Human Capital Investment Mechanism in the United States and Its Enlightenment to China

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Abstract. Human capital is the key capital for enterprises and even the whole country to gain competitive advantage. At present, China's investment in human capital has obvious gap compared with that of developed countries. Dealing with the investment of human capital is the key to realize the sustainable development of our country. Based on the analysis of the status quo and characteristics of human capital investment in China and the situation of human capital investment and strategy of America, From creating good legal environment of the human capital investment, establishing and improving China's human capital market, strengthening the occupation training investment and improving the occupation training investment system and other important aspects to put forward the feasible suggestions on China's human capital investment strategy.

Introduction

The importance of human capital in economic growth and economic development has attracted more and more people's attention. At the end of 1980s in the western economic circles rise by Lucas and Romer, Barlow as representative of the new growth theory school treat human capital as endogenous growth factors to be emphasized, that can effect on human capital investment can be. These research results make the investment of human capital that main content is education and training, has received unprecedented attention in the world. But an unavoidable fact is that in recent years, despite the vast number of developing countries has increased awareness of human capital investment, investing in human capital is on the rise, whether it is on absolute level or relative level is far behind the developed countries or regions.

The Current Situation and Characteristics of Human Capital Investment in China

The present situation of human capital investment in China can be described from two aspects: government investment in school education and investment analysis of vocational training.

Government Investment in School Education

With a population of nearly 1 billion 300 million, China is the largest country in the world. Since the reform and opening to the outside world, the situation of human capital in China has been greatly improved. As to the development of education, the cultural quality of the employment population increased, illiterate population decline, began to pay attention to the cultivation and development of labor market, human capital allocation presents market trends, but the achievements and problems still exist.

At present, China's government investment in education mainly has the following characteristics:

The total amount of investment in education is insufficient, and there is still a big gap between the demand of economic development. The investment in education in China is not only lower than the average level of public education in developed countries and in the world, but also lower than the average level of the underdeveloped countries. We expect the national economy to increase
substantially year by year, but we can not afford to invest heavily in education. This can not be said to be a major mistake in capital investment;

The imbalance of human capital supply and demand, having a large population and low quality population. China's education has been operating within the framework of the planned system for a long time, and it does not pay attention to cost and income analysis, resulting in two consequences. The one is the supply of education is difficult to adapt to the demand for human capital by economic development. The supply and demand of talents are unbalanced in both quantity and structure, and both the shortage of talents and the waste of talents coexist;

The degree of marketization of human capital is low, and the allocation of human resources is rigid. In recent years, open market elements especially the labor market increasingly strong voice, but due to various factors restricting its implementation is still slow, this can not but to a large extent affect Chinese human capital development and utilization efficiency.

Investment Analysis of Vocational Training

The government's investment in vocational training is mainly achieved by indirect means of education and training of state-owned enterprises, which is a special form decided by enterprise system in China. Since the reform and opening up, more and more companies are increasingly aware of the correlation between labor skills and competitiveness, and are increasing their investment in vocational training and have achieved some success. But on the whole, vocational training has not been paid enough attention by local governments and enterprises. Many companies, especially the booming SMEs, lack the experience and awareness of using training methods to achieve their corporate goals. In order to ensure that the government, enterprises and individuals to invest in all aspects of maintaining occupation training enthusiasm, thus speeding up human capital accumulation that necessary for the economic growth of our country, it is necessary to clearly understand current situation and existing defects of occupation training in our country.

Human Capital Investment Mechanism in the United States

Human Capital Investment in the United States

The total human capital advantage, and a large number of investment in high-level personnel, effectively promoted the high growth economy in 90s, drives the adjustment of industrial structure in the United States in 90s, promoted the development of American "new economy". The aggregate advantage of human capital in the United States is due to adequate investment in education and vocational training. The frequent participation of American employees in vocational training reflects the characteristics of the knowledge economy in the United States, and reflects the internal demand for accelerating the depreciation of knowledge and shortening the cycle of technological innovation. That is, the new economy in the United States has stimulated the rapid growth of demand for vocational training by businesses and employees. Compared with the comparative advantage of educational investment, investment in the U.S. occupation training has no prominence, based on the investment in education is relatively abundant, increase the occupation training investment, improve the quality of labor, transfer human capital investment strategy center, become the choice of the American human capital investment policy.

Human Capital Investment Mechanism in the United States.

The human capital investment strategy of the United States can be described from the following eight aspects.

The implementation of streamlined service, employment and training programs will pass through the "one-stop" system to integrate in the aspect of community, through the "one-stop service center" (one stop Employment Service Center) for job seekers and employers to expand opportunities for accepting service. Around employment and career innovation, integrate all projects associated with job opportunities in order to make career referral services a success. To achieve this goal, vocational training is a short cut. In order to make the training more targeted and practical, it is necessary to
change the disconnection between the vocational introduction service and the training service in the traditional vocational training system and creatively integrate the two services together.

Expand individual options. Everyone is empowered to get the services and skills they need to increase employment opportunities. Through the individual training account, each legal participant has the right to choose the right training program that best meets their needs. A qualified training institution can be selected to participate in the training.

Highlight the universality of service. Everyone can easily obtain the core employment related services through the "one-stop service center", including assistance in finding jobs, finding labor market information, etc..

Strengthen the responsibility system. In order to strengthen the state and local government responsibility, WIA has established a comprehensive performance evaluation mechanism, making detailed assessment indicators of the occupation introduction achievement, employment and income, skill growth and certificate, and strictly enforced.

