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## THE DEVELOPMENT OF HUMAN CAPITAL IN UKRAINE: GLOBAL INFLUENCES AND TENDENCIES

**Problem statement.** The problems of realization of active social politics become especially actual in the modern terms of globalization of all industries of public and economic life - leading basis of perfection of human potential, that, in turn, assists the proof increase of basic indexes of economic development. A human capital is the determinative of support of competitiveness of economy of the state on world markets. For today, next to the receipt of income and increase of capitalization of enterprises, priority directions of strategic development are maintenance and expansion of market of production distribution share, perfections of internal business processes, that is arrived at by means of effective management labour by resources.

**Analysis of recent research and publications.** The problems of forming, development, modernisation and transformation of human capital, his role in socio-economic development of the state are reflected in works of V.P. Antonyuk [1], G. Becker, J. Kendrick, J. Mintzer, T. Schulz, O. Grishnova et al. Much attention was thus spared to the economic value of human capital, his meaningfulness for the increase of efficiency of production, and also increase of welfare of both separate individual and state on the whole.

**The aim of the article.** Determination of basic problems and prospects of development of human capital of Ukraine is in the conditions of globalization.

**Presenting the main material.** Today globalization forms single space, changing socio-economic life of the separate state, characterized by strengthening of international co-operation and increase of openness of economy that has both positive and negative effect. A. Zhalilo determines justly, that the "asymmetricness of commodity pattern of trade of Ukraine and European Union results in an actual ebb from Ukraine of part of potential value added, it creates soil for deepening of negative balance of trade between Ukraine and European Union [2, c.132]. Such situation increases the receipt of the imported commodities to the home market that influences on reduction of workplaces and profits of national commodity producers, and, accordingly, – reduces possibilities of increase of welfare of citizens of Ukraine.

For providing of effective balance of trade it is needed: to conduct harmonization with the standards of

and European Union and provide their proper introduction, and also diversify an internal production; at state level to assist the increase of his competitiveness on innovative basis and development of business contacts from and European Union But for today a free trade zone from and of European Union did not expose the potential in a complete measure, that is why exactly at the European market of commodities and services, that is one of most in the world, Ukraine must go out on the new quality level of collaboration and mobilize all necessary facilities for the sake of providing of the economic development and increase of profits of population.

Although a salary in Ukraine grows rapid enough rates, the level of remuneration of labour in our country until now remains very low: he is in 2,2 times less than, than in poor country of EC – Bulgaria and in 4,2 times, than in Poland (Fig. 1).

The low level of wages is primarily due to the state of the economy of our country, secondly, the reduction of jobs in the industrial sector, and thirdly, with the lack of development of the newest high-tech enterprises and firms with the use and development of new IT technologies, and fourthly – with a lack of investments for their implementation. The weakness of the economy, large external debt, the crisis of the banking system, armed confrontation in the east, lack of social protection – are the main causes of mass outflow of human capital from Ukraine. In a globalized world, developed countries and multinational corporations are becoming powerful centers for attracting trained personnel from around the world, "squeezing out" the labor potential of many countries in its most skilled part.

According to the Global Competitiveness Index, calculated by the experts of the World Economic Forum, Ukraine occupies the penultimate position among the EU countries, ahead of only Greece.

Moreover, if we consider the components of this index related to the formation of human capital, Ukraine's low position in the rating is due to lack of technological readiness - 3.45 compared to 4.6 to 6.42 in the EU. At the same time, Ukraine's labor market and higher education and labor market performance indices are closer to the EU level (Fig. 2).

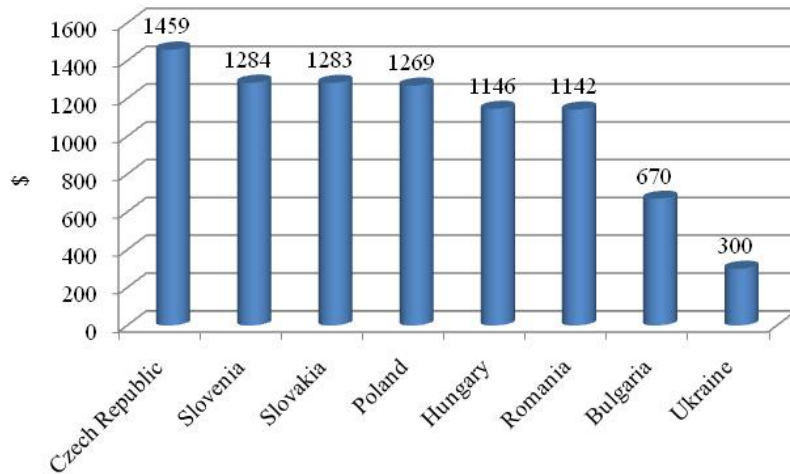


Fig. 1. Average salary of some eastern EU countries and Ukraine for the first quarter of 2018 [3]



