

SCTCMG 2019
**International Scientific Conference «Social and Cultural
Transformations in the Context of Modern Globalism»**

**RELEVANT ISSUES OF FORMATION AND DEVELOPMENT OF
HUMAN CAPACITY OF A MUNICIPALITY**

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Abstract

The research topic is of relevance since the effective development of municipal government requires not only financial resources. Formation and development of human capacity is of great significance. Individuals play an important role in the process of transforming relationships. Therefore, sustainable development of the municipality is impossible without appropriate personnel prerequisites. The municipal level of the authorities is experiencing a serious shortage of qualified personnel capable of solving complex issues caused by the nature and dynamics of the socio-economic processes occurring in Russia and in the world. The paper is devoted to the study of the most acute issues of managing the formation and development of the human capacity of a municipality in a rapidly changing external and internal environment. The municipalities of the Chechen Republic were chosen as the object of the study because the republic is a post-crisis region. The analysis, assessment of the personnel potential of the region is of scientific interest. In this study, human capacity is examined in the context of the sustainable development of the institutional infrastructure of a municipality. In this regard, special attention is paid to the human capacity of the municipal authorities as the willingness of the main leaders of the municipality to accept changes with due respect to compliance of the qualifications to emerging tasks of sustainable development; the capacity of employees of the subjects of institutional infrastructure; potential of institutional relations as a relationship between the authorities and the institutional infrastructure of the municipality.

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Keywords: Human capacity, municipality, sustainable development.



1. Introduction

The main problems of managing the human capacity of a municipality are currently caused by a number of circumstances: at present, it is the municipal level of the authorities that is experiencing a serious shortage of skilled workers; due to the changing social and environmental situation, there is a need to update the institutional infrastructure of municipalities.

However, to meet this demand, an adequate personnel reserve and a high level of training of new applicants in management specialties are required. Currently, there is an acute shortage of qualified specialists in key management specialties in almost all areas of the state and municipal government. In the Chechen Republic, this situation highlighted the need to create a new system of personnel reproduction.

2. Problem Statement

The development of the municipality requires a model of the formation and development of human capacity. Sustainable development of the municipality is impossible without appropriate human capacity. The municipal level of the authorities is currently experiencing a serious shortage of qualified personnel capable of solving complex problems. The paper is devoted to the study of the most important issues of the formation and development of the human capacity of a municipality in a rapidly changing external and internal environment. At the same time, it is necessary to investigate human capacity in the context of sustainable development of the institutional infrastructure of the municipality.

3. Research Questions

The shortage of qualified specialists in the regional labor market increases the urgency of the problem of administrative regulation of inventory, advanced training and formation of personnel reserve for the municipal level of management, including that for various functional areas. Thus, at all levels of the institutional infrastructure of the municipality, the development and implementation of programs for development of human capacity becomes an important task. The accumulated human capacity in itself is not a panacea for existing problems. A situation where human capacity is excessively high as a result of resource expenditures that exceed the threshold of resource capabilities poses threat for institutional infrastructure of the municipality. That is, the problem of developing human capacity in the Chechen Republic has not only advantages, but also disadvantages. A reasonable balance of advantageous of the institutional infrastructure of municipalities can improve the efficiency of personnel management. Based on the general analysis, it can be concluded that for a municipality, human capacity is the degree of preparedness of the institutional infrastructure for implementation of the sustainable development program of the region and its administrative parts (Salgiryev, 2016). High degree of preparedness of regional authorities need less effort to implement a development program: financial, temporary, technical. That is, human capacity should be considered as a set of three components separated with regard to functions in personnel management – the potential of the authorities of the municipality; potential of employees of the subjects of institutional infrastructure and potential of institutional relations.

4. Purpose of the Study

The purpose of the study is to develop recommendations for authorities and other interested parties in the context of the impact of human capacity on the sustainable development of the institutional infrastructure of the municipality.

5. Research Methods

This study employed conventional methods of economic research – an empirical method, methods of analysis and synthesis, statistical and graphical methods for visualizing socio-economic indicators and processes. The authors used open information sources.

