

**MATERIÁLY**  
**XIV MEZINÁRODNÍ VĚDECKO - PRAKTICKÁ**  
**KONFERENCE**

**VĚDA A VZNIK -2018**

22 - 30 prosinců 2018 r.

**Volume 13**  
Ekonomika  
Veřejná správa

Praha  
Publishing House «Education and Science»  
2018

Vydáno Publishing House «Education and Science»,  
Frýdlanská 15/1314, Praha 8  
Spolu s DSP SHID, Berdianskaja 61 B, Dnepropetrovsk

Materiály XIV Mezinárodní vědecko - praktická conference  
«Věda a vznik -2018», Volume 13 : Praha. Publishing House «Education  
and Science» -104 s.

Šéfredaktor: Prof. JUDr Zdenák Černák

Náměstek hlavního redaktora: Mgr. Alena Pelicánová

Zodpovědný za vydání: Mgr. Jana Štefko

Manažer: Mgr. Helena Žáková

Technický pracovník: Bc. Kateřina Zahradníková

**Materiály XIV Mezinárodní vědecko - praktická conference ,  
«Věda a vznik -2018» ,  
po Ekonomika. Veřejná správa.**

For students, research workers.

Pro studentů, aspirantů a vědeckých pracovníků

Cena 50 Kč

ISBN 978-966-8736-05-6

© Authors , 2018

© Publishing House «Education and Science» , 2018

**PhD (Economics) Vorontsova A. S., Mayboroda T. M.**

*Sumy State University, Sumy, Ukraine*

## **STATE REGULATION OF THE EDUCATION SECTOR IN TERMS OF THE COUNTRY'S EDUCATIONAL POTENTIAL FORMATION**

The education sector is traditionally observed as a social institution, which is responsible for the comprehensive development of personality and society on the whole, and thus, produces the so-called “product” – human capital and forms the general educational potential of the country. The conditions and mechanism of such development are provided on the level of the state control regarding the education sector and its relationship with other constituents of the economic policy. Therefore, the financing of the education sector is considered as investments in the human capital, which have an appropriate return.

The term “human capital” was introduced in science in 1960 by the American scientist T. Schultz. The scientist defined this concept as the citizens’ socially significant qualities (he observes it on the example of education and future incomes from it), which it obtains and increases through the appropriate investments [8].

The significant contribution to form the modern conception of the human capital was made by the American scientist G. Becker, who observes the human capital as an existing stock of knowledge, skills and motivations, which have everyone. It is formed by investing in people, among which there are costs for education, training at the production site, costs for the health protection, migration and search of information about prices and incomes [1]. Besides, he compared return from investments and costs for education and defined the investment return in people. This approach may be considered an investment one because human capital is observed as a set of different investment objects (education, health protection, mobility etc).

Hrishnova O. A. observes the human capital as “economic category, which describes the complex of formed and developed productive skills, personal features and motivations, which are in their property, are used in the economic activity, assist in increasing the labour productivity, and influence its owner’s incomes (earnings) and national income growth as a result of investments” [4].

As we can see from the above definitions, the human capital closely relates to the financial capital, which gives positive results both at the personal human's level and at the economic entity's level and state on the whole. Such a relationship may be seen in the concept "investment in human capital".

The concept of "investment" from Latin "invested" means to invest, to endow, etc. In the scientific literature, it is often understood as capital investing with the purpose of its further increase [2]. Thus, there is a close relationship between investments and capital: "capital, on the one hand, as a stock, wealth or money is a base for investment, and on the other hand – investment is a condition of its normal functioning, reproduction and multiplication" [7].

In its turn, investing in the human capital is investment of individuals, firms, state, public organizations in the main assets of the human capital (education, science, health, children's upbringing, migration, motivation of labour, searching the economically important information etc) in order to achieve the economic result (higher income and profit, increase of the national wealth and others) [9].

