

# DIMENSIONS OF COOPERATION BETWEEN HIGHER EDUCATION AND PRIVATE SECTOR

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**Abstract.** Currently, higher education system of Latvia is in a search for new challenges, and one of the dimensions for the long-term development is cooperation with the private sector. The aim of the research is to provide analytical assessment of the strategic documents and normative base on the higher education and private sector co-operation opportunities and challenges in Latvia. National and EU policy documents and normative acts indicating the need for closer cooperation between the higher education and the private sector are analysed in the research. The main conclusions are focused on development of long-term cooperation between employers and higher education institutions. Dimensions of the cooperation shall be considered in the context of motivation, i.e., motivation both of the students and the employers. It is essential to create preconditions that would motivate students to acquire professional skills in their future profession providing them possibility of an effective and result-based professional practical training. It is equally essential to find instruments to motivate potential employers, so the companies would be interested in co-operation with the higher education institutions.

**Keywords:** university, private sector, employers, higher education

## Introduction

In the global area, the human resources are considered as a vital resource of the each country's national economy, as well as one of the company's assets providing its competitive advantage. The main difference between the concepts of "human resources" and the "human capital" is the investment factor. The human capital can be interpreted as an economic concept in the case the investment in human capital is made, that is, contribution of the individual, business funds, or public expenditure, with the aim to increase their capital. One of the systems designed for investing in human resources is higher education. In Latvia, the system of higher education is currently facing new major challenges: decline in the number of local students, opportunities of attracting foreign students, as well as development of graduates' competencies that would correspond to the needs of the labour market. In this context, one of the dimensions that needs to be improved in higher education institutions, for the sake of the long-term development, is cooperation with the private sector. The need for cooperation between higher education institutions and the private sector has been highlighted in various studies of a number of other Latvian scientists and researchers: T.Muravska, K.Medne (2005), I.Balode (2011), M.Puķīte, A.Puķītis (2011), I.Mietule (2012), S.Īriste, I.Katane (2014).

**The aim** of the research is to provide analytical assessment of the strategic documents and nor-

native base on the opportunities and challenges of cooperation between higher education and private sector.

General **research methods** are used in the study, method of logical construction, qualitative research methods: monographic method, content analysis of special literature, political documents, legal regulations, and scientific publications, case study method, graphical data analysis, and representation methods.

## The role of higher education in society and economy

Higher education contributes to the formation of highly qualified specialists, whose productive work, payment, and employment prospects have an impact on the economic growth. (Aghios 2008) General factors as globalisation, impact of information and communication technologies, application of knowledge, a need to promote and develop diversity, create a peculiar environment, or framework, for education. Therefore, higher education shall nowadays adapt to the rapidly changing economic, social, and cultural environment in response to the economic and labour market requirements, in accordance with the local, regional, and international regulations. (Muravska, Medne 2005)

Higher education provides benefits both for the individual, and to the society; it has a positive impact on the economic and social processes. Benefits of higher education are reflected in the Table 1.

Table 1. Benefits of Higher Education.

For individual	For society
<ul style="list-style-type: none"> <li>• Higher incomes</li> <li>• Better preparedness and opportunities in labour market</li> <li>• Better work and mobility conditions</li> <li>• Better possibilities to make savings</li> <li>• Higher standards of living</li> <li>• Higher social status</li> <li>• Better personal development and leisure time possibilities</li> <li>• Easier to achieve job satisfaction</li> <li>• Better individual welfare and health conditions</li> <li>• Better life quality for raising young generation</li> </ul>	<ul style="list-style-type: none"> <li>• Higher level of production and increase of GDP</li> <li>• Higher productivity</li> <li>• Larger consumption</li> <li>• Larger tax revenues</li> <li>• Lower dependency on state funding</li> <li>• Higher flexibility of employed persons adapting to the needs and changes of labour market</li> <li>• Culture development</li> <li>• Social inclusion</li> <li>• Lower criminality</li> <li>• Safer social environment</li> <li>• Higher political participation</li> <li>• Higher technological adaptation</li> <li>• Improvement of society's health conditions</li> </ul>

The higher education increases chances of the individual in the labour market and his/her opportunities to receive higher salary, which, in turn, provide opportunities to build personal savings. In social field, the higher education provides a positive impact on the personal well-being and individual's status in the society. In turn, the positive economic effect of the higher education is reflected as the growth of GDP, tax revenues, indicators of consumption and employment. Higher education has a positive impact on culture development, public safety, and welfare.

