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THE ELEMENT OF HIGH-QUALITY IN HUMAN CAPITAL AS A BASIS FOR CREATING COMPETITIVE LABOUR MARKET

Abstract There is essential gap between qualification requirements of high educational institutions and societal and economic demand. This gap is the main barrier for Universities, hindering their co-operation with business and compliance with social demand, and in that way contributes to impeding national economic growth.

Keywords: competitiveness, innovations, human capital, system of training of personnel, qualification, economy of knowledge, management, Ukraine.

JEL classification: M12, M1, D8, O32, P2.

Introduction

The main characteristic of modern world economic development is the move of leading countries toward the construction of economy, which is based mainly on a generation, distribution and use of knowledge.

The developed countries pass to forming of new technological base of the economic systems, based on the use of the newest accomplishments of science, sharply strengthening the role of innovations in socio-economic development and while many traditional factors of growth are being depreciated.

Dominant tendency of growth of role of human capital, as a basic factor of economic development, determining the level of competitiveness of modern innovative economy, all is in a greater degree determined by quality of professional personnel. Professional personnel is a part of population able to work, possessing physical and intellectual capacities for labor activity, is able to make material welfares or render services, so labor resources include in itself, from one side, those people which are busy in an economy, and from another, not busy, but able to work. Thus, labor resources consist of the real and potential workers.

An increase of national competitiveness is a complex task, success of which is determined by development of human capital, economic institutes, by realization and strengthening of already present and by creation of new competitive advantages, related to diversification of economy and forming of powerful scientifically-technological complex and economy of knowledge.

The present state

State of science and education, systems of values of company, expressed in his spirituality, on the whole determines matter-position in a socio-economic sphere.

An illusion of relative growth of economy in Ukraine is based on the objective restoration process of traditional low-technological industries, productive intermediate products with a low value-added, with the changing state of affairs of world market remained in the past – all of basic export enterprises of Ukraine are stopped.

Scientific society of Ukraine analyses enough detailed the reasons of the folded position, practically unanimous in estimation and offered recipe of output – construction of the competitive national innovative system, risky, intellectually expensive and complex administrative system, directed on mobilization of intellect of people of Ukraine and on principle of new control system from the side of government. It appears at the same time, that principal reason is the absence of conceptual definiteness in regard to the aims of development, expressed at legislative level in absence of laws of constitutional level, in particular law on a socio-economical formation, in practice in absence of the system of forming administrative tasks. More credible than all exactly by this circumstance and the ineffectiveness of management of territory are predefined by society in the whole by the representatives of the so-called liberal school. Indeed, it is easy to justify self-ineffectiveness by actions of invisible market hand, than to organize an effective management. It is necessary to notice that modern methods of management in countries – world leaders have nothing in common with liberal approaches, moreover, organization of project management and financing has character of the corporate strategic planning, combining in it the best lines of the planned and market economies.

The objective processes of globalization are directed on the concentration of management functions and minimization of general costs in producing goods and services, on the whole a greater effect appears in countries – leaders.

Separate territories and productions try to be built into the system of world division of labor, using absolute and relative competition advantages, including creation of new competitive products. By virtue of nature-climate descriptions of geographical position and exhausting of traditional factors of competitiveness, forming of the modern regulation systems and mechanisms of claimed science, producing of competitive human capital and forming of effective control by the system of it in the coordinates of the effective national innovative system, today determines not only successful development but also self existence of country.

Thus foundation of construction of the competitive national innovative system is the system of training of personnel.

Conceptual definiteness in regard to the purpose of the future state of the socio-economic system, as subsystem of management of steady development of ecostate, is the primary element of forming of the system of priorities of values in regard to the desired choice of variants of change of the existent system. Conceptual definiteness is determination of parameters of current status and parameters of the desired state, so determination of vector of purpose.

Author goes out from the next understanding of priorities of values - life as such and life of man that is a highest social value. Accordingly, healthy life with an obligatory improvement of high-quality parameters of society, culture, historical memory and language, must be passed in generations on territory of Ukraine.

Energy of life of man is constructive labor, which determines claiming of both concrete individual and society on the whole in the system of world division of labor. Accordingly the task of creation of claimed workplaces is basic in Ukraine. The requirement of exact determination of parameters of current status of the system implies announcements of challenges and threats, foremost in area of demography and health, the high-quality constituent of

qualifying level of human potential, real position with unemployment.

