

THE CURRENT ISSUES CONCERNING WITH INVESTING IN HUMAN
CAPITAL

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Every state's economy directly depends on the labour market status, because one of the main factors of economic growth is the existence of human resources that will solve industrial problems on the high professional and intellectual level. It should be noted that at the modern stage of Ukrainian economic development the problem of employees' professional growth legal regulation is up to date and has the important practical value. But for unknown reasons, this problem is one of the least studied in the labour law science.

Some well-known labour law scientists pay attention at this issue in their works, among them M. Aleksandrov, M. Bary, N. Bolotin, L. Bygrov, V. Venediktov, M. Inshyn, L. Lazor, O. Prozevskiy, G. Chanishey, O. Yaroshenko and other.

The professionalism increasing, leadership skills developments are the strategic tasks of the domestic enterprises, because most of them feel the lack of the highly skilled personnel.

The exercising of these tasks requires certain material investments in staff's development. It's important to focus on the investments in the spheres that provides the improving of the persons' quality parameters, among them: (a) his labour and the

MODERN LEGAL RESEARCHES

level of education; (b) the development of the intelligence, creativity, health; (c) the motivation system; (d) the values system etc.

According to D. Cherneyko's opinion, only the sustainable reproduction of the human capital is capable for ensuring the country's transition to the post-industrial stage of development [1].

The main types of investment in the human capital, on some scholars' opinion, are: (a) education, (b) training, (b) health, (g) migration, (g) market's information search, (e) the birth and childrearing. These investments have the specific features that are untypical for other forms of capital accumulation, namely:

efficiency of the investment in human capital is directly depends on the its future period of use. This explains why such capital's formation tends to the initial period of human life;

the human capital's undisposed for the obsolescence: its value and volume do not decrease in the using, conversely, its increase. It is about the accumulation of experience: the old hand employee, whose human capital has been used for many years, more productive than beginner;

the human capital could grow in the case of its accumulation, not to decrease (as is typical for physical capital). The education increases the efficiency of person, not only as an employee but as a student, that is speeding up and facilitating the process of further accumulation of knowledge and skills;

the transfer of human capital could carry out by informal lines in the joint activityproces of its holder (for example, from higher-skilled employees to less skilled);

MODERN LEGAL RESEARCHES

the human capital is a key resource for itselfs renewal in the next generation (for example, it's established that the level of mother's education is an important determinant of the future level of children's education) [2, p. 5].

The authors of the textbook «the Course of comparative labour law» note that an important direction of labour standards socialization is to establish the employer's duty to invest resources in the development of persons that works on a production. The capital investment in «human factor» allows expecting more effective work of the employees. This direction of labour standards' socialization has already found itself in countries with market economies. The necessity of this kind of labour standards correlates with the tasks of modern social state. Personnel training, retraining and advanced training should become the component of the labor law regulation [3, p. 456].

The intensity of the science and technology development, the innovative processes occurring in all public life spheres caused the acute need in an appropriate amount of highly skilled employees. However, the relations concerning with advanced training and retraining spheres regulates by the current legislation insufficiently. The desueted regulatory in the mentioned field significantly reduces the employees' ability of receiving a high level of professional training and again brings to the fore the consideration of the issues related to skills development and training. Also it points on the need of all these problems resolving.

Today, the most significant item of personnel expenses is the investments aimed at training and retraining of employees. Changing production technologies, informatization degree improving, new products and services development, the rigid market conditions, competition - all these factors requires the constant improvement of employees' knowledge and skills. Of course, employers will invest in staff only in

MODERN LEGAL RESEARCHES

the conditions of a fair assessment of economic efficiency of these investments, in other words, with a high level of its return and low risk.

According to the ILO Convention № 142 "On humans' resources development", 1975 [4], Ukraine is obliged to establish and develop the open, flexible and complementary systems of general, technical and vocational education, educational and vocational guidance and vocational training, in spite of whether such activities carried out in the system of formal education or outside it. Also our state should extend, adapt and harmonize its vocational training systems to the vocational training needs of young and adult people throughout theirs life, in all sectors of the economy, branches of economic activity and at all levels of skill and responsibility.

