

## HUMAN RESOURCE COMPETITIVENESS ON THE LABOR MARKET

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**Abstract:** In this article we highlighted a key aspect of organizational success - the competitiveness of human resources. The statement emphasizes the critical role that human resources play in driving innovation and overall growth within an organization. Let's break down the key points in this statement.

The success of an organization relies on having a workforce that is competitive and skilled. The skills and capabilities of the workforce can be cultivated and improved over time, offering a reliable foundation for success. A competitive workforce contributes to the organization's ability to stay ahead in its industry. Employees who are competitive are more likely to think creatively, propose new ideas, and drive the development of innovative processes and products. The connection between human resource competitiveness and scientific/technical innovations is highlighted. Organizations with skilled and competitive employees are better equipped to push the boundaries of what is technologically and scientifically possible. In a competitive environment, organizations need to continuously adapt and evolve, which requires a workforce capable of driving such changes.

Competitive workforce is vital for an organization's innovation, growth, and survival. To remain competitive, organizations need to invest in employee development, foster a culture of innovation, and ensure that their workforce is equipped to handle the challenges of a dynamic business environment.

**Keywords:** skills, abilities, human capital, competitiveness, competition, labor market.

JEL Classification: J0, J08, J4, I2, I25, I28

### Introduction

Competition is a fundamental aspect of labor relations. It's present at various stages of the employment process, from both the employer's and the employee's perspective.

Employers compete with each other for the best talent in the labor market. They seek individuals with specific skills and qualifications, but they also often have to consider factors like experience, work ethic, and cultural fit. The level of competition in this area can vary depending on the industry and location.

Job seekers compete with each other to secure employment. The competition begins during the job search, as multiple candidates may apply for a single position. The more appealing the job (in terms of pay, benefits, and growth opportunities), the more intense the competition among job seekers.

### Competitiveness, their characteristic features in the field of labor relations

Competitiveness is the ability of a person or group of people to win in competition for economic goods.

Human capital is a sum of traits, all the knowledge, talents, skills, but also the experience, intelligence, education, judgment and wisdom held individually and collectively by the individuals of a population. Human capital is also a person's ability to generate income. [1]

It is necessary to distinguish between the competitiveness of the human capital of the individual and the competitiveness of the person himself in the labor market. The first is related to its potential to succeed in employment or career development; the second depends on the realization of this potential, which depends on both objective and subjective factors: labor productivity, attitudes of chiefs, possible discrimination and their own behavior.

The competitive human capital of an employee is the property not only of him, but also as a rule, of the organization which in turn is interested in its harnessing.

The competitiveness of economic agents plays an important role in any market segment. The labor market is not a exception. Here many aspects of the relationship between employer and employee are determined by the employee's competitiveness.

On what factors does the competitiveness of an employee depend, who and why is interested in it increasing?

Competition can also occur after employment, when employees compete with each other for a certain level of remuneration, for career advancement, leadership, for sphere of influence, for being close to chief, etc. And in this case - a more competitive employee has more chances to win.

Based on the definition of competitiveness proposed above, the following important factors must be specified: what is the object of competition (what is the fight for), who are the subjects of competition (who participates in it), what are the methods used (legal or illegal, ethical or unethical, etc.), as well as the key factors that determine the winner.

The competitiveness of participants in the competition process in the field of labor relations is inextricably linked and determined by these four aspects of competition. That is why it is not fair to reduce the employee's competitiveness to evaluating only the benefits he brings to the organization.

### **Competitiveness of the employee's human capital**

Most significant, in fact, the key factor in the employee's competitiveness is his human capital, which can be defined as a measure of a person's ability to generate income [2, p. 87]. Therefore, many components of an employee's human capital will also be simultaneously factors in his competitiveness on the labor market.

There are many such factors. The factors of individual's competitiveness can be divided into: those that do not depend on his behavior (for example, the person's physique or skills inherited from parents, etc.) and those that the person has acquired through sacrifices and efforts, namely by investing in his qualities and natural abilities.

It is necessary to distinguish between two concepts: the competitiveness of the person's human capital and the competitiveness of the person himself on the labor market. The difference between them is not so obvious, but on closer examination, it is noted, that these are different interpretations of

investments in human capital. Human capital is usually assessed taking into account a person's potential in his economic activity; investments in human capital increase a person's ability to earn more money, to receive a more significant social package, etc.

The competitiveness of a person's human capital is directly related to his potential to succeed in competition with other people. Labor productivity or more generally, the benefits that the employee brings to the employer, depends on realization of the employee's potential, expressing his competitiveness, but not his human capital.

In order for an employee to win in the competition in the labor market, a number of conditions must be met. The first condition is to possess a more qualitative and therefore more competitive human capital; other conditions are associated with the action of factors that affect the nature and results of competition, but are not directly related to the employee's human capital.

Do organizations need competitive employees? Among the trends that determine the emergence of new components of human capital that increase the competitiveness of the employee, it should be noted the increasing role of the knowledge economy and innovation.

The competitiveness of the human capital of a modern worker is increasingly determined by his ability to participate in innovation activities of the organization. It is this ability, being a special and in many respects unique component of an employee's human capital, that has become the most important factor in his competitiveness in the modern world.