Under the vector of purpose in the applied value it is necessary to understand a transition from current status of the system of education, the basic factor of competitiveness of which today is relatively a low cost of the finished good – diploma of state standard about higher education, to the perspective competitiveness, based on quality, qualification and claiming of specialists, able to provide world leadership in the certain segments of producing goods and services on territory of Ukraine.

Thus it is necessary to give an answer for the heaviest challenge for the people of Ukraine from the side of the modern world is a challenge of unclaimness of society in modern world. Taking into account the toughened fight in the world foremost for the limited natural resources and prognosis of unclaimness of majority of able to work population, exactly the search of claimed competitive food decisions must go out on the first plan. In this situation not only the program of social help but also maintenance of infrastructure of life-support of territory must step back on the second plan. A primary concern is training of personnel of higher qualification and forming on their basis the system of control, able to give adequate answers for the challenges and allowing country to occupy front-rank positions in a global economic competition foremost on the basis of increase of competitiveness of human capital, as key factor of innovative development of economy.

Diagnosis of the problems

The federation of employers forecasts that in Ukraine to 2015 year the amount of labor resources will be abbreviated on 25%.

Already now on 28% of enterprises of industrial complex and on 58% of agro industrial complex the deficit of labor force is felt. There is a negative dynamics in a demographic situation, level of health of labor resources, cost of labor, level of training of skilled personnel. At the same time, nearby countries create conditions for attraction of labor migrants, and in different times approximately 4-7 million of Ukrainians work abroad. A situation will be complicated by integration processes.

On prognoses, to 2015 forming of labor resources due to the students of PTS, middle and high school can diminish on 11,6-13,1%, so labor resources in age 18-25 flow can be abbreviated on 5-6 million persons. The amount of young people without a profession is substantially increased, and also coefficient of untapped ability to work (Tabl.1).

Over 50 percents of busy population are persons in age over 40, that testifies not only to the senescence of population but also about the senescence of labor force (Chart 1).

Considerable part in the structure of busy population belongs to the persons of unskilled labor. There is serious disparity of quality of suggestion of labor force and demand on it. Near the third economic active persons do not have professional education, including 12 percents that do not have secondary even education.

From data of government statistic of Ukraine, quantity of busy population in age 15-70 years on the average for 2 quarters of 2008 made 20,7 million persons and, comparatively with the last year, grew on 178,0 thousands of persons. The level of employment of population in age 15-70 years was increased from 57,6% to 58,6%. Quantity of unemployed persons on the average after 4 quarter of 2008 abbreviated on 55,6 thousands and made 1,6 million persons. The decline (from 7,4% in 2 quarter of 2007 to 7,1% in 2 quarter of 2008) of unemployment, certain on methodology of International organization of labor, rate took a place due to his reduction among the inhabitants of cities and rural locality (Tabl.2).

During January-June, 2008 1 million 411,2 thousands of unbusy citizens which were on an account in employment service used its services. Over 175 thousand of employers gave government employment service information about the presence of available workings

spaces. 1 million 220,5 thousands made the general amount of the vacancies incorporated in employment service.

Chart 1. Population Distribution by Sex and Age in Ukraine, 2007 (*thsd*)



Source: www.ukrstat.gov.ua, SSC of Ukraine, 2008

The biggest requirement in workers was on the enterprises of processing industry, in trade, state administration, on building and agriculture.

Providing of dynamic socio-economic progress in Ukraine must be based foremost on development and effective use of the most valuable resource of today – labor potential of company and strengthening of his innovative activity.

Strategy of Ukraine in relation to European integration already presently requires implementation of complex of tasks which foresee the change of high-quality and quantitative descriptions of labor potential, adductions them in accordance with standards which operate in the global Euro-systems. Positive is that in Ukraine the general volume of investments in human potential and human capital and their particle grow in GDP.

Disparity of demand on labor force and its supple in a professionally qualifying and territorial cut predetermines considerable regional differentiation of the registered unemployment.

On September, 1, 2008 in Ukraine, by estimation, 46200,9 thousands of persons lived. During January – August, 2008 the quantity of population diminished on 171,8 thousands of persons, or on 5,6 persons per capita.

Population diminishes exceptionally due to natural reduction (180,8 thousands of persons) which does not recover the insignificant migratory increase of population (9,0 thousands of persons).