6. Findings

The proposed model should take into account static and dynamic parameters not only to analyze the current state of human capacity, but also to manage the development of human capacity in the municipality. If the model is used to analyze the professions most in demand for the institutional infrastructure of a municipality, a dynamic picture of human capacity for the coming period is formed. Very important is the inter-qualification analysis of the human capacity of the municipality. Therefore, it is important to analyze the main trends in the share of the economically active population in the Chechen Republic using the main indicators of employment:

- level of employment;
- level of unemployment.
- level of economic activity of the population;

To assess the economic activity of the population, we use statistical data for 2014 (Table 01).

Table 01. Economic activity of the population of the Chechen Republic in 2014 (CcRepGovernment, 2014; CcRepGovernment, 2018; CcRepGovernment, 2019)

	Number of citizens registered	Number of unemployed citizens registered			Unemployment rate, %	Stated need of organizations for employees, people
		people	%			
			corresponding period of the previous year	previous period		
January	125 841	125 837	75.9	97.5	19.4	1878
February	120 813	120 663	71.5	95.9	18.6	1898
March	117 121	117 104	71.1	97.1	18.0	1717
April	114 320	114 272	70.2	97.6	17.6	1 629
May	111 291	111 282	69.9	97.4	17.2	1 676

June	109 225	109 209	70.4	98.1	16.8	1 729
July	105 321	105 315	70.5	96.4	16.2	1 864
August	102 938	102 889	70.6	97.7	15.9	2 583
September	102 414	102 372	71.6	99.5	15.8	2 587
October	101 507	101 444	74.2	99.1	15.6	3 071
November	101 083	100 465	75.6	99.0	15.5	3 139
December	99 571	99 544	77.2	99.1	15.7	3 067

The analysis of these indicators allows us to formulate conclusions about the current state of the human capacity of the institutional infrastructure of the municipality. In 2014, the level of economic activity stabilized, by the end of the year, the level of employment was 98.3%, the share of the unemployed in the reporting period stabilized and does not exceed 9% of the number of economically active persons.

Based on the analysis of the concept of the category “human capacity of the institutional infrastructure of the municipality”, the development of human capacity should be managed using quantitative and qualitative parameters to assess its state. To solve this problem, we propose a system of indicators to assess the current state of the human capacity of the municipality institutional infrastructure and to plan changes of the most important parameters for its sustainable development (Table 02).

In our opinion, at present, to ensure that the human capacity meets the basic qualification requirements is one of the main tasks in developing a program for sustainable development of the institutional infrastructure of a municipality. To fulfill the task, a hierarchical scheme should be used to analyze the mutual correspondence of the program, the main scenarios, tasks and limits. We believe that a sustainable development program can highlight scenarios to which tasks are subordinated. In addition to scenarios, resource limits are drawn up to ensure implementation of specific scenarios. At each stage of the management of the human capacity of the institutional infrastructure of a municipality, appropriate limits are adopted:

- limit of funds for advanced training;
- limit of funds for staff retraining;
- limit of funds for recruiting new employees;

Table 02. System of parameters of human capacity of the institutional infrastructure of the municipality.

Management level parameters		
Duration of decision making	t	t is time from report or order receipt to document signing, days
Infrastructure update intensity	n, T	n is the number of changes in infrastructure for the period; T is the average period of the infrastructure operation between changes
Share of people employed in management in the total number of employed	$k_1 = \frac{K_P}{K_E}$	K_P is the number of people employed in management; K_E is the total number of people employed in the municipal economy

Level of expenditures on government	$k_2 = \frac{E_P}{GMP}$	E_P is the cost of financing the work of the authorities; GMP is gross municipal product
Parameters at the employment service level		
Position fill time	T_{fill}	T_{fill} is the average time between appearance of a vacancy in the employment service and hiring of a candidate, days
Qualification of personnel in the municipal economy	$k_3 = \frac{K_{HE}}{K_3}$ $k_4 = \frac{K_{qual}}{K_E}$ $k_5 = \frac{K_{HE}}{K_P}$	k_3 is the proportion of employers with higher education; K_{HE} is the number of employees with HE; k_4 is the share of employees with specialized qualifications by their position; K_{qual} is the number of employees with relevant qualifications; k_5 is the share of employees with higher education in government
Personnel development factor	$k_6 = \frac{K_{impr}}{K_E}$	K_{impr} is the number of employees improved their skills within the analyzed period
Sufficiency of personnel reserve	$k_7 = \frac{D_{res}}{D_{ME}}$	D_{res} is the number of positions to be filled with personnel reserve; D_{ME} is total vacancies in the municipal economy
Parameters at employee level		
Work satisfaction	$k_8 = \frac{K_{sat}}{K_E}$	Q_{sat} is the number of employees who are satisfied with their work in the current position
Readiness to learn	$k_9 = \frac{K_{read}}{K_E}$	K_{read} is the number of employees ready to learn
Resistance to changes		Qualitative analysis of each category of employees depending on the role in the institutional infrastructure of the municipality

- limit of funds to ensure migration, rotation and development of employees;
- limit of funds to maintain the institutional infrastructure.

