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Development of human resources in Ukraine: key challenges and prospects in dimension of international comparisons

Abstract

The subject of the paper reveals the prospects of adopting the foreign experience to regulate the social development of human resources in Ukraine. In the global economic crisis, according to researchers, human resources should become the basis of the country's competitiveness on the world stage. Human resources accumulate skills, as well as they are mobile and adaptable to new challenges. By the author the definition of social development of human resources as a driving factor in strengthening the social welfare is presented, the main factors, which influence on it are identified and the mechanism of social development of human resources is presented.

In paper the comparative analysis of the level of human resources development in Ukraine and other countries is conducted by the author. The position of Ukraine in the world ranking of human resources development was studied. Along with this, the Ukraine's place in the world ranking was determined by such indicators as: Human Capital Index, Quality of Life Index and the Legatum Prosperity Index. The author also identified the main weaknesses that hinder the achievement of efficiency in human resource management in general. The main vectors to which the state policy on human resources regulation should be directed were found out, and possible consequences of the global pandemic impact on further development of the state economy were highlighted. The tendencies of the global labour market were clarified and it is emphasized that in the economic crisis for the forming and development of human resources, in addition to overcoming the above problems, the state needs to strengthen influence on domestic enterprises to save workplaces. The paper also states that an important factor in the social development of human resources in the opinion of the world community is the forming of professional skills that will increase workforce competitiveness.

Keywords

human resources, social development, socio-economic development, skills, labour market, human capital, social capital, schooling system, higher education system

JEL: J24, F66, O15, I38

1 Statement of the problem

The present-day realities are characterized by the intensification of globalization, as well as innovation and integration processes. Therefore, those countries which are able to rationally use their own resources get additional competitiveness at the international level. Global experience appears that human resources have the greatest adaptive capacity in crisis conditions and, as a result, their effective using is currently one of the main indicators of economic development of any country.

Today, the problematic issues for Ukraine of human development, primarily related to providing effective employment, creating workplaces, overcoming poverty, removing economy from the shadow sector, increasing productivity, improving quality of life, as well as creating conditions for good education, medical social services, strengthening social partnership and the forming of social responsibility on the part of employers and the state, providing opportunities for professional development and lifelong learning, etc. Therefore, it is significant, in our opinion, to strengthen position of the state at the international level, to mitigate the effects of the global economic crisis due to the pandemic, to implement basic postulates of sustainable development, to generalize factors of human capital growth and to identify areas for its improvement, to raise competitiveness of the economy at both regional and global levels.

2 Latest scientific progress and publications review

The issues of human resources have always been in the area of interests of the Ukrainian and world scientists. In particular, much attention is paid to the forming, application and upkeeping of human resources as well as the process of human capital development in the future. P. Drucker started to use the term "human resources" when he outlined its using for personnel management during the work's process [1]. In general, researches of scientific achievements of foreign scientists [1-7] prove the established view of the application of this category for employees of organizations, industries and territories, their real and potential skills and abilities that are used or can be used in their employment.

The concepts of "human resource management (HRM)" and "human resource development (HRD)" are widely reflected in world scientific practice today. Historically, the term HRM was the first to be developed. However, already in the 70's of the twentieth century scientists [5] began to use the concept of HRD, and in the early 80's of the twentieth century the term "human resources development" was approved by the American Society for Training and Development (ASTD). HRD has long been considered a component of HRM. However, in the 90s of the twentieth century McGoldrick & Stewart [6] advocated separation of these concepts and emphasized the enhanced role of HRD in the personnel strategy of the organization. The fundamental difference between these concepts according to foreign scholars, in particular Haslinda A. [7] is that HRM is a process of human abilities management to ensure the goals of the organization, including the organization of recruitment, remuneration, socio-psychological climate in the team and ensuring staff health and safety etc. HRD, by its definition, is an activity carried out in the organization and designed to change professional and personal characteristics of the staff.