### Study of political documents and scientific statements

In the national concept for higher education and higher education institutions' development for 2013 – 2020, it is emphasized that the higher education institution of the 21<sup>st</sup> century is no longer regarded just as an isolated organization elaborating and transferring the education services to the customers – certain knowledge to the students, but, instead, shall be considered as a factor promoting change and as the agent of change. As well, higher education is no longer regarded as a personal benefit of the particular individuals, but as a common resource for development of the knowledge society, based on the public-private partnership

In the conditions of knowledge economy, the

higher education institution pursues 3 inter-related aims (Figure 1). *The first*, it has to ensure implementation of the higher education study programmes in accordance with the needs of the labour market; *the second*, it shall organize scientific work carrying out researches and transforming innovative ideas into products; *the third*, it should actively participate in various social and cultural activities.

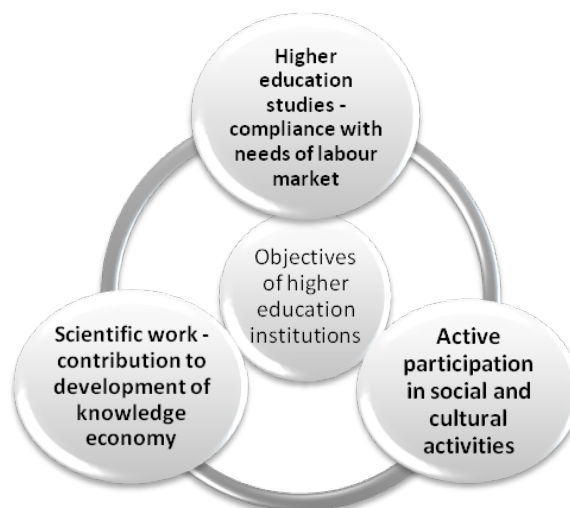


Fig.1. The aims of higher education institutions in the conditions of the knowledge economy (interpretation by the authors, in accordance with Steffenhagen, 2012).

As well, in several European Commission reports, it is proposed that the higher education shall pay a particular attention to providing the practical experience during the study process, thus linking education with the practice, since, at the working place, students establish the confidence that their skills are suitable and comply with the changing requirements of the labour market.

One of the four basic tasks of the higher education in Latvia is to meet the requirements of the labour market, that is, to prepare competitive and innovation-driven professionals who would fit within the national labour market, as well as into the European and global labour market in the circumstances of rapid globalisation. In the recent years, the employers' involvement in the higher education management has strengthened.

One of the tasks of the contemporary higher professional education institution is to contribute to the students' motivation and ability to improve continuously, to build a sustainable moral and spiritual value system, to develop students' ability to adapt to the changing world, to promote critical intellectual attitude, to develop self-awareness and communication skills. These important features allow students to understand better the need to acquire knowledge, to maintain and develop the knowl-

edge in a way to be able to apply it in the practical life in future. The authors conclude that the current change of education paradigms encourages the higher professional education institutions to analyse and to make changes in the study process responding to the labour market requirements and in compliance with the professional competence criteria. (Puķīte, Puķītis, 2011)

To increase the general competitiveness of Latvia, it is essential to develop long-term partnerships between the professional and higher education institutions, the wider society, and the private sector adapting to the changing needs of the labour market and the society. (Mietule, 2012)

The higher education study programmes in Latvia are developed in compliance with the EU and Latvia's long-term and medium-term strategic planning documents and legal regulations, where the cooperation with the employers is recommended and in some documents even mandatory, for example, the European Union Strategy "Europe 2020", the Sustainable Development Strategy of Latvia until 2030, and the Latvian National Development Plan for 2013 - 2020, programs for modernisation of the European higher education system, and the Education Development Guidelines of Latvia for 2014-2020.

