Investments in human capital in agriculture

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Abstract. The efficiency of the functioning of agricultural enterprises largely depends on the effective use of the labor potential available to the enterprise. Labor capital defines the basis for the formation of labor potential. Labor capital depends on the acquired skills, knowledge, and skills in the process of professional retraining, training, and self-education. At the same time, the condition for the effective realization of an individual’s labor potential is his biophysical potential, his tendency to bad habits, or vice versa, commitment to a healthy lifestyle. The efficiency of the use of labor capital largely depends on the economic conditions of the habitat, the development of the health protection system, and the promotion of a healthy lifestyle among the population. The effective use of labor capital is also closely correlated with people’s motivation. In the presence of proper motivation, a person not only performs his professional duties more efficiently, but also strives for self-education, acquisition of new skills and abilities. Stable economic growth rates are possible with effective investments in human capital. Investments in human capital create prerequisites for career growth, a decent level of remuneration and a high quality of life.

1 Introduction

In the modern world, which is characterized by high rates of technological development, the question of how much the development of human capital correlates with innovative and economic development is of crucial importance. Innovative development provides for a significant qualitative change and an increase in technological potential.

According to [1], the current level of human capital development, as well as forecasts of its evolution for the near future, play a primary role in the modern world. Countries with a high level of socio-economic development have a high level of human capital development.

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Highly developed human resources significantly contribute to improving the quality of life and competitiveness of the state.

According to [2], human capital is the most important component determining the level of competitiveness of a modern enterprise, the basis for the effective functioning of economic systems.

According to [3], the growth of the state's competitiveness in the international arena, the creation of innovative high-tech industries, the formation of technological growth points in various sectors of the economy is impossible without the effective use of human capital. Without investments in human capital, it is difficult to ensure stable indicators of national security.

According to [4], the need for a constant increase in the level of human capital at the enterprise is caused by the dynamics of the external environment, the development of technology and science, the actions of competitors and the demands of consumers of goods and services produced by the enterprise.

According to [5], the following areas of the impact of an increase in the level of human capital on economic growth rates can be distinguished (Fig. 1)

![Fig. 1. Directions of the influence of education on the pace of economic growth](image)

There are many formulations of the concept of human capital in the economic literature. According to [6], human capital is a set of human qualities, production skills that correlate with modern production technologies.

According to [7], human capital is the skills, knowledge and skills available to a person, which can be used in the labor process.

According to [8], human capital is a set of skills, knowledge and skills acquired by an individual during education and professional practice, which allow him to effectively perform his work duties.

According to [9], human capital is an indicator reflecting the level of abilities, knowledge and qualifications of a person contributing to their income from the results of work.

According to [10], human capital is a stock of knowledge, health, motivation, skills, skills that bring income from the results of labor activity.

According to [11], human capital is an economic category characterized by economic relations between an employer, an employee and the state regarding the accumulation, creation and use of labor potential to generate income.

According to the authors [12], human skills, abilities, knowledge and skills can be considered as human capital only if they can be applied in practice.

According to [13], the effectiveness of human capital depends on the efforts and will of a person, his responsibility, personal interests, his upbringing, level of culture and
worldview. Therefore, investing in human capital is risky. It is very difficult to predict the practical benefits of the results of investing in human capital.

According to [14], an investor makes an investment decision based on an analysis of the benefits and costs that will accompany this investment. Potential investors (the state, a person or an enterprise) are inclined to invest in human capital only on condition that the benefits of investing will compensate for the risk and costs incurred.

According to [15], the cost of labor resources can be estimated on the basis of three concepts (Fig.2)

![Labor resource assessment concepts](image)

**Fig. 2.** Labor resource assessment concepts

According to [16], human capital can have different forms, so the forms of investment in human capital are also different. The most common forms of investment in human capital are: education, professional retraining, health protection, job search, moving to another locality. The most important, but the most expensive in terms of money and time is education.

According to [17], investments in human capital have a number of features (Fig.3)

![Features of investing in human capital](image)

**Fig. 3.** Features of investing in human capital

In accordance with [18], investment in human capital for an employee implies an increase in the level of remuneration, promotion along the career ladder, and an improvement in the quality of life. For the state, investing in human capital means an increase in economic activity and the well-being of citizens. For an enterprise, investments in human capital mean an increase in labor productivity, the introduction of innovative technologies in production, and an increase in the competitiveness of the enterprise.
2 Methods

In the process of carrying out this scientific work, the authors used an analytical method that enabled the authors to study the problems considered in the work in their unity and development.

