



Understanding the human capital benefits of a government-funded international scholarship program: An exploration of Kazakhstan's Bolashak program



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ABSTRACT

This study utilizes qualitative research methods to explore the human capital benefits of one government-sponsored international scholarship program – Kazakhstan's Bolashak Scholars Program – and how program characteristics and other forces promote and limit these benefits. The findings raise a number of questions for policymakers, administrators, and researchers about how a government-sponsored international scholarship program should be structured so as to maximize human capital development for individuals and the sponsoring nation.

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1. Introduction

Educational attainment, an indicator of the human capital accumulated by a population, is a primary determinant of a nation's prosperity and global economic competitiveness (Acemoglu and Robinson, 2012; OECD, 2012). The World Economic Forum underscores the importance of higher education to national competitiveness asserting that, "today's globalizing economy requires countries to nurture pools of well-educated workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system" (Schwab, 2014, p. 7).

Although labor market policies and other forces also play a role (Rashid and Rutkowski, 2001), higher education is particularly important to the competitiveness of nations with developing and transitioning economies, including the 15 former Soviet Socialist Republics that, since the dissolution of the Soviet Union in 1991, have been moving from socialist systems to market economies. Moving from a centrally-planned economy to a market economy requires substantial restructuring of the labor market. This restructuring tends to "place a heavy burden on the education and training sectors of the economy to smooth any labor market adjustment" (Clark, 2003, p. 28).

One approach that several former Soviet states (e.g., Azerbaijan, Armenia, Kazakhstan, Russia), as well as governments around the world (e.g., Brazil, China, Iran, Saudi Arabia), have adopted to develop human capital is to offer subsidies that enable students in the home country to study at postsecondary institutions abroad (Edelstein and Douglass, 2012; Knight, 2006; Perna et al., 2014a; British Council and DAAD, 2014).¹

National governments that sponsor international scholarship programs assume that the benefits of attending a higher education institution outside the home nation are different from the benefits that result from attending a domestic institution (Messer and Wolter, 2007). By taking advantage of long-standing, high-quality educational offerings in other nations, this approach may build the international perspectives of the home nation's population, promote knowledge transfer, and develop skills required by employers (Knight, 2006; Varghese, 2008). Worldwide, 2% of all tertiary education students (about 3.5 million individuals) studied in a foreign nation in 2010 (UNESCO Institute for Statistics, 2012). Although the percentage is small, the potential benefits of studying abroad to individual and societal prosperity may be large, especially in a nation that is transitioning economically and politically (Kim, 1998).

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¹ Throughout the paper, we refer to the provision of governmental subsidies for promoting the enrollment of students at higher education institutions abroad as a government-funded international scholarship program (Perna et al., 2014a).

Drawing on human capital theory and qualitative research methods, this study explores the human capital benefits created by one international scholarship program that is sponsored by a government in a transitioning nation, Kazakhstan's Bolashak Scholars Program. The program was initiated in 1993 by then (and current) president of the country Nursultan Nazarbayev. The [presidential decree \(1993\)](#) that effectively established the Bolashak program articulated the perceived value of educating citizens abroad for meeting labor market needs:

In the transition of the economy of the Republic of Kazakhstan to the market economy and expansion of its international relations there is an urgent need for staff with appropriate education, and therefore it becomes especially important to send the best prepared young people to study in leading educational institutions of foreign countries.

The Ministry of Education and Science of the Republic of Kazakhstan (2010) claims that the Bolashak program has “made a significant contribution to the development of the country's human resources and has provided a unique opportunity to young talented Kazakhstani to obtain education from the best universities in the world” (p. 7). Despite this assertion, little is known about the nature of the human capital benefits that are produced or the ways that various program characteristics and other forces promote and limit the program's benefits.

Using exploratory research methods, this study addresses this knowledge gap. This study does not provide an evaluation of the effectiveness of the Bolashak program, but rather explores the perceived benefits of Bolashak and the characteristics of the program and other forces that influence these benefits.

2. Guiding perspectives

The economic theory of human capital assumes that productivity is determined by an individual's human capital. Human capital increases with the quantity and quality of educational investment, as well as with on-the-job training, geographic mobility, and emotional and physical health ([Becker, 1993](#)). In a market economy, greater productivity is expected to be rewarded with an increase in earnings ([Becker, 1993](#)).

