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Human Potential as a Factor of Competitiveness Formation in the New Social-Economic Conditions

ABSTRACT

The results of the investigations of the competitiveness of human potential in the new social-economic conditions were analyzed by the author. There was also accentuated the fact that it is necessary to create the prerequisites for the increase and regulation of the staff competitiveness at the level of separate enterprises with the help of organizational-legal, financial-economic and social leverage which will allow to use human potential more effectively and as a result will open up new possibilities to use innovative potential defining the future of enterprises in conditions of competition.

Key words: *competitiveness, human factor, competitive power indices, staff, macrolevel, microlevel.*

Integration to the world economy is viewed as a very big problem and prospect of Ukraine's development. Its implementation demands the creation of conditions for the competitiveness of Ukraine, raising the appropriate level of regulatory environment and tax incentives, reducing the investment risks in Ukraine, increasing the growth rate of GDP. Ukraine needs to step up the process of integration into the EU regarding the large-scale economic and social reforms and implement them in all spheres of public life.

Nowadays, there are many international rankings and assessments of the developed world. Global studies, which are carried out by authoritative organizations are exploring the most interesting spheres of society in different countries, and the results are used to compare the socio-economic, political and cultural positions in a number of countries studied.

The most common and full indexes are Globalization indexes (KOF Index of Globalization), Global Peace Index (Global Peace Index, GPI), the index of ease of doing business (Ease of doing business Index), an index of economic freedom (Index of Economic Freedom), press freedom index (Press Freedom Index, PFI), the Global Competitiveness Index (The Global Competitiveness Index), an index of perception of corruption (Corruption Perceptions Index, CPI), the Human Development Index (Human Development Index, HDI).

Studies suggest that Ukraine over the last year in the ranking of global competitiveness has lost 11 positions, from 73 to 84, received index 4.05 points out of 7 possible. Uruguay, Egypt, Ghana and Benin demonstrated similar dynamics losing 11 positions. Three leaders did not change in comparison with the previous year, after Switzerland, Singapore and Finland continue to hold the same 1st, 2nd and 3rd place, and Central African country of Chad got the worst performance.

Based on the significant loss of positions in the ranking, it is worth to consider the dynamics Ukraine has received since 2006 – the first year of research in Ukraine.

In different periods Ukraine for 7 years, after demonstrating wave of growth, showed a fall, and was fixed at almost the same level as in 2006 – 4.05 vs. 4.03.

Competitiveness Indexes are calculated by the 12 basic groups of indicators that include the other 113 variables that describe in detail the competitiveness of countries at different stages of development. The following interactive diagram reflects the state of development of each of the 12 key areas of life of our country, on receipt of Development Index (World Economic Forum).

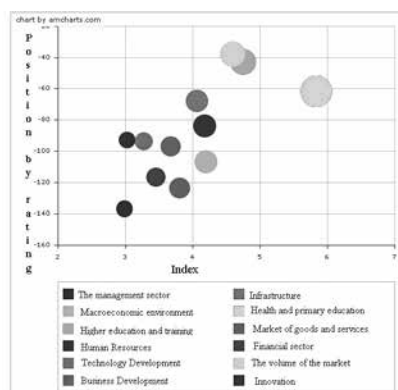


Fig.1. Components of the Competitiveness Index of Ukraine in 2013-2014.

We are not bad with the human potential due to public health and primary education; higher education and training are put into

leading positions. Large volumes of the market are supplied with the size of the country population and consumption of goods and services. At the same time we have some problems with the infrastructure, technology, finance and business, and the worst problem is considering the innovation technology and administrative sphere.

Comparing the components of the competitiveness index in 2013-2014, we can see that out of all the indicators, we got the lead only in health and primary education, and among the 31 categories of industrial-oriented state we have large amounts of the market, the best quality of higher education and training, employment potential, and infrastructure (World Economic Forum).

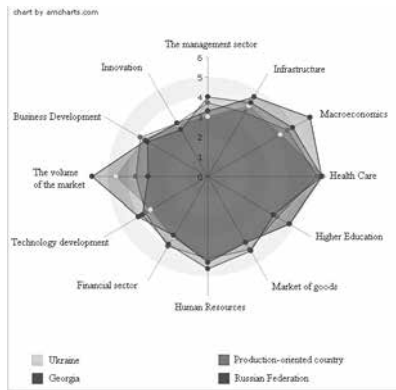


Figure 2. Comparison of the Components of the Competitiveness Index in 2013-2014

Another important component of the study is considered to be the determining the degree of influence of the most problematic factors for doing business in the country, which is estimated by the expert survey of heads of enterprises and organizations.

The obtained results of a public opinion poll among 16 the most problematic factors showed corruption, bureaucracy, lack of access to finance and tax policy, as the most negative, and human factors, including the level of training and attitude of workers to perform the duties according to the respondents the least negative influence on the development of business in Ukraine. But of course all of these factors affect the rating of Ukraine, among other countries in the world (World Economic Forum).

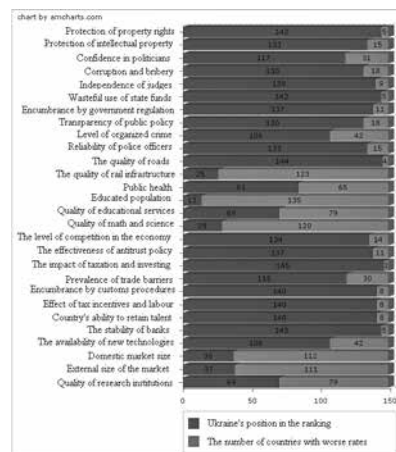


Figure 3. Rate of Ukraine Among 148 Countries of the World Based on Individual Components of IR in 2013-2014.

