

# Formation of Compensation Mechanism of Regional Enterprises' Human Resources Regeneration in the Labor Potential Development System

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**Abstract.** The article substantiates the formation principles of administration bodies in implementation of compensation mechanism of human resources regeneration. It defines stages of the preparatory period of forming administration bodies of human resources regeneration with the primary units for training and exploitation of human resources, for which was designed the organizational structure of enterprise's personnel departments subdivisions. A model of a compensation mechanism for regeneration of human resources at enterprises was suggested.

**Key words:** human resources, compensation mechanism of enterprises' human resources regeneration, primary elements for training and exploitation of human resources.

## INTRODUCTION

Over the recent decades the domestic economy has sustained great losses in human resources. Without doubt, the most damage was done to various business enterprises that make up the foundation of the national economy in each region of Ukraine. The total of their loss in human resources makes up the national or oblast-scale loss in human resources. In this context, it is impossible to draw a line between human resources of individual enterprises and those of the entire country or territory. Loss in human resources might be caused by different reasons and have various effects on economy. On the one hand, loss in human resources is brought about by decline in manufacturing or even entire halt in business activity. The reasons included rupture of economic relations between ex-partners in soviet cooperation, loss of target markets for Ukrainian military industrial sector due to the policy of conversion, loss of resource base (both financial and that of raw

materials), and numerous other factors which have recently embraced the global financial and economic crisis.

## PROBLEM STATEMENT

Ukraine's entering the global environment implies aiming at the economic growth of the state, which is impossible without qualified personnel of specialists and workers at enterprises. This requires implementation of a mechanism for regeneration of human resources so as to compensate for the drain of human resources to other regions of Ukraine and abroad.

The issues of training professionals as challenging problems of education have recently drawn much attention in the framework of researching the structural components of human resources at enterprises and their strategic management [1, 2, 4, 7], in the context of personnel training for industry on the basis of higher educational institutions of university type [6], the problem of studying enterprise development [3], examining development tendencies and researching contemporary problems of forming domestic human resources [8, 9], and establishing new educational complex as means of providing comprehensive education [5]. In the context of researching the interrelation and mutual effects of the industry's needs and professional training, it is important to emphasize that the educational system makes up the basis of professional training, in other words, it is the foundation of professional training for industry, for forming and maintaining the human resources potential of enterprises.

