

**Strategies, models and
technologies of economic
systems management in the
context of international
economic integration**

**Collective monograph
edited by Dr.oec. Prof. Maksym Bezpartochnyi,
Dr.oec. Prof. Viktoriia Riashchenko,
Dr.paed. Nina Linde**

Institute of Economics of the Latvian
Academy of Sciences (Riga, Latvia) 2020

Strategies, models and technologies of economic systems management in the context of international economic integration: collective monograph / edited by Dr.oec. Prof. Maksym Bezpartochnyi, Dr.oec. Prof. Viktoriia Riashchenko, Dr.paed. Nina Linde. – Riga: Institute of Economics of the Latvian Academy of Sciences, 2020. – 296 p.

The authors of the book have come to the conclusion that to improve the efficiency of managing economic systems it is necessary to use modern strategies, models and technologies. Basic research focuses on assessment of intellectual capital, economic security, social sustainability in tourism, the impact of the COVID-19 pandemic on different sectors of the economy. The research results have been implemented in the different models of controlling, management methodology, personnel management, and strategies for the efficient use of financial resources, development of transport logistics, a creative economy and the creation of startups. The results of the study can be used in decision-making at the level of international business, ministries and departments that regulate the processes development of economic systems, ensuring stability and efficiency. The results can also be used by students and young scientists in developing of strategies, models and technologies for economic systems management in the context of international economic integration.

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The collective monograph is approved for publication at the meeting of the Scientific Board of the Institute of Economics of the Latvian Academy of Sciences of 23th January 2020, *Minutes No. 2020/1*.

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ISBN 978-9984-774-27-5 (print)

ISBN 978-9984-774-28-2 (PDF)

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INTRODUCTION

The formation of international economic integration is significantly affected by modern global changes caused by the COVID-19 pandemic and various changes in the structure of world markets of goods and services, which requires the developing of new strategies, models and technologies for managing of economic systems. Ensuring the effective managing of economic systems in the conditions of modern global challenges is impossible without changing the methodology and the formation of a new concept for managing the activity of economic entities.

To ensure effective managing of economic systems in the context of international economic integration it is necessary to provide resources, introduce modern technologies and innovations in the economic process, formulate a strategy for the activities of economic entities in connection with changes in the external environment, and search of internal reserves for optimizing economic activities aimed at reducing operating costs and to developing directions for the development of economic systems in order to ensure competitiveness.

The purpose of writing this collective monograph is to justify the theoretical and methodological foundations of managing of economic systems in the context of international economic integration.

The object of the author's research was the process of formation and implementation of strategies, models and technologies for ensuring the effective functioning of economic entities in a turbulent market environment, changes in the conditions of economic activity, a decrease in the level of business activity and solvent demand, and restrictions by the government of countries.

The subject of the study was the organizational-economic mechanisms for ensuring the effective functioning and development of economic systems, increasing the competitiveness of economic entities in world markets for goods and services; the formation of a modern methodology for managing of economic systems; consideration of the practice for managing of economic systems using world experience in various sectors of the economy.

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**HUMAN
RESOURCES AS A
FUNDAMENTAL
BASIS OF
ENTERPRISE
PERSONNEL
MANAGEMENT**

Statement of the problem in general. Globalization transformations in all spheres of production and economic activity of the national economy require in-depth study of the importance of the human factor as the basis of enterprise competitiveness. Independence of thinking, self-organization, the ability to solve current problems and predict problems in the future, find a way out of unpredictable situations and many other characteristics that must be endowed with a modern manager of any area of the national economy.

Investment in an employee-manager, the development of his potential, the disclosure of his opportunities is an indisputable condition for economic growth. Man manages the socio-economic and organizational processes in the world. It is man who creates the economy and contributes to its development. In turn, the economy of a particular system, as a result of competent management of a person or group of persons, has an indirect impact on the living conditions and development of the subject of management.

The importance of quality management of the enterprise as a holistic system, and employees in particular, as one of the key resources is confirmed by the large number of publications on this issue. And repeated discussion in scientific circles. Thus, Robert Heller in his book “In search of European excellence” notes that “if three important aspects

(place, product and process) are improved, but employees do not behave properly, then everything can go to waste. Conversely, the effective actions of an individual employee can satisfy a dissatisfied customer, despite the shortcomings of three other aspects” [1].

