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# IMPACT OF EDUCATIONAL INSTITUTIONS ON ECONOMIC GROWTH, SUSTAINABLE DEVELOPMENT AND SOCIAL TRANSFORMATION

Ekaterina Andreevna Voykina (a)\*, Larisa Vasil'evna Kartashova (b), Evgeniya Valerievna Shubenkova (c), Asali Magomedalieovich Asaliev (d), Maksim Al'bertovich Fateev (e)

\*Corresponding author

- (a) Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russia, Voykina.EA@rea.ru,  
(b) Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russia, Kartashova.LV@rea.ru,  
(c) Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russia, Shubenkova.EV@rea.ru,  
(d) Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russia, Asaliev.AM@rea.ru,  
(e) Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russia, Fateev.MA@rea.ru

### *Abstract*

The paper is concerned with the role of educational institutions to ensure sustainable development of the world economy. The study shows progressive trends and innovations undertaken abroad. The authors analyzed foreign experience related to the impact of business education on sustainability challenges. The paper concludes that there are some untapped reserves and a need to combine the efforts of educational institutions, in particular business schools, in order to guarantee social and economic transformations of society. The authors studied a new “BGA accreditation” system used for EI (educational institutions) quality assurance and accreditation. The system is designed to assess the impact of an educational institution on economic and social development. The paper presents some outcomes achieved by Russian educational institutions in enhancing their impact on economic growth and social development. The paper relies on the study carried out in 2015–2018 as part of an agreement between the Federal Resource Center for Training Management Personnel for the National Economy and Plekhanov Russian University of Economics. The study identified the reserves to enhance the impact of Russian educational institutions on sustainable development (SD) of the global economy and society at large, and shaped certain mechanisms to ensure that they are fully accomplished. The authors developed some recommendations to accelerate the implementation of these processes and the integration of Russian educational institutions in the international academic community.

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**Keywords:** Sustainability, education, globalization, transformation, economic growth, social responsibility.



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## **1. Introduction**

Enhancing the role of education for sustainable economic development, effective employment and improvement of people's quality and standard of living is among the priority tasks in most countries worldwide. Russia is not aloof from these progressive trends.

A significant contribution to the transformation of the economy and society in Russia is exemplified through the Presidential Program for Training Management Personnel implemented by the Federal Resource Center for Training Management Personnel (Federal Resource Center, 2019). Social and economic development of different sectors of the national economy and regions are among the priority tasks. Every year, on commission of the Center under the aegis of the Ministry of Economic Development of the Russian Federation, there is a comprehensive analysis and assessment of the contribution made by program graduates to sustainable development of the economies of the regions and the country as a whole.

The impact of an educational institution and its graduates on the growth of the economy and society is assessed through other educational programs. These are primarily the programs that were accredited by authoritative international organizations. The world-famous, like AACSB, EQUIS, AMBA&BGA (triple accreditation), prioritize the effect of educational accreditation agencies programs on economic growth, social development, creation of new jobs, and environmental protection.

Despite the efforts made by Russian educational institutions in this dimension, significant reserves still remain untapped.

## **2. Problem Statement**

Today, the intensified transformation of the entire system of Russian education is underway. The priority tasks involve strengthening the focus of educational programs on national priority projects, increasing labor productivity, ensuring decent employment, improving people's welfare and quality of life, especially low-income citizens. They cannot be solved without rethinking the approaches to assess the content of educational programs and learning outcomes. Strengthening the responsibility of educational institutions for the quality of leadership education for the future economy involves not only the delivery of modern knowledge and skills, but also commitment to obey business ethics and take on sustainability challenges.

It is necessary to develop a framework embracing specific measures and decisions aimed at enhancing the role of education for sustainable economic development, fighting poverty, health promotion, global unity expansion, and involvement of Russian educational institutions in global innovative projects and initiatives.

## **3. Research Questions**

In a globalized economy, there is a lot more studies dealing with the role and place of the education system to advantage sustainable development of society.

In this respect, the guidelines for sustainable development and social accountability for the managerial decisions made are now integrated into authoritative international accreditations and world

ratings. In particular, since 2019 AMBA&BGA for the first time has established a new system, BGA accreditation, for quality assurance and accreditation of educational institutions, which is designed to assess the impact of an educational institution on the economy and social development. The fundamental criteria set out in BGA accreditation include the following: maximum satisfaction of the needs of the economy, contribution to economic growth and development, social transformation; adherence to the principles of corporate social accountability, business ethics and sustainable development, based on the principles of sustainable development proclaimed by the United Nations; commitment to the principles of continuous improvement and development; quest for maximum returns, superior quality and innovation; respect for the interests of all stakeholders, support for justice and equality, respect for individuals and their values (BGA, 2019). Despite the difficulty in assessing the above criteria, BGA accreditation has developed specific measurable indicators and metrics to assess the improved impact of an institution on the enhancement of the global economy and society, including progress of graduates (their employment and business success, promotion at work, income growth, geographic mobility); creation of further values (support provided by an educational institution for entrepreneurship and promising business start-ups initiated by students and graduates); support for social entrepreneurship, socially vulnerable groups, responsible entrepreneurship and management integrated into the system of practices and methods; impact on the development of the ecosystem, benefits for the development of the regional economy and the formation of its positive image; research- and consulting-generated income, number of citations in journals and the media, Board representations.

