

HUMAN CAPITAL CONCENTRATION

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ABSTRACT. Simply injecting supplementary funds in the education and research systems does not automatically lead to results reflected in the economic development and growth at a regional level. This is taking place although human capital concentration, structure and high level education level tides in a region are indicators of the dynamic that that region’s development is witnessing. In reality, researchers and specialists are key actors of innovation, and development presupposes high innovation rhythms. That is why concentrating high level education human capital is correlated in general with the development level, and the interregional tides indicate the specific directions and the amplitude of development. However, as research in the last quarter of the century points out, especially financial efforts in research and development (tightly connected to efforts in education) do not correlate positively and constantly with regional growth. A major cause of this discrepancy is made up by deficient management at regional level. Human capital management is insufficiently coordinated with the management of other elements of territorial capital and the catalytic capacity for the exploitation of internally generated knowledge and/or resource management to use the results of knowledge.

KEYWORDS: human capital, management, development, research, entrepreneurship, specialization, region.

Introduction

Often policy makers in the regions with low economic competitiveness forget that knowledge generating and acquisitions cannot be used economically to the benefit of increasing wealth, when entrepreneurs capable to transform them into products and services new or significantly improved vis-a-vis the standards of a more and more competitive market are lacking. The research and development is not correlate positively and constantly with regional growth. The main causes are:

- Firstly, human capital management is insufficiently harmonized with the management of the other less inertial components of territorial capital, i.e.: *relational private services, university spin-offs, relational capital, agencies for research and development transfer, receptivity enhancing tools, connectivity, cooperation networks, governance of land and cultural resources*
- Secondly, human capital management is inadequately strategically oriented towards the possibilities offered by pre-existing patrimonial elements: *poles of agglomeration and district economies, public tangible and intangible goods and resources; club and impure tangible goods; private tangible goods.*

Visions, the innovative spirit, the attitude towards change and the anticipatory adaptative capacity that local entrepreneurship manifests are crucial. Cognitive active entrepreneurial capital is not seen as playing a distinct, but complementary, role towards the other components of human capital when models of regional development are conceived. Researchers and specialists are not the only ones who generate and get knowledge in a region, but entrepreneurs as well, the latter, in order to use its results, act like real action-researchers who extract, use and generate contextual components. They are the decisive agents of knowledge capital, without which the catalyzing elements would become passive [1]. We cannot talk of converting knowledge capacity into effective human capital without a tight intercorrelation and interrelationship between entrepreneurial, academic and research contexts and without them benefitting from the score of specialized instruments and services which should allow them to work together in the market. Also, we should remark here the necessity of a regional specialization, intelligently linked with the region's immutable resources of a competitive advantage, especially in the conditions in which entrepreneurially inclined people, as well as people with a high education (researchers and specialists) can migrate and become components of human capital integrated in other geographical areas. Specialization of human capital congruent with the patrimonial specificity which offers a region a comparative advantage vis-a-vis other regions has as a consequence the increase in the retention level of both specialists and researchers in the respective region. Obviously, the very developed regions transformed their competitive advantage into a comparative advantage through their capacity of generating a qualitative life context, with possibilities of spending their free time in a diverse cultural environment, in which career opportunities are more numerous. This fact points out once again to the necessity to build an adequate environment in which those who belong to the so-called creative class can feel well and are able to assume their vocation. Investment in technological research in education, if not doubled by the ones in culture and in the cultural environment, as well as spare time activities, are not enough to generate sufficient retention of human capital at the regional level [2]. A sustainable regional development cannot be done without the harmonization of the patrimonial specificity, of the economic specialization and of identity architecture.

