



KAPITEL 3 / CHAPTER 3³

FUNDAMENTALS OF HUMAN CAPITAL QUALITY MANAGEMENT

DOI: 10.30890/2709-2313.2024-27-00-030

Introduction

The effectiveness and quality of management of the formation and use of human capital determines the future sustainable development of business entities and the effectiveness of entry of Ukraine into the European and global economic and legal space. At the same time, innovation and informatization of society increases the role and importance of the efficiency of the use of human capital.

Historically, the problems of methodology, categorical apparatus, formation, applied aspects of human capital have been studied by many economists. On the theoretical and methodological apparatus, the category "human capital" was emphasized by

A. Smit [1], A. Marshall [2], W. Lewis [3], H. Becker [4, 5], Mincer J. [6], D. Buchanan [7], D. Kendrick [8], T. Schultz [9, 10], D. Bell [11, 12], Thurow L. [13] and other. Ukrainian scientists paid attention to methodical and applied aspects in the context of reproduction of human productive abilities L. Mikhailova [14], D. Melnychuk [15], O. Grishnova [16], Radaev V. [17], Shkurupii O.V. [18], D. Akerlof [19], D. Bailey [20], D. Galbraith [21], and L. Ehard [21], focused their attention on the features of state regulation of human capital formation. Despite this, the scientific approach to the structuring of human capital and the management of qualitative features in modeling its formation and development remains ambiguous today.

In the conditions of global changes, human capital, as a set of talents, knowledge, skills, abilities, health, motivations becomes the basis of innovations, entrepreneurial profits and positive social effects and environmental externalities. It is he who determines the competitiveness of companies, regions, and the state and is the most valuable source of their development.

The digital economy has become a new development model for Ukraine. It opens the way to innovative and informational formation of human capital. Digitalization

³*Authors: Golovnina Elen, Denysenko Mykola, Panchenko Vladimir, Somkina Tetiana*



(digital technologies) replaces the old means of electronic communication - telephone, fax, telegraph. On the basis of digital technologies, huge volumes of information are created and distributed quickly, qualitatively and cheaply to an unlimited number of people. Different layers of modern society in the process of managing the state, economy, business, and everyday life are covered by digitalization.

According to the concept of development of the digital economy and society of pre-war Ukraine (2018-2020), the development of digital infrastructure should ensure the accelerated development of socially necessary innovations based on the application of digital transformations in the fields of education, medicine, ecology, cashless economy, and infrastructure. According to the specified document, it was planned to cover the entire territory of Ukraine with broadband Internet and to actively apply digitalization of educational processes. Today, Ukraine is one of the leaders in Eastern Europe in terms of the number of employees in the field of information technology, represented by about 90,000 relevant specialists, and with an average annual growth rate of 25%.

The quality of human capital management makes it necessary to find new approaches to its structuring, evaluation and determination of the impact on the level of well-being and socio-economic development. However, the existing approaches, methods, evaluation of human capital management do not reflect its role in innovation processes. The above determines the relevance of substantiating a comprehensive assessment of human capital, which would combine consideration of issues of its management at different system levels, taking into account the effects of innovative changes and the growth of socio-economic challenges, which argued the need to substantiate the combinatorial model of the formation of factors influencing the quality of management of the development of human capital, which would take into account its structure and functions of innovative changes.

In the context of the above, the actual goal of the presented research is the justification of the proposal to improve the management of corporate human capital.



3.1. Peculiarities of the formation of human capital

Human capital in the context of the traditional economy is presented the categories of "labor" and "entrepreneurial abilities" as factors that, along with the factors of production "land" and "capital" created economic good with the target orientation of productivity, economy and efficiency of production. The canons of the economy defined the category of "work" as "the purposeful activity of a person to create economic benefits, in the process of which a person uses his physical and mental abilities. Entrepreneurial talent reveals the special capabilities of a person in the ability to effectively use production factors in the process of producing economic goods. T. Shultz, the founder of the theory of human capital, a Nobel laureate, considers "all human abilities either innate or acquired. Properties that are valuable and can be developed with appropriate investment will be human capital." [22]

Human capital is a certain stock of health, knowledge, talent, abilities and skills formed as a result of investments and accumulated by a person, which are appropriately used in one or another sphere of social reproduction, contribute to the growth of labor productivity and production efficiency, and thereby affect the increase in earnings, income and human well-being.

