

**Anatoliy Kolot**<sup>\*</sup>  
**Olena Grishnova**<sup>\*\*</sup>  
**Olena Brintseva**<sup>\*\*\*</sup>

## **THE USE OF CREATIVE PROBLEM SOLVING METHODS IN PRODUCTION ENTERPRISES?**

### **Summary**

The article deals with interconnection and mutual influence of changes in the social and labour sphere and the development of Human resources (HR) consulting service. On the basis of these interrelations the authors of the article define and explain the major trends of HR consulting to achieve positive dynamics in the social and labour relations in Ukraine.

### **1. Introduction**

Swift modern changes in the social and labour sphere, dynamic life greatly influenced by technological progress, globalization trends, rapid development of services, permanent economic crisis etc. create new threats, as well as open new opportunities for the professional life of people. These factors foster further development and transformation of subject functions in the social and labour relations, originate new approaches to the solution of HR problems, in particular those in the process of enterprise personnel management. Nowadays HR consultancy has already been acknowledged an important professional activity in Ukraine as it helps to solve different issues in the personnel management. Great contribution to the research of the consultancy matter has been made by such Ukrainian and foreign scientists as: M. Silberman (2006), Ch. McKenna (2006), M. Kubr (2002), J. O'Mahoney (2010), V. Verba (2011) etc. The social and labour sphere has been meticulously analyzed in the works of the following scientists: C. Brewster (2000), M. Dawley (2002), J. Heintz (2006), O. Novikova (2012), I. Petrova (2009), M. Semykina (2012), L. Shaulska (2005), D. Shelgren (2001) etc.

The goal of the article is to study the interconnection and mutual influence of dynamic multiple-vector transformations in the social and labour sphere, on the one hand, as well as to see this interrelation in the development of HR consulting, on the other hand. The article is aimed at defining

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<sup>\*</sup> ScD (Economics), Professor, Vice Rector for Research and Academic Affairs, Vadym Hetman Kyiv National Economic University.

<sup>\*\*</sup> ScD (Economics), Professor, Taras Shevchenko National University of Kyiv.

<sup>\*\*\*</sup> PhD (Economics), Specialist on social/labour sphere monitoring, Vadym Hetman Kyiv National Economic University.

major HR development trends to achieve positive dynamics in the social and labour relations in Ukraine.

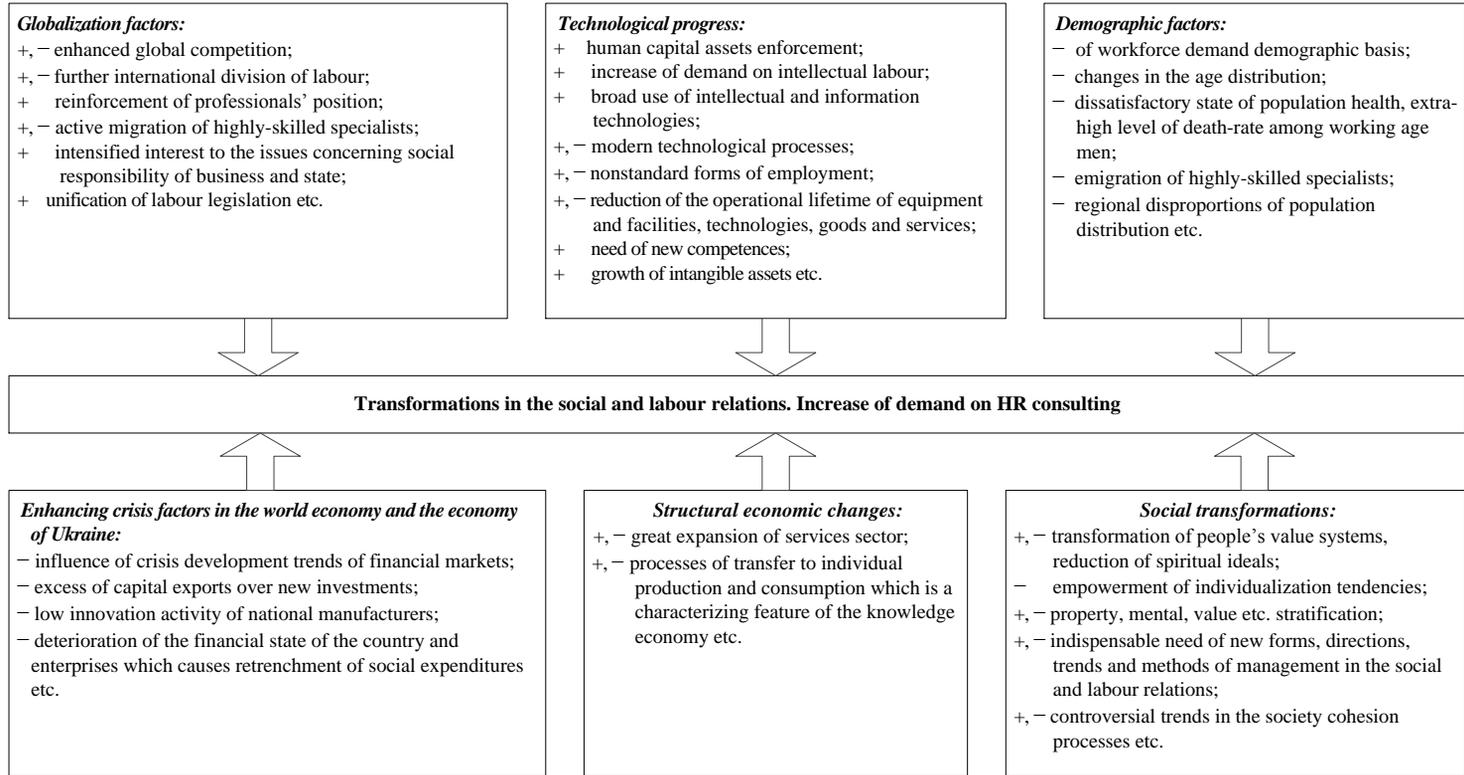
## **2. Macroeconomic factors influencing the social and labour sphere**

