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## HUMAN POTENTIAL AND ITS DEVELOPMENT IN THE LIGHT OF ECONOMIC CRISIS

**Statement of the problem.** An important condition for the implementation of economic reforms in Ukraine is the impact of factors such importance that in the domestic management underestimated, but which are often critical to our economy. This - the human potential and methods of use. Of all the organizational resources is the "human resource" or "human capital" was a resource that has the most room to improve the functioning of modern organizations. No matter how much time and money is invested in new technologies or systems, it is the people and what they do (and produce), and is the key to success.

In Ukraine the subject of human development, while remaining pragmatic and tallies well with the socio-economic problems, took on a new quality and gave birth to the theoretical development of the concepts of "human development", including human activated Institute and the Institute of Philosophy of the Russian Academy of Sciences.

Now also in our country and abroad, there are more supporters of understanding economic development, especially human development, expansion functions and potentials man in human potential and its use in the extended social reproduction in the interests of every member of society.

**Analysis of recent research and publications.** As a result of economic reform has become necessary to consider the development of human potential through the lens of strategic management. Thus, in a market economy for a successful and sustainable management of any enterprise need to develop a strategy for the use of human potential.

However, the concept of labour resources in the company, known since the late nineteenth century. 60 years of the twentieth century instead of man at work considered only its function - labour, measured working time and wages. This concept is reflected in Marxism and Taylorism, and in our country (the former USSR) - the exploitation of labour power. The central place is occupied by the question of costs and benefits of work, evaluation of the contribution of employees in the overall results of the enterprise, reduce labour costs and increase output.

Currently, the concept of human resource management company, a man was seen not as a position (structure element), and as a resource - an element of social organization in the unity of three main components: work function, social relations, state employee. In scientific publications, the concept is defined as "activation of the human factor". Human resources and their development are determined by a set of human qualities (health, education, professionalism) that affect the results of its operations.

Theoretical, methodological and applied aspects of current issues of labour economics, human resources management and general staff in particular have received considerable development of scientific writings Ukrainian scientists: E. Libanova, D. Goddess, G. Dmitrenko, V. Onikienko, Siroshant M., D. Chervanyov, A. Shehdy, G. Shchokina, V. Vasilchenko, A. Grynenko, A. Grishnova, L. Kirby and Russians: A. Yehorshyna, P. Zhuravlev, A. Kibanova, S. Shekshnya more.

In order prior statement should be noted that for domestic science at the present stage, the term "human potential" rather refers to the program specified object analysis and practical effort than an object of scientific study and science-based assessments. This initial methodological situation because today scientific community does not have the concept of human development, which could be considered established and if no general values, or at least agreed among scientists in this area of research.

Development of Russian researchers greatly enriched the concept of human development in theoretical and methodological (using thesaurus approach, the concept of social engineering, the theory of youth, etc) and application plan (of humanitarian expertise) [1, c. 11-12].

**The aim of the article** is to outline the phenomenology of human development and human potential and their specificity, define the concept of crisis management and crisis management tasks, identify areas of anti-crisis investment and innovation, to define actual cause stagnation of the economy of Ukraine and the problem of training today's crisis managers. This defines a scientific novelty work.

**The main material of the study.** In the scientific literature, human capital is defined as "an integrated response that reflects the most important factor in the viability of society, namely the willingness and ability of the national community to actively self, timely and adequate response to the many challenges of the environment and compete with other societies".

Human potential - a combination of physical and spiritual force of abuses that may be used to achieve personal and social goals - both instrumental related to ensuring the necessary conditions of life and existential, which include expanding the most potential and possibilities of human self-realization [2].

Human potential is an integral feature of the viability of society (country, state) as the subject of its own reproduction, development and interaction with other societies [4].

According to the concept of "human capital" and "human capital" clearly correlated, but with significant differences.

Human capital as a functional component of innovative capabilities - the knowledge, skills, experience, inspired by the intellectual activity that is a form of intellectual, moral and cultural oriented abilities to create a new, previously unknown knowledge that gives a different intellectual rents and competitive advantage [2].

