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## **MANAGEMENT OF HUMAN POTENTIAL IN CONDITIONS OF CIVIL SERVICE REFORM**

*The article is devoted to the analysis of the concept of “human capital” in the context of social development in order to show possible ways to optimize the management of human potential in the conditions of civil service reform in Ukraine. To achieve the goal of the article the author analyzed current provisions and the concept of human development, uncovered the meaning of human potential as a phenomenon in social development, explored mechanisms of the use of human potential in public administration in Ukraine. In order to increase the effectiveness of using of human potential in the public administration system in Ukraine the author proposes to adopt clear and suitable for practical purposes evaluation criteria of human resources, to develop the optimum model of use of human resources as an integrated system, to assess impact of components of personnel potential on indicators of management and production activities, to achieve compliance with quantitative and qualitative characteristics of personnel potential in public administration.*

**Keywords:** human potential, human resources, social development, mechanisms of public administration

**Zamaraev A.V. Zarządzanie potencjałem ludzkim w warunkach reformy służby cywilnej**

*W artykule stwierdza się, że potencjał ludzki jest miarą skuteczności rozwoju społecznego. Odzwierciedla to, aby zapewnić racjonalne lub minimalnych potrzeb ludności określonego podmiotu społeczno-terytorialną. Autor formułuje także osobliwości i priorytety w rozwoju zarządzania zasobami ludzkimi w administracji publicznej na Ukrainie.*

**Słowa kluczowe:** kapitał ludzki, rozwój zasobów ludzkich, rozwój społeczny, mechanizmy zarządzania.

**Замараєв А.В. Управління людським потенціалом в умовах реформування державної служби**

*У статті наголошується, що людський потенціал – це показник ефективності соціального рівня розвитку. Він відображає забезпеченість*

раціональних або мінімальних потреб населення певного соціально-територіального утворення. Також автор сформулював особливості та першочергові завдання у процесі розробки методів управління кадровим потенціалом у державному управлінні в Україні.

**Ключові слова:** людський потенціал, людські ресурси, суспільний розвиток, механізми державного управління.

**Замараев А.В. Управление человеческим потенциалом в условиях реформирования государственной службы**

*В статье отмечается, что человеческий потенциал - это показатель эффективности социального уровня развития. Он отражает обеспеченность рациональных или минимальных потребностей населения определенного социально-территориального образования. Также автор сформулировал особенности и первоочередные задачи в процессе разработки методов управления кадровым потенциалом в государственном управлении в Украине.*

**Ключевые слова:** человеческий потенциал, человеческие ресурсы, общественное развитие, механизмы государственного управления.

## Introduction

The concept of “human capital” is increasingly used in modern domestic and foreign scientific publications. It deeper than the concept of “human resources” allows characterizing social, economic, cultural, environmental and other aspects of conditions of human life. However, at the same time approaches to the definition of what constitutes “human potential”, which currently exist, narrow its meaning. Often under the notion of “human potential” people understand accumulated reserve of health, general cultural and professional competence; creative, business and civil liability, which is implemented in the field and in the sphere of consumption based on market and non-market mechanisms. In particular, often people characterize material resources in such a way. That is concluded according to the statistics.

Therefore, today there is no generally accepted definition of this term. In addition, no uniform criteria has been made for determining the level of its development. Perhaps it is not a problem itself. It becomes the problem in the context of mechanism of adoption of state decisions based on balancing interests of society and a person. Moreover, having great practical importance in today’s society, the concept of human development does not yet have clear scientifically based tools.

The management crisis as a loss of capacity to manage public affairs and processes at the appropriate level by the state, poor quality of public services, inefficient use of public funds, decline of public confidence in public authorities,

the high level of bureaucracy and corruption in the activities of public authorities, politically biased civil servants, protectionism, the substitution of professionalism of administrative staff by their loyalty lead not only to a decrease in the efficiency of the state apparatus, but also to the inhibition of social development.

### **Analysis of resent research**

The problem of human development has remained in the center of attention of scientists since antiquity. K. Marx, V. Pareto, F. Quesnay, W. Petty, A. Smith and others addressed it in the middle of the XIX century. Analysis of works of founders of the concept of human development (A. Sen, K. Griffin, J. Knight, M. ul Haq), scientists of the classical concept of human capital (T. Schulz, H. Becker, E. Denison, J. Kendryk, J. Coleman) and modern Ukrainian and Russian scientists involved in the study of various aspects of human development (V. Antoniuk, E. Grishnova, A. Dobrynin, S. Dyatlova, R. Kapelyushnikov, E. Libanova, V. Novikov) indicates that human development is a complicated complex category.