On Picture 1, one can see main groups of macroeconomic factors influencing the social and labour sphere in graphic form. There you also can find an attempt to specify new trends of the further HR consultancy development. Signs “+” or “-” near each factor mean its positive (+), negative (-) or controversial (+,-) influence on the social and labour transformations.

The **globalization** factors having impact on the concerned issue are the following: enhanced global competition (multinational companies’ activity; presence of international companies on the internal market of the country, in particular those dealing with HR consulting); further international division of labour; reinforcement of professionals’ position (due to the higher requirements of employers and further intellectualization of labour); active migration of highly-skilled specialists; intensified interest to the issues concerning social responsibility of business and state; changes in the labour legislation initiated by international organizations, in particular, International Labor Organization (ILO) etc.

Global economic space has ambiguous influence on the dynamics of the social and labour processes. Globalization, for example, gives rise to new work opportunities, promotes distribution of modern technologies and methods of labour management, fosters investments to human capital assets and helps to rationalize production process. On the other hand, negative impact of globalization is seen in polarization and segmentation of labour market, exploitation of low-paid manpower, great differentiation in the development of certain regions, structural unemployment etc.

Factors of the **technological progress** include human capital assets enforcement which brings social and labour relations on the qualitatively new level; increase of demand on intellectual labour caused by the development of technologies which open new work possibilities and opportunities, promote creation of new professions and change social and labour relations; broad use of intellectual and information technologies that help to get more free time for your creative work, mental and professional development. Modern technological processes promote improvement of goods and services quality, as well as cause changes in the work organization, but these changes can have positive, as well as negative influence on companies’ personnel. Nowadays, nonstandard forms of employment have also been used. This causes transformations in the social and labour sphere, promoting increase in work efficiency and assisting changes in its organization.



**Figure 1. Main groups of macroeconomic factors influencing the social and labour sphere; increase in demand of HR consulting in Ukraine**



Multiple-vector and overcomplicated transformations in the structure and hierarchy of production factors, operational lifetime of equipment and facilities, technologies, goods and services controversially influence labour character, forms and scales of employment, work motivation and the whole labour relations system.

The changes mentioned above give new quality to the technical, technological and information state of economy, as well as they have impact on the society. Besides, they also cause the growth of competition of different forms. This situation, in its turn, needs other solutions such as other quality of work resources, other work speed, other logic and other motivation of social and labour behaviour, other scales and promptness of adaptation to permanent changes, other meaning of moral and spiritual values, other education system format (life-long education), other skills (abilities of team work, capabilities of work in the information space, communication, adaptation and creative skills) etc.