Sustainable development strategy of Latvia for 2030 highlights an increasing importance of the technological competence, the ability to integrate skills and competences of various areas, creative skills, human management and risk management skills, as well as the openness to the international and intercultural cooperation.

That indicates that the competitiveness of Latvia will even more depend on the link between the education system and the labour market changes, and the ability to prepare a person for a work under changing circumstances throughout their lives.

In the long-term development strategy of Latvia, the efficient use of the financial and human resources in the education system and the country in general, combining the requirements of global economy and pressure of demographic trends with the development of human capital, competences, creativity, social and emotional intelligence are emphasised as the major challenge in the field of education. It is emphasised that, taking into account the rapid changes in the world economy and development of technologies in the next 20 years, an efficient and flexible system of higher education will be a critical factor to maintain the competitiveness and human capital value in Latvia. At the same time, in the document "Latvia 2030", the necessity to avoid narrow specialisation in the professional programmes is emphasised, stating that, in the study programmes of higher and secondary professional education, in addition to the chosen speciality, the adequate knowledge about the related pro-

fessions must be provided, thus creating a possibility to acquire another profession, requested by the labour market, in case it is needed. In the strategy, the topicality of cooperation between the market of education services and the labour market is highlighted: the education institutions in cooperation with the regional entrepreneurs should follow the local and global tendencies in the national economy to be able to predict and to offer the study content and format, which would contribute both to the promotion of the regional development, and individual and organizational competitiveness in the future. The following indicators shall be achieved in Latvia by 2030: the share of foreign students at the higher education institutions shall be more than 10 %; the share of people with higher education in the age group from 30 to 34 years shall be more than 40 %.

In the context of the higher education, the strategy foresees preparation of the highly skilled labour force throughout Europe, and in the each EU member state particularly. In the result of democratic trends, the international competitiveness and international cooperation in providing professional training for the students have become important issues in higher professional education.

If higher education won't have close and regular relations with the labour market, it will lose the basis of its existence. The main objective of relations with the labour market is to provide quality of education and its conformity. The labour market is a mechanism of results estimation of curriculums implemented in the constructivist environment in a higher educational institution. (Balode, 2011)

In the study carried out within the framework of the European higher education system modernisation programme, it is noted that Latvia is one of the 17 countries in the European context, where the employers' engagement in the planning, management and implementation of the study programme is compulsory. This model of organisation of higher education system leads to the conclusion that the study programmes in Latvia are designed and implemented in compliance with the needs of the labour market.

In the European Union, closer linkage between higher education (including creative industries), economy, employers, and the public is needed. The experience of the EC countries (Belgium, Germany, Luxembourg, the Netherlands, Austria, the Czech Republic, Poland, Lithuania, Estonia, etc.) demonstrates positive aspects of involvement of the external participants both in advisory status and in the process of the decision making. It is recommended to ensure the wider involvement of the public and the employers in the strategic development of the universities, sustaining the suggestive nature of the decisions and opinions made by the Convents. If the Convent would be determined to act on the re-

gular bases including responsibility to provide an opinion on the various university decisions, the higher education institutions would have a regular external view, knowledge for the professional management, and additional transparency, as well as closer link with the society and the economy. (Ēlerte, 2011)

The planning document “Education Development Guidelines for 2014 – 2020” covers all types and levels of education in order to ensure the qualitative and inclusive education for personality development, human wellbeing, and sustainable national development. In the document, the basic principles for the next planning period are defined identifying a common ideology for the implementation of the education policy, emphasizing the values common for all interested parties in the sector in order to reach the specific aims. The higher education currently is expecting significant structural and substantive changes. The results of these changes will resonate in the several generations. One of the strategic priorities is to increase the involvement of employers in the improvement of the study process; as a result, the higher education will be balanced with the requirements of the labour market in the national and international context.

