

## ECONOMICS, ECONOMETRICS AND FINANCE

**1. Introduction**

An importance of human capital functioning in the strategic management of the national economy rises. In the first turn it is connected with the fact that business in the formed knowledge economy becomes more and more intellectual. Knowledge, experience and high qualification level of workers are needed for solving business problems. They need creation of new theories, development of strategies and solutions that will result in creation of high-level products and services. Today economy needs creative workers that can use knowledge and information and first of all create new knowledge. Earlier each corporation, each national economy was unique in the aspect of the possessed human capital.

Under conditions of globalization the uniqueness of the human capital is not always an advantage, but sometimes becomes a shortcoming, because decreases the own mobility and results in increasing transactional costs of both separate workers and enterprises, employment services of the national economy for continuous re-training of the staff in correspondence with an extremely changing structure and needs of economy.

Undoubtedly, preparation and improvement play an important role in the professional development. The staff competence, in its turn, is an important factor that must be saved in talented workers that personify together the human capital of the national economy. For example, career plans or other personal decisions that are alternative instruments, comparing with traditional ones that stimulate creativity, give them professional and personal satisfaction.

The human capital functioning in the strategic management of the national economy is based on inalienability of a human factor in all processes. In fact, human is a main central factor, for which any system, and in the first turn, national economy, functions. From this side, a human is an object of getting goods. And in the aspect of national economy it is expedient to consider the human capital as a factor of providing them.

There is no unambiguity in definitions of this category that is typical for all complicated notions. L. Edvinsson and M. Malone

## HUMAN CAPITAL FUNCTIONING IN STRATEGIC MANAGEMENT OF THE NATIONAL ECONOMY

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**Abstract:** The choice of the research subject is determined by the important and ambiguous role of human that is at the same time an object of getting goods and a factor of providing them in global and national economies. Human with its multilevel needs and priorities is an initial object of national economy efforts.

World development tendencies of the new economy need using new development mechanisms of the human capital at decreasing transactional costs. The aim of the article is to analyze functioning components of the human capital in the strategic management of the national economy and to substantiate development instruments of the human capital at developing a management strategy in economy.

A methodological base of the research work is fundamental positions of a theory of social economy, human development, economic growth, social-labor relations.

The study offers the author definition of the notion "human capital" as an accumulated potential of citizens, expressed in their education, life experience, attitude, skills that may be used for improving current and future economic and social prosperity.

A research result is the theoretical substantiation of the development of human capital, considered as a function of the strategic management of human resources, integrated with developing a management strategy of the national economy and each economic unit. Such development provides the growth of a market value of the human capital and results in quantity and quality changes in the activity of organizations. At the same time the increase of transactional costs takes place. The scientific understanding of using diverse instruments of the human capital development as an element of the general management strategy is developed in the research. There is used the three-level development system of the human capital, each level of which is characterized by specific problems and unequal readiness of human capital owners to participate in realization of tasks of an organization and correspondingly needs using different methods and instruments.

The further research direction provides ordering and systematization of human capital functions in the management strategy of the national economy for determining human capital development mechanisms.

**Keywords:** human capital, strategic management, national economy, knowledge economy, career.

define human capital as a resource, embodied in knowledge, skills, readiness and ability to work or possibilities of producing new solutions [1]. So, it is a value, originated from humans – workers and co-workers with certain knowledge that, in its turn, needs different management methods.

Acquisition of knowledge by workers in the society, based on such knowledge, is one of most important aspects of each working day for an organization that traces the value increase of its human capital [2, p. 19].

Theoretical achievements as to the human capital are grounded in fundamental work by G. Becker [3] and T. Schulz [4], considered as founders of a conception of human capital.

O. Chorna defines the human capital complexity that conditions the presence of the wide list of directions of the development and formation of the human capital that take place during the whole human life [5, p. 430].

According to P. Druker, one, who provides the development of separate human forces, at the same time, provides the effectiveness of the work [6]. That is why the human capital management needs from the society, national economy and each enterprise or organization intellectual actions that provide the human capital development. And the strategic management within a country must make all efforts for managing human talents and at the same time for developing them in the proper way. Changes in the human capital management are connected with the rise of its carriers with creative, talented characteristics, characterized by the sufficient level of self-appreciation, independence, flexibility in the work.

Generalizing approaches of different studies, it is possible to define the general idea, formed in the scientific community as to the human capital, –

it is specific features, different talents, embodied in workers' characteristics, creating their economic potential [7–10].

The aim of the article is to consider functioning aspects and components of the human capital in the strategic management of the national economy and to substantiate development instruments of the human capital at elaborating a management strategy in economy.

## 2. Materials and Methods

A methodological base of the research work is fundamental positions, presented in classic and modern works of native and foreign scientists in economic theory, social economy, human development, economic growth, social-labor relations branches.

## 3. Results

The human capital became to be considered as an effective component of the strategic management of the national economy.

It is important to present the author definition that in some way improves the stable notion: human capital is an “accumulated potential” of citizens, expressed in their education, life experience, attitude, skills that may be used for improving current and future economic and social prosperity.

