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Instituto de Estudios Políticos y Derecho Público "Dr. Humberto J. La Roche"
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Legal aspects of the formation, development and use of human capital in financial activities

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Oksana Nahirna *

Olha Viunyk **

Inna Vysotska ***

Liubomyr Vankovykh ****

Nataliia Chapliak *****

Abstract

The main objective of the study was to determine the main legal aspects of the formation, development and use of human capital in financial activities. The subject of the research is human capital. Dialectical, systemic, logical and historical methods of scientific knowledge, which guarantee the conceptual unity of the work, are used to solve the tasks set. Human capital is a specific resource, since whoever possesses it is both an input and a final vector of socio-economic development. Moreover, the activation of an individual's cognitive potential in the conditions dictated by modernity is the most powerful factor for increasing the efficiency of financial activity. Based on the results of the study, the key aspects of formation, development and utilization of human capital in financial activities were characterized. It is concluded that more research should be devoted to the analysis of the main problems of practical application of modern methods of human capital development in financial activities of the socio-economic system, as a condition of possibility for multidimensional support of sustainable development.

Keywords: human capital; legal aspects; public finance; financial activities; political economy.

* Lviv State University of Internal Affairs, Lviv, Ukraine. ORCID ID: <https://orcid.org/0000-0002-2369-7117>

** Central Ukrainian National Technical University, Kropyvnytskyi, Ukraine. ORCID ID: <https://orcid.org/0000-0001-5024-7325>

*** Lviv State University of Internal Affairs, Lviv, Ukraine. ORCID ID: <https://orcid.org/0000-0003-4252-987X>

**** Lviv Polytechnic National University, Lviv, Ukraine. ORCID ID: <https://orcid.org/0000-0001-8776-8511>

***** Lviv State University of Internal Affairs, Lviv, Ukraine. ORCID ID: <https://orcid.org/0000-0003-0926-6035>

Aspectos legales de la formación, desarrollo y utilización del capital humano en las actividades financieras

Resumen

El objetivo principal del estudio fue determinar los principales aspectos legales de la formación, desarrollo y utilización del capital humano en las actividades financieras. El tema de la investigación es el capital humano. Para resolver las tareas planteadas se utilizan métodos dialécticos, sistémicos, lógicos e históricos del conocimiento científico, que garantizan la unidad conceptual del trabajo. El capital humano es un recurso específico, ya que quien lo posee es a la vez insumo y vector final del desarrollo socioeconómico. Por lo demás, la activación del potencial cognitivo de un individuo en las condiciones dictadas por la modernidad es el factor más poderoso para incrementar la eficiencia de la actividad financiera. Con base en los resultados del estudio, se caracterizaron los aspectos clave de la formación, desarrollo y utilización del capital humano en las actividades financieras. Se concluye que deberían dedicarse más investigación al análisis de los principales problemas de la aplicación práctica de los métodos modernos de desarrollo del capital humano, en las actividades financieras del sistema socioeconómico, como condición de posibilidad para apuntalar de forma multidimensional el desarrollo sostenible.

Palabras clave: capital humano; aspectos legales; finanzas publicas; actividades financieras; economía política.

Introduction

In the context of informatization, globalization and the transition of developed countries to a post-industrial model of the economy, a qualitatively new stage in the development of society, the problem of in-depth understanding of the role of a person and the accumulated results of his labor, intellectual and creative activity on the pace and quality of development of the national economy has arisen.

This problem has activated the interest of scientists in studying the processes of accumulation, preservation, reproduction and implementation of human capital as a special resource, which is the foundation for ensuring high economic growth rates. The study, as well as the proper provision of the general condition, structure and level of development of human capital, are decisive for the competitiveness, efficiency and growth of the national economy of any country.

The problem of human capital and the importance of understanding its essence were known to scientists of classical political economy. However, human capital received special attention as an object of scientific knowledge in the second half of the 20th century. It was with the help of large-scale social transformations observed in all areas of life of this period that there was a need to rethink the meaning of the category “human capital” in the context of studying its investment potential, the importance in the formation of an information and modern permanently competitive society.

