
ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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REGULATION FEATURES OF THE EDUCATION MARKET

Abstract. *The features of regulation the educational services are considered in the article, as private and public good. The effects of the consumption of such goods at the present stage are characterized. The mechanisms of interaction between the state and market regulation of the market of educational services are analyzed. The integral role of the state regulation of educational service market and its practical application in the developed countries are explore.*

Keywords: *educational service, public goods, government regulation, market regulation.*

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ОСОБЛИВОСТІ РЕГУЛЮВАННЯ РИНКУ ОСВІТНІХ ПОСЛУГ

Анотація. *У статті розглядаються особливості регулювання освітніх послуг як приватного та громадського блага. Охарактеризовано ефекти споживання таких благ на сучасному етапі. Проаналізовано механізми взаємодії державного та ринкового регулювання ринку освітніх послуг. Розкрита провідна роль державного регулювання ринку освітніх послуг та його практика в розвинених країнах.*

Ключові слова: *освітня послуга, суспільні блага, державне регулювання, ринкове регулювання.*

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ОСОБЕННОСТИ РЕГУЛИРОВАНИЯ РЫНКА ОБРАЗОВАТЕЛЬНЫХ УСЛУГ

Аннотация. *В статье рассматриваются особенности регулирования рынка образовательных услуг как частного и общественного блага. Охарактеризовано эффекты потребления таких благ на современном этапе. Проанализированы механизмы взаимодействия государственного и рыночного регулирования рынка образовательных услуг. Раскрыта ведущая роль государственного регулирования рынка образовательных услуг и его практика в развитых странах.*

Ключевые слова: *образовательная услуга, общественные блага, государственное регулирование, рыночное регулирование.*

Urgency of the research. Educational services on the modern stage of public development have quite a complicated nature. First of all it is described by the necessity of education in the society what is leading to the intention of increasing of cumulative effect in production, spreading and practical usage of the knowledge. Accordingly to that, no doubly the role of education is being very important for the stability providing of economics' development which requires special attention from the side of the state, as from the point of view of the priority financing, as well as of the position of regulating impact execution.

In the world practise there are a lot of variants and systems of the participation of the state in the sphere of education, moreover the effectiveness of the educational system does not depend on the correlation between state and private sectors. In each exact case in each country there is formed peculiar mechanism of educational system's regulation supposing their definite correlation. Optimal structure and measure of the participation of state regulatory mechanism definition in the functioning of the market of educational services requires consideration of all the factors which may influence special aspects of the functioning of educational system. Understanding of these processes with the necessity includes understanding of the essence of the educational services, its economic nature, main economic mechanisms of functioning and regulation.

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

Actual scientific researches and issues analysis. Problems of the research of the educational services, its places in the system of economic relationships are being considered in the works of variety of scientists. Among them are Aleksandravichyute B., Antoshkina L., Aseynov R., Bryukhovetsky V., Grishnova E., Grishin A., Kalenyuk I., Krauyutaytite L., Kuklin O., Pyachkaytis Yu., Tsymbal L.. Along with that, questions of economic essence of the educational services, search of the effective mechanisms of its regulation and development in the modern conditions remain actual as topic demanding further elaborations.

The research objective. To identify special aspects of the educational services as a public good, role of the state in the regulation of such services.

The statement of basic materials. Functioning of the market of educational services is assured in accordance with the main laws of market relationships. Market of the educational services, as well as any other market, supposes presence of the demand and supply as well as usage of the instruments of regulation which are providing maximum effectiveness. It may be possible only in a right combination and usage of market and state mechanisms of market functioning provision. Market of educational services belongs to the difficult part of the market, which cannot optimally operate using only mechanisms of self-regulation.

Educational services possess a difficult nature of usage and identification of their place on the market. From one side they have outstanding characteristics of private good, from another side – well-defined characteristics of public one.

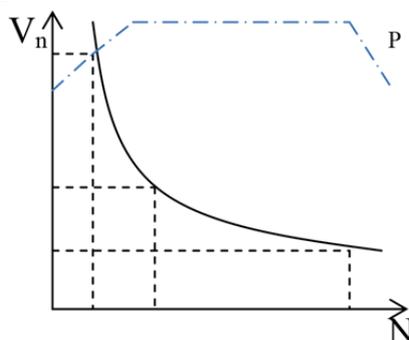
Private goods represent those goods which may be considered under property rights and fell under the laws of excludability and competition or challenge. Consequently, usage of the private good by one person excludes the possibility of consumption of this good by another person. [2]. Therefore, on the basis of this statement we may say that educational services do not belong to the pure private goods as consumption of these goods by one person may not exclude other people from this chain of consumption.

