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The relevance of education as a capital asset for economic development: references to the Romanian situation

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Abstract

Romania takes steps forward to ensure resourceful, constant and inclusive growth, given its outstanding capacity in business. Education – the supplier of labour - dedicates its efforts to increasing creativity, but in the absence of a wider awareness and responsibility. Hence, it transforms students into smart capital, able to deal with change. The process postulates both training demand and supply. To achieve that goal, specialists should reconsider teaching as a vivid system of processes and needs that increases ability in alternative knowledge. This will help avoiding unemployment, poverty and social exclusion risks. Some real experiences and results are considered for the improvement of both theory and practice.

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1. Introduction

Education is the alchemy of a durable society. Whether they are aware of such a process, the way people live, learn and behave mark off both economy and community on the time axis. For society's sake, individual vitality must develop in the direction of the positive evolution vector; then it is lasting and all peoples' efforts, dreams and potential are recognized.

When economic efforts ignore the social side, the entire society loses and the consequences are more visible in the long run. From this point of view the education system is at a cross-road in Romania. Once communism ended, education followed the new reforms initiated in all sectors of society. These reforms led to a series of changes in the curricula, assessment and training systems, finance and governance. Such directives - each taken separately and with the only purpose to improve the education outcomes - resulted, in deeper imbalances between educational supply and the market needs. Romania's integration into the large European market has also created additional challenges for the sector, such as an increased need for competitive, innovative and skilled labour.

The present situation for Romania causes it be poorly ranked relative to its neighbours and new European partners and is worrying when sets against the low levels of enrolments in secondary and tertiary education. As a

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result, enrolment in upper secondary education is too low to foster competition and creativity. Similarly, there are big differences between urban and rural areas as in ethnic and gender enrolment. As an example, only 25 percent of rural areas students go to urban high schools; the figures are lower when ethnic groups are considered and very small when graduate level of education is considered, as follows:

Table 1. Graduates by level of education

School year	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Secondary Education	265179	231842	219507	207798	204018
High School Education	177576	185255	187576	218205	202113
Vocational Education	152875	150187	133829	113084	100901
Post High School Education	18530	15899	12660	12986	17574

Under the new law of education, Romania aims to take substantial steps in order to ensure resourceful constant and inclusive growth both as an important SE European country due to its population size, and because of its outstanding capacity in business. Education decisively concurs with this goal of its main supplier, the universities. Despite the native intelligence recognized by local folklore, Romanian innovation level appears formally quite reduced because of lack of consciousness and responsibility. From this perspective, the educational capital aims to become the sound currency of the new millennium. The more wisely it is used, the more easily the transition to the knowledge era will be made. There is a simple condition to be achieved, prior to becoming valuable assets: learning to put to work the added value given by culture, passion, motivation transformed into responsibility, totally flexible to any change.

This shows new requirements for both training demand and supply. The organization culture should embrace creation and innovation, with supply and reuse of information as knowledge making the most of any part of the intellectual capital. Specialists have worked hard on mixing the theoretical and practical education advantages. They considered and ignored the market needs as they are today. Given the fast speed of development in technology and science, a similar step was supposed to be taken by education too. Unfortunately governmental policies have been less adapted to the present configuration of market and society today. To achieve such goals, specialists decided firstly to harmonize the educational system along with the rest of Europe and then the reconsideration of teaching and assessment tools and quality together with the hierarchy needs to increase students' ability in taking advantage of sound, alternative knowledge, in situations where creativity, innovation spirit are the heights of smart education.

This is being shown to help to reduce unemployment, poverty and social exclusion risks. Some real experiences and results are shown below to improve both theory and practice, such as vocational training which harmonizes the formal knowledge of labour and business markets. Within the work certain indicators of education were reviewed; thus the need to sustain the continuous vocational training system as extended investment in educational capital was emphasized by outlining the need to bring up alternative solutions supporting appropriate correlations between investments and future labour, under particular case analysis.