Modern information society changes a person. It is characterized by an increasing number of workers, for whom the subject of work is their own accumulated knowledge and the knowledge of other people. The goal of information activity is the application of mental abilities for the purpose of appropriate use of information for the production of new information that becomes an economic good. The process of converting various information in all its forms — text, sound, graphic — into a digital format understandable by modern gadgets is called digitization, which is rapidly developing today. It is human capital that plays a decisive role in this process. It becomes a stock of raw materials that will be added to the object of labor in the process of producing economic goods.

At the same time, human capital as a socio-economic category reflects "the self-increasing value inherent in a person from birth, which develops during life in the unity



of interrelationships of the structure, accumulates when used and decreases when not used" [22]. It is formed by investments in future generations, in "increasing the stock for purposeful development of entrepreneurial, intellectual, corporate, and social potential belonging to individuals, target groups, households, companies, regions, and the state" [23].

Human capital reflects the specifics of " specific structures by level development, by types of goods, by the nature of changes over time , by the level of formation " [23]. It is considered as the amount of aggregate resources intended for formation and development, which determine well-being due to the joint activity of target subjects at a specified time - households, companies, regions, and the state. It is "a limited resource and a form of capital capable of generating income with a synergistic effect, a strong influence on political, economic and social development" [24]. Human capital is the national wealth of the country, combining individual, collective, and social shares.

3.2. Fundamentals of human capital quality management

The strategy of managing the formation and development of human capital is formed on the basis of an analytical study of the institutional, political, socio-economic, ecological state, the potential of use, taking into account the advantages and disadvantages, of the selected national development model [22]. Management of the quality of human capital is a purposeful managerial influence exercised by the managing subject of management on the managed in order to achieve a certain state of human capital according to the development strategy. The prerequisite for the implementation of the strategy is the definition of the components regarding the external and internal environment, conditions, requirements, principles, needs, motives, goals, tasks, technologies, actions for the results, which can be adjusted according to the change of the development strategy.

Strategic reproduction of human capital on the basis of innovation provides long-term competitive advantages at all levels of management and improvement of the



quality of life. The mechanism of management is a narrower concept compared to the mechanism of functioning and is considered as a set of procedures for making managerial decisions, which are based on the action of a subordinate and the external situation, the ultimate goal is the adoption of a specific managerial action.

The mechanism of functioning of human capital in the socio-economic system (Fig. 1) reflects the ability of social reproduction of human capital, its qualitative aspects and management capabilities, taking into account the phases of distribution, formation, consumption and development. The mechanism of functioning of human capital in a closed economic system is a circle. It is based on the following assumptions: on abstraction from external influence, from foreign economic activity, from external effects, from the level of prices and inflation; from the influence of the state of institutions and institutions (property, property, non-property, corporate rights, socialization, remuneration, social responsibility). Objects of the model represented by the household and the company operate within the framework of the state with certain institutions and institutions. Markets in the model are represented by resource and commodity markets. Goods on the resource market are entrepreneurial capital (labour force, entrepreneurial abilities), intellectual capital (intellectual property objects), capitalized contribution to future generations (real estate objects), corporate rights, securities. Goods on the market of products and services are represented by products and services that affect the formation of the level of human development, objects of intellectual property, corporate rights, securities, etc. Intermarket interaction is based on the constant functioning of natural (internal) and value (external) flows of the circular model.

Therefore, the result of the action of the human capital functioning mechanism is an assessment of the current state of the socio-economic system with the existence of only two subjects - a household and a company, two markets - the market of resources and the market of goods with the interaction of direct and reverse connections between elements of the system, natural and value flows of resources and products, services between subjects of market relations.

