

PEDTR 2019**18th International Scientific Conference “Problems of Enterprise Development:
Theory and Practice”****CONCEPT OF HUMAN CAPITAL IN THE HR-MANAGEMENT
STRATEGY AND TRANSITIVE ECONOMY**

S. V. Sharokhina (a)*, O. E. Pudovkina (b)

*Corresponding author

(a) Syzran Branch of Samara State University of Economics, 446000, Lydinovskaya Str., 23, Syzran, Russia,
sharokhinatv@gmail.com

(b) Syzran Branch of Samara State University of Economics, 446000, Lydinovskaya Str., 23, Syzran, Russia,
olechkasgeu@mail.ru

Abstract

The article is devoted to theoretical and methodological aspects of the "human capital" concept, the essence and structure of its elements, the strategy of HR-management at various levels of economic entities in the conditions of the economy transformation. The category of "human capital" is considered from two sides. First, it is characterized by the amount of human resources in the form of human potential necessary for the production of goods. Secondly, it is characterized by a system of relations about the reproduction of human resources in a certain socio-economic form. The HR-management strategy should be aimed at bringing into action the entire system of HR-management relations, taking into account factors of internal and external environment, since human capital is a socio-economic form of the product value manifestation, labor force in the labor market under conditions of information and intellectual economy. The authors consider the following compliances as major patterns of strategic HR-management in the transitive economy: compliance of management principles, forms and methods with objective requirements of the social development laws; compliance of a managing system with a managed one; compliance of needs and capabilities with results and goals of participants of social production; compliance between social and economic efficiency (as an integral result of managing and managed systems functioning, expressed in the human development index, in the formation of "human wealth"). The improvement and all-round development of human resources acquire today a great value, forming human wealth and being an object of strategic influence by the managing subsystem.

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Keywords: Human capital, human resources, business entity, strategy, management, social production.



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1. Introduction

The relevance of the research topic is determined by the change in the human place and role in the management strategy of social production, the consideration of an individual as a producer and consumer in the center of the socio-economic system. Only taking into account interests of different parts, interaction of individual workers, state bodies and the society as a whole, investments in human capital can become a significant development factor at all levels of their implementation. This is an important precondition that can be seen on example of a comparison of individual national economies that use different quality factors for ensuring their economic growth. Its measure is a universal composite indicator – the human development index (HDI) (Dementiev & Lesnetskaya, 2016). In the last century, the share of physical capital in the gross domestic product in our country economy has fallen sharply, and the share of human capital has increased. This increase in the impact of human capital on gross domestic product created a concept of knowledge economy (Pasban & Nojedeh, 2016), contributed to the development of models for human capital knowledge management (Cahyaningsih, Sensuse, Arymurthy, & Wibowo, 2017).

There is an objective need for a theoretical search for effective directions of human resources management strategy as a structural link in the system of management relations – human resources management. The development of a system for human resource relations management in the enterprise occurs through the following stages. First, we divide both physical and mental labor into separate units, sections, etc. in order to increase the labor productivity directly in both the production and management process. Increasing specialization of direct managerial work is accompanied by the appearance of managers of upper, middle and lower levels of production, sales, personnel work departments, etc., who sometimes combine functional and linear duties. Second, special attention is paid to the human factor in the production itself – the involvement of manual workers together with managers to manage production and technological processes, using methods and tools of various properties: organizational, communicative, stimulating, motivational, etc. Third, this system is realized through investing in certain activities in order to develop and improve the quality characteristics of the human factor, both for production and management. That means, we don't only select and place personnel, but also train, retrain, heal, etc. It should ultimately bring an increase in income in the future due to investments in the human resources. Depending on the prevailing approach to training, managers should develop different methods of personnel management (Diaz-Fernandez, Pasamar-Reyes, & Valle-Cabrera, 2017).

When developing a strategy for human resource management, it should be borne in mind that social production as an object of management appears in the form of two subsystems: I – the production subsystem; II – the management subsystem. In the production subsystem, a person is included mainly in the role of a worker – a representative of specialized physical labor. In the management subsystem, a person is included mainly in the role of management personnel – a representative of intellectual labor. In the management subsystem, the subject of human labor is other participants of the production process, his colleagues in a particular labor process. Being in the management subsystem, a person has an impact on the production subsystem, first, through its main element – the human factor, that is, through the representative of physical labor or an employee of a particular production in the system of horizontal and vertical labor division. Secondly, in the management subsystem, a person also has an impact on workers like himself – managers, depending on what stage of the organizational management structure they are at.

