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Peculiarities of Human Capital Competitiveness Establishment in the Context of the Deepening of European Integration

ABSTRACT

The author has found out that human capital is a key element of social and economic development of the country. Emphasis in the article is placed on the fact that in the context of globalization and informatization human capital becomes a defining factor in the development of modern economic systems, without which no technical and economic progress is possible; that all the factors affecting the development of human capital should be divided into internal and external depending on the environment of their occurrence. The factor affecting the mobility of human capital is globalization, which is a steady increase in the interdependence of economies of individual countries and regions, as well as the formation of global markets, including the global labor market. Global labor market opens up new opportunities through technology and investment, increases mobility of workers, causes an increase in the level of competition between them. However, the processes of globalization dictates new requirements to the labor force in terms of its professionalism, mobility, level of new technologies knowledge and the like.

Key words: *competitiveness, human factor, personnel management mechanism, enterprise, education, professional experience.*

In the context of globalization and informatization, human capital is the defining factor essential for technical or economic progress in the development of modern economies.

Despite human capital being a key element of social and economic development of the country, there is a number of problems that slow down its progress. They typically include unregulated legislative platforms, not clearly defined role aspect, lack of effective methodological assessment base. Ukraine's accession to the EU will support the further development of market economy relations and increase competition among enterprises.

According to the World Economic Forum report «Human capital in 2013» Ukraine ranked 63rd place among 122 countries, while Kazakhstan holds 45th, and Russia – 51st position. Our country holds the best position in the following indicators: the quality of school education (24th position); the training of technical and scientific staff (31st position). While the worst position is observed in economic specialists training (101st), the ability to develop and support talents (117 th); intellectual property protection (120th); social security (120th); social mobility (120 th) (The Human Capital Report, 2013).

All impacts on the development of human capital should be divided into internal and external depending on their origin.

Internal factors of human capital consist of a set of individuals characteristics with inherent congenital and acquired properties. Each carrier of human capital has unique characteristics formed under the influence of certain factors, including the levels of health, education, skills, competencies, personal qualities, motivation.

The main internal factor is the motivation of the individual directed at meeting his / her needs. Intellectual labor motivation is determined by many factors, among which we should mention financial reward and psychological satisfaction from work. However, financial reward is not always the defining factor for the individual, since we are dealing with carriers of creative potential, the primary motivation for whom is self-fulfillment, achievement of professional success, freedom to choose an employer, labor conditions and economic independence in decision-making, freedom of movement.

The internal factors of human capital change is largely conditioned by the processes occurring in the external environment of human capital.

Among the main external environmental factors a system of education, information and computer technology, the processes of globalization and transformation of the labor market should be emphasized.

A factor that affects the mobility of human capital is globalization, which is a steady increase in the interdependence of national economies of some countries and regions and creation of global markets, including the global labor market. Global labor market offers new opportunities through technology and investment, increases mobility of workers, which leads to increase of the competition between them. However, globalization dictates new requirements for the workforce in terms of professionalism, mobility, level of knowledge of new technologies, which due to the penetration of ICT in all fields of economics is even more necessary.

Globalization, ICT cause the transformation of the labor market and the formation of a virtual job market. In the EU a system of international exchange of vacancies EURES was established by the decision of the European Commission in 1993. This network collaborates with public employment services in the EU and provides access to a common information space to 31 European countries: 27 EU member-countries

as well as Iceland, Liechtenstein, Norway and Switzerland. Besides, in each country, that is the EU member, there are EURES consultants in the structure of the State Employment Service, who provide free employment advice. At the beginning of February 2014 there were about 2 million vacancies online that included 32,724 registered employers and 1.3 million applicants' resumes (Zavads'kyy, & Chervins'ka, 1999).

An important precondition for the competitiveness of manufacturers is introducing new conceptual approaches to human resource management. Human resources management should be aimed at providing the basic function in the enterprise organizational process as well as active impact on the future development of the enterprise. In an unstable economy an imperfect system of human potential management may have negative impact on the effective functioning of the enterprise. In this regard, the improvement of the management system and primarily human resources management receives special importance. In terms of constantly increasing competition, enterprises seek to gain and retain sustainable competitive position in the market that requires the formation and implementation of adequate, flexible and science-based strategy of human resources management.

The development of ICT places new demands on education, qualification and professional development of human resources. This, in turn, causes the appearance of new and innovative forms of human capital that are characterized by computer skills, knowledge of foreign languages, virtual collaboration, creative thinking, professional responsibility.

