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HUMAN CAPITAL AS A POTENTIAL FOR ECONOMIC DEVELOPMENT OF THE COUNTRY

Results of the research of the human development influence on economic growth in the modern Moldova are submitted. It is proved, that the human development factor influences the economic growth rate more strongly, rather than the accumulation of the physical capital factor. It is revealed also, that in the large industrial potential regions additional investments in the physical capital influence the economic growth rate more poorly, than on the average in the Moldova, and additional investments in the human development - are even stronger, than on the average.

Key words: *human development, economic growth, human capital.*

In the 21st century, the model of "sustainable human development" is proposed as a new model for the development of civilization. It is necessary to note that the notion of "sustainable" development itself has become, to a certain extent, an agreement between technical and environmental trends in the development of society. The notion of sustainable development began to be widely used in the scientific literature after the publication by UN of "Our Common Future" (1987), where it was defined as development that meets the needs of the present generation without threatening the prosperity of future generations. Nowadays, the world economy possesses all the financial, technological, informational, human and other resources in order to overcome the global problems of society.

The economic efficiency, the environmental security and social equity should be the criteria for realizing sustainable development in modern society, however, as social development shows, the society is still far from solving the problem of sustainable human development. This suggests that modern civilization is in a state of a systemic crisis, the exit from which is the transition to sustainable development, which in its turn requires a real change in the vector of the human capital development.

The solution of the current perspective tasks of any national economy is closely connected to the determining role of the human factor. In the history of the society development, the person has always been and remains the decisive factor of socio-economic development. Modern managerial theories suggest that the development of modern society and informational production cannot be considered only in purely production and technical aspect, since there is a stable connection and relationship between the combination of factors of social labour. At the same time, the latter, through

the increasing role of the human factor, has a major impact on the development of modern production.

The social and economic development of the national economy takes place through a complex and sometimes contradictory interaction, on the one hand, the production structure, technological systems and management, and on the other hand the system of economic relations and the reproduction of labour-power.

This suggests that in the modern economy, the process of the formation and development of the workforce has general and specific legal conformities that, to some extent, are manifested as conditions for the optimal and rational behaviour of the "homo economics" person in the economic activity. The market entity should be able to analyse and take into account these legal conformities in the process of making managerial decisions, and the subject of management in the economy should not be only a passive observer and should promote the conformity of the economic mechanism with the objective legal conformities of the workforce development [7].

All this suggests that with the increase in the role of man in economic growth, the attitude of economic science toward the problems of the reproduction of highly skilled workforce must change. If earlier in the 40-60s of the 20th century, the centre of scientific research in economic theory was reduced to the problems of using cash in the workforce economy, nowadays the society of informational economy should pay attention to the aspects of the formation and development of a qualitatively new workforce.

It is necessary to note that this tendency is more or less reflected in economic science. So, for example, the technological, organizational and structural changes in the economy of the late 20th century became an objective foundation on which the modern theory of human capital emerged and is developing.

The global concept of human development, which has become one of the best achievements of human civilization [1; 2], proceeds from the primary inherent worth of human development, from the fact that production exists for the development of people, and not people - for the sake of production developing. Of course, supporting such a position, it is necessary to recognize that, unfortunately, it is still far from being truly acknowledged and perceived in Moldova by everyone. We, at all levels of management, still have no reorientation from material to intellectual-human factors of social and economic development, which is becoming an increasingly significant brake on the progress of countries. In our opinion, the main reason for this is the perception of the processes of economic growth and human development as separate, isolated, of which the first creates conditions for the second and determines it.

At the same time, there are theoretical and practical calculations made in the developed countries of the world, which prove the significant impact of human development on the dynamics of economic growth, which is confirmed by practice. As a rule, in economic science they are connected with the theory of human capital [2; 4; 8; 9]. The investments in human capital can increase the rate of economic growth and society standard of living through expanding opportunities, increasing labour productivity, attracting capital investments and raising their profitability.

The development of human capital is the process of forming the productive abilities of an employee with the help of investments in a specific process of human life-sustaining activity. It should be noted that investments in the development of human capital have certain characteristics that distinguish them from other types of investments, i.e., the nature, the scope and the types of investing in people are determined by: socio-cultural and religious characteristics; physical and moral aging of human capital; investment period of receiving benefit from investments (education sector 12-20 years); time of use of human capital (life duration of the person).

Improving the health of the population and raising the level of education also play an important role, giving people the opportunity not only to work more productively, but also to live a more fulfilling life. The importance of investments in human capital, especially in education, for economic growth and wellbeing of the population is recognized throughout the world.

From a purely economic point of view, however, these investments as such do not always ensure the acceleration of economic growth: in an unfavourable environment, the investments in human capital can only lead to the unproductive spending or the accumulation of unused resources.

In this regard, the society faces the task to determine whether the human development affects positively and with what force the economic growth in the conditions of the transition period in the Republic of Moldova? What is more important for ensuring economic growth at this stage – investments in material production or in human development?