New entrepreneurship and the development

Developed regions and countries have the capacity to generate new entrepreneurial specializations, new paths of specialization and a new demand for research oriented specialists. Through this, they are perceived as highly innovative regions, interpreted as career attractors and, consequently, become attractors of specialist tides and of entrepreneurs from other regions. For example, Great Britain attracted in the last decade over 76,956 specialists and lost 21,519 and, according to the *Financial Times*, approximately 1 out of 7 British companies functioning in 2013 were founded by immigrants. At the same time, between 2004 and 2012 the number of researchers to 100,000 inhabitants grew in this country by 20.7 (from 381.7 and 402.4) [3]. This picture illustrates a situation of development intensively based on knowledge, in which research potential and entrepreneurial performance generate a positive balance of human capital tides, capital lost through entrepreneurial incapacity and deficient management of territorial capital catalyst for knowledge exploration. At the opposite pole we will find three categories of countries:

- with an insignificant human capital tides balance on the background of a historical underdevelopment – countries with a deficit of human capital generation;
- with a negative balance of human capital tides and with a decreasing number of researchers – countries with a decreasing human capital;
- with a negative balance of human capital tides and with an increasing number of researchers – countries with a human capital reorganization

Firstly we are talking of those countries situated in general in the third world, which do not have and have not had an adequate education system and which do not really have research experience.

In the second situation, we can talk about countries which are in a phase of economic destructuring in which either the necessity of concentrating efforts to enter a route of development based on knowledge is not sufficiently brought at the level of awareness to be converted into political will, or that this will exists, but a coherent vision on the concrete way for strategic action has not taken shape. In both situations, however, the sign of a strategic decision should come through a radical decision regarding re-thinking policies for human capital forming and cultivating in the sense of demands for sustainable knowledge-based development by considering all its components: entrepreneurship, creativity (research and other creative activities), private know-how (professional specialization) and of the service system intensively based on knowing local realities in an international context, through which the costs of private initiative, such as financial services, technological consultancy and marketing, of partnering, software, are diminished; these are deeply adapted to the concrete needs of local entrepreneurial project generators.

In the third case we can talk about countries with an education system capable of generating highly qualified specialists, who make a significant research effort to generate a route of development, significantly knowledge-based, better harmonized with their potential to create or maintain certain competitive advantages and with patrimonial specificity which confers them market advantages (for example, their geostrategic position), indirectly aiming at attraction capacity growth and specialist retention.

Romania’s atypical case within the EU countries, from the perspective of human capital

The great majority of research linked with venture type investments in less developed regions was focused especially on venture capital deficit regions in developed countries in which it is present, but is focused on other regions, and not on the ones of the study [4]. Also, there was a focusing on regions in emerging economies countries. But the research linked with introducing this type of financing in developing countries or in countries in transition from a command-type economy to a market-type one is almost inexistent. These countries are in general situated in between those that are in a phase of restructuring or in decline of human capital and present peculiarities that deserve to be emphasized. There are countries with a consistent industrial tradition, with academic and research institutions with a longer history than of many of the emerging economies countries, but which had been through a historic phase in which entrepreneurial tradition was brutally interrupted and entrepreneurial culture was deeply distorted because of restrictions of an ideological nature imposed politically and administratively. Also, we should remark that an important group of these countries entered the European Union starting

with 2004. These, with one exception (see figures * and **) are at the present time in a phase of human capital restructuring, but this is not a distinctive characteristic, such a process can be met in older member countries which had not passed through a historic communist phase. The single exception is Romania which has not yet overcome the phase of declining human capital, as can be seen in figures * and **.

