

Education Factor and Human Resources Development

Albania Case

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Abstract

The article gives a general view of the actual situation and the potential importance that the education factor plays in the formation and development of human resources in Albania, based on the Albanian education system applied as well as the strategies undertaken regarding the development of human resources by transforming it in an important asset and an unstoppable source of values for all the society.

In particular, the article is focused in analyzing and evaluating the link between the level of human resources education and some of the socio-economic factors supposed to influence on it.

The study is based on the data gathered through usage of the questionnaire tool by distributing 500 of them in the main cities of Albania. By applying statistical analysis, Chi-Square Tests and correlation coefficients on the data gathered one of many interesting conclusions it came out was that individuals with (at least) university education have a higher proportion of a combined portfolio mostly in investments like treasury bonds and real estate. The behavior of the Albanian citizens towards the investment in human capital is noticeably determined by the individual level of education, with the level of importance 0, 01 which means a 99% probability in significance and the calculation of the correlation coefficient between the investment in human capital and the education is 98% important.

Key words: Human resources development; Albanian education system; Albanian Education strategy.

Introduction

Education is an important policy priority in creating a knowledgeable, skilled and adaptable workforce able to contribute to the country's competitiveness and social cohesion. The concept of human capital which was introduced since the early 1960's, is deeply connected to the education process and can be considered as the main way for investing, maintaining and shaping it in a really "perpetual machine" for the society welfare. Investing in human capital is one of the most relevant factors affecting the economic growth of a country. The average stock of human capital in a society plays an important role in shaping its economic development and growth. It is therefore not surprising that economists are interested in identifying the possible sources of inefficient education decisions and their corresponding remedies.

Key aspects of the Albanian Education Strategy and some policy issues

Education system, enrollments and graduates' success on the labour market

The Albanian education system is organised as follows: pre-school education, mainly provided by kindergardens; basic education (grades 1–9), which is free and compulsory; secondary education and higher education. Based on Ministry of Education data for 2009, there were 1.680 pre-school institutions serving 80.000 students and 1.725 basic education institutions serving 475.500 students. Also, secondary education was provided to 144.000 students in 376 institutions; 316 provided general secondary education, 20 offered social-cultural secondary programmes, and 40 provided initial vocational education (to 17.500 students). Both the employment and unemployment rates (2003–2005) for the 15–64 age group, by level of education showed that higher education is clearly associated with more advantaged performance in the labour market. Employment rates in the period indicated were always higher than the country average, by 10–17 % points (in 2005 the average employment rate was 60.7%, while it reached 76% for those with higher education). A similar advantage was observed with unemployment rates, in which the deviation to country average was approximately 50% or more (2.7% at this education level against 7.5% on average in 2004). Conversely, the labour force with only secondary education faces severe challenges in the labour market, as shown by the above-average unemployment rates in 2003–2005, with a deviation of at least 30% (in excess of the average unemployment rate). Employment rates show a better situation, with the respective rates slightly below the country average.

Curriculum reforms

During the last two decades the education system in Albania has been undergoing continuous reform with respect to both its structure and its content. The curriculum in primary and secondary general education is being reformed to make it more compatible with contemporary developments in teaching and learning. The textbook publication market has been liberalised, ensuring that better-quality and more attractive and appropriate curriculum support resources are made available to teachers.

Efforts to improve the quality of teaching include the development of competencies for teachers and a teacher accreditation system, the introduction of an in-service training programme, and reforms.

The National Centre for Assessment and Evaluation has been established to carry out independent student learning assessment and to support university entrance examinations.

To improve the quality of education provision, a State Matura has been introduced recently in 2005 as a final examinations system that young adults take at the end of their secondary education.

Education management structure and decentralization process

The management of the Albanian education sector is still centralised, a situation which is not much different from the experience found in other countries of the region. It is the Council of Ministers, the MoF, the MoES and their subordinate offices, who take all decisions. Local governments have very limited power; while schools are seen as mere executors of government policy. Parents and communities enter the process primarily through private financing. To cope with this, the government has issued a set of measures largely aimed at decentralising the education system, but at the same time encouraging greater school autonomy. Decentralisation of the education system management and the service delivery at the pre-university level is a core aspect of Albania's ongoing broader education governance efforts. Under the decentralised system, schools are required to take increased responsibility for planning and managing the development of the services they deliver along with the associated quality improvement procedures.