Thus, the scheme of functional relationships between scenarios (Figure 01) and tasks is as follows:

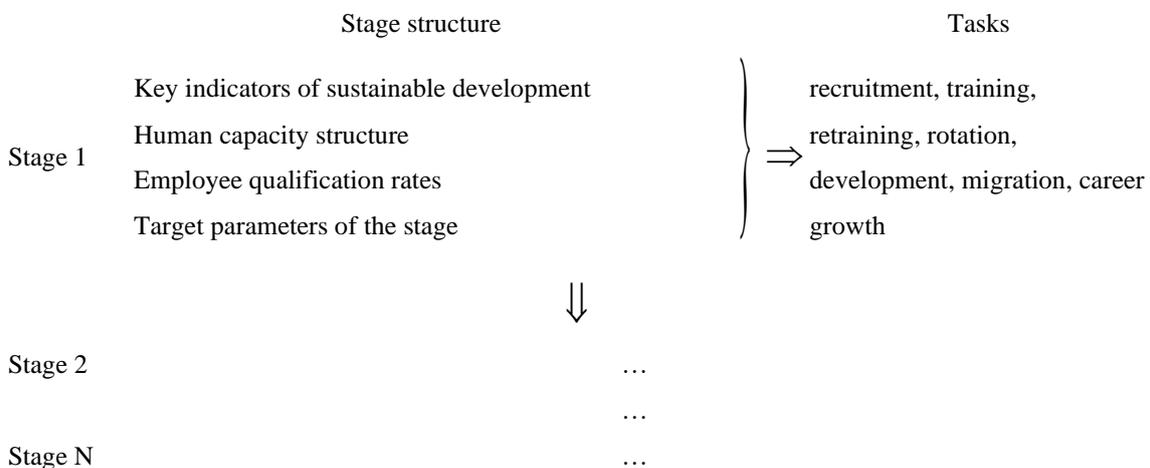


Figure 01. Scheme of functional relationships.

Control and liability for effectiveness of the distribution of the limit of funds rests with the manager for each limit. The liability is allocated between units as follows:

Table 03. Liability for efficient distribution of limits of funds.

Limits of funds	Municipal authorities	Regional authorities	Authorities of the subjects of institutional infrastructure	Authorities of the subjects of economy
Staff development	+	+	+	+
Retraining	+		+	+
Recruitment	+		+	+
Migration, rotation and development	+	+		
Institutional infrastructure content	+		+	

As can be seen from Table 03, the liability for distribution of the funds allocated for staff development is most ambiguous. The clearest liability is established for the limits of funds allocated for migration, rotation and development of employees. To manage the development of human capacity, we propose to use the scheme of liability distribution, in which the limits with several administrators of funds are divided into local limits with a specific administrator.

We claim that the development of human capacity of the institutional infrastructure of the municipality is ensured by a variety of activities or processes that contribute to more complete disclosure of the employees' capacity, and thus help to improve labor productivity and to enhance functioning of institutional infrastructure of the municipality. Education, training and retraining of employees of all categories are required to ensure the maximum correspondence of the qualifications and abilities of employees to the character and content of the existing relations in the municipal economy, and to maximize the use and development of all professional and cultural skills of employees.

The criterion for the quality management of human capacity of the institutional infrastructure of the municipality is the effectiveness of the model for training and development of employees (Salgiriye & Dovletmurzaeva, 2012). The main effect of the model is the effectiveness of employees' adaptation to new working conditions and the rate of changes in professional culture as an element of institutional infrastructure. The proposed model involves a set of related components distributed by decision-making levels in accordance with the schedule of actions (Figure 02).

Coordination of the priorities of the sustainable development of the institutional infrastructure of the municipality and the training and development programs for employees, a clear isolation of competences and delegation of responsibilities for training and planning of personnel reserve provide the institutional infrastructure and the municipal economy as a whole with a reasonable system of conditions and sufficient human capacity to implement a sustainable development program at relatively low costs.

