

Human Capital as a Factor in Improving the Competitiveness of the Region

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Abstract: The study deals with the condition and special aspects in the development of human capital in the region by the example of the Republic of Tatarstan. In the context of globalization, advancement of communication systems and methods for the generation of new technologies, one of the important factors in business success is not just a high level of professional staff skills and their corresponding level of real capital but also the formation of abilities by an employee to adapt quickly to the high turbulence of the modern business environment. Therefore, investments in the development of the entire set of conditions providing a high level of accumulation for quantitative and qualitative characteristics of human capital are the most significant among the priorities of state and non-state expenditures.

Key words: Competitiveness of the region, human capital, investments in human capital, investments in education, human potential in the regions, production per 1 employee

INTRODUCTION

In the post-industrial economy the significance of the factors in production is fundamentally changing: there is a shift of emphasis from the saturation of production equipment to creation of the conditions for the production of intellectual products and the rates of technological renovation. In the world, there is more and more clearly revealed the dependence of economic development on the quality of human resources. Most developed countries have the largest share of accumulated human capital. This causes an increase in depending of the production on the quality, motivation and character of the labor use as a whole and each employee individually. In economics, this should be reflected, on the one hand, as the increase in requirements for the workforce, on the other the increase in the development expenditures of human creative abilities from the side of the state and private business.

During the research there were used an abstract and logical, statistical, economic and mathematical, graphic, expert, sociological, software and information methods. As information for the study there were the materials of the State Committee on Statistics of the Republic of Tatarstan, Ministry of Labour and Employment of the Republic of Tatarstan. The aim of the research is to analyze the current state of the human capital in the Republic of Tatarstan as a factor in improving the competitiveness of the region.

MATERIALS AND METHODS

Theory: It is known that for the development of the country there is a need to increase the competitiveness of its economy which is impossible without the application

of information technologies, resources, knowledge. This is the reason for the increasing role of human capital in the socio economic development. Many countries take an advantage from a key part of the human capital to ensure sustainable economic growth which allowed them to get out as quickly as possible towards advanced economic positions.

The problem of efficient use of human resources has existed since ancient times and in its development was called human capital theory. Under the human capital in modern economic literature is understood a certain asset of health, knowledge, skills, abilities, motivations gained by a human and formed as a result of investments. The competitiveness of the region manifests itself in the economy, high-tech manufacturing and high-quality, competitive products, in the social sphere the high level and quality of life, allowing to reproduce competitive human capital. The main areas of investment in human capital are investments in education and health, remuneration of labor, social and housing provision. Investments in remuneration of labor increase the motivation to work and provide the reproduction of human capital. Investment in education allows harmonizing the scope and content of human capital to the production requirements. Investment in health care increases the time and intensity of the human capital use.

RESULTS AND DISCUSSION

In modern conditions of managing the competitiveness of human capital serves as the main component of the productive forces. The carried out research suggests that at the present stage of development in the productive forces as a decisive factor

Table 1: The development level of human potential in the regions of Volga Federal District

Regions	Human potential, the number of points						The rate indicators
	2005	2006	2007	2008	2009	2010	
The Republic of Tatarstan	56	59	64	67	71	68	1
Nizhny Novgorod region	49	50	57	61	64	63	2
Samara region	56	57	63	65	65	62	3
Perm region	50	53	56	60	61	58	4
The Republic of Bashkortostan	45	45	54	54	59	56	5
Saratov region	40	41	44	44	47	45	6
The Republic of Udmurtiya	36	41	43	43	46	45	7
Orenburg region	28	29	35	34	42	38	8
Kirov region	27	30	32	35	38	37	9
The Republic of Chuvashiya	31	28	35	31	37	34	10
Ulyanovsk region	27	27	30	36	37	34	11
The Republic of Mari El	24	24	28	29	31	30	12
Penza region	20	23	26	30	30	27	13
The Republic of Mordovia	13	14	18	21	23	21	14