Mechanisms of functioning and mechanisms of management determine the

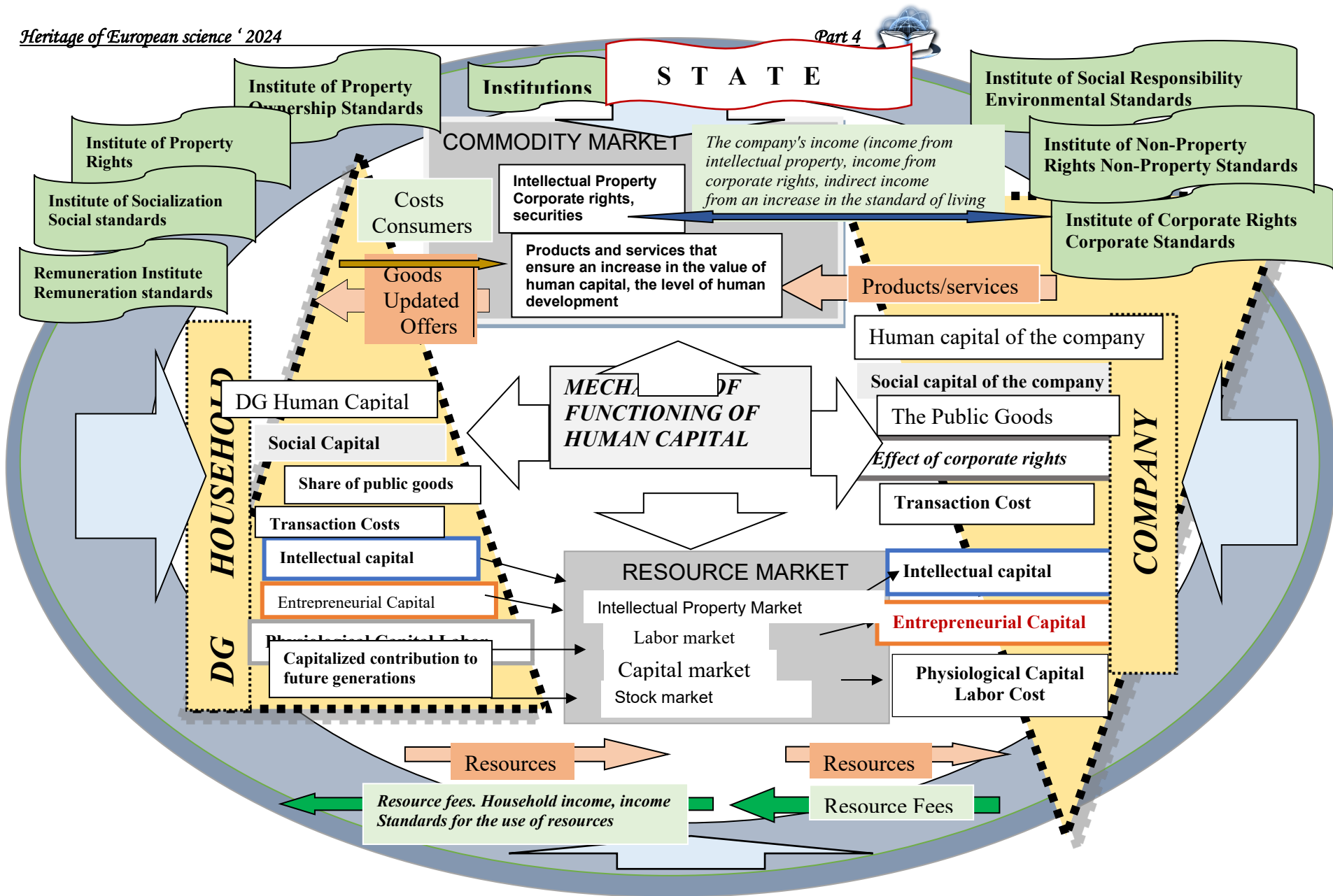


Fig. 1. Mechanism of functioning of human capital in the economic system [1]



behavior of subjects and the order of decision-making by them to improve the quality of the system. The mechanism for managing the quality of human capital forms a model of behavior of a subordinate management entity, which is responsible for the quality of the formation of human capital, taking into account the state of the external environment, where, based on the analysis, a mechanism of actions is searched for obtaining a strategic result.