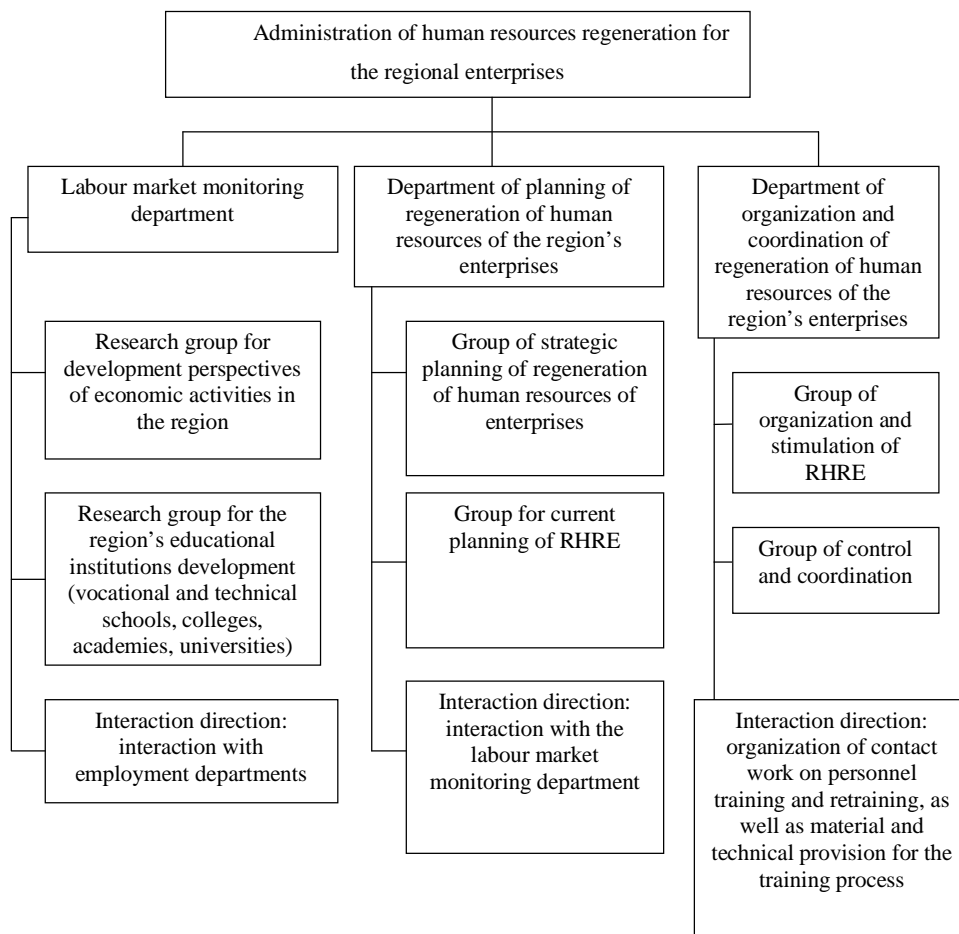
## RESULTS ACHIEVED

Research has shown that loss of human resources may be compensated by way of planned training of new generations of specialists with necessary professions, specializations and qualifications, as well as by inviting needed specialists from other regions or countries. However, the major direction of regeneration of human resources is training and retraining of specialists, which requires purposive cooperation of enterprises, institutions and organizations that commission educational services with educational institutions.

For the organization and optimization of the above mentioned cooperation process the involvement of national and regional authorities and administrative bodies is indispensable. In the process of controlling the regeneration of human resources, they constitute the center of strategic planning for the region's social and economic development, determine the priorities of development for individual types of economic activity – that is to say they are a kind of a signpost for the development of business activity, – and thus forecast the directions of professional training both for existing enterprises and enterprises that might appear and operate in the region in the future.

The structure of the regenerated human resources is significant both for enterprises, which need services of workers with certain professions, specialties and qualifications, and educational institutions, which are responsible for training these professionals. To settle the given problem, the efforts of enterprises or their associations only are not enough, not to mention those of educational institutions as they are not structural subdivisions of enterprises and don't have enough financial resources for their development. It is necessary to have a regional coordinating body, since regional government bodies have the capacity to take into account mutual interests of different manufacturers and coordinate training and retraining for them in different educational institutions. Such a coordinating role bears all the characteristics and functions of an administration process, i.e. planning, organization, control, coordination and stimulation.

It is suggested that the realization of the above mentioned management functions be performed by the Department of education and science of regional state administration, for which purpose we propose to establish Administration of human resources regeneration for the regional enterprises in its framework. The structure of such Administration can be represented in the following way (Fig. 1):



**Fig. 1.** Structure of human resources regeneration for the regional enterprises and directions of cooperation of structural subdivisions

To establish regional administration bodies for any type of activity, including regeneration of human resources, it is necessary to conduct preparatory work that will help to find out the aims and tasks of future structural subdivisions. These aims and tasks in their turn determine functions and methods that define the nature of staffing of the given administration bodies. It is also essential to specify the composition and amount of resources for implementing the administrative activity. Thus it is necessary to conduct a preparatory stage that will go before organizing administration bodies for regeneration of human resources. After the preparatory stage and organization of the administration bodies for regeneration of human resources, the process of regeneration itself will get to be implemented, for which purpose the administration bodies will perform planning, coordination and regulation of interaction of the primary sections of human resources training and exploitation.

To form administration bodies for implementing a compensatory mechanism of regeneration of human resources of enterprises, we have suggested carrying out preparatory period events in a couple of stages. The first stage involves determining aims and setting tasks concerning regeneration of human resources and content of professional training. Employers define requirements as to future professionals – employees of the enterprise, which will determine the selection of the professional educational institutions necessary for personnel training. At the second stage, the content and amount of resources needed to provide for regeneration of human resources are determined. The third stage is organizational and selective, this is when organizational aspects of selecting professionals by enterprises are established. At the fourth stage, the activity of state administration bodies is organized, administration subdivisions are formed and interaction of the primary units – employers and providers of regeneration of human resources for enterprises – is coordinated.

On completing the preparatory stage, the time comes for direct interaction of administration bodies for regeneration of human resources with the primary units of human resources training and exploitation. To increase the efficiency of the process, it is recommended to carry it out stage by stage too. Specifically, to balance needs and possibilities in the process of regeneration of human resources at the first stage, it is advisable to plan the composition of educational institutions (service providers) in accordance with the composition and structure of the human resources of enterprises (employers). At the second stage, resource provision should be planned. It determines composition and amount of financial, material and technical resources necessary for regeneration of human resources, as well as it is organized the financing of staff training. At the third stage, after implemented personnel training, specialists are selected by customers according to their

