

Investing in education as direction of development of human capital

Nina Makhnovets¹, Olena Pozniakova²

1. Department of Finance, Lviv Polytechnic National University, UKRAINE, Lviv, S. Bandery street 12, E-mail: ninamah@ukr.net

2. Department of Finance, Lviv Polytechnic National University, UKRAINE, Lviv, S. Bandery street 12, E-mail: pozniakovalv@gmail.com

Abstract – The article deals with the basic problems of human capital in Ukraine. The basic directions of investing in employment potential were examined. It is shown that erected budgets of Ukraine are in education. The basic characteristics of projects that provide more intensive development of the innovative trends in education are given. Improvement of human capital for the future suggested.

Key words – human capital, investments, economic development, intellectual capital, primary education, international public organizations.

I. Introduction

The current state of economy development of Ukraine requires consideration of the general trends prevailing in developed countries. One of these important trends is the development of human capital. It is important to note that sufficiently high level of employment potential today is major obstacle to the country's economic renewal. And an investment in human resources recognized by the international community as the most profitable investment for the development of a competitive country.

II. The main text

Investment in human capital is an extremely actual issue. Man takes a special place in the socio-economic and spiritual development of any country. Socio-economic development of the nation and its future prosperity depend on the person's intelligence, knowledge, skills, professional skills and more. Therefore the special actuality is acquired by not only realization of decisive role of human economic system, but also recognizing the necessity of investing in human capital.

First of all, necessary to define the concept of "human capital", which refers to an individual stock of productive skills, developed as a result of investments in the future that can bring more income to the owner [1, p. 86].

Define the reasons that prevent the development of labor potential in Ukraine, among them are low levels of:

- financing of field of education from the budget;
- blighty and foreign investment in human capital and inefficient use of resources;
- the quality education, which requires novelty and innovation;
- the health of the younger generation - the future carriers of human capital.

It is important that the state as a whole tried to avoid these problems. As you know, all potential investors seek the most beneficial methods of investment to maximize profit. But perhaps the most benefit from investments is in intellectual development of the population.

In general, under investment in human capital should be considered as all kinds of charges that are directed at increasing human capital development, contributing to the growth of national income (or income of the enterprise). These charges include: costs of primary education (preschool, primary, secondary, vocational, technical, higher), health care costs, including the costs of continued life expectancy, enhancing physical and mental force, endurance people, the cost of raising qualification, self improvement, getting the second higher education, etc. [3, p. 152]

It is known, many researchers consider that one of the major investments in development of humanity is education expenses, from which achieved greater efficiency. Such investments may perform: the individual as a carrier of its own human capital, family, enterprises, national and international public organizations, state. Human capital except significant investment costs, demands the desire and considerable efforts of the individual.

Let us analyze how an important economic subject - state invests in human capital, namely education expenses. The erected budget of Ukraine for education for 2008-2012 and the share of these expenditures in total budget expenditures over the past five years are shown on fig. 1.

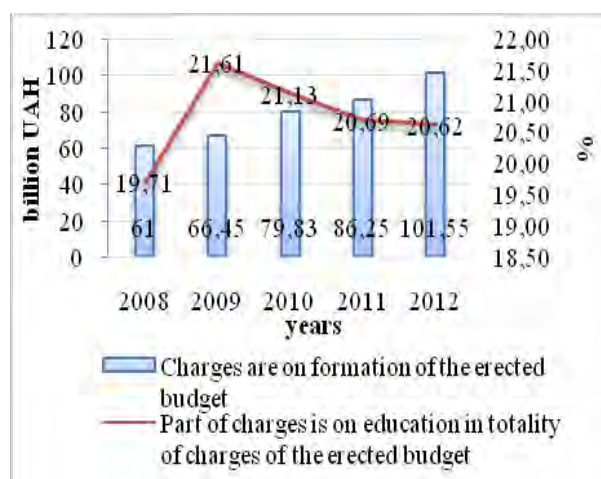


Fig. 1. A dynamics of charges on education of the erected budget of Ukraine for 2008-2012 [4]

Fig.1 shows that over the past five years, spending on education increased slowly. And for the years 2008-2012 financing from the budget for education increased by 33.4%, which is positive. For example, in the 2007 education funding was allocated 60.1 billion, in 2012 - 101.5 billion UAH. However, the share of expenditure on education decreased during the years 2009-2012. This suggests that the priority of education funding from the state budget in recent years falls.

