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The concept and essence of human capital

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Abstract

The article attempts to present the concept and essence of human capital. This subject is still current and evolves, along with dynamic changes in the market. Each company should determinate the need of its employees and adjust their remuneration fairly.

Keywords: fair remuneration, human capital, pay, remuneration.

Introduction

Actually, the human factor acquiring increasingly more value into companies. Well qualified work force can be factor that allows companies to achieve success over their competitors. To obtain and maintain staff, which is competent, employer should create an effective employee motivation. The main motivator for employees is their monetary remunerations, that is why the amount of remuneration is important and should always correspond to employees qualifications and their experience.

The concept and essence of human capital

The concept of capital in economic theory is crucial. The historical origin of the word capitalist associated with the Latin adjective capital, which occurred with the noun of caputo and signified the head. Capital meant the amount of borrowed money and allowed it to be distinguished from interest due. This thread has been subject to constant search

and reflection over many years by many economists and researchers, which led to its evolution. In his deliberations, A. Smith used the term "wealth", in which these include the elements of the term "capital", that is, labour, wrestling, salary and pensions. However, the most commonly cited definition of capitalist the underlying and basis of the theory of human capital and is closely related to the name of I. Fisher, who defined the capital category as an income-generating wealth.

Apart from the include depressions, whose main part is the word capital, which were presented in the table above, the word capital can be combined with words such as: initial, founder, reserve, stock, educational or relationship. The very concept of human capital is relatively new. The first time was used by T.W. Schultz and G.S. Becker at the turn of the 19th and 20th centuries and they spread the theory of human capital. They defined human capital as traits, talents, professions of attitudes, values and acquired

knowledge and skills of people who can be developed by investing in them. Schultz believed that man is born with certain abilities and he acquires the remainder throughout his life.

The next interpretation of human capital comes from J. Grodzicki, who has taken the stock of knowledge and skills that have a defined value and will in the future be a source of earnings and satisfaction. Human potential can be constantly renewed and constantly expanded. It can increase the general knowledge and skills in these societies, which can translate into more efficient work, accelerated assimilation of new technologies and, consequently, long-term economic growth. A similar definition is quoted by S. Domański, who defined human capital as a resource of knowledge, health, skills and vital energy that is contained in society. According to Domański, human capital is made up of a set of genetic attributes given by a particular population, which can be increased by investment in people, human capital or human life.

Thomas Davenport, when defining the notion of human capital, separated elements that are part of this concept. In his opinion, human capital consists of abilities along with behaviour, effort and time. These components were presented using the mathematical formula below:

Human capital = (abilities + behavior) * effort * time

The abilities included in the above scheme are identified with proficiency in performing specific activities related to work and are determined by knowledge, dexterity and talent. Knowledge is the intellectual context of the work performed and means the opportunity of the individual within the acquisition and the resources of the necessary and necessary information to do the job.

Dexterity is a skilful use of means and methods used in the work process. Talent is the innate ability to perform the task entrusted. Behaviour, in turn, means the observable type of activity of an individual that contributes to completing the task. Abilities and behaviour are developed by the increased effort borne by the unit. Effort is defined as the intentional use of mental resources but also physical resources. The final component of human capital is the time that some economists do not take into account. However, Thomas Davenport believes that it is a very important resource that is under the control of the individual and that it should be taken into account in human capital, because the investment of the employee in time to do the work is necessary. M. and D. Dobija define capital as the ability to do work, comparing this capital to the function that work is in physics.

To understand the attitudes of capital theory, it is necessary to understand economic means in a dual approach, which means a variety of material and non-rational assets and homogeneous capital, which is in them contained and at the initial moment has a value equal to the value of assets. Mieczysław Dobija emphasizes the connections between capital, work and remuneration, creating a conceptual triad. The work was shown there as a transfer of human capital. Thanks to the work, there are two categories. The first of them consists of products in the material or non-material form, while the second is the receivables for the work performed and this is an abstract category.

Conclusion

The human capital is gaining more and more value on current market. Adequate setting of the level of remuneration is

essential to maintaining employee motivation in the long time. Human capitalist the ability to do work and in accordance with the triad of conceptual work is the transfer of human capital to the work done, which includes maintenance costs and education costs incurred in history, as well as acquired experience in the course of professional work, expanded also includes are activity capital. According to the theory of human capital, the employee's remuneration should be defined as a percentage of the human capital that the employee has. Determining the rate of return of human capital at an appropriate level ensures capital preservation, in meaning to avoid its depreciation.

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