Human capital, according to the definition of classical economic theory, is really capital, since it is directly used in the production process, is a source of future income and added value, and it is called human because its carrier is an individual (man). However, unlike ordinary capital, its true value cannot be accurately estimated, and therefore is potential or abstract until it is put into production. In general, the concept of capital is derived from human capital, since with its help a person is able to create any capital in the context of the development of financial activity.

The fundamental role of the legal aspects of state regulation in investing in human capital, or its reproduction to ensure economic growth, is undeniable. At the same time, in view of the post-crisis situation, it is especially worth considering not only the formation of human capital, but also its practical use in the context of transformation into the post-industrial stage of economic development.

The legal problem of the practical realization of the potential of human capital in the context of the development of financial activity directly depends on how well and diversified the conditions for its use are provided. Of particular importance, both the formation and the provision of the necessary conditions for the effective use of human capital, is the institutional factor.

Provision with high-quality institutions contributes to the proportional distribution of human capital in the sector, which ensures the dynamic, uniform and stable socio-economic development of the country. Such an axiomatic statement follows from the fact that properly organized state institutions carry out reliable protection of property rights (including intellectual as the main product of the knowledge economy), rely on the rule of law, eliminate any manifestations of economic discrimination, maintain an appropriate level of fair competition, and ensure the effective functioning of economy, free access to factors of production, versatile supporting production activities.

Thus, not only the formation and development, but also the effective use of human capital by its owner and the state as a whole depends on the quality and provision of the country with proper legal institutions. That is, the presence and functioning of relevant institutions in the country

stimulate or, in extreme cases, do not prevent the individual from disposing of his knowledge, skills, talents and everything else that we call components of human capital in the context of the development of financial activity.

1. Materials and methods

The methodological basis of the article is the fundamental provisions of the development of human capital in financial activity, the scientific works of scientists on the problems of legal regulation of financial activity. To solve the tasks set, dialectical, systemic, logical and historical methods of scientific knowledge are used, which ensure the conceptual unity of the work on the development of human capital in financial activities. The following methods were used in the research process: structural-logical, scientific abstraction, analysis and synthesis, modeling and abstract inference method. The information base of the study consists of legal documents and publications on the legal aspects of the development of human capital in financial activities.

2. Literature review

Most scientists (Brondizio *et al.*, 2009; Galtung, 1996; Hajikarimi, 2009) note that the concept of human capital is considered in the economy both in a broad and in a narrow sense. In a narrow sense, human capital is seen as education. It was called human because education is the property and part of a person, and capital is because it serves as a source of profit and needs.

In a broad sense, human capital is acquired as a result of investment (long-term capital investment) in a person through the costs of educating and training the workforce in enterprises and seeking information about improvement, prices and incomes. Human capital is the accumulated amount of experience, skills, knowledge, abilities, which in the future is used by a person in a particular area of social reproduction and contributes to the growth of labor productivity and production in financial activities.

Human capital in enterprises determines the ability to create, maintain and increase the competitive advantages of an enterprise and implement a strategy for the further development of an enterprise through a set of knowledge and skills of employees, professionalism, management efficiency, health of the enterprise personnel, ability to innovate, legal support.

According to scientists (Leana and Pil, 2006; Makareiko, 2020; Musatayeva, 2015), the following components of human capital influence the achievement of the goals and objectives of an enterprise: education, work experience, age, professionalism, labor productivity, and many others.

Continuous improvement of any of these components of human capital, combined with effective management, leads to an increase in the return of each of these components. The main feature of modern production is its constant dependence on quality and human capital management, its application and measures to attract personnel to enterprise management.

High results in the efficiency of managing the human capital of an enterprise can be achieved with the constant development of the state of human capital, which is directly related to the parameters of the financial activity of the enterprise. The development of human capital is also a continuous investment in people to achieve economic and social growth in the future. Investing in human capital is largely about investing in children. Research shows that these investments have very high returns, far exceeding investments in infrastructure and physical capital.

The development of human capital today is becoming increasingly important to increase the productivity of the workforce to support the aging society that characterizes it. Digital technology has rightfully disrupted every aspect of our lives. It brings permanent and unpredictable changes to the way we live and work. Today, no one can expect to stay in a specialized job for their entire career, because perhaps technology will make it obsolete for a long time. New jobs that didn't exist yesterday will push everyone out of their comfort zone to fit in with the new jobs created.