Fig. 2. Global Competitiveness Index of Ukraine and the EU in 2015 [4]

According to the stages of economic development of national economies used to compare the competitiveness of countries in the Global Competitiveness Report 2015-2016 [4], Ukraine belongs to a group of countries driven by efficiency (driven efficiency), where growth depends on investment, and competitiveness is achieved through the use of world technologies in domestic production. At this stage, in order to increase investment attractiveness and attract new technologies, the state's

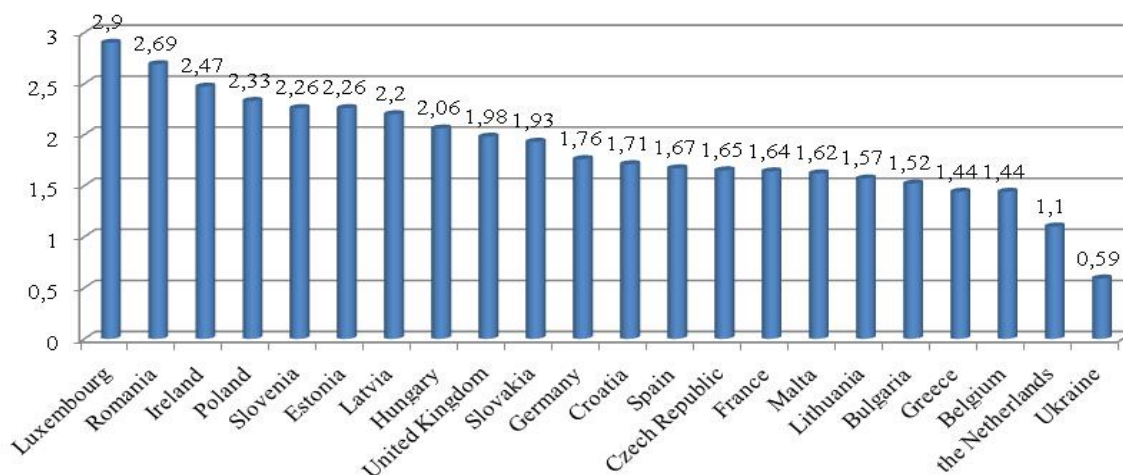
efforts in the development of physical infrastructure and the legal framework are necessary to ensure the further possibility of transition to a group of countries that are driven by innovation driven, to which the EU countries belong [4].

The World Economic Forum also separately calculates the Index of Human Capital, which characterizes the countries in terms of its formation and use.

According to this indicator, Ukraine is approaching the level of EU countries, which is reflected in the Human Capital Report [5] due to the historically determined high education level of the population and inherited potential of scientific activity and contradicts the lowest gross domestic product per capita in the region. At the same time, as of 2015, the indicator of the effi-

ciency of human capital utilization in Ukraine is the lowest, and is 0.59 (Fig. 3).

The proposed indicator is calculated as the ratio of gross domestic product per capita to wages, and demonstrates how many units of gross domestic product each unit costs the labor costs of human capital carriers.



**Fig. 3. The coefficient of efficiency of human capital operation in Ukraine and individual EU countries in 2015 [4]**

The lowest level of human capital efficiency in Ukraine undoubtedly serves as an argument in favor of a potential increase in productivity, and, with it, an increase in household incomes. At the same time, the potential of such a way of increasing competitiveness lies outside the scope of human capital management and is determined by the ability to massively attract investment in modernizing the economy as a whole. Examples of economic growth in the countries of Central, Eastern and Southern Europe confirm the possibility of achieving the intended effect within the framework of the stated proposals - a significant increase in the income of carriers of human potential, which results in the growth of the competitiveness of human capital of the national economy. The leading factor in this scenario is the availability of technical and technological reserves for the growth of economic performance.

Intellectual migration is an essential problem for globalization processes for Ukraine and its regions. In the context of the economic crisis that aggravated from 2014, and the negative trends in the economy during 2015, in the near future, an increase in the outflow of human capital from Ukraine to the EU should be expected due to certain political and economic reasons (Fig. 4).

