KEY TRENDS OF HUMAN CAPITAL
DEVELOPMENT AND ITS FINANCING IN UKRAINE

During the last few years the global financial crisis has reinforced the contrast between economies and employment markets around the world. When existing demographic trends are added to the mix, it’s clear that organizations are facing sharply contrasting human capital challenges from region to region. In such circumstances one of the most important strategic tasks for Ukrainian economy is to provide recreation of public and individual human capital in order to ensure
economic equilibrium and rise of competitiveness in the world
market. The creation of new components of human capital has to
occur in the direction of innovative investment resources which are
established by state in consideration of modern conditions. The study
of education, public health, intellectual, physical and moral
development on conditions of scarce resources acquires significance.
Unfortunately we don’t study this scientific direction with due
attention and research works of such Ukrainian scientists as
Antonyuk, Voloshin, Libanova, Oleksina have integral character. But
the majority of economists agreed that the ability of workers to be
innovative, express their creativity and generate new ideas becomes
the most important component of labor potential.
The most important forms of investing into development of human
capital are education, medicine, migration, looking for information
about prices, income etc. Besides the urgency of this problem it is
analyzed only fragmentary. But it is important to understand that state
in the first place have to enforce the laws which will ensure main
social guarantees and give the scheme of its realization.
The special feature of Ukrainian policy is that during the last few
years we have had the growth of social costs. It is better to develop
the direction of human capital by making such economic conditions
which will give an opportunity to the wide scope of people to
organize their own business, to get education and be high-qualified
specialists who can work on good position and have worthy working
conditions.
In the world’s economy leading positions are occupied by such
branches of economy as informatics, pharmaceutics, electronics,
and electrical engineering. In Ukraine we still have the tenet of the
cheapest resources. That’s why employers don’t have any
motivation to establish new technologies in order to economize
direct labor.
The number of the organizations which carry out scientific
researches and development have decreased by 7.29% in 2012 in
comparison with 2010 year (1208 and 1303 organizations). Scientific
manpower declines by 8.37% during the same period. Concerning the
companies that develop innovation techniques we can see that they
occupy bigger share in the market: 13.8 % in 2010 and 17.4% in 2012
(increase by 29.85%). This tendency is rather positive. [1]
As to financing sources of innovation activities we have the next
statistics in comparison of 2012 to 2010 year:
— total sum of expenses grew by 42.7%;
— budgetary financing have risen from 87 to 224.3 (mln. UAH)
— foreign customers investing decline dramatically from 2411.4 to 994.8 (mln. UAH).[1] 

Analyzing this data we can see that the main sources of financing innovation activities removed from foreign investments to the state budget. On the one hand it shows us the right direction of government policy but on the other hand Ukraine has lost its investment attractiveness in R&D branch. So far as today Ukraine doesn’t have such economic conditions when basic science could be financed by business organizations, the task of its government is to give maximum support from the state. Nowadays both state and non-governmental (business) institutions should be responsible for financing of human capital development. The state must provide collaboration of two components — the science and business. Such work can be organized by joint competitive commissions on search and selection process of development priorities, joint specialized funds with equity participation of state and business.

Speaking about the development of human capital we also should take into account health care and education. Concerning the quality of health care we can see that total amount of medical institutions drop from 2.8 to 2.4 during the last two years but their capacity rise a little bit. As to education, vocational schools have 22.41% less graduators in 2012 than in 2010. Institutions of higher education have 4.41% less graduators during the same period. Ukraine has problem with the quality and the vector of education. Institutions prepared wide-oriented specialists but our economy need high-qualified staff with deep and narrow knowledge in the most innovative branches of economy. Public financing of R&D organizations aimed at academic sector of science, which isn’t the main supplier of innovative products and we need to remove this direction of financing.[1]

The problem of Ukrainian labor market and human capital is the absence of motivation to change the outdated priorities in business. The state must comprehend the importance of human capital development and it is the only way to approach our economy to the effective market model.

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