

Improving the Competitiveness of Individual Workforce in the Formation of a Region's Labor Potential



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Abstract: *The issue of balanced development of the labor market by expanding the services sector in the regional economy raises the question of using the social reserves of this process. This problem has been a subject of discussion for a long period and is not related only to the transition to market relations. It is in this competitive struggle that own internal social reserves, previously not consciously realized by individuals, can be most fully revealed and realized. The main issue is to identify the socio-economic basis for the formation of a competitive employee. This factor, as well as the processes of disindustrialization, are accompanied by a number of structural changes, including in the field of employment. The increase in labor productivity, the transition to more and more specialized technologies cause a significant release of labor from the mineral wealth and industrial sectors of the economy and their overflow into the services sector. In modern Russian conditions, this is all more relevant because the restructuring of the national and regional economy and post-crisis phenomena have caused significant changes in employment, while not in a positive way.*

Index Terms: *Competitiveness, economy, labor market, labor resources, regions.*

I. INTRODUCTION

In the conditions of market relations, the workforce of a person, his/her labor abilities or labor potential are in the personal property and, by their economic form, are a commodity. The arguments that confirm this position are, firstly, that the reproduction of a person's workforce, the formation of his/her educational level, professional skills, and

work experience is always individually isolated; secondly, each employee is legally defined as a legally free person, has the right to choose the sphere of application of labor, to independently manage mental and physical abilities; thirdly, for the most part, employees are separated from the production facilities and the means of subsistence, thus causing the need to enter into competitive relations with other people; fourthly, each workforce is involved in the production process through the purchase and sale; fifthly, labor power has its own value, which increases or decreases depending on the state of human competitiveness, etc. [1], [2].

II. PROPOSED METHODOLOGY

A. General description

Any project requires management. Management in any organization acts as a process of interaction between the managing and managed systems and the external environment. The management system gives certain commands that the managed object accepts for execution. Management is the process of selecting and implementing the best, by some criterion of efficiency, managerial decisions from a few possible, in accordance with the purpose of the system, taking into account the limitations and based on information on the state of the controlled managed object and the external environment. When analyzing approaches to project management, the methods of comparison and generalization are used.

B. Algorithm

In the mid-1990s, Dyatlov developed the idea of Shatalin about the economic struggle of a person, defining a person as a subject of a market economy with freedom of choice and making economic rational decisions taking into account the existing conditions and opportunities in accordance with individual interests, preferences, goals, and motives of labor activity. In fact, it is about understanding an individual as an economic person. Indeed, there is no doubt that an economic person with innovative enterprising behavior and strong motives for economic gain is always competitive and has targeted economic behavior that determines the involvement of previously unclaimed social reserves into the work process [3].

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The competitiveness of an employee not only depends on the innate or acquired economic abilities but is also due to his/her work activity in a competitive organization, in a particular enterprise.

For example, each organization using available resources stimulates the process of finding social reserves to increase the efficiency of work, and, if necessary, stimulates the growth of social reserves through training, retraining of employees, creating a social infrastructure that reveals additional opportunities for employees at work.

The competitive difference between the work activities of one enterprise in the services sector and another is the high competence of the organization in the sphere of production, exchange, and sale of services, which ultimately determines the possibilities of attracting business partners and increasing the public assessment of consumer properties of goods and services. Consequently, in the problem of the formation of a competitive environment for labor activity objects in the services sector, the component is not only personal but also collective or generalized, determined by the economic, scientific, technical, and logical state of the organization/enterprise. This is because the economic ability of a person, his/her competitiveness in a particular enterprise or in the labor market depends and is largely determined by the particular form of ownership of the individual labor force, which is realized in production, exchange, and consumption [4], [5]. Hence, it follows that:

- first, each worker (or job applicant), being a carrier of his/her economic ability, is initially isolated from others and in this capacity has the right of personal ownership of own workforce, which determines at all levels and stages of production personal interest in the growth of own competitiveness;

- secondly, since the individual workforce is involved in production through exchange, its sale and purchase, insofar it takes the form of a commodity, and it is this commodity that is subject to evaluation from the position of competitiveness;

- thirdly, the economic form of the product (workforce) can be the basis for securing the right of personal property of employees to it as an immediate prerequisite for the process of labor activity;

- fourth, with the involvement of a commodity – workforce – in direct labor activity, it turns from an element of a personal factor into a material factor of production.

At the same time, all aspects of production are involved in the formation and implementation of social reserves of labor activity in the services sector, overcoming their isolation from each other and creating a competitive environment not only for individuals but also for the labor teams of enterprises, enterprises themselves as legal entities.