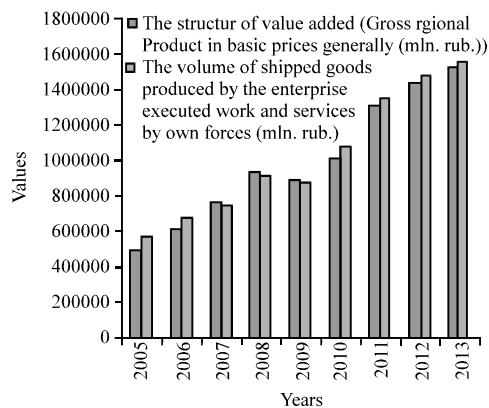


Fig. 1: The volume of shipped goods produced by the enterprise, executed works and services by own forces of the Republic of Tatarstan (mln. rub.) (TurkStat, 2010; Republic of Tatarstan, 2012)

for economic growth there are the investments related to the formation and development of the productive human abilities. Awareness of this fact gains particularly significance in the reforming Russian economy. Today, in the Republic of Tatarstan, there are taken certain measures to improve the efficiency of human capital, including the national projects "Health", "Education", "Affordable Housing", "Demographic Policy Concept of the Russian Federation for the period till 2015".

There are shown the values of the indicators, reflecting the development level of human potential in the regions of Volga Federal District in the period 2005-2010, in Table 1 (Safiullin and Elshin, 2012). Currently, the essential condition for the Republic of Tatarstan is the transition of the entire economy on raw materials to the production and sale of modern and competitive products. The analysis of the socio-economic conditions

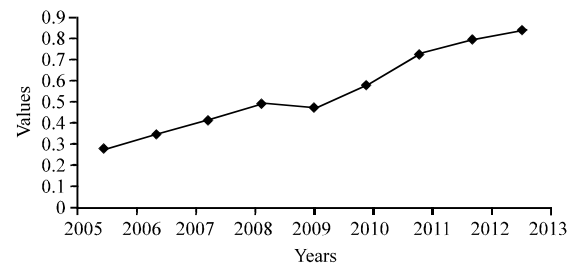


Fig. 2: Production per 1 employee (mln. rub.)

in the Republic of Tatarstan, its quantitative and qualitative characteristics of the labor force showed a positive trend in growth of the shipped goods for own production. Thus, in 2013 compared to 2005, an increase of 170% (Fig. 1). And such a transition is impossible without an increase in labor productivity (Fig. 2).

One of the main sources for the development in the region is the educational environment, that shapes the quality of macroeconomic generations in the medium and long terms through the development of human capital. The average value percent of investments in education in the republic for years of observations was 2.33% of the total investment volume (for example, investment volume in health care is 2.7%) (Table 2). It should be noted that the absolute value of the investments in this area is increasing, while their share in the total volume of investments in the economy retains its proportion and ranges from 1.4-3.5%. Moreover in 2005, the proportion of investments in this area reached its maximum value 3.5%. In subsequent years, the proportion declined and fluctuated in the range of 1.4-2.6% (Table 2).

The average growth rate of investments in education amounted to 19.73%, nearly correlated with the average growth rate in the economy of the Republic of Tatarstan.

Table 2: Investments in education in absolute and relative terms in the Republic of Tatarstan

Years	Investments in education (mln. rub.)	Investments in education (percentage to the total)	Total investments in the economy (mln. rub.)
2005	4703.7	3.5	139360.5
2006	3577.4	2.2	160605.8
2007	4769.2	2.2	214557.9
2008	6352.4	2.3	273098.1
2009	3808.1	1.4	277573.2
2010	8032.1	2.6	306019.6
2011	9082.4	2.3	393568.5
2012	10138.4	2.2	464744.9
2013	11194.2	2.2	520218.5

Table 3: Investments in health and social services in absolute and relative terms in the Republic of Tatarstan

Years	Investments in health and social services (mln. rub.)	Investments in health and social services (percentage to the total)	Investments total in the economy (mln. rub.)
2005	6845.5	4.9	139360.5
2006	5188.8	3.2	160605.8
2007	5870.2	2.7	214557.9
2008	4856.0	1.8	273098.1
2009	6103.2	2.2	277573.2
2010	5590.7	1.8	306019.6
2011	10288.6	2.6	393568.5
2012	11395.6	2.4	464744.9
2013	12406.1	2.2	520218.5

This was connected with the public health development program of the Russian Federation. There were allocated considerable funds in modernization of material-technical base for health care. This policy was maintained in 2012. However, the expenditures in 2012 grew at a slower pace. The average rate of the investment growth amounted to 11.96% which is below the average growth rate in the economy almost doubled (Table 3).