Recently, scientists have come to the conclusion that due to the concept of HRD, employees of the organization become strategic assets of companies and are their main competitive advantages [7,8,9]. Therefore, the attention of scientists is focused on the main areas of HRD concept, which were identified by Gilley, J., Eggland, S., & Gilley, A., namely: individual development, career development, performance management and organizational development [9].

The result of the realization of human resources in the process of labour is the accumulation of human capital. At the same time, the scientists focus on the influence of social factors on this process, the forming of social capital and its role in the development of society's economy.

The shift of emphasis in the research of human resources to their strategic development is also characteristic of Ukrainian science. A number of scientists dedicate their studies to the issue of forming and development of human resources, revealing it from the standpoint of ensuring the competitiveness of staff [10-16]. However, taking into account the tendencies of world scientific thought necessitates the research of development of human resources as a basis for ensuring the strategic directions of economic efficiency.

The above-mentioned facts prove that this issue remains relevant and widely studied not only in Ukraine but also internationally. In particular, the attention of scientists during the World Economic Forum is once again drawn to the issues of forming and maintenance of human resources. The importance of improving the quality of human capital in accordance with the changing environment is also emphasized. A number of researches of international organizations are also devoted to these issues, and once again highlight the urgency of accretion and development of human resources in the world.

3 The purpose and problem of research

The purpose of the research is the determination of key factors and mechanism of development of human resources, conducting the evaluation of the state of development of human resources of Ukraine in dimensions of international comparisons and, based on the world experience, identification of key factors that will improve the competitiveness of human resources of Ukraine on the world market.

During the conducting of research, we used the methods of description, analysis and synthesis,

induction and deduction and analytical methods for determination the essence of the concepts of "human resources development" and the mechanism of its functioning, formulation the main problems and ways of their solving to ensure the effective human resource management, as well as comparison, rating and graphical methods of rating evaluation of the level of human resources development of Ukraine in the world dimension.

4 Results of the research

The concern of the international community by the consequences of the crisis due to the pandemic leads to more detailed research in this area. Taking into consideration the state of Ukraine's economic and financial system, it is clear that global trends of economic decline will negatively affect its functioning. Therefore, in order to preserve the existing potential and minimize the impact of crisis shocks, it seems fair to adapt the world experience to the Ukrainian realities.

Based on scientific research of foreign and

national scientists, human resources should become the mechanism of both economic and social prosperity of Ukraine. Therefore, within this framework, it is important to study foreign experience in social development of human resources, as well as to determine Ukraine's place in the global labour market, opportunities for its human capital development in the economic crisis and increasing competitiveness internationally.

Development of human resources is an irreversible process of their transition from one state to another, which is characterized by a set of changes due to the influence of social factors, are aimed for the ensuring the social welfare of the population and lead to the forming of new opportunities, growth and expansion of their abilities, skills, competencies, changes in the quality of human resources and the result of their social and labour activities.

The conceptual model of the mechanism of social development of human resources is represented in Figure 1.

The social components that determine their

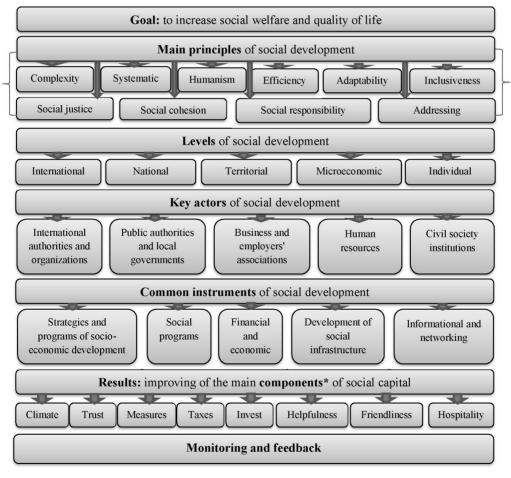


Figure 1 Conceptual model of the mechanism of development of human resources *World Social Capital Monitor 2019. URL: https://sustainabledevelopment.un.org/content/documents/commitments/6686_11706_commitment_World%20Social%20Capital%20Monitor%202019.pdf [17].