2. Investing in education

Economic and social development of a modern nation is dependent on the intellectual capital and human capital at a rate concurrent with that of other forms of capital (physical, financial, etc.). Education is one area that enshrines the level and quality of human capital and intellectual engaged in development. Its importance is proved and recognised everywhere in the world via ranking systems. Here, we have used the PISA test which measures a number of operating parameters of education in various countries. According this, Romania is situated close to the bottom. The most recent *Report on the national education status* outlined some upward trends but the difference between the first and last year is considerable. During the academic years - 2007/2008 - the maximum reach indicator - almost 80,1% and in the 2008/2009 decreases with 1,4%, reaching 78,7% positioning Romania on the

third to last position in International Standard Classification of Education with 56.1% against the European average of 63,9 %, according to Key Data on Education in Europe 2009.

Table 2. Gross rate of school enrolment in all levels of education of the population of children and students

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Total	70,4	72,6	73,9	74,6	76,0	77,3	79,7	79,6	78,7

In Romania, the early exit rate from studies is 19.2%, almost twice the rate that it should have in 10 years. The main causes of school drop in Romania are the socio-economic conditions of families, constraints places by parents on their children's education, especially in rural areas, lack of attraction for jobs offered by some schools of arts and crafts and, last but not least, the difference between the educational system and what the market force needs.

Research shows that people who graduated college find a job more easily than those who did not study or have only high school qualifications. While in the European Union, 87.6% of academic graduates up to the age of 34 years, have a job, which represent 20% more than the average of 66.1% for those have just finished secondary school and 80% for those with secondary education, in Romania, the same categories are placed under the average: only 59.8% of the secondary school graduates have a job, while the secondary education graduates having a job reach 76.1%.

Profound changes in modern society call for investment in human capital in order to make economies soundly dynamic. The new economy places enormous importance on employee skills and intellectual capital and learning organizations. In fact, knowledge is a significant barometer for assessing the *health* of any organization. The main cause of failure in the evolution domain is attributed to the chronic underfunding of education.

Despite the investments made in education for buying computing equipment or sustaining teaching programs more attention needs to be given to learning problems, upgrading curricula, improving human resources, differential payment systems or professional management. With one word, ranking the real added value will make easier the deliverable placement as creative contribution. This is the approach that the current law intends to supply as such phenomenon might change the vision against competitiveness and quality of human capital giving better skills and competency to those becoming the labour force of tomorrow.

The labour market in Romania looks to offer less for graduates if their complex education is missing. Involvement of relevant employers and social partners is very limited in terms of university education planning and the links between universities and industry (business) / employers are very weak, unlike the practice of vocational and technical education. From the perspective of the relevance of higher education to labour market requirements the following difficulties may be mentioned: ▪ the system is not correlated with a dynamic labour market; ▪ the absence of a clear equivalence between university training and criteria (formal and competence-based) labour market; ▪ the absence of systematic studies and analysis of the correlation between the supply of university education and labour market requirements, both a quantitative (number of students is based on an analysis of future demand for work) and structural (the areas and levels of qualification); ▪ inconsistencies in developing a strategy to strengthen the partnership with economic and social environment. Partnerships with the business community are poorly developed.

The biggest problem faced by university graduates is the *lack of experience*. Increasing the relevance of initial vocational education, development of their native gifts as working assets and their training to labour market needs remain major goals pursued in educational policy and activities of education providers. Developed programs currently do not support sufficiently effective integration of graduates into the labour market, and learning employment and career counselling do not yet meet the requirements of curricula. Higher education is a key element in developing a knowledge-based society, and universities are leading providers of highly qualified manpower and knowledge. In this context, higher education will be a separate chapter in the Government's concerns.

Efforts should focus on strengthening the relationships of universities with businesses, research and development sector to improve the response capacity of university education to changes occurring in society and to stimulate and support competitiveness and innovation. Increased competitiveness and human capital can be obtained through the acquisition of knowledge and skills throughout life, through the continuous updating of an individual stock of knowledge and skills through education and training. Thus, Romania needs to guide the management of factors

contributing to increased efficiency: change the perception of what education means for the development of society, consider investment in education and research as the most precious logistics network of creativity and innovation to be linked to all the other fields of activity. Such tasks, intelligently managed, could make decisions' makers life easier when European funds access is concerned.