In the case of successful professional practice, all the parties are winners: the students as future professionals, the university, and the company – training provider. The university has a significant role in the preparation of the competitive professionals organising the systemic interaction with the employers. The cooperation should take place at two levels: 1) inter-institutional level and 2) interpersonal level. The result of the inter-institutional cooperation is building of long-term mutually beneficial cooperation with the aim to exchange information and experiences, ensuring the unity of theory and practice, including the common requirements of professional practice and a possibility of its implementation in the company – training provider. In turn, the company which is a provider of the practice, in cooperation with the university, should become an organization with open, rather than a discreet environment. Those are important prerequisites for the professional development of students and for development of their competitiveness. (Īriste, Katane, 2014)

### **Study of normative documents and directions of cooperation**

During implementation of the European Social Fund project „Evaluation of Higher Education Study Programs and Proposals for Quality Improvement”, it was found that the professional education programmes of Latvian higher education institutions, however, lack the collaborative aspect with the Latvian and, particularly, the foreign compa-

nies of different economic sectors both at the national and the international level. The authors consider that the most effective form of cooperation is increasing the employers’ role in the development of the content of the study programme, as well as the involvement of the employers – professionals of the relevant industry in delivering the particular study course, or a relevant topic within the course. This cooperation model allows flexible design of the content of the study programme and professional training in compliance with the labour market needs and trends.

In the report of the above-mentioned project, it is highlighted that, particularly in the regional higher education institutions, a good cooperation with employers is developed; the employers in the regions more actively provide students with the practical placements, participate in the assessment of the study programmes.

On the 9 November 2012, the Ministry of Education and Science of Latvia and the Employers’ Confederation of Latvia signed a memorandum of cooperation on the effective and open collaboration in the process of planning and implementation of the reforms in the higher education and science.

The point that, in order to provide a high-quality study programmes, each higher education institution shall consider the preparedness of the graduates for the labour market is stipulated in the law of the Republic of Latvia “Law on Institutions of Higher education”: higher education – a degree of education in which personality development based on science or art, or science and art, in the selected academic or professional, or academic and professional, field of study, as well as the preparation for scientific or professional activity, which takes place after the completion of a secondary education. The law of the Republic of Latvia “Law on Professional Education” defines the employers’ competence in professional education, i.e., the employers shall participate in development of the professional standards and educational programmes, implementation of the professional education, providing necessary conditions for the practical placements for learners, as well as to participate in the professional education quality assurance and evaluation process; in addition, the employers have rights to participate in the work of the councils of the professional education institutions and in the organizations promoting professional education development.

Up to 2007 in Latvia, there was no common approach for the professional standards development, though, as the professional standards are essential for the acquisition of the professional education, including higher professional education, development and administration of the professional standards were coordinated by the education institutions.

To develop occupational standards in a high quality and in compliance with the labour market

requirements, their development requires involvement of all parties – educators and employers, incorporating skills, knowledge, and competences necessary for the profession. In Latvia, this practice has been started just recently.

The Employers' Confederation of Latvia have emphasised the necessity to update the occupational standards, as the profession standards comprise part of the Profession Classifier determining relevant basic tasks and duties of the professional activity, basic requirements of the professional qualification, general and professional knowledge, skills, attitudes, and competencies required for the performance of those tasks and requirements. The regulations on the licensing of the study programmes require the verification of the study programme's conformity with the existing quality indicators, hence, in the case of the professional study programmes, these indicators are the professional standards. (Līce, 2013)

Professional standards development is impossible without the employers' involvement; this is one of the instruments that could be used to pass the information about the skills competencies, and knowledge required in the particular sector and in the profession from the employers to the higher education institutions. Though, it should be noted that the involvement of the foreign experts and employers' in the development of the professional standards is not a compulsory requirement in Latvia.

The Cabinet regulations «Regulations on the National Standards on the Second Level Higher Professional Education» and «Regulations on the National Standards on the First Level Higher Professional Education» provides that the program ends with the state examinations (in the 2nd level professional higher education study programmes) or the final state examination – the qualification exam (in the 1st level professional higher education study programmes), which are evaluated by the state examination commission that comprises the chair of commission and at least four members. The chair of the commission and at least half of the members have to be representatives of the professional organizations or employers of the relevant industry. That allows to conclude that the employers participate in the assessment of the students' knowledge, skills and competences and in awarding the professional degree and qualification. The employers' participation in the final examinations allows them to assess young professionals and to make proposals for the improvement of the study quality.