By definition, the United Nations Development Programme (UNDP) - human capital - the knowledge, abilities, skills and experience [3].

Thus, the category of "human potential" suggests that the production process is not only labour, but also the creativity of man. This concept in the management of employees in manufacturing comply P. Valenti and L. Nesterov, considering important input of "human capital" as a basic element in the spiritual development of people, reflecting the spiritual needs of society [5, p. 92]. The main problem is the study of human potential



they see in assessing human development and capacity management based on internal organizational and external environmental factors.

Now it is obvious that the economic growth of countries heavily dependent on the innovation activity of businesses, from their aspirations, efforts and abilities to use in their work the latest technology, creative approach to determining ways to meet consumer needs. Market dynamics, the constant threat of the crisis in the economy requires companies daily hard work aimed at improving its operations.

Investigation of the dynamics of major economic processes in different countries made it possible to identify innovation as a powerful factor of economic growth and anti-crisis prevention.

The innovation process is inextricably linked to investment. Investments are investing to further increase it. Source capital gains and investment motive is profit derived from them. Innovation and investment activity is a dynamic unity and struggle of opposites with the process of production of the enterprise.

On the one hand, well-established manufacturing process is rational resource selected components and resist innovation because it interferes with its stability, makes resort to changes that do not always bring real results.

On the other hand, the sustainability of the enterprise depends not only on its resource capabilities, but on the nature of its innovation efforts: to support the production of the company to provide competitive products, which is impossible without innovation and renewal.

So, without a thorough understanding of the phenomenon of "innovation potential" and "human capital" can not be the answer to many questions concerning our national, cultural and civilization identity, perspectives for further development of Ukrainian society in the context of today's global challenges [6, c. 8].

Thus, most domestic enterprises are still using cheap labour and wages is considered as a source of savings in production costs, and not the kind of investment. So to say that the hired labour (which is also one of the forms of social and economic life of the human potential in the system of market relations) is reproduced in the form of capital, rather than goods, in such circumstances, according to R. Black is no reason to [7, c. 427].

The phenomenology of human potential has the following specifics:

a) human capital has systemic properties, and can not be reduced to a simple sum of the list of qualities of people;

b) for the development and realization of human potential decisive importance "external" about his condition and factors, the nature of the medium of its existence;

c) for human development is characterized by a hidden property that by changing certain circumstances may be;

d) Properties of human potential cause of human development as possible in the short term and in the more distant future [7, c. 425].

In understanding the different components of scholars of human potential is different, although its semantic core like that brings structure of this phenomenon in four interrelated but relatively independent elements: socio-demographic, socio-economic, socio-cultural and efficient building society [8, p. 6].

The theme of "human development" is reflected in the concept of "human development", which in recent years has received wide recognition, including through the theoretical development of the Indian scientist, Nobel Laureate in Economics (1998) Amartya Sen [9,

p. 487]. In their studies of A. Sen used approach "in terms opportunities" (capability approach) and to substantiate the position that the development process - it's not just material growth and economic well-being and empowerment of people, which means "more freedom of choice, that one could choose from the many options that goal and the way of life which he considers the best" [10, p. 56].

Income, according to the concept of human development - is just one of the elections, which would have had to seek a man, and despite its importance, it does not define the complexity and diversity of human life. According to the findings of A. Sen economic growth can contribute to human development when it provides not only an increase in per capita income, but also allows you to have a sufficient level of public spending, which invested in the social sphere ( but not in arms!) And is accompanied reasonable allocation of resources in the economy [11].

Conceptual design Sen continued to receive annual reports to the United Nations "Human Development", the first of which was prepared in 1990 by a group of researchers led by A. Sen friend - Pakistani economist Mahbub ul-Haq [12, p. 126].

So, in 1990 UNDP published the first report of the assessment of economic and social progress of countries in which it was formulated the concept of human development: "Human development is a process of expanding the range of choice. The most important elements of choice - to live a long and healthy life, get an education and have a decent standard of living. Additional elements include choosing political will, guaranteed human rights and self-respect" [12]. This belief system is aimed at improving the quality of life, expanding and improving its capabilities in all areas. The concept of human development has replaced the so-called "classical" theory of economic development, which were based on the gross national product, saw the man only as a driving force of economic development and economic growth proclaiming main goal of social progress.