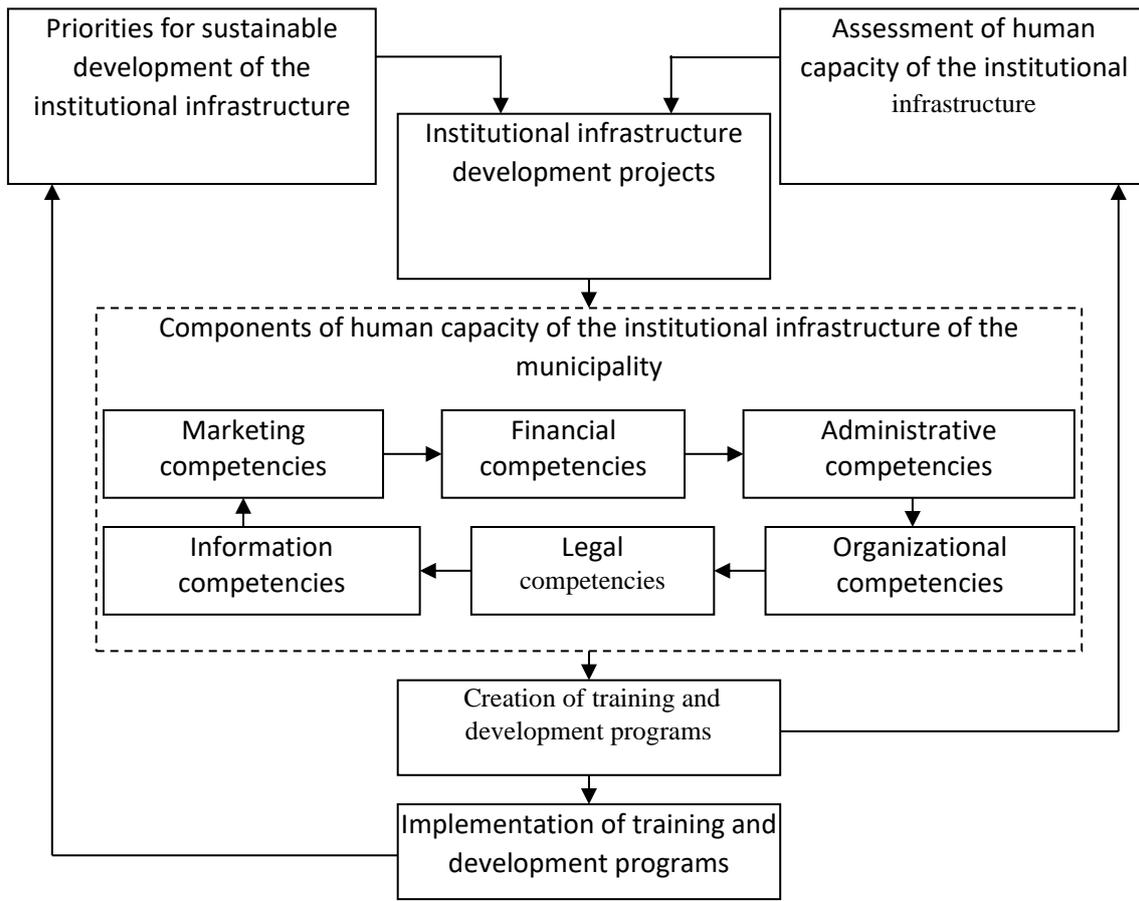


Figure 02. Model for training and development of employees of the municipal economy.

The efficiency of human capacity management depends on the quality of its inventory in the institutional infrastructure of the municipality. To implement the proposed model, a series of actions should be carried out for all categories of the parties concerned. In particular, we argue that the municipal authorities should determine the main indicators for human capacity assessment for the municipal economy as a whole. Representatives of the employment service and employers collect and process primary data, conduct preliminary surveys and analyze opinions on satisfaction and readiness for learning.

Households and migrants participate in the inventory as an object of the inventory, that is, they take part in surveys, provide information on job satisfaction and resistance to changes. Households are the bearer of the culture, which is the basis for the institutional infrastructure, and also constitute the environment for introducing various innovations in the system of relations with employers. That is, the Institute of Labor and Employment is the basis for assessment of the current state of human capacity.