Table 1. Basic statistical indicators for demographic setting of Ukraine

	Population by age at the end of the year, thsd.	0-14	15-24	25-44	45-64	65 and more
1996	50400,0	19,75	14,15	28,64	23,47	13,99
1997	49973,5	19,26	14,24	28,67	23,77	14,06
1998	49544,8	18,58	14,54	28,72	24,24	13,93
1999	49115,0	17,88	14,81	28,69	24,73	13,88
2000	48663,6	17,21	15,05	28,75	24,92	14,06
2001	48240,9	16,48	15,30	28,71	25,04	14,47
2002	47823,1	15,83	15,59	28,70	24,83	15,04
2003	47442,1	15,27	15,76	28,65	24,78	15,53
2004	47190,5	14,84	15,83	28,58	24,81	15,94
2005	47207,1	14,54	15,94	28,70	24,78	16,23
2006	46749,2	14,47	15,76	28,54	25,04	16,19
2007	46465,7	14,22	15,64	28,51	25,27	16,36
2008	46192,3	14,07	15,38	28,59	25,71	16,25

Source: own complication based on www.ukrstat.gov.ua, SSC of Ukraine, 2008

Comparatively with the proper period of the last year the volume of natural reduction diminished on 13,7 thousands of persons, or from 6,3 a to 5,9 person per capita.

Continues to raise both amount of born (on 15,7 thousands of persons) and death (on 2,0 thousands of persons). Intensity of birth-rate grew on the whole from 10,1 to 10,6 babies per capita, and level of death rate – from 16,4 to 16,5 person.

There is reduction of amount of marriages (on 10,7%), and also divorces (on 5,5%).

Table 2. Economic activity of the population of Ukraine in 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
Economically active population aged 15-70, total thsd. person	22830,8	22426,5	22231,9	22171,3	22202,4	21939,2	22245,4	22322,3
Economic activity rate, in % to the total population aged 15-70	63,2	62,3	61,9	61,8	62,0	61,2	62,2	62,6
Employment rate, % in to the total population aged 15-70	55,8	55,4	56,0	56,2	56,7	55,9	57,9	58,7
Unemployment rate based on ILO definition, in % to economically active population aged 15-70	11,6	10,9	9,6	9,1	8,6	8,7	6,8	6,4

Source: State Statistic Committee of Ukraine 2008

Actuality of problem of maintenance and development of labor potential of Ukraine and development of the proper mechanism of its decision is predefined by the necessity of softening of consequences of demographic crisis and misbalance of socio-economic environment, labor-market and sphere of educational services which are the reason of distribution of structural unemployment and inadequate employment of population, other confusions, in the

socio-economic sphere of Ukraine.

The basic sign of the modern stage of civilization development is sharp growth of role of man in the system of factors of production which predetermines the necessity of deep social change of orientation of economic priorities. A man belongs to the center of the socio-economic system.

There is more complete satisfaction of all of spectrum of its necessities, including a requirement in self-realization, and simultaneously a man becomes the ultimate goal of production and condition of his steady development. In the world on the first plan, providing of more complete development and realization of human potential, providing of terms of labor and deserving life is pulled out.

Main problem of higher education

In the conditions of growth of role of creative labor, increases of particle of creative and personality elements in labor processes circle of capabilities, knowledge and skills, what workers use in the process of labor, broaden constantly. Today time pulls out new requirements not only to professional skills but also to personality descriptions of worker, as a result a limit between human and labor potential gradually loses the past value.

At all advantages of education and qualification a key value is acquired by forming effective social labor relations which develop ability of training each other, to work in a team, which facilitate passing to information in the scales of economy, and the same, increase the volume of labor capital and promote him to more effective realization. Thus, forming between the subjects of manage of social capital becomes more mighty factor of innovative process, than market competition.

To one of principal reasons which restrain development of labor potential in Ukraine is a demographic crisis. There is narrowing of demographic base of recreation of labor potential through labor emigration of capable working population, reductions of life-span, worsening of age-dependent structure and in the prospect of reduction of labor resources.