The problem of early school leaving

Albanian children on average complete 9.6 years of schooling, and in this respect Albania lags substantially behind its neighbours and falls almost six years below the EU average. While universal primary education has been achieved, the enrolment rate for secondary education (grades 9–11) is low, at around 50%. Low average educational attainments are compounded by marked variations across regions and income groups. For example, the secondary enrolment rate is 70% in Tirana, 60% in other urban cities, and only 25% in rural areas. Almost one-third of basic school students attain the lowest possible mark among six satisfactory grades, with the performance being even weaker in rural areas.

Students from rural areas achieve 30% lower scores than those from urban areas, and children from poor families achieve 40% less than students from non-poor families. Intensive demographic movements and the fast growth of the school population have caused a high concentration of new students in some areas, exceeding the maximum capacities of the existing school facilities. However, the situation needs to be seen in its complexity and all multidimensional aspects in order to understand the disproportion in access and quality that has arisen in all aspects of education.

Students' performance in international tests as an indicator of poor quality of education

Albania has participated in several Programmes for International Student Assessment (PISA) tests, which measure students' performance at the end of compulsory schooling. PISA 2005 results from Albania revealed that a significant proportion of Albanian students of ages 15 had poor reading literacy. In total, 70.3% of the students who participated in PISA fall below literacy level 1, while the average for OECD countries is 19.1%. Student performance can have lasting implications for young people as

they move into adult life, as well as for society at large. Poor learning outcomes at the end of compulsory schooling may lead to a higher probability of dropping out of school before the completion of a secondary education, lower earnings and worse career prospects as these young people enter the labor market, a lower probability of benefiting from on-the-job training and, in the most extreme cases, a greater probability of dependence on social assistance in adult life. Improvements are needed in terms of both physical infrastructure and the teaching and learning processes.

Key issues in VET (Vocational Education and Trainings)

Although significant efforts have been invested by the Albanian government, the EU and other donors since 1997 in improving the provision of secondary vocational education, challenges continue to exist. As the number of vocational schools decreased from 308 in 1990 to 40 in recent years, due to the rapidly declining demand for those profiles linked to the demolition of the old centralised economy, vocational education continues to face difficulties. Despite efforts to reform the curricula, an obsolete VET provision based on outdated curricula, teaching and learning methods and weak infrastructure continues to hamper the effectiveness of the system.

Key issues in higher education

The higher education institutions in Albania function according to the Law for Higher Education approved in 1999. This law regulates the activities of universities and faculties, the establishment and work of managing bodies, and modalities for choosing teaching staff, and also permits the opening of private universities. The overall organisation and activities are elaborated under the statutes of the universities.

The higher education system in Albania includes 12 public universities, of which 5 are located in Tirana and 7 in other cities. There are 16 private universities located in Tirana, which in the academic year 2005–2006 enrolled 3.3% of the total number of full-time students. Most private universities started up in 2006.

In September 2003, Albania officially joined to the Bologna process and became one of the 40

European countries involved in building the European Higher Education Area (EHEA). Between 2003 and 2005, the higher education legislation was updated so as to support the Bologna process reforms and to respond to the national needs. The changes addressed study cycles, the financing of higher education, academic standards, teaching loads and student admissions. Nowadays there is significant pressure on higher education institutions to increase enrolment. It is not clear that the current tertiary education programmes adequately reflect the changing needs of the economy, in which new types of graduate are needed to lead market-based growth.

Although it is difficult to find any other sector in Albania that has undergone so many reforms as the education sector, and although it is difficult to freeze the picture in such a dynamic environment, the major policy challenges in the education sector can be summarised as follows:

- The country continues to have the lowest enrolment rate at secondary education level in region.
- The Albanian education system is traditionally an input-based system, defining the subject matter to be taught and the methods to be used by the teacher in great detail, while modern systems emphasise a combination of high-quality inputs, processes and outputs.
- Access to quality education at all levels of education is a significant challenge which is reflected in many different ways: in students' performance, teachers' qualification levels and textbook quality. Modern teaching and learning standards emphasising the teacher's facilitative role in the classroom and an active role for students are largely absent in Albania.
- Vocational education, which is the responsibility of the MoES mainly concentrated at secondary education level, presents a significant challenge for the future development of a skilled and productive labour force. Curriculum, teaching methods and broader quality assurance all remain to be improved. Education polices have an important role to play in terms of ensuring an adequate labour supply and developing an adaptable workforce.

Survey application and results analyses

In order to measure the impact of some socio-economic factors on education which in turn do influence the human resources development, a survey was conducted by delivering 500 questionnaires which were designed as simple as possible considering the population sample it was directed to, for making easier the understanding and filling them out.