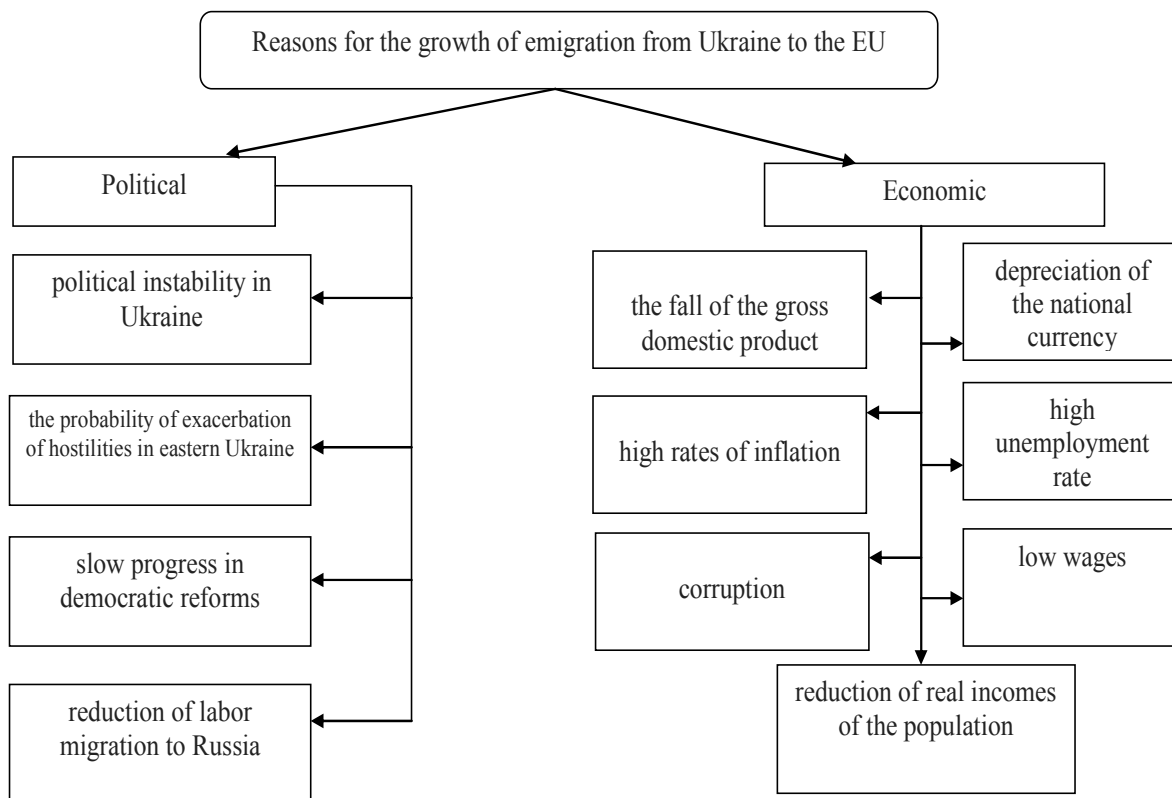
The economic crisis and the war have also led to a significant increase in the number of skilled professionals willing to work abroad. Thus, according to HeadHunter-Ukraine studies, in Ukraine 93% of office

workers consider for themselves the possibility of moving abroad. As the main reason, 41% of them noted low wages; among other reasons - the desire to provide a decent future for children, the lack of opportunities to be realized as a professional, a tense political situation in the country [6]. According to the State Statistics Committee, in 2015 the real gross domestic product contracted by 9.9% compared with 2014, while the year before the fall was 6.6% [7, p. 1].

The fall of the UAH rate almost doubled inflation, its index amounted to 48.7% [16]. These data reflect the reality faced by the Ukrainian population. Purchasing opportunity falls: despite the growth of nominal wages in 2015 from 3 480 UAH up to 4 195 UAH the real salary index was 79.8% [8]. The average monthly wage in the dollar equivalent was 192 dollars. The US (\$ 100 less than in 2014).

The subsistence minimum for an able-bodied person [9, p. 7] from May 1, 2016 is UAH 1 450. 58 dollars USA. It is practically impossible to live for such money. The reforms carried out by the Ukrainian government are too slow and ineffective.

Thus, socio-economic problems against the backdrop of a scintillating armed conflict that depletes the domestic economy and society do not allow people to form positive expectations about the future. This makes citizens not only think, but also really seek a better life abroad.



**Fig. 4. Causes of human capital outflow from Ukraine to EU countries**

Close and prosperous Europe with high social standards of living and opportunities for cross-border migration attracts much more Ukrainians than highly developed but far-away USA, Canada, Australia, and others. Given the lack of data on labor migration from Ukraine to the EU since the beginning of the armed conflict in the East of Ukraine, it would be reasonable to assume that, as a result of the deteriorating economic situation in Ukraine, there was an increase in the extent of Ukrainian labor migration to the EU.

In spite of all this, the state makes certain steps in the development of science, and thus creates conditions for the scientific elite to work in their own country. Thus, in 2015, a new law "On Scientific and Scientific-Technical Activity" was adopted, within the framework of the EU initiative on research and innovation, Horizon 2020, a commission was set up, one of the tasks of which was the development of recommendations for the improvement of scientific activity.