Thus, on the level of human development at the United Nations is prepared every year since 1990. To determine the index of human development are analyzed in the standard of living, literacy, education and longevity. It uses official statistics, data media, regional UN agencies, reports the World Bank and other international organizations.

In the Human Development Report 2010 definition of "human development" has been significantly enlarged [13]. According to the authors of the project, the definition of man as the empowerment of human choice is essential, but not sufficient. Human development involves maintaining positive results over time and combating processes that lead to the oppression of people and reinforce structural injustice. Therefore, there are key principles such as social justice, stability and respect for human rights. Therefore, the experts of proposed new refined definitions relevant to the practice and research of human development problems, "Human development is a process of expanding freedoms to live long, healthy and creative lives, the realization of other objectives that they believe have value, to actively participate in ensuring fairness and stability of the planet" [13, p. 38].

In light of this definition, human development has three components:

1. Welfare: expanding the real freedoms so that they can flourish.

2. Empowerment and "agent-relation" - to people and groups of people to act and obtain valuable results.

3. Justice: improving social justice, stability of results over time, respect for human rights and other goals of society.

Processed in the reports of UNDP concept of human development goes, first of all, the need to find a balance between economic efficiency and social justice [14].

Government policy is focused on growth and efficiency, not always take into account the vital needs of that part of society that is incapable of solving the problem of self-satisfaction. But on the other hand, shifting the responsibility for meeting the needs of members of society the state is able to generate dependency attitudes, which inevitably reduces the individual economic activity [15]. Therefore, it is suggested to go with what the state provides not only equality of consumption as equality of opportunity, particularly in education, health, security, political and civil rights.

The most important prerequisite for improving the efficiency of investment in education is to predict the needs of the labour market, taking into account the effects of current and possible future financial and economic crises. Investing in their own individual education may be ineffective if it does not have a need to assess the potential entrepreneurs in certain specialists. Inadequate assessment by their training needs and staff development also adversely affect the efficiency of the related investments. Forecasting the labour market and the state needed to prevent the structural imbalances in the labour market or mass unemployment in the crisis and post-crisis environment.

Conceptual scheme of human development, the UN proposed, based on the following principles:

- Productivity (people should be able to improve the performance of their activities and participate in the process of income because economic growth, the dynamics of employment and wages are integral models of human development);

- Equality of opportunity (elimination of barriers related to race, sex, place of residence, level of prosperity that prevent participation in political, social and economic life);

- Stability of (lack of financial, social, demographic, ecological debt for which future generations will pay, providing development opportunities for the right distribution between generations);

- Empowerment (promoting independence, improving people responsible for their fate, active popular participation in decision solutions and enhancing the role of civil society);

- Social welfare (the need for socially responsible forms of free market economy, the availability of a sense of social cohesion) [14].

Human Development Index (HDI - Human Development Index) UNDP used to compare the level of development of different countries. HDI is calculated based on economic (GDP per capita in purchasing power parity), social (adult literacy rate and the combined population share of students) and demographic (the average life expectancy at birth) indicators.

In general, the human development index (Human development index - HDI) is calculated as the simple arithmetic average life expectancy, level of education index and index -adjusted real GDP per capita (1):

$$HDI = \frac{I_{life} + I_{educ} + I_{inc}}{3}, \quad (1)$$

Index of life expectancy ( $I_{life}$ ) calculated by the formula

$$I_{life} = \frac{X_i - X_{min}}{X_{max} - X_{min}}, \quad (2)$$

where  $X_i$  - Life expectancy at birth, your people and territory

$X_{max}$  - maximum value (taken at 85 years);

$X_{min}$  - minimum rate (assumed to be 25 years).

Index of education ( $I_{educ}$ ) calculated by the formula

$$I_{educ} = \frac{(2 \cdot I_{adult} + I_{child})}{3}, \quad (3)$$

where  $I_{adult}$  - index Adult literacy rate;

$I_{child}$  - index of aggregate share of students in the total population of the corresponding age;

The components of this index  $I_{adult}$  and  $I_{child}$  calculated using the same formula as the life expectancy at birth (1.2).

