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## **SOME «TRAPS» OF HUMAN CAPITAL DEVELOPMENT UNDER THE CONDITIONS OF GLOBAL SOCIAL TRANSFORMATIONS**

*The article is devoted to the designation of «traps» in the development of human capital. It is shown that the influence of globalization gives rise to contradictory transformational changes in societies that form negative effects and hidden «traps». Faced with them, the development of human capital becomes ineffective, slows down, exerting a negative impact on economic and social processes in society. On the basis of conceptual approaches to the interpretation of human capital, its structure and factor determination, as well as analysis of statistical data, the following main «traps» are highlighted: low wages, low motivation for work, the loss of higher education status of an investment tool in human capital, inequality, poverty and qualification inflation. The deep connection of economic processes of human capital development with education as a process and a social institution is shown.*

**Keywords:** *human capital, education, transformation, «traps», poverty*

**Relevance of research topic.** The modern world is a unity of modernization, transformation, reformation processes, accounting and understanding of which is of theoretical and practical importance today. An analysis of the situation indicates that the changes cover the entire social system, all types of social relations. And it is precisely thanks to these two factors that the idea of the practical use of the transformational paradigm, which not only makes it possible to comprehend the ongoing processes, but also to find optimal solutions in the framework of the strategies of social institutions and social actors, has become increasingly widespread.

The problems of modern social transformations are problems that are comprehensive. And the key subsystems in this regard are no exception. All the key subsystems of society – political, economic, educational, social, legal, etc., are such subsystems that are directly affected by the flow of social changes and thereby come to the need to adjust their own development strategies.

It is important to understand that the target aspects of the activity of social subsystems are aimed at progress in the development of the social system and its key components, as well as improving the efficiency of their functioning. One of these components is human capital, which is seen as some kind of tool for the functioning of society, the characteristics of which are often used to answer the question of successes or losses of certain countries. «Today, human capital is a decisive factor in ensuring the competitiveness of the national economy, economic and social development... Lack of the attention to human capital development leads to significant public expenditures, which damages people's well-being, limits opportunities for sustainable growth and management effectiveness» [9, c. 53].

Speaking about transformations, one should remember the interconnectedness of the ongoing changes: the transformations of the end-to-end global parameters of social systems inevitably give rise to end-to-end social problems, which together determine the inconsistency of transformational processes in modern global conditions. As a result, it becomes obvious that transformations give rise to various effects that are contradictory and form «traps» that make it difficult to achieve positive transformational effects.

**Formulation of the problem.** Under the conditions of such social transformations, a number of contradictions are formed that require their study and solution. Among them is the contradiction between the innovative dynamic development of society and the negative latent consequences of this process. In this aspect we can talk about the problem of the development of human capital by modern means and the situation of a large number of «traps» that turn out to be components of this development. As a result, the problem lies in the objective need for the further development of human capital using globalization and transformational mechanisms and the lack of understanding of the means to minimize the problems and negative consequences that accompany this process, which are largely related to the local features of the life of modern societies.

**Analysis of recent researches and publications.** The phenomenon of human capital is one of those that have deep scientific prerequisites for analysis in the past and a modern interpretation. Thus, the active development of the theory of human capital is characteristic of the late 50s and early 60s of the 20th century (J. Mincer [19], L. Tourow, B. Weisbrod, M. Fisher, W. Bowen, T. Schulz [20], G. Becker [16; 17], L. Hansen, J. Clark and others). It should be noted that the leadership in substantive interpretations during this period belongs to economic emphasis, which is an important marker for modern research on the «traps» of the development of human capital.

Important research questions at that time were also issues of factor determination of the processes of development of human capital and its components. This aspect is also important for understanding the possible mechanisms for avoiding «traps» in the development of human capital.

The sociological approach to the analysis of human capital was formed under the influence of the works of such scientists as L. Hanifeng, J. Homans, J. Jacobs, G. Lowry, R. Putnam, M. Skiff, R. Burt, P. Bourdieu, J. Coleman [5], N. Lin, M. Woolcock, A. Portes, J. Sensenbrenner and others. They examined human capital in a wide field of social interactions and institutional influences.