Well-known Ukrainian and foreign scientists such as I. Ansoff, F. Becker, D. Bogynya, V. Vitvitsky, P. Drucker, P. Ivanov, A. Kibanov, A. Kolot, M. Malik, R. Marra, M. Meskon, V. Nyzhnyk, M. Polishchuk, S. Oddonel, T. Petere, G. Simon, F. Hedouri, E. Khodakivskiy, Y. Tsal-Tsalko, H. Schmidt have studied the mechanisms of human resources management. However, at present, the applied methodological tools of personnel management, which would provide an opportunity to use existing and develop potential competitive advantages of the enterprise staff have not been sufficiently investigated.

Today Ukraine's market economy demands openness and integration into the world community, which requires improving the competitiveness of enterprises. In the great variety of the «competition» concept interpretations it is important to distinguish its contents, characteristics, manifestation forms and consequences for businesses. From a general point of view, competition presents social relations between entities for realization of their economic interests in a particular market or its segment. Competition serves as the market mechanism of redistribution of scarce resources among business entities depending on the efficiency of their use by specific producers of goods and services.

Usually, the competitive advantage refers to the characteristic of the goods and services that are absent or worse with the competitors. The concept of competitive advantage has been included into scientific circulation since the classical political economy. Expenses of a particular manufacturer have been considered as the basis of the formation of absolute and relative advantages.

The relationship between competition, competitive advantage and competitiveness is that the competitive advantage is the factors that determines the level of competitiveness of the entity in a particular market. Competition is based on competitive advantage. Competitiveness of an entity is the result of the activity for the realization of existing competitive advantage.

If there are no competitors, there is no need for strategy. Whereas «competitiveness» is a relative category, the aim of strategy regarding competitors is to ensure its implementation using established competitive advantage. The sense of business strategy is to create a real competitive advantage.

The pragmatic question of how to achieve strategic competitive advantage poses itself. (Omae, 2008).

The most important preconditions for enterprise competitiveness is a high level of personnel education and qualification, the adequacy of requirements to it suggested by organizational and technical conditions of operation. Following those requirements will result in recovery of Ukrainian national economy and the real acceptance to the international economic structures.

At present, domestic enterprises have been paying special attention to the problems of human resources management and development. This is due to the fact that social and economic contradictions that accumulate in society are expressed in work dissatisfaction of the employed people, in the absence of professional growth, inappropriate payment for its actual results, and sometimes just in firing of workers who increase the multitude of the unemployed. HR managers nowadays have to know the methodology of staff management, professionally conduct recruitment, selection and adaptation of workers to organize their training, study of new technologies.

In the absence of clearly established mechanism for staff selection and recruitment, companies do not always hire those employees who will work most effectively in their workplace. When hiring people today in Ukraine the basic requirements are education and work experience, and the basic method of selection is via interview. This approach does not provide information about the employee potential, his / her personal qualities and psychological characteristics that do not help to simulate the process of his / her further participation in the development and enhancing the enterprise competitiveness. The methods of assessing staff are also neglected. Evaluation of staff is carried out selectively and is connected primarily with changes in their positions.

Staff development is a systematically organized process of continuous professional training of employees to prepare them for the fulfillment of new functions, professional promotion, formation of staff reserve and improvement of the staff social structure. Staff development is ensured by measures related to the evaluation of the workforce for the purpose of production adaptation and personnel certification, career planning of workers and professionals, stimulation of staff development.

The professional development of the individual within the organization is expressed by the notion of «staff professional development». Staff professional development is a purposeful and systematic impact on the employees by means of professional training while working in the organization in order to achieve high efficiency of production or provided services, improving the competitiveness of staff in the labor market, the enforcement of staff to fulfill new more complicated tasks based on the maximum possible use of their abilities and potential.

Managers should pay due attention to the stimulation of employees to increasing their labor productivity. Ability to manage economic processes in the enterprise, increase of the effectiveness and competitiveness depend on how effectively various administrative and economic measures influence the interests of staff.

