# NATIONAL SYSTEM OF QUALIFICATIONS IN RUSSIA AS A FACTOR OF HUMAN CAPITAL DEVELOPMENT

Assoc. Prof. Dr. Elena Nikolaevna SOCHNEVA 1

Assoc. Prof. Dr. Anna Andreevna MALAKHOVA<sup>2</sup>

Senior Lect. Igor Vasilyevitch MALIMONOV<sup>3</sup>

Assoc. Prof. Dr. Irina Igorevna ZYRYANOVA<sup>4</sup>

Senior Lect. Dr. Dmitry Ivanovitch KRAVTSOV<sup>5</sup>

- <sup>1</sup> Siberian Federal University, Russia
- <sup>2</sup> Siberian Federal University, Russia
- <sup>3</sup> Siberian Federal University, Russia
- <sup>4</sup> Siberian Federal University, Russia
- <sup>5</sup> Siberian Federal University, **Russia**

#### **ABSTRACT**

Today in Russia an independent system of qualifications replacing tariff-qualification reference book is being introduced. In foreign countries such systems already exist and run successfully, but in Russia they have appeared relatively recently. Therefore the implementation of an independent system of qualifications involves certain difficulties. An independent system of qualifications consists of four elements: a professional standard, an independent assessment of qualifications, a professional-public accreditation and a directory of professions. Its main element is the professional standard. It defines the qualification requirements for the employee –from the necessary knowledge, skills, performance of labor functions, and up to educational background. The introduction of professional standards in Russia is often associated with a complete reload of production, which is technically very difficult. In addition, most of the existing employees of enterprises do not meet the requirements of professional standards on formal grounds and consequently they should be dismissed. However, it is extremely difficult to hire those who would meet them to a full extent formally. This contradiction implies another problem: on one hand for some enterprises professional standards are mandatory, and on the other hand they cannot be implemented technically. These and other problems hamper the development of an independent system of qualifications and affect today the formation of human capital in the country. Some approaches to solve these problems have been developed and they are discussed in this paper.

**Keywords:** independent system of qualifications, independent assessment of qualifications, professional standards, professional-public accreditation, skill levels, qualified staff.

#### INTRODUCTION

One of the most significant problems of the social and labor politics in Russia nowadays is the implementation of the national system of qualifications (NSQ). The problem is under discussion and arguing, thus many points are to be precised and investigated. It is of great interest to analyze the causes and the motivation for the transition to this system. All the elements of the NSQ are under the focus of the analysis: professional standards, independent assessment of qualifications, professional and public accreditation. Indeed, it is precisely the qualification of existing labor resources that influences the formation of human capital in Russia and is considered to be a crucial factor of the competitiveness of a country.

The relevance of this issue has arisen right now and is due to a number of reasons. As it is known, in the former Soviet Union the acquired working background guaranteed the citizens the employment and the opportunity to work throughout their entire live. The stability of the labor market conditioned the unchanged requirements for the workers for decades. Such labor market conditions stayed stable until the nineties of the twentieth century. However the rapid social and economic changes that occurred at that time provoked a significant reconstruction of the labor sphere. To date, the labor market has acquired increased plasticity and flexibility. Employees seeking to maintain the labor market demand are forced to upgrade their competencies and the scope of their application constantly by mastering new knowledge and skills for themselves. Young specialists who have just graduated and finished training, which in itself must assume the possession of relevant qualifications, often start working at enterprises with knowledge that are obsolete and not suitable for performing specific work. This makes the employers to waste time and resources upgrading these specialists to a level that would allow them to fulfill the working tasks set by the employer effectively.

In addition, foreign companies have entered the Russian economy with their own requirements for the professional qualities of the staff which differ from the Russian ones in their concept.

On the basis of the foregoing the aim of this paper is to analyze the formation and the development of an independent system of qualifications in Russia as a factor of the human capital development in the economy.

Throughout the whole world, for a long time, various systems of national qualifications, national qualification structures are being introduced. Actually the standards for the creation and implementation of various systems of professional standards are financed by the World Bank and the European Union.

The European Qualifications Framework (ECF) is of a framework design that describes the general structure of qualifications of education at all levels comparable to the national levels of education systems. The European Qualifications Framework is the basis for evaluating the results of studies and for establishing the conformity of the diploma and other documents proving the level of education in different countries [2].

Today it became obvious that in such conditions in Russia there is an imbalance between the professional qualification characteristics of labor resources and the requirements imposed on workers in reality. The leadership of Russia decided to take into account foreign experience and launched the development of a system of professional standards in 1997. Decree of the Government of the Russian Federation No. 222 of February 26, 1997 included, as an annex, a program of social reforms in the Russian Federation. It is in this program that for the first time the term 'professional standards' has been mentioned at the official level.