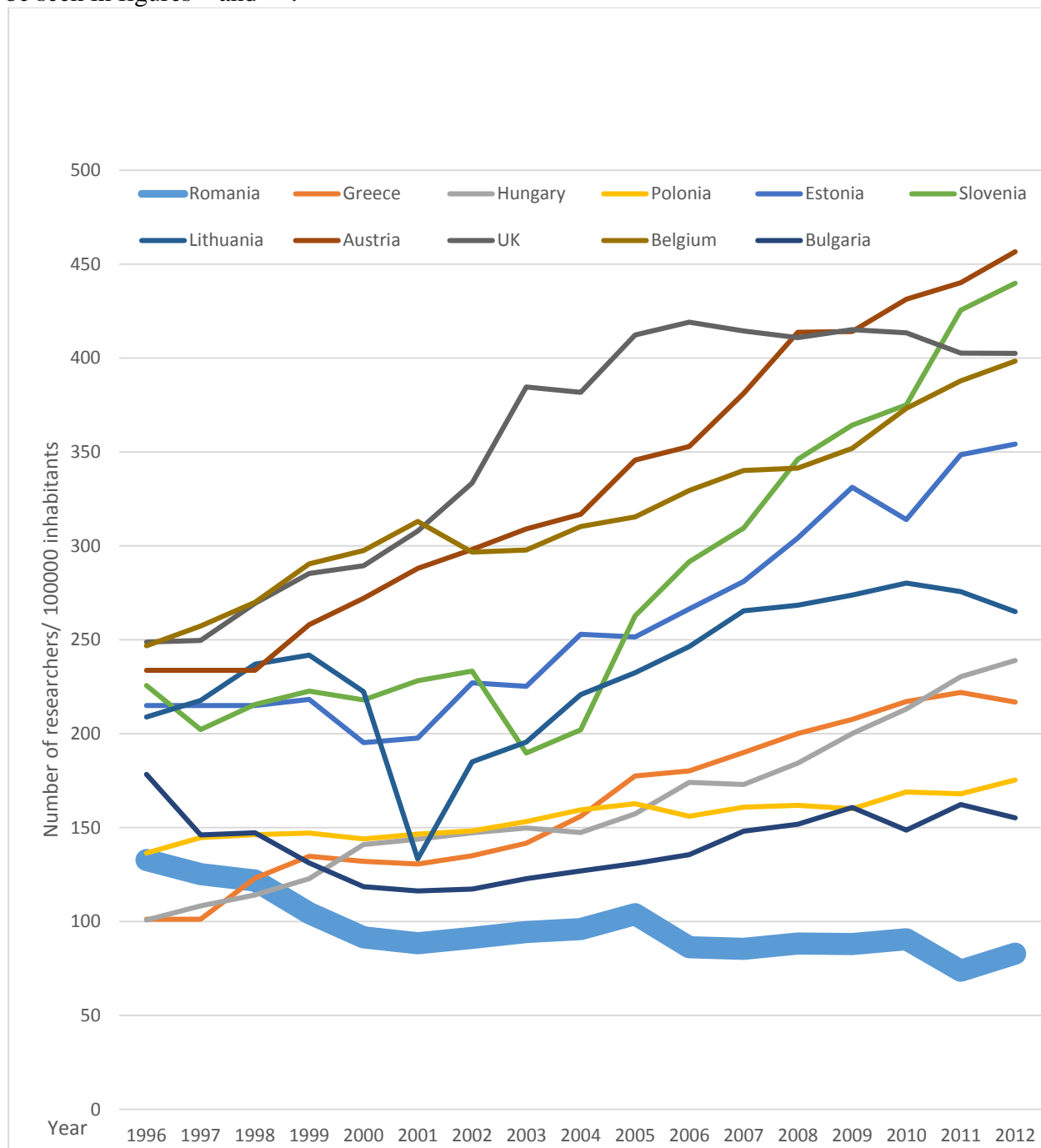


Figure no 1.* The evolution of the number of researchers in 11 European countries 1996 - 2012