In Ukraine the financing of social services that are directly consumed by the population, are mostly performed by local budgets. Thus, at this level are more than 60% of budget expenditures on education, including

financing of lower educational levels (pre-school and secondary education).

Another source of funding for human capital is private investment in education. In order to provide a rapid socio-economic development, the government should encourage better funding for education through the private sector. This is possible in case of the providing investors with favorable tax treatment, government support, profitable crediting opportunities, taking into account the experience of highly developed foreign countries and others like that. In this case, the state, making such a politics could gain the following benefits:

- reducing of social tension for entrants to the universities;
- reduction of budget expenditures;
- reduction of the share of the unemployed;
- reduction of the share population that at risk of being left without education;
- increasing the level of human capital.

One of the important factors in the development of human capital is an understanding by a person that improving own skills, acquisition of new knowledge is the key to well-being of every citizen. Today, many well-known companies attract Ukrainian personnel who are intellectually advanced. Therefore, some of them create innovative investment projects for implementation and development of new technologies. But there are some disadvantages of this investment: first, the outflow of intelligent personnel abroad in order to get the best conditions for life to profit by foreign companies rather than blighty, transferring in property of greater territory of Ukraine to the foreign proprietors and other.

Here is a list of some of the projects, both national and foreign, performing investment in human capital:

1. Fund TA Venture, which invests online projects that are innovative for the development of necessary industries of economy;
2. The educational program of the Victor Pinchuk Foundation, which provides the organization various training sessions, discussions, lectures, round tables for the intellectual development of the population;
3. Program "the Open world" by the company Intel, which is created for realization of complex, system innovative decision of computerization of universal middle education in Ukraine;
4. Master Program "Financing of investment projects" at the Kiev National Economic University named after Vadym Hetman, which provides training of specialists and managers at all levels of banks, credit institutions, asset management companies (AMC), non-state pension funds, leasing, insurance and other financial services companies as well as professionals and managers of financial and analytical departments of enterprises in the industrial sector of the economy, private entrepreneurs;
5. Investment company "Atlanta". The contest of innovative ideas, providing intelligent search frames that represent certain innovative project in which the company invests in the future;
6. The investment program of the European Commission, of EU Member States and European companies, which is designed to stimulate innovation in sectors of economy that create jobs of high qualification;

7. BIONIC University - first in the country opened Intercompany IT-University of Jansen Capital Management, which will conduct training IT-professionals in three areas: Tech Skills (programming skills), Soft skills (social interaction skills), Entrepreneurship (business skills). Significant investments in human capital at the micro level can be explained by the fact that any subject of menage seeking to realize its goals by providing staff concrete knowledge and skills of universal character. These gained by human intelligence used in the work and, as such investments are double, as carried out both in person and in production. It should be noted that a larger share of investment is financed by foreign investors, and this is generally the following areas: innovation in education, science, the direction of IT technology, the development of competitive products and others.

The high level of education and advanced training of employees is a precondition the formation of high-quality workforce that can provide a high level of profitability and financial stability of enterprise. One reason for the lack of funding for national economic management measures for staff development is the absence of well-judged and prudent policy concerning training, retraining and advanced training of human resources, which negatively affects the current state of these processes [2, p. 141].

Conclusion

Therefore, we believe it is important that state in the person of the State Employment Fund conducted a reasonable personnel policy to reduce and in the future canceling professions that today is not relevant. Also, it is important to support and encourage investment in human capital and develop those economic sectors that bring greater GDP, due to the increasing professionalism of the population.

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