Herewith  $X_i$  means the proportion of literate adults and the second area in % (to calculate  $I_{adult}$ ) and cumulative proportion of pupils in% (to calculate  $I_{child}$ );

$X_{max}$  - maximum value of both parameters (assumed to be 100%);

$X_{min}$  - minimum value of both parameters (assumed to be 0%).

In addition, we must consider:

- The number of higher education institutions;

- Number of scholars (e.g., it may be noted that in Paris from 1841 to 1850, and in a large New York c 1901 to 1941 there was a high incidence of Nobel laureates);

- Participation of pupils and students in Olympiads in different subjects.

Index adjusted real GDP (Inc) per capita is calculated by the formula

$$I_{inc} = \frac{\lg x_i - \lg x_{min}}{\lg x_{max} - \lg x_{min}}, \quad (4)$$

where  $X_i$  - adjusted real GDP per year (PPP) per capita and the  $i$ th area;

$X_{max}$  - maximum rate (assumed to be 40 000 per year);

$X_{min}$  - minimum rate (assumed to be \$ 100 per year).

Thus, the rate of HDI for each country shows how much remains to be done for this country to achieve certain goals - life expectancy 85 years, full literacy and continuous enrolment of young people and the level of average per capita income of \$ 40,000 dollars per purchasing power parity of the currency. These goals the closer, the closer is the value of the HDI to unity.

Thus, the three components of the index can be interpreted as resources for human development - the higher the value of these components, the more opportunities for the realization of human potential. This deficiency of each kind of resources significantly limits if not make impossible, the development of man. Many analysts consider this list of resources is not sufficient and propose to use a more detailed set of characteristics of human potential.

Human Development Index for Ukraine in 2012 was 0.74. He has not changed compared to 2011 (0.73) and improved by 4% compared to 1990 (0,71). According to the UN, the index was lowest in 1995 (0,67).

In the global index that evaluates the performance of the economy, quality of life and longevity in 187 countries, Ukraine in 2012 ranked 78th place between Macedonia (77) and Mauritius (79). Compared to 2011, our country has lost two positions in the ranking. Since independence, was able to advance only in education, and the economic situation in Ukraine deteriorated. Since independence, life expectancy has fallen a year, from 69.8 years in 1990 to 68.8 years - in 2012. Ukraine is developing in place. Since independence, a better life is not, despite some "improvement".

Among other things, in UNDP's 2012 marked reduction in the level of GDP per capita in Ukraine. Thus, from 1990 (\$ 8.252) to 2012 (\$ 6.428) it decreased by about 22%. Ukraine keeps structure of less developed countries, developing, which is not benefiting from the favourable geographical location and its own resources. There is a drop in industry, agribusiness, construction, low GDP growth.

Investors do not want to go to Ukraine, which af-



fects the social sphere - the average salary in Ukraine remains at \$ 400. Thus, in December 2012 at the absolute poverty line 11% lived in Ukrainian - these citizens assessed their income as insufficient even to buy food.

Efficient potential of Ukrainian society is characterized by low productivity and low innovation (38th place), which is associated with unfavourable conditions for its development and implementation. In Ukraine, five of the seven most problematic aspects of business set out in the study by the World Economic Forum, related to public institutions, namely:

1. Tax regulation.
2. Political instability.
3. Government corruption.
4. Instability of government procedures.
5. Inefficient government procedures.

However, the theory and practice of crisis management can be divided into three success factors to overcome the crisis:

1. Using skilled crisis manager and ensure thorough causal analysis of the situation.

2. Consistent implementation of measures to improve the culture of the management company at the operational and strategic levels.

3. Improve the motivation and involvement in the management of its crisis at all possible stages to ensure cooperation and interest.

To determine the specific tasks crisis managers need to consider:

- The content and dynamics parameters of the crisis for some of its phases and stages;

- Content diagnose problems, develop the concept of crisis prevention and immediate implementation of anti-crisis program;

- The specific perception of the crisis and related to her information and emotional overload.

