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**(MENA College of Management, UAE)**

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**Nguyen Ngoc Duy Phuong** International University, Vietnam National University, Ho Chi Minh City, Vietnam

# Formation of the New Quality of Human Capital Assets in Conditions of Innovative Modernization of Kazakhstan

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## Abstract

The economic maintenance of the human capital concept is investigated, author's definition of quality of assets of the human capital is given and the main characteristics are stated. In the conditions of transition of the Republic of Kazakhstan to an innovative way of development the value of formation of the qualitative human capital and its effective use increases. Authors have offered methodical approach to assessment of the level of development of the human capital of the country. The dynamics of human capital assets growth in Kazakhstan for the period from 2008 to 2012 is presented based on the method intended to estimate the value of human capital assets considering the base of the aggregate income received throughout a person's life. Use of the methodical approach to assessment of the human capital of the country offered by us will allow to increase validity of decisions and actions of authorities. State regulation of the competitive human capital as main resource of the accelerated innovative industrialization of the country, it has to be directed to reforming of a health care system, education and their financing, improvement of mechanisms of its realization.

**Keywords:** Human Development, Human Capital Assets, Competitiveness, Innovative Economy.

## 1. Introduction

The formation an innovative economy in the Republic of Kazakhstan requires qualified specialists with new professional competencies and skills in the field. The president of the Republic of

Kazakhstan N. Nazarbayev in his message noted the need of ubiquitous digitization will lead to the disappearance and challenges for providing the labor market with qualified personnel, creating a new model of economic growth and ensuring global competitiveness of the country.

The highest requirements to quality and efficiency of the human capital assets use are raised by an innovative economy based on the wide use of modern high knowledge-intensive technologies and achievements of fundamental science. The development of technologically oriented economy requires highly qualified specialists, engineers and workers in the technical professions based on a developed education system. It is obvious that the formation of an innovative economy and the development of the national innovation system (NIS) are possible in those countries where development of the fundamental science and education is one of the main priorities in the state policy with appropriate financing.

The study divided in to the following sections. The Section 2 proposes to consider the theoretical aspects of the formation a new quality of human capital assets in conditions of innovative. In the second part, authors have studied works of foreign and domestic researchers on a problem of formation of the qualitative human capital in new conditions of development of national economies. The third part, based on the existing methodological approaches, represents the human capital estimation of the human capital cost in the Republic of Kazakhstan considering the comprehensive income base gained during all human life. Section 4 is a concluding part.

## 2. Theoretical Background and Literature Overview

The special interest scientists in the study of theoretical and applied problems of the formation a new quality of human capital assets in conditions of technological modernization is confirmed by the following scientific works.

The human capital quality influence in respect to the economic country development is widely studied in the scientific literature (Castelló-Climent, 2010; Ehrlich & Kim, 2015; Hanushek, Ruhose, & Woessmann, 2017). The number of scientists define the relationship between the quality of education, training, employment precarious, the provision of productive employment, the employment of young professionals, wages inequality (Bobkov, Litvinyuk, & Lednyova, 2016; Canaan & Mouganie, 2018; De Witte & Naswall, 2003; Ferenc, Kalyeva, & Sadykov, 2016; Kaliyeva, Sadykov, & Dosbolova,

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2016; Sharipov, Nurtidinov, & Safiullo, 2016).

Relevance of modernization of an education system, formation of the balanced labor market is investigated as a basis of improvement of quality of the human capital of the country (Keng, Lin, & Orazem, 2017). Assessment of potential of the human capital quality improvement in the Republic of Kazakhstan according to criteria of state of the economy of the country and the purposes of her development, increase in efficiency of labor market is given in works (Dodonov, 2016; Kalieva, Arupov, Abaidullaeva, & Biyakhmetov, 2015; Kaliyeva & Zharkymbekova, 2015; Lechner, 2000). Features of formation of new level of the human capital of Kazakhstan taking into account such global challenge as demographic development, are analysed and offered reference points of her increase in the long term in works (Meldakhanova & Nurlanova, 2015).

However, their research does not address the problems of improving the quality of human capital in the Republic of Kazakhstan.

In Kazakhstan, the Economics Institute of the Committee of Science of the Ministry of Education and Science of the Republic of Kazakhstan is engaged in fundamental and applied research in the field of improving the quality of human capital in the conditions of industrial-innovative modernization of the national economy.

