

ICEST 2021

II International Conference on Economic and Social Trends for Sustainability of Modern Society

**HUMAN FACTOR AS A TOOL FOR THE SAFE FUNCTIONING
OF A CORPORATION**

O. V. Mamatelashvili (a)*, Ts. T. Khisamova (b)

*Corresponding author

(a) Ufa State Petroleum Technological University, Ufa, Russia, mar3169@yandex.ru

(b) Ufa State Petroleum Technological University, Ufa, Russia

Abstract

The relevance of the problem under study is due to the fact that the human factor is the most important resource of any corporation functioning in modern market conditions. The importance of human resources for the reliable and safe operation of any commercial organization only increases in the process of the evolution of a market economy, increased competition, growing scarcity of land resources, transition (transfer) of the economy to an innovative development model. In the short term, the role of human capital will become even more significant, and it can be argued that investments in it will come out on top among other areas of investment. The article is aimed at finding ways to further develop the typology of organizations based on a key type of knowledge, which forms the basis for understanding how individual knowledge relates to wider group and organizational processes of knowledge management. The authors note that at present the key to mastering the art of organizational change, and, therefore, to ensuring the continued development of corporations and, as a result, achieving its economic security lies in the effective, continuous development of its human resources.

2357-1330 © 2021 Published by European Publisher.

Keywords: Intellectual capital, human capital, knowledge economy, economic security



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

By the end of the twentieth century, the point of view that the resource approach with emphasis on the internal capabilities of the company as a source of its competitive advantages should become a basic theoretical model for further theoretical research in the field of strategic human resources management and corporate development (Didenko, 2015; Kurnysheva, 2018; Petrenko et al., 2018).

The fundamental concept of strategic human resources management is based on the assumption that these resources not only take into account the business strategy of the company, but also determine it. The validity of this concept depends on the installation, whether people can be considered the basis for achieving a competitive advantage and creating additional value, and therefore, to consider them as a fundamentally important strategic resource on which economic security depends. This put forward on the agenda the requirement of continuous development of personnel, that is, the implementation of a set of measures that contribute to the full disclosure of the personal potential of employees and the growth of their ability to contribute to the safe functioning and development of the company. Corporations come to the realization that it is objectively necessary to create a new business model and accelerate the transition of the economy to an innovative model based on knowledge, where “human capital” becomes the main productive force (Aaker, 2007; Boxal & Parsner, 2008).

The strategic development of human resources is aimed at the formation of a learning and developing organization (within the framework of which systematic management of knowledge takes place) and the creation of a holistic system of personnel development (i.e. conditions for training, development and improvement of professional skills of employees in order to increase the level of organizational, team and individual efficiency) (Armstrong, 2012).

For all developed countries, the last century ended with a period of active transition to the model of the “knowledge economy” or to that stage of social and industrial-economic development, “in which the knowledge, skills and abilities of workers and the opportunities that form on their basis play a crucial role in the production and distribution process organizations. For this reason, the rivalry of corporations in the future will occur primarily in the sphere of development of these opportunities” (Ansoff, 2015, p. 141).

One of the interpretations of the category “human capital” states that social capital (an expanded interpretation of the category “human capital”) at the level of an individual organization, or corporate human capital, “represents shared knowledge, norms, rules and expectations regarding patterns of interaction that groups of individuals carry out (jointly) as a repetitive activity” (Chanko, 2008, p. 5).

The components of this concept are: trust in the organization as an integral expression of the state of its internal public relations; reputation of the organization as an expression of the state of external relations; strategy and tactics of business negotiations as an expression of the value orientation of the subject of social relations, and corporate governance as following the principles and values of the corporation. (Clutterback, 2008; Gausner, 2009).

However, there are still no methods recognized by major scientific schools that clearly answer questions about the quantitative measure of the contribution of education to the final results of companies. Meanwhile, market practice more and more insistently requires quantitative assessments of all elements of capital, including human capital, including the assessment of the contribution of training to the growth in

the cost of capital. Today, they are trying to achieve this result of the practice through the use of the indicator “assessing the company's reputation” or evaluating the so-called Goodwill.

The development of theoretical science and human resource management practice since the 1990s in our country has gone in two ways:

- the development of individual abilities and their transformation (for many workers) into individual intellectual capital (the first way);
- coordination of the interests of individual employees with the goals of the company, which leads to the formation of the so-called “management teams”, and subsequently to the formation of a common corporate (team) intellectual capital (Bychenko, 2014; Golovanova et al., 2011; Gruzkov, 2013).