Consequently, Ukraine should form a well-considered policy in the intellectual sphere in such a way that the knowledge, inventions and development of domestic scholars serve, first of all, the development of the economy of their country, and not to other states. This will be the best solution to minimize the negative impacts of skilled staff outflows and encouragement.

To ensure the quality of human capital and boost investment in its development in Ukraine it is necessary: to promote the process of innovative development in

educational institutions, supplemented by its introduction of innovative technologies in the field of higher education; provide training in accordance with the modern requirements of employers for their mobility, the ability to generate new ideas and readiness to innovate within the strategic objectives of the enterprise; to introduce incentives for individual investments in human capital by excluding from personal income tax funds the measures for the protection and strengthening of health, education for themselves and family members, payments to pension and health insurance funds; regulate labor supply on the labor market, provide professional training and quality improvement of the workforce in line with the structural changes taking place in the economy, improve the financial security of the employment policy; to develop the system of vocational training and retraining, to promote the latest knowledge in the scientific, scientific and technological spheres; to consolidate in the Law of Ukraine "On Higher Education" the right of employees of higher educational establishments who are authors of intellectual property objects, on the part of employer's income from the commercial use of an object.

**Conclusions.** Therefore, effective economic development of the state and regions in the conditions of globalization is impossible without improving the quality of life and adequate financing of human development, which is inextricably linked with the emergence of an innovative model of economic development, the

main objective of which is the recognition of human capital as a decisive factor in economic growth.

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### Смирнова І. І., Сімаков К. І. Розвиток людського капіталу в Україні: глобальні впливи та тенденції

Розглянуто проблеми розвитку людського капіталу та визначено передумов забезпечення його конкурентоспроможності в Україні. Досліджено позиції країни в індексі глобальної конкурентоспроможності та людського капіталу і його складових. Визначено, що показник ефективності експлуатації людського капіталу в Україні є найнижчим через відсутність системи комерціалізації технологій. З'ясовано причини відтоку людського капіталу з України до країн ЄС та запропоновано шляхи подолання еміграції. Доведено, що для забезпечення якості людського капіталу та активізації інвестицій у його розвиток в Україні необхідно сприяти стимулюванню процесу інноваційного розвитку в навчальних закладах, доповнивши його впровадженням інноваційних технологій у галузі одержання вищої освіти; забезпечити підготовку кадрів відповідно до сучасних вимог роботодавців за їхньою мобільністю, можливості генерувати нові ідеї та готовність до реалізації інновацій в рамках стратегічних цілей підприємства.

*Ключові слова:* людський капітал, глобалізація, еміграція, підготовка кадрів, модернізація економіки, інноваційний розвиток, конкурентоспроможність людського капіталу.

**Смирнова И. И., Симаков К. И. Развитие человеческого капитала в Украине: глобальные влияния и тенденции**

Рассмотрены проблемы развития человеческого капитала и определены предпосылки обеспечения его конкурентоспособности в Украине. Исследованы позиции страны в индексе глобальной конкурентоспособности и человеческого капитала и его составляющих. Определено, что показатель эффективности эксплуатации человеческого капитала в Украине является наиболее низким из-за отсутствия системы коммерциализации технологий. Установлены причины оттока человеческого капитала из Украины в страны ЕС и предложены пути преодоления эмиграции. Доказано, что для обеспечения качества человеческого капитала и активизации инвестиций в его развитие в Украине, необходимо оказывать содействие стимулированию процесса инновационного развития в учебных заведениях, дополнив его внедрением инновационных технологий в области получения высшего образования; обеспечить подготовку кадров согласно современным требованиям работодателей по их мобильности, возможности генерировать новые идеи и готовность к реализации инноваций в рамках стратегических целей предприятий.

*Ключевые слова:* человеческий капитал, глобализация, эмиграция, подготовка кадров, модернизация

экономики, инновационное развитие, конкурентоспособность человеческого капитала.

**Smirnova I., Simakov K. The development of human capital in Ukraine: global influences and tendencies**

The problems of development of human capital are considered and the preconditions for ensuring its competitiveness in Ukraine are determined. The position of the country in the index of global competitiveness and human capital and its components is investigated. It is determined that the indicator of efficiency of human capital exploitation in Ukraine is the lowest because of the lack of a system of commercialization of technologies. The reasons for the outflow of human capital from Ukraine to the EU countries are determined and ways of overcoming the emigration are proposed. It is proved that in order to ensure the quality of human capital and intensify investment in its development in Ukraine it is necessary to promote the process of innovation development in educational institutions, supplemented by its introduction of innovative technologies in the field of higher education; provide training in accordance with the modern requirements of employers for their mobility, the ability to generate new ideas and readiness to innovate within the strategic objectives of the enterprise.

*Keywords:* human capital, globalization, emigration, training, modernization of economy, innovation development, competitiveness of human capital.

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