In the authors' opinion, the processes of forming a competitive environment for objects of labor activity in the services sector are not limited to these two levels of management. Taking into account the presence on the part of the federal and territorial authorities of the regulatory impact on business entities of the services sector, it can be assumed that from the standpoint of "regulation" these levels also influence the formation of a competitive environment. This is achieved not only by privatization and de-privatization,

de-monopolization, certification of producers, investment, financial and credit support for business entities but also by building an ideology of competition among producers, creating a high organizational and economic culture of interaction between various producers, developing a technological culture of labor activity.

The influence of ideology on the formation of a competitive environment was also emphasized by Tsetron, who noted the main tendency of the development of American society from focusing on "I" to focusing on "we". "We" means families, school, university, team, company, nation. Approximately the same trend can be observed in the development of ideology in Japanese enterprises, where not individual but group values are cultivated. In this case, the employee of the company is not treated as an employee, but as a participant in the general business or a partner.

Organizational culture as a factor in the formation of a competitive environment appears in connection with the transformation of the system of enterprise management, social and labor relations between the subjects of labor activity, etc. [6]. In the authors' opinion, the formation of a competitive environment largely depends on the personality of leadership, regardless of their hierarchy in the management system. With this style of governance, this group of employees contributes to the formation of the psychological mood of the work participants for competition and self-realization of social potential. However, it should be noted that the leadership style itself depends on a number of variables, such as: the type of goals and objectives, the general conditions of work, the personnel management the structure, number of employees, operational situations (technical, organizational, economic, legal, psychological), individual qualities of employees, and individual qualities of leadership [7]. Looking at the problem of competitiveness of employees being unoccupied carriers of workforce through the prism of self-tuning, it becomes obvious that workers, professionals, and leaders (managers) have a certain level of this indicator, manifested through social indicators of professional behavior [8]. Fig. 1 shows the graphs of the behavior of workers, specialists, and managers (both employees and job seekers in the tertiary sector), as identified by respondents' self-assessments using special social indicators. Self-assessments were conducted by five features, namely:

- 1 – almost not manifested;
- 2 – weakly manifested;
- 3 – manifested;
- 4 – well manifested;
- 5 – highly manifested.

From the presented data, it is clear that possible self-assessments of employees' competitiveness are in the range between 3 and 4, that is, between "satisfactory" and "good", with the exception, perhaps, of the indicator of objectivity and scope.



White collars, after expressing their self-esteem as points, assess their competitiveness at 3.6-4.5, that is, one order of magnitude (or 20%) higher than blue collars. However, such signs as objectivity and scope, orientation to employees, the stability of behavior in a team are within 2.5-3.0. Namely, these social indicators testify to the self-absorption of white collars, weak integration into the operational process and, accordingly, low competitiveness.

	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5		
Customer focus																	
Objectivity and scope																	
Activity, ability to work with full dedication																	
Autonomy, willingness to change																	
Mental skills																	
Professional competence																	
Entrepreneurial thinking																	
Work planning																	
Focus																	
Employee orientation																	
Stable behavior in the team																	
Verbal competence																	
	blue							leadership									

Fig. 1. The graphs of the social indicators of behavior [9]

A completely different view of self-assessments of competitiveness is among leadership. The range of self-assessments by social indicators is from 2.5 to 5.0. Least of all, oddly enough, managers assess their mental skills, the level of work planning, and verbal competence. However, if this is so, then an inferiority complex, which determines noncompetitiveness, is laid in the stereotype of behavior. Other social indicators: activity, ability to work with full dedication of efforts, professional competence, and employee orientation are at a low level. Of great importance in matters of competitiveness in the labor market in the tertiary sector is the accumulated labor experience and the applicability of the knowledge gained [10]. Each subsequent generation (or age cohort) achieves, in the end, increasingly high economic results in production (this is evidenced by the long-term trend of labor productivity with a tendency to increase). The level and content of education also improve from period to period. Practice shows, however, that at any given moment, people who have just entered into public production have the lowest production value in the total workforce, although they have more modern training but do not have production experience. This means that production experience at first outweighs in terms of significance the higher quality of education of the just-coming generation of employees.

