

SCTMG 2020**International Scientific Conference «Social and Cultural Transformations in the
Context of Modern Globalism»****FORMATION AND DEVELOPMENT OF HUMAN POTENTIAL
FOR SERVICE SECTOR: GLOBALIZATION ASPECT**

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Abstract

The article defines the concept of human potential. The most important components of the development of human potential are highlighted, among which: demographic, educational, labor, competitive, innovative components. The state and structure of the formation and development of human potential are considered. The authors made a terminological distinction between the categories of human potential and related terms, and determined their relationship. The article gives the author's vision of the concept of human potential as a system of socio-economic relations between people in the process of strengthening, mobilizing, improving and realizing their abilities, accumulated funds, stocks of their capabilities under certain institutional conditions of the socio-economic environment. The authors identified key factors that influence the formation of human potential in the context of globalization in the primary, secondary and tertiary sectors. The analysis of the dynamics of changes in the human development index for the countries of the world is given, a significant gap between the countries with the highest index and the lowest values of this index is revealed. The authors traced a close relationship between the level of socio-economic development of countries and the degree of development of the service sector. Under the conditions of globalization, defining trends in the development of human capital in the service sector are identified, namely: the strengthening of the role of "creative man" as opposed to "economic man". The authors substantiate the need to enhance the human potential management system through the prism of comprehensive support for the development of the service sector.

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Keywords: Human potential, human development index, service sector, human potential management, globalization.



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1. Introduction

Modern world development is characterized by a radical transformation of society, the main features of which must include: technological and information revolution, the transition to a knowledge economy, uneven development of countries, the destruction of hierarchical and approval of network structures, human self-identification. In the context of the aggravation of international challenges and contradictions in the world economy, significant changes are taking place in the formation and development of human potential. In particular, on the one hand, the division of labor is deepening, scientific and technological progress is intensifying, the role of the service sector is becoming more active, and on the other, strengthening of national interdependencies and uneven development of the world economy regions leads to increased competition, instability and social conflicts. Human development is both the main goal and the necessary condition for the progress of modern society. This is today, and in the long run, an absolute national priority.

2. Problem Statement

The need for scientific substantiation of new directions in the formation of human potential is due to the contradictory and complex nature of transformation processes, which is determined by imbalances in the labor market, differentiation in the standard of living of the population, as well as development trends in the service sector as a key sector of developed national economies.

There is a persistent problem of confusing terminology in the field of determining a person's place in economic relations. Often, the terms are interpreted inaccurately, not only in the scientific works of individual authors, but also in official regulatory documents. This actualizes the study of the theoretical foundations of the essence of human potential, clarification of its structure to develop effective mechanisms to stimulate its development, including in the service sector as the dominant sector of a developed national economy.

3. Research Questions

The main criterion for the socio-economic progress of society is achievement in the field of human development, the realization of its potential. Ideas for the development of human potential are relevant worldwide. This problem is multi-vector and representatives of not only economic, but also other related sciences – management, sociology, psychology and other – are turning to its solution. The main task of studying the formation and development of human potential, on the one hand, is to create the conditions for the most efficient use of human community resources; on the other, the need to create conditions for the most complete self-realization of a person in the process of consumption of various resources and benefits (Mityagina & Bushkova-Shiklina, 2010).

4. Purpose of the Study

The aim of the work is to study the problems of the formation and development of the human potential of the service sector in the context of globalization.

5. Research Methods

When carrying out the study, the authors used methods of analysis and synthesis, scientific abstraction, analogy. The methodological basis of the study was the fundamental principles of economic theory, interdisciplinary concepts of human development, applied research on the human development index and the service sector.

6. Findings

The works of modern scientists are dominated by studies of human potential, characteristics and structures of human potential, as well as the management of the processes of effective use of human potential at the level of the national economy. In order to more fully and deeply consider the concept of "human potential", it is necessary to make a terminological distinction between this concept and related categories, namely: "labor", "human factor", "human resources", "human capital", "labor potential."

The scientific problem of distinguishing between these concepts and categories has theoretical and applied aspects. The theoretical aspect is associated with a loss of clarity of the conceptual apparatus when using terms as synonymous, in fact, when they are identified. The applied aspect of the problem is related to the possibility of evaluation when clarifying the content of concepts.

The dialectical method of knowing the place and role of man in the socio-economic system of society leads us to conclude that at the stage of development of an objective information-intellectual economy, the basis for the formation of a strategy for managing human resources and their potential is the concept that determines that human capital is the highest form of wealth society, providing for a system of socio-economic, organizational, political and other measures to overcome contradictions, firstly, directly in labor and the forms of its organization and, secondly, in eliminating the alienation of the employee from the means of labor and its results. Human capital is considered as a set of human qualities that generate income.

Also, according to many economists, human capital is identical to the concept of "labor force", and includes a combination of knowledge, skills, social values that contribute to profitability for both the person himself and for the enterprise and society as a whole. Labor potential is a part of a person's potential, which is formed on the basis of natural data, education, upbringing, life experience, this is an employee's ability to realize himself (as a person and the main productive force) in labor activity.