In other words, in this subsystem, a person can be both a subject and an object of control. In the management subsystem there is a special subject of work – human needs. Therefore, a specific feature of management work in the market economy is marketing activity, which provides management with an object – human needs.

2. Problem Statement

At present, investments in human, in the formation of the human capital has become the driving force of the socio-economic progress. It seems that the strategy of human resources management in the sphere of social production should be based on the concept of human capital as the basic concept of the theoretical model of human resources management, taking into account the strategic nature of human resources management and the need to integrate human and organizational strategies.

Now the task of strategic management is, first of all, to recruit and retain people by improving and organizing the professional training of competent and interested employees. Secondly, an active position is required from the employee himself. On the one hand, being the object of any management measures, the employee carries at the same time personal responsibility for own working results, achievements of his organization as a whole, and the success of this business. On the other hand, the worker has to form some requirements to the organization structure and the company's policy in the field of the labor organization. It allows active workers not only to receive more remuneration for their work, but also to get faster promotion in the organization. Third, personnel management becomes an active strategy, which the top managers integrate into the overall strategy of the company. Fourthly, the strategy of human resource management should also be built taking into account requirements of sociohumanism, since a person is, first of all, a spiritual and creative being, whose environment is not only nature (environmental factor) or production, trade (economic factor), but also the society with its spirituality, intelligence, native language, original cultural traditions, values, innovative motives, established orientations, corresponding synergetics, mentality, etc., that is, the society with its past, present and future (Dudar', 2001).

Thus, the human capital is a modern expression form for human productive forces, a sum of human abilities got through the education, skills and knowledge, health condition. All this is included in the system of a socially-oriented economy (market-type economy) as a leading factor of the social reproduction. At the same time, the human capital is one of components of production relations of our society, acting on the principles of the private property. On the one hand, the acquisition of education, health and other services by employees makes them market participants – consumers of goods and services. On the other hand, by selling their ability to work and their human capital on the market, workers sell their labor services, expanding the boundaries of relations between purchase and sale of labor and the realization of economic interests of participants of this exchange. Thus, there is an objective need to develop a strategy and mechanisms for managing these relations on the basis of the human capital concept, which involves requirements of the internal and external environment, economic, social, production and technological, organizational, labor and other conditions that influence the human resources in the society at various levels of economic entities functioning

3. Research Questions

The authors set the following research questions:

- Analysis of different theoretical human capital concepts;
- Definition of the socio-economic nature of human capital;
- Determination of the impact of economic transformations, information and intellectual processes on the use of the human capital concept in the development of HR-management strategy.

4. Purpose of the Study

The purpose of the article is to determine the main strategic directions for improving the system of relations in the human resources management under conditions of economic transformations and the actual development stage of the information and intellectual economy. It is necessary to take into account the most important regularities of strategic HR-management and allocate criteria defining the essence of the human capital, and to determine its main objective limiters.

5. Research Methods

The theoretical methods used in this study include: abstraction, formalization, analysis and synthesis, induction and deduction, axiomatics, and generalization. The methodological basis of the modern concept of managing human resources as a human capital is the theoretical provisions of the general economic science, based on three groups of theories: 1) classical theories (1880-1930); 2) the theory of human relations (since the beginning of 1930); 3) the theory of human resources (since the 50s of the twentieth century) (Kibanov, 2015).

In the structure of socio-economic conditions of the social production, among material, labor, and financial resources, it is necessary to allocate a special resource of the society – the volume and structure of human needs, objectively existing and constantly improving due to the economic law of increasing needs. This methodological approach allows us to assess the place and role of humans in the social production in a new way, taking into account the fact that the process of managing the human potential in the transitive economy should also cover the management of human needs, means and ways to meet them. In our opinion, the category "human capital" is really a complex phenomenon that reflects the whole range of socio-economic and other relations in the society, the essence of which can be understood on the basis of the analysis of scientific concepts: "capital", "labor force", "human resources", "labor services".

6. Findings

In the classical theories, it is believed that: firstly, all work should be divided into tasks that are easy to perform, make them simpler to replace the human labor by machines; secondly, it allows to perform strict control over the personnel, over the labor measure and payment for this labor; thirdly, the majority of individuals is not satisfied with their work.