So, for crisis management now need to know:

- The economic crisis mechanism of production systems and management in place of the business strategy;

- Methodology and metrics risk in enterprise management and ways to improve the effectiveness of risk management;

- The concept of building a system crisis diagnostics company;

- Be able to determine the competitiveness of enterprises as the foundation of his depending on the risk and know ways to strengthen them;

- Understand marketing as a philosophy of survival of the enterprise market;

- Reorganization and bankruptcy perceive as methods of crisis management;

- Be able to create a portfolio of rehabilitation measures;

- Be able to carry out organizational changes to overcome and prevent crises;

- Psychology of responsibility in crisis management;

- Management styles crisis management and their characteristics;

- Understand the conflict as a factor in the emergence, development and the elimination of the crisis in the organization;

- The organization controlling the enterprise as a means of prevention and crisis management.

#### Conclusions.

1. The problem of survival in a rapidly changing business environment surrounding is very acute in developed countries. Important is it in Ukraine at the present stage of market economic relations in conditions of severe global economic crisis. The company, like any other system of origin and destination, regardless of ownership, industry and scope of activities subject to cyclical natural laws of life and does not avoid

crises. Ability to be modified, move to higher stages of development or, conversely, get in the crisis situation, needs of the business change objectives, strategies and methods for their implementation.

2. The critical state of some enterprises in market conditions caused the main reason for this phenomenon - blunders heads, low management. In this regard, it is important to define the concept of crisis management. Thus, strategic crisis management should not begin with an analysis of balance sheet and the implementation of emergency measures to prevent the insolvency (bankruptcy) and sanitation, and since the choice of the enterprise's mission, creating vision and the targets of its activities, establishment and maintenance of a sufficient level of strategic capability. The main preventive anti-crisis measure in our minds here is a priori investment innovation.

3. Since human capital takes a leading place among the competitive advantage so far - analysis and assessment of staff is essential for successful leadership of any organization. Without investment in staff, providing competitive advantage possible. Therefore, measuring performance of employees is important for maintaining a competitive position in the market. However, keep in mind that a universal approach to determining the value of human capital businesses are not currently exist.

4. Since the anti-crisis investment activities of the company aims to create and own involvement with the environment of al - innovations that would help improve its competitiveness, strengthen market positions, would ensure future development, crisis management, so far, heading for flexible use their internal company should provide opportunities own technical and economic efficiency. Research (monitoring and analysis) innovation, which is in the field of innovative products created entities innovation activity, and in the field of business, will help to properly assess trends in supply and demand, market conditions and to generate optimal research - reasoned innovation policy specific companies to implement innovative programs and projects in a crisis operation.

5. Crisis suffered by the economy of post-Soviet states, manifested not only in the fall production, but also in the degradation of accumulated economic and scientific- technical potential. The economic crisis has affected and high-tech, knowledge-intensive and socially-oriented areas which were occupied by the most highly qualified.

6. Reasons the actual economic stagnation Ukraine are in the administrative area of: excessive state intervention in the economic sphere, politicized decisions and corruption do not allow businesses to develop. According to experts of the Center Razumkov in the next five years to improve forecasting is not necessary.

7. The need for advanced training for crisis management of enterprises in Ukraine is extremely important task, because crisis management businesses led, among other factors, the crisis of entire perspective and strategically important sectors of the economy. Looking for "new" knowledge "new" people "new" (economic) mindset. Manage changes will only managers, professionals.

Prospects for further development in this direction. Study and consideration of theoretical and practical processes of cyclical companies will allow interested parties to provide their condition in the future, crisis managers to make informed management decisions.

Thus, the objective need for further development of theoretical and methodological and applied principles of developing effective management systems in domestic enterprises, taking into account features of modern trends in management determines the relevance of the topic for further research of this problem.

Domestic enterprises expect evidence-based recommendations in the area of strategy development of human potential that would ensure the survival of enterprises, their capacity for self-development, efficient use of resources, the practical implementation of scientific and technological ideas. It is on providing conditions for cooperation with staff and external environment influence the future prosperity of enterprises [16, с. 237].

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