Source: compiled by the author

impact on development of human resources could be defined by a range of indicators, which are covering the social sphere, including employee income, the state of development of social infrastructure and the factors, which are based on the principles of honesty, solidarity, justice and trust, which is embodied in the social interactions and interdependencies, thus making it possible to increase the potential for economic development of society.

To characterise the level of human resources development in Ukraine in comparison with other countries, we should use the ranking of the UN Development Programme on human development in 2019. Considering geographical location of Ukraine, first of all, we need to pay attention to the level of human development in Europe. In our opinion, it would also be appropriate to compare Ukraine with former Soviet countries to better understand how human capital management approaches have changed in thirty years and to determine Ukraine's effectiveness in this area.

According to the UN Development Programme in 2019, according to the calculated Human Development Index, Ukraine ranks the 88th among 189 countries and is one of the countries with its high level (Figure 2).

The leaders in this ranking are Norway, Switzerland and Ireland. Estonia ranks the 30th, Poland – the 32^{nd} , Lithuania – the 34^{th} , Latvia - the 39th, Hungary - the 43rd, Russian Federation - the 49th, Belarus and Kazakhstan - the 50th, Bulgaria and Romania - the 52nd, Georgia - the 70th, Armen ia - the 81st, Azerbaijan - the 87th place. Accordingly, among the European countries and neighbouring countries, Ukraine's position is one of the lowest, ahead of only Moldova (the 107th place), and among countries that were part of the Soviet Union - Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan, which indicates a lack of quality assurance of human development in Ukraine, considering its territorial location, available and potential resource opportunities, as well as historical past [18].

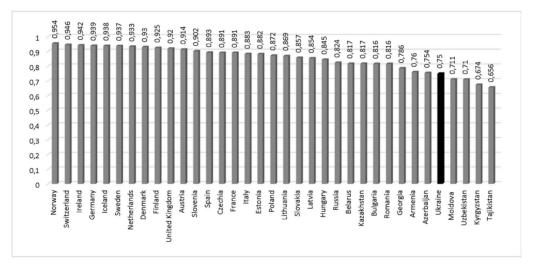


Figure 2 Ranking of 35 countries by the Human Development Index, 2019 [18] Source: Human Development Report 2019. http://hdr.undp.org/sites/default/files/hdr2019.pdf

The result of the implementation of human resources in the labour process is the forming and accumulation of human capital. That's why we decided to compare the position of Ukraine by this indicator with the selected 35 countries (Figure 3).

Accordingly, we can see that by this indicator, Ukraine is taken the 39th place among 131 countries, which is quite a high position. In general, the Republic of Korea is a world leader in the development of human capital (65.2), and Denmark (62.9), Sweden (62.4) and Finland (61.5) are leaders among the European countries, which are taken the 2nd, 3rd and 4th places in the world rankings. The weak point of human capital forming in Ukraine is due to insufficient development of the higher education system and low rates of

innovative researches. Therefore, in order to create conditions for the development of human capital, it is necessary, first of all, to ensure not only the financing of the above-mentioned areas, but also to improve the social security of human resources for their better return during employment.

The leadership must ensure compliance with legislation, infrastructure, medical and educational services, social sphere, labour market regulation and stimulate innovation to meet the needs and challenges arising from competition.

Taking into consideration the abovementioned, we consider necessary to highlight the main tendencies in the functioning of the labour market and identify measures that are necessary for the social development of human resources in

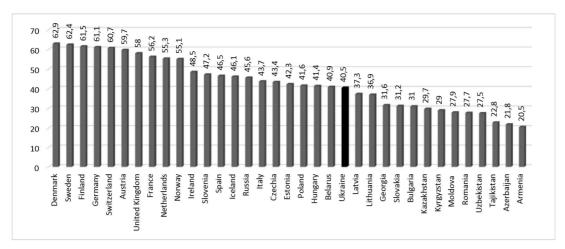


Figure 3 Ranking of 35 countries by the Human Capital & Research by Countries, 2020 [19] Source: 12th Edition - Global Innovation Index 2020. URL: https://www.globalinnovationindex.org/Home

Ukraine, which is based on the world experience.

