OPPORTUNITY COST OF EDUCATIONAL HUMAN CAPITAL INVESTMENT. APPLICATION FOR THE POSITION OF BENEFICIARY-INVESTOR

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ABSTRACT: The present paper focuses on providing a model of applying the opportunity cost concept on investments in human educational capital. In the first part we have shown that the real costs of educational capital investment does not involve direct and indirect educational costs only but also the opportunity costs, i.e. the earnings that are lost by choosing to invest in education (and not in something else). From our research there results the fact that the share of the opportunity cost within the total of the investment in educational capital is 60% that is a great share in rapport with other types of investments. Further on, we have shown that the recovery of the investment is determined by two main factors: money and time. The first factor is the growth of revenue that the skills acquired through higher education bring into relation with the situation "without education" and the second is the duration measured in years, in order that the question of revenue growth, investment are fully recovered and bring additional revenue (similar profit). The main conclusion of the present paper is that investment in education has a significant positive effect on the dynamics of the relationship between age and earnings, which weakens or even undoes the effect of the high level of opportunity cost of this type of investment. The argument for investment in human capital and education plus "non-market income" or "non-monetary effects" of education relates mainly to the role that education has on the quality of life. As a long term investment, education brings a permanent increased certainty of a better situation and it increases social development and social promotion.

Key words: opportunity cost, educational human capital, investment in education

JEL codes: I – Health, Education and Welfare; A – General Economics and Teaching