Since the second half of the twentieth century, the problems of the development of human capital have been actively included in the field of scientific developments of domestic scientists. Among the researchers of this issue, one can name the following scientists: V. Antonyuk, L. Beztelesna, V. Bliznyuk, D. Goddess, O. Grishnova [2], M. Dolishny, G. Yevtushenko, T. Kir\_yan, A. Kolot, T. Kostishina, V. Kutsenko, E. Libanova [8], V. Lisak, S. Mocherny, V. Onikienko, A. Pokrytan, V. Primak, E. Prushkovsky, L. Semiv, M. Semikina, M. Sokolik, I. Soroka, G. Tarasenko, S. Tyutyunnikova, A. Chukhno and others. The publications of these scientists provide a detailed description of human capital, highlighted its main components. The questions of influence of crisis manifestations on the human capital is the zone of respect O. Brintsevo, L. Galkiv, D. Melnichuk, N. Paraluti, T. Housechildt and in.

An analysis of the publications of these and other authors allows us to conclude that in the development of researchers there are several main aspects of analysis: the essence of human capital, its components, influence factors and the resulting effect. However, the issues of hidden barriers and latent effects on the path of human capital development processes in the context of globalization remain only slightly affected.

**Setting objectives.** The purpose of the article is to characterize the main «traps» of the development of human capital in the context of glocalization.

**Presenting main material.** Human capital, as analysis shows [10; 12], is a complex phenomenon whose connotations have two main accents – economic and sociological. These accents initially determine its essence and pay attention to the key institutional aspects of its analysis.

To understand the «traps» that are constructed in society in the process of development of human capital, it is necessary to turn to the conceptual foundations of each of these aspects. So, T. Schulz argued that «the concept of capital stems from the presence of something really existing that has the economic ability to provide services in the future that have a certain cost...» [20, p. 48]. J. Kendrick defined the category «capital» as «the ability for a certain period of time to create a product and income, including non-market forms of income» [4, p. 31]. Such definitions can be found of many economists.

It is evident in the analysis of the economic connotation of the human capital is an emphasis on economic benefits, which can be considered both on a micro- and

macro-scale. In the first case, we are talking about micro-subjects of economic activity (individuals), and in the second, macro-subjects. In the macroeconomic aspect, the human capital is seen as an element of national bugging.

Studies of the impact of human capital on national wealth have shown that in the 20th century, the accumulation of human capital outstripped the rate of accumulation of physical capital. Thanks to this fact investments in people began to be regarded as a source of economic growth, and no less important than «ordinary» investments.

However, the economic effects of the development of human capital are always social. That is why Becker believed that human capital is everyone's stock of knowledge, skills, motivation [16; 17]. Investments in it can be education, the accumulation of production experience, health protection, geographical mobility, information search.

Coexistence in the concept of human capital of economic and social aspects is reflected in the parameters of its measurement. That is why a broader integrated indicator of human capital assessment is a human development index.

Human Development Index (HDI, until 2013 «Human potential Development Index») – an integral indicator which calculated to measure living standards, literacy, education and longevity as the main characteristics of the human potential of a given territory.

Even at first glance, the fact of the inextricability of the economic and social components of human capital is obvious. It's allows us to assume the existence of «traps» in the development of human capital of three types: economic, social and mixed. In favor of the latter are says the classical works of scientists. So, in his work «The Production of Human Capital and The Lifestyle of Earnings: Variations on a Theme» (1994) [19] J. Mincer estimated the contribution of education and the duration of labor activity to human capital. Based on US statistics of the 1980s, J. Mincer obtained the dependencies of human capital efficiency on the number of years of general education, professional training, and the age of the employee. In his work, there is a fairly obvious result: workers with higher education and higher qualifications have higher incomes and a higher level of accumulation of human capital [19].

In general «3 types of indicators are taken into account when calculating the index of human development: life expectancy – estimates longevity; the level of literacy of the country's population (average number of years spent on training) and expected length of study; standard of living» [18]. Thus, by measuring the human development index through these indicators, scientists focus on direct and indirect economic indicators and educational parameters. In the context of our study, this also draws attention to potential zones of «traps» in the development of human capital. However, an important point in the scientific study of these aspects is its factor determination.

Human capital is a phenomenon that is influenced by culture, education, and state politics. In addition, «if there are institutional changes in the country, then the whole socio-political system changes, the thread of traditions breaks, the usual way of life is destroyed, the conditions of cultural and social reproduction change» [9, p. 58], it directly contributes to the destabilization of human capital development processes and the formation of «traps» in this area.

A thorough analysis in this direction is presented in the monograph of Ukrainian scientists «Human Development in Ukraine: Minimizing Social Risks» [8]. Its authors emphasize that the social realities of today are characterized by increased risks associated with economic downturns, demographics, political crises and the imperfection of management decisions. These risks do not bypass any social group and affect the overall level of human development.