### 3. Analysis and Results

The quality of human capital assets is a state of human capital assets (a set of accumulated knowledge, education and professionalism of human resources) meeting the requirements to innovative development of the national economy and is the basis for transition of the economy to a new state corresponding to the requirements of technological and social modernization as well as accelerated socioeconomic development of the country.

The main characteristics of the quality of human capital assets may be considered as follows:

- possession of achievement-oriented competencies;
- possession of adaptation skills;
- psychological readiness for changes;
- knowledge of modern means of communication, technologies and active use of them both in personal and professional activities;
- possession of skills in information retrieval and self-development;
- ability to unify basic knowledge when combined with a deep specialization of professional knowledge;
- readiness to develop professional skills, change of profession and type of activity;
- propensity to greater territorial mobility;
- focus on results achievement;
- communicability and openness for external contacts.

The new quality of human capital assets is the high competitiveness of specialists, the professionalism of managers and every employee in all spheres of their work. In addition, effectively implementation of human capital assets, cost and investment returns on education and training are possible only on this basis.

The development of these types of potentials is largely due to

provision of a decent living standard for people, corresponding per capita income in the country. In its turn, the development of educational, scientific and intellectual potential will contribute to achievement of a new quality of life.

Special importance is attached to the intellect in the aggregate set of human development potentials. Intellectual potential is based on interaction of the intellect – the processes of people’s livelihoods – ensuring their creative productivity with use of available resources.

In the market economy, a special place is occupied by entrepreneurial potential observed as an opportunity to achieve an increase in the country’s economic growth through developing entrepreneurial ability related to optimization of practical goals based on intellectual and organizational abilities. According to experts’ estimates, it is possible to achieve an efficiency gain by 10-20% in 12 months only due to increase in the degree of entrepreneurial potential use through activation of innovative processes and introduction of new effective products, services and strategic management systems. In 24 months – up to 60-70%, later – by 20-30% annually within 2-3 years. Therefore, it is advisable to consider entrepreneurial abilities as a key factor in the economy growth using which gives high results only with the help of scientific management methods at the micro and macro levels. The implementation of entrepreneurial abilities is reflected in the entrepreneur ship development.

Human capital assets as the richest combination of opportunities, resources and unrealized reserves included into its potentials can characterize the country as a whole and its regions, the company and the personality of a person. As the world economy enters into a new stage of its development, priorities change, and the possibilities of human capital assets are reassessed in the context of increased competition and international integration. High-quality resources, reserves of human capital assets associated with a knowledge-based, innovative economy with high intelligence are put at the forefront.

### 4. Conclusions

The formation of the human capital assets in the Republic of Kazakhstan in the light of the national interests and tasks of post-crisis recovery and to ensure the stability of the economy, its modernization based on high-tech production, and the competitiveness of manufactured goods and services should be aimed at achieving its progressive parameters. This means improving the quality characteristics – improving health, increasing life expectancy, reducing poverty, providing modern education through studying, training and retraining of every citizen throughout life and competitiveness in the external labor market.

The specifics of the formation of a new quality of human capital assets can be attributed to:

- training and life-long learning;
- reforming the health and education system;
- increasing the role of the state in selection of industrial policy priority areas;
- creating jobs in knowledge-intensive industries;

- improvement and modernization of labor relations between the state, employers and employees represented by trade unions based on a tripartite partnership;
- increasing the employers' social responsibility in vocational training of workers, in overcoming the negative consequences of the economic crisis, i.e. preventing the mass release of workers, creating normal working conditions, preventing occupational injuries, timely payment of wages;
- improving the quality of state regulation of the national economy (flexibility, focus, fight against corruption);
- creating the social infrastructure, etc.

Thus, it becomes necessary to increase the state regulation of its own competitive human capital assets creation constituting the main resource of the accelerated innovative industrialization of the country in the conditions of the post-crisis development of the economy in the Republic and its further sustainable growth. Increase of the state's role is connected, first, with the reform of the health care and education systems, and their financing. At the same time, it is necessary to develop mechanisms for a complex, faster labor productivity growth through effective use of human capital assets and its quality compared with the growth of wages. We should consider that labor productivity and wages are the most important indicators of the country's economy competitiveness within the global international rating system.

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