The main task of human resources management is to create the necessary level of work motivation, which is expressed through stimulation of workers by influencing the motives of their performance through its components. In order to increase employee's productivity, his / her work should be interesting and important to him / her. The group of external factors, which are primarily designed to meet the financial needs of a worker, but have little to do with the essential meaning of work, includes tangible benefits (incentives) – salary, bonuses, dividends, and frustration factors such as working conditions, duration of working hours and so on. Frustration factors regulate employment behavior, eliminating dissatisfaction, frustration and other negative emotions. For example, poor working conditions can cause a desire to change the type

of activity. In this case, providing motivation plays a huge role in the elimination of the negative factors of production and creation of appropriate working conditions. Conflicts in groups, tension in interpersonal relationships, excessive working hours and other can similarly affect the behavior and intentions of employees. Conversely, due to career promotion, increasing prestige of the profession, creating an attractive image, comfortable working conditions can provide the desired motivational effect (Factors motivating staff in management). It should be noted that each employee's motives are different, so one should develop and use the mechanisms best governing the behavior of employees.

It should be noted that at the appropriate level of incentives and working conditions motivation reaches a certain degree and may increase when factors of motivation inner meaning come into force. These factors include profession, relationships with friends, employment growth, labor content and others. Taking this into account, a complex model of personnel management can be developed and an effective motivation mechanism can be set up. Besides, insufficient use of some motivation factors may partly be compensated by others.

The undeniable fact is that the effective motivating factor of staff management is salary. But it can fully perform its function only when it responds to the interests of an employee and at most reflects the size of individual labor contribution (Malik, & Shpykulyak, 2005). Salary has to meet the needs and interests of an employee to the full extent. At the same time an employee should know what the requirements are and what sanctions will be applied in case of non-fulfillment of those requirements.

It should be emphasized that the organization of payment should be based on the principles of the depending on the results of work salary. Payment must be directly related to the results of work. Employees should be aware of a stable connection between the material compensation and the amount of work done. Salary should include a component that depends on performance. The use of financial stimulation not related to the work results could lead to the distraction of funds that will significantly reduce the effectiveness of management. The purpose of staff management is not simply to encourage people to work, but to involve people in work deeper and more productively.

At the same time development of staff will help to increase the competitiveness of the workers in the labor market. Increasing their skill level or mastering a new profession or specialty through getting new knowledge and skills, they get additional opportunities for career planning within the organization and beyond. Even in case of unemployment due to dismissal from the company, the trained person quickly finds a new job, can easily organize their own business, and thus provide employment to others. Many people value the opportunity to improve their level of professional development. This fact often plays a crucial role in making decisions about their job in a particular organization. The winner in this case is the society as a whole, because the educational potential of the country grows and the productivity of social labor without attracting significant funds increases.

Staff development enhances the overall intellectual level of the individual, expands his / her erudition and circle of communication because educated people can freely orient in today's complex world and human relations. As a result moral and psychological climate in the departments of the organization improves, the motivation of employees to work, their loyalty to the goals and strategic objectives of the company increases, the continuity in management is ensured and staff rotation is reduced.

It should be emphasized that a well organized system of staff management will greatly increase the efficiency of employees, production efficiency, which in turn will improve the competitiveness of enterprise.

Therefore, in countries with developed market economies more and more companies take the initiative to the further development of staff in their organizations. Planning and organizing of staff development are important functions of the staff management service. Ukraine should follow this example and it is a mandatory condition for ensuring sustained economic growth of the state.

While working out the organization management and staff development strategy the category of «competence» is often used, which is an important concept of staff development management, strengthening its competitiveness in the labor market.

In terms of quality competitiveness is characterized by a set of consumer characteristics of workforce that can provide effective work: profession, experience, age of the worker, knowledge of foreign languages and others. In terms of quantitative characteristics, the category of «employee competitiveness» could be determined by such indicators as productivity and efficiency of work, working time needed for the fulfillment of the task, quality of products, usage of raw materials, fuel, etc. (Rožanova, 1996).

Great importance for the competitiveness of the organization's staff lies in the stimulation of the employees' development and efficient use of their competence. Acquired knowledge, skills and practical skills will not do any good for an organization if workers or specialists with higher education are not interested in using them with maximum efficiency or have no interest in their professional development and so on.

In this sense, the professional interests of staff, their motivation and ambitions are extremely important components of the staff competitiveness of an organization. Their significance demonstrates a tendency of growing. Therefore, one of the main staff development objectives is to optimize the results of work by increasing the level of employee motivation and ambition to high-performance work.

Competitiveness of staff is determined not only by physiological, social and psychological requirements of individual to a particular job or position, level of educational or professional training, work experience, but also employees' satisfaction with their work. Those who are not satisfied with the work produce low-quality of work, frequent violations of work discipline, little interest in further professional development.