After the USSR's collapse and gaining the independence, ukrainian state training, retraining and skills development system stopped to conform to the new economic conditions and gradually lost all its harmony and integrity in the appropriate personnel training and in the regulations that provided compensation to employees. The issue of employees' skills training transfered at the local level of legal regulation and became contracting. Gradually the guarantees concerning with free training right realization became weaker. In the sphere of state interests remained only the issues of the civil servants, unemployed, and job seekers training, and training of the employees whose professional activity is socially important or dangerous remaining in the state interests' field. [5].

The transition period from one social-economic system to another is always connected with great difficulties. The specifics of the psychological problems of the modern period are determined by the necessity to recieve a new social-economic and professional experience. On the one hand, the new professions appeared in connection with the transition to a market economy don't have the roots in the

MODERN LEGAL RESEARCHES

professional culture of our society, on the other - there is a painful process of breaking the stereotypes of traditional forms of professionalization that are also changes in modern conditions.

Professionalism belongs to the most important indicators of the labour force quality. The characteristic sign of employees' professionalism is the special knowledge and skills, and employee should have all this characteristic for the successful exercising of production tasks corresponding to his qualification. Skills are defined, first of all, by the ability to work with various technical tools, practices are defined by the academic progress and speed of performance, and the level of special knowledge - by appropriate education and work experience. The quality of the work and the employee's professionalism depends on not only the economical welfare of the country, but on the material welfare of each individual employee, because the appropriate employment provides more opportunities to achieve the certain social status.

The current Labour Code does not contain clear provisions regarding the employees training, retraining and skills development. The significant number of regulations in different levels and sectors accepted. All these regulations contain provisions regulating the qualification's improvement process. But these regulations sometimes do not conform to each other, they are inconsistent to each other and do not contain common approaches of solving the fundamental provisions concerning with the rights and interests of employees and employers, and also do not reflect the major trends of the market economy. All these problems reduce the effectiveness of labour legislation; complexify the law enforcement activity of personnel departments and personnel management departments. All these problems determine the necessity

MODERN LEGAL RESEARCHES

of detailed analysis of all normative base that regulates advanced training relations for its further improvement.

We consider that the requirement of employee's advanced training and retraining should be provided for by the new edition of Labor code. The employees' waiver from the advanced training and retraining without justifiable reasons should be recognize as a violation of the labor discipline. Employees who successfully and diligently exercise theirs duties should recieve the opportunity to choice the form of training and retraining.

It should be noted that neither the current Labour Code [6], nor the draft of Labour code of Ukraine [7] do not define the "retraining" and "advanced training", although these definition submitted in other regulations.

According to the article 3 of the Law of Ukraine «On vocational education» dated 10 February, 1998 advanced training is the vocational training that gives the opportunity to expand and deepen the previously acquired professional knowledge and skills at the level of production or services' activities [8]. In accordance with paragraph 3 of the Regulations on the system of training, retraining and advanced training of public servants, and paragraph 6 of the Regulations on uniform procedure of training, retraining and advanced training of the state enterprises', institutions' and organizations' heads [9], advanced training of the enterprises' managers is the training aimed of updating and improving the knowledge and skills that are necessary to exercise the effective management at the enterprise provide the improvement of its activities. Therefore, advanced training is any training that aimed at improving and developing the knowledge and skills of a particular type of activity. The need in such activity caused, firstly, by the constent changing of the tasks facing by the employees,

MODERN LEGAL RESEARCHES

secondly, by work's conditions related with the improvement of the production means and career growth.

According to the article 10 of the Law of Ukraine «On higher education» dated 17 January, 2002, retraining is the receiving the other speciality on the basis of the previously received educational qualification and practical experience [10]. Employees' retraining is a vocational training focused on the getting other profession (article 3 of the Law of Ukraine «On vocational education»). So, the retraining is a new special education receiving aimed for the staff's supporting of the newest directions of scientific-technical and social progress, as well as the personnel transfer from older fields to modern.

Today labor legislation that regulates professional training, retraining, advanced training and staff's certification requires the detail revision and improvement. Ukraine needs a legislative framework regarding the legal regulation of labour and closely related relations. Through the comprehensive professional development of the employees, such framework will contribute the restoration and building of a quality labour potential. The state should play the main role in the implementing of the proposed changes.

The values of the advanced training and retraining as follows:

creating the possibility of achieving the common interests between the employee and the employer;

reducing the number of employees who are quit the job;

constant improvement of the qualification level gives to employees an advantage over the other during the attestation and also gives the great opportunities to take a higher position;

MODERN LEGAL RESEARCHES

effect on wages;

an important stimulus for career advancement.

