

CURRENT THEORETICAL FRAMEWORK OF THE HUMAN FACTOR IN THE MARKET ECONOMY

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In the current context of the knowledge-based society, the efforts to conduct scientific assessment of employment should be channelled towards a more rigorous and thorough assessment of the human effort which would determine more accurately the value of the human factor in production.

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Introduction. Approach and perspectives of the human factor in economic systems

In the evolution of society, labour has been the main component of the means of production. Without it, the economic and social life would not exist, not even nowadays in the current level of development.

Labour has been the active and most important factor of the economic activity, whereas the means of production represent the inert factor, an accumulation of labour. Without the direct or indirect intervention of labour, production or other economic activities cannot exist and consequently human resources cannot be exploited.

Together with the evolution and development of the society, the sphere of production has increased considerably as well as labour. Once labour has become a commodity it also changed the vision on human resources, being regarded and treated as a *factor of production* like any other factor. The way human factor has been approached in the economic systems differs only in part.

The rise of socialism in several countries, including Romania, did not lead to the achievement of the socialist goal promoted by the Marxist theory. Although all former socialist countries advocated the protection and development of the human being, in reality the human being was treated just as a *factor of production*, in the same way the beginning of capitalism did.

The socialist planned economy was not able to eradicate alienation of the labour process but on the contrary, it was proliferated and highly promoted. This was the main reason of the irreversible crisis of the socialist movement. In order to overcome it, each and every (socialist) country had to make the transition from planned economy to market economy.

Unlike the other command economy countries, in market economy countries there were created premises and multiple opportunities for employees to be regarded both as factors of economic and social development and as beneficiaries of this process. Among these main opportunities, we must mention, first of all, the qualitative change of work and second of all, the attempt to reduce the discrepancies of the social structure and a common interest in the growth of economy efficiency¹.

The use of scientific and technological breakthroughs has enabled developed countries to diminish and even to phase out certain activities that required considerable effort and at the same time to expend those activities that stimulate the individual to develop their creative skills especially the intellectual abilities², thus their ensuring job satisfaction.

Thus the demands of work transformation were met, materialized in an essential requirement for the human being, through their total accomplishment and not just as a mere *factor of production*.

¹ Adumitrăcesei I.D., Niculescu N.G., Piața forței de muncă. Teorie și practică economică contemporană, Editura Tehnică, Chișinău, 1995, p.10-11

² In this respect, in his book *Civilizația la răscruce* (Civilization at the crossroads) R.Richta wrote: "Due to science and its applications..., the development of man has become an inextricable component and a sine-qua-non factor of increasing material productive forces". Editura Politică, București, 1970, p. 195.

Nevertheless, the decisive element that enabled the human being to become both a factor of development as well as its beneficiary is represented by reducing the discrepancies between the social structure and a common interest in increasing economic efficiency.

The gap between proletariat and bourgeoisie which characterized the 21st century and the first half of the 22nd was reduced considerably during the post-war period both by national income redistribution, especially through fiscal policy (progressive taxation) and by a rapid increase in employment (specialists, clerks, workers) active on the secondary financial market. The effects of these multiple possibilities while maintaining the interests specific to each social and professional category resulted in an increasingly higher interest in better use of resources own by each and every country and achieving higher economic efficiency³.

New approaches of human factor in the economic theory

We cannot speak about a consensus reached by specialists on the issue of labour that can never be ignored due to its new elements generated by the *first, second and third wave* of the market economy.

These *new* elements require certain interpretation and delimitation, which not only strengthen the theory according to which labour power is regarded as a commodity (labour-product) but also emphasize aspects that enrich the research field.

Some specialists argue that wage is *the amount of money paid in exchange of labour*. Others believe that wages are *the earnings received for labour or rent, i.e. the price of labour*. However, regardless of the definition, it is obvious that all the above-mentioned variants involve an act of purchase and sale of a commodity, which, in the present case is *labour or the ability to work*. Any payment (or price) involves nevertheless an act of purchase or sale of a commodity or service.

As Paul A. Samuelson put it "*a man is much more than a commodity*" but, at the same time, this statement does not deny that labour is regarded as a commodity, on the contrary it emphasises its particularities and importance, aspect which is also pointed out by the author who wrote that wages are by far the most important price.

Consequently, labour is the most important factor of production of the market economy. Its increasingly growing importance has had an enormous impact upon the new, complex and developed conditions of present-day production and commodity circulation.

Another important characteristic of the labour-product, in the current context of market economy, derives from the new status of the employee, influenced both by the current social and economic framework and technical and scientific revolution, factors that contribute to some major changes in this special type of commodity.

Due to the changes that have occurred in the role, place and functions of the human factor, of production, some other changes have consequently occurred in the content and structure of the supply and demand for this factor, in the sale and purchase act and especially in the factors of this type of commodity.

Thus, new elements have emerged both in the value and use-value of labour. The new conditions of modern production have led to a more significant increase in intellectual activity, research and design than in the physical activity and hence the value of labour and its costs will increase their share in the labour costs included in any product of labour. Similarly, changes have occurred in the approaches of the use-value of labour. The relationship between the characteristics of labour and its users has been considerably enhanced both economically and legally.