Thus, according to the World Bank, 49% of world employment was in the services market. According to the ILO statistics, the share of people employed in services ranges from 26% of the labour force in developing economies to 75% in high-income countries [20]. It is significant that a larger percentage of those employed in the service sector are women (55% vs. 45%). The forecast for 2025, which was made before the epidemic, indicated that in developing countries, the overall growth of employment will be facilitated by increasing jobs in the wholesale and retail trade, as well as repair. The increase in jobs in real estate and business services will be typical of middle-income countries in developed countries. Also, according to the ILO, the number of jobs related to the hotel and restaurant business will expand everywhere [18]. However, as we can see, it is in the field of services, including tourism, hotel and restaurant

business, air transportation, that the biggest blow was dealt to due to the Covid-2019 epidemic. Accordingly, unemployment will mostly affect not only the service sector, but also the female population.

The World Bank estimates that in 2020, the pandemic will lead to a recession in most countries, and per capita gross income will decline for most of the world for the first time since 1870. In general, the development indicators of developed economies will decline by 7 percent, which, logically, will negatively affect the prospects of emerging and developing countries, which are projected to reduce economic growth by more than 2.5 percent, which will be the lowest value for these groups of countries in the last sixty years [21].

Since the main goal of social development of human resources is improving the quality of life, we consider that we should analyse this indicator by the countries of world (Figure 4).

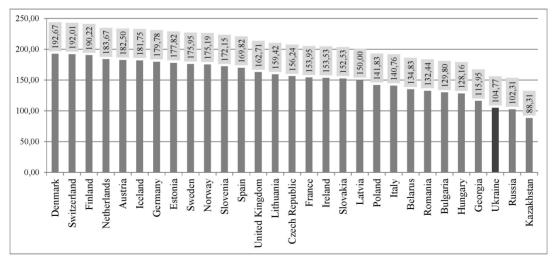


Figure 4 Ranking of 29 countries by the Quality of Life Index by Countries, 2020 [22] Source: Quality of Life Index by Country 2020. URL: https://www.numbeo.com/quality-of-life/rankings_by_country.jsp?title=2020

By this indicator, in 2020 Ukraine is taken the 65th place among the 80 countries with the meaning of Quality of Life Index 104.77 points (the maximum value is equal to 200.0 points). The leading positions occupy by Denmark (the 1st place, the meaning is 192.67), Switzerland (the 2nd place, 192.01 points)

and Finland (the 3rd place, 190.22 points).

In terms of components (Figure 5), the lowest meanings demonstrate "Property Price to Income Ratio" (12.23), "Purchasing Power Index" (31.80), "Cost of Living Index" (33.18) and "Traffic Commute Time Index" (38.65).

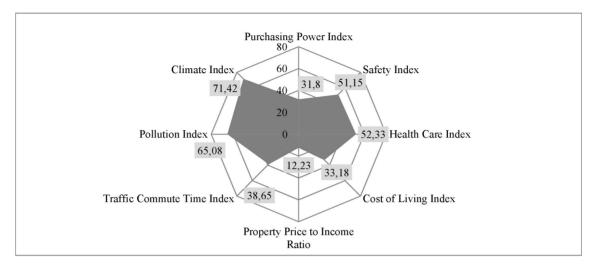


Figure 5 The components of the Quality of Life Index in Ukraine, 2020 [22]

Source: Quality of Life Index by Country 2020. URL: https://www.numbeo.com/quality-of-life/rankings_by_country.jsp?title=2020

So, we can conclude, that the quality of life in Ukraine is quite low, that's why it is necessary to improve the policy and methods of social development of human resources.

