

Training programs of transnational corporations as a foundation of formation of private educational resources

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Abstract

Purpose – The purpose of this paper is to analyze training programs for transnational corporations, educational services market, and society.

Design/methodology/approach – The paper consists of three components: determination of the role and meaning of training programs of transnational corporations in the system of formation of private educational resources, conduct of analysis of effectiveness of training programs of transnational corporations, and compilation of recommendations for increase of effectiveness of training programs of transnational corporations. The main method of the research is correlation analysis.

Findings – As a result of the research, the authors have come to the conclusion that training programs of transnational corporations are the foundation for the formation of private educational resources and provide significant advantages for transnational corporations, educational services market, and society on the whole.

Practical implications – The practical value of the work consists in the development of practical recommendations for increase of effectiveness of training programs of transnational corporations which could be used by them in practical activities.

Originality/value – The performed research contributes to the development of the concept of human resources, the concept of post-industrial economy, and the concept of transnational business, which causes its high theoretical significance.

Keywords Corporate social responsibility, Training programs, Private educational resources, Transnational corporations

Paper type Research paper

1. Introduction

In the globalizing economy, transnational corporations are one of the most important players in the world market. An important peculiarity of transnational corporations is possession of significant resources, as compared to other market members, which allows them to perform their own large-scale educational programs and train specialist-practitioners of the highest level.

These specialists are the foundation of human capital of transnational corporations which is the most important production factor and vector of economic growth under the conditions of post-industrial economy. This determines the high actuality of study of issues related to realization of training programs by transnational corporations.

Despite the fact that these training programs are large scale, causal connections of their performance are insufficiently studied. From the scientific point of view, the most interesting issue is the necessity of these high-budget programs for transnational corporations, consequences of realization of these programs for society, and of their role in the formation of private educational resources which are a separate segment of the educational services market.

The authors of this research offer a hypothesis that training programs of transnational corporations are a basis of the formation of private educational resources. The purpose of the paper is to analyze the meaning of training programs for transnational



corporations, educational services market, and society. This purpose supposes solving the following main tasks:

- determination of the role and meaning of training programs of transnational corporations in the system of formation of private educational resources;
- analysis of effectiveness of training programs of transnational corporations; and
- compilation of recommendations for increase of effectiveness of training programs of transnational corporations.

According to that, the object of the research is training programs of transnational corporations. The topic of the research is socioeconomic and managerial connections and relations which emerge in the process of realization of training programs of transnational corporations and formation of private educational resources.

2. Theoretical aspects of study of training programs of transnational corporations in the system of formation of private educational resources

2.1 Characteristics of private educational resources as components of educational services market

It is possible to distinguish two main components of educational services market: state and private educational resources (Schneckenberg *et al.*, 2015). State educational resources are training programs of state educational establishments. They are fully or partially financed by the government and are provided to students on a free (budget) basis (Zisk *et al.*, 2015).

State educational resources are largely standardized, as they are fully controlled by the state (Popkova *et al.*, 2015). They are also characterized by domination of theoretical direction and detachment from situation in the labor market and business (Dao and Thorpe, 2015).

One of the most important peculiarities of state educational resources is their correspondence not to specific offices, which are in demand by enterprises, but to the list of specialties set by the state, which complicated the further employment of graduates of state educational establishments (Nadtochey, 2012).

Flexibility is not peculiar for state educational programs, which leads to the fact that the knowledge received by students of such programs do not often correspond to the demand of the economic practice (Deem *et al.*, 2015; Popkova *et al.*, 2015). As a rule, state educational resources cover the least popular directions of education (Martins and Nunes, 2016).

Private educational resources are contrast to state resources. They are provided by non-governmental organizations, i.e., private, business structures (Bhardwaj, 2015). These could be private educational establishments and private enterprises which train their employees independently (Kalinina, 2001). They are also characterized by domination of practical direction and proximity to the situation in the labor market and business (Steiner-Khamsi, 2015).

Private educational resources are oriented at training of working employees who occupy certain positions (in case of private business), or at training of future representatives of specific positions (in case of private educational establishments) (Al-Husseini and Elbeltagi, 2015). Within these positions, the trainees acquire competences necessary for the work.

The most important feature of private educational resources is their high flexibility (Ashraf *et al.*, 2016). Smallest changes in the labor market and business lead to modernization of private educational resources, so their students receive new knowledge and experience based on the needs of economic practice (Petrova *et al.*, 2015). Private educational resources prepare specialists in the most popular spheres in the labor market and educational services market and are provided on a paid basis (in case of private educational establishments) or on a free basis if financed by the employer (in case of private business) (Al-Husseini and Elbeltagi, 2016).

