

# EQUITABLE HUMAN CAPITAL DEVELOPMENT

This briefing is intended to provide policymakers, practitioners and experts with a framework for assessing equity in human capital development (HCD) at country level. Equity was appraised in European Training Foundation (ETF) country studies along three dimensions: access, choice and quality. Findings from the studies illustrate the critical importance of placing equity concerns on the HCD policy agenda and the imperative for policymakers to incorporate and consciously balance the three dimensions when drafting policies.

In 2009–10 the ETF undertook reviews in two countries, the Republic of Moldova<sup>1</sup> and Tajikistan, to analyse HCD at country level through an equity lens. The main objectives of the studies were to detect existing barriers to HCD and assess whether these affected specific population groups. The analysis covered initial education, continuing training and, to a lesser extent, informal learning.

Equity analyses provide evidence as to which groups of individuals and regions are most affected by a lack of HCD opportunities, and where major barriers lie. Lines of disparity may emerge as a result of geography, ethnicity, gender, income or other factors, and these analyses will help policymakers to design equitable learning opportunities for all. Other countries conducting equity studies are advised to use the framework to assess the three dimensions of equity ●

## THE IMPORTANCE OF HCD AND EQUITY

According to a widely shared definition, human capital is 'the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic



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well-being' (OECD, 2007a; Cedefop, 2008). Human capital theories were formulated in the 1960s and have since evolved significantly, primarily highlighting the idea that education is an investment in human capital. In the 1990s newer evidence showed the importance of investing in education as early as possible in people's lives.

Human capital is central to social and economic development. It brings short- and long-term benefits to individuals, who in turn contribute to cohesive societies and stronger economies. Research results document the effective relationship between human capital and outcomes such as health, employability and civic participation. Researchers have found that the social benefits of developed human capital add to, and even tend to be greater than, individual outcomes. The economy is also sustained by human capital, since the level of competencies and quality of employment are important factors in fostering productivity, innovation and competitiveness. For a summary overview of theoretical and empirical contributions on human capital, see, for example, EENEE (2006) and OECD (2007a).

In the European Commission Communication on efficiency and equity in education and training systems, 'equity is viewed as the extent to which individuals can take advantage of education and training, in terms of opportunities, access, treatment and outcomes. Equitable systems ensure that the outcomes of education and training are independent of socioeconomic background and other factors that lead to educational disadvantage and that treatment reflects individuals' specific needs' (European Commission, 2006, p. 2). The Communication further emphasises the complementarity of equity and efficiency. It argues first that wide coverage of education and training prevents the high costs of inequity that become manifest over time, which may include income tax losses, increased demand for health care, higher crime and delinquency rates, unemployment and other public assistance costs. A second aspect is the internal efficiency of education and training systems, which must be considered in order to ensure that resources can provide maximum benefits of learning for all ●

<sup>1</sup> Hereinafter 'Moldova'.

# INFORM

## A FRAMEWORK FOR ASSESSING THREE DIMENSIONS OF EQUITY IN HCD

The ETF framework builds on the significance of human capital for both social cohesion and economic competitiveness. It is innovative in that it combines three aspects of equity in human capital – access, choice and quality of learning – concurrently for the first time, and because equity is assessed from a lifelong learning perspective. Indeed, within the framework, formal education, continuing training, and non-formal and informal learning are all considered crucial for lifelong consolidation and improvement of human capital. The HCD reviews were intended to test the applicability of the framework in ETF partner countries.

By equity in education and training most people will initially think of equal access, or 'fair access', in OECD terms (OECD, 2007b). In the ETF framework, access is seen as comprising access to initial education and the opportunity to progress through education, together with participation in continuing training.

Equity in education and training encompasses an element of individual choice. This implies that education systems are equitable if everyone, according to their personal abilities, can freely choose the level and type of education, regardless of their socioeconomic background, gender, ethnic origin, place of residence and other characteristics. The ETF studied this dimension with a view to identifying the elements of the choice that would be relevant to the contexts

of the partner countries and to HCD overall.

Equity is also associated with quality, as outlined by the European Commission (2006). Wilkinson and Pickett (2009) pointed to the importance of education quality along with access, and reported on experiments that show how the quality of the pedagogy affects students' performance. Education, training and assessment of high quality ensure that learners achieve their goals, whether in formal, non-formal or informal settings. In this sense outcomes are regarded as part of the quality dimension in this policy briefing.

