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Investment Costs in the Process of Forming Human Capital

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Abstract. *the article is devoted to the analysis of a new stage of development of society, namely the information stage, increasing attention to the problems of information, knowledge accumulation, and the formation of human and intellectual capital.*

Keywords: *investment, human capital, intellectual capital, subject, behavior of economic entities.*

The emergence of a new stage in the development of society, namely information, increases the attention of researchers to the problems of information, accumulation of knowledge, and the formation of human and intellectual capital.

In the works of A. Smith, ideas were expressed according to which the useful skills of workers can be considered as part of fixed capital, that is, in this case, we are talking about the fact that the costs of acquiring new skills and abilities of the workforce are nothing more than investments in human capital.

An in-depth analysis of investment costs in the process of human capital formation can be found in the works of representatives of neo-institutionalism . So, according to G.S. Becker, activities that contribute to the growth of future incomes by "increasing human resources," called investments in human capital, can be represented in five main forms: expenditures on training and education, advanced training, health care, geographic mobility and searching for information on prices and prices. income.

Monetary investments in a person provide a long-term production effect.

Investing in human capital is characterized by certain features related to the fact that there is a gap between the time of direct investment in the expanded reproduction of the labor force and the potential for generating income from real costs in the foreseeable future. It should be taken into account that the amount of future remuneration is quite difficult to calculate, since it depends on many factors that are non-linear in nature. We are talking not only about exogenous factors caused by uncertainty and risks [1], but also endogenous reasons that make the investment behavior of business entities less predictable.

Decisions made in the investment sphere can only be limitedly rational; business entities do not have sufficient cognitive resources to competently assess various options for the development of events. The economic model of behavior, which aims to maximize utility or profit, is replaced by a

[1]A detailed analysis of risk and uncertainty can be found in the works of neo-institutionalist F. Knight . He distinguishes between "measurable" uncertainty, a situation in which one can insure against risk, and "true" uncertainty, which has an unlimited set of possible outcomes. Conducting investment activities can be carried out both taking into account the first and second, and it is work in conditions of the second type of uncertainty that constitutes the essence of entrepreneurial activity.

completely different system of rules for implementing the investment process. The hypothesis of efficient markets shows its inconsistency through empirical observations. According to studies, [2]participants in the investment process do not always act rationally, especially in conditions of uncertainty. Uncertainty is associated, on the one hand, with the insufficient amount of information about present and future processes, and on the other hand, with the fact that it is almost impossible to calculate the actions and actions of other people. Past experience cannot be the key to the future. Making an investment decision by an economic entity, according to J. Shackle, [3]is more reminiscent of playing roulette rather than a specific mathematical calculation of the probability of implementing a particular investment project. Each investor has access to only partial knowledge, while complete knowledge is the prerogative of the market as a whole [4].

The unpredictability of the investment behavior of business entities often lies not only in the multifactorial nature of their motivation [5], but also in the sphere of information processing and decision-making by them. The most famous theory is the theory of bounded rationality. Building a descriptive model of economic behavior, G. Simon believes that an economic entity is not looking for the best outcome of events, but a satisfactory one, which may not ensure the maximization of utility or profit. This is difficult to do, if only because there is no universal and consistent utility function put forward by the neoclassical school, which would allow us to compare heterogeneous alternatives [6]. The search for options continues until the first acceptable one is found, which is determined by the level of aspirations. The latter is dynamic, that is, constantly changing. It is worth taking into account the cognitive abilities of the business entity itself. The human brain is not able to collect the entire amount of information, much less process it, making the right choice. R. Hayner I am sure that in complex situations, following the rules of satisfactory choice is much more profitable than trying to optimize [7]. In general, the rationality described in the theories of G. Simon and R. Hainer is limited.

The above once again emphasizes that rationality is only one of the principles used in the process of making investment decisions. For example, when carrying out stock trading, only a small part of investors, mainly professionals, actually calculate their future income. The overwhelming majority of participants in this process are based on a routine model, that is, they make decisions based on the current situation, standard behavior options in specific conditions, and also focusing on the behavior of other subjects.

According to prospect theory, developed by D. Kahneman and A. Tversky in 1979, investors regularly violate the provisions of the theory of expected utility and the theory of rational expectations. Within the framework of the theory of behavioral finance, the decision-making criterion is not the level of well-being, but the subjective assessment by an economic entity of its loss or gain obtained as a result of investment activity [8]. Subjective assessments are akin to a “narrow frame”

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[2] Barberis N., Huang M., Santos T. Prospect Theory and Asset Prices // QWOTERLY Journal of Economics. Oxford University Press, vol. 116(1), p. 1-53 ; Khaneman D., Tversky A. Prospect Theory: Anglicize of decision and risk //Econometric. 1979. vol. 47(2), p. 263-291 .

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[5]In contrast to maximizing utility as a key incentive for economic activity, including investment, an alternative motive can be maximizing coordination, which is more dynamic. An entrepreneur with innovative traits enjoys any activity because he is driven by aspirations that involve a certain level of spiritual tension. Maximizing coordination is limited by the unpredictability of the external environment, so failures reduce the level of aspirations; in such conditions, the agent needs reliability, which can only be provided by the inertia of behavior (Foster , J. Evolutionary macroeconomics / -L . ,1987. P .67 -70.) In addition, in real life, preferences often coincide in time with the choice of action, and sometimes preferences are realized during or after the action itself. An economic entity can even act, ignoring its own preferences, sometimes succumbing to altruistic impulses. (March , J. Bounded rationality, ambiguity and the engineering of choice // Bell, J Econ. 1978 No. 2. P. 596-597)

[6] Simon , H. Rational decision – making in business organizations // Les. Prih Nobel. 1978- Stockholm , 1979 . P285.

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[8]Unlike M. Friedman and L. Savage , J. Akerlof , R. Shiller and D. Patinkin are confident that economic activity has not only rational motivation, but is also largely due to irrational incentive impulses, which is the main cause of economic fluctuations and involuntary unemployment (Akerlof J., Schiller R. Spiritus Animalis , Or how human psychology governs the economy and why it matters for global capitalism / Trans. from English D. Priyatkina . – M.: United Press, 2011. P. 206-210; Patinkin D. Money, interest and prices. Connection of the theory of money and the theory of value / Transl. from English E.V. Manevich . – M .: Economics , 2004. P. 35-44).

through which the investor looks at the entire range of existing risks [9]. The operation of the narrow frame mechanism can be seen as an explanation for the phenomenon of the return on capital premium, as well as the limited participation of households in stock market activities [10]. For households , it is fundamentally important not only to quantify the expected investment return, but also "moral and ethical anchors," that is, normative and value judgments that take the form of a narrative or justification. "This is why, with moral and ethical anchors, people compare a story that does not have any quantitative measurements with the amount of profit they can make [11]. "

Conclusion: The introduction of the latest technological advances, for example, artificial intelligence, facilitates the process of forming an optimal investment portfolio that includes investments in various objects, thereby ensuring a balance of risk and profitability.

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