

# Human Capital Management in the System of Public Administration in the Context of COVID-19 Pandemic

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**Abstract:** The article reveals the issues of interdependence of the development of human capital in public administration on the level of its provision by the state in the context of COVID-19. In a democratic, civil, postmodern society, one of the main tasks is the development of systems for managing the efficiency of human capital in the context of public administration, as a means of obtaining higher levels of labor productivity. Today we have to state that the achievement of this efficiency in the use of human resources can be better achieved by orienting the performance management system to promote the attraction of new human potential in public administration at all levels. In this context, a new approach to the human capital management process is being actualized, which includes employee engagement and key factors of employee engagement at every stage. We are talking about a management model that includes the main ideas and offers a new perspective on how to develop and manage the involvement of human resources to achieve high levels of labor productivity in public administration in the context of COVID-19. The purpose of the article is to study the essence, characteristics and role of human capital in the context of public administration in the context of the existence of the epidemic danger of COVID-19.

**Keywords:** *human capital, public administration, postmodern society, pandemic conditions, human resources.*

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## 1. Introduction

The concept of "human capital" is currently acquiring great importance not only for theoretical economists, but also for individual enterprises and the economy of the state as a whole (Schultz, 1961). The interest of economic science in human creative abilities, in the ways of their formation and development, has sharply increased. Most companies are beginning to attach great importance to the accumulation of human capital as the most valuable of all types. One of the ways to accumulate human capital is investing in people, their health and education. Today, the study of the problems of increasing the efficiency of the use of the productive forces of people, implemented in modern conditions in the form of human capital, is not just relevant, but is put forward as a priority task in the structure of socio-economic research. This presupposes deep scientific research into this problem (Nicolaescu, Florea, Kifor, Fiore, Cocan, Receu, Zanetti, 2019).

In the postmodern world of human capital management, this is an urgent problem and topic of many scientific round tables and discussions, especially all over the world, as it is of decisive importance for every state and their citizens, as they strive to manage efficiently and provide effective services (Becker, 2002). The evolution of the human capital management system in the public sector today takes place in a format from human resources management to a new strategic management that has turned the mechanistic views of state institutions and enterprises into those that are more organic, interactive and cooperative in this area. Structural forms of resource potential, although still widely represented - and indeed, strengthened, by systems of various services - in the context of COVID-19 are considered as mandatory, it is more flexible and malleable. At the same time, with respect to resource potential, this is an almost universal experience, because the old forms remain sufficiently resistant to change and represent a constant problem. The development of resource potential in particular, its productivity, awards and transfer of experience have been reinforced by the rapid pace of technological changes in the personnel system, which significantly influenced the development of human resources in public institutions (Burund, Tumolo, 2004).

Human Resource Management is a management function that is based on, guided by the values and principles of the organization and typically includes (Hirono, 2020):

- structuring and organizing work to achieve organizational goals and priorities;

- determination of personnel needs, taking into account the necessary competencies and skills;
- selection, professional training, development of employees and definition of tasks and priorities for them; - leadership and personnel management;
- creating and maintaining working conditions in which workers can demonstrate the best results;
- creation of a management system and infrastructure, in particular, policies, legislation, procedures, an accountability system, tools, information;
- constant monitoring and verification of the effectiveness and efficiency of human resource management.

The emergence of the theory of human capital was associated with two points. First, with the fact that both scientists and managers began to recognize the decisive role of man in the production process, ensuring the competitive position of both an individual enterprise and the country as a whole. It became clear that without significant investments in human development, that is, its education, professional development, creativity, as well as in its health, the enterprise would not have stable development and leadership in the market. And, secondly, with the need for an economic assessment of investments in human development. Until now, there is no single definition of this complex category (Pasban, Nojedeh, 2016).

But all authors emphasize several important features (Azeem, Baker, 2019):

- assets that a person has in the form of innate qualities: physical, psychological, intellectual, as well as those qualities, abilities that a person acquires during his life (knowledge, skills, skills, motivation); - these are assets that require significant investment;
- assets that generate income over a certain period of time.

## **2. The relevance of human capital management in today's postmodern world and the conditions of the existence of an epidemic danger of COVID-19**

The current stage of development of postmodern society is characterized by an increase in the role of a person and his knowledge, professional training, and general culture. At the end of the 20th century, in accordance with the concept of sustainable development, human development was defined as the main criterion for progress. The level of development of the country, its place in the world community are in full accordance with the indicators of the state of human capital. Human capital

is a category that at the present stage most fully reflects scientific views on the role and place of a person in the economic system of society (Bontis, 1998).