The human capital and its investment in education supply the individuals with more possibilities to find appropriate jobs, fitting their capabilities, motivation to act and capacity of contribution in harmony with their own needs of social, economic and psychological recognition. At country level this transforms into a decisive factor of development. The education services unable to build and value competencies making them creative, innovative, efficient, will leave them out of employment, social inclusion, and wealth.

Researchers used to consider in their work different aspects of human capital: information, intellectual, knowledge ones. We consider here human capital to be all people capacities, capabilities and abilities – biological, educational and socially obtained, used and developed in any economic, social and societal environment, giving to their owners the possibility to get the most benefit for them and the community. From the European perspective, instruction and research are no longer enough, as technologies remain in the labs if ability to create appropriate environment is absent. The entire community wins when it develops a common vision, embracing science, techniques, industry, market, governance and people as the most important asset across the world. Therefore, information is only the first step, followed by investment in research and innovation, to include an even larger network of public services to improve everyone's quality of life and motivation to farther contribution. Then efforts will simply converge towards a common harvest.

For the last twenty years, the Romanian educational supply diversified a lot, at all degrees, finding a good answer in the time needs of the labour force. Unfortunately, the lack of a monitoring system of each educational systems brought major unbalances as narrow specialties, over supply for particular professions considered better paid, under occupation for other domains financially ignored or reconsidered for the future market, lack of consideration for alternative educational services or private investments in the field. This leads to diplomas devaluation, information of private investment in education, artificial competencies, and false accumulation of information that is not required in the real market. Different studies proved the real situation but no measures were taken to fill the present gap between what people learn to do and what they do. Thus the education services developed under a unilateral function of sharing information (as information function), put aside the responsibility of creating citizen-specialists able to fit the economic life (socio-economic function) or develop the cultural creation side of all human being (axiological function).

This turned into a chronically underfinanced and incoherent decentralized system imperiously asking for complex educational policies and strategies. They have to consider that people of any nation need skills and competencies in both professional (economic) and societal (civil) activities, as members of a community. To correct the situation a new vision in building the educational strategy is required to map the existing gaps between offer and needs, urban and rural areas, domestic and European approaches, and most of them between investments from public and private funds and in recognized education. Such matrices model is presented below:

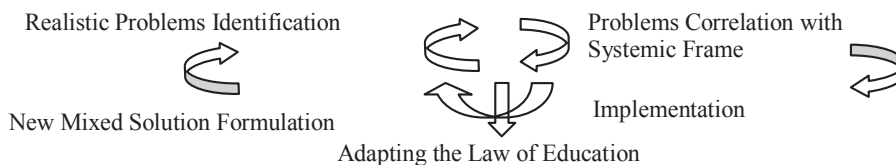


Fig.1 Coherent Matrices of Education Improvement based on Criterion Evaluation of Current Status

The efficiency of any system or organization, in terms of improving its ability to perform, remains the key concept in all fields of activity. It is also important in ecology and in economics, in corporate and customers' behaviour, in computer science when different tasks and responsibilities are allocated to a large community.

Common sense, observation come along to help in managing any system of promotion suggesting collateral competencies and correlations, sometimes randomly taken, other times completely ignored. Therefore we bring to

public attention alternative possibilities where all partners of the education prove they have the same rights and obligations and even more, the cumulative societal contribution is taken into consideration:

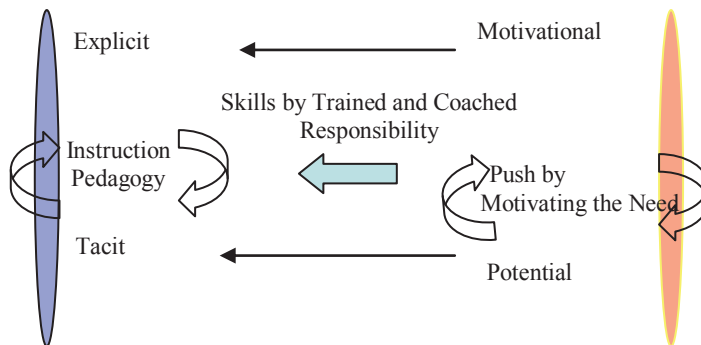


Fig.2 Function of tacit and explicit education

3. Inventing the Sustainable Education as a Complex Living and Innovative System

The Cisco Annual Report “Connected World Technology”, - interviewing over 2800 students and young people from 14 countries ordered by the business people to rethink the ways to balance the market needs and graduates skills and the flexibility of finding job and the mobility capacity, - showed that about a third of them consider as priorities their mobility and possibility to socialize before the payment level. This shows that the living style, the team building experiences, the work culture become more and more attractive for young people and potential talents providing for companies. Native talents and vocational qualities are gifts to be used by the companies for nothing. This helps in developing a new vision of work, bringing native qualities as additional assets and fulfilment reasons of employment.

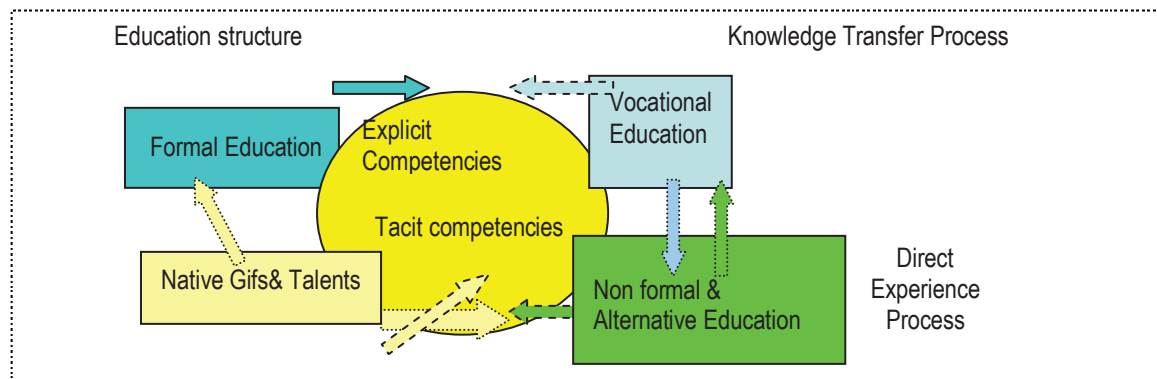


Fig.3 The complex educational dual dyad

This will open access to alternative models of success that are only sporadically used these days, in different areas and environments. The *education in alternance* (when all students possess double enrolment – in schools and companies where they get the practical coaching under determined contracts giving them specific advantages as internships, work, scholar benefits) tried as an experiment between the local educational system and the French companies working in Romania, proved that education is more than instruction and pedagogy; it might become a living style, a new system of building community, a sound alternative of a successful model, under the condition to be sustained by the government policies. For several years the possibilities given to students to develop research close to their native talents, with learning brought more awards than usual in those public and private universities where the top management manifested openness and understanding for alternative ways of education.

Beyond the countries using the educational models of resistance such as USA, Austria, Japan, the Scandinavian countries, defined as open educational systems being able to absorb eventual shocks of the market, the large heterogeneity of both education and markets inside the European region, defined by the diversity policy, brought to large audience attention the fact the cohesion and coherence suffer from it. It is a high need to name the success and

then identify the ways to achieve it and then try to evaluate the strategy of assessing the success in deep correlation with the socio-economic results. It is not enough for people to get a job from time to time or hardly work in a place where they do not find any fulfilment. Education succeeds where both people and society are fully satisfied and their contribution is deeply recognized in the long run.

Among the keys for a real success we can outline the cognizance of being responsible on a permanent basis, the protection of all people's jobs, no matter their gender or age, the openness converging with jobs volatility. The right education considers the central coordination of all models of success. Adaptations might be necessary from time to time but yearly changes in policies will damage dramatically previous achievements. Acting this way the educational rigidity would diminish letting place for performance and passion and the market turbulence could be faced more easily once the unemployment signs appear. It continues to be true that the success taxonomy and models remain random, but it is the place to outline that any considered added value could become part of the community added value, and it may help identifying more or better ways of work and contribution. And these will definitely improve the dynamic of society and education as a whole.

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