An analysis of statistical data on earnings of older people – representatives of homogeneous professional groups – shows that the decline in income is largely caused by the physical

condition of employees. As for the factor of obsolescence of certain parts of accumulated knowledge, it is generally compensated by new production knowledge and experience, and this process applies not only to older but also to all age groups [11]. The process of the obsolescence of knowledge does not conflict with the increase in the value of education. A loss of some part of production information and skills (acquired by employees through education and experience) from the economic turnover is an objective phenomenon. It creates in the conditions for normal development of any economy a number of problems. These are a need for retraining, advanced training, job changes, unemployment possibility and necessity, low subsistence and growing social instability. Such processes become subjects of various government measures to regulate the process of developing workforce, as well as objects of social and political conflicts. From the point of view of the accumulation of educational potential, two points are important. First, although the obsolescence of certain specific knowledge is its "depreciation" (or deduction), the very need to continue the economic process and social development causes not only restoration but also a certain increment of the pooled knowledge used. New scientific information coming into the economy is being continuously mastered, the average level of education is increasing (in particular, by increasing the level of adult education and on-the-job training) [12]. Secondly, the degree of "depreciation" of knowledge cannot be accounted for in any satisfactory form. Specific surveys of the work of engineering staff (conducted, for example, in Sweden) showed that there is a wide disparity in the use of knowledge acquired at the university associated with dependence on the functions, the level of professional responsibility and other factors. Experience shows that not only the secondary process (the obsolescence of knowledge) but also the very use of accumulated knowledge is very unsystematic. This confirms the now generally accepted hypothesis that accumulation of knowledge in the educational process is only part of the overall comprehensive process of developing productive, social, cultural, creative, etc. human potential [13]. It is of fundamental importance to identify the economic significance of the experience accumulated by the workforce and people. Experience is an objective quality of an employee, which directly determines the production result of his/her activity. The accumulation of experience, apparently, is a reproducible sphere being one of the largest, but so far "economically and statistically invisible" or incompatible with the other results of production. The accumulation of production experience takes place as if by gravity, experience emerges here as a "byproduct" and seems economically a bestowal, although common sense suggests that in reality, this is, of course, not the case [14]. Such an interpretation of intangible accumulation is currently widespread in foreign theory and practice. Here is how Kapelyushnikov's generalization puts it: "Production experience can be embodied... firstly, in the entrepreneur as such...

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As he/she gains experience and becomes an increasingly skilled manager, the productivity rises, the costs fall. If his/her knowledge and skills are subject to wear, then the period of aging of the company begins... and after he/she leaves the post, the "death" of the company begins... Secondly, the experience can be embodied in the company itself, in its structure, organization, in its workers and employees, in other words, the entrepreneur creates a company that does not "die" upon his/her leave".

III. RESULT ANALYSIS

New employees, entering the company, adopt the experience and skills characteristic of this company, support its brand. Experience of this kind can be passed from generation to generation. In addition, it can be a subject of sale: it can be purchased by buying a company.

Summarizing all the above, when considering the labor potential of the tertiary sector of the regions of the Russian Federation, it should be noted that at the level of the regional labor market and at the level of the enterprises of the tertiary sector it is necessary to create a system to increase the competitiveness of employees of enterprises and applicants for employment in the tertiary sector. Based on the proposed Potyomkin's principal scheme of the program to improve competitiveness in the enterprise, the authors propose an approach to solving these problems in the services sector (Fig. 2). Their implementation in the system of regulation and management of a balanced development of the labor market in the services sector will help, in the authors' opinion, not only to create the prerequisites for improving competitiveness but also to provide a real basis for this process.