3. Research Results and Discussions

Human capital is an integral part of intangible assets that allow an enterprise to build competitive advantages and achieve ultra-high income. Human capital today is the prism by which the achievement of the financial performance of an enterprise should be assessed. It is also characterized by one of the strongest advantages in creating the value of a particular business unit in a competitive market. Its use in the economy is associated with the direct involvement of an employee who is its carrier and can freely dispose of it.

However, it is impossible to evaluate human capital on the basis of traditional financial statements that do not provide information about the company's potential. The legal characteristics of the value of human capital include: responsibility, work efficiency, diligence, identification of a person with the mission of the enterprise, mobility and accessibility, readiness and ability to cooperate in a team, a positive attitude towards the hierarchy of values of the enterprise (Poedynok, 2013).

These are manifestations of features that cannot be assessed in terms of the formation of the value of the organization. They have their own not only

economic, but also a fitness aspect. Human capital is the real power and, in a growing number of businesses, plays an important role in determining their value, provided that the appropriate capital is used properly.

Human capital management is supported entirely by the cost of personnel processes - selection, training, evaluation and motivation of employees in financial activities. It also affects competitive advantage through its role in determining the qualifications, competence, motivation and satisfaction of employees, and as a result of the costs of their selection, development and remuneration. That is, the management of human capital in the enterprise is the “carrier” of the cost of personnel.

The most important legal element in the development of each enterprise is its employees, whose peculiarity is that they are constantly changing under the influence of biological and social factors. Changes in human capital are interpreted as a component of its management. The connection between the enterprise development strategy and human capital management can be considered in different aspects.

Firstly, the development strategy of an enterprise affects the direction of its personnel policy, in particular, changing the tasks of personnel management, skills, experience, innovative proposals, incentives, career advancement, etc. Secondly, the results of the strategic management of human capital are reflected in the consequences of the implementation of the enterprise development strategy (Pylypenko, 2014; Smirnova and Temnyakov, 2021).

The main structural legal aspects of the formation and development of human capital for the socio-economic system in the system of financial activity are shown in Figure 1.

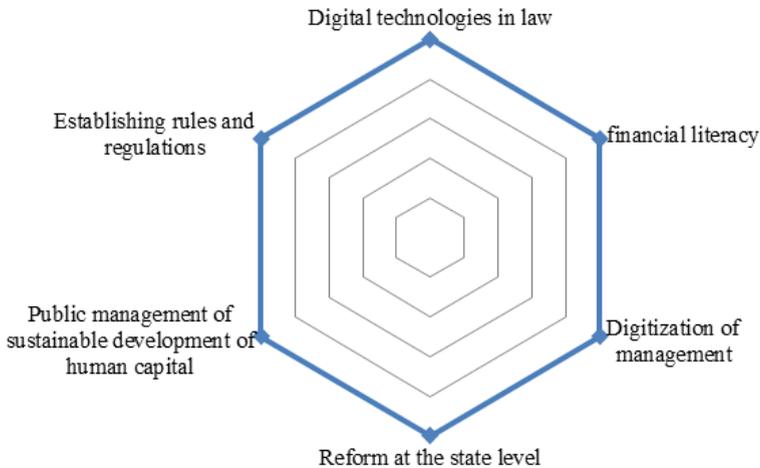


Figure 1. The main structural legal aspects of the formation and development of human capital for the socio-economic system in the system of financial activity.

Source: Formed by authors.

Regulatory and legal aspects of strategic planning are largely based on the correct ordering of strategic decision-making and coordination of activities in different areas and at different levels of management. The main condition for integrating the sphere of human capital management with the development strategy of the enterprise is to set clear goals in this area and other areas of the enterprise, such as production, marketing, finance, etc. Goals and certain measures are the basis for assessing their effectiveness in financial activities. A unified approach to the assessment of all areas of the enterprise, including human capital management, is consistent with the established concept of monitoring all key aspects of the development strategy against the background of the achievement of the tasks set.

The enterprise development strategy determines the direction, pace and methods of development of the entire organization, setting the direction for industry and functional strategies. Strategies for the activities of the enterprise should answer the question of how to succeed in a particular industry or in a particular market. In turn, functional strategies, among which are production, marketing, financial, investment, human capital management, determine the methods for implementing the development strategy and industry strategies in terms of individual functions of the enterprise.

