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Improving the mechanism of professional development in Ukraine

1. Introduction

In a restructuring economy on-the-job training plays important role not only in raising the general level of human capital but in retooling workers for the new sectors of economy. The amount of on-the-job training in Ukraine has however been unsatisfactorily low compared to other countries. Main objective of this is to study the incentives of firms and workers to invest into employee training in Ukraine. We exploit heterogeneity in the structure of regional labor markets in Ukraine to investigate its effect on training outcomes. In line with existing theory, it is shown that imperfections of the labor market, such as higher regional labor market concentration, lower share of small businesses and higher unemployment create incentives for the firms to provide training to employees. Hence, increase in the efficiency of the labor market is likely to bring about further decrease in the amount of employee training in a private sector.

On-the-job training is an important component of human capital accumulation, especially in the conditions of fast technological changes or deep restructuring. At the same time, due to initial decline in Ukrainian industrial sector and deep structural shifts many enterprises now face the deficit of qualified labor force.

2. The main elements theoretical of professional development in Europe

Many researchers are trying to explain the variation in the amount of training in different countries by the differences in the institutional set up of the labor market. In particular, recent research shows that the extent of firm-provided training is affected by the imperfections on the labor market, such as asymmetric information, which gives employer some monopsony power over employees and allows to appropriate part of returns to training. Labor market institutions, such as trade unions, minimum wage requirements, unemployment benefits *etc.*, also affect the incentives of firms to provide training.

More specifically, Tilly distinguishes between two key causal mechanisms, both of which are present and interact in employment systems to create inequality: “First, where powerful, connected people command resources from which they draw significantly increased returns by coordinating effort of outsiders whom they exclude from the full value added by that effort; call this mechanism exploitation. Second, when members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network’s modus operandi; name this mechanism opportunity hoarding” (Tilly 2005, 74).

Therefore, the professional development of personnel consider in the context of social inequality. Nowadays this processes reflects very well the theory of the fundamental tenets of outsiders – insiders. Accordance with this theory, developed by A. Lindbeck and D. Snouerom, all employees of any of the companies are divided into two groups – insiders and outsiders. To insiders are those who are already working in this company; whereas outsiders belong to outside applicants for jobs in the company. It is assumed that insiders have some monopoly power. This power is generated by several factors. Firstly, the significant role played by the additional costs of hiring and firing workers, and secondly, to insiders already invested money in the professional (re)training. Third, if the insiders fear that the emergence of new workers (outsiders) will weaken their position in the company, they can prevent a variety of ways to adapt such workers in their workplace (from the refusal to provide assistance and ending harassment) (Lindbeck and Snower 1987, 409).

Traditional workforce training programs work with individuals to identify potential careers, support them through training, and (sometimes, not always) offer job placement assistance. Sector-specific training, on the other hand, occurs in partnership with industry leaders and employers, often being developed by partnerships such as WINs described above to identify and target specific gaps within a certain sector. This ensures that job seekers are trained for occupations that are in high demand, while also assisting employers and the overall economy by filling gaps in the labor market. Holzer reinforces this concept, “targeting training for the disadvantaged to these [in-demand] sectors and jobs might thus serve a dual purpose of supporting economic development while also helping the poor, and thus improving labor market efficiency as well as equity” (Holzer 2008, 65). National experience of the personnel management system in professional development, evidence of social inequality in the education sector of the

Ukrainian population, which leads to the problem of growth of the enterprise, which provides jobs. It describes the author's research, which suggests that the professional development of staff insiders better and more productive than the staff of outsiders. The employer is investing in human capital, the best workers, who so highly in their work, even though more attention should be focused on the poorest workers to increase their productivity.

3. Analysis of the results of recent scientific publications in Ukraine

The aim of the study is to determine the incentives and levers to improve skills development in industry of Ukraine. Educational problems addressed in Ukraine by such scholars as O. Hrishnova, N. Lukianchenko, E. Libanova etc. Problem of providing qualified personnel and innovative work in our time dealing O. Gonchar, O. Herasymenko, V. Petyuh, V. Savchenko et al. These research papers became the basis for the research and development of new and effective mechanism for vocational training in Ukraine. Trends in the destruction of the labor potential of their scope and depth of acquired such a scale that seriously endanger national security. At the same time, socio-economic change, greater investments in industrial production and social services, labor market situation set the stage expansion of training and retraining for industries of economy of Ukraine, including the industrial sector. It is estimated that already in 2015 the need for industry to skilled labor in most regions of Ukraine satisfied with just under 40% (Нац. ін.-т стратег. Дослідж., Ін-т екон. Прогнозування НАН України, М-во економіки та з питань європ. Інтегр. України, 2008, 265). But it should be carefully considered that the effectiveness of human resources training affects a number of factors, especially the nature of globalization. It is negative (except excluding traditional universities, individual segments of vocational schools, colleges and technical schools, some schools sectoral focus) the impact on the supply and demand of domestic and regional labor markets, provides a system of higher and professional education.