Human capital formed in the household as a valuation of labor force, entrepreneurial abilities, intellectual capital, capitalized contribution to future generations is directed through the resource market to the company for use in production activities. The basis of the company's activity is the moral- intellectual - material investment of the household and the conditions for the reproduction of human capital. They are supplemented by the effects of transaction costs and corporate rights, income from property, social benefits and fines (in case of violation of activity standards, for example, environmental ones). In the process of circulation of human capital, the investments of the household, company, region, and state are exchanged for goods (means of production, entrepreneurial, intellectual, social capital) and are brought into the production and trade process as an advance, and after the completion of the circulation, they are returned to the investor with increased value, that is, profit. So, corporate capital includes human capital created in the household. additional share of intellectual capital created in the company (rights to intellectual property objects belong to the company as a legal entity) and corporate property, as well as the effect of public goods used by the company, the effect of transaction costs and the effect of corporate rights.

The quality of human capital management is based on its structural components, which are subject to consideration when modeling the mechanism of functioning in the economic system. The basics of the formation of corporate human capital quality management are presented in Fig. 2.

According to the stages of the life cycle of human capital [23], in its structure, "innate abilities (talent), general and special education (abilities, knowledge), acquired professional experience (information), creative potential, moral and psychological



knowledge, physical health (health care), motivation of activity, migration, socialization (lifestyle, social stratum), individualism (character, culture, education, interests)". Because of the implementation of physiological-intellectual, labor, entrepreneurial opportunities, the effect of individual rights (property) in the specific conditions of social relations in the structure of human capital, a part of human capital is formed as a private good.

The development of an individual's intelligence and entrepreneurship is formed on the basis of physiological capital, entrepreneurial abilities and the use of capitalized contributions to future generations — receive further development due to education, qualifications, the effect of transaction costs and the effect of public goods, the effect of corporate rights in the context of strategic management of the company, providing the individual with advantages of collective goods.

The effect of receiving transaction costs is based on the classification features of their categories, namely on the costs of searching for information (search activities); conducting negotiations (bargaining activities); concluding a contract (contract making activities); monitoring (monitoring); enforcement and protection from third parties against 3rd parties) [25].

The existence of a system of benefits and their market distribution creates the need for quality management, control, performance of allocative, regulatory, and distributional functions. Public interest in the development of national human capital it is manifested in the implementation of the system of state regulation, motivation, the provision of transfers, state aid, subsidies, the formation of the effects of public goods at the expense of public funds, which supplement the system of private goods in case of a lack of the latter. The effect of public goods (public goods (and services), social goods), which can be used by the company in order to achieve stability of activity and ensure the interests of consumers, is formed on the basis of the existence in the economy of a system of indivisible or conditionally indivisible goods to which no one has an exclusive right, which are not the object of rivalry. They are characterized by collective consumption, when each consumer has at his disposal the entire amount of public goods that are not divided between a group of individuals or legal entities.