Substantial worsening of quality of labor resources of the state, annual increase of intensity of processes of external migration of capable working part of population in the countries of near and distant foreignness, low rates of recreation of population, as a result its structure accepts more expressed depopulate character; growth of indexes of senescence of population, increase of general amount of pensionaries – unworkable part of society, annual worsening of indexes of health of people both junior, middle and senior age groups, low life-span, especially of men in all of regions of the state are the characteristic phenomena in relation to the state of labor potential of Ukraine.

The decline of high-quality characteristics of educational and scientific preparation of potential of labor resource reduces its competitiveness in the conditions of growth of intellectual innovative constituent of production process, which requires non-standard decisions, development of personality and its valued orientation.

System of higher education as a result of permanent reforms, the increased commercialization and absence of the system of prognostication of requirement accordingly to the public necessities does not provide the specialists of different industries.

The level of higher education can not satisfy the necessity of national economy system of professional studies, training of skilled personnel of workers (Tabl. 3). Engineering potential diminished substantially, national deformation of economic industrial pattern of production takes place, especially in the regions of Western Ukraine.

An analysis shows that the model of socio-economic relations is hypertrophied was descendant because that the advantage before got to a physical and natural capital. Exactly on those basic efforts and economic and financial resources were directed. To the human capital

the role of the resource providing was taken on an aftertaste, which entailed defects in the system of productive forces and production relations.

Economic and social factors found out sharpening of problems of official and hidden unemployment, distributions of informal employment, external and internal migration, decline of national intellectual and educational potential, and considerable stratification of population after the level of profits.

Table 3. Higher educational establishments of I-II and II-IV levels of accreditation

	Total learning institutions		Total students, of which			
	1st and 2nd levels of accreditation	3rd and 4th levels of accreditation	1st and 2nd levels of accreditation		3rd and 4th levels of accreditation	
			thsd.	% of total population	thsd.	% of total population
1995/96	782	255	617,7	1,16	922,8	1,90
1996/97	790	274	595,0	1,04	976,9	2,20
1997/98	660	280	526,4	1,01	1110,0	2,42
1998/99	653	298	503,7	1,02	1210,3	2,59
1999/00	658	313	503,7	1,08	1285,4	2,86
2000/01	664	315	528,0	1,15	1402,9	3,18
2001/02	665	318	561,3	1,21	1548,0	3,50
2002/03	667	330	582,9	1,24	1686,9	3,86
2003/04	670	339	592,9	1,16	1843,8	4,27
2004/05	619	347	548,5	1,15	2026,7	4,31
2005/06	606	345	505,3	1,08	2203,8	4,71
2006/07	570	350	468,0	1,01	2318,6	4,99
2007/08	553	351	441,3	0,96	2372,5	5,14

Source: own calculation based on www.edu.gov.ua

The main position in transformation of control the system of social-economical system belongs to the specialists in area of management, economy and finances. A major condition for development of modern technological industry is a presence of capacious, competition labor-market, especially highly skilled employees. Thus increases in the supply of skilled personnel is possibly due to development of human capital in country and bringing in of it from abroad.

Opinion of specialists – practical workers and analysis of periodicals shows that at the quantitative overproduce of education of possessors of diplomas by the system of higher education, an economy catastrophically does not have the skilled personnel - engineers, technologists, chemists, good lawyers, accountants, managers and others.

Training of personnel in country requires the presences of the developed system of higher education and specialized programs of re-training and in-plant training in area of before all of management, economy and finances. These specialties are chosen on that reason, which from efficiency of functioning of control system and its financial constituent in a country depends on the cost of financial resources for an economy on the whole.

The not numerous layer of specialists, that have got modern financial or economic education, began to be formed only in the middle of 90th, and the system of preparation of specialists of due level in area of management is absent practically, what stormy development of segment of business-education testifies to: MBA programs. As traditions of market econ-

omy only began to be folded, economic education was in a great deal based on out-of-date methods, and its quality was low.

Nowadays there is a division of the educational programs in area of management, economy and finances on two groups. Greater part of High Schools continues to use the out-of-date program and teaching methods, teachers by virtue of insufficient qualification are actually cut from international experience, and that is why the level of graduating students falls shortly of the current queries of business-community.

Realization of the computer-integrated innovative programs, solving the tasks of construction of competitive innovative economy on the basis of integration of educational, scientific and production activity is possible exceptionally on the basis of forming of network of scientific-educational centers of world level, integrating front-rank scientific researches and educational programs, solving the personnel and research tasks of national innovative projects.