One of the international practices that deserve commendation is an AMBA-BGA initiative to conduct a survey among stakeholders (students, graduates and academia) for assessing the impact of business education on sustainable development. The survey involved over 2,000 participants who were asked to rate on a 10-point scale the impact that business education has on poverty reduction worldwide. According to the respondents, the real impact of business education on global issues is only 4.8 points, which means that business schools could make a more significant contribution to economic growth and poverty reduction by introducing new initiatives in this area (Dawes & Dhoul, 2019). The survey shows that, firstly, there are some significant reserves in this area, and secondly, the stakeholders concerned have low awareness of the nature of these initiatives and the impact they could have on poverty reduction. Only 28 % of the students and graduates surveyed and 60 % of applicants said that they were not even aware that their business schools were involved in global projects to support low-income citizens. Upon the survey results, AMBA&BGA attempted to attract the attention of its members (now it comprises more than 250 business schools around the world, including 13 AMBA&BGA accredited business schools in Russia) to the exploration of untapped reserves and pooling of their efforts around this field. Furthermore, 64% of respondents noted that one of the main directions for tackling this global problem is to ensure sustainable business development. When asked about the extent the business schools and graduates are engaged, 87 % said that this was still insufficient.

Along with a mass survey, AMBA&BGA conducted a series of in-depth interviews. Most of the respondents noted one important circumstance – if basics of SD assurance, improvement of well-being, quality of life and fighting a poverty are not included in the educational programs, their graduates will not

emphasize the need to solve these problems among the priority tasks of their managerial and entrepreneurial activities.

In order to find solutions to the problem, AMBA&BGA conducted a further survey of 1,304 graduates of business schools, 425 students and 188 research and academic staff. 50 % of the respondents said that they occasionally make efforts to support social and charitable processes, 61 % of the respondents said that their organizations are involved in various forms of charitable activities, 85 % of the respondents believed that their business schools should combine their efforts in fighting poverty and supporting low-income citizens. As a specific area, it was most often proposed to organize free programs, seminars, and trainings to support low-income citizens.

In foreign papers, an important emphasis is placed on the identification of the best measures and practices for universities towards the transition to sustainable development. According to the study conducted in Linz (Austria), the experts determined through in-depth interviews and a comprehensive analysis of documents that universities are empowered with knowledge and capacity for institutional and organizational changes that stimulate a regional transition to the country's social and economic sustainability. Besides, the study showed that a university's impact on sustainable development of a region implies individual contributions of each teacher and administrative and managerial staff through teaching, research and educational activities (Radinger-Peer & Pflitsch, 2017).

The experience of Japanese education system in enhancing sustainable development shows a significant impact on this research and academic process. Osaka University (Japan) is engaged in both the implementation and development of interdisciplinary Master's programs and programs for postgraduate studies in such areas as environmental management, the use of natural resources and energy, and the development of emergency alert systems to inform the public of natural disasters. The study emphasizes that in Japan more attention is paid to the promotion of research activities in engineering and environmental sciences for the sustainable development of the world economy, which contrasts strongly with international sustainability initiatives that put a premium on the issues of social development and quality of life (Uwasu et al., 2009).

A great number of international research is concerned with the content of the business curriculum to include disciplines related to SD goals and plans. This is due to the need to train future leaders to find a balance between economics, ecology, and social efficiency (Fortier & Viens, 2018).

In Russia, the problems of leadership education as one of the most important conditions for the successful development of the Russian economy and social sphere are widely studied (Kartashova & Tolstyakova, 2016). The report on the dynamics of a business education market in Russia shows an annual increase in demand from students (RBC, 2019). In general, among those surveyed aged 25 to 64, the number of Russians to be involved in life-long learning is predicted to increase up to 55 % by 2020 (Shubenkova et al., 2017). In this respect, the relationship between the growth of human capital and the development of the modern economy should be more thoroughly examined.

#### **4. Purpose of the Study**

The study aims to identify the dimensions for strengthening the role of educational institutions in ensuring the growth of labor productivity, improving the welfare and quality of life.