Therefore, for the successful operation of an enterprise or organization in today’s market conditions with a focus on constant movement to increase competitiveness should be aimed at improving the efficiency of human resource management, ensuring employee competence, professionalism and self-development.

The problem of studying the essence of personnel management is based on the study of physical, mental, emotional potential of employees and its rational use in order to achieve commercial and social effect. At the same time, regardless of the sphere of activity and branch of the national economy, the manager must be endowed not only with executive functions, but also with organizational and creative abilities.

Analysis of recent research and publications. Issues of personnel management of the enterprise and the study of the efficiency of the use of labor resources of the enterprise are reflected in the works of such scientists as V.A. Rulieva, S.O. Hutkevich, T.L. Mostenskoi, I.R. Buzko, I.A. Hruzina, M.M. Novikovi, L.V. Balabanovoi, V.M. Daniuk, O.V. Krushelnytskoi, F.I. Hhmil and others. However, despite the significant scientific achievements, it remains to open some issues that require a comprehensive study of the categorical apparatus of personnel management and the factors of its effective functioning.

Formulation of the goals of the article. The purpose of the article is to study the categorical apparatus of personnel management, to determine the role of labor resources in the economic system of the enterprise.

Presentation of the main material. Effective personnel management is vital for the competitive operation of enterprises. Every year, the problem of personnel management began to be paid much more attention, which is a positive trend against the background of globalization. However, it should be noted that, as world practice shows, it is important to form a conscious employee starting from preschool education, to identify and distinguish managerial qualities, or the qualities of a highly productive performer. Only in this case, and businesses and communities and the state as a whole will achieve efficiency and development.

An important fact is that people often come to the business consciously, with certain goals and wait for the opportunity to achieve

them. The process of interaction between the organization and the employee is two-way, and employee satisfaction with this interaction is as necessary a condition for its continuation as the satisfaction of the organization [2].

The approach to “personnel management” as an independent professional activity in Ukraine was justified in the nineties, and at the end of this decade began the development of a new paradigm in management – human resource management.

The approach to “personnel management” as an independent professional activity in Ukraine was justified in the nineties, and at the end of this decade began the development of a new paradigm in management – human resource management. The reason for the rapid evolution of the importance of personnel work was a change in the role and place of personnel in the economic and production activities of the enterprise.

Table 2.1

Interpretation and approaches to the concept of “personnel management”

Author’s team	HR
V.A. Ruliev, S.O. Hutkevich, T.L. Mostenska [5].	it is a systematically organized process of reproduction and effective use of all personnel of the organization, aimed at achieving the goal.
Khramov V.O., Bovtruk A.P., [6].	part of the functional sphere of personnel management as the main mechanism of the organization.
Balabanova L.V., Stelmashenko O.V. [4].	as a specific area of management, the main object of which are people who belong to certain social groups, labor collectives.
Krushelnytska O.V., Melnychuk D.P., [7]	provides a systematic systematic impact through a system of interrelated organizational, economic and social measures aimed at creating conditions for normal development and use of labor potential at the enterprise level.
Daniuk V.M., Kolot A.M., Sukov H.S. [3].	it is a very complex and multifaceted process, which involves many different resources, including human, financial and material.

Based on the analysis of the scientific literature on the interpretation of the concept of personnel management, we believe that they are not

perfect, ie do not reflect the importance and diversity of socio-economic phenomenon, and therefore formulated their own definition of personnel management. Personnel management – a complex process that has in its structure subsystems and elements through which are formed, developed and analyzed organizational-economic and social measures aimed at forming and developing staff skills and their use to create and maintain competitive advantages.

Matrosov O.D., Diuzhev V.H., Matrosova V.O. believe that the set of goals, directions, forms and methods of personnel management is a system of personnel work, which, in turn, is represented by the following subsystems: subsystem of analysis, planning and forecasting of personnel; subsystem of selection, placement, evaluation and continuous training of personnel and subsystem of personnel use [8].

The encyclopedic dictionary notes that personnel policy is a general direction of personnel work, a set of principles, methods, forms of organizational mechanism for developing goals and objectives aimed at preserving and developing human resources, to create a responsible and highly productive team capable of responding in a timely manner. constantly changing market, taking into account the development of the organization [9].