S. Dubenko, V. Lukyanenko, T. Motrenko, D. Nelipa, A. Obolensky, V. Oluyko, V. Radionova, N. Rimashevskaya, N. Tomchuk, A. Chukhno, and V. Shchetinin paid attention to problems of personnel policy in public administration.

Significant statistical analysis is also presented in the scientific report by the team of authors under the title “Institutional support of human resources policy in public administration: mission, role and place” of the National Academy of Public Administration under the President of Ukraine. The provisions of human resources in public administration in Ukraine, namely - the quantitative and qualitative composition, professional productivity, level of education, opportunities for improvement of professional skills are analyzed in quite a detail in the last.

Despite the categorical apparatus and aspects of personnel departments of the public sector in Ukraine worked out in detail in the scientific literature, the question that is the subject of this study was not systematized. Mechanisms for efficient use of human potential in public administration are not systematically investigated.

### **Research goals**

The goal of this study is to reveal the essence of the concept of “human capital” in the context of social development and to show possible ways to optimize the management of human potential in the conditions of civil service reform.

The main objectives of the study are to analyze the current provisions and the concept of human development, to uncover human potential meaning as a phenomenon in social development, to explore mechanisms of the use of hu-

man potential in public administration in Ukraine. The object of this research is human potential. The subject of research is mechanisms of the use of human potential in public administration system.

### **Results**

Referring to the essence of the concept of “human capital”, we note the definition of some researchers. In particular, M. Kurkina and V. Zotov, based on the common understanding of the definition of “potential”, propose it as a set of tools for implementation of potential for achieving a defined objective. Thus, they generalize that fairly widespread interpretation of the term “potential” is presented as “a source of opportunities, means, stock, that can be brought into action, used to solve any problem or achieve a defined objective; the possibility of the individual, society and state in a particular area” [12, p. 54].

If a person is a semantic center that realizes potential capabilities in the social system, then of course, human potential is a set of human abilities to implement social action in the course of their life (Aristotle, Sombart, and Simmel). Formation of human potential is identified with the process of development of human nature. It reveals through raising social abilities of individuals. Here, the researchers are focused on reviewing two major forms of manifestation of human potential. First, health and lifespan of individual (the development of the human body and physical abilities of society). Second, human spirituality, wealth of development needs (development of consciousness and potential human abilities of intellectual activity and spiritual wealth of society). However, there are no specific developments, connected with factors of development and the content of its components. Parameters of sociological assessment of human resources development are not specified.

The phenomenon of human potential has the specifics:

Firstly, it is systematicity - human potential has properties, which are not limited to the list of qualities of people.

Second, it is “ekstravertyvnyist.” After all, “external” in relation to its conditions and factors, the nature of the environment of its existence are vital, as a rule, for the development and realization of human potential.

Thirdly, it is characterized by the presence of hidden properties that may occur when changing certain conditions.

Finally, the fact that the properties of human potential determine the possibilities of human development, both in the short term and in the more distant future.

These provisions are confirmed by modern foreign research of nature of human potential (A. Sen, M. ul-Haq and others). The theme of “human potential” is reflected in the concept of “human development”. It has been widely

recognized, including through the theoretical development of the Indian scientist, Nobel laureate in economics (1998) A. Sen. Conceptual developments by A. Sen received continuation in annual reports of the international organization the “United Nations Development Programme” (UNDP) [14] titled “The Report on Human Development”, the first of which was prepared in 1990 by a group of researchers led by Pakistani economist Mahbub ul-Haq.

The concept of human development comes primarily from the need to find a balance between economic efficiency and social justice. State policy focused on growth and efficiency does not always take into account vital needs of that part of society that is unable to independently solve the problem of meeting them. On the other hand, shifting the responsibility for meeting the needs of members of society to the state is able to generate dependency attitudes, which inevitably reduces individual economic activity. It is therefore proposed to proceed from the fact that the state provides not so much equality of consumption as equality of opportunities, especially in educational sphere, health, security, political and civil rights.