Another important indicator is "The Legatum

Prosperity IndexTM" (Figure 6). The leading five places were occupied by Denmark, Norway, Switzerland, Sweden and Finland. At the same time, Ukraine is taken the $96^{\rm th}$ place among 167 countries.

Figure 7 presents the components of the

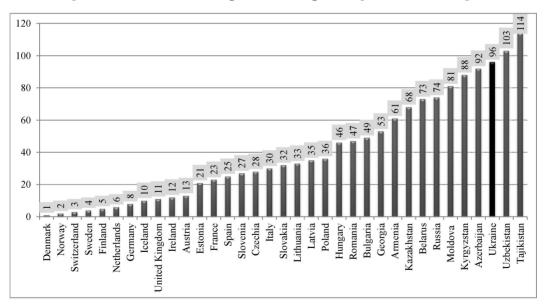


Figure 6 Ranking of 35 countries by the Legatum Prosperity IndexTM, 2019 [23] Source: The Legatum Prosperity IndexTM 2020. URL: https://www.prosperity.com/download_file/view/3924/1692

Legatum Prosperity IndexTM in Ukraine in 2019. The highest place is occupied by such component as "Education" (37 place), at the same time by the level of "Social capital" Ukraine is taken the 148th place, "Safety and security" – 145th place, "Natural

environment" - 127th place, "Health" - 114th place.

For Ukraine, the main obstacles on the way to economic development, which directly affect the performance of human resources, are the following:

• increased pressure on the health care system,

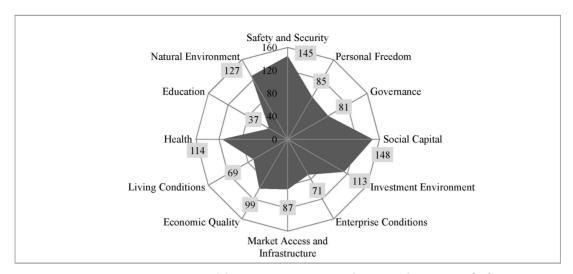


Figure 7 The components of the Legatum Prosperity IndexTM in Ukraine, 2019 [23]

Source: The Legatum Prosperity IndexTM 2020. URL: https://www.prosperity.com/download_file/view/3924/1692

which will negatively affect the overall health of the nation due to the reorientation of medicine to combat Covid-2019 and underfunding of other areas, which is complicated by the imperfection of the medical reform;

- reduction of remittances from abroad, which will lead to underfunding of the budget, in the conditions and so deterioration of the economy;
- reduction of the mass share of exports of agricultural and industrial goods, which again will negatively affect the financing of the state budget and will lead to a reduction in public spending, especially in the educational, cultural and social spheres;
- losses related to the bankruptcy of small businesses, especially those operating in the field of trade and tourism;
- massive growth of unemployment, which is characteristic of the world economy;
- growth of the mass share of the informal employment sector;
- imperfection of labour legislation, which protects to a greater extent the interests of employers;
- low wages and lack of effective mechanisms for its state regulation;
- low development of social protection of employees, in particular social insurance and imperfection of pension legislation, etc.

All the above problems are embodied in the prospects of humanitarian and economic damage, which will especially affect countries with large informal sectors of the economy, so it is necessary to take measures to support the income of such workers and provide credit support to minimize labour losses.

Summarizing the aforementioned, we conclude

that to strengthen Ukraine's position in the world market and maintain competitiveness of its human resources, it is necessary to draw on the experience of advanced countries.

Therefore, summarizing the recommendations of the World Bank to overcome the effects of the economic crisis, we note that to maximize the prospects for economic development, it is necessary, above all, to invest in human capital.

Studies show that people who are able to have three groups of skills are in special demand in the labour market:

- cognitive, which determine the development of intelligence and other mental processes and are necessary for rapid problem solving;
- socio-behavioural, which contribute to effective communication and ability to work in a team;
- a combination of skills that provide adaptation to the changing conditions of the environment in which the work process takes place, in particular logical thinking, selfconfidence, etc. [24].