Public good has strongly marked external effect which spreads on the big number of consumers. Proceeding from that we may say that educational services by their nature are more close to the public goods than to private. Characteristics that define public good include: inseparability (no competition), what means ability of provision of the good to unlimited number of the consumers without changes in the costs and quality of the good; non-excludability which assumes impossibility of excluding of consumer from the number of recipients of public good (for example, for the non-payment for the service); impossibility of non-consumption of the service (if public good is presented than it is available for all the society members without any exception, regardless willing of consumption).

Herewith, the difficulty of identifying the educational service as a pure public good exists as well and consists from the matter that in a certain way excludability and competition are present during consumption of such services. Excludability resides in the average mark or formal requirements for students during the admission process to the higher educational institution. Competition resides in the limited quantity of the places in the higher educational institutions. Impossibility not to consume appears on the level of secondary education which is obligatory for the all children of school age.

Consequently, we may speak about the mixed nature of the educational services which on the different stages and in the different forms of occurrence acquire both elements of private and public goods.

Utility of consumption of such goods may be illustrated with the help of the following graph. (pic. 1)



Pic. 1. Effects of the usage of public good

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

Where V_n – expenses for the maintenance of the good;
N – quantity of consumers of the good;
P – benefit received by every consumer.

Analysing the graph we may say that the benefit received with the small number of consumers of such good sometimes may exceed expenses of maintenance of such good. Thus individual education, even if may cost a lot, may bring the effectiveness which exceed these expenses. Herewith till exact number of students benefit will be more or less the same for every consumer of educational services. But after exceeding exact number of students benefit will decrease what is connected with impossibility of allocation of such services for indefinite number of consumers.

The task of state regulation is to find the optimal number of the consumers, which will hinder benefits from decreasing and the general effect would exceed expenses. This general effect appears also in the level of knowledge received by each student and in the general advantageous effect from the realization of that knowledge.

Herewith shouldn't be forgotten the nature of the educational services as a public good which has strongly pronounced external effect. External effect of public good very often appears like an effect from the influence of one member of the market or the process on the results of activity of another. Thus, educational services have several levels of external effects. First level – individual, means the quantity of benefits and pluses which receives an exact individual during the realization of his knowledge, skills and abilities received as a result of education. Second level – higher level benefits, which receives another object of the market activity (organization, region, country, field, etc.) from the realization of knowledge of exact individual. Thus, changes of the technology or improvement of any technological process has an influence not only on welfare of the individual which has realized his knowledge in this process but also on the welfare of organization or fields with the help of decreasing the expenses and increasing profit. Consequently, external effects of educational services are incontestable.

Correlatively with the theory of Swiss economists K. Wicksell and E. Lidal who in their works have analysed “ the effect of free-rider” what is consequence of the realization of pure public goods, educational services may not be classified as pure public goods.

In the scientific works there is met a point of view which classifies such mixed goods in the separate category. Thus, for example, in the works of Mustgrave R. is mentioned the term – merit goods – public goods which have pronounced an external effect. External effect may be combined with the excludable good of joint consumption. [1].

Therefore, mixed character of educational services both of private and public good assumes the existence of specific selection of the regulation tools including both market and state regulation.

The role of state on the market of educational services in the bigger way appear in the forming of the package of proposals as well as in the financing of the educational services.

In spite of the vast differentiation of the demand for the educational services all the consumers should be guaranteed with the volumes of the knowledge and quality of given service. It is being realized with the help of the special mechanism of the payment for these services, when exact consumer of the educational services does not need to cover the full cost. In every exact case is being covered only that part which consumer is ready to pay, the rest – is being paid in the different amounts by the rest of the students, state or other organizations. In practice the sum of all contributions should cover the costs of the resources which are necessary for the providing educational service. Therefore, the role of the state is to identify this balanced price which will satisfy all the members of the market of educational services.

Besides the participation in the financing, state takes the responsibility of many more functions connected with the market regulations on micro and macro levels. External parameters of macroeconomic environment are being detected through regulation of the tax system, stimulating of the development of allied markets, forming of the society relationship with institute of education, stimulation of birth rate, stimulating implementation of innovation in the economics and demand for the scientific research, increasing of the revenues of the population, decreasing of the level of inflation, increasing the level of availability of the crediting for education and etc.

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

In practice stimulating on macro level is carried out throughout the stimulating of the educational sphere as a whole as a part of the economy system. Apart from this, state policy in the field of education should reside the image of education and level of correlation of the level of education and level of population incomes.

Macroeconomic regulation of the educational sphere includes: identifying of the strategic reference points and aims of the system's development, establishment of the general order of education's functioning and development, correlation between state and other forms of financing and etc. One of the most important instruments of educational field regulation aimed to assurance and guarantee of quality of education is accreditation system and licensing of the higher educational institutions' activity. Despite the common specific orientation these mechanisms may essentially differ in different countries.

Thus, in some countries of Organisation for Economic Co-operation and Development (OECD) is typical the procedure of licencing and receiving the unique obligatory document. Thus procedure is applied in Hungary, Germany, Greece, Israel, Spain, Canada, Mexico, Turkey, Finland, France, Check Republic, Chili, Estonia, South Korea (in whole 14 countries from 34 of OECD which is 41% of total quantity).