Human capital is not just a collection of skills, knowledge, abilities that a person possesses. First, it is the accumulated stock of skills, knowledge, and abilities. Secondly, it is such a stock of skills, knowledge, and abilities that is expediently used by a person in a particular sphere of social reproduction, and which contributes to the growth of labor productivity and production. Thirdly, it is advisable to use this stock in the form of high-performance activity naturally leads to an increase in the employee's earnings (income). And, fourthly, an increase in income stimulates and motivates a person through investments that may relate to health, education, etc., to increase, accumulate a new stock of skills, knowledge and motivations in order to use it effectively again in the future (Ployhart, Moliterno, 2011).

Features of human capital:

- in modern conditions, human capital is the main value of society and a determining factor in economic growth;
- the formation of human capital requires significant costs from the person himself and the whole society;
- human capital in the form of skills and abilities is a certain stock, that is, it can be accumulative;
- human capital can physically wear out, economically change its value and be depreciated;
- human capital differs from physical capital in terms of the degree of liquidity;
- human capital is inseparable from its carrier - a living human person;
- regardless of the sources of formation, which can be state, family, private, etc., the use of human capital and direct income is controlled by the person himself.

From the point of view of the nature of the promotion of the economic well-being of society, there are consumer and productive human capital. Consumer capital creates a stream of services consumed directly and thus contributes to social utility. It can be creative and educational activities. The result of such activities is expressed in the provision of consumer services to the consumer, which lead to the emergence of new ways to meet needs or to improve the efficiency of ways to meet existing ones. Productive capital creates a flow of services, the consumption of which contributes to social utility. In this case, we are talking about scientific and educational activities that have direct practical application in production (creation of

means of production, technologies, production services and products) (Funder, Fast, 2010).

Human capital is the most important component of modern productive capital, which is represented by a rich stock of knowledge, developed abilities, determined by intellectual and creative potential. The main factor for the existence and development of human capital is investment in human capital. An investment in human capital is any measure taken to increase labor productivity.

Thus, investments in human capital include the costs of maintaining health, obtaining general and special education; costs associated with finding a job, vocational training at work, migration, the birth and upbringing of children, the search for economically significant information on prices and earnings. Economists distinguish three types of investment in human capital: spending on education, including general and special, formal and non-formal, on-the-job training; health care expenditures, consisting of expenditures on disease prevention, medical care, dietary meals, and housing improvement; the cost of mobility that encourages workers to migrate from places of low productivity (Carmeli, Schaubroeck, 2005).

The concept of human capital began to be intensively used by the world science of intellectual activity, assessed the role, found out the need and high efficiency of investments in human capital. The concept of human capital plays a central role in modern economic analysis. The use of this concept provides new opportunities for studying such important problems as economic growth, income distribution, the place and role of education in social reproduction, and the content of the labor process. The amount of human capital is determined by the conditions of its formation and development. Therefore, investments in human capital at the family level are of great importance, where the accumulation of intellectual and psychophysiological abilities of a person takes place, which are the foundation for the further development and continuous improvement of the individual's human capital.

Human capital is the most valuable resource of modern society, more important than natural resources or accumulated wealth. From the interpretation of a person as a fixed capital, the need to develop a quantitative assessment of human capital immediately followed. A correct assessment of human capital provides an objective assessment of the entire capital of a company, as well as the welfare of society as a whole (Nerdrum, Erikson, 2001).

The transition to a new stage of economic development is primarily the result of increased innovation activity and the introduction of

innovations in production. Proceeding from the fact that there is no alternative to the innovative way of development for the Ukrainian economy, it can be argued that such a choice will directly affect the dynamic development of jobs. That is, we are talking about the continuous implementation of innovations (technical, technological, organizational). And this, in turn, prompts the adoption of appropriate management decisions to rationalize the process of reproduction of human capital. If these processes are carried out without proper interconnection, then further exacerbation of this problem should be expected. Moreover, this will become a serious obstacle to the transition of the domestic economy to the model of innovative development. (Yoon, Suh, 2003).

### **3. Modern trends in the development of the concept of human capital management in the context of public administration in conditions of an epidemic danger of COVID-19**

The introduction of innovations in the human capital management system as a strategy for the development of the public administration system brings to the fore the information and creative aspects of activities (design and modeling, science and sound, heuristic, etc.) and makes it possible to reveal the abilities of human resources. It is important to emphasize that in modern conditions, the personal component of public management innovations is sharply increasing not only due to the increasing importance of the adopted management decisions, but also due to the high level of uncertainty in the conditions for their adoption and implementation (Garavan, Morley, Gunnigle, Collins, 2001).

