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THE ESSENCE AND FUNCTIONS OF STATE REGULATION OF THE EDUCATIONAL SERVICES MARKET

***Summary.** The article examines the essence and functions of state regulation of the educational services market. It is determined that state regulation of the educational services market is a non-market method of regulating economic relations that arise between market participants in the process of production, exchange and consumption of educational services, which is expressed in the creation and change of formal restrictions and control mechanisms. In other words, state regulation represents the influence of the state on the institutional matrix of the educational services market, and this influence is implemented through administrative and economic instruments. Under the state regulation of the educational services market in Ukraine, we will understand the regulation of the market of non-state universities and the provision of educational services by state institutions within the framework of budget funding. The state acts as a subject of market relations if state universities provide paid educational*

services within the framework of state educational standards and those that are not included in them, which is the internal market in the system of budget financing. However, it should be noted that the domestic market is also regulated by the state through legal instruments.

Key words: *state regulation, higher education, higher education financing, educational services market.*

Economic measures in the educational services market, according to many researchers, are represented by the state's business activities and financial methods. The state's entrepreneurial activity in the educational services market is traditionally understood as the production of educational services by state universities in accordance with the state educational standards of higher professional education, in addition to budget funding [1]. In our study, we attributed such government activities to the internal market in the system of budget financing. The actual budget financing of educational services in the implementation of educational programs is carried out at the expense of the respective budgets, accounting of assigned tasks on acceptance on the basis of state and local funding determined per student and provided to the relevant types of educational institutions, and is considered as a state regulation. In addition, state regulation is manifested in the formation of the legal framework for the functioning of non-state universities and in state subsidies for these institutions.

It is also possible to identify four subjects, among which we are particularly interested: the state, buyers (payers) of educational services represented by state educational management bodies of budget financing, and producers of educational services – state and non-state universities [2]. There is a complex hierarchy of relations between them, which allows us to consider the activities of educational authorities and state universities in terms of providing educational services in accordance with state educational standards as an element of state regulation.

Let's try to formulate our own position on state regulation of the educational services market. First of all, we would like to remind you that earlier we came to the conclusion that educational services can be considered as special private goods, the distribution of which can be carried out using a market mechanism. The modern market of educational services is actually in the process of formation. In reality, it is represented by the internal market in the system of budget financing of higher education and the regulated market of non-state universities [3]. Our analysis of relations between market entities has proved that state regulation primarily comes down to legislative activity, i.e. creating a regulatory framework for the formation and functioning of a full-fledged market of educational services, or otherwise creating and maintaining an institutional environment for interaction of market entities, as well as state regulation provides for budget financing of educational services provided by state universities in accordance with state educational standards.

In general, researchers divide the functions of the state in the process of regulating the economy into three groups. Taking this gradation as a basis, we tried to adapt them to the specifics of the educational services market:

First of all, the state provides the institutional and legal basis for the activities of economic agents by establishing the "rules of the market game" [4]. This concerns the definition of rights and forms of ownership, conditions for concluding and executing contracts, relations between trade unions and employers, the general principles of foreign economic activity, and so on. In this group of functions, in our opinion, the state provides legal regulation of this market in the educational services market, that is. it creates conditions for its natural functioning. We have already mentioned the specific actions of the state in this area.

The second group of functions of the state is related to the elimination or compensation of negative effects of market behavior and the satisfaction of needs for that part of public goods that the market can not do, or produces in insufficient

quantities [5]. The state is responsible for national defense, environmental protection, in some cases organizing basic scientific research, public education and medical services, building roads and other forms of communication, and so on. This group of functions includes the provision of educational services within the framework of budget funding, control over the activities of the University sector in order to ensure the proper quality of educational services through licensing, certification and accreditation mechanisms.

Finally, the third group of functions of the state, which can be defined as the implementation of economic policy in the narrowest definition, concerns maintaining the normal functioning of the market mechanism, smoothing cyclical fluctuations, overcoming the consequences of economic shocks that lead to sharp deviations from the macroeconomic balance, and ensuring conditions for long-term economic growth [6]. In this group of functions, in order to regulate the educational services market, in our view, the state should provide a good investment climate for attracting private sector funds to higher education, in other words, create conditions for effective long-term investments in human capital. In addition, an important prerequisite for economic growth will be the provision by the state of conditions for close interaction of factor labor and capital markets with the market of educational services.

Conclusion. As conclusions from the studied problem, we will highlight the following provisions:

- the problem of state regulation of education has been repeatedly raised by prominent economists. Based on the analysis, taking the degree of state intervention in the educational services market as the selection criterion, we can conditionally distinguish three groups of researchers: supporters of public education, opponents who postulate the free functioning of the educational services market, and economists who allow partial state intervention;
- having analyzed the existing definitions, we have formulated the author's opinion, according to which state regulation is an alternative way to

- compensate for the inefficiency of the market mechanism, a non-market method of ordering economic activity, which provides for a system of administrative and economic methods;
- by state regulation of the educational services market, we mean the impact of the state on the institutional matrix of the educational services market, which is implemented through the use of administrative and economic methods;
 - under state regulation of educational services market of Ukraine, we will understand the regulation of the market of private universities providing educational services in state institutions under budget financing and regulation of the activities of state universities as market actors.

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