The objectives are:

- To evaluate the achievements in the field of training, retraining and professional development of managers and specialists and their impact on the development of the economy and society (based on the Presidential Program for Training Management Personnel);
- To summarize international initiatives and best practices in stimulating the impact of educational institutions to the implementation of global economic and social projects;
- To develop individual guidelines to accelerate the implementation of these initiatives and the integration of Russian educational institutions in the international education community.

#### **5. Research Methods**

Field research, rankings, a combination of quantitative and qualitative analysis, online surveys, personal and telephone interviews were used to assess the impact from the implementation of the Federal Presidential Program for Training Management Personnel on the development of the economy and society. Through in-depth interviews and online questionnaires, 1,500 graduates of the Program were interviewed; 187 heads of large, medium and small businesses in all federal districts of Russia; 33 heads of regional commissions on the organization of management training. The respondents involved the representatives of Altai Territory, Belgorod Oblast, Chelyabinsk Oblast, Leningrad Oblast, Novosibirsk Oblast, Omsk Oblast, the Republic of Mordovia, Republic of Tatarstan, Rostov Oblast, Samara Oblast, Saratov Oblast, Sverdlovsk Oblast, Tomsk Oblast, St. Petersburg, Ulyanovsk Oblast, and Voronezh Oblast. There were 5 foreign partners from Germany, Finland, France, Japan and Norway participating in the Program, and 30 foreign managers who had internships in the Russian Federation. The information was also obtained on the basis of a sample analysis of business projects initiated by managers and entrepreneurs who were trained in the period from 2013 to 2017.

The foreign experience was analyzed based on a sociological survey by AMBA&BGA in which more than 2,000 graduates, students and employees of accredited foreign business schools were involved in 2018–2019.

#### **6. Findings**

This section presents the evaluation results of the impact of educational programs on the social and economic development of Russia and its regions.

According to the survey that involved the participants in the Federal Presidential Program for Management Training, the following goals were achieved during the implementation of the Program.

Firstly, it was possible to create new jobs (71% of the respondents noted). The greatest job-creation and employment outcomes were reported in the following constituent entities of the Russian Federation: Sverdlovsk Oblast – 2,793, Republic of Bashkortostan – 1,000, and Ulyanovsk Oblast – 765.

These results are of particular importance as they indicate full employment, increased level of life and unemployment prevention.

Secondly, it was possible to streamline production processes and management system, thereby reducing the total costs of enterprises (71 % of the respondents). The greatest outcomes in this problem were recorded in: Kurgan Oblast – by 28 %, Samara Oblast – by 15–20 %, Vladimir Oblast and Stavropol Krai – 10–15 %.

Thirdly, according to the heads of the regional commissions, the turnover of the enterprises that sent their managers and employees to take training courses under the Program increased (64% of the respondents). Along with the above results, it was also possible to attract foreign and Russian investments to the regions, expand the geography of Program graduates to apply for jobs at enterprises in other regions of the Russian Federation, neighboring countries (Moldova, Uzbekistan, Kyrgyzstan, Belarus, Kazakhstan, Ukraine, Georgia, Azerbaijan), non-CIS countries (Indonesia, China, North America, Central America), etc.

According to the majority of the heads of the regional commissions, the training under the Program for Training Management Personnel for the National Economy of Russia had a positive effect, along with other factors, on the efficiency of the regions as a whole, including the progress in economic indicators and capacity building for further development.

In assessing the impact of the Program on the development of the regions of the Russian Federation, two groups of regions were identified:

- 1) regions of decisive importance for the implementation of the strategic plan for the development of the country and priority sectors of the national economy;
- 2) regions with a large number of acute social and economic problems that call for greater focus.

In this regard, the authors analyzed the areas of activity of the organizations that are at the forefront of the professional development of managers and employees under this Program. As a positive factor, a significant number of employees sent to training programs were employed in the priority economic areas designated for the period until 2030. Thus, such industries as agriculture, construction, energy, transport and engineering accounted for about half of all managers and employees trained in 2013-2014 under the Program. These sectors, with the exception of the energy sector, were most often mentioned by the heads of the regional commissions on the organization of management training as companies that face the most acute problems in the field of management, sustainable development and resource optimization (39 % of the respondents).

A positive impact is that in a number of regions there was a significant percent of healthcare and education representatives among managers and employees involved in the Program. These regions, first of all, include Belgorod Oblast, Novosibirsk Oblast, Ulyanovsk Oblast, and others. The trained specialists in these industries not only gained modern economic knowledge and acquired the necessary managerial skills, but also developed and implemented socio-economic projects important for the development of their regions.