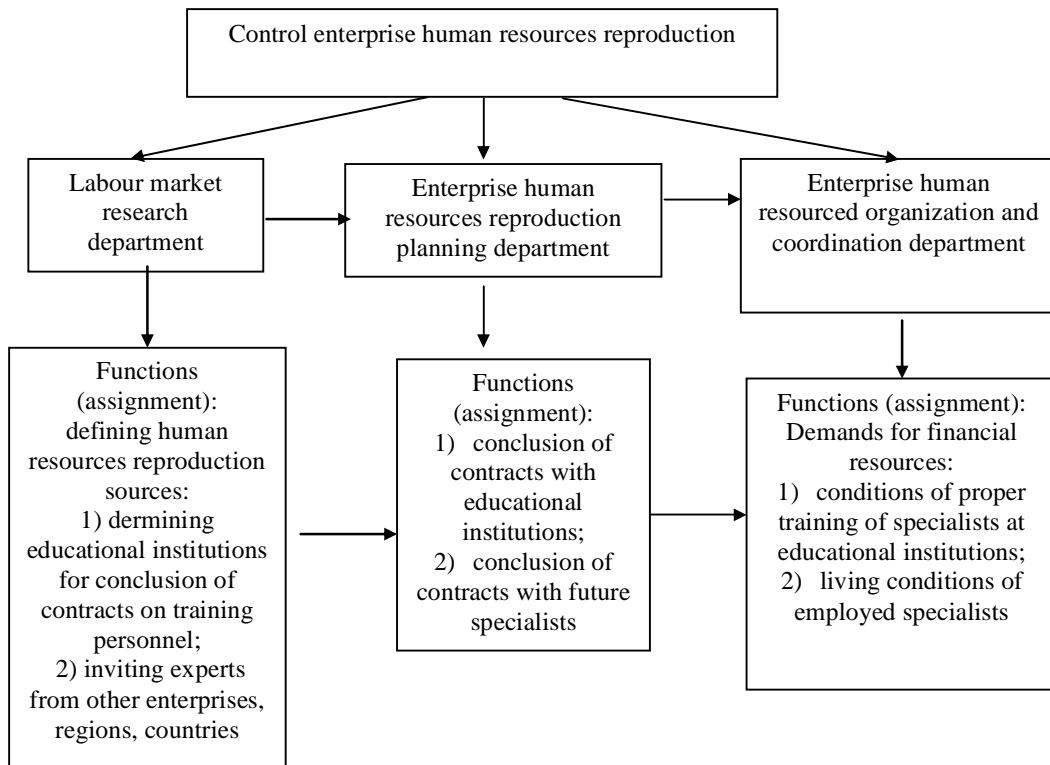
needs. The selection has to be performed due to specific requests of each enterprise and the features of domestic personnel training system must be taken into consideration. In addition the important aspect of selecting process realization is coordination of both sides customer and performer of the process of enterprises human resources reproduction.

Based on the tasks and functions of the enterprise personnel units which have to cooperate with educational institutions in the process of enterprises human resources reproduction, we can offer such composition for them. General name for personnel service in the modern conditions could be like this: control the reproduction of enterprise human resources. Talking about the departments of this service they could be called according to their functions. Thus labour market research department should have performed functions of determining the sources of renovating human resources, in particular: this is necessary to determine educational institutions with which they should conclude the contract of personnel training. In case of personnel training impossibility in the educational institutions known for the department, specialists who can be invited for work for the enterprise from other enterprises of regions, countries should be assigned. The enterprise human resources reproduction planning department should conform concrete conditions of the training of the certain amount of specialists with educational institutions, conclude contracts with them, conclude contracts with future specialists who will be invited for job after graduating or after other employers' contracts expiry. The objective of the enterprise human resourced organization and coordination department is to create background for proper personnel training at educational institutions, to create living conditions and providing specialists who are accepted to work at the enterprise.