Taking into account the objectives of the task and the conducted research, the authors used a functional-structural method of scientific cognition.

As a result, the authors were able to consider a number of problems related to investments in human capital in agriculture.

3 Results

The main problems that have a negative impact on the increase of human capital in rural areas, in our opinion, are:

1) The low level of wages at agricultural enterprises compared with wages at industrial enterprises.
2) Farmers pay insufficient attention to investing in human capital, since an employee who has undergone retraining can change employers. And in this case, the investment of human capital will be lost money for the farmer.
3) The state does not spend enough money on training in vocational schools to work at agricultural enterprises. When recruiting students to these educational institutions, it should be borne in mind that some of their graduates will not work in their specialty, but migrate to urban areas where the level of payment is higher.
4) In small agricultural enterprises, there are practically no prospects for possible career growth for employees. This reduces the motivation of the personnel of the agricultural enterprise to increase their intellectual level.
5) The population living in rural areas is more at risk of being unemployed than city residents. And the unemployed are practically deprived of the opportunity to use their human capital.
6) The material and technical support of the socio-cultural sphere in rural areas is worse than in cities. This, in our opinion, reduces the motivation of employees of agricultural enterprises to realize their labor potential.
7) Farming enterprises, as a rule, cannot afford to purchase expensive agricultural machines and production lines. As a result, labor productivity at small agricultural enterprises is usually lower than at large enterprises.
8) Agricultural enterprises have difficulties in recruiting personnel, since, as a rule, the potential personnel reserve is limited to residents living in the vicinity of this enterprise.

In our opinion, in order for a person to realize his labor potential as fully as possible, it is necessary to comply with three conditions: he must use high-performance equipment in his professional activity, a person must perform his labor duties as part of a team of professionals, a person must be able to maximize the use of previously acquired knowledge, skills and abilities in the production process.

The socio-economic environment of an employee is of great importance for the realization of their labor potential.

In many ways, a person's lifestyle depends on living conditions, a person's attitude to physical culture and sports, how much he adheres to a healthy lifestyle.

Investments in human capital are recoupable if there are prerequisites for the use of this capital. Thus, investments in human capital in rural areas should, in our opinion, be combined with investments in economic and social infrastructure in rural areas.

It should also be noted that investment in labor capital depends on the cultural and national characteristics and mentality of people.
4 Discussion

The efficiency of the functioning of the enterprises of the agro-industrial complex largely depends on the effective use of the labor potential available to the enterprise.

Labor capital is the basis for the formation of labor potential.

Labor capital depends on the knowledge, skills and abilities acquired by a person in the process of training, professional retraining and self-education.

At the same time, the conditions for the effective realization of an individual's labor potential are his biophysical potential, his commitment to a healthy lifestyle, or vice versa, his tendency to bad habits.

The efficiency of the use of labor capital directly depends on the development of the health protection system, the economic conditions of the habitat and the promotion of a healthy lifestyle among the population.

The effective use of labor capital is also closely correlated with people's motivation. In the presence of proper motivation, a person not only performs his professional duties more efficiently, but also strives for self-education, acquisition of new skills and abilities.

With the development of scientific and technological progress, human knowledge tends to become obsolete and every year this process accelerates more, therefore, in our opinion, a special state program is needed to solve the problem of using labor potential in the agricultural sector of the economy, which would motivate rural entrepreneurs to invest more in labor capital. These could be tax benefits regarding the retraining of personnel of agricultural enterprises, as well as farmers' expenses for cultural and health-improving meta-enterprises for their employees.

5 Conclusions

Stable economic growth rates are possible with effective investments in human capital.

Investments in human capital create prerequisites for career growth, decent wages and a high quality of life.

The state of health, as well as motivation, affect the effectiveness of the use of labor capital.

Investments in human capital are mutually beneficial both for a particular person and for society as a whole.

Investments in human capital can create long-term positive social and economic effects.

In the conditions of the information society, a competence-based approach to training specialists is becoming more important. Competencies become obsolete over time, and this necessitates regular investments in human capital.

References


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