Human resources can potentially become capital in the case when they will bring real income and create wealth, that is, if a person has the opportunity to engage in social production by organizing his own activities or selling his labor to a tenant (private, collective, state). It is on this basis that it is advisable to use your own skills, knowledge, physical abilities and energy.

The content of the concept of "human factor", regardless of the field of activity, remains unchanged: these are the potential capabilities of a person (intellectual, motivational, personal and others), which under certain conditions become real. This also confirms the allocation of a potential component in labor market theory.

The initial key thesis in the already classical theory of human capital was its understanding as a combination of human knowledge, skills and abilities, the acquisition costs of which should be paid off in

the form of income from labor activity (Becker, 1962; Schulz, 1960). Armstrong (2004) in his writings saw the inextricable unity of human, social and organizational capital.

Modern scientists are increasingly exploring the category of human capital management. It should be noted that the researchers could not come to a common understanding of this category (Alika & Aibieyi, 2014). For example, human capital management is defined as the coordination between the enormous potential provided by people with a mission and the strategic goals of the business in order to maximize their value to stakeholders (Fine, 2015).

Despite certain differences in existing theoretical approaches, it is advisable to interpret human potential as a category that characterizes the system of socio-economic relations between people in the process of strengthening, mobilizing, improving and realizing their abilities, accumulated funds, stocks of their various capabilities under certain institutional conditions of socio-economic environment in order to achieve certain goals.

The formation and further development of human capital is a systematic and continuous process of unity of the biological inclinations of personality traits and the influence of the external environment in the form of education, self-education and self-development, labor activity, advanced training and other investments in all kinds of human skills. Regardless of application, education and training should be the most important investment in human capital (Becker, 1993).

In the process of building human potential, such factors as health, education, creativity and innovative activity, demographic aspects, work experience, values, skills and qualifications, socio-communicative factors, the state and possibilities of migration, etc. play the decisive role. The level and availability of these factors and determines human potential.

It is advisable to identify some features of the formation and development of human potential in various areas of the national economy. In the primary and secondary sectors, it is much easier to measure and evaluate. For example, in the mining industry, it is closely related to physical strength and the amount of coal mined per day. The human potential in the tertiary sector is oriented towards the knowledge economy. Skills and qualities are often more difficult to measure in relation to the result due to the subjectivity of assessing the quality of the service. For example, the human potential of a teacher cannot be measured only by a university diploma. The best lecturers may lack some important pedagogical skills—the ability to interest, the ability to inspire and guide.

It should also be noted that the development of human potential is due to environmental conditions, which, in turn, characterizes human potential as a kind of aggregated form of explicit and hidden abilities of the population. Thus, it is human potential that becomes an indicator of the development opportunities of its citizens in socio-economic, natural-geographical, environmental, demographic and political conditions.

Human potential involves a numerical assessment that takes into account the economic and social efficiency of countries, the level of well-being of the population (Kravchenko, 2018). One of the most respected among various world rankings is the Human Development Index (HDI). This is a standard tool for a general comparison of the living standards of different countries and regions of the world. Until 2013, it was called the Human Potential Development Index. Annually, this index is calculated by experts

of the United Nations Development Program together with a group of independent international experts for cross-country comparisons of the main characteristics of human potential.

Table 01. The human capital index (HCI), 2018

№	Country	HCI
1	Singapore	0.88
2	Korea, Rep	0.84
3	Japan	0.84
4	Hong Kong SAR, China	0.82
5	Finland	0.81
6	Ireland	0.81
7	Australia	0.80
8	Sweden	0.80
9	Netherlands	0.80
10	Canada	0.80

153	Liberia	0.32
154	Mali	0.32
155	Niger	0.32
156	South Sudan	0.30
157	Chad	0.29

Source: The World Development Report (WDR) 2019.

An analysis of World Bank data reveals the countries with the highest human development index: Singapore, Korea, Japan, Hong Kong SAR, China, Finland etc (Table 01). It is also important to note the significant gap between the countries with the highest index and the lowest values of this index (the poorest countries in Africa). There is a significant gap between the countries in the first and last five. One cannot ignore some methodological and conceptual contradictions in such an assessment. The system of indicators for assessing the quality of human potential as a complex indicator of the level of socio-economic development, especially its formation and development in service sector organizations, is also at the stage of change.

The globalization of the world economy, production, scientific and cultural relations has turned the service sector into one of the leading and most dynamically developing sectors of the world economy. The relevance of the solution, the severity and complexity of these problems necessitate the development of a new methodology and methodology for studying the processes of formation, distribution, use and stimulation of human potential in the context of promising tasks in the development of the service sector in the context of globalization.

The methodological problems of the functioning of the services market are gaining scope and focus, corresponding to the economic and social role of the tertiary sector in modern society. The ambiguity of the fundamental categories and the breadth of the set of objects under study give rise to a contradictory assessment of the importance of transforming the service sector towards a post-industrial society.