Competitiveness of staff includes such mechanisms as «want», «can», «need». They, in fact, express the individual work activity that characterizes the quality of work, which determines the level of competitiveness of employee on the intraorganizational labor market. The maximum coincidence of the «can», «want» and «need» mechanisms is the condition of improving efficiency, development of personality. A person can demonstrate his / her abilities, successfully develop them in the learning process, and then implement them into work only if he / she is interested in the work, is aware of and accepts performance goals of the company.

On the contrary, if the needs of society, organization, employee's interests and his / her abilities are not coordinated, it has a negative impact on work activity and level of staff competitiveness. This is reflected in such indicators as reduced work productivity, decreasing of product quality, increase in staff turnover, unwillingness to take part in professional training and so on.

According to the research, taking on the rights and responsibilities for the organization of payment for work, most managers appear incompetent in that stimulating function of the salary is not less important task than raising its level. Taking into consideration the fact that the main rights and responsibilities for the organization of payment for work at enterprises has been transferred by the state to the top managers, it requires the change of the economic concept of staff motivation. Changing the concept means that instead of the previously used standard systems a differential payment systems and tariff conditions should be developed and applied in enterprises that would provide a direct link with work productivity.

The system of staff management should be based on the regulatory framework according to which the state regulation of the minimum

salary and no upper limit of payment for work, which only depends on the financial capacity of enterprises, should be carried out.

The problem of attracting workers to increase their interest in stimulating production activity can be viewed through participation in the capital that will create conditions and increase interest in the efficient operation of the enterprise, and through copartnership and stake management that will be a way and a real object of staff financial interest implementation.

However, profit sharing is an additional option of equity sharing. This means the distribution of property as dividends accrued on the property (shares), their size depending on the effectiveness of the company (profit) (Krushel'nyts'ka, & Mel'nychuk, 2003). Although a payment of dividends is not payment for work, but a payment for capital, one can say that it also depends on payment for work. This is because a certain amount of income depends on work contribution of each employee.

Thus, staff management can be solved through the proper motivation of work at the low level, when the creativity of an employee will help him / her to work more effectively because of his /her financial interests as the owner and manufacturer simultaneously. Therefore, one of the main factors of human resources management, encouraging people to work is economic interest. From the person's point of view it presents a desire to own property and with the help of work or lease increasing its value.

One can not deny the fact that the higher the pay is, the higher the efficiency of production is. However, there is not always a direct correlation between these categories. At the same salary rates, higher efficiency of production is observed in cases when the payment for work is done like a bonus for better work performance, professionalism, innovation, increasing the quality of work and the final product. The employee must understand that a bonus is a payment for timely effective work, initiative, diligence, etc.

It should also be emphasized that in order to stimulate the employees by means of bonuses, encouraging them to achieve the final results of production, the reward system should be based on the following principles: forms of employee benefits shall be competitive compared to other enterprises; the stimulating mechanism should be focused on achieving of final results by the individual worker as well as the team as a whole; each worker gets as much as he / she has performed; the size of a bonus or additional payment is as high as the rank of an employee, who continually improves his /her level.

The employee should know how much he can get for a certain kind and quality of work. He / she should also know how much he / she can lose for bad, ineffective or delayed actions. Rewards stimulate the interest of workers, encouraging them to increase the final results of production.

However, the importance of creating an effective mechanism of reward is a clear description of the job tasks of the employee. Management must understand what it wants from a particular employee. (Krushel'nyts'ka, & Mel'nychuk, 2003). It is essential to have job description for each employee and job classification according to the degree of value for the enterprise. The further process is to implement the staff monetary reward for the achievement of each specific outcome (for example, to sign a lucrative contract), or for the results within a certain period of work. Usually, the top manager of the enterprise decides who is effective and who is not. In large enterprises it is decided by the key specialists and department managers. As a result, an employee who receives fair compensation is more responsible and initiative from the beginning of his work. This could be the basis for staff management in an enterprise.

The additional way of remuneration of staff are bonuses, they belong to the motivation factors that contribute to the increase of productivity. Methods and sizes of bonuses depend on the category of workers. The increase in production output is gained through an additional scope of work, ensuring product quality and culture of production and taken as a certain percentage of the salary rate or hours actually worked (the basic salary is charged). Thus, the bonus should not be paid for the results and activities of workers for their obligatory work and are paid as a regular salary. The employee should understand that bonus is an additional payment for timely effective work, initiative, diligence, etc.