The Ukrainian economy faces numerous challenges. Despite the rapid changes in the general world economic situation, even now the importance of labor is relevant and undeniable. However, it is important to restructure the institutional approaches to the formation of personnel policy of enterprises, taking into account their specifics. After all, the current principles, methods and approaches in Ukraine do not meet the needs and do not encourage effective personnel management of the enterprise.

The works of many scientists are devoted to the issues and problems of research of the essence of personnel management of enterprises. The functioning of agricultural enterprises has its own characteristics, and therefore the staff of such enterprises has its own specifics. Seasonality of production, availability of professional education, appropriate qualifications, opportunities for internships and advanced training are only a small part of the prerequisites for the effective functioning of the employee. However, all professions and areas of activity are now united by constructiveness and innovation in production.

In the Table 2.2 shows annotations of monographs of well-known Western scholars who have studied the main factors of personnel management efficiency.

Table 2.2

Annotations of monographs of famous western experts

Author	
Piters T., Uoterman R. [10; 11].	In search of effective management. After analyzing the management conditions in prosperous US companies, the authors concluded that the main factors of management effectiveness are the propensity of managers to decisive action, independence and entrepreneurial style, enhancing employee skills, dominance of corporate values, simplicity of organizational forms, organic combination of centralism and autonomy, close contact of the firm with the consumer.
Ouchi U., [12 c.98.]	“The American businessman’s response to the Japanese challenge”. Comparing the conditions of activity in Japanese and American economic organizations, the author introduces the concept of organizational theory, which is a conceptual expression of recognition of the decisive influence of management culture and style of labor relations on the effectiveness of management.
Pascal R. Etos E. [13, p.124]	“The Art of Japanese Management”. The authors have developed a model of effective management, the components of which are management style and skills, a combination of goals of different levels of leadership, strategy, structure and culture of management.
Nesbitt J. [14]	“Megatends”. The most important trends characterizing the transformation of the American economy from a production economy to a “service economy” are described. It is emphasized that in these conditions, the dominant principles of management are the expansion of the decentralization of leadership, the transfer of responsibility and independence to lower levels of government.
Blanchire Johnson S. [15]	D. “The best manager”. Behavioral aspects of management work are analyzed. Signs of optimistic personnel management are, according to the authors, the comparison of the nature of staff activities with the tasks, the organization of feedback from subordinates to the head, encouragement, incentives for high achievements.

Table 2.2 (continued)

Deal T., Kennedy 3. [16]	“Corporate culture”. The mechanism of transformation of moral values of collective into high indicators of efficiency of economic activity is analyzed.
Drucker P. [17; 18].	“Innovation and Entrepreneurship”. The nature of the innovation process and the role of the entrepreneurial factor in the successful implementation of innovation are analyzed. Leaders in these conditions require special efficiency of action, encouragement of innovators, the desire to identify the optimal "market niche" and gain a foothold in it, to quickly adjust the parameters of products in accordance with market requirements.

In his scientific works, K. Marx paid special attention to the employee in the system of industrial relations. He believed that “man’s ability to work – is the main productive force of society” [19]. However, any productive force requires sufficient resources to support life and development. Profitability and success of any enterprise is first of all success of the concrete person or collective, sometimes it is not one person, namely symbiosis of certain qualities of several people. However, it is important to reveal the potential and capabilities of a person in time, so that it would not be, as the saying goes: “He would be a good engineer if he did not become a bad doctor”. Ukraine has sufficient potential for productive forces, but this potential must be materially and morally stimulated and revealed. It is man, his capabilities, aspirations, national consciousness, professionalism and is the “engine” of the economy. It is important to understand that a person can be both a “driver” of the economy and its “brake”. Therefore, it is important not to form a society that slows down the economy, but a society, or rather a labor force responsible for the final results of its work. Unfortunately, most of Ukraine’s labor force now describes itself as a hired resource with forced alienated labor. The employee receives a salary that depends directly on the time spent at work or on the amount of work performed, ie the employee is usually not responsible for the end result. One employee works better (higher productivity), does more work, and as a result receives the same salary, or maybe lower, because no one has canceled the length of service. How in this case, young people without experience can strive to work effectively and efficiently.