Among the **demographic factors** having influence on social and labour relations and causing demand increase of HR consulting we can outline the following: constriction of workforce demand demographic basis (reduction of population, low birth rates); changes in the age distribution (low number of younger age group); dissatisfactory state of population health, extra-high level of death-rate among working age men which has a negative impact on enterprises labour supply, and work efficiency; as well as it causes reduce of working time fund efficiency and additional expenses on personnel selection; emigration of highly-skilled specialists that brings reduction of intellectual activity potential and innovation activity of enterprises; regional disproportions of population distribution etc.

**Enhancing crisis factors in the world economy and the economy of Ukraine** include the influence of crisis development trends of financial markets (in particular, inflation, further reduction of purchasing power of the national currency); excess of capital exports over new investments (the difficulty of attracting investments to the economy of the country is, first of all, caused by dissatisfactory investment climate, imperfect regulatory framework and corruption, decrease of the level of trust of foreign investors to Ukraine); low innovation activity of national manufacturers; deterioration of the financial state of the country and enterprises which causes retrenchment of social expenditures; reduction of investments etc.

**Structural economic changes** having certain impact on social and labour relations, as well as HR consultancy, occur because of great expansion of services sector (annual increase of provision of services and appearance of new ones require new approaches to ensure quality of services rendering; this provokes new requirements to the personnel); and due to processes of transfer to individual production and consumption which is a characterizing feature of the knowledge economy etc.

Factors stemming from **social transformations** are very controversial and complicated. The main factors of the kind can be named the following: transformation of people's value systems, reduction of spiritual ideals; empowerment of individualization tendencies; property, mental, value etc. stratification induces reduction of social cohesion and enlarges the gap of inequality; controversial trends in the society cohesion processes etc. All these elements show the indispensable need of new forms, directions, trends and methods of management in the social and labour relations.

### **3. Changes in social and labour relations**

The groups of factors distinguished in the article stipulate transformations in the nature and essence of work. Taking into consideration the results of our studies, we can try to outline some changes such as: nonstandard employment forms and flexible working pattern, as well as atypical employment agreements; fostered differentiation of labour market segments because of production factors hierarchy; increased emphasis on labour potential quality along with education quality, life-long studying, evolution and development of new skills or competencies induced by the knowledge economy; differentiation of wages which does not longer show differences between the levels of the saved human capital and the results of its use; spread of work with the remuneration of labour which does not provide worthy living conditions; decrease of labour cost part in the gross domestic product of many states, even including the developed ones; complicated access of economically active population to the existing forms and types of social protection; increase of workers' holdbacks in favour of social insurance funds etc; reduction of social spending; changes in the regulatory framework of social and labour sphere etc.

The tendencies occurring in the social and labour relations in other countries of the world are very similar to those in our state. In particular, there also appeared such trends as "off-centering" of labour, segmentation of the workforce, employment instability, individualization of labour relations, labour cost cutting.

Along with all problems and enhanced influence of the factors having impact on social and labour sphere, Ukraine faces the processes of consulting development. There appear new types of services, including Human resources management consultancy services, and the market of consulting services. According to the results of the theoretical studies (Verba V., 2011) and the Ukrainian consulting market research, arranged by consultancy companies (IKG "Astarta-Tanit", 2010), the national market of consulting services is mostly represented by such HR consultancy services as: selection and assessment of the staff, improvement of remuneration system, development of corporate culture, improvement of motivation system, new employees' adaptation, staff development and training.

The results of the consulting services market research (IKG “Astarta-Tanit”, 2010) prove that the Ukrainian market has such characteristic features: total number of specialists working in the consultancy comprises about 20 thousand people; the number of companies who actively cooperate in the market is 1,5 thousand; the majority of the companies (about 70%) were created after 2000; intense competition exists on the Ukrainian consultancy market because of activity of international, as well as the national ones. The percentage of international consultancy companies (Brain Source International, Manpower, CDS Recruiting etc.) working on the HR management market of Ukraine is about 40%. Specialists predict that the tough competition will preserve, some small companies will leave the market; there will be further deepening of differentiation and search of competences that will give competitive advantages to the consultancy firms. According to the assessments of specialists (Verba, 2011), there will be great increase in the scales of consulting services rendering in Ukraine to 104-120 mln. hrn in 2013-2014 (in 2011, for example, the same index was only 64 mln. hrn).