The conceptual scheme of human development proposed by the “United Nations Development Programme” is based on the following basic principles:

- labor productivity (people should be able to improve the productivity of their activities and participate in the process of formation of income, so the economic growth, the dynamics of employment and of labor remuneration are part of models of human development),
- equality of opportunities (elimination of barriers related to race, gender, place of residence, level of prosperity that prevent participation in political, social and economic life),
- sustainability (lack of financial, social, demographic, ecological debts, which future generations will have to pay, ensuring equitable distribution of development opportunities between generations),
- empowerment (promoting independence, improving people responsibility for their fate, active participation of the population in decision-making and increasing the role of civil society),
- public wellbeing (need for socially responsible forms of development of free market economy, the presence of a sense of social cohesion) [14].

In Ukraine, the theme of human development, being quite pragmatic is perceived in the context of socio-economic tasks. However, developments of theoretical concepts of “human development” are important, including the National Human Development Report of 2011 “Ukraine: towards Social Inclusion”, which is an independent publication of the Programme of Development of the United Nations in Ukraine. It is prepared in collaboration with the Insti-

tute of Demography and Social Studies named after M.V. Ptukha of the National Academy of Sciences of Ukraine, the Institute of Political and Ethnic Studies named after I. F. Kurash of the National Academy of Sciences of Ukraine and the Ukrainian Centre for Social Reforms. Developments of these researchers greatly enriched the concept of human development in theoretical and methodological terms (using thesaurus approach, the concept of social design, the theory of youth and others) and in the applied way (in the humanities expertise) [14].

In the process of developing the human resources management in public administration in Ukraine, the following problems need to be solved:

- the lack of clear and suitable for practical purposes evaluation criteria of human resource potential;
- the difficulty in developing an optimal model of use of human resources as an integrated system;
- the lack of picture of the impact of parts of human potential on the performance of management and production activities;
- achieving compliance of the quantitative and qualitative characteristics of human potential with goals and objectives of agencies, organizations, enterprises.

For the realization of assigned tasks, the analysis and the evaluation of personnel potential should be based on the following methods: methods of expert assessments; methods of strategic analysis; methods of economic and mathematical statistics.

In general, all the existing mechanisms of human potential efficiency in public administration may be divided into three types: mechanisms-tools, mechanisms-systems, mechanisms-processes (sequence of certain transformations).

The situation regarding human resources in the system of public administration in Ukraine is contradictory: the education and qualification level of public servants increases every year, while there is a constant need for specific professions in public administration, which increases every year.

As of January 1, 2015 in Ukraine, there are 380,257 civil servants (295,709) and local government officials (84,548), representing 8.7% of the total population (42,895.7 thousand people). The total number of civil servants on the staffing schedule in ministries and central executive bodies is 126,803 persons as of January 1, 2015, including the number of civil servants of I-IV categories of the staffing schedule – 7263 people, which constitutes 5.7% of the general number of civil servants according to the staffing schedule. The analysis of this group of experts responsible in most cases for quality of administrative services to the public, gives an idea about the ability to provide adequate professional level of implementation of functions and tasks of public authority [21, p. 7-14].

The analysis of personnel working in ministries and central government agencies shows that the total number of civil servants actually working as of January 1, 2015 is 110,625 people. This includes the actual number of working civil servants of I-IV categories – 6493 people, which constitutes 5.8% of the total number civil servants actually working [21, p. 8-11].

Conclusions about the professional experience of civil servants can be made from the information about the distribution of data on the number of civil servants and local government officials for work experience (as of 01.01.2014). The largest segments seen from the data published in yearbook “Public Service at in numbers - 2015” are civil servants and local government officials with work experience from 5 to 10 years and from 10 to 15 years. Primary data on the qualitative and quantitative composition of personnel potential indicate that almost 92% have higher education; almost 65% have significant work experience - from 5 to 20 years [22, p. 16-17].

It is important in this regard to conduct a detailed analysis of the components of a qualitative assessment of human resources; to perform factor and comparative analysis of institutions, organizations and their units; to carry out balance analysis; to predict and model variants of perspective condition of human resources in these analytical sections, to form a dynamics of the assessment of personnel potential and to compare the quality and speed of its increase with financial expenses; to rank officials by the level of human resources potential.

Selection of candidates for career advancement may be based on the specific needs for qualification experience, human characteristics, human resources rejuvenation or on the introduction of the necessary professional experience in the structure of administration, professional training, managerial qualification, participation in mentoring programs and adaptation, rotation (expansion of experience), the increase or demotion in position (in the absence of prospects for professional development).