Bonuses should not be too common and widespread because otherwise employees might perceive them as a regular salary. Employees should feel that bonuses depend on their personal additional efforts.

It should be noted that bonus as an economic instrument is an addition to the salary. Its influence is best manifested when it is closely connected with the salary. If the basic salary stimulates growth, in most cases in quantitative indicators, bonus stimulates improvement in quality indicators and indicators of final results of work in general (Sapel'nykov, 2013).

So, bonus should provide a certain economic impact and it is necessary that the main elements that characterize the organization of bonus system are properly economically constructed. The bonuses should be paid for overfulfilment of a task, early completion of a task, saving of material resources, achievement of high performance for the production of certain products, quality and timely execution of work. Thus, a bonus should be calculated for achieving high work performance of each employee as well as a certain group of employees. At the same time, additional efforts of workers, stimulated by a bonus, should cover the expenses for the reward. A bonus should be paid from the funds of the company within its profit.

The procedure of remuneration should be based on the achievements and conducted at the workplace, at celebrations in the circle of employees and other occasions. This allows promoting achievements, improving work efficiency and its quality, which has been missed before.

There are managers who use the system of stimulating of the production results based on semi-annual premium or bonuses. The bonuses are awarded not on the basis of individual results of the staff, but on the final semi-annual and annual company performance, that is the collective result of work. The managerial effect of this is to stimulate the interest of the entire team of employees to improve the efficiency of the whole enterprise.

For the motivation of high quality work various social benefits and privileges are widely used. Most employees of enterprises receive such payments, benefits and financial aids from the employer: paid additional days off, including mandatory paid holidays; paid personal holidays (birthdays, anniversaries); sick leave payments; the employer pays contributions to pension insurance; all employees get life insurance; fringe benefits: paid meal breaks, free meals and more. Therefore, under current conditions it is important to restore stimulating effect of the basic salary, which is considered to be a means of attraction to work as well as bonuses and social benefits that contribute to high quality of work.

The category «competence» to some extent reflects the qualitative aspects of workforce competitiveness. However, it does not fully reveal physiological and psychosocial characteristics of people, which should be taken into consideration, sketching ways to improve the effectiveness of staff development management or choosing the best strategy options for organization management and corresponding strategies of staff development.

The level of competitiveness in the labor market, including staff in intraorganizational labor market, largely depends on the degree of professional skills (according to their abilities and inclinations) that are in demand on the regional labor market and are needed by organizations

to realize their goals, profits, etc.

In the conditions of increasing market competitiveness such components of staff competitiveness as education, professional knowledge, skills and practical skills; compliance of physiological and psychosocial characteristics of human to occupation requirements becomes more important. One of the objectives of staff development management is to find such employees who are able to implement the management strategy of the company and have necessary skills and competence to do it.

To forecast the organization needs in staff and to ensure purposeful development of employees, an organization should have a clear description of all jobs and positions (duties, functions, rights and responsibilities of staff); determine qualifications for staff, required professional knowledge and skills, health and safety characteristics of jobs and positions, their requirements for individual physiological and psychosocial characteristics of staff and then cross-reference these requirements with the staff with actual level of professional suitability of employees and the degree of the developed competence. It should be noted that now the civilization progress is determined by intellectual and educational potential of a person. Therefore, a stable, balanced and socially oriented development of society requires rapid and systematic involvement in the economy of not only productive, but mostly human resources. Due to increasing of intellectualization of production, global rivalry in financial, industrial and military-technical field enters education, science, culture and upbringing. Now knowledge, competence, professionalism play a crucial role in enhancing innovation, competitiveness, market value and profitability of business and, consequently, in defining new prospects for dynamic growth and economic development of the country. In this regard, human capital and intellectual resources, which are the basis of social development of any country, present interesting for research.

However, when the whole progressive world actively uses intellectual resources and new knowledge in setting their competitive advantages, in Ukraine, which declares the innovative way of development, but continues to depend on intellectual products of other countries, they are the least studied and are limited to opportunities used to improve economic, social and political situation in our country.

After the implementation of the above-mentioned procedures an organization develops specific measures to eliminate discrepancies between the actual level of professional suitability of staff, level of its development and necessary levels of professional qualifications and competencies of employees according to the chosen strategy of the organization management.

The problem of staff management mechanism formation requires urgent improvement and adaptation to objective conditions of our time. The mechanism of management plays an important role in increasing work productivity and efficiency of functioning and development of enterprises. Only in this case their competitiveness and real integration into international economic structures can be achieved.

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