In order to develop such skills in employees, it is necessary, first of all, to have basis in the form of high-quality human potential and to provide lifelong learning. However, it requires the effective model of forming of a basis of human capital from the early stages. Scientists pay special attention to this during the World Bank report on the world development in 2019. For example, Korean leaders concluded that education is the best way to improve economic situation, so much attention has been paid to reformatting schools and improving quality of education. Combined with a well-thought innovative government policy, the focus on education has paid off. Today, Korea has achieved general literacy, moreover, students show the highest results in international research on the quality of education. This is the country with a high level of income and the model of successful economic development [25].

In addition, foreign scholars emphasize the need to involve children in the educational process from preschool age, as evidenced by the Updated calculation of the Human Capital Index, which demonstrates the relationship between investment in health and education and productivity of future employees. In particular, there is an additional growth of the economy by 1.4 percent annually for 50 years, in the case transition from the 25th to the 75th percentile of the Index [25].

Accordingly, another goal of Ukraine to increase the competitiveness of human resources is to increase the effectiveness of schooling education to develop skills that will be needed in the future for the labour market.

The overarching idea of the World Bank's Annual Report on the World Development in 2019 is to improve the quality of school education by developing a system for evaluating it, creating an effective system of incentives to ensure the efficiency of modern educational institutions, aligning the interests of the political elite with technical and educational systems [25].

It is undeniable that in addition to the forming of real human capital through the improvement of school education, there is higher and secondary special education, as well as professional retraining of employees to adjust their skills to the everchanging nature of work. The tendencies of developed countries is the sharing the concept of lifelong learning. As researches show [26] that there is strong relationship between lifelong learning coverage and the level of financial security and competitiveness of the country's population. Therefore, this factor is important to ensure the development of human resources.

Another area that needs to be addressed, according to the recommendations of the World Scientific Society, is to increase the effectiveness of social protection, in particular strengthening social insurance system, complemented by reforming the labour market regulatory framework to meet its modern requirements. Considering situation in the world, special attention should be paid to health insurance and development of medical system in general. Thus, based on the world experience, sources of funding for these processes should attract finances from property taxation in large cities, taxes on carbon emissions, and so on. It is imperative for Ukrainian realities to eradicate tax evasion schemes, which are widely used to increase their profits. Another recommendation is to optimize tax policy and improve the quality of tax administration, and to increase revenues without resorting to raising tax rates [27].

In the context of the global crisis, the scientific community emphasizes the need to preserve human capital of countries through the deepest and fullest possible coverage of the population with social protection, which should take place through the continuation and creation of social programmes.

The state also, in their opinion, should promote preservation of human capital in modern conditions through a dual approach to the protection of jobs. In particular, strategically important organizations and sectors of the economy can receive government support in exchange for the obligation to retain their employees. With regard to small and medium-sized enterprises, scientists advise to establish cooperation with the banking system or other intermediaries, by stimulating the latter by sharing risks and providing guarantees to support the liquidity of domestic enterprises. In this regard, it is important to protect banking and financial systems, where the government should act as a coordinator and guarantor of activities [27].

5 Conclusions

Summarizing the above, the development of human resources today is becoming a key factor in ensuring the social welfare of the population and expands the prospects for economic growth. Taking into account the crisis in the world economy, the priority of the state should be the development of social protection to maintain and develop the existing and the future skilled labour force, which is one of the main conditions for economic and social development. In particular, for saving the workplaces, the state should become a co-owner of strategically important enterprises and participate in their development. The world community emphasizes the need for prevention of financial crisis by recapitalizing the banks and absorbing the inefficient assets. Thus, preservation of the labour market, mitigation of losses from the financial crisis, professional management of potential assets will restore the economy in the shortest possible time. Increased attention to the quality of education from preschool to vocational education throughout life, forming of professional skills among employees will strengthen their competitiveness. The creation of a strong social protection system would provide conditions for the social development of human resources in Ukraine, which will allow to create a basis for its economic prosperity.

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