Each of the two points of view received its supporters and opponents, but each of them was applied in practice in the activities of specific companies (corporations) to create, strengthen and increase competitive advantages and develop the organization through the development of its “human capital”.

2. Problem Statement

The development of a modern economy is based on knowledge. The success of corporations today to a large extent depends on the ability to create, develop and put into practice knowledge, implement intellectual information products. The current situation requires changes and development from corporations, which must respond more quickly to market offers and existing risks, for which they need to become centers for obtaining and disseminating new knowledge.

3. Research Questions

In the prevailing socio-economic conditions, the presence of personnel development concepts is becoming a prerequisite for effective activities that ensure economic security, an important competitive advantage for the company by providing personnel support for managerial and technological innovations in accordance with competencies (corporate, managerial, technical and professional), as well as due to minimization of technological, economic, managerial risks and costs.

To achieve these goals, in our opinion, it is necessary to solve two critical tasks:

1. To identify the features of the “human factor” that directly affects the state of competitiveness, economic security and corporate development in a commercial environment.
2. To propose tools for the development of the corporation through the model of the “knowledge economy”, where the knowledge, skills and abilities of employees and the capabilities of organizations formed on their basis ensure the economic security and competitiveness of the corporation.

4. Purpose of the Study

The purpose of the study is that, on the one hand, it is necessary to single out categories of personnel whose knowledge makes the most valuable contribution to the competitive advantage of the company, and on the other hand, to show that strategic management is aimed at long-term results and is based on constant consideration of changes in the external environment, which differs great uncertainty and a variety of risks. This reflects the growing role of human capital among production factors aimed at developing the corporation and ensuring its economic security.

Transferring the Russian economy, as well as other leading countries of the world, to an innovative type model based on the “knowledge economy” will require rethinking of almost all schemes and methods of corporate governance as a whole.

5. Research Methods

The authors used universal research methods such as:

- analysis and synthesis
- systems approach
- historical
- logical

6. Findings

The 21st century is the century of the new economy, the “knowledge economy”, where the human factor will have a growing significance, and man himself will become a leading figure (Kugel, 2011; Milner, 2008; Pudovina et al., 2020).

Table 1 in chronological sequence, in accordance with the time of their occurrence and active use, some basic concepts of the organization’s personnel management theory are given. The chronology clearly reflects the gradual awareness by society of the growing role of man in the economy.

Table 1. The development of scientific ideas about the subject of industrial and economic activity (about the subject of economic life)

Seq No.	Category names	The period of active use in Russian science	Representation about a human	Main factors occurrence submissions
1.	Work force	XIX century - the present time	Man is a bearer of abilities and qualities that can be productively used only in the labor process	The need to consider personal contribution Employee
2.	Personnel (labor resources)	1920 - the present time	Man is a passive object of external control, a planning and accounting unit	The need to measure the contribution of each employee in a centralized management environment
3.	Labor potential	1970 - the present time	A person is a subject of an organization with personal interests	The need to activate and use the personal capabilities of workers

4.	Human factor	1980 - the present time	and opportunities Man is the main driving force of social production and a means of increasing its effectiveness	The need to use the influence of the external environment of the organization, intellectual, craft and managerial (managerial) capabilities of a person
5.	Human capital	1990 - the present time	A person is the most important element of the total capital of an organization, an object of effective investments, and a subject that transforms these investments into an increase in the organization's capitalization	Recognition of a person as a resource - an important part of the total capital of a commercial organization (company, corporation)
6.	Knowledge economy (knowledge workers)	After 2000	Man is an object of investment; the sphere of investment in a person is his knowledge, skills	Recognition of the high return on investment in employee education
7.	Intellectual capital (individual)	After 2000	Obligatory sectors for investing before production are science, the growth of education of each employee and innovation	Recognition of science (theoretical and applied) as a stage on the way increase the efficiency of the economy and accelerate the social development of the people
8.	Team intellectual capital	After 2000	A person works in a "team"; coordination of interests of members of the "team" (company personnel) is necessary	Matching members interests "Teams" calls synergistic the effect

Today, the development of corporations is caused by globalization of markets, radical changes in technology, changes in the structure of jobs and the labor market, a focus on high incomes of owners, rapid and continuous organizational changes that are cardinal and long-term.

These are the following business changes:

- from autonomous self-sufficiency - to unlimited partnership;
- from hierarchical or (and) centralized structures - to plastic, decentralized, network structures;
- from patriarchal models of sole management to delegation of authority;
- from focusing on large volumes and low production costs - to focusing on its quality and speed of innovation;
- from error-free operation to measurable improvements;
- from a closed organizational system to an open system.

The organizations themselves (enterprises, institutions, companies, corporations and other legal forms), depending on the key knowledge for each organization and the processes for their assimilation by personnel, are divided into four types, the characteristics of the typologies of organizations are given taking into account the recommendations, but are presented in the author's edition, which are listed below - in Table 2.

Table 2. Typology of organizations based on a key type of knowledge in an organization

Seq No.	Type of organization	Key kind of knowledge	Organization management features	Actual problems of the organization
1.	Addicted from experts	Action-oriented knowledge driven by a specific context; acquired in the process of solving practical problems	The most important is the work of experts. Status and power are based on professional reputation. Strong emphasis on training and skills development	Assessment and development of individual competence. Computerization of a number of operations performed by qualified specialists
2.	Addicted from analysts	Intellectual knowledge based on abstract thinking skills and cognitive abilities	The solution of innovative problems. Status and power are based on creative achievements. Design and matrix forms prevail	Development of creative and problem-solving skills. Information support and design of expert systems
3.	Organization routine knowledge	Integrated knowledge contained in systems and procedures	Technological or time-consuming processes. Hierarchical structure. Functional division of labor	Organizational competencies and strategies. The development of integrated computer systems
4.	Intensive communication organizations	Cultural knowledge related to the process of mutual understanding	Communication and collaboration in key processes. Empowerment through integration. Knowledge and experience are important at all levels of the organization.	Creation of new knowledge. The process of collective comprehension of new knowledge. Development of computer support systems

A typology of organizations based on the key type of knowledge forms the basis for understanding how individual knowledge relates to wider group and organizational processes of knowledge management, and also allows you to identify categories of personnel whose knowledge makes the most valuable contribution to the competitive advantage of the company.

Changes in corporate human resources:

- from narrow specialization and limited liability for assigned work to broad professional and job profiles;
- from a planned career path to an informed and flexible choice of the path of professional development;
- from the responsibility of managers for staff development - to the responsibility of employees themselves for their own development;
- from monitoring the problems faced by employees to creating opportunities for the comprehensive professional growth of each person in order to solve these problems;
- from the lack of “feedback” with subordinates - to its active search;
- from a “secret” review of success factors, vacant jobs and selection of specialists - to an open discussion of the level of competence of employees, available vacancies and ways to fill them.

Thus, speaking about modern approaches to the development of corporations, we must proceed from the fact that:

- a person is the key to successful management (i.e., based on a person's priority);
- a person must be perceived in a complex (i.e., he is not only an employee, but also a member of the team, with his usual way of life, psychology and character);
- a management system and methods are needed that are appropriate for such a multi-faceted person.

In this system, the most important place is occupied by the human development function, which is achieved on the basis of continuously developing educational services.

Success in business is increasingly determined not only by special knowledge in the field of a particular production, but also by qualitatively new requirements for company management. This is, first of all, the development by employees (including new owners and hired managers) of the basic laws and technologies of a market economy (Kibanov & Kashtanova, 2014; Mamatelashvili et al., 2020; Nonaka & Takeuchi, 2011).

Given the importance of working with staff, many companies have developed concepts for staff development (new in content and structure), the essence of which is as follows:

- Personnel - always the creators of material and spiritual values, the most important element in the development of the organization of production, ensuring the profitability and financial and economic security of companies;
- work with personnel is a complex type of activity aimed at solving organizational, managerial, socio-economic, legal and other problems;
- personnel policy of companies is an effective management tool, an important factor in the socio-political stabilization of labor collectives in the industry;
- the personnel education system as a service and at the same time a means of implementing the personnel policy of companies should be constantly evolving;
- the costs invested in the development of personnel will bring profit to companies.

You can simulate the hierarchy of needs of companies (corporations). Their frames should be able to carry out specific orders, orders according to a given algorithm; independently solve the tasks; find bottlenecks in the company's activities and eliminate them, increasing the competitiveness of the corporation; work for the future, contribute to the formation of a positive image of the company; provide opportunities for self-development of the team and the development of the corporation as a whole.

Companies striving to create and realize competitive advantages began to impose increasingly serious requirements on their employees, including:

- knowledge of new technologies, understanding of their role in achieving the common goals of the company, the ability to set goals and make decisions;
- willingness to learn and adapt to constantly changing conditions, responsibility for improving their professional qualifications; continuous self-education and self-development;
- the ability to work independently, without guardianship and petty control;
- the ability to interact with partners and customers of the company on equal conditions of economic security of the parties;
- ability to solve problems based on creative approaches to work.

Of the complex of measures to prepare production and other areas (segments) of a company for working with innovations, decisive are the measures to prepare company personnel for work in an innovative model of the economy (both the country and the company itself), based on a “knowledge economy”.

The experience of leading corporations proves that success will accompany the company if it develops corporate, functional, business strategies aimed at actively using the internal potential of the company to change the external environment, rather than simply adapting to it.

7. Conclusion

As a result of the study, it became apparent that in the face of an acute shortage of qualified managerial personnel, companies will increasingly be concerned about the shortage of highly qualified employees. One solution to this problem is the strategic development of human resources and the development of the corporation. Highly skilled employees become a significant competitive advantage, allowing the company to achieve more effective results and ensure economic security.

Strategic management in the conditions of market management of organizations (primarily due to increased competition) is one of the main factors of successful business and effective management. Today it is already possible to draw a conclusion about the establishment of corporate principles for managing the activities of leading companies in general, and about their improvement as a priority link in the strategy of such companies. The principles reflect the provision on the predominant role of human capital among factors of production as an instrument for the development of corporations. This confirms the objective need for investment in “human capital”, and reflects the growing role of human capital among factors of production.

References

- Aaker, D. (2007). *Strategic market management*. Tr. from English under the editorship of S.G. Bozhuk St. Peter.
- Ansoff, I. (2015). *New corporate strategy*. Tr. from English St. Petersburg: Peter Kom.
- Armstrong, M. (2012). *Practice human resource management*. Tr. from English St. Petersburg: Peter.
- Boxal, P., & Parser, J. (2008). Strategic human resource management: where we come from and where we should go next. *Russian Management Journal*, 3, 59-86.
- Bychenko, Yu. (2014). *The innovative mechanism of sustainable development of human capital*. LAP Lambert Academic Publishing.

- Chanko, A. D. (2008). Management team as a source of dynamic capabilities of the company. *Russian Journal of Management*, 1, 3-24.
- Clutterback, D. A. (2008). *Team coaching at the workplace: technology for creating a self-learning organization*. Eksmo.
- Didenko, D. V. (2015). *Intellectual-intensive economy: human capital in the Russian and world socio-economic development*. Aletheia.
- Gausner, N. (2009). The innovative stage of development: a new model for the use of “human resources”. *Problems of theory and practice of management*, 1.
- Golovanova, E. N., Locan, S. A., & Havin, D. V. (2011). *Investment in the human capital of the enterprise*. INFRA – M.
- Gruzkov, I. V. (2013). *Reproduction of human capital in the conditions of the formation of the innovative economy of Russia. Theory, Methodology, Management*. Economics.
- Kibanov, A. Ya., & Kashtanova E. V. (2014). *Management of a business career, career advancement and personnel reserve*. M.: Prospect.
- Kugel, F. (2011). On the threshold of the era of human capital. *Human Resources Management*, 7(214), 59-61.
- Kurnysheva, I. R. (2018). *Features of the human capital of the Russian economy in the competitive world: monograph*. Synergy.
- Mamatelashvili, O. V., Pudovina, A. I., Akhtamova, G. A., & Mukhamadieva, E. F. (2020, March). Non-Standard Means of Staff Development. In *International Scientific Conference "Far East Con"(ISCFEC 2020)* (pp. 1251-1257). Atlantis Press.
- Milner, B. (2008). “Economics of knowledge” and new requirements for management. *Problems of the theory and practice of management*, 1, 108-120.
- Nonaka, I., & Takeuchi, H. (2011). The company is the creator of knowledge. *Origin and development of innovations in Japanese firms*. Olimp-Business.
- Petrenko, T., Egorova, I., & Kovalenko, S. (2018). *Study of human capital as a factor of economic growth*. LAP Lambert Academic Publishing.
- Pudovina, A. I., Mamatelashvili, O. V., & Mukhamadieva E. F. (2020). Corporate training: from planning to efficiency. *Revista Inclusiones*, 7, Numero especial, 448-466.