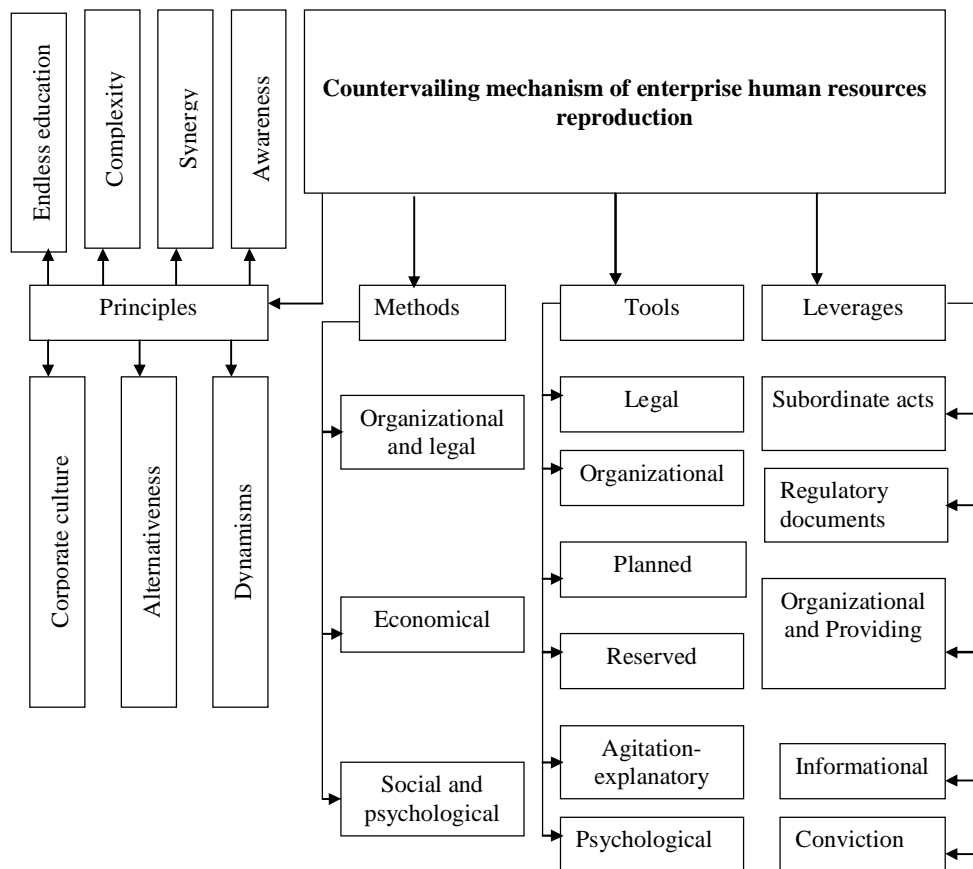
Graphically the composition of control units of enterprise human resources reproduction and their performed functions can be presented in this way (Fig. 2).

Summing up the domestic and world experience, we can offer the model of countervailing mechanism of human resources reproduction which may include principles, methods, tools and leverages.

Main principles: endless education, corporate culture, complexity, synergy, alternativeness, dynamisms, awareness. The principle of corporative culture is demonstrated via fast reaction on changes about conjuncture, prices, customers' likes, raw material characteristics, materials etc. The principle of endless education means the presence of continual employees' desire to improve their knowledge, skills by training, increasing their qualification. The principle of complexity connects all the functions of the mechanism, it provides systematic analysis conduction, planning and modeling all kinds of work concerning to the human resources reproduction. Thanks to the principle of synergy counter-



**Fig. 2.** the composition of control units of enterprise human resources reproduction and their functions  
 Source: personal elaboration



**Fig. 3.** Model of Countervailing mechanism of enterprise human resources reproduction  
 Source: personal elaboration

vailing mechanism of human resources acquires dynamic character, this principle gives the ability to establish general regularities of human resources reproduction. The principle of alternativeness gives the opportunity to choose, the one important thing is just to define the choice criteria and to estimate the alternatives taking into considerations incomes, expenses and time interval. The principle of dynamism amplifies mobility and efficiency in making managing decisions and performing all necessary procedures for enterprise human resources reproduction. The principle of awareness confirms the enterprise managers' desire to deal with problem of human resources reproduction [10].

The influence on the activity concerning to human resources reproduction at the enterprise, in the country and in the regions is realized by organizational and legal, economical, social and psychological methods.

Organizational and legal methods anticipate the forming of legal base and bunch of regulations concerning principles of interaction: 1-enterprises being customers of personnel training and retraining, 2-educational institutions being service performers of training services, 3-citizens being consumers of training services and being specialists they act like knowledge, skills carriers who are needed by certain enterprises. Except legal measures, this group is supposed to include organizational methods, in particular establishing proper educational institutions, also concerning changes in customer's composition, namely enterprises in the region. Economical methods are supposed to influence human resources reproduction by creating economic interest both customers (enterprises and citizens) and performers (educational institutions) of training services in development of educational and scientific system. Social and psychological methods are intended to form the proper social and psychological climate for the right

orientation firstly of citizens in their choice of socially needed occupations and specialties for the adequate estimation of their abilities concerning training for certain educational levels, obtaining the necessary for economy qualifications.

Model of countervailing mechanism presented on the figure 3.

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