In a centrally-planned economy, the correlation between education and earnings is typically smaller, as governments in these economies determine the distribution of workers across industries and set wages based on criteria other than supply and demand ([Arabsheibani and Mussurov, 2007](#)); these economies also tend to have egalitarian wage structures ([Clark, 2003](#)). Although the labor markets of many newly independent states experienced profound disruption immediately following the dissolution of the Soviet Union ([Abrahart, 2000](#)), the tenets of human capital theory now appear to hold. Even in the early years of the transition (that is, between 1994 and 1998), educational attainment was positively related to wages in Russia, with a stronger relationship at privately-owned firms than in the public (state) sector ([Clark, 2003](#)). Using multivariate analyses, [Arabsheibani and Mussurov \(2007\)](#) found that, even after taking into account endogeneity bias, annual incomes in Kazakhstan ten years after independence (2001) increased with level of schooling. These findings suggest that “the initial conditions for restructuring of the labor market are in place [in these nations] and provide significant incentives for individuals to undertake new and essential human capital training” ([Clark, 2003](#), p. 29).

From the perspective of endogenous theories of economic growth, studying in a foreign nation is a form of human capital import. Government-sponsored international scholarship programs may promote human capital in the home nation, as students returning after acquiring education abroad are assumed to “contribute to faster creation of new knowledge and help other

people acquire skills without any direct costs” ([Kim, 1998](#), p. 338). By sponsoring programs that provide financial and other support to study in and earn degrees from postsecondary institutions outside the home nation, governments may not only encourage individual human capital accumulation but also benefit the home country by improving national economic growth and productivity ([Kim, 1998](#)), the internalization of democratic values ([Spilimbergo, 2009](#)), human rights practices ([Atkinson, 2010](#)), and “international understanding and knowledge of foreign languages and cultures” ([Edelstein and Douglass, 2012](#), p. 7).

Research suggests that studying in a foreign nation produces many benefits for individual participants and home nations ([Crossman and Clarke, 2010](#); [Flander, 2011](#); [Spilimbergo, 2009](#)). Nonetheless, studies examining the outcomes of foreign education have noteworthy methodological and theoretical limitations. In their comprehensive review, [Twombly and colleagues \(2012\)](#) conclude that the positive effects found in research examining U.S. students who study abroad may be overstated because of the reliance on data from single institutions and small and non-representative samples, insufficient theoretical grounding, and inattention to the self-selection of students into study abroad programs or the growth and development that would occur among college students regardless of their program participation.

Conclusions about the benefits that result when U.S. students study abroad likely have limited relevance for other nations, especially nations that restrict eligible countries, institutions, and majors and/or have post-completion requirements. Nonetheless, [Twombly et al.'s \(2012\)](#) observation that the individual benefits of studying in a foreign nation vary based on characteristics of participants and the program, as well as characteristics of the host nation, likely applies regardless of the home nation. The societal benefits of foreign education to a home nation depend on which nation pays the costs of attendance and whether students live and work in the host nation after completing their programs ([Bergerhoff et al., 2013](#)). Other characteristics that may influence the nature and benefits of the human capital developed are the level and length of study (e.g., exchange versus degree; undergraduate versus post-baccalaureate), the academic majors that a program supports, and the requirement to work for a certain period or in certain occupations in the home nation upon return ([British Council and DAAD, 2014](#); [Perna et al., 2014a](#)). In his assessment of the many individual and societal benefits that result from higher education, [McMahon \(2009\)](#) concluded that the mechanisms that governments use to promote higher education investment (and thus advance individual and societal prosperity) should vary to reflect the national context, including characteristics of the economy. For instance, when the economy is less-technologically advanced, promoting undergraduate degree attainment may be a more effective use of finite resources than encouraging academic research and graduate education ([McMahon, 2009](#)).

Human capital, as measured by postsecondary education and training of skilled workers, is a determinant of innovation in Eastern European and former Soviet states ([Akhmedjonov, 2010](#)) and a key driver of improved global competitiveness ([Schwab, 2014](#)). Although research suggests various benefits of foreign education to the development of an individual's and a nation's human capital, little is known about how the characteristics of a government-sponsored international scholarship program in a nation with a transitioning economy and developing higher education system may produce these benefits.

3. Research methods

To address this knowledge gap, this study utilizes qualitative research methods to explore the human capital benefits of one government-sponsored international scholarship program:

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