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## **THE DEVELOPMENT OF ECONOMY IN THE FIELD OF EDUCATION**





The purpose of this research is to consider the development of the system of higher education in Ukraine and to determine the economic and financial conditions of the functioning of the higher education system.

Each person's education is an investment in his human capital which allows him to contribute to his society in a productive way. Consequently, the education of the people forms a crucial determinant of an economy's capability to achieve high growth with high wages, low unemployment and strong social cohesion. It is therefore vital for Ukraine to ensure a high-level high-quality education for all its population, requiring appropriate educational investments and an efficient use of given educational resources, as well as an equitable distribution of educational opportunities. In the competitive and dynamic environment of modern knowledge-based economies, education policies take centre stage and, if rightly conceived, can take on roles formerly mainly confined to physical-investment or social-protection policies.

The analysis of the economic and social determinants and consequences of education is the realm of the economics of education. Education economists analyse the effects of education on wages, employment, economic growth and social equity, while also covering non-monetary outcomes and external effects of human-capital accumulation. They scrutinize the role of education in a society's capability to advance knowledge through research, entrepreneurship and innovation. They estimate how family backgrounds, schools' resource endowments and institutional features of the education systems determine the quality of education, using observational and experimental data to estimate the effectiveness of education policy interventions. They deal with the public and private financing of different levels of education from pre-school learning to on-the-job training and compare the benefits of each type of education to its costs [1, p. 8]. And they explore the opportunities and limitations that the employment of markets and incentive-creating institutions in general can bring to an efficient use of scarce resources in the different forms of learning throughout life. The knowledge created by the economics of education can thus assist governments in optimising their policies through better-informed choices, thereby helping to reach the goal of sustainable and equitable growth with an encompassing participation of all citizens.

Higher education is one of those areas that facilitate longterm national competitiveness. Higher education should provide national economy with highly skilled and creative professionals who will be able to face challenges of technological development. Consequently, government should take measures to optimize organizational, economic and financial conditions of higher education system functioning. This explains the relevance of this study. Ukraine can pride itself on its high (according to the world standards) levels of educational expenditures, which result in higher percentage of people with higher education, yet bring no increase in labour

productivity or employer's level of satisfaction with the quality of workforce. The reason for the above imbalances is that for years the budgeting process has completely disregarded the excising demographic trends, such as falling birth rates, urbanization, etc. and failed to adequately meet the actual market needs for professionals with specific knowledge and skill sets [2.p11]. For example, the number of children aged 15-19 years decreased by 41% during 2000-2015, while the number of students – only by 8%. Gradual reduction in the number of students began late and has been very slow. Thus, according to the latest available data, as of 2013, 80% of the Ukrainian youth held higher education degrees. In 2016, the situation did not change because, according to the admission statistics of Universities, 80% of school graduates were admitted to Universities, in comparison with 50% in 2000. The upshot of this is a significant gap between the employer requirements and the level of education in Ukraine: 30% of Ukrainians feel overqualified for the job they are currently performing. Another imbalance – during 2010-2015 the total number of students diminished by 33% while the number of students funded from the state budget – only by 19%. In 2016, more than a half of students – 51% of total – were educated at the expense of the state, compared with 38% in 2010. The number of students per one teacher (including full-time (day), evening and correspondence study) amounted to approximately 11 in 2015, while the same indicator in European countries averaged 15.4 in 2013.

				
The number of Universities	288	160	48	427
per 1 mln of the population	6.35	2.48	4.95	5.28
in TOP 800 Times Higher Education	0	88	11	41
in QS TOP 400	1	48	8	28
in ARWU TOP 500 («Shanghainese» rating)	0	37	11	38

The largest number of foreign students in higher educational institutions of Ukraine are from the following countries: China (4.7 ths), Turkmenistan (4.5 ths), Russia (3.5 ths), India (2.4 ths), Jordan (2.2 ths), Iran (1.2 mln people) (Government Service of Statistics of Ukraine, 2012) [3,p 128 ]. Analytical data indicate a territorial uneven distribution of higher educational institutions. Most institutions are concentrated in the areas with high population (Kyiv, Donetsk, Dnipropetrovsk, Kharkiv regions), which is justified in terms of the orientation of educational institutions to accommodate potential consumers. At the same time the number of universities in leading positions, except for the above, occupy Lviv and Odesa regions, which is a consequence of the acquired human and scientific potential previously. Industrialized regions – Kyiv, Donetsk, Dnipropetrovsk, Luhansk, Kharkiv, Odesa keep leadership in the number of higher educational institutions of the I–II accreditation levels (technical colleges), which concentrate a large number of industries that use skilled labor. During 1990–2012, the number of universities grew rapidly, exceeding the pace of preparing scientific and pedagogical staff for higher education training, including highly qualified specialists. This has led to the fact that some schools do not meet the demand in terms of the provision with qualified teaching staff. This fact affects adversely the quality of teaching and reduces the overall research and innovation potential of higher education.

One of the negative factors HR development of higher education is insignificant level of wages of teaching staff, low level of social security and low prestige of teaching work (Geyets et al., 2006). One of the basic drawbacks of higher education in Ukraine is the orientation of higher education to meet the needs of consumers who want to receive the so-called "fashionable" or "rating" specialty (economist, lawyer, manager, psychologist etc.). Great part of higher educational institutions prepare non-core professionals, not having proper personnel, scientific and methodological support.

In future, the research should be delivered on developing econometric models that enable the prediction of economic characteristics of higher education.

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