The two country studies have confirmed the interrelations between the three dimensions of equity: access, choice and quality of learning ■

## HCD REVIEW METHODOLOGY

The methodology applied in Moldova and Tajikistan blended quantitative and qualitative information on access, choice and quality of education, training and other forms of learning that are considered to be sources of HCD. Qualitative assessment was based on surveys conducted in the

two countries to complement the information derived from the latest available statistical data.

A sample of individuals (140 in Moldova and 131 in Tajikistan), enterprises (24 in each country), training providers and local decision makers were invited to answer structured questionnaires on the

access, choice and quality dimensions of HCD; a smaller number took part in focus group discussions. Such qualitative responses helped in the capture of information on significant barriers to HCD and in the interpretation of the statistical indicators. In addition, this information is useful for defining the scope of future surveys and in-depth research ■



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## KEY FINDINGS FROM THE TWO COUNTRY STUDIES

### Access

Household income and place of residence are two strong determinants of enrolment and achievement levels in education in Moldova. In 2008 urban residents were 3.9 times more likely than rural residents to attain higher education. Geographical differences were also significant in Tajikistan, with children in urban areas more likely to attend school than children in rural areas. In general, enrolment rates decreased significantly

following basic education, with both the maternal level of education and the family economic background having an influence on attendance in secondary schools.

There were additional disparities relating to gender in school enrolment in Tajikistan. In primary schools enrolment rates were near to parity, with the gender ratio of students close to 1.00, whereas the ratio of girls to boys fell to 0.83 for students in high school. More girls than boys did not continue their studies beyond primary school. An opposite trend was seen in Moldova, where male enrolment in upper secondary education is decreasing, notably in rural areas. The declining male enrolment rate in Moldova is likely to be linked to the fact that males are the primary bread-winners; in particular, in rural settings the economies are largely agricultural in nature, and are not very successful in attracting new jobs. Many parents in rural parts of Moldova have migrated and their children have become social orphans.

Access to adult training is far less common in rural than urban districts in both countries. While there is a clear demand for such training, this remains largely unmet. In urban areas the training that is in demand is often in language and IT-related skills, while the demand in rural areas usually focuses on more practical skills, such as the ability to use new technical equipment. These differences in demand for skills reflect the different labour markets in urban and rural areas.

The unmet demand for continuing training is an equity issue, particularly as individuals' human capital can devalue over time if it is not developed. Human capital is a dynamic construct which assumes that education and training should not stop at the end of initial education. This is why continuing learning opportunities, at work or elsewhere, are important, and should be assessed as part of an equity approach to HCD.

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## Choice

The surveys of initial education revealed that rural students are more limited in their choice of educational institution because they are required to stay in their own area if they are engaged in family work, or if their parents have migrated abroad. Urban residents in Moldova have a wider range of options available from which they can choose the education or training they prefer, and their job prospects are better. Ways of integrating work and learning do not yet exist, and this presents an opportunity for further development.

In Tajikistan, urban students leave the formal education system when they have gained the qualifications they deem necessary, whereas in rural areas schooling is often abandoned on financial grounds. In both countries, skills acquired in non-formal or informal settings are not recognised, which limits the individuals' choices in the labour market.

The two country studies showed that the most important element is the overall lack of learning options. Access to education in itself does not guarantee a real choice, particularly for students living in remote areas. Certain rural districts

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with only one vocational school offer only narrow specialisations in agriculture, which then limits the skills available for the local labour market. Young and adult learners who want to improve their chances of employment by diversifying their skills are faced with the choice of either opting for a field in which they have little interest, or moving to another area or town. This is not much of a choice for those living in rural areas in the countries concerned.

## Quality

Low levels of quality in education may represent a disincentive to invest in education. Respondents from the two countries in the survey gave their assessment of quality in education. In Moldova 30.0% of respondents expressed a negative or fairly negative view of the quality of secondary education, while 30.1% rated the quality of secondary education as high, indicating uneven quality across schools.

In Tajikistan 67.7% of urban respondents, but only 27.7% of rural respondents, evaluated the quality of secondary education as high or fairly high. On the other hand, 4.6% of urban respondents and 30.8% of rural respondents rated the quality of secondary education as very low.