The Cabinet Regulations No. 668 “Rules for the accreditation of higher education institutions, colleges, and study directions” stipulates that, in the assessment of the higher education institutions and the study directions, the experts use the results of the students, employers, and the graduates surveys in the case of the regular accreditation of study di-

rection as one of the sources of information. It can be concluded that it is a communication building process between the higher education institution, the employers, the graduates, and the students.

## Conclusions

Proposals for the further cooperation of the higher education institutions and the private sector.

1. Directors of study programmes, together with the social partners should to carry out the analysis of current study programmes, evaluating the correspondence of the learning outcomes to the actual labour market demands.
2. When elaborating new study programmes, directors of the study programmes should ensure the content that would contribute both to the promotion of the regional development, and individual and organizational competitiveness in the future. As well they should extensively involve employers in the development process of the content and further course implementation.
3. Higher education institutions should develop cooperation model between the student, academic staff and the employer. The result of this type of cooperation is the alignment of the theoretical knowledge and the professional skills and competencies.
4. A higher education institution in collaboration with employers should enhance students' motivation to acquire professional skills of the chosen profession, ensuring efficient and results-based professional practice.
5. Higher education institutions should ensure participation of employers in the assessment of professional placement reports, similar to the way they are engaged in the final examinations, thus allowing them to assess young professionals and to make proposals for the improvement of the study quality.

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## AUKŠTOJO MOKSLO IR PRIVATAUS SEKTORIAUS BENDRADARBIAVIMO DIMENSIJOS

### Santrauka

Aukštasis išsilavinimas labai naudingas žmogui tiek individualiai, tiek visuomenei, jis teigiamai įtakoja ekonominius bei socialinius procesus. Tai reiškia, jog Latvijos konkurencingumas vis labiau priklausys nuo švietimo sistemos sanglaudos su pokyčiais darbo rinkoje bei sugebėjimo parengti žmogų darbui prisitaikant prie kintančių aplinkybių visą gyvenimą. Latvijoje aukštojo išsilavinimo sistema ieško naujų iššūkių ir vienas iš ilgalaikių egzistencijos dimensijų yra bendradarbiavimas su privačiu sektoriumi. Tyrimo tikslas yra teikti strateginių dokumentų bei reglamentavimo sistemų analitines išvadas apie aukštojo išsilavinimo bei privataus sektoriaus bendradarbiavimo galimybes bei iššūkius Latvijoje. Tyrimo metu įvertinti Latvijos bei ES politiniai dokumentai bei teisės aktai, kurie liudija apie aukštojo išsilavinimo bei privataus sektoriaus glaudesnio bendradarbiavimo būtinybę. Pagrindinės išvados, kurios tapo tyrimo objektu, skirtos darbdavių ir aukštųjų mokyklų ilgalaikio bendradarbiavimo sudarymui. Bendradarbiavimo dimensijas reikia įžvelgti motyvacijos kontekste, t.y., tiek studentų, tiek darbdavių motyvavimas. Reikia sudaryti sąlygas, kad studentai būtų motyvuoti įgyti profesinius įgūdžius ateityje pasirenkant specialybę, užtikrinant efektyvią bei į rezultatus besiremiančią profesinę praktiką. Tiek pat esmingai suieškoti potencialių darbdavių motyvacinių instrumentų, kad įmonės būtų suinteresuotos bendradarbiauti su aukštosiomis mokyklomis.

Viena iš aukštųjų mokyklų bei darbdavių bendradarbiavimo krypčių yra studentų įtraukimas į valstybinių, savivaldybinių bei įmonių projektų tyrimus, kurie užtikrins studijų programos tvarumą. Aukštojo išsilavinimo įstaigų vadovai bei socialiniai partneriai turi parengti bendrą bendradarbiavimo planą tarp jaunųjų specialistų kompetencijų sudarymo bei vystymo, bendrai reikia apibrėžti studijų rezultatus, įvertinant į juos įtrauktų kompetencijų atitikmenis aktualius darbo rinkos poreikiams.

Raktiniai žodžiai: universitetas, privatus sektorius, darbuotojai, aukštasis išsilavinimas.