Investments in health and social services demonstrated a slowdown of the growth in the years 2006, 2008, 2010 by 24.2, 17.27, 8.39%, respectively (Table 3). Investments in education and housing policies have abrupt development. In 2006 compared with 2005, there was a decline of investment in these areas by 23% in 2009 compared to 2008 by 40%. In other periods there is an increase in investments, particularly large increase demonstrates 2007 in comparison with 2006 and 2008 compared with 2007; 33.31 and 33.19%, respectively (Fig. 3). This was due to the implementation of the state program for the social sphere development, including education. However, the highest growth rate demonstrates 2010 in comparison with 2009. During this period, there was launched a program of capital construction for kindergartens.

In 2007, 2009, 2011, 2012, 2013, there is an increase in the growth rate of investments in health and social services by 13.13, 25.6, 84, 10.75, 12%, respectively

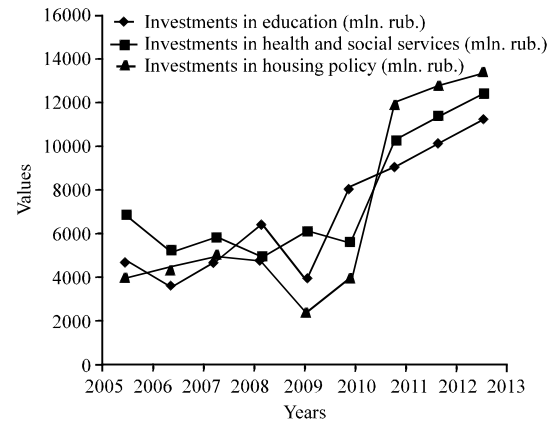


Fig. 3: Investments in education, housing, health and social services (mln. rub.) (TurkStat, 2010; Republic of Tatarstan, 2013)

(Fig. 3). The greatest growth is observed in 2011, 84%. However, the assessment in the human potential of the region cannot be achieved without taking into account the analysis and evaluation of innovation activities. Competitiveness of human capital is determined by the innovation activity, realized in the scientific community.

According to the statistical reports in the Republic of Tatarstan there is an imbalance in the growth rate of students in primary, secondary and higher vocational institutions. On the background of the increase in the amount of students in higher educational institutions there are observed negative growth rates of students in primary and secondary vocational education. If such trends remain in the future, there probably will strengthen the processes for unfolding and "tension" in the labor market due to the increasing shortage of skilled workers. The graduation of the specialists by the educational institutions of primary vocational education, the growth rates of 2010-2005, in the republic were (-27.2)%. The growth dynamics of expenditures for research and development in the republic over the period 2005-2010, amounted to 120%. The study results showed that in the Republic of Tatarstan there is significant potential in strengthening human capacity. First of all, it is due to the in the formed structure of training for specialists in the recent years, that is focused on the strengthening and development of primary and secondary vocational education, investments in research and development.

CONCLUSION

Consideration of human capital and investment for its improvement in the macro-economic level allows us to give recommendations on the formation of human capital

that is adequate to the production conditions. To realize this goal in the best way we should plan investments in human capital. This plan identifies the need for human capital, allows us to define a set of measures aimed at improving human capital and determine the value of the investment expenditures on these activities realization. Before you invest in human capital, it is necessary to assess the size and direction of investments for improving the efficiency of the results. The main challenge that the regional authorities are facing now is to ensure the relationship between the development of the human capital and improving competitiveness of the economy.

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