The lower level of quality in education is an impediment to accessing upper secondary and tertiary education for rural residents in Tajikistan. The large majority of the individuals surveyed agreed with the statement that rural residents have a low chance of successfully prolonging their education and obtaining professional qualifications: in urban areas 40.0% of the respondents strongly agreed and 36.9% partly agreed; the figures for rural areas were 78.5% and 20.0% respectively.

The quality level of the education and training provided can differ widely between schools. It is quite common to observe recruitment difficulties in rural communities; hence, many teachers stay on beyond retirement age as young teachers cannot be found. Although figures on teacher training are not readily available, anecdotal evidence suggests that older teachers have not received a great deal of retraining. In Moldova it is common for teachers in rural areas to cover multiple subjects besides their own field of specialisation.

Differences in the quality of the teaching are often aggravated by the differences in physical infrastructure and financial resources available in rural and urban settings. Where parents are expected to contribute financially, schools in rural areas are clearly at a disadvantage.



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The graduates of secondary education, notably vocational schools, and tertiary education who were interviewed stated that their technical preparation and their ability to use the technology were not at the level required by employers when they first entered the labour market. Core abilities such as communication, flexibility and a sense of autonomy were assessed as being higher, and were recognised as a beneficial outcome of their education.

Choice was mostly determined by affordability and proximity, rather than by the quality of education. In addition, the survey in both countries highlighted the absence of labour market information to guide families and learners towards the education and training options that would offer better chances of quality outcomes in the labour market. Quality of learning is not monitored systematically by stakeholders ■



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## MAIN CONCLUSIONS AND IMPLICATIONS FOR POLICY

The two countries show a degree of inequity in learning opportunities that affects the development of both individual and national human capital. Geography plays a significant role in both countries, with rural areas comparing unfavourably to urban areas on all three equity dimensions. Many rural areas offer only limited choices at lower and upper secondary levels, and the divide in quality is striking. Young and adult residents in urban areas have more and better opportunities with regard to schooling, in-company training and participation in other relevant types of learning, such as extra-curricular activities and membership of associations. As a result, the current human capital achievements and the potential for future development of urban and rural populations differ considerably.

There are marked differences between the two countries. Gender is more of a discriminating factor in Tajikistan than it is in Moldova. A relatively recent trend is that young girls are far less likely than boys to attend school in Tajikistan. At the same time, declining male enrolment in upper secondary schools has become an issue in Moldova.

In general, the human capital available does not match the level of demand from the labour market. This is proven by, on the one hand, the shortage of qualified people, and, on the other, by the inadequacy of the skills available, as reported by the individuals and enterprises surveyed in both countries. Limited access, choice and quality of

education and training have led to this quantitative and qualitative gap. Existing policies have not managed to secure skills for everyone, and the underlying problems of current inequities must be addressed.

Because human capital is key to any national development, it is vital that equal access and completion of quality basic education as a precondition for further learning are ensured for all, irrespective of gender, income, disability, ethnicity or region of residence. This minimum level is the cornerstone of the lifelong development of human capital. People of all ages need to have access to a wide range of learning opportunities, within and beyond school settings, to continue to develop their skills in formal, non-formal and informal ways.

HCD calls for consistency in education, economic, labour and regional development policies, and in goals and budget priorities, and for concerted efforts on the part of government actors and other stakeholders. Effective implementation of high-quality education and training policies also relies on collaboration with non-governmental actors. Regional and local levels need space within national strategy frameworks to respond to specific local circumstances, not least through public-private partnerships.



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The focus must be on ways to use financing strategically. In the context of scarce resources, policy options must be efficient while taking the different aspects of equity into account. A possible streamlining of the school network might be hampered by insufficient transport facilities in rural areas. In such areas, schools often also play a social and cultural role, so closing a school may cause a greater loss to such communities. Costs and benefits need to be assessed not only in the short term, but with a clear view to the long term.

Countries differ with regard to the extent of the problems in the three dimensions of equity, and policymakers cannot always pursue progress along all three equity dimensions at the same time. The selection of policy options implies a logic that should be made explicit and subsequently monitored in a transparent manner ●

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