Guided by this decree, various federal ministries and departments regulating their branches of the economy had to develop professional standards. However, none of the industries has succeeded in the framework of the set tasks.

For a decade after this the Government of the Russian Federation again and again returned to this problem. The results were not prominent.

In 2006, the National Agency for Qualifications Development of (NAQD) was established on the basis of the Russian Union of Industrialists and Entrepreneurs. It laid the foundations for the creation of a national system of qualifications in the Russian Federation. The NAQD was called upon to provide the informational, legislative and consulting support for the implementation of the independent system of qualifications and of professional standards in particular.

Only in 2007 the model of the professional standard was first developed by the National Agency for Qualifications Development, established on the basis of the Russian Union of Industrialists and Entrepreneurs in 2006. After that the development of a national framework of qualifications started [1].

It should be noted that before the professional standards implementation a single tariffqualification reference book of works and occupations of workers and a single qualification reference book of positions of managers have been used in Russia. At the initial stage of the development of an independent system of qualifications there was a suggestion that it would be sufficient simply to modernize existing reference books and to strengthen the competence approach in them.

During that period the process of developing the national framework of qualifications and professional standards in fact did not arise any serious interest. Business representatives were not interested in and did not have an opportunity to participate widely in the development of professional standards. And educational institutions in their turn did not know what business wanted, and did not understand how to develop the notorious professional standards. At the same time, the imbalance between the demands of the employers for the quality of the labor resources and the graduated employees has increased. There was, so-called, structural unemployment, when the labor market was flooded with potential employees who did not possess the necessary competencies, and the employers were in search of employees meeting their requirements. Thus, the human capital in the economy was not used properly meaning it was not exploited at the level of the human potential.

In 2010 the country's leadership drew attention to the need for the business community to form a professional order for future specialists. Completion of the development of

professional standards has become an important factor for providing the market with highly qualified personnel really attractive for the employers.

At the official level, the concept of professional standards, the order of their development, approval and application were finalized only in 2011. The model of the professional standard was prepared and approved in 2012. Russia was in desperate need for the developed professional standards forming a unified classification system to meet the requirements of the economy, and that would orient the vocational education system to the output of specialists trained for work in the current economic situation. The problem of developing the national qualification system was associated with a weak initiative of employers in cooperation with educational institutions in the development of professional standards.

Finally, the National Council for Professional Qualifications under the President of the Russian Federation was created in 2014, which was supposed to give impetus to the development of the entire system.

Measures taken by the country's leadership to bring the labor market in line with the requirements of the economy could not be considered fully successful. Despite the fact that the changes were obvious – considering making new decisions, issuing legislation and the appeal of the president, of the prime minister and of the ministers – the overall progress in the development of a national qualifications framework and professional standards slowed down constantly, bumping into distrust of both employers and employees to the actions taken by the Government. And as a necessary condition for the formation of high-quality professional standards is the employers' active participation in their development, their passivity and lack of confidence not only prevented the creation of new professional standards in sufficient quantity, but also led to the fact that the created professional standards somewhat one-sidedly reflected the view on the needed employees' qualification, expressing the opinion of a small part of employers who still took part in their development.

The State Duma of the Russian Federation adopted a bill introducing obligatory conformity of specialists of a number of specialties to approved professional standards in 2015.

In the original version of the document proposed by the Ministry of Labor, it was intended to introduce mandatory professional standards first for the public sector (from 2016), and then for the private companies (from 2020). However, at the stage of discussion and amendment it was found out that it was unacceptable to admit to work, for example, a doctor who does not hold the necessary certificate, regardless of the clinic talked about – a private or a public one.

Therefore, the final version of the bill states that the professional standards are mandatory in cases when the requirements for the qualification of the employee are established by laws and regulations of the Russian Federation, as well as by the Labor Code of the Russian Federation. It is, first of all, the specialties associated with a high degree of responsibility: drivers, doctors, pilots, etc.

In addition, according to the law, the Government of the Russian Federation is allowed to introduce additional requirements of professional standards that are mandatory for the state companies and corporations.

At the same time, the introduction of professional standards does not mean a ban on working out of the profession obtained at the educational institution. In cases when compulsory compliance with professional standards is not fixed in legislation the employer can decide autonomously whether to follow the professional standards or to develop his own requirements for employees.

The adopted law establishes an unambiguous connection between the professional and educational standards: vocational education programs are to be drafted taking into account the approved qualification requirements for the employees.

The professional standard, from the point of view of the modern Russian legislation, is the characteristics of the qualifications necessary for the employee to perform a certain type of activity, including the performance of a certain labor function.

The introduction of professional standards into the practical activity of enterprises and organizations can cause some difficulties. So, the revision of documents, the change in the system of employees' assessment, special training programs development may increase the workload in personnel divisions.