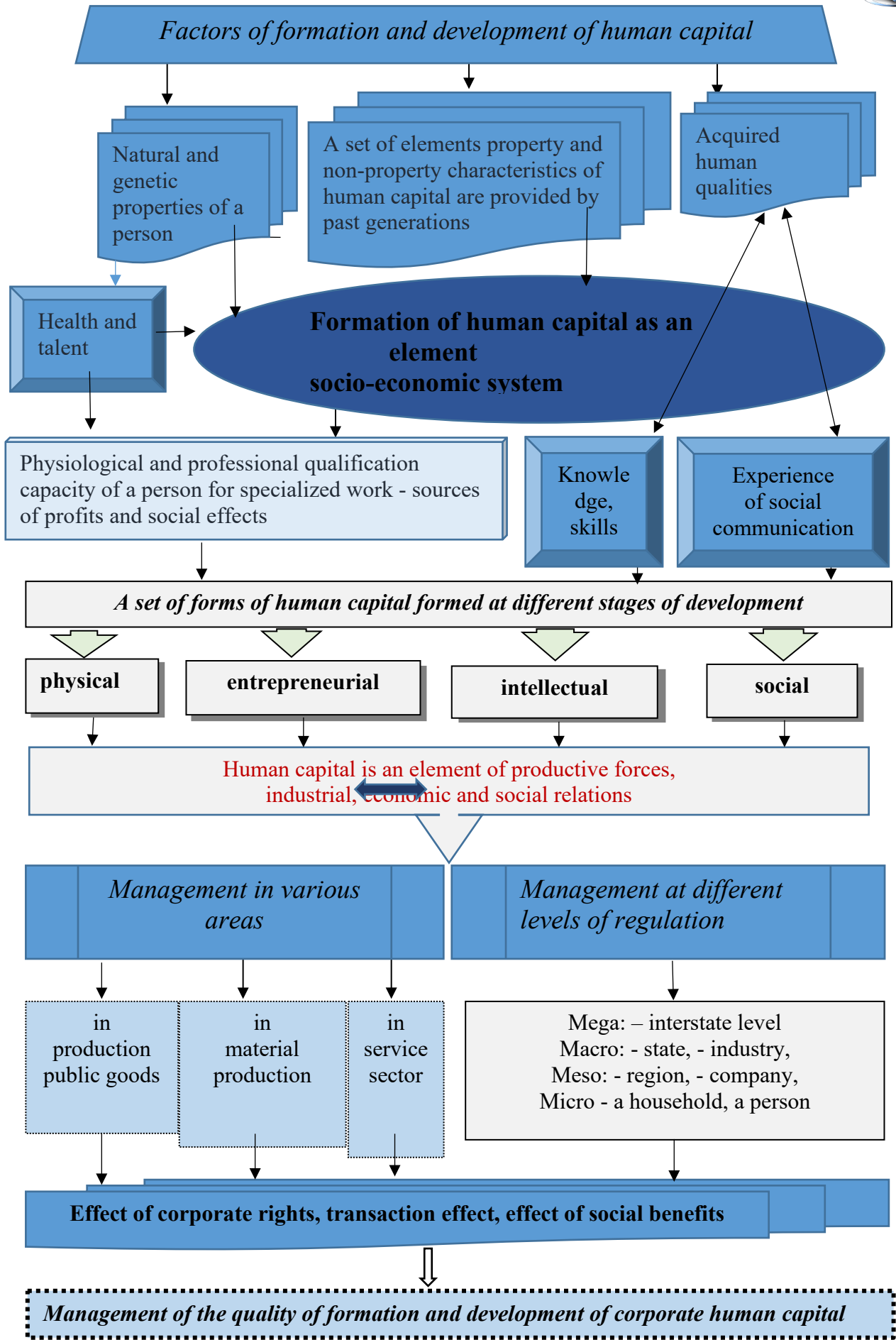


Fig. 2. Basics of the formation of human capital quality management



The effect of corporate rights is based on the rights of a person whose share is determined in the state fund (property) of an economic organization, includes the authority for a specific person to participate in the management of an economic organization, in receiving dividends, assets upon its liquidation, and other powers provided for by law and the statute. Human capital changes when an individual participates in the activities of a company or corporation and receives the effect of corporate rights, which is a type of share of collective goods. The legal grounds for obtaining it are the Economic Code of Ukraine and normative legal acts of Ukraine.

Collective (corporate) goods as a constituent element of human capital are represented by a socio-economic result that gives advantages to members of the corporation in the production of socially necessary products and services.

The size of the corporate good functionally depends on the effect of transaction costs in the part created in the organization (T_i) and on the size of the effect of corporate rights (K_i), represented by income from property, including from "own" (L_i) and "foreign" (G_i) securities:

$$N_i = g_1(T_i, K_i) = g_1(T_i, L_i, G_i) \quad (1)$$

Institutional subjects of legal and socio-economic relations (institutions, households, the state, companies) determine the features of the formation and development of the structure of human capital: contribution to future generations, physiological, entrepreneurial, intellectual, social capital, transactional effect, effect of collective and public goods. The latter are represented in the process of circulation by natural and value flows through the markets of resources and products, where they are evaluated and realized. The company puts forward intellectual, entrepreneurial and labor requirements and standards for the quality of human capital formation according to educational, qualification and experience characteristics.



Conclusions.

The quality of human capital management is formed at three levels of management: at the level of the household, the company, and the state. Receiving the basis of development in the household, human capital specializes at the corporate level, enriches itself with various types of knowledge, forming the company's intellectual fund (know-how, patents, quality certificates, innovations) and using combinatorial systems of stimulating development. The quality of corporate human capital management becomes the basis that unites all the funds and property of the company to obtain a socio-economic effect in the competitive market and the demands placed on the personnel potential in the labor market. It is advisable to carry out further studies of the presented material when modeling the marketing complex of the company's values [26] and the formation of corporate culture.