Thus, human capital at substantive, structural and factor levels is seen as the unity of economic and social parameters that determine the leading areas of our search for «traps» in its development.

In economic aspect, first of all, we can talk about structural and professional imbalances, asymmetries, institutional «traps», which are most often relevant for countries, where the education sector develops autonomously from the manufacturer, and the benefits of citizens differ significantly from the requirements of the labor market.

Very relevant in this perspective is the «trap» of low salary. It disproves the widespread claim that earnings correlate with educational level. «The number of economically inactive people with higher education aged 15–70 years in 2018 in Ukraine amounted to 3.6 million people, every third of whom fulfilled their household duties. A large part of the above category of people were unemployed persons of working age who stopped their active job search because they lost hope of finding it (desperate), and those who did not know where and how to look for a job and were convinced of the lack of required work. Thus, the level of economic inactivity of persons aged 15–70 years with full higher, basic higher and incomplete higher education during 2014–2019 was in the range of 21.8–23.6%; 42.0–47.7% and 31.6–32.9% respectively. In the favorable conditions these individuals could realize their educational potential in the labor market» [3].

After obtaining a visa-free regime, qualified Ukrainian specialists have the opportunity to get a high-paying job in the EU countries. This is due to the fact that in the OECD countries, adults with higher education can count on incomes that are 46% higher than the incomes of adults with secondary education. The OECD average is 57%. Salaries of people with master's or doctoral degrees in Latvia are 64% higher than those with secondary education. In turn, in the OECD average, the difference between the salaries of masters or doctoral students and those with secondary education is 91% [15].

Moreover, in the EU, the unemployment rate for people with low levels of education in 2018 was 12.5%, and for people with higher education – 3.9%. The gap in unemployment rates for these two education levels in the EU has widened from 2002 to 2018 from 5.8 percentage points (pp) to 8.6 pp. Among the EU Member States, this gap was particularly noticeable in 2018 in Slovakia (24.8 pp), Lithuania (16.4 pp) and Latvia (13.3 pp), while the gap was the narrowest in Cyprus and Portugal (both 2.2 pp)» [15].

Thus, the «trap» of wages is one of those that, with the positive tendencies of Ukraine's integration into Europe, reduce the country's human capital.

The «trap» of low pay in Ukraine, in turn, determines the «trap» of low motivation. Low motivation does not contribute to further vocational training or retraining, but this is due to objective reasons. First, new professions are emerging, most of which did not exist 50 years ago. «According to the World Bank's Skills for Contemporary Ukraine survey, almost 70% of firms surveyed confirmed that graduates of general (including higher) and vocational education did not have practical skills or current knowledge; more than 58% reported lack of types and levels of skills required by employers; 55% – actual knowledge» [14].

Secondly, the time lag for changing technologies and radical technological changes in social production is reduced, which also requires the adaptation of a person to new conditions and correspondence to his new professions.

Third is the excessive demand for «easy» higher education. Globalization processes have taken the higher education monopoly on knowledge. It is no longer regarded as expert knowledge today. Therefore, having a higher education does not mean high qualification.

As a consequence of the above traps, there is a risk of loss of higher education as a tool of investing in human capital and increasing of individual competitiveness.

Such a symbiosis of factors contributes to the production of low-quality human capital, which becomes a risk factor for both individual and socio-economic development of the state.

Another group of «traps» in the formation and development of human capital is linked to inequality in society. Lines of inequality are quite diverse, but in the context of considering the «traps» of human capital development, an important marker is the standard of living of the population. And here we can talk about the phenomenon of poverty.

It is well known that poverty is «a characteristic of the economic situation of an individual or a social group, in which they cannot satisfy a certain range of minimum needs necessary for life, preservation of working ability, and procreation» [13]. On the one hand, such a broad definition already contains «traps» for using it in practice. After all, this raises the question of the nature and extent of minimum needs, as well as in understanding the category of «life». One thing is obvious – many sectors of the vital activity of social entities fit into these broad and relative categories for use. One

of them is educational strategies, which are considered today as a social «elevator» with all its «breakdowns» and «stops».