Additional financial costs associated with employees training may occur. Today it is not an uncommon situation in Russia that an employee has an education, but he does not work in his profession. At the same time, legislation requires employees to pass professional retraining or to receive a specific education to be permitted to perform certain types of activities. The employer has a direct duty to resolve the issue with such training (Article 196 of the Labor Code of the Russian Federation). Also, the employer is obliged to ensure the training of employers who come to work in harmful and/or dangerous working conditions, safe methods and methods of performing work with an internship at the workplace, passing exams and periodic training in labor protection (Article 225 of the LC RF) [3].

Companies have to monitor the adoption of new professional standards and to implement them in time to avoid administrative penalties in the long run. Violation of labor laws and other regulatory and legal acts that contain norms of labor law entails a warning or imposing a serious administrative fine on the officials.

Control over the application of professional standards and over the compliance of workers with their requirements will be implemented by the Federal Service for Labor and Employment and, in particular, the State Labor Inspectorate. In the course of inspections, inspectors will first check the local documents for compliance with the names of posts, as well as the compliance of the level of education of employees with the requirements of the professional standards. To confirm the level of knowledge and skills of the staff inspectors can request documents on performance evaluation or certification of employees. But, as it has been mentioned above, in practice this control is not functioning yet. The fact is that initially an independent system of qualifications

was presented as optional, voluntary, and based on social responsibility and social partnership of stakeholders.

An important problem which has just started to be solved is the integration of the education system into the national system of qualifications. It is known that today the education system as a whole does not meet the requirements of professional standards and professional communities. Educational institutions in Russia have a lot of problems, hindering their timely "adjustment" to an independent system of qualifications. For example, one of them is the need for survival and autonomous earning of financial resources.

An effective tool in the issues of building human capital with the use of the national system of qualifications of the qualifications system is one of its elements – professional and public accreditation of educational programs. This accreditation is to be carried out by professional communities of employers. Its main goal is to assess whether the educational program meets the requirements of a professional standard and to what degree. However, the main problem is that the regulatory framework for the implementation of professional public accreditation has not been developed either.

Thus, the implementation of professional standards has not solved the problem of the growth of human capital and stimulation of the economy today, as it was supposed. The education system and the professional community of Russia have not united into a single whole and have not yet begun to work over one common goal, which is to form the human capital in the country on the basis of a balance of interests between the two systems.

The main reasons for this are as follows.

One of the serious problems associated with the introduction of the NSQ is that, on the one hand, it is being implemented on a voluntary basis or on the principles of social partnership; on the other hand, the state tries to control the system. The national system of qualifications in Russia today is in an uncertain legal situation. Therefore, it is characterized by voluntariness and lack of state regulation, on the one hand, and by unwillingness of its participants to do anything without any clear legal and administrative fixations, on the other hand. The only "semi-public" body – the National Agency for Qualifications Development, approved by law and getting some budgetary funding – is not endued with managerial authority and is engaged in general coordination only.

### **CONCLUSION**

The most important component of the social and economic development of Russia – the formation of the National System for the Development of Professional Qualifications – should be accompanied by a corresponding tendency to strengthen the role of the state, which is not observed in the formation and development of the national qualification system nowadays. It so happened historically (and politically) that any progress in the key directions of the country's development should be governed by the strongest state execution mechanisms. The modern economy of Russia is based on neoclassical fundamentals, the essence of which is based, first of all, on the weak interference of the

state in the market economy. This leads to the fact that the reform in terms of the national system of qualifications is liberal, and there is no state influence on public structures. The system is voluntary, recommendatory, and mandatory elements are seen only "here and there", which significantly hampers its development. Acceptance and awareness of this system is certainly a voluntary affair. But its introduction into the business environment of any enterprise should be based on the regulatory and legal framework and be under control of the state. Otherwise, the system will be recognized, but not implemented. And it is precisely this that can be observed today, since very few enterprises and organizations can boast the experience of introducing the professional standards into practice. There are many reasons for this.

Firstly, not all the professional standards have been developed up to the present moment, but this, as it is known, is a matter of time. Secondly, the professional standards are not mandatory, there is practically no control over their implementation, therefore, in the opinion of many enterprises, they may remain unimplemented in principle. Thirdly, the introduction of professional standards entails a revision of the staff table, the payment system and all documents related to personnel, which is very laborious. Fourthly, the professional standards can disrupt the existing organization of work and change the current business process, and this implies significant work for organizations. Fifthly, bringing the qualification characteristics of personnel in accordance with the professional standards is very expensive for companies.

These are far from all the contradictory problems of the formation and development of the national system of qualifications. They can be solved only with the strengthening of the role of the state and the inclusion of all levers of control and administration over the process of its formation and development. The creation, the formation and the development of the national system of professional qualifications is certainly a key direction in the modern economy of the Russian Federation.

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