According to the views of representatives of the human relations theory, individuals strive to be useful and meaningful, they feel the desire to be integrated into the common business and be recognized as individuals. These needs are more important by motivating to work than the level of salaries. The positions of the representatives of the human resources theory are reduced to the fact that the work for most workers is satisfying. Individuals seek to contribute to the realization of goals in the development of which they participate themselves (Kibanov, 2015).

The theory of human capital was first reflected in the research of Schultz (1972) and Becker (1964) in the early 60-ies of the twentieth century. Becker (1964) believes that human capital is formed by investments in people. These are investments in health care, upbringing of workers' children, their general and professional education, search for information and job changing (Becker, 1964). These and some other investments contribute to the development of human productive power, its cultural and intellectual growth. Under the human capital, Schultz (1972) means anything that can be a source of future satisfaction or future income, or both (1972). This is considered as a physical or human asset that is able to generate income in the future.

Fischer, Dornbush and Schmalensee (1993) see in the human capital, first of all, the innate ability and talent of a person, and then his education and acquired qualifications. According to Tsyrenova (2006), the human capital represents such a specific characteristic as respect for political and social stability. Machlup (1984) emphasizes that human capital is not only a production factor. It can also be considered as an independent value. Special attention is paid to the fact that human capital brings a positive economic effect in the sphere of income generation as well as in the production process itself. H. Bowen supposes that human capital includes a combination all the worker's characteristics that are important for the production process, a set of his knowledge and skills, motives and energy that this employee possesses and that he can use during a certain period of time to create goods and services (Bowen, 1977). According to Dyatlov (1994), human capital is formed as an investment result and is considered as a certain fund of individual physical and psychological features, acquired knowledge and skills, abilities and motives that are accumulated by a person. All this is purposefully used by the employee in a particular sphere of the social production. All these features enable to increase the labor productivity and income (salary) of this person (Dyatlov, 1994). The analysis of scientific views allows the authors to identify the following criteria that determine the essence of human capital.

1) Certain qualitative characteristics of an employee (as a production factor), the structure of which includes not only knowledge and skills of people, professional ability to work, but also their physical, psychological, ideological, social, and cultural qualities and skills, ability to establish and maintain necessary contacts, follow laws and traditions; and organizing the own activities to maintain the labor discipline and to achieve goals;

2) The source of the human capital formation is investments that are directed to social and cultural sectors: health care, education, cultural institutions, etc., providing a variety of services, the consumption of which means the accumulation of human capital that can generate income in the future;

3) The use of human abilities as resources to increase the income of all participants of social production (including wages) to increase the wealth of the society.

Among the main objective limitations of human capital, there are political, social, economic and ethical ones. Among the main subjective limitations of human capital are value orientations, prevailing motivation, goals and opportunities. Significant aspects include marital status, social sphere, work and education, i.e. the possession of certain competencies (Díaz-Fernández, López-Cabrales, & Valle-Cabrera, 2014).

The assessment of human capital can be carried out in the monetary form as the totality of financial funds for education, health and other sectors of the socio-cultural sphere. Human capital is the most important element of the reproduction in the value form of the total social product, the national income of the society, in the structure of which wages are income for employees, and for the employer it is the variable (working) capital, his assets and profits.

It is known that the category "capital" has many interpretations. Thus, in the classical economic theory, the concept of "capital" was considered in two ways: as the ownership of production factors and as the right to assign income from their use. In other words, capital in the market economy is a category that characterizes the system of relations between the employee and the employer. Capital is influenced by three key environmental factors: the flow of natural capital that is characterized by spontaneous expansion, factors that reduce the impact of destructive forces as a result of work and management, and the growth of the natural potential. These factors can increase the initial cost of the capital or lead to its dispersion (Kozioł, Kozioł, Wojtowicz, & Pyrek, 2014).