It is necessary to accent attention on that the smooth passing to the modern level of grant of high-quality educational services on the whole systems of formation of Ukraine in the folded modern terms simply impossible, because of resource insufficiency for realization of such task.

The forward improvement of parameters of the system of education does not solve the main problem – providing of preparation of competitiveness on world criteria of personnel potential of innovative economy. The national innovative systems of different countries compete with each other, the result of competitive activity is leadership in certain segments. Thus, it is impossible to go after in competitive activity, it is necessary only to win. The salutatory transition in another quality of the system is needed.

Such transition is conditioned by changing external environment – process of integration of Ukraine in a single educational European space, by the requirements of WTO and network economy on the whole, by the necessity of orientation upon requests of user of educational services.

Under the users of educational services it is necessary to understand students (also their parents), business corporations - employers and customers on preparation of specialists on concrete specialties and qualifying requirements, society on the whole in the person of the state.

Simply enough to make the prognosis of the basic requirements of these groups of users – to get a diploma and level of qualification, acknowledged in Europe and world, get the claimed speciality and specialist of due qualification, provide subjects of management by specialists, able to create competitive productions.

At the same time it is necessary to provide conditions in which indexes of quality of education in Ukrainian educational establishments will be in overhead by the one third of rate-list on results of international comparable researches.

Conception of human capital provides that charges on the process of teaching – are the capital investment in a man and an accumulation of knowledge and abilities is a process of human stock accumulation. In this case the system of education is examined as an industry which makes capital with the especially protracted term of service, because education gives possibility to get a profit right through life.

Investment character of expenses on education consists in that people retain part of facilities from the budget and use them on education, enabling them to earn more in the future, so it means that they make capital investments in themselves. And, indeed, in life in connection with the continuously-increased demand on the specialists of higher qualification and more high value of their labor, which is expressed in growth of their profits, many parents count expenses on the higher education as the most effective investments for their children .

Countries with highly technological developing sectors initially fallen behind from

leaders on the level of development of human capital and felt the strong shortage of skilled personnel. Nevertheless, the government programs of development of education resulted in prominent results.

To date the flexible, tuned under the necessities of business system of higher education is built in Hong Kong, Shanghai, Singapore and Mumbai, in each of these countries separate universities and business-schools of world level operate already, which are included in a number 20 the best in the world on the separate programs. Another way of upgrading higher education is used in Dubai: in place of that to develop local Institutes of higher education, the government program was realized on bringing in of foreign universities. The state is subsidized opening of branches and pays teaching of students. In addition, a substantial role is played by training of local personnel within the framework of the national system of education, thus on all of levels – from base courses on an economy and finances at school to the university programs at the level of bachelor and master's degree, programs of MBA, and also the specialized programs of the in-plant training.

To translate consisting of the system of high-quality to another plane is possibly during formalization of task in the task of management of an object as the exemplary following algorithm: determination of self-reactance model of object of present and future desired state of the system; making of the proper algorithm of transition; realization of the formed task.

Such approach can be successfully realized by the special purpose method of management. Making of the graph of passing to the state of perspective competitiveness is a technical question of task with the limited resources.

Experience of qualifying requirements to the specialists in the countries of OECD is formalized in tables, so it can be simply adopted. That circumstance is important, that at the choice of the programs and partners the variants of the use of experience is possible of both Euro-American structures, Russian and Kazakh or their combination – in last case a linguistic barrier absents for most citizens. A special purpose approach supposes direct orientation of complex measures, including government control, on end-point, having concrete quantitative and high-quality parameters.

Conclusion

Training of personnel is the same important factor of scientific and technical progress, as well as technical equipped of enterprises, scientific organization of labor, economic stimulation. Thus, for the economy of any country preparation of specialists has an enormous value with higher education. In the conditions of scarcity of resources and crisis state of economy of country on the whole, the concentration of present resources is needed on training of personnel, foremost of higher qualification, at level not lower than in the front-rank countries of the world. Quantitative and high-quality composition of graduating students in an ideal must conform to the requirements of forming of teams for creation of competitive productions. It is separately necessary to create school of management and economy of knowledge and enter the system of confirmation of qualifications.

An extremely important question is organization of the system of search and support of talented young people foremost in the industrial centers of Ukraine with attaching of it to the network of scientifically-educational centers of world level. It is suggested to use the special purpose method of management.

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