However, it is necessary to emphasize that such way of posing the question is characteristic for the concept of human capital. The concept of human development is much broader than the concept of human capital, in which the man is considered as though the most important and the most effective, but only as a *means* of increasing production and income. In the concept of human development, a highly developed, healthy, free in his/her choice person is the main *goal* of the development, and increasing the volume of production and income is only one means of achieving this goal.

The elaboration of the concept of human development made it possible to formulate a qualitatively new, perspective approach to understand the social progress. This approach is focused on the person, on expanding the possibilities of his/her life choice. This approach offers solutions to the most important social and economic problems that are relevant for Moldova. These are problems such as poverty, unjustified inequality of income, including gender, lack of access to education, diseases, including social and many others. Based on the concept of human development, it is proposed a verified and real system of measures based on a more equitable distribution of productive assets and income, focused on expanding opportunities for development of abilities and meeting the needs of people, their active participation in society.

The concept of human development also offers a methodology for calculating integrated generalized indicators – human development indices (HDI). Since 1990 these indices are calculated by the United Nations Development Program (UNDP) for almost all countries of the world and are published in annual reports [6]. They reflect the comparative possibilities of human development in different countries, accumulating in one index number three most

important components of this development: life duration, education (literacy and enrolment in education), and also GDP per capita at parity of purchasing power of the national currency. These components are entered into the general calculation by special formulas and thus get an integral index of human development, expressed as a relative value from 0 to 1. Thus, the rating of countries according to HDI for 2014 was: from the maximum in Norway (1st place) to the minimum in Niger (188th place). Moldova was on the 107th place. [6]

At the same time, the HDI does not take into account many parameters that are important for people, i.e. it was compiled from the calculation on statistical base, accessible and comparable in almost all countries of the world, but the HDI does not take into account the specifics of the national economy and the features of regional development.

Therefore, in order to study the level of human development within the country, the methodology for calculating HDI the UNDP may be and should be expanded and improved. In particular in the Republic of Moldova, it is necessary to create a national methodology for measuring the level of human development of economic regions, which was based on the ideas and principles formulated by UNDP. Based on the wide information and statistical base available in Moldova, which the Ministry of Information Development has at its disposal, the national methodology would significantly complement the international elaborations due to better taking into account the multidimensionality of human development. Based on HDI criteria, UNDP may include a three-tier system of human development index:

1. Integral Regional Human Development Index.
2. General indicators of human capital development.
3. Characteristics of each aspect of human development for the region of Moldova.

Each of these indicators also consists of many elements that are included in the overall calculation with certain weights. This methodology should be adopted and approved by the Statistics Department of the Republic of Moldova and annually calculate all these indicators for the main economic regions of the national economy.

Using the obtained database, it would be possible to conduct an econometric estimation of the impact of human development and investments in physical capital on the economic growth of the regions of Moldova. Based on the analysis of panel data for a certain period of time for economic regions, it is possible to develop a model for their economic growth in regions.

The national economy of Moldova faces a task that can be reduced to the following objectives:

- accelerated economic development by creating conditions for the reproduction of resources by as many manufacturers as possible;
- development of the economy determined by the development of all spheres, rather than individual branches and industries;
- transformation of regional scientific and technological progress into one of the main factors of economic development;

- develop a regional model of economic development and a specific tool for assessing the impact of investment factors in human and physical capital on the economic development of regions;

- it is necessary to define new approaches to government regulation and support for the development of human capital, by ensuring effective employment, improving the education and health system.

At the beginning of the 21st century it became evident that in the branches of the national economy that determine the economic progress of society, it is namely the highly skilled workforce that turns into a driving factor determining the future economic shape of Moldova.

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ЧЕЛОВЕЧЕСКИЙ КАПИТАЛ КАК ПОТЕНЦИАЛ ДЛЯ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ СТРАНЫ

Представлены результаты исследования влияния человеческого развития на экономический рост в современной Молдове. Доказано, что фактор человеческого развития сильнее влияет на темпы экономического роста, а не на накопление физического фактора капитала. Выявлено также, что в крупных областях промышленного потенциала дополнительные инвестиции в физический капитал влияют на темпы экономического роста более слабо, чем в среднем в Молдове, и дополнительные инвестиции в развитие человека - еще сильнее, чем в среднем.

Ключевые слова: *человеческое развитие, экономический рост, человеческий капитал.*

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ЛЮДСЬКИЙ КАПІТАЛ ЯК ПОТЕНЦІАЛ ДЛЯ ЕКОНОМІЧНОГО РОЗВИТКУ КРАЇНИ

Представлені результати дослідження впливу людського розвитку на економічне зростання в сучасній Молдові. Доведено, що фактор людського розвитку сильніше впливає на темпи економічного зростання, ніж накопичення фактору фізичного капіталу. Виявляється також, що в регіонах із великим потенціалом промисловості додаткові інвестиції у фізичний капітал впливають на економічний розвиток більш погано, ніж в середньому в Молдові, а додаткові інвестиції в людський розвиток - ще сильніші, ніж у середньому.

Ключові слова: *людський розвиток, економічне зростання, людський капітал.*