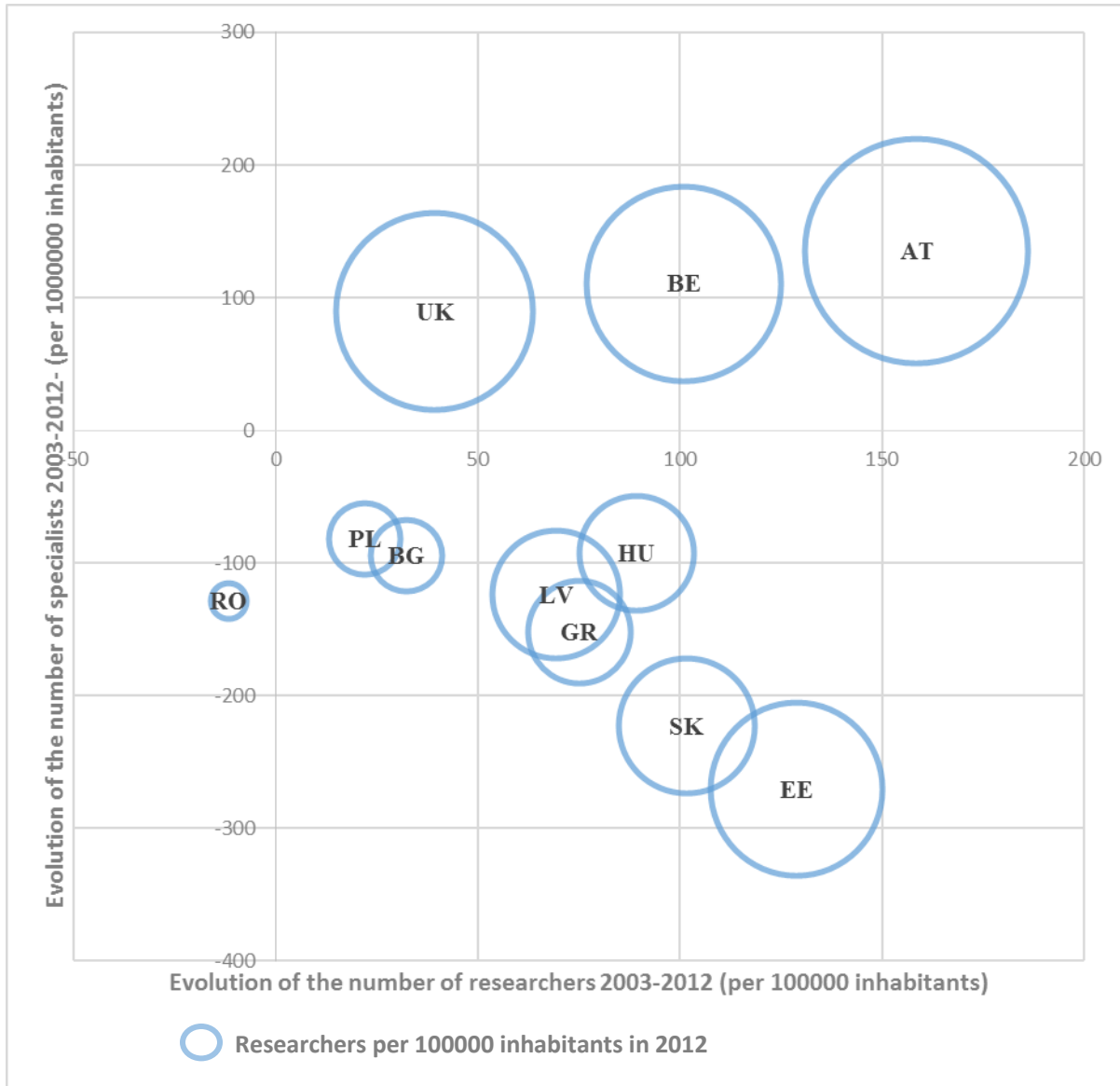


Figure no. 2 Human Capital tides in 11 European countries

This graph represents the first 8 European countries with a negative tide of specialists and the first 3 countries with a positive tide.

Conclusions

Consequently, Romania’s situation seems to be a totally atypical one among the EU countries, which makes that the triggering venture-type investment models, as well as the components of economic development strategies successful in other countries should not work in this case – at least unless consistent adjustments are operated by introducing innovative elements which should take into account local conditions, the totality of specific constraints and potentialities on the bases of which the architecture of sustainable development can be conceived. And to determine the necessary adjustment and innovation demands that the situation in which it is found requests, we need to understand the historic causes which created it through

the medium of some territorial development concepts which are different from the one used until now. In a competitive environment, nobody can start playing as a new comer without strategically innovating. Probably not even without benefitting from opening opportunities generated by the unpredictability of emergencies characterizing such an environment. But these opportunities must be observed, and for this vision, attention and strategic perseverance are needed. Consequently, we can say that Romania is crossing a vision crisis, which is not the cause of the declining human capital it confronts with, but is the factor it fully favours.

References

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