It is worth adding, that the main instrument of activity, directed most of all on creation of knowledge and its skillful use in practice is intellect [11]. That is why the wide support is needed to the behavior conception, according to which, workers are inspired by the attitude, filled with creativity and new ideas. In its turn it is a source of innovations, so all that generates certain ideas, projects and may be a cause of searching or inventing a new thing must be improved and introduced into life [12]. That is why the human capital development may be considered as one of most important sources of innovations.

Such effects favor not only the effective development of Ukraine, but also formation of the high development level of the human capital that is necessary for the national economy. Economic possibilities can play a constructive role in the human capital for supporting growth phenomena [13, p. 3]. The influence of the human capital on the economic development is noted not only for separate countries, but also for whole regions and locations [13, p. 8; 14, p. 2700–2702; 15, p. 124].

The human capital functioning in the strategic management of the national economy is conditioned by the necessity of its development. The development positively influences the economic growth of a country, is an important factor of this process [16, p. 32].

The human capital development is realized by different arrangements. They may be considered at three levels. Each of them is characterized by specific problems as to the human capital development that is manifested in separate elements. They mainly solve a question as to the present and future readiness of human capital owners to participate in realization of tasks of an organization. That is why the human capital development may be considered as a function of the strategic management of human resources, integrated with processes of developing a management strategy of the national economy and each economic unit. Such development means quality and quantity changes in the activity of organizations that result in the growth of the human capital market value.

The human capital theory assumes that humans have a certain set of attributes and values, developed by them, so it is worth to help them. Practice demonstrates that the human capital development in different structures is usually realized by concrete arrangements, such as widening of solved tasks, enrichment of work or different types of study.

The work widening is a combination of similar or different operations, realized at working places. This process may contain, for example, inclusion of additional tasks in main ones, for example, additional transmission of responsibility from one worker to another. The work volume widening is usually connected with a change of an initial structure of the activity process and means using its new form. The work content en-

richment is in combination of activities with different complexity degrees and intensification of the workers' participation in making decisions at the execution level that increases the intellectual content of a work. It allows an executor to process initial information, diagnose conditions, to choose a methodology and methods of actions. A contently enriched work creates a possibility to use worker's knowledge more completely and to satisfy his/her ambitions that favor the quality and efficiency increase of a work, stimulates an initiative and readiness to work.

The most popular form of the human capital development is study. It is directed not only at increasing the efficiency of the staff work, but, first of all, of the development of the worker's own potential.

But for this aim, it is necessary to define needs of employers and employees in the sphere of training and improvement, to set and to realize a plan for satisfying these needs, to choose correct methods and ways of training and assessment of their efficiency.

An important instrument for the human capital development is distant study using computer IT (video-conferences, online discussions). They are a form of distant education, transmitted in the e-form, mainly through the Internet, interactive TV, and also disks and other external carriers. Group work supporting systems allow a free flow and exchange of knowledge. Their main aim is to provide co-workers with skills of mutually adopted cooperation that leads to the process of knowledge creation and transmission. At the same time, at using this instrument of the human capital development, a worker assimilates and consolidates knowledge much faster, whereas a corporation can use them continuously and improve software.

The human capital functioning in the strategic management at the national economy level is based on free competition between most talented co-workers of a corporation – human capital carriers. It is possible at healthy assessment rules and possibility of progress in the line of service in an organization. But if there are no rules, owner's intervention or personal patronage for supporting the development of a talented co-worker, planning and progressing in the line of service dominate.

Thus, the human capital functioning in the strategic management provides such key element as the way to professional perfection through different career forms and methods.

The development activity is concentrated first of all on widening and deepening the sphere of competences that are within co-worker's accessibility. They give a chance for advance and better use of the potential and are directed on revealing strivings and possibilities for creating such programs that allow self-realization of a co-worker.

## 4. Discussion

The fixed idea of the human capital development is based on the economic effect from using the high-quality human capital. The national economy and world one get different effects. But it must not be forgotten, that an initial object of efforts of the national economy is a human with its needs and priorities of different levels.

The human capital is a source of innovations in economy and a base of its development. The human capital functioning in the national economy strategic management is conditioned by the necessity of its development.

As opposite to existing studies, where the human capital development is considered as a totality of conditions and factors of forming the regulatory system for raising the global competitiveness of the national economy [15]; as a system structure of economic relations as to a human as a carrier of labor functions, knowledge, economic interests and social recreation [2, 11, 16];

as a technological factor and source for getting a gross income and profit by economic subjects [3, 14], our study contains reevaluation of the dominating paradigm from the attitude to the human capital as to an aim, not an instrument, of the economic development, and according to this conception, offers an approach to the strategic management of human resources, integrated with processes of developing the national strategy. There is noted the importance of different instruments and

ways of the human capital development at elaborating the managerial strategy in economy, the influence of the human capital on innovations and competitiveness of the country.

Determination of functioning mechanisms of the human capital in the strategic management of the national economy provides ordering and systematization of human capital functions in the strategy of the national economy management that will be a subject of author's further studies.

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