Considering controversial tendencies in the social and labour sphere in Ukraine and peculiarities of the national consultancy market, it can be stated that dynamic changes in the social and labour relations now become a major factor in the increase of HR consulting services demand and impose requirements to the new types of services in the sphere. In particular, such as:

1. Thanks to outsourcing, personnel stopped working only for one enterprise. They are involved to certain projects for a certain period of time. That means that there are gradual changes in the institutional framework, and respectively in the HR management of enterprises; as well as there is transfer to the projects method of work organization. This requires special knowledge and skills which the HR staff does not always have, that's why there appears a need of consulting services of the kind. The advantage of outstaffing as a consulting service type is that the customer-enterprise receives an opportunity to focus its administrative, organizational and financial resources, as well as to solve its key tasks. Another competitive advantage of the outstaffing is the mobility of number of main and additional employees.
2. Complication of selection and education functions, as well as functions of remuneration system working out that traditionally were among the duties of Human Resources departments expands the demand of specialists in this field of activity. This gives an opportunity to optimize enterprises' expenses on HR management and improve the level of administrative decisions in social and labour relations. According to the results of the research (Trainings INDEX, 2011), budget of the leading national companies on the HR development on average comprised 24% of HR-budget, or that composes 6,5% of the labour compensation fund. Average education expenditures for one employee were 1634 hrn. Besides,

- 20% of the company's education budget was allocated for consulting expenses. The price of one training day for top managers comprised 42950 hrn., for middle managers – 7368 hrn., for line managers – 7310 hrn., for specialist – 5978 hrn., for the rest of the staff – 1867 hrn.
3. Permanent growth of requirements to qualification and mobility of employees has further aggravated employment problems of low qualified and not very mobile citizens. Ukraine, as well as the other countries of the world, faces deep employment transformations – changes in its main forms, types and even its essence. The national labour market is more and more influenced by global trends. Today, we can name some fundamental innovations in the employment sphere such as temporary staffing, distance employment, non-standard work schedule etc. New quality is given to the flexibility of the labour market in its different forms and demonstrations. The abovementioned processes have a great impact on social and labour sphere, changing its structure and essence. This requires new management competences and skills, promoting increase of consulting demand in these issues.
  4. Global economic space influences the dynamic of social and labour processes in Ukraine through the implementation of international HR management standards. For example, standard OHSAS 18001 (Occupational Health and Safety Assessment Systems) is implemented to the labour protection sphere. According to this standard, state can check systems of work safety management, as well as industrial safety. It helped to improve professional safety and promoted the increase of labour life quality. Practices of business social responsibility standards have become more spread at the Ukrainian enterprises. The most popular, in particular, are 10 principles of the Global Compact, international standard ISO 26000, enterprises certification standard in the labour relations sphere SA8000, standard AA 1000 etc. These trends also cause the expansion of demand on certain consulting services; that is most often shown by non-financial accountability.
  5. Taking into consideration the unicity of some specialists or top managers having great experience and special competences, there appeared and became very popular such type of consultancy as headhunting. This method deals with purposeful search and “pirating” of professionals, specialists having certain business qualities, exclusive highly professional specialists, top managers, and top executives.
  6. Crisis in the world and Ukrainian economy have caused changes in the HR consulting services demand structure, induced development and spread of new services - improvement and formation of corporate culture, improvement of personnel motivation system, as well as correct and non-conflict reduction of staff (for example, outplacement). Crisis of 2008-2009 caused great transformations in the consultancy demand. The

results of the research arranged by Total HR Consulting in November 2008 and May 2009 among HR-directors and top managers of 50 national companies convincingly prove that. According to the gained results, the demand structure has crucially changed over the last half-year. In May 2009, customer-enterprises ordering consulting services more often wanted to get services of staff reduction (the number of companies ordering this service increased from 8% to 38%). More attention has been paid to motivation issues, corporate culture, and team spirit improvement to preserve the “golden fund” of employees (this service rendering increased from 14% to 36%). Some companies increased supplementary salary and benefits (the percentage rose from 30% to 33% of the respondent companies).