The system of educational services today is the factor of social danger of deterioration of human development. It is an area that does not want anything serious change, stand to lose no opportunity in exclusive environment to decide corporate purposes, including, for example, access to budget development by the population or region of the state (tuition fees, gratuities Gratis work students, payments to unemployment, the cost of training new young unemployed – the recipient unclaimed diploma), preparing stu-

dents for public funds and their employment (in fact sale) abroad, and more. The lack of a clear mechanism for planning, forecasting and allocation of labor in the labor market that often satisfied employers save on low cost unclaimed, including skilled workers or focused on a gratuitous trained state personnel.

4. Vocational training in Europe and Ukraine

Market economy puts high demands on the skills and competencies of each employee. International experience shows that the most stable is the economy of those countries in which there is a steady increase in the proportion of highly educated and highly skilled workers. So it is not surprising that in countries with socially oriented economy is increasing the duration of training adults. Only in the last quarter century in Italy, it increased from 5.5 to 13.5 years, in Japan - from 9.2 to 16.1 in France – from 9.8 to 17.2 years. That is, the formation of an economy based on knowledge, requires to be advanced development of the educational sector, particularly professional. Scientists claim that the increase in GDP of 1% requires a rate of workers with vocational education by 3.2%. If in the middle of the twentieth century knowledge in general outdated for 25-30 years, that initial training is usually enough for the whole working life, today this process is reduced to 5-10 years, and the duration of working life up to 40-45 years. This obviously needs to be expanded age frames acquisition of education and qualifications, the introduction of large-scale post-graduate training. This contributes to the aging population, which is accompanied by a period of growth in economic activity and an increase in the economically active contingent of older workers. Studies show that two out of every three employers believe that the level of training does not meet the needs of production. And this applies not only to higher education institutions (HEIs), but also vocational schools. Among the graduates of vocational schools have specialists who labor market are in high demand, but there are those that are either not requested or demanded in extremely small quantities. However, as illustrated by the labor market, increasing demand for engineers in service television equipment, communications installers, landscapers, collectors of shells Metal vessels mechanics of liquid equipment and others. In most regions, demand is mechanics, builders, blacksmiths-puncher, foundry metals and alloys, drivers of motor graders, bulldozers, locomotives, dredges. Further growth of economic performance is impossible without the active development of vocational education and its modernization. Today, Ukraine, unfortunately, is not competitive on the world stage or in the economy or in training, including workers' mass occu-

pations. Competitiveness is determined primarily by the ability to provide quality vocational education as about the process and the outcome. This means not only, and perhaps not so much compliance as the needs of society – namely, providing competitive graduate job market. Abstract education, not tied to the labor market that can meet the needs of the individual in education as such, but is unable to provide personal financial well-being and development of society. It defines the criteria for the job market and evaluates the quality of education. Sample Survey also gives employers reason to believe that the needs of, for example, the industry of skilled workers in most regions of Ukraine satisfied only by one third. However, depending on the scope of the demand for labor is very different. Prospects for economic and social development suggests that highly skilled workers will benefit from increasing demand. It is expected to increase annually one million jobs. Under these conditions, it is important to ensure mutual balance of the education market and the labor market. The experience of developed countries shows that the financing institutions should take an active part company, for which, in fact, is training. The cost of training should make up 3-4% of payroll. At present, investment in human capital in Ukraine is not enough. It does not provide the full formation qualitative skilled workers needed by the labor market. In particular this applies to costs of enterprises, their share in total investment to grow significantly. The decline in industrial production, which occurred in the recent past, has meant that the network of educational institutions that trained personnel for the industry suffered significant changes for the industry. Surveys conducted among employers author showed that in general satisfied with the quality of training 52% partially satisfied - 27%, even 21% were not satisfied. If we analyze the causes of dissatisfaction with employers, it can be concluded that there is criticism that the education system provides training without labor market requirements, namely requirements of employers. The vast majority of students master the trade of services, while the increased demand for industrial trades. This indicates a lack of interaction between the market of educational services and labor markets. It is known that the efficiency of only 30-35% dependent on productive investments, others – on the level of skills of workers and professionals. As noted in their research papers on labor economics and industrial relations known scientist, Doctor of Economics, Professor A. Kolot: "Ukraine in its human resources and some research areas are one of the strongest countries in the world. In terms of the share of people with higher education in the total population of the country it belongs to the top ten developed countries, the number of certified programmers 7th place, with intelligence nation,

according to rankings by UNESCO – 23 place. Moreover, Ukraine is one of the 3% most educated nations in the world, occupying the fourth place among 133 countries of the world" (Kolot, 2006). According to the author, it is possible to isolate a massive problem – the imbalance of education and industry. Firstly, this is due to the changes of ownership and a sharp fall in industrial production moved interrelation Relations between educational institutions and employers. Employers, unlike previous years, do not invest in the development of educational material base of educational institutions do not provide jobs for students passing the practical training and for college graduates. Second, educational institutions train qualified in its sole discretion, as to date there are no projections needs to prepare skilled workers and professionals as a long-term and the short term. Thirdly, all educational institutions are state-owned and financed from the state budget, while almost all graduates working in the interests of enterprises of cities and regions.