The main peculiarities of investment in the human capital, which distinguish them from other forms of the capital are the following:

such investment return depends on peculiarities of the concrete person (his or her age, duration of the capacity for work etc);

there is always some limit, till which one can observe an increase of the investment return share in the human capital, after it there is a decline; this limit depends on the peculiarities of every person and more often it relates to the employable age;

human capital is characterized not only by accumulation but also by moral and physical deterioration;

the human development investing may be positive and negative (for example, criminal activity etc) and it is not always defined as investment in human capital;

peculiarities of investment in human capital, their form and size, are different in different countries depending on the historical, cultural, social, economic preconditions;

benefit from investment in human capital is shown at the individual level of a person and at the level of society, economic entity and state on the whole;

the possibility to form and to use the human capital is regulated mostly by its owner, although investment has various sources;

investment on human capital has a high-risk degree, caused by the long period of return from them (according to the estimation of some scientists, it may be twenty years). This term is much shorter for other forms of the capital (financial, physical) [3].

Analyzing the numerous scientists' works regarding the essence and components of human capital, we consider it is expedient to emphasize the educational constituents as its basic and fundamental form.

The group of scientists headed by V. A. Zhamin observes the educational potential as a component of the country's national wealth, which includes:

- the total amount of knowledge and skills of the society, i.e. experience and science, and also theoretical and practical knowledge, which are necessary for their use;

- set of the spiritual, cultural, aesthetic and literature values and skills, which are available for society.

In the above researchers' opinions, the educational potential may be expressed both in the natural form through a number of person-years of education, accumulated by everyone in the national economy, and in the cost form – through total national economic cost for workers' training (education fund) [10].

Workers with a more higher level of education have in average high incomes. Such correlative relationship is confirmed by the following data: in the USA, for example, workers, who finished only the secondary school, earn 1.5-2 times less, than their peers, who have Bachelor degree, and almost three times less, than those, who have Doctor of Science Diploma. The European countries have the same proportion [6].

As for the norms of such investment return, it has been empirically confirmed that in the USA estimations of the primary education return norms reached 50-100%, secondary – 15-20%, higher – 10-15%. In the 70s of the last century, the higher education efficiency decreased to 7-8% that gave reason to talk about overproduction of the certificated workers. However, in the 80s it came back to the previous higher level. The international comparisons demonstrate the fact that with the growth of income per capita, the investment efficiency in person decreases, but in the richest

countries, it increases again. Thus, the relationship between the economic development level and education return norms has U-form [5].

The above results of the research prove the significance of investing in the educational sphere for the country's social and economic development. However, it is necessary to regulate the process to form and to develop the educational potential at the state level for more effective organization of this process. We suppose that it is possible through investigation of the effective mechanism to involve the representatives of the state and non-governmental sector to the investment provision of education sector both at the regulatory and organizational levels.

#### References

1. Becker G. S. Human Capital. N.Y. : Columbia University Press, 1964. 187 p.
2. Бланк И. А. Инвестиционный менеджмент : учебное пособие. Киев : Эльга, Ника-Центр, 2005. 448 с.
3. Горячук В. Ф. Інвестиції у людський капітал та віддача від них. Економіка: реалії часу. 2012. № 1(2). С. 34-39.
4. Грiшнова О. А. Людський капітал: формування в системі освіти і професійної підготовки : моногр. Київ : «Знання», 2001. 254 с.
5. Капелюшников Р. И. Теория человеческого капитала. Московский либертариум, 1993. 154 с.
6. Корицкий А. В. Человеческий капитал как фактор экономического роста регионов России: монография. Новосибирск: Сибирский университет потребительской кооперации, 2010. 368 с.
7. Лук'яник М. М. Сутність інвестицій як економічної категорії // Вісник Сумського нац. аграрн. ун.-ту. Серія:Фінанси і кредит. 2003. №2. С. 107-110.
8. Сафонова Т. В. Теорія людського капіталу як інтегральна концепція розвитку соціальної та економічної сфери. Соціоекономіка: Зб. наук. пр. Донецьк: ІЕП НАНУ, 2009. С. 134-144.
9. Чечель О. М. Інвестування у розвиток людини як пріоритетний напрям формування людського капіталу. Економіка та держава. 2010. № 3. С. 86-88.
10. Экономика народного образования: учеб. для студ. пед. вузов // В. А. Жамин, С. Л. Костянян, В. К. Розов, В. Н. Усанов. Москва : Просвещение, 1986. 336 с.