For example, in Ukraine poverty very often indicates sufficiently educated and qualified employee. This situation is explained by the low cost of labor. The salaries of the majority of employees do not perform stimulating, motivational or reproductive functions. «In Ukraine as a whole, the share of wages in the income of the population is about 40%, while in some regions it is barely reaching 30%. In October 2018, the average salary of full-time employees in Ukraine amounted to UAH 9218, which is 2.2 times the actual subsistence minimum in October 2018, calculated by the Ministry of Social Policy for able-bodied persons, including the amount of mandatory payments, and 2.5 times the minimum wage (3723 UAH). In Ukraine, there remains a significant proportion of workers whose monthly wages do not exceed the statutory minimum level. Thus, in December 2017, 6.6% of employees received wages up to 3200 UAH, 20.7% – in the amount of 3200 to 4000 UAH (the minimum wage during this period was 3200 UAH, the actual living wage for employees – 3189 UAH – *authors' note*). The minimum wage was practically coincided with the actual subsistence level [11].

Thus, one of the manifestations of the «trap» of inequality is poverty, which, given the level of wages, also applies to highly skilled workers.

Another manifestation of the «trap» of inequality in the development of human capital in Ukraine is qualifying inflation. «When many people with diplomas appear in an area where higher education is unnecessary, the employer starts raising rates. The education of a potential employee is depreciated. They were required additional degrees or diplomas» [9, p. 60]. As a result, finding a job becomes more difficult. R. Collins said in his study, «Mass education as a victim of technological development»: «... a waiter or a bartender with a college degree is quite commonplace, isn't it?» Seventy years ago, no one in the United States could have thought this possible. Today, there are so many people with diplomas that a solid restaurant or bar can afford to say that we will not even consider those who have no college education...» [6].

As a result, this «trap» of human capital development is manifested in the fact that increasing the overall level of education and increasing the number of years of education lead to more competition for jobs and their overall under-supply for differentiated levels of education. Thus more and more people receive higher levels of education, qualification requirements also increase.

As in the case of human capital in general, in the analysis of the «traps» of poverty attention should be paid to the factors influencing it. This can be key to identifying these types of «traps» and overcoming them.

As the researchers note, «poverty is the result of diverse and interrelated causes that are grouped into the following groups:

- economic (unemployment, low wages, low labor productivity, uncompetitiveness of the industry),
- socio-medical (disability, old age, high incidence),
- demographic (single-parent families, a large number of dependents in the family),
- socio-economic (low level of social guarantees),
- educational qualifications (low level of education, insufficient professional training),
- political (military conflicts, forced migration),
- regional-geographical (uneven development of regions)» [1, p. 10].

Obviously, education in this interpretation is considered as a possible cause of poverty. And here one of the «traps» arises, since analytical reports often mention poverty as a limiter of access to quality education, and, therefore, a determinant of its low level.

Without a doubt, education, and especially high-quality education, is the value of any society, however, active discussions are still ongoing about the essence of this phenomenon. It is recognized that quality education is a category that inherently reflects various aspects of the educational process – philosophical, social, pedagogical, political and legal, demographic, economic, etc. This concept integrates the properties and characteristics of the educational process and their results that satisfy educational needs all subjects – from society as a whole – to the individual.

For us this may mean first of all the relativity of the use of the categories «quality education» and «poverty» in combination with each other, as well as the recognition of the fact of their mutual determination. The recognition of such a fact, in our opinion, is fundamentally important from both a theoretical and a practical point of view. Indeed, often the programmatic provisions of access to quality education turn into slogans because of a lack of understanding of the requirements for meeting the conditions of quality education. Here we are talking about the material and technical side, and about the general cultural, worldview, social, etc. After all, inclusion in a quality education implies a willingness to develop with it, which leads us to another «trap» of the problem under consideration – not only access is necessary, but also willingness (potential, compliance) to «be» in it. And here we should talk not only about formal indicators of poverty as limiters of access to quality education (although they cannot be ignored, they still play a serious role in solving this circle of problems), but also the state of consciousness of social actors, their attitudes and goals. After all, there are studies showing that it is precisely the lack of ambition of parents in relation to their children that can cause the rejection of high-quality educational practice [see, for example, 7]. Therefore, the problem of the impact of poverty on access to quality education can be considered as integrated with a number of other factors.



**Conclusion.** Thus, human capital is one of the effective and multifaceted tools for developing countries. The volume of social and human capital in a country is regarded as an indicator of the quality of life and sustainability of the economy. The analysis has shown that in the conceptual parameters of the essence, structure and functions of human capital there are two main emphases: economic and sociological. This allows to distinguish economic, social and mixed «traps» of human capital development. It is obvious that they are interconnected. That is why the issues of overcoming human capital development problems must be complex. Education plays in these processes an important role.

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