Employer who thinks in a modern way, who cares about the future, understands that without the joint efforts of institutions and enterprises, for which frames are ready, prepare a quality he needed skilled workers who could use in their work the latest technology, it is almost impossible . But hope that by addressing only the issue will be improved situation should not be. We work out a systematic approach to reproduce labor capacity and its high quality training that will generally revive the skilled worker. First and foremost, you need to use logistics employers for so-called dual system of training, when the theoretical course is conducted in an educational institution, and practical - the production base and using the power company decides to issue implementing existing innovative technologies in the educational process. Such examples in Ukraine and they are successfully implemented. This Dneprodzerzhinskoe higher vocational school and enterprise customer "Dneprovagonmash" by profession "electric welder on automatic and semi-automatic machines", the same institution and enterprise "Zirconium" by profession "crane driver car", where the training is conducted on a dual system: the company completes the group and contracts directs the theoretical training in school and industrial training and practice students go directly to work. By working closely vocational school №11 of Mykolayiv local businesses "Dawn" and "Mashproekt" student learning on new technologies implemented in the production practice in the departments of modern equipment, provided with computer programs. Electric welders trained laser cutting, plasma arc welding of metals and their alloys. Workers at these companies not be employed without the profession in vocational education. A similar cooperation Ma-

riupol metallurgical high school with OJSC "Ilyich Iron and Steel Works of Mariupol" and Mariupol professional engineering Lyceum of JSC "AzovMash" Gorlovskogo professional mining Lyceum of state enterprise" Artemvugillya "that almost 100 percent of students provide jobs for paid production practice and training of masters of industrial training.(Фіненко 2015).

5. Conclusions

These are examples of skilled workers. And what do universities? The main areas of work in terms of updating curriculum in higher education, human resources, improvement of logistics, in my opinion, should be:

1. Develop legislation that would encourage the participation of employers in training regarding the abolition of taxes on profits, which include the cost of production cost of training;
2. Conditions for practical training directly to production departments, using modern equipment and machinery equipment;
3. Organization of training of teachers in a real production processes;
4. Development mechanism independent attestation of graduates;
5. Matching patterns of competitive rate with the requirements of high-tech industry with innovative methods of work;
6. Planning funding schools based on socio-economic performance of graduates;
7. Development of a system of forecasting the demand for personnel independent research organizations;
8. Development of a comprehensive information system on prognosis and available qualitative and quantitative benchmarks of the labor market (users have become employers, individuals, educational institutions, government officials, intermediaries).

All these activities should be carried out at the macro level, which, in turn, will give a strong impetus to the development of competence-based approach in universities, increase productivity of enterprises and the growth of national wealth. Employers, public authorities and school heads have to consult with each other on the basis of social partnership.

Between 30-60% of people who find a job say they weren't searching; that is to say, the job found them (Granovetter 2005). This process is especially salient within elite and managerial occupations. However, U.S. employment policy remains largely

focused on individual training, job creation, and the matching of labor with job openings through the market economy. Other interventions are possible, but they may challenge the “unquestioned economic orthodoxy” of neoliberalism (Vallas 2012). If we are to reverse the growing polarization in labor markets and the differential effects on racial and ethnic minorities, more creative solutions will be required. One underexplored area is the potential of workforce development policy to incentivize new configurations of social networks and institutional patterns that reduce opportunity hoarding and promote employment equity.

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Аннотация

Усовершенствование механизма профессионального развития персонала в контексте социального неравенства

В современном экономическом обществе все большее внимание уделяется профессиональному развитию персонала, так как инновации требуют высокого качества трудовых ресурсов и высокой производительности роста для компаний. В данной статье рассмотрено проблемы профессиональной подготовки кадров в условиях социального неравенства в Украине, проведен анализ текущей ситуации на рынке труда и требований работодателей к рабочей силе. На основе методов систематизации и обобщения, предложены пути решения проблемы и обеспечение баланса интересов работодателей и работников при поддержке государства.

Ключевые слова: подготовка кадров, инновационный труд, рынок труда, учебные заведения.

Abstract

Improving the mechanism of professional development in the context of social inequality

In today's economic society more and more attention is paid to the professional development of staff, because innovation requires high-quality workforce and high productivity growth for the company. This article discusses the problems of professional training in Ukraine, the analysis of the current situation on the labor market and the requirements of employers to the workforce. On the basis of systematization and generalization of the proposed solutions to the problem and balance the interests of employers and workers with government support.

Key words: training of personnel, innovative labour, labour-market, educational establishments.