Fischer, Dornbush and Schmalensee (1993) argue that the capital is all that is capable to generate income for a period of time. By its definition, the capital simultaneously includes both means of production and labor force. At the same time, the representative of the theory of three production factors Mill (1980) pointed out that individual himself is not a capital. However, his acquired abilities, which act only as a means and are realized only through the labor, under all conditions can be attributed to the category of "capital" (Mill, 1980). Kendrick (1976) noted that the human capital is, first, the ability to create a certain product over a period of time, and, second, to generate income, including non-market forms of income. Human capital manifests its use value in the process of the production consumption. Human capital is the ability to generate income: first, to its owner – the employee – in the form of various types of remuneration, social benefits, etc.; and secondly, to the employer including human capital in the company assessment (Özer & Çam, 2016). In this context, human capital is also the value of capital, it is the wealth of a society functioning on the basis of laws of commodity production and circulation. In the conditions of a developed commodity economy the aggregate worker is formed with the following main features:

- High level of professional competences, a tendency to creative activities (is seen through the ability to evaluate achieved results with a certain grade of critics), ability to identify shortcomings in the own work and find ways to correct them, desire to improve the own educational level (long life learning), etc.;
- Economic thinking, which determines the ability to find the best ways and tools to improve the enterprise efficiency;
- High technological culture based on the general orientation to the most rational use of natural and economic resources, etc.;

- Readiness managerial activities (awareness of the latest methods and forms of the labor organization, etc.);
- Important psychological qualities (psychological stability, purposefulness, diligence, conscientiousness, etc.).

The economic efficiency of the social labor of a nation depends primarily on the available labor potential. In the period of economic growth, the total expenditures of the state and companies on the reproduction of the human capital should grow at an accelerated pace and be distributed as efficiently as possible, otherwise the consequences of the crisis may be long and severe (Absalyamova, Absalyamov, Mukhametgalieva, & Khusnullova, 2015).

In the transitive economy, changes in the system of social and labor relations have a dialectical effect on the formation of the human capital. Its component part is the entrepreneurial activity of a person, which in its scope and results is equated to the cost of highly skilled labor. Entrepreneurship is a form of manifestation of economic interests, an incentive to realize a special human need – the appropriation of an income share from an enterprise or society in one form or another. These incomes become the economic basis on which the total human capital is formed.

7. Conclusion

1. Human capital is a form of expression of productive forces of a person, the totality of his abilities determined by education, skills, health, and included in the system of socially-oriented market-type economy as a leading factor of the social reproduction. At the same time, human capital is one of the components of the production relations in the society functioning on principles of private property.

2. The category "human capital" assesses two sides of the social production:

- The material side, which is characterized by the amount of human resources in the form of human potential necessary for the production of goods:

1) At the state level, this is the population of the country in the form of employed and unoccupied in the national economy people;

2) At the regional level, this is labor resources in the form of the labor potential;

3) At the enterprise level, this is the labor force as a human factor in the form of personnel (staff);

- The social side, characterized by a system of relations about the reproduction of human resources in a certain socio-economic form, as human capital;

1) At the level of society: in the form of a system of state financing material and non-material production branches that ensure the reproduction of human resources of the society in the primary cell of this society – in the family, as well as through the system of social support for certain categories of the population;

2) At the regional level: financing and development of various organizational structures regulating social and labor relations;

3) At the enterprise level: through the training and retraining system, etc.

3. The study of the category "human capital" is advisable to conduct in two planes:

- As value and use value (this methodological approach enables to determine the place and role of human capital theories in the strategy of personnel development management);

- As the capital use value, that is a certain social relationship that characterizes the dual nature of modern market economy (from this point of view, human capital should be considered: 1) as the ability of employees, due to their physiological and professional qualities, to produce a total social product, increase the national income and the society wealth; 2) as the ability to bring income: a) to its owner – the employee in the form of various types of remuneration, social benefits, etc.; b) the employer who includes the employee's human capital in the system of labor relations of the market economy).

4. The human resource management strategy in the transitive economy should be based on:

- The concept of human capital, because the economic consequence of its application is an increase in income, and, therefore, the quality of life;
- The use of the human development concept, which should take into account the action of both market and non-market (institutional) mechanisms (HDI-human development index is an institutional indicator, its appearance is determined by the impact of non-economic factors of growth of the quality of life).

5. The human resource management strategy should be aimed at bringing into action the entire system of relations of human resource management (methods, methods, principles, functions, etc.), taking into account factors of the internal and external environment, which in the modern economy are regulated by two social institutions – the labor market and the state. Human capital is a socio-economic form of manifestation of the value of the commodity "labor force" in the labor market under conditions of information and intellectual economy.

6. The most important compliances of the strategic human resources management in the transitive economy are between:

- Principles, forms and methods of management and objective laws of social development;
- Controlling and controlled systems;
- Needs and opportunities with results and goals of participants of social production;
- Social and economic efficiency (as an integral result of functioning of managing and managed systems, which is expressed in the human development index, in the formation of human wealth).

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