The ability of employees to participate in innovation, influencing the nature of the company's economic activity, has become an important factor in their competitiveness. This objectively contributes to the convergence of interests of the organization and the employee regarding the capitalization of the innovative components of its human capital.

Technological development in recent decades as well as the phenomenon of globalization have led institutions and specialists around the world to look for the skills that everyone needs to successfully integrate into social life in a „knowledge-based economy that ensures economic development, better jobs and greater social cohesion”. [3, 4]

The competitiveness of employees largely depends on the operating system of human resources in the production and commercial activities of the company.

In the process of creating and developing staff competitiveness, the organization highlights the unity of social and economic processes: employees are interested in increasing individual competitiveness, and the employer, in turn, has the opportunity to achieve its objectives (improving product quality, generating new income, etc.) by using the most of the competitive qualities of employees. Thus, in the formation of competitiveness of a specialist, a significant role is played not only by personal qualities, possession of a set of certain knowledge and skills, but also the desire to permanently improve them.

There are three groups of labor market variables that characterize staff competitiveness [5]:

- the first group of **variables associated with work activity**. Variables in this group can change rapidly during crises and under the influence of targeted corrective actions or, they can change gradually, under the influence of many factors. They can be both favorable and undesirable for all types of activities of the organization;

- the second group of **variables associated with human resource**, which influence: a decrease or increase in the need for new employees, a change in staff structure and also determine the competitive advantages of its employees on the market;

- the third group of variables associated with staff perception of the stability of the organization's internal environment. This group of variables characterizes the activities of entire organization as a whole, from production to the management system.

The competitiveness of labor resources is that set of characteristics of active population that determines the success of its participation in the socio-economic activities of any territory. The capacity for own achievements in the activity, which bring organizational benefits is considered as the competitiveness of the employee.

Employee competitiveness is considered as a criterion for dividing employees according to the possible or already existing level of work efficiency, for further professional advancement. [6].

The employer must from time to time change its tactical and strategic objectives in relation to its human resources by introducing new concepts to achieve their competitive advantages. These strategies would include, among other things, that the employer is interested in the survival and future development of organization.

Employer philosophy, ideology, strategy and policy, focused on the fullest achievement of staff benefits as a subject of economic life - is the concept of maintaining staff competitiveness.

There are several types of concepts regarding staff competitiveness [6]:

**Concept of maintaining staff competitiveness** is a system of theoretical and methodological concepts for understanding and defining the essence, content, objectives, criteria, principles and methods, as well as approaches and practical organizational training of a functional mechanism for managing staff competitiveness under the concrete conditions of company's activity.

Essence of the **concept of consumption or concept of perfecting the process of accumulation of human capital** consists in performing and guaranteeing the most complete endowment of jobs with staff. The required number of workers changes in proportion to changes in production volume. In this context, the employer is interested in a workforce, which is widely available and offered at a low price.

**Concept of increasing the quality of human capital** is based on the fact that employers will be more predisposed to employees who perform their work at the highest level of quality. According to this concept, the "consumers" of the workforce will focus on using the "product" that will have the highest level of technical, operational and quality, thus ensuring the organization the greatest benefits. In this regard, the employer focuses on activities of creation, training and constant maintenance of a highly qualified workforce.

According to the **concept of competency** to maintain competitiveness, employer focuses on changes in employee qualifications in line with changes in workloads, as well as on maintaining and stimulating the use of different flexible employment, remuneration and motivation strategies. In particular, organization offers attractive prices for the workforce, in order to attract and retain employees.

**Career-based concept** or theory of stimulating the use of growing human capital is based on the statement that if employees are given the right to decide independently on the accumulation of their human capital as well as on the development of their skills, then it may decrease or it even depreciate the organization's supply of goods and services.

The criterion for optimizing labor consumption strategy is the income or expenses from the process of combining work capacity with capital and natural resources, as affirmed by the **traditional concept of marketing, or concept of efficiency of satisfying the wishes and preferences of the employer**. Due to the analysis of revenues and expenditures, it becomes possible to use more profitable ways of managing production, eliminating the least productive ways, as well as stimulating the migration processes of resources in order to use them more efficiently. This concept of maintaining the competitiveness of staff gives the possibility of prompt responses to the influence of changes in production requirements on the professional-qualifying structure of the workforce and makes it possible to ensure compliance of available human capital with the development of functional quality of work.

**Modern concept of developing employee competitiveness** is based on the absolute subordination of all aspects and activities in order to achieve competitive advantage in the labor market, as well as to satisfy the demand for goods and services on the labor market in the most profitable way. With development of a system for the rapid management of employees' capacities, it becomes possible to obtain an increased performance of the activity of qualified specialists in the enterprise. This concept is also systemic and based on principles of labor resource development in the world economy, taking into account the aspects and barriers that may hinder the development of the competitiveness of this resource. Factors that make it possible to achieve the best effect on the labor market to fully meet market demand are the volume and structure of corporate competence, life cycle, measurement of all labor costs, level and dynamics of labor efficiency.

## **Conclusion**

Every company formulates and executes new, efficient strategies for navigating the internal labor market. Drawing insights from the practices of their industry peers, they have the capacity to craft unique methods and behaviors. Through examining the lessons learned from others, an organization can expedite its growth and enhance its potential to attain synergy while overseeing employee competitiveness.

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