As Filipenko A. aptly remarks: “Man, on the one hand, is not only

and not so much a consumer of economic resources as an active creator. It not only reproduces itself thanks to the world around it, but also creates the environment within accessible limits and forms, ie the noosphere, its own space. On the other hand, overcoming resource constraints is associated with the gradual cosmization of production, all economic activity” [20].

Well-known scientist L.I. Mykhailova aptly points out that the staff determines the level of development, success and forms the intellectual base of society [26]. One can only state that in modern conditions the staff should be creative, flexible and think independently. It is worth noting that no matter how professional and highly qualified the staff is, if they are inefficiently managed, the result of expectations will be negative. After all, even the best tool in the hands of a non-professional person will never work and will not achieve the expected potential result.

Personnel, as a resource of the enterprise, is not typical, not “ordinary” in the management system. The reason why employees are special is that the main element of the personnel management system is the person – the owner of the workforce, the owner of human potential. It is known that a person forms and uses his ability to work at different stages of the life cycle [21].

According to the definitions and terminology of the International Labor Organization (ILO), the economically active population according to the concept of labor is the population of both sexes aged 15-70, which for a certain period provides labor supply for the production of goods and services. The economically active include persons engaged in income-generating economic activities (employed) and the unemployed [22].

The concepts of human resource management and personnel management have their differences and features. So Doronina M.S., aptly noted that “the strategic aspect of human resource management involves the mandatory consideration of man as a carrier of certain unique knowledge, abilities, own intellectual (human) capital” [24].

According to the theory of human capital, two factors interact in production – physical capital (means of production) and human capital (acquired knowledge, skills, energy that can be used in the production of goods and services). People spend money not only on fleeting pleasure, but also on monetary and non-monetary income in the future. Investments are directed to human capital. These are the costs of maintaining health, education, costs associated with finding a job,

obtaining the necessary information, migration, training in the workplace. The value of human capital is estimated by the potential income it is able to give.

T.V. Schultz argued that human capital is a form of capital because it serves as a source of future earnings or future pleasures, or both. And he becomes human because he is an integral part of man.

According to the scientist, human resources are similar, on the one hand, to natural resources, and on the other – to material capital. Immediately after birth, man, like natural resources, has no effect. Only after proper “processing” a person acquires the qualities of capital. That is, with increasing costs to improve the quality of the workforce, labor as a primary factor is gradually transformed into human capital. T.V. Schultz is convinced that given the contribution of labor to production, human production capacity is higher than all other forms of wealth combined. The peculiarity of this capital, according to the scientist, is that regardless of the sources of formation (own, public or private) its use is controlled by the owners [23].

The term “labor” was used in the planned and centralized economy and in the present until 2002. Quantitatively, labor resources were identified with the labor force. Since 2002, due to the transition to international statistical and accounting standards, the term “economically active population” has been used instead. In the Table 2.3 analyzes the employed and unemployed population of Ukraine for 2015-2019.

The main definitions and concepts of economic activity of the population (Goskomstat) are developed according to ILO standards and recommendations, taking into account the national characteristics of the legislative and regulatory framework. Economically active population (the term “labor force” is used from 2019) – the entire population of the country aged 15-70 years is divided into three mutually exclusive and exhaustive categories: employed, unemployed, economically inactive (persons who are not part of the labor force). Persons who are not part of the labor force are persons aged 15 and older who do not belong to the employed or unemployed population. This category of the population according to the level of connection with the labor market can be classified as follows: persons who are looking for work, but are not ready to start it within the next two weeks (due to disability; due to studies (pupils, students); languages; others); want to work and are ready to start work, but do not look for work (for example, people who despaired of looking for work; did not know where and how to look for

work; believed that they did not have a suitable job, etc.); , who do not want to work because they do not have the need (retirees; students, full-time students; people who perform household chores, care for children, the sick; dependents and others).