Human capital management, being a functional strategy, must meet the regulatory and legal aspects of the enterprise development strategy

in terms of goals and structure. This involves determining the place of specific employees in order to ensure certain positions in the organization, corporate culture, recruitment and development (Sylkin *et al.*, 2021; Sylkin *et al.*, 2021; Tereshchenko, 2019; Vanova, 2016).

The directions of human capital management are closely correlated with the strengthening of the competitive position in the external environment and financial activities. The implementation of specific strategies requires human capital management systems adapted to them - in some cases, the emphasis is on innovation, in others on experience and routine financial activities. Yes, a diversification strategy requires adapting pay systems to the specifics of the industry, and a differentiation strategy encourages creativity. A specialization strategy focuses on the values associated with customer satisfaction, a cost-benefit strategy focuses on identifying lean areas (Vrublevska, 2016; Zakharchenko, 2020).

Employees are a strategic resource through which an enterprise creates a competitive advantage, core competencies and functions that distinguish it from competitors. The human resource consists of the competencies of managers and employees, their knowledge, skills, motivation, behavior and attitude to work. Human capital is developed through constant investment. The nature of its changes is determined by the fact that the completion of one stage is the beginning of a new one, which is the starting point for further changes.

The model of legal support for the formation and development of human capital in the system of improving the efficiency of the company's financial activity is shown in Figure 2.

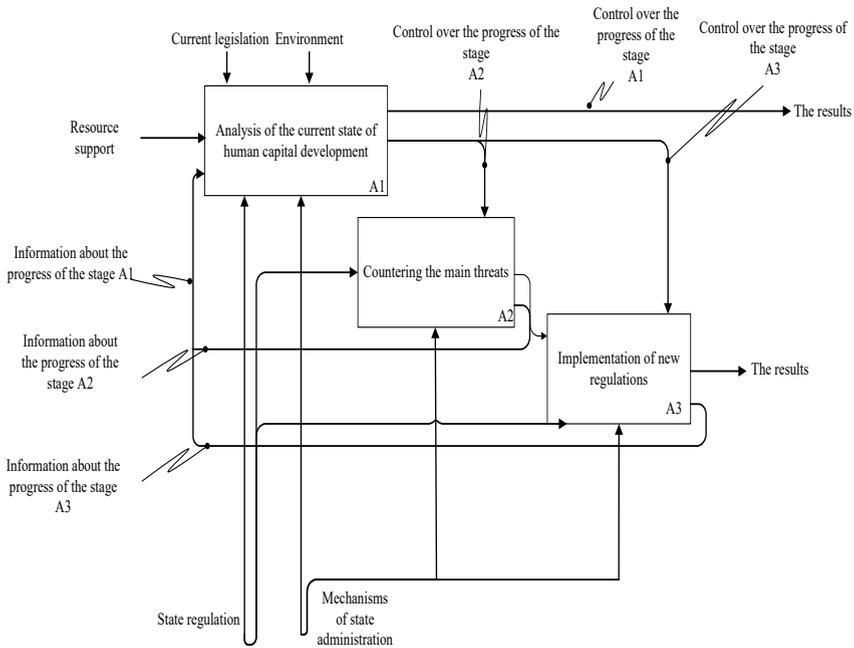


Figure 2. The model of legal support for the formation and development of human capital in the system of improving the efficiency of the company's financial activity.

Source: Formed by authors.

Strategic legal management of human capital is an integrated approach to its management. Traditional methods of human capital management are based on the assumption that employees belong to the enterprise. The development of this resource consists in lowering the level of turnover and ensuring (for example, through a system of material incentives, shaping a career path) employees' loyalty to it. Meanwhile, in the conditions of the modern economy, human capital is becoming more and more mobile.

Enterprises increasingly source talent from the external market. So today the problem is not to limit mobility, but to use it to create an internal talent market. Any actions in this regard, in the process of implementing the strategy, should be based on determining the demand for talents needed by the enterprise, and in the future, the implementation of various schemes for attracting them, taking into account the characteristics of various groups of employees. According to the concept of strategic management of human capital, the latter are interpreted in the context of a potential source of competitive advantage.