Speaking of expanding the scope of services in quantitative terms, one should note the growth in the volume of traditional services, increasing their accessibility and expanding the range of services

provided. For example, in the developed countries of the world in the service sector more than 60 % of the total working population is concentrated. Service enterprises provide a significant portion of global GDP – more than 70 %. Thus, the tertiary sector is becoming the main object for the employment of the population, and therefore a source of human development. It should be noted that the service sector is very heterogeneous, and the multiplicity of characteristics of the service sector is supported by a significant differentiation of the legal forms of its subjects.

The management of the organization of the services sector today should be problem-oriented and rely on the management of not so much resources as its potential. To select methodological solutions in the service sector, one should consider and evaluate the content and directions of human potential development from the standpoint of creating the maximum useful utility of the formed human potential for society, the region, the organization, and the individual. Human capital management allows employees to increase the productivity and competitiveness of organizations by identifying it and optimizing implementation (Mukhalipi, 2018). To solve the problems of developing human potential in the service sector, strategic management of human potential in the modern globalized world is necessary. In our opinion, the following are the main trends and patterns in the development of human capital in the services sector in the context of globalization:

1) The shift in emphasis from “economic man” to “creative and social man”. The role of the tertiary sector is deepening, which means that factors and sources of the formation of human potential are changing. In developed countries, the share of services in the fields of education, science, culture in total expenses is growing at a faster pace.

2) Activation of innovative and innovative components of human potential. With the development of the knowledge economy based on the application of innovation, the role of innovative labor in the service sector and creativity is increasing.

3) Strengthening the role of the quality of education and research in the development and strengthening of the competitive positions of states. In modern conditions, a global infrastructure of science and lifelong education is being formed. There is a homonization of education, i.e., the desire for common standards, parameters, requirements and norms.

4) Increasing the impact of information technology on the formation and development of human capital in the service sector. Under the conditions of global challenges and threats, a new model of working life is being formed (new employment models in the labor market), transformation and creation of a virtual labor market.

5) Global transformations activate migration processes, they intensify, labor in the service sector becomes highly mobile. The outflow of intellectual capital is growing.

Modern labor migration is an objective and multifaceted phenomenon that has acquired a global character. The impact of migration on the dynamics of the use of human potential in research is assessed differently. Thus, it is noted that highly skilled workforce mainly has a positive effect on economic growth, and the widespread involvement of low-skilled foreigners leads to a decrease in labor productivity. However, in the face of a shortage of labor and a lack of influx of foreign workers, production may be significantly reduced. Among the arguments against migration are more often cited: a negative impact on employment and an increase in the burden on the social security system.

Sources of potential development must be sought not only in the external environment, but also within the organization. Often, staff with an appropriate motivation policy, improvement of communication and coordination ties gives a greater impetus to the development of the organization than attracting personnel from outside or dumping competitors (Mezhueva, 2013). The total level of human potential of the organization is not calculated as the sum of the human potential of individual employees, measured at the individual level, but includes the quality of interaction, that is, the social potential of the organization. The goal of the strategic management of human potential is to stimulate the processes of its self-organization on the basis of increasing the supply of physical and moral health, general cultural and professional competence, social activity, implemented in various fields of activity related to labor, level and structure of consumption. In the process of strategic planning of the activity of the organization of the service sector, it is envisaged to coordinate the action of factors of human potential and the environment for its implementation, assessed from the position of the social potential of the service market.

7. Conclusion

The formation and development of human potential is simultaneously a source of the quality of life of an individual, the national economy and an element of the global economy. Orientation of socio-economic systems to ensure sustainable development poses the problem of developing such a concept, which would be based on the principles of efficiency, realism and practicality. The concept of human development, its measurement and classification are closely related to new concepts of business management, the service sector.

In the conditions of development of market relations, the development of human potential should be stimulated by endowing it with the ability to accumulate ways, methods and forms of interaction; their evolutionary enrichment and renewal; the search for new relationships based on self-organization; aiming a person to create an atmosphere of innovation, creativity, adaptation, contributing to the disclosure of talents and abilities. Global challenges of socio-economic development determine the need to manage human potential at the level of organization of the service sector. A global aim is the formation of mobile workers, capable of self-realization in work; professionals of a high level of competence and responsibility. The competent and rational use of the potential of health, knowledge, skills and intellectual abilities, as well as personal characteristics of a person makes it possible to increase the rate of economic growth and improve the quality of life. Therefore, in the system of state regulation of many countries, priority is social policy—education, health care and social protection programs. In modern conditions, the formation of a retraining system for employees based on the results of forecasting market changes in the services sector taking into account strategic guidelines for structural changes in the economy is also a priority. In the framework of ensuring the institutional environment, it is necessary to improve the system of state regulation, in particular, to simplify the scheme of providing public services to citizens and businesses. The solution of these problems is possible only if the system determines the goals and objectives of the state for human development based on the principles of decent work, the priorities of the agreed industrial, investment, tax, social, educational, scientific, demographic, environmental policies.

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