungrateful thing to help an unsuccessful person. It is much more pleasant and effective to work with an already successful student, helping him to become even more successful. But we must understand that students become unsuccessful not because they lack these abilities, but because there are no effective methods and technologies that would allow them to approach success. Since we have a capitalist society, there is competition. But my attitude to this situation is ambiguous. It will lead to the fact that we will simply multiply a huge number of unsuccessful

people. And this leads to very negative consequences in society» (A. Zh., teacher of a school and university)

Selective policy is manifested not only at the macrolevel, but also in concrete schools and universities: «Our school administration has chosen a group of children who go to competitions. At the same time, information about trips is not announced at the parent-teacher meeting. And the rest of the children have a feeling of failure. This is a situation of social inequality, which is formed at the level of the school team» (E.G., university teacher).

As a result of the selective policy, talented students get additional chances to enter prestigious universities, and underperforming students are forced to choose universities with low entry requirements and low quality of education, or they choose a «professional» track (school – college) or fall into the NEET youth. The chances of improving the quality of human capital differ depending on the chosen track.

The second risk is *the creation of institutional conditions for directing the flow of school graduates to the system of secondary vocational education*. The Ministry of Education is taking measures to encourage graduates to transfer to colleges (secondary vocational education) after completing basic secondary school. Their share has now reached 60% of the graduates of the 9th grade. Meanwhile, according to experts, the macroregulator's attempts to reorient Russian youth to receive secondary vocational education as opposed to higher education today are not consistent in terms of solving the problem of the quality of human capital (Konstantinovskiy, Popova, 2020). They also carry risks for the youth themselves, as well as for the labor market and the economy (Klyachko, Semionova, 2018). Here is an excerpt from the interview:

«Students often refuse to continue their studies at school and from entering the university, because this is how propaganda worked. And the teachers insist, and the advertising promises a high-quality education in the secondary vocational education. Often, parents who do not have a higher education determine the choice of their child. But today, there are no guarantees of getting a quality college education. So far, these are only the promises of the state. In addition, college is a dead-end path: after it, few students enter universities» (A.V., director of the college). According to statistics, in 2020 only 12% of college graduates went to university. Five years ago, this share was 30% (Only 12% of college graduates..., 2020).

The third risk is the *chronic underfunding of Russian education*. This is another «end-to-end» risk. We observe a sharp reduction in education funding from 2013 to 2017 (tab. 1). From 2018 to 2020, there was a slight increase in funding, but it did not reach the indicators of the share of spending in 2013. According to the Conception of long-term socio-economic

Development of the Russian Federation for the period up to 2020, the indicator of spending on education in 2020 was supposed to be 6.0% in the structure of the state budget.

Tab. 1: Dynamics of budget expenditures on education in the Russian Federation

| Years | 2013 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|------|------|
| Share of expenditures in the state budget, % | 5.0 | 4.1 | 3.6 | 3.5 | 4.0 | 4.1 | 4.0 |

Source: official reports on the implementation of the federal budget and the budgets of the budget system of the Russian Federation from 2016 to 2020, presented on the official website of the Ministry of Finance of the Russian Federation. URL: <https://minfin.gov.ru/ru/document/>

The risk of underfunding manifests itself in total savings. In particular, an increase in the load on teachers per 1 rate, an increase in the number of students per 1 teacher. According to foreign studies, this last factor directly affects the quality of knowledge and student performance (Barro, 1991).

All three of these management risks of macro-level human capital transfer are implemented by management agents at the meso-level and microlevel. The specific risks that arise at the last two levels include the lack of conditions and incentives for real involvement of employers in organizing the transfer of college and university graduates to the labour market. The role of employers in the organization and regulation of the transfer of human capital of educational communities is determined by two functions. On the one hand, they should act as an important group of interests, establishing their own rules and mechanisms for the movement, evaluation and distribution of the human capital of graduates of educational institutions at the final stage of the transfer. On the other hand, they are autonomous entities that can only limit themselves to the consumption of educational results. Depending on which function dominates, the real configuration of the human capital transfer model of educational communities is formed. The interviews conducted show that employers implement mainly the second function:

«Few employers are interested in real interaction with colleges or universities. They don't want to invest time and money in this process. The employer is confident that the labor market is full of ready-made specialists, from whom he will choose those who he needs. And it is not interesting for him to get involved in the problems of education: there are too many institutional barriers, paperwork, and the results of such activity are questionable» (S.K., Director of the Institute).

At the microlevel, two specific management risks are clearly identified. The first risk is *the lack of a system of educational support for unsuccessful students*. In the vast majority of Russian schools, there are no rates for logopedist, defectologist, and specialists in professional counseling. In most universities and colleges, such structural units as free psychological assistance services have been eliminated. Only some universities and institutes conduct additional classes with underachieving students. The practice of educational support has been pushed into the commercial sphere (in special educational centers, the institute of tutoring). The cost of such educational and psychological services is high, which makes them inaccessible to students and schoolchildren from poor families.

The second microlevel risk is typical for colleges and universities. It is conventionally called the *policy of «student savings»*. Educational management develops imitation strategies in relation to unsuccessful students: it is not customary to state this problem in the public space, the intentions of speech practices are «sharpened» only under the declaration of success, reports reflect only positive trends in students' educational activities. In the conditions of precarization of teachers and bureaucratic pressure, their resistance to the policy of «student savings» is reduced: *«For our university, the key parameter is the preservation of the contingent. The student did not pass the internship – the teacher is accused. Students are not afraid of being expelled now, because they know that they will keep them until the last moment» (E.G., prof.)*. The system of per capita funding introduced in colleges and universities in Russia gives its negative results: the expulsion of 10-12 underachieving students means a reduction in the 1 teacher rate, which means that teachers are forced to support a vicious policy of «student savings».

Conclusion

In the final part of the article, we will propose for further discussion (and research) approaches to minimizing the managerial risks of human capital transfer for Russian schoolchildren and students. The first approach means reformatting the ideology and goals of the national education policy and optimizing its resource provision. This approach means developing a strategy of equal attention to all groups of students and creating conditions for the development of the students' human capital for both successful and unsuccessful schoolchildren and students. This approach serves as a basis for the formulation of the conceptual foundations of the movement of human capital, as well as changes in its evaluation and selective mechanisms. In accordance

with the principles of the organization of the management of Russian education, this approach affects its macro- and mesolevel.

At the microlevel of education management, it is necessary to create a system of educational support for unsuccessful schoolchildren and students (at all stages of the transfer of their human capital). It involves the use of methods of pedagogical, psychological, and social support aimed at improving the quality of students' knowledge, forming their stable educational motivation, correct professional choice, and at the same time developing their health, personal and professional culture. This approach in colleges and universities will allow you to adjust the policy of student savings, excluding imitation from it. Consequently, student-saving measures will be based on quality support for the development of various elements of students' human capital.

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