7. In the times of the spread of informatization, social networks and online communication, efficient system of intercommunication fosters staff involvement to the company activity, increases work efficiency and becomes an additional competitive advantage. Companies become more interested in consulting services of intranet-portal audit, questionnaire surveys, social and labour relations monitoring, online education programmes, professional competitions and corporate celebrations arrangement. Correctly planned intercommunication ensures a number of advantaged to the company. They are: 1) informed staff, as a rule, supports its executives; 2) such employers are more self-motivated and ambitious; 3) good relations between senior management and personnel favourably influence the clients, suppliers and company’s partners; they also produce and preserve image of a successful employer.

The results of the survey performed in the countries of Central and Eastern Europe (Poór & Milovecz, 2011) also prove essential changes in the consultancy. In particular, there are changes in relations between clients and consultants. Clients now expect consultants not just to simply transfer the knowledge and documentation related to given HR methods and procedures, but also to develop an organizational capability that enables the company or public institution to efficiently apply the tools implemented, when the consultant’s assignment is finished.

Nowadays, we can surely state that consulting companies in the realm of HR management have become subjects of social and labour relations as they own delegated authority from employers and employees. Being a mediator between wage employees and employers, consultancy companies perform two HR functions simultaneously – increase enterprise work efficiency and ensure high quality of the staff labour life.

The subject of individual relations in the labour sphere is different parts of the employees work life. The subject of collective (group) social and labour relations on the enterprise level is personnel policy elements - remuneration of labour, staff assessment, employees’ evaluation, career planning,

personnel rotation, staff education etc., as well as other issues of social and economic sphere, the solution of which directly or indirectly influences the work life quality – social sphere, environment protection etc. Almost all aspects of people's working life can be considered the subject of social and labour relations.

Comparison of social and labour relations subject elements on the enterprise level with HR management consulting services, that became popular in Ukraine (Table 1), gave us an opportunity to make conclusions about the possibilities of positive progressive transformations in the social and labour sphere thanks to the further development of HR management consulting services.

**Table 1. Use of HR management consulting services to improve social and labour relations**

No.	Social and labour relations subject elements	Consulting services
1	Social and labour relations of employment	Staff selection, new employees adaptation, outplacement etc.
2	Social and labour relations concerning the outsourcing of staff	Temporary staffing, outsourcing etc.
3	Social and labour relations in the sphere internal regulations	Staff records, working out of duty regulations etc.
4	Social and labour relations concerning protection of labour	Implementation of work safety international standards, for example, OHSAS 18001 etc.
5	Social and labour relations in the sphere of personnel education	Staff education (professional development, re-education etc.).
6	Social and labour relations dealing with individual and team work	Working place attendance, human resource accounting and planning etc.
7	Social and labour relations concerning evaluation of employees and work results	Staff evaluation
8	Social and labour relations in the sphere of remuneration of labour	Improvement of the remuneration system, development and improvement of motivation system
9	Social and labour relations dealing with labour legislation	Collective agreement development and improvement, staff records, legal consultations etc.
10	Social and labour relations subject elements connected with corporate social responsibility in Ukraine	Services of corporate social responsibility development, non-financial accountability and its audit
11	Social and labour relations concerning other issues of work life	Corporate culture development, confidentiality of commercial secrets and other consulting services

#### 4. Conclusions

In conclusion, new types of consulting services actively appear on the Ukrainian market in response to current changes in the social and labour sphere. These changes occur due to technological progress, globalization processes, structural economic transformations, social transformations, demographic trends and permanent crises in economy. All these transformations essentially complicate social and labour relations, as well as HR management process. This situation provokes increase of demand on consulting services and brings new requirements to their quality. Intense competition on the Ukrainian consultancy market (with more than 1,5 thousand companies, including the leading international ones) also promotes the development and improvement of management consultancy. The consultancy sphere develops through the appearance of new consulting services (temporary staffing, outsourcing, international standards implementation to the sphere of labour protection and corporate social responsibility etc.); joining of different services (for example, employees' adaptation services along with staff selection services); spread of innovations, implementation of modern HR technologies and approaches. Progressive development of management consultancy opens innovative solutions to social and labour problems, finding ways of further improvement of social and labour relations with a twofold aim: production efficiency increase and work life quality improvement.

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