Strengthen the important role of the local labor Commission and the private sector. Freeing local councils from the trivial tasks of day-to-day operations, concentrating primarily on the formulation of strategic plans, policy development and research, and effective oversight of the local workforce development system.

Give state and local governments enough flexibility. WIA encourages States and local governments to creatively implement the reform of the vocational training investment system based on specific conditions in various regions, so as to create a labor development system characterized by innovation and integration.

Strengthen the development of youth labor force. The local labor committee unified the youth labor investment committee, which is responsible for the formulation and implementation of youth labor development projects.

Reform the welfare system and reduce welfare dependency. Actively seeking to encourage the unemployed reemployment, the implementation of the "promotion from welfare to work" re employment program, supplemented by a series of re employment training and employment services and other measures to solve the unemployment problem and better play the social welfare.

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Create a Good Legal Environment for Human Capital Investment.

In order to guarantee the investment of human capital and material capital investment to develop together, change the material capital investment growth rate higher than the growth rate of investment in human capital, it is necessary to ratio of education investment in China accounted for the financial expenditure to legal procedures and fixed to form stable source of education investment specified in the tax. In a short period of time, the rate of investment in education will reach or exceed the world average and increase the stock of human capital in china.

China government can learn from the United States "Workforce Investment Act", to create a good institutional environment for the enterprise to carry out occupation training, and further improve the education investment budget, job security and other related legal system, let the operation of human capital investment along the institutionalization and legalization, standardization direction.

After years of exploration, China's enterprise system has formed an organic combination of various labor and capital, and on the basis of recognition of the rights and interests of non human capital, the enterprise system model of promoting the rights and interests of human capital is formed. In recent years, once formed the upsurge of ESOP and the stock cooperation system reform, the basic idea is that the wealthy owners of human capital to equity, the residual claim and the control right of human capital in the arrangement of enterprise ownership has been fully embodied. The stock option system, which is more popular in high-tech enterprises in the past few years, is also a concrete form of realization of human capital stock. In fact, competitive industries do well state-owned enterprises have to establish the human capital property rights, it is necessary in the
form of law, the property rights of human capital management in state owned enterprise law, management incentive of state-owned enterprises enthusiasm and ensure the stable and sustained increase of state-owned assets value added.

**Establish and Improve China's Human Capital Market**

The market price of human capital should reflect the real value of human capital. In order to arouse the enthusiasm of the human capital investors, we must construct a reasonable mechanism for the return of human capital investment. We should break the boundaries between urban and rural areas, regions, industries and ownership so as to establish a unified national human capital market. We should eliminate all obstacles to the rational flow of human capital from the political, social and economic aspects. Broaden the channels of raising funds for human capital and establish a diversified investment structure. We should gradually open up the country's monopoly position in the human capital investment market, open up the human capital investment market, and make the society, the family and the individual have the opportunity to invest in human capital. At the same time establish and develop of human capital investment in the financial market system, and actively cultivate the market main body, the education system gradually adapt to the needs of the development of socialist market economy, the human capital investment has become a new hot spot for investment and growth point. Human capital funding can learn a variety of financing, broaden the financing channels, give full play to the securities market, can be raised through the issuance of shares, issuing education lottery lottery education etc.. You can also support encourage a variety of school education, good investment environment gradually formed by the government investment as the main basis of investment in education, occupation training in enterprises and individuals as the main body of investment, the diversification of investment to change the situation of inadequate funding for education.

**Strengthen and Improve the Investment and System of Vocational Training**

Accurately identify the role of the government in vocational training. The government should play the role of "catalyst" and "promoter" in vocational training, instead of being the direct provider of general training programs. Realize the innovation of vocational training system. Study and formulate the strategy of vocational training in china. Establish an evaluation system for the effectiveness of vocational training. Establishing incentive mechanism for vocational training investment. Establish and support diversified vocational training programs.

Study and explore effective methods to evaluate and confirm the technical level of employees, improve the certificate system, and then test the quality of training provided by training institutions. At the same time, we will encourage and promote the widespread application of new technologies and methods in training to increase learning and training opportunities and improve the effectiveness and efficiency of training. Change the input way of vocational training and share the investment cost with the expected benefit of the beneficiary. In accordance with the "human capital theory" and "incentive mechanism design theory, personal and family education should bear a certain proportion of human capital investment risk; the cost of on-the-job training, training should be based on the nature, determine the business and personal burden ratio. For example, general knowledge and skills training costs, personal burden proportion to be big, or self completely by individual; professional knowledge and skills training costs, enterprise burden ratio is bigger; the exclusive knowledge and skills training costs, enterprises should fully burden.

**Summary**

The successful practice of the United States in the investment strategy of human capital has made outstanding contributions to the construction of knowledge economy and the maintenance of its international economic competitive position in the United States. Drawing on the experience of American human capital investment strategy, it will undoubtedly be of consult and reference value to China, which is facing the impact of economic globalization and knowledge economy. Only by strengthening our government and enterprises' system researches of investment and utilization of
human capital, to change the phenomenon of the coexistence of large population and low quality, abundant human resources and shortage of human capital, talents shortage and waste of talents, promote the construction of human capital investment and effective use system, then to provide a sufficient and high-quality source of human capital for China's economy on a sustained, stable and healthy path of development.

References