Table 2.3

Employed and unemployed population of Ukraine in 2015-2019 *

Year	Employed population				Unemployed population (according to the ILO methodology)			
	at the age of 15-70 years		working age		at the age of 15-70 years		working age	
	on average, thousands of people	in% to the corresponding population age group	on average, thousands of people	in% to the corresponding population age group	on average, thousands of people	in% to the economically active population of the corresponding age group	on the average, thousand people	in% to the economically active population of the corresponding age group
2015	16443,2	56,7	15742,0	64,7	1654,7	9,1	1654,0	9,5
2016	16276,9	56,3	15626,1	64,2	1678,2	9,3	1677,5	9,7
2017	16156,4	56,1	15495,9	64,5	1698,0	9,5	1697,3	9,9
2018	16360,9	57,1	15718,6	66,1	1578,6	8,8	1577,6	9,1
2019	16578,3	43,7	14124	45,1	1487,7	8,7	1486,7	9,5

* Since 2015, without part of the temporarily occupied territories in Donetsk and Luhansk regions

In Ukraine, in the period 2010-2018, the employed population decreased at a threatening rate. Of course, there are many explanations for this: low wages, legal insecurity, institutional and legal inconsistencies, the shadow economy and wages, the lack of administrative or criminal penalties for employers (impunity) and many other reasons. In 2018, 16.4 million employed people aged 15-70 were registered (a positive trend compared to 2017). At the same time, the percentage of the unemployed population aged 15-70 should not exaggerate the percentage of unemployed in Ukraine, because we all understand that a significant proportion of them work in the shadows and are not officially employed.

The concept of “labor resources” is widely used in the domestic economic literature, which was first proposed by Academician Strumilin S.G. Labor resources are the part of the population that has physical

development, mental abilities and knowledge and is able to work in the national economy. It follows from this definition that labor resources include both real workers who are already employed in the economy and potential ones who are not employed but can work [26].

The real resources for labor (and this is recognized at the international level) are the economically active or able-bodied population. Thus, in general, in economics and management theory, in particular, uses a huge and sufficient number of terms that reflect the participation of people in social production: labor, labor, personnel, personnel, labor potential, human resources, human factor, human relations, and many others. Highlighting as the main object – a person, they reveal various aspects of personnel management and approaches to their implementation. Now the management paradigm is changing, as evidenced by the formation of strategic personnel management. Considering different approaches to determining human participation in economic activities, we propose to consider staff as a set of permanent, temporary and freelance workers who interact and perform certain functions that have the necessary physical development, knowledge, practical skills, appropriate qualifications for quality and timely execution of works and achievement of certain tactical and strategic goals of the organization.

Among the listed groups of staff a special place is occupied by management staff (managers, specialists and employees). This category plays a significant role in the company's activities.

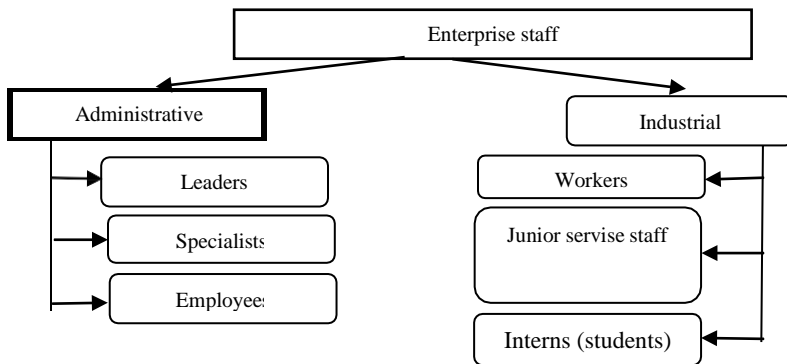


Figure 2.1 Personnel structure of the enterprise

We can identify certain features that distinguish management from production:

- work experience – managers (managers), as a rule, become more experienced members of the workforce. At the same time, there is a direct relationship between experience and the level of management at which the manager works;
- level of education – managers have a higher level of education than subordinates;
- creative and creative thinking;
- awareness – is a specific category that indicates the ability of the manager to be an expert not only in their field, but also to have some knowledge in related fields;
- high level of communications – about 80% of their working time managers spend on communications both inside and outside the organization.

Thus, it should be noted that the main disadvantages and reasons for inefficient personnel management are: weak focus on the image of employees of the enterprise; inadequate horizontal integration of critical management functions such as recruitment, evaluation, remuneration and staff development. The HR manager performs these functions outside of a single integrated approach to staff; insufficient involvement of line managers and employees in the development and implementation of strategic management development; inadequate assessment of success, which dampens the initiative of personnel specialists; ignoring changes in the value orientations of people, indifferent to the goals of different groups and the means to achieve them.