As far as these aspects are concerned, we must mention the stagnation in theory and practice in determining the value and appraisal of the use of this special type of commodity, i.e. labour, which integrates multiple elements and perspectives that have been neglected or avoided by the concerns of economics. One aspect of utmost importance is the assessment of the human effort in production⁴, on which the appraisal of value (and price) of labour as well as its use-value should be based. Thus the economic theory focussed more on labour results, i.e. products in terms of time spent in labour process and less on the human effort, i.e. quantity, quality of the invested social and human energy.

In the current context, of the knowledge-based society, the efforts to scientifically appraise labour must be channelled more clearly to achieve a more rigorous assessment of the human effort, which would determine more accurately the value of human factor in production.

³"In any great capitalist enterprise, as Paul Johnson put it— the community of interest between those who own, run and work for it is, or ought to be, far greater than any conflict of interest". (Capitalismul ca forță morală, în Alternative '90, nr. 9, 1990. p. 26).

⁴ Drăgănescu M., Muncă și economie, Editura Politică, București, 1974, p. 10

Three dimensional approach of the human factor from the economical point of view

In time, the literature of the field has laid a great emphasis on implementing a new branch of economics based on the energetics of human labour, which could be called social and human energetics.⁵ Those who supported this idea argued that it is an activity that *mediates the exchange of substances between man and nature*. Labour does that virtually by spending human energy, therefore it can and it should be regarded under the energetic aspect.

Under these circumstances, it is interesting to consider the energetic element of labour as a new element, which must be correlated in its turn with the informational one. And this is due to the fact that the energy involved by labour is an informative energy; since in assessing the human energy, if we wish to be accurate, the quantitative aspect must be associated with the qualitative one, information-related, as highly important are the nature of information and its complexity.

If we agree with N. Wiener, who said that the information is *neither matter, nor energy* and that it is useful to study any phenomenon in terms of substance, energy and information, than, more than in any other field, the one related to the human factor of production requires a specific approach (three-dimensional) with profound beneficial effects on determining the value of labour as commodity⁶.

A three-dimensional approach of the human factor would allow a more accurate and scientific assessment of labour and labour force implicitly; thus a direct connection would be created between labour and value, labour and economy and economy and society.

Approaching the issue of labour-product in a broader social and economic framework, determined by the complexity of human being, contributes to the considerable expansion of research area in the field and at the same time would offer more accuracy, thus enabling conceptual and processual delimitations of utmost importance.

Under these circumstances, the development of the human factor value beyond the economic aspect is required, acquiring the *economic and social value*, which would better meet the requirements of the current trends and processes, through which the objective interferes with the subjective, the economic with the psychosocial. This point of view has also been promoted by the *theory of human capital*, which has gained popularity especially during the last decades and also by the *theory of cultural capital*.

The cultural capital phenomenon has acquired lately the meaning of scientific knowledge, which the possessor of labour acquires through learning and culture, professional experience. Some specialists see the *human capital* as an extension of the *cultural capital*. Others disagree.

Human capital is defined by some authors as the *stock of professional experience accumulated*⁷, a rather limiting perspective that does not correspond to the reality.

B. Gazier defines the *human capital* as the *stock of productive capacities of an individual (or a group), including his active aptitudes in the broadest sense of the word: general or specific knowledge, skills, experience*⁸. He truly believes that each and every individual has an inborn capacity and another one acquired, point of view shared by the theory of human capital as well. The author believes that this concept can be approached from various perspectives, namely⁹:

- a) education and training (learning and development) of individuals, referring to the childhood education, including in-house training and experience or educational institutions;
- b) physical and mental health of the individuals that influence the growth of the human capital;
- c) spending on the more or less direct effects (outcome) and on productive skills (aptitudes) imported by companies, i.e. includes anything that determines individuals to produce.

Starting from this structure, B. Gazier believes that the costs of human capital include first of all education, health and professional migration-related costs and also costs related to workplace safety, survival and opportunity.

When we refer to labour-product, the status of employee human factor should not be reduced to a mere object of a sale-purchase transaction, but must be treated according to the important role and place it has in the process of national reproduction and within commodity production and circulation

We know that labour is an active and important factor of the economic activity, consequently, it creates and produces all the other commodities, giving them value and utility and also ensuring their sale, purchase and consumption.

⁵ Samuelson P.A., L' Economique, Librairie Armand Colin, Paris, 1969, p.860

⁶ Adumitrăcesei I.D., Niculescu N.G., Piața forței de muncă. Teorie și practică economică contemporană, Editura Tehnică, Chișinău, 1995, p.14-15

⁷ Begg D., Fischer S., Dornbusch R., Economics. Second edition, Mc Graw- Hill Book Company, 1987, p. 241

⁸ Gazier B., Economie du travail et de l'emploi, Editura Dalloz, 1991, p.193

⁹ Adumitrăcesei I.D., Niculescu N.G., Piața forței de muncă. Teorie și practică economică contemporană, Editura Tehnică, Chișinău, 1995, p.16

Moreover, the value and price of labour power depend on the value (and price) of other commodities that ensure the reproduction of the principal productive force of the society.

The content, functions and manifestations of labour-product should be