2.2 Analysis of causal relations of performance of training programs by transnational corporations

Performance of training programs by transnational corporations requires significant investment expenses, but they grant large advantages. First, within their own educational programs transnational corporations train specialists who are ideal for specifics of their activities. This allows achieving high indicators of labor efficiency and effectiveness of production.

Second, performance of own training programs shows high social responsibility of transnational corporations, which allows them to attract the most competitive specialists in the labor market and ensures high loyalty of employees, allowing them to preserve valuable human resources and reduce chances for “gaining” them by other business structures.

Third, performance of own training programs within the policy of social responsibility of transnational corporations ensures public approval of their activities and provides competitive advantage, strengthening their positions in the market. As a result, it is easier for them to sell their products. The state is also more loyal to them, which allows transnational corporations to enter new markets easily.

Despite multiple advantages, it is also necessary to pay attention to the drawbacks of performance of training programs by transnational corporations. One of these drawbacks is keeping employees, who undertake such educational programs, not on a voluntary basis. On the basis of the concluded contract, the employee who took such program has to work for a certain period in the transnational corporation. If he wants to leave, he will have to pay the cost of training which, as a rule, is very high.

Another drawback consists in the fact that while realizing the programs of social responsibility through their own training programs, transnational corporations push their rivals from the markets, thus monopolizing them. The consequences of such phenomenon are rise of prices for products and reduction or refusal from increase of its quality.

The third drawback is reduction of competitiveness of state educational programs and educational programs provided by private educational establishments. The most perspective students strive to acquire education in training centers with transnational corporations in order to improve chances for the future employment.

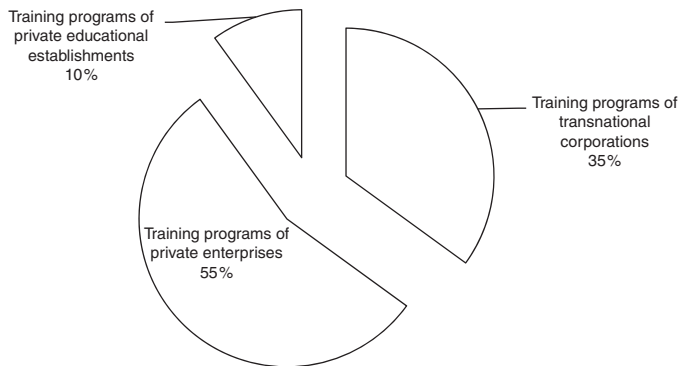
Thus, training programs of transnational corporations are a contradictory phenomenon. At that, most experts agree that advantages dominate over disadvantages.

2.3 The role and meaning of training programs of transnational corporations in the system of formation of private educational resources

In the twenty-first century, training programs are very popular among transnational corporations all around the world. They develop dynamically and are constantly modernized. This ensures their high quality together with close connection to real production and a possibility for exchange of real experience. On the basis of the study of statistical information from various sources on educational resources market, the authors of this research determine the share of training programs of transnational corporations in the structure of private educational resources as to the volume of services provided (Figure 1).

As seen from Figure 1, training programs of transnational corporations account for 35 percent in the general structure of private educational resources. If one studies the structure of this segment of educational services market thoroughly, it is possible to see that the training programs of transnational corporations belong to the sphere of postgraduate education, i.e., they are a means of receipt of additional education or advanced training.

At that, training programs of private educational establishments belong to the sphere of higher education. That is why training programs of transnational corporations dominate in the sphere of advanced training. Analyzing the structure of private educational resources as to the volume of investments, we see that training programs of transnational corporations are also undeniable leaders.



Source: Compiled by the authors

Figure 1.
Structure of private
educational resources

Therefore, training programs of transnational corporations play an important role in the system of formation of private educational resources. They are characterized by very close connections between educational programs and requirements of labor market and business. Training programs, provided for employees of transnational corporations on a free basis, largely stimulate development of national human resources.

3. Economic analysis of effectiveness of training programs of transnational corporations

3.1 Description of the methodology of analysis of effectiveness of training programs of transnational corporations

The standard methodology of analysis of effectiveness supposes comparison of profits and expenses. In the context of training programs of transnational corporations, expenses are investments into these programs. Profits are a more complex indicator. Profits include the increase of competitiveness of human resources of transnational corporations, growth of labor efficiency, improvement of reputation in the market, increase of market share, etc.

This formula supposes availability of quantitative and qualitative indicators which are difficult to measure and subject to influence by subjective factors, which are incompatible. That is why in order to obtain precise results, this work offers to use an adapted method of correlation analysis, which supposes analysis of only quantitative indicators of financial accounting of most transnational corporations.