Scientists all over the world believe that the availability of highly skilled labour is one of the most important factors of productivity increasing, of competitive products production ensuring. At the same time the increasing of the intellectual potential of human resources is one of the main directions of social evolution of modern society that has a huge national and global importance.

Developed countries are heavily investing in professional education and advanced training of personnel. These spends are increasing. The issue of employees' professional growth has the state character in such countries, because the employees' high qualification is the main tool for the development of foreign countries' economies. Theirs active participation manifested in various state programs. The purpose of such programs to improve the employees' skills. In addition, all conditions for professional growth created for the employees who are constantly advancing.

Ukraine considerably falls short of the level of the development of human capital in contrast with developed states. This manifested in low quality of life, lack of financing of human development from all sources (state, households, and enterprises), loss of positions in the development of human potential of the country. The enterprises of our state have significantly reduced the investment in vocational education. While such investments decreased and by the state, Ukraine can hardly count on high competitiveness of its products and labour power. It should be taken into account that the complexity of work is constantly growing, so the reduction of investment in the professionalism progressively increases the arrearage of the quality of labour force from the increasing complexity of work.

MODERN LEGAL RESEARCHES

Although at the same time it is necessary to note, that today in Ukraine there are some positive changes concerning with the development of the advanced training system, but they are very slow. This is primarily due to interruption of the Labour code addoption, the lack of steps to improve the system of identification and validation of staff's professional competence, misregulation of certification, problems in the partnership between educational institutions and enterprises, the arrearage of vocational education from modern technology and science, etc. All these difficulties are caused by the problems existing in the state's economy.

It should also pay attention to the role that assigned to the state concerning with the improving the forms of employess professional growth. The state should take an active part in the regulation of lifelong studying; create all the necessary conditions for sustainable human development and to support the enterprises, organizations and institutions. All of them should be interested in investing in the professional level improvement and in the improvement of educational systems (vocational, higher, postgraduate, and others).

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MODERN LEGAL RESEARCHES

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MODERN LEGAL RESEARCHES

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MODERN LEGAL RESEARCHES

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**ДЕЯКІ ПИТАННЯ, ПОВ'ЯЗАНІ З ІНВЕСТИВАННЯМ У ЛЮДСЬКИЙ
КАПІТАЛ**

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У статті досліджуються питання, пов'язані з інвестуванням у людський капітал. Внесено пропозиції щодо вдосконалення трудового законодавства у цій царині.

Ключові слова: працівник, роботодавець, інвестування, людський капітал, перепідготовка, підвищення класифікації.

**НЕКОТОРЫЕ ВОПРОСЫ, СВЯЗАННЫЕ С ИНВЕСТИРОВАНИЕМ В
ЧЕЛОВЕЧЕСКИЙ КАПИТАЛ**

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В статье исследуются вопросы, связанные с инвестированием в человеческий капитал. Внесены предложения по совершенствованию трудового законодательства в этой области.

Ключевые слова: работник, работодатель, инвестирования, человеческий капитал, переподготовка, повышение классификации.

SOME QUESTIONS RELATED WITH INVESTING IN HUMAN CAPITAL

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This study examines the role of investing in human capital. The author explores the significance of the professionalism as one of the most important indicators of the quality of labor. According to the article the essential features of professionalism are the special knowledge, skills and abilities that should have an employee to successfully perform his tasks corresponding to his qualifications. The author pointed out that abilities determined primarily by the ability to use it in the various technical tools, skills – by success and speed of performance and the level of

MODERN LEGAL RESEARCHES

knowledge – by relevant education and work experience. Valid Labor Code does not provide explicit instructions on training, retraining and advanced training. The author goes on to report about legal framework of the employee training. There are a large number of regulatory acts in different levels in this sphere. However, often these acts are not consistent with each other, they are in many ways contradictory. They do not contain common approaches in addressing the key provisions relating to the rights and interests of employee and employers, nor do reflect the main trends of the market economy. At present, valid labor legislation in training, retraining, advanced training and certification requires a thorough review and improvement. Ukraine needs new legislation of labor relationship in order to promote recovery and formation of high-quality employment potential through comprehensive professional development of each employee. In conclusion the author notes some positive change in the development of training. According to the author the main role in the implementation of the proposed changes should be assigned to the state.

Keywords: employee, employer, investment, human capital, training, improving classification.