The impact of bureaucracy, corruption and tax policy for the development of business and investment, trust in politicians, law enforcement and judicial independence, quality of roads, the stability of banks, protection of material and intellectual property rights are recognised as the worst indicators.

The best positions in our country cover the population education, quality of teaching of natural and mathematical sciences, the level of development of the railway and the volume of the market. Over time, the quality of educational services and the level of domestic science drops significantly, this trend is due to the lack of implementation of high technologies in the production and financing of science at the proper level.

Ukraine's position in the ranking of the country's ability to retain talent, i.e highly educated workforce and qualified young professionals, which we took 140 seats out of 148 is very valuable. On the background of the highly developed Europe with countries' maximum indexes the chances of the content frame, which could in the long term give help the country overcome the difficulties of the present, are disappeared. Our "neighbors" of rated talent retention are Yemen and Burundi which occupy positions 139 and 141 respectively. The best things with the staff in Qatar, Switzerland and Singapore intensely attract young talents also.

The analysis based on the Global Competitiveness Index shows the adverse effects of the management scope for business development and investment, regressing processes as the provision of educational services and the level of development of science, little using of advanced innovative developments in production, insecurity of property and intellectual property rights, the outflow of highly qualified personnel. Market volume, high quality human resources, lack of terrorism, natural disasters and epidemics are the only advantages over other countries, subject to structural changes in the quality management field, can enhance the competitiveness of Ukraine (Materials: World Economic Forum) (World Economic Forum).

The experience of the countries with a rise of competitiveness of the staff, businesses and corporations leads to the idea that economic breakthrough and implementation of innovative models of development are possible in Ukraine only in the case if the government, entrepreneurs, employers focus on human capital. Only this way can provide improvements in the competitiveness of human labour in the market and create the conditions for growth of competitiveness of Ukrainian enterprises and the state as a whole.

Theoretical and practical aspects of improving the competitiveness of Ukrainian workers have been investigated by such scholars as Amosha A.I., Bandur S.I., Blyznyuk V.V., Goddess D.P., Grishnova A.A., Dimitrenko G.A., Kolot A.M., Kravchenko I.S., Libanova E.M., Lisogor L., Makarova O.V., Novikov V.M., Novikov O.F., Onikienko B.V., Petrova I.L., Pyrozhkov S.I., Semykina M.V., Shauskaya L.V and others (Boginya, 2002).

However, the analysis of published studies indicates that the methods of improving the competitiveness of the staff are still poorly understood. There is a need for theoretical and methodological approaches to the justification of assessing the impact of various factors on the growth of competitive advantages, the definition of priority levers of improving the mechanism to ensure the competitiveness of the staff.

The idea of improving the competitiveness of the staff can't be realized fully only by carrying out certain activities or involvement of various stimuli on the enterprise level. It must necessarily involve a number of activities at the regional level, the country. It is an obligation to reform the state policy in the sphere of reproduction, education and training, employment and income, health, social protection, adequate funding of human development at the regional level.

Taking into consideration the priorities of human development in particular means:

- a) the field of educational policy – increasing the state's role in ensuring the commitment and free full secondary education, empowerment the access to higher education, the introduction of state standards of basic and upper secondary and higher education, increasing and diversifying sources of funding for education, the development of cooperation between enterprises, research and educational institutions in the organization of continuous training of adults, ensuring the competitiveness of graduates in the labour market;
- b) employment and income – increasing the role of public administration at the macro– and meso-economic levels in the establishment of new high-performance workplaces, providing full and productive employment on the principles of gender equality at work, raising standards of wages, better conditions for its harmonious combination of labour activities with continuous educational and professional development for working life;
- a) health – reforming the public health system, the introduction of health insurance; prevent premature mortality able-bodied persons, lengthening life expectancy, healthy lifestyles, disease prevention, accident prevention, including production;
- g) social protection – increasing government influence to ensure the social protection of workers, the system of compulsory state social insurance, the introduction of a single social contribution, funded system of compulsory state pension insurance and mandatory pension professional system (Dudina, 2001).

But the growth of competitiveness of domestic enterprises frame counteracts acute demographic crisis, the destruction of the socio-economic mechanism for preserving the unity of quality and quantity of human reproduction, reducing the demand for labour in the labour market, in particular the highly skilled, the strain in wages and incomes. This leads to an underutilization of the labour force, inefficient and unsustainable use of the labour potential of the staff of enterprises in general, inhibiting the uptake of innovative development model.

It can be concluded that the key point is the recognition that the basis for further economic expansion of the enterprise must be, above all, the preservation and development of its human resources at the macro, meso and micro levels.

Precisely because of this the prerequisites for improving the competitiveness of the staff and management at the level of individual enterprises through organizational, legal, financial, economic and social levers should be created. It supplies more efficient usage of the human capital organizations in Ukraine. It also opens up new possibilities of the formation and using the innovative capacity, which will determine the fate of enterprises and workers in a competitive environment, their competitive position on the domestic and foreign markets.

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