The sample covered different cities in Albania: Durrës, Tirane, Vlore, Berat, Shkoder and Korce (large and mid size cities). The number of questionnaires for each city were delivered proportionally to the respective population. The selection of individuals who participated in the survey was in a random way. The people interviewed were of different age (over 22 years old), different level of education and different social categories.

The data gathered by the questionnaires are processed statistically. First, some statistical analyses based on frequencies were done as they are presented below in this paper. Pearson Chi-Square Tests were also applied (which tests the differences in attitude of groups and categories and in the case that such differences are significant

then the conclusions may be generalized for the population) to define whether the link between financial decisions and specific factors are important. At the end, some correlation coefficients are calculated.

Based on the data gathered, there is analyzed the link between the family incomes and its level of education. As it may be seen in the graph below, the individuals with high education level dominate the category of high income; meanwhile the individuals with low education level usually are characterized by low incomes. So, the level of education is a significant factor for the personal incomes that a person may have. The university education level give to the individuals the opportunity of sustainable good remuneration, the possibility to start a business because they have accumulated a reasonable capital necessary, they are in contact with information, innovations, etc.

The second statistical link studied was that between the types of investments' decisions people make and their individual education level. As it may be seen from the graph below, the individuals with low level of education usually have no savings (because of the low income), or they have invested in non risky instruments which does consist in general in form of bank accounts in this case. While the non risky investments of individuals with university education level do consist in a combination of bank accounts and treasury bonds as well (we have to consider that these are the opportunities the Albanian market offers). This category has the trend of investing in the same proportion between risky and non risky instruments or between non risky instruments and real estate. This last grup of individuals with this kind of portofolio composition as above mentioned is in a small proportion compared to the first group.

The last analysis of frequencies is the one between the percentage of family expenses in education issues (school, training courses, masters, etc) and its education level. It comes up the finding that well educated families are more prone to spend a lot of money in education matters. This analysis has taken into consideration the percentage of revenues spent in education, so the difference in groups are more noticeable if we are going to refer the value in ALL (Albanian Lek), because as mentioned at the first analyses, usually the individuals with university education have higher income (so the difference in %, means higher difference in terms of ALL).

To have deeper statistical analysis, some Pearson Chi-Square tests are applied, to define the main factors affecting significantly the behavior of individuals to invest in human capital development. Correlation coefficients between some main variables are calculated and explained as well. The factors tested are: income, level of education, living location, age group and social category.

Among the questionnaire questions one of them was as follows: What percentage of your income, is spent in children education, training courses, masters, etc?

The results were grouped in four categories: Category I (up to 5% of the income), Category II (5%-15%), Category III (15%-30%) and the Category IV (over 30%).

So, the investment in Human Capital is one of the above factors affected more by the individual level of education, and this link is really significant. The level of importance is 0.01 which means; 99% probability in significance. The other factors tested couldn't explain the behavior for the whole population, because of not any significant differences tested.

At the end, the correlation coefficients are calculated in order to determine the level of strength connection between the investment in Human Capital and some variables above mentioned. As it may be seen in the table below did came up the same conclusion as the Pearson Chi-Square tests, that the link between the investment in human capital and the education Level is of 98% strength. Also, other correlation coefficients are calculated between the Level of education and the same variables; and there is found an important link between the individual level of education and respectively age group, social status, living location, income and education expenses as illustrated in fig.

	Income Category	Age Category	Level of Education	Living Location	Investment in Human Education
Level of Education	0.3	0.32	1	0.2	0,98
Investments in Human Capital	0.1	-0.09	0.98	0.005	1

Conclusions

- ✓ Investing in human capital is one of the most relevant factors affecting the economic growth of a country. The average stock of human capital in a society plays an important role in shaping economic development and growth.
- ✓ From the group frequency statistical analysis it was found that the individuals with high education dominate in the categories with high income, meanwhile the individuals with primary education usually are characterized from low income.
- ✓ The individuals with (at least) university education have a higher proportion of a combined portfolio mostly in investments such treasury bonds and real estate.
- ✓ The well educated families are more prone to expend a lot of money in education matters.

- ✓ Based in the Chi-Square Tests, the conclusion is that, the behavior of the Albanian citizens towards the investment in human capital is noticeably determined by the individual level of education, with the level of importance 0, 01 which means a 99% probability in significance.
- ✓ The calculation of the correlation coefficient between the investment in human capital and the education is 98% important. So it does correspond to the same conclusion as that of the Chi-Square tests.

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