Scientists identify three main goals that determine human activity – material well-being, power, fame; creativity, knowledge; spiritual growth; a big miscalculation of the practice is the weak spread of personnel management, focused on perspective and integration, as well as providing self-development to its employees.

It should be noted that all these shortcomings are inherent in the practice of personnel management in agricultural enterprises of Ukraine, where personnel work is considered as a purely administrative and is limited to solving operational problems. This is due to the fact that human resources departments work according to the old methods, based on traditional structures of the planned economy. The transition to new market relations obliges the heads of the relevant services to get rid of hierarchical management, a rigid system of administrative action. We need a transformation of the priorities and values of the organization, the essence of which can be expressed “the main thing inside the organization – employees, and outside – consumers of products”.

Since the early 1990s, ie at the time of Ukraine's independence and the proclamation of its course to form a socially oriented market economy, the state has largely moved away from the role of organizer and coordinator of many social and economic processes in the agricultural sector [27]. Thus, labor market trends have had a negative impact on staff formation and support. Among such phenomena, first of all, we note: 1) deteriorating demographic situation, especially in rural areas; 2) the liberalization of prices in the 90s of the twentieth century led to a fall in the relative price of labor; 3) the unemployment rate has reached a significant level, and in many areas there is a negative practice of late payment of wages; 4) the general level of quality of work has sharply decreased. There is almost no system of retraining and advanced training of employees; 5) the collapse of the single national labor market associated with the free redistribution of personnel. The differentiation of the average wage in the regions and spheres of activity has sharply increased. Wages and incomes of the rural population have decreased significantly; 6) working conditions have deteriorated sharply. Work overtime without additional payment, meager average wages, and worsening social security conditions have become widespread.

In these difficult starting conditions, personnel formation is taking place in Ukraine, which will reach activity and maturity in a few decades.

The success of enterprises aimed at increasing the production of competitive products, ensuring food security and social policy in rural areas largely depends on the agricultural sector, the level of training and skills of managers and specialists employed in the agricultural sector.

The scientific approach to the study of personnel includes a comprehensive and objective analysis of complex, multi-structured education, characterized by quantitative and qualitative characteristics. However, in modern conditions, the importance of qualitative characteristics of staff, which have a strong impact on the socio-economic system (level of education, creativity and potential for multilateral development of workers, wealth, their health, common culture and morality, etc.).

Unfortunately, currently in Ukraine there is no clearly defined direction of growth of the role of providing the economy with highly qualified personnel. Low solvency, low wages (the lowest in Europe), "envelope" wages, the shadow economy, illegal employment (and as a result the overestimated number of unemployed in Ukraine, lack of adequate social protection) (imperfect employment legislation). As a result of many years of contempt for the employee, the concentration

and capitalization of means of labor and objects of labor in the hands of individuals, the ineffectiveness of the old legislative institutions in modern market conditions and the lack of timely reform. It should be noted that the efficiency of production in modern business conditions depends on the managerial qualities of business leaders and their willingness to invest in human resources. Of course, working conditions and appropriate modern equipment in symbiosis with a highly skilled workforce and its proper material incentives create a highly efficient national production.

An efficient and competitive market will be one that, using the best knowledge, skills and abilities of staff, will be able to create a single professional team of managers and ordinary employees. So the slogan “Personnel decides everything” is quite relevant today. Every year the vigilance of state institutions to the problem of development and formation of competent professionals increases (including the introduction or restoration of the foundations of dual education in Ukraine). After all, employers want to hire ready-made specialists who have the appropriate skills in the relevant field or field. It is worth at least analyzing the employment of graduates of higher education institutions in the specialty. Or read or hear feedback from employers about the “quality” of the workforce after graduation and about how much money is spent on “modern retraining”.

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**FEATURES OF
FORMATION
AND
DIRECTIONS
OF USE THE
FINANCIAL
RESOURCES
OF INSURANCE
COMPANIES IN
UKRAINE:
THEORETICAL
ASPECT**

In today's conditions through the prism of reforming are taking place considerable changes in both banking and para-banking institutions. Given the purposeful European vector of Ukraine regarding further changes in the insurance market we consider it appropriate to consider in more detail the specifics of its activities. Among para-banking institutions, insurers are the key intermediaries for the effective ensure