The use of the method of correlation analysis will allow finding a contribution of training programs of transnational corporations (x) into formation of their profit (y_1) and goodwill as an indicator of reputation (y_2). Automatized calculation means allow receiving the regression models of the type $y_1 = a_1 + b_1x$ and $y_2 = a_2 + b_2x$, as well as the value of the correlation coefficient of the studied indicators r^2 . The evaluation of the obtained results is performed on the basis of analysis of closeness of connection of the studied indicators. If the connection is strong ($r^2 > 95$ percent), it is possible to speak of high effectiveness of training programs of transnational corporations.

3.2 Empirical analysis of training programs of transnational corporations by the example of Gazprom OJSC

As the correlation analysis requires collection of a lot of information and its thorough processing and study, the authors selected only one object for the research – one of the largest Russian transnational corporations – Gazprom OJSC. This corporation is a monopolist in the Russian market of natural gas.

In order to justify its monopolistic position before the society, Gazprom OJSC pays a lot of attention to realization of measures in the sphere of corporate social responsibility; the detailed information on them is given on the official website of the corporation. The corporation considers its employees to be a valuable resource and stimulates their development. The corporation has a tradition of transferring experience from labor veterans to young employees.

Gazprom OJSC has training branches all over Russia. There, the employees of local departments of the corporation take training and further training. The corporation also provides their employees a possibility for acquisition of distance education; in view of specifics of corporation's activities, it specializes on preparation and increase of qualification of engineering staff.

3.3 Results

Let us conduct the analysis of effectiveness of training programs of transnational corporations with the help of correlation analysis. For that, we shall use the data of Table I.

As seen from Table I, in 2011-2015 there was a positive dynamics of all studied indicators. As a result of correlation analysis of these indicators, the following results were obtained. The level of correlation of net profit of Gazprom OJSC and the volume of investments of transnational corporation into training programs consist more than 97 percent.

The level of correlation of goodwill cost and volume of investments of transnational corporation into training programs exceeds 99 percent. The obtained values of correlation coefficient show strong and close connections between the studied indicators and high effectiveness of training programs of Gazprom OJSC in 2011-2015.

4. Discussion

As a result of the research the offered hypothesis was proved – training programs of transnational corporations are really a foundation of formation of private educational resources and provide significant advantages for transnational corporations, educational services market, and society on the whole.

Taking into consideration the large importance of training programs of transnational corporations during the formation of private educational resources and development of educational services market, establishment of its connection between labor market and real business, and increase of the quality of national human capital, this work offers the following recommendations for its development:

- Insuring risks caused by departure of employees who have taken training programs from transnational corporations. This will allow transferring risks from the employee to the insurance company. If the employee wants to leave the company and is forced to stay, he would not strive to contribute to its development, so he is not that valuable for transnational corporation. Therefore, the corporation does not need to keep him against his will, and it will be able to return the investments spent for his training from the insurance company, thus minimizing the damage.

Table I.
Dynamics of estimate indicators for analysis of effectiveness of training programs of Gazprom OJSC in 2011-2015

Indicators	2011	2012	2013	2014	2015
Volume of investments into training programs, RUB million	10,660	13,513	17,129	21,713	27,524
Net profit, RUB million	326,972	394,128	475,078	572,654	690,271
Goodwill cost, RUB million	102,500	103,071	103,644	104,221	104,801

Source: Reports of Gazprom OJSC reports (2015)

- Working with educational establishments and provision of training programs of transnational corporations on their basis. This will allow a wide range of students to study the experience of transnational corporations and take away the necessity for further training of the employees. This will also ensure saving assets by means of reduction of the volume of investments necessary for the performance of independent training programs. During cooperation with educational establishments, training programs of transnational corporations could be performed as a practical course which constitutes only 30-50 percent of the whole study program.

Realization of the above recommendations will allow increasing effectiveness of training programs of transnational corporations, reducing expenses for their performance and maximizing profit for corporations, their employees, educational services market, services, and the state.

5. Outlook

It should be concluded that the perspectives of development of private educational resources are closely connected to training programs of transnational corporations. Taking into account that human resources are of the most value among other resources, as a competitiveness factor of national economy and its economic growth, it is necessary to acknowledge that training programs of transnational corporations are an important means of development of national human resources, providing them leading knowledge and experience of practical activities. That is why development of training programs of transnational corporations determines the future of the country's economy.

The performed research contributes to the development of the concept of human resources, concept of post-industrial economy, and concept of transnational business, which determined its high theoretical significance. The practical value of the work consists in the development of practical recommendations for increase of effectiveness of training programs of transnational corporations which could be used by them in practical activities.

The results of the conducted research are limited by the object, which is in this case is just one transnational corporation. Thus, expansion of limitation of the selection and conduct of research on the basis of a range of transnational corporations from various spheres of activities and different countries are a perspective direction for further research and strengthening of empirical basis of this work.

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