Scale and Role of Human Capital in the Socio-Economic Development of the Region

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Abstract. The purpose of this article is to study the place and role of human capital in the socio-economic development of the region. The objectives of the study are: analysis of the role of human capital in the development of the region’s economy, the formation of human capital as an element of the region’s socio-economic system, and assessment of investment in education.

The methodological foundations of the study are the methods of system analysis, comparison and analogy, logical and semantic modeling. These methods are used as a theoretical basis in the work of domestic and foreign scientists on the formation and development of human capital.

Sources of information are economic and other specialized literature, articles from periodicals, research results, experience of leading Russian and foreign companies.

The result of this study is the conclusions drawn from the assessment of human capital in the socio-economic development of the region.

1. Introduction

Strategic management allows you to create a dynamic and efficiently functioning economy of the region. By strategic management we mean a set of long-term actions that allow us to adapt the regional system to constantly changing market conditions with the least losses and costs, contributing to the development of crisis situations, as well as helping to achieve competitive advantages for the region.

Regional strategy is the core of strategic management in the socio-economic development of the region.

The goals of the socio-economic development of the region are to increase incomes, nutrition, reduce unemployment, protect the environment, improve the quality of the education system, health care and so on.

The wealth of any country is man. In the future, the country's economic growth is possible from increased funding for such areas of the economy as the quality of labor, human capital, healthcare, culture and infrastructure. The development of material, intellectual and spiritual capabilities of a person, the accumulation of human capital is becoming an important task of the state [1]. The greater potential each member of society has, the higher the intellectual resource of the whole country, the more dynamic the growth rate of the economy, and the greater the potential of society. It is worth noting that human capital has the following stages of development: formation, development and accumulation, use [2].

The development and increase of financing for such areas of the economy as human capital, the quality of labor, healthcare, infrastructure and culture in the future will entail the country's economic growth. Understanding this, the state sets itself a number of tasks aimed at developing the intellectual, spiritual and material capabilities of man, which entails the formation and accumulation of quality human capital.
The greater potential a person possesses, the higher the intellectual resource of the whole country, the more dynamic the growth rate of the economy and the broader possibilities of society.

The education system makes it possible and right to receive education for any member of society throughout life (lifelong education), for this the main and additional educational programs operate in the country, including the possibility of their development at the same time, taking into account existing education, practical experience and qualifications.

The assimilation of general and special knowledge and skills is acquired in formal (in educational institutions, in production) and informal (in everyday life, family) training, where the state regulates only formal training and has a direct influence [3]. Informal training is a complex process where the state has only indirect influence. To achieve the goal of creating a qualitatively new human capital, state regulation of education, it is necessary to combine measures of direct and indirect impact.

2. Research Results

In the modern economy, human capital is given the role of a fundamental factor in the socio-economic development of the region. Human capital is a combination of knowledge, skills used to meet the diverse needs of man and society as a whole. This definition reflects the components of human capital, which are knowledge, health, intellectual abilities, practical skills and quality of life. Together, this means the ability of people to participate in professional activities [4, 5]. There are four basic concepts of human capital:

a) in the form of knowledge, abilities, working and managerial skills;
b) it cannot be felt, seen, therefore it is not subject to wear and tear and depreciation;
c) the accumulation of human capital continues continuously;
d) investments in human capital are associated with a specific person.

Currently, the concept of human capital includes human resources and factors. The leading European countries on the basis of the theory and practice of human capital are forming their new successful socio-economic paradigm. Human capital is the answer of economic theory and practice to the challenges of the times, to the challenges of the innovative economy (knowledge economy) emerging in the second half of the 20th century and the venture scientific and technical business [6].

The development and formation of the theory of human capital was carried out by economists around the world. The founders of the basic elements and methodological foundations of the theory of human capital were Nobel Prize winners in economics Theodor Schulz and Gary Becker.

In shaping the theory of human capital, Schulz came to the conclusion that the welfare of the country depends on the acquired knowledge of the people living in it, and also showed that investment in human capital can provoke economic growth in industrialized countries. Subsequently, economists took a similar approach when expanding the concept of human capital [7].