This concept treats staff as an asset that is influenced by the external environment and especially competition in the labor market, which cause long-term effects. It is based on the need for interconnection with the overall development strategy of the enterprise, its organizational structure, corporate culture, values, the need for more active actions - to anticipate the development of events, and not just respond to changes in the external environment. The purpose of the strategic management of human capital is, first of all, to determine the directions and methods of its use to achieve the goals of the organization and, as a result, increase the value of the enterprise.

Theoretical considerations on the development of human capital and investment in this capital as part of an enterprise development strategy allow us to draw a number of conclusions that are of practical importance for enterprises. First of all, it should be noted that, regardless of size, each enterprise must develop a strategy for the development of its activities. The problem of forming a development strategy for enterprises is that they often do not analyze the market in which they operate, and therefore do not want to invest in the development of competencies that, in their opinion, are not of decisive importance to them.

As for laying the means of birth and upbringing of future generations, we also see certain problems and difficulties. Trying to adopt the experience of other states in supporting young families and helping babies, our country faces problems in adapting these innovations, which is primarily due to the corruption of the entire economic and political systems. Another form of investment in human capital today is the cost of fundamental scientific developments. In the process of development of science, intellectual innovations are created and people themselves are transformed as economic entities, acting as carriers of new abilities and needs.

In today's information and legal society, science is turning into a kind of generator of «human capital». And from here follows another problem of the development of human capital in enterprises, namely the problem of investing in the innovative development of enterprises. Now there is such a situation that many enterprises are not able to allocate enough investment resources to finance innovative development or are simply not interested in it. Referring to the problems listed above, we also note that sometimes the management of enterprises in our country do not understand the significance and importance of investing in the development of human capital. It should be noted that it is due to the development and effective use of the human capital formed at the enterprise.

Employers are the subjects of economic and legal relations that are directly involved in the processes of human capital management at the micro level, it is they who form and develop human capital by increasing new key competencies, that is, those professional and personal qualities

necessary for an employee to occupy a particular position. The forms of legal development of personnel are the increase in the level of competence of employees that they already possess, on the basis of training and retraining of personnel, advanced training and professional experience.

As a conclusion, we note that also at the present stage of development of the economy of our country, moral stimulation of labor is of particular importance. It is the moral and financial stimulation of labor that is a special socio-psychological phenomenon that can satisfy a person's needs for social recognition. Scientists list many methods of influencing the motivation of employees, which can and should be used by company managers to establish the effective use of human capital.

Summing up the above, we note that among the main problems of developing the human capital of enterprises is investing in healthcare, education, upbringing and the creation of an effective system of motivation and encouragement of employees to increase the return on the use of existing human capital.

Conclusions

Summing up, it should be noted that the motivation and stimulation of intellectual work in the context of budgetary restrictions on financing the innovation sphere involves the creation of real market mechanisms for converting new knowledge into product or technological innovations, the readiness for innovations of managers and entrepreneurs, the creation of conditions for a constant increase in value and the return of national human resources.

The combination of market motivation for intellectual activity and legal state support for fundamental innovations requires the involvement of new subjects of the innovation process that are economically interested in the high social results of intellectual labor. Not every investment in a person can be called an asset in human capital, since the nature and types of investments in a person are determined by historical, national, cultural characteristics and traditions.

By solving the most important strategic political task of this study and improving the development of the national economy through the formation of reproductive sources of economic growth of human capital and the mechanism for its use. An analysis of scientific views on the economic essence and characteristics of human capital suggests that human capital is a set of economic relations regarding investments in knowledge, skills and abilities of a person, contributing to the growth of his productive force, acting as a leading element of social reproduction, the central source of sustainable development. national economy.

The creation of a qualitatively new workforce in financial activities can serve as an objective basis for progressive changes in the country's economy, the deployment of intellectual capital and the transition to an innovative, socially oriented development model. But a significant obstacle is the actual approval of a rigid liberal model with its inherent features - an increase in the share of market services in the areas of education and healthcare, which does not correspond to world trends. The decisive influence on the competitiveness of human capital is exerted by the level of entrepreneurial management as a manifestation of initiative, proposal of new ideas, finding non-standard solutions and ways to implement them. For restructured companies, it becomes necessary to form a new type of manager, change the management paradigm.

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