If in the conditions of a rigid administrative system of public administration, a civil servant is more likely to be a depersonalized embodiment of a management function, generally given by an organizational system, then in conditions of flexible innovative management systems, his individual abilities play a decisive role in the functioning of organizational structures. The main direction of the development of the innovative potential of public administration is a set of management measures for the development of human resources in public authorities (Hou, Jin, Kumbhakar, 2020).

It is advisable to include the following areas of management activities: determining the need for personnel in the public administration system; selection of the qualitative and quantitative composition of employees with their subsequent placement in accordance with the functions of the public administration body; strategic and operational issues of personnel policy; personnel training and retraining, personnel certification,

business career planning (personnel development system); adaptation of personnel to changes in the functional imperative of public authorities; formation of the corporate culture of a civil servant; constant work on the personnel motivation system (Weatherly, 2003).

According to the technocratic approach to working with civil servants, management decisions in this area are subordinate to the narrow-branch interests of management activities, therefore, human resource management is reduced to the selection of personnel with appropriate qualifications and their placement in accordance with the optimal solution of the tasks of the public administration body (Campbell, Üngör, 2020). According to the humanistic approach, the focus is on the creation of such working conditions and such a meaning that make it impossible to alienate a civil servant from his work activities and from other employees. According to the production efficiency, first of all, it will depend on the level of motivation of managers, it allows you to fully use human resources to increase the managerial potential of a public authority, humanistic human resource management is most fully embodied in the behavioral concept of management focused on the use of various methods of motivation (Namasivayam, Denizci, 2006).

The innovative model of humanistic management of civil servants is based on the following priorities: the formation of a corporate culture of the civil service and each body of the public administration system; creating conditions for professional growth, professional development, continuous self-improvement and self-actualization of civil servants; increasing the creative and organizational role of managers in the implementation of the functions of government bodies; flexible and adaptive use of "human resources" in the process of reforming the public administration system. The importance of human resources for the development of the innovative potential of public administration, in the process of its reforming, the main attention should be paid not to direct personnel management, but to the formation of innovative structures and the ability of civil servants and structural components of the body to independently make and implement decisions on the problems of introducing managerial innovations. This process is directly related to the organization of training and innovation in the structure of the public authority (Armstrong, 2008).

Thus, the solution to the issue of attracting and using human capital is to ensure the comprehensive development of human resources based on the principles laid down in many state acts, programs, regulations, and the like. An increase in the level of development of human resources can be

achieved by implementing strategic objectives of a multifaceted nature (Eckardt, Crocker, Chou-Yu Tsai 2020):

1. Realization of the human right to work, entrepreneurial activity, ensuring full employment of the able-bodied population, creating new jobs, solving the problem of irrational use of human potential. At the heart of this direction, the following activities are planned: restructuring the economic base of individual regions and creating conditions for diversification on a new technological basis; activation of international contacts, development of tourism and various forms of recreation; development of social infrastructure of foreign and international significance; development of the infrastructure of culture and art.

2. Use of national and international social standards in the formation of state and local budgets in the field of health care and social protection.

3. Ensuring high standards of training available to employees throughout the entire period of their production activities, improving the quality of education by creating quality management systems for educational services in accordance with national and international standards.

4. Intensification of cooperation in the field of science and education, participation of scientific personnel in international cooperation.

5. Overcoming poverty based on the growth of real incomes and living standards of the population of the regions.

6. Regulation of intraregional and interregional labor migration.

7. Development of infrastructure for environmental protection, improvement of living conditions of the population, environmental situation in the regions.

#### **4. Conclusions**

Modern global trends in socio-economic development are characterized by a significant increase in the role of man, the development of which is recognized as the main criterion for progress. Human capital is an economic category that allows the study of human development at all levels. At the enterprise level, the effective formation and use of human capital involves the development of an appropriate management model.

The formation of a single concept and mechanism for human capital management will help to increase the efficiency of innovation activities of the entire state, as well as the introduction of managerial and technical innovations in every sector of the economy.

The article examined the role of human capital in today's postmodern world in the context of a pandemic threat. In addition, the authors, based on the analysis of the literature and the author's



methodological recommendations, proposed the basic principles for improving the strategy for the development of human capital in the context of public administration in conditions of COVID-19.

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