The concept of the formation of human capital contains the idea of achieving a person’s highest potential using tools such as education, employment, development of skills and personal qualities. Thus, investment in a person and the development of his professional skills directly affect the formation of human capital. For a general understanding of the structure of the processes of formation of human capital in the socio-economic system, we in Figure 1 present a conceptual model.

The main tool for the formation of human capital is education. It simultaneously solves social, cultural, economic and civil tasks. Based on historical experience, education allows society to move on, progress, change, and renew [8, 9].

The functions of education are to develop a person’s personality and reproduce a skilled workforce. At the initial stage, education allows a person to study already accumulated experience, and then apply it in the process of practical activity. At this moment, a qualitative change in personality occurs, allowing you to effectively do your job. Thanks to education, a significant increase in human capital is ensured.

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Figure 1. Human Capital as a Part of the Socio-Economic System of the Region.

Speaking about the development of human capital, it is necessary to understand that development depends on the amount of financing of the state, society and the person himself in its various components, where investments are expenses that must be incurred to increase labor efficiency, which will
subsequently bring income to the employee, enterprise and the state [10, 11]. The main types of investment in human capital is the education and health care system.

Investments in education are the key budget priority of developed countries, contributing not only to the training of highly qualified personnel for the economy, but also the formation of the social development of society. The main forms of investing in education are formal and informal investments. Formal investments include obtaining secondary, special and higher education, vocational training at the enterprise, continuing education courses, etc. Informal include investments in self-education, reading developing literature, and perfection in art [12]. Over the period from 2006 to 2016, the state expenditures of the Russian Federation in the field of education grew 2.9 times, and expenses of extrabudgetary sources by 1.3 times, which indicates a structural shift in the financing of education towards the state budget and for 2016 amounted to the ratio 7: 1.

On December 5, 2017, the federal law “On the federal budget for 2018 and for the planning period of 2019 and 2020” was adopted in which it is planned to direct 502.3 billion rubles to education in 2018. Figure 2 shows the structure of public spending on education in 2018, detailed by subsections.

Figure 2. The Structure of Public Spending on Education in Russia in 2018.

In addition to state funding, the investment source is the attraction of private investment by citizens, where the population's spending on education is 1.3–1.6% of GDP. According to Rosstat in 2018, the volume of private investment by Russian citizens amounted to 240 billion rubles.

By concluding concession agreements between business and government, it is possible to attract private investment in education, which can be divided into three streams:

a) sponsorship of educational institutions;

b) personnel training of candidates at the expense of the employer in organizations of secondary vocational and higher education;
c) financial assistance in paying for continuing education and retraining courses under continuing education programs [13, 14].

Using the system of financial instruments that is in the optimal combination, it is possible to ensure the efficiency of spending private investments from business, but for this it is necessary to determine the role of business participation in the educational sector at the legislative level and introduce a public-private partnership system.

The costs of developing the education system in the form of direct and indirect investments are a factor in the development of human capital, and, consequently, economic growth in the era of the knowledge economy [15, 16]. Given the growing share of private investment in the development of the state’s labor resources, educational services should be provided at affordable prices for most potential consumers [17, 18]. At the same time, their quality should ensure the needs of an innovative economy at the highest possible level. The main function of investment in education is to develop human capital and increase the economic productivity of a person [19, 20].

3. Conclusions

Based on the analysis of the development of human capital of the socio-economic development of the region, we made the following conclusions:

1) The education system is the main instrument for the formation of human capital, while simultaneously solving a number of social, economic, cultural and civil tasks. On the basis of knowledge acquired during training, educational institutions manage to form qualified personnel.

2) The level of development of the education system in the region and the country as a whole has a primary influence on the indicators of the socio-economic development of the region and the welfare of the people.

3) The costs of developing the education system are accompanied by the economic growth of the region, which is an appropriate expense, and attracted investments are one of the most important factors in the development of human capital. Given the increase in the share of private investment, educational services should be provided at affordable prices for most potential consumers and should provide the need for an innovative economy at the highest possible level.

4) The education system includes a number of multi-level tasks, and for their solution it is necessary to create and develop the infrastructure and educational network.

The education system reproduces the most important component of the region’s labor resources - highly qualified specialists, who subsequently occupy the positions of senior and middle managers of enterprises and become effective entrepreneurs.

References


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