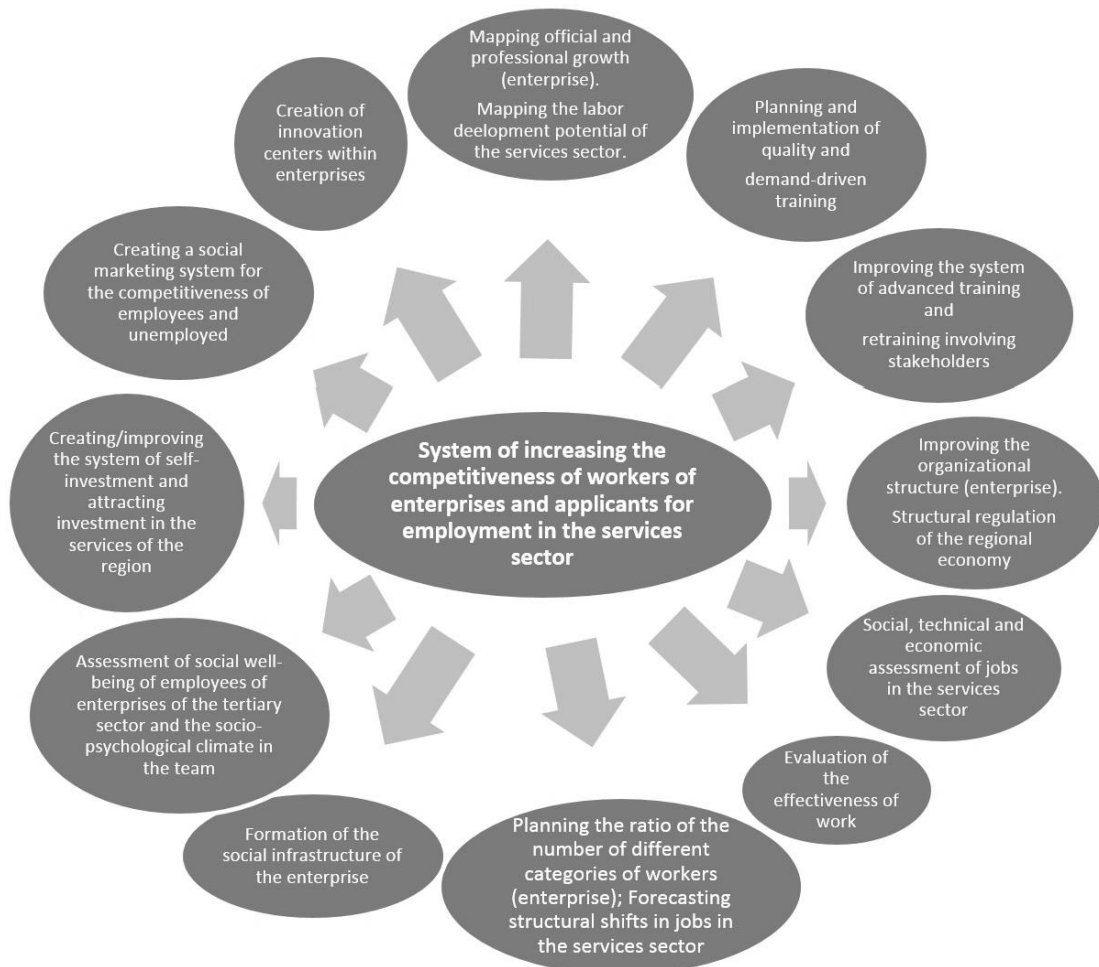


Fig. 2. Principal scheme of the program to improve competitiveness in the services sector [15]

IV. CONCLUSION

The emergence of the services sector and the definition of its borders, first of all, are associated with the concept of the structure of the economy, which is the internal structure of the economic system of society, the composition and interrelation of its elements. From the standpoint of methodology, in the authors' opinion, the notion of the "sectoral structure" of the economy is the most unclear; there are currently several different opinions on this issue.

The significance of the services sector for the modern economy is beyond doubt: its main trend can be considered as the services' leading position in terms of dynamism and prospects for further development and the formation of a service economy.

A historical retrospective allows tracing the process of strengthening the economic role of the services sector and the formation of a service economy.



The intensive development of services for individuals is largely determined by the general change of orientation in economic life. The sphere of demand is becoming increasingly important, which explains, in particular, the modern role of the leisure economy. The desire of people to consume tangible and intangible goods (services) was a decisive factor in the development of the economy, which largely determined the dominance of services in the consumption structure. Over the past decades, the economy has been developing in line with the organizational and technological restructuring of production. The objective basis and prerequisite of these processes is the globalization of the world economy, the satellite of which is the intensification of competition, as well as the deepening and expansion of the scientific and technological revolution.

As a result of their synergistic effect in the socio-economic sphere of industrialized countries, fundamental shifts are taking place. This refers to the increasing decline in the share of the manufacturing sector and the growth of the services sector, shifts in the processes of concentration of industrial production, its sectoral structure. This process is to a large extent related to the development of the social sphere and private business in the fields of education, vocational training, health care, and social security, as well as that of commercial and financial industries, the emergence of new types of transport, communications, etc.

In general, the labor development potential of the services sector in Russia is characterized by two polar tendencies: the presence in one part of a fairly serious vocational education and the absence of basic general education in the other. Particular difficulties are created by the predominance of the female population among the unemployed. Considering that the existing demand for labor in the tertiary sector is increasingly focused on the professional suitability of applicants – the candidates are subject to fairly stringent requirements: high educational qualifications, work experience, narrow specialization, age restrictions, additional skills, while the opportunity of obtaining appropriate training in Russian regions is often very limited; it becomes an objective necessity for the government to participate in the processes of providing personnel in the services sector.

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