However, there is one circumstance that draws attention: in a number of industries in the regions of the Russian Federation with acute economic and managerial problems, for example, in such areas as

the automotive industry (4 % of the respondents), catering (3 % of the respondents), logistics (2 % of the respondents), wholesale trade (1 %), none of the employees took training courses under the Program. This discrepancy can be eliminated if there is explanatory work among the directors of the sending organizations and selection of specialists for training by the regional commissions as part of the implementation of the Program in the coming years.

According to the surveyed heads of regional commissions, the implementation of the Program had a significant impact on the socio-economic development of the constituent entities of the Russian Federation (Table 01).

**Table 01.** Assessment of the impact of the Program on the economic growth of a subject of the Russian Federation

<b>Assessment of the impact of the Program on the economic growth of a subject of the Russian Federation</b>	<b>Percent of the heads of regional commissions to choose the answer</b>
The performance of enterprises in the region improved, and therefore tax deductions increased	35 %
New enterprises established by the graduates of the Program	77 %
The share of small business in the structure of the region increased	48 %

According to the heads of the regional commissions, the most significant deliverable was the establishment of new enterprises in the regions by graduates of the Program (77 % of the respondents). In each region, on average, about 20 new enterprises were set up by the graduates of the Program, which is a rather high indicator of business activity of the Program participants. The highest results in this area were recorded in: Chelyabinsk Oblast – 80 enterprises, the Republic of Tatarstan – 75 enterprises, the Republic of Bashkortostan – 40 enterprises.

A positive impact of the Program on the development of the regional economy involved an increase in the share of small business in the structure of the regional economy. This was noted by 48 % of the surveyed heads of regional commissions. On average, the share of small business in the regions increased by 6.9 %, and in such regions as: Saratov Oblast – by 22.9 %, the Republic of Bashkortostan – by 20 %, Rostov Oblast – by 15 %.

An increase in foreign investment, due to the development of cooperation between organizations to employ graduates with foreign partners, was noted by 42 % of the respondents among the heads of regional commissions.

Currently, the Program is being improved. Its further development might move towards a more balanced approach to combining the theoretical and practical components of the Program. Thus, the most important outcome of training in ‘type A’ project-oriented programs was the preparation for the implementation of specific business projects geared to the development of the regions. However, an excessive focus on the practical aspects of solving current problems can subsequently result in the following: firstly, these problems can be solved superficially without conducting a comprehensive analysis and addressing the prospects for the development of the economy, specific regions and enterprises where trainees work; secondly, in rapidly changing economic, political, and demographic conditions, narrowly focused projects and practical solutions designed for the current situation tend to

become rapidly obsolete. It is not fortuitous that 46 % of the surveyed graduates enrolled in ‘type A’ project-oriented programs noted that the topic of their project changed during the training process due to changing conditions. However, the trainees who prepared the projects for implementation included those to discover that their projects were unclaimed due to the changing market conditions, financial problems, a change in company management, and decisions to find a new job. Also, an excessive focus on financial indicators of projects often led to the fact that long-term socio-economic impacts of the proposed projects, such as employment precarization were not assessed.

The overwhelming majority of the heads of the regional commissions spoke in favor of tightening the requirements for applicants who should demonstrate not only high level of knowledge, but also emotional intelligence of leaders, personal competencies and ethical values. This reflects the growing worldwide demand for such managerial competencies as: the ability to build strategic alliances with all beneficiaries (enterprises and companies, government officials, public organizations); the highest level of self-organization and management itself; cross-cultural awareness and social responsibility. In order to take this into account, it seems appropriate to introduce a series of behavioral interviews based on a 360° method for testing the level of knowledge in order to assess the leadership potential of candidates from among promising leaders.

Almost all the heads of regional commissions surveyed by in-depth interviews noted the need for further expansion of post-program support for graduates of the presidential Program. Among its priority areas are the introduction of a mentoring system for graduates within three years from the end of the Program; organization of national competitions for the best project, developed as part of training under the Program with the opportunity for winners to use additional subsidies for the implementation of their business projects; development of the Unified Federal Personnel Register to enclose successful graduates of the Program to study their experience.

Positive processes and trends in the field of leadership education should be integrated into the international movement, which is becoming increasingly powerful.

## **7. Conclusion**

The paper found that in Russia programs are being implemented that are directly aimed at sustainable development and social problems of the country. What is more, the state and society are assessing this impact through various methods. This experience of Russian business education deserves a positive assessment and creates the prerequisites for further integration into the international educational community.

The study shows that there is a global favorable situation for a significant progress in the impact of educational institutions on sustainable development and social growth. Russia should play a significant role through its active engagement in the implementation of these progressive processes and the implementation of global innovation projects.

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