At the same time the procedure doesn't appear to be unified and in each country has its own special aspects. For example, in some countries, the permission is given for the start of educational activity as a whole, in another countries – permission for the running of exact study programs. In South Korea the right for running educational activity is given in accordance with study programs, mentioned in the licence. At the same time 8% of the countries of OECD has excluded from their practise the interference of the state in the activity of educational institutions. Thus in Slovenia, Slovakia and Australia the procedure of licencing, accreditation or any authorization documents do not exist.

In 18% of OECD countries are being used authorisation mechanisms for the running of educational activity, to the refer Belgium, UK, Netherlands, New Zealand, Sweden, Japan. This procedure consists from the maintaining the unique register of organisations, running educational activity. In 74% of OECD countries the permission for running of educational activity has the declarative character [4].

There are diverse licencing organisations in developed countries which may be powered by the state organs, public-professional associations, private organisations. Licences may be issued as a result of a common work of all these organisations. At the same time in some countries all the educational institutions are the subjects of the procedure of authorisation and in exact countries (Austria, UK, Island, Italy, Norway, Japan) the permission should be issued only for the private institutions.

At the same time, presence of such an authorisation supposes possibility of getting the state financing by the educational institutions a side from the form of property of this institution.

Therefore, for the developed countries different systems of state regulation are relevant but for the majority of countries policy of poor state interference is relevant. State policy of interference into the functioning of the educational services market has mixed character and appears on different levels. Presence of the general regulation identifies the necessity of using of the regulating instruments on the level of concrete organisation or institution. It appears through the regulation (thus, in some countries even certain individuals who would like to appear in study process are forced to make licencing, such as teachers, mentors, coaches) and through the financing of the institution and through the state order.

On the micro level regulation is being run through the forming of the state order package for the preparation of the specialists. Although this instrument is less popular than the others it has very fast effect. In this case state forms an order and appears like a buyer and consumer of the educational services. Apart from that, state forms minimum requirements for the activity of the educational institutions, such as infrastructure, formal requirements for the level of specialists' preparation and etc.

Indicative requirements for the educational institutions are: correspondence with the fire and physical safety, sanitary norms, presence of the materially-technical base and completeness of the staff.

But apart from that in some countries (Finland, Norway, Germany, Portugal, Spain) one of the most important criteria is viability of the creation of educational institution [4].

Besides that, regulation on the micro level may be espoused through attracting of the exact circle of professors. Thus in Norway and Japan is being licenced academic staff which means that for the teaching process may be admitted only licenced staff members, by the submission of a request. In this

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

case educational institutions define themselves candidates which will be approved from the list of the candidates who have the licence.

As it is seen from the examples, the practise of using of different regulating instruments shows that nowadays there cannot be a unique point of view regarding the scope of state influence, correlation of market and state instruments. A lot of researches have been dedicated to this problem. In the frames of these researches were made different approaches to estimate the rate of participation of the state and correlation of different instruments of educational sphere regulation. The reason of difficulty of identifying of such a correlation may be the absence of definite and unique point of view about the essence of the “educational service” concept and understanding the character of these services as goods. Such different position may be as well described by the cultural, historical and mental special aspects of educational system development in different countries.

Sufficiently interesting research about the role of the state in the functioning of the market of educational services is concentrated in the works of Polerovich V. and Popov V. where, on the basis of regressive analysis was characterised the dependence of the economic growth, might of the state institutes and democratisation of the society [3]. In the frames of this research were considered GDP per capita, the power of state institutes (calculated through the level of trust of population for the state institutes) and democratisation (as a rate of increase of democracy in the country). These researches point on a growth of shadow economy upon condition of weak state institutes and high rate of democratisation. In this case the quality of macroeconomic policy declines, influence of the state on economic process as a whole decreases.

Therefore, exactly the absence of effective regulation impact of state may provoke such negative phenomena like corruption, shadow economy in different spheres of public activities as well as in education [5, p. 5].

Consequently, the mechanisms of state regulation may be different but should exert an immense influence on the effectiveness of the market and quality of educational services which represents a sphere of turnover of the public goods.

Conclusions. The role of education in the modern economic system is rapidly growing what requires reconsideration of the rate of influence of state on the functioning of the market of educational services. The difficulty of economic nature of educational services requires an attentive examination of all the elements and factors of influencing on the methods of functioning of these services.

The ambivalent nature of educational services determines the necessity of the appliance of specific suit of regulation mechanisms which should include both instruments of market regulation and state management. Effective functioning of the educational system is possible only in case of correct unification of all these instruments and decreasing of all the negative effects. The provision of the development of education is possible only on the basis of the building of effective system of interconnection between market and state mechanisms.

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ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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