In the future, it allows modeling variants of official trajectories, calculating prospective positions matching the current personnel potential of employee with indicating the required areas of development, stimulating the efficiency of the state apparatus.

In terms of economics transformation and the growing role of new technologies in production, the continuous education that meets the needs of society and the labor market is a necessary condition and a main tool for, firstly, the transformation of human potential into high-quality human capital, and secondly, humanitarian development. This is because they allow forming the ability to quickly adapt to the current socio-economic realities and to ensure a proper quality of life for every person.

With respect to a particular employee, based on the assessment of personnel potential and considering its comparison with current and future capabilities, decisions on special, legal and managerial education can be made as well as participation of this employee in mentoring and adaptation programs, rotation (expansion of experience), the increase or demotion in position (in the absence of prospects for professional development, the need to promote more advanced employee, reaching the age limit, release and adaptation).

As the President of Ukraine noted in his address “On the internal and external situation of Ukraine in 2015,” civil service system, which operates in Ukraine, does not perform functions assigned to it and tasks concerning implementing public policy. [24] The people are not provided with quality administrative services. If we analyze the last few years of Ukrainian reality, then we can talk about the unresolved issue of overcoming unprofessionalization of public service. There are signs of systemic degradation of staff of public administration - corruption, clan relations, personnel shortage, the almost complete lack of social lifts and privatization of public functions by separate persons (data from sociological surveys, statistics of power structures, and data from civil society organizations). This clearly indicates crisis of governance at all levels. A key factor in these negative phenomena is the low quality of human resources potential in the civil service system, lack of managers-leaders, and insufficient level of their professional training.

The essence of the reform of public administration system should provide for the implementation of comprehensive changes for the benefit of public interest to improve the interaction between government institutions with citizens, providing them with quality management services in the economic, legal, social, cultural and other spheres. An important success factor in achieving this goal is to build a transparent and efficient, professional, politically neutral and authoritative civil service, which has to reach a new European level of public administration (to provide public services to citizens at a level that meets European standards, to ensure optimum use of public funds and timely and adequate response to social, economic and foreign policy challenges).

Today Ukrainian Government continues to modernize its approach to human resource management in public service. One of the key aspects of this modernization concerns the development of leaders - managers at all levels in the public service, and especially - the top echelons of the civil service. A number of programs for senior and middle-level civil service managers aimed at development of leadership and professionalization of the civil service have already been successfully implemented. The strategic objective of these programs is to develop leadership and management skills needed for senior civil



service officials in order to respond promptly to the requirements and challenges arising from the process of social transformation, economic development and European integration [21, p. 61-65].

Today in our country and abroad there are more and more supporters of understanding economic development as primarily human development. We are talking about expanding the functions and capabilities of the person, accumulation of human potential and its use in the expanded social reproduction in the interests of every member of society.

### **Conclusions**

The functional-typological analysis of human development made in this article shows that the concept of human potential is not only systemic, but also multi-faceted, multi-level; it includes such components as external potential (environmental potential, economic potential), inner potential: biological potential (substrate and functions), and spiritual potential (skills and needs). All components of human potential are comprehensively and inextricably inter-related.

The human potential is knowledge, information, experience of administration personnel, organizational capabilities, information channels of organization that it uses. The human potential is closely linked with human resources and innovation activity. Peculiarities of human potential lie in the fact that it is the result of interaction of people between each another, people and information resources, and people and elements of physical capital. In order to increase the effectiveness of using human potential in the public administration system in Ukraine the immediate tasks in the development of human resources management are to adopt clear and suitable for practical purposes evaluation criteria of human resources, to develop the optimum model of use of human resources as an integrated system, to assess impact of components of personnel potential on indicators of management and production activities, to achieve compliance with the quantitative and qualitative characteristics of personnel potential of goals and objectives of public administration.

The current state can be effective only if there is a highly productive human potential. The question of scientific analysis of the problems of human resources and human capital management in the public administration system in Ukraine is very relevant, because the implementation of systemic reforms in all spheres of social life is impossible without highly qualified personnel. Approaches to reform are expedient to adjust to the preservation and development of human potential. Mechanisms and methods of formation, implementation and management of human potential require a more careful scientific study in the future.

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