Thus, in the management process, the inventory plays an informational role in planning and development of human capacity as the basis for sustainable development of the institutional infrastructure of the municipality. It enables an improved accuracy of the forecast of basic requirements for personnel reserve, training programs, retraining and development, and creation of the requirements for various positions and quality requirements for candidates for their replacement.

A functional approach is the basis of the inventory mechanism, which implies the division of the main inventory functions by the levels of personnel management of the institutional infrastructure of the municipality. This approach helps, firstly, to improve the efficiency of human capacity management;

secondly, to decrease the resistance of employees to change; thirdly, to enhance the motivation of households to develop institutional infrastructure; fourthly, to decrease the time frame for implementation of the sustainable development program.

We believe that the most objective way to obtain data on the current state of human capacity is to survey employees using specially designed questionnaires. Questionnaires should include margins for free comments, as well as formal questions assuming a specific answer. Based on the survey results, the current values of the grading system are assessed, and the necessary assessment of the level of resistance to changes is conducted.

Not only specialists of the employment service, specially invited psychologists and consultants, but also government officials are involved in processing of questionnaires. In order to increase the speed of processing and filling, the questionnaire is divided into the following segments:

- indicators for assessment of human capacity;
- willingness to changes;
- forms of employment;
- incentive system and level of motivation.

Segmentation of the questionnaire facilitates the work of all survey participants. The respondents well understand the essence of the questions, and those who process the questionnaires distribute opinions on the spheres of activity, levels of qualification, and components of the institutional infrastructure of the municipality. That is, an objective picture is formed to show the perception by the local community of all aspects of interaction between the parties concerned, and indicators of the driving forces and the level of existing contradictions are determined to identify the most problematic areas of the institutional infrastructure and to more precisely place accents in the sustainable development program.

The final stage of management of the institutional infrastructure human capacity is the training and development program implemented in accordance with the sustainable development program of the institutional infrastructure of the municipality. The main indicators of the human capacity of the institutional infrastructure of the municipality are as follows:

- share of the population with different levels of education that characterizes the general level of household culture;
- dominant profiles of professional competencies;
- adequacy of work and professional training;
- experience in performing the duties assigned;
- intensity of use of organized forms of training for personnel development;
- sufficiency of the existing skills to perform work;
- level of readiness for learning;
- share of households with different levels of satisfaction with social working and living conditions.

7. Conclusion

With regard to the identified requirements for the human capacity management system, it is advisable to formulate a number of conclusions and recommendations for the authorities and other

interested parties in terms of the impact of human capacity on sustainable development of the institutional infrastructure of the municipality. These include:

1. To manage human capacity of the institutional infrastructure of the municipality, it is necessary to develop a sustainable development program, which indicators and requirements are the main criteria for the sufficiency of human capacity to ensure sustainable development of the institutional infrastructure.

2. Human capacity of the institutional infrastructure of the municipality is assessed in terms of three main groups isolated in relation to the functions performed in the municipal economy: capacity of the municipal authorities; employment service capacity; capacity of employees.

3. To substantiate decision making on the state and development of human capacity of the institutional infrastructure of the municipality, it is necessary to use appropriate mathematical models that should take into account static and dynamic parameters. This approach enables prediction of the main components of human capacity, for example, in the context of competencies, activities, professions.

4. When developing priorities for the program of sustainable development of the institutional infrastructure of the municipality, the priority of ensuring the compliance of human capacity with the requirements for sustainable development is of great importance. To meet this priority, we propose a hierarchical model of compliance of the core competencies with the development program. In accordance with the model, appropriate scenarios are created for development of key competencies with certain training programs supported by the system of resource limits.

5. To successfully implement the sustainable development program for each project of the human capacity development, appropriate funds are allocated: for personnel development; for retraining; for employment assistance; for maintenance of the employment service; for migration. An administrator responsible for the targeted use of funds is appointed for each limit.

6. Efficient management of human capacity of the institutional infrastructure is provided by a set of conditions that form the management environment. The management environment is supported by the system of models: manager's model, a model of human capacity development, and a model of employees' incentives. The activity of the employment service is determined by the size of the municipal economy and the number of people employed by category and type of activity.

7. To manage human capacity of the institutional infrastructure of the municipality, it is advisable to perform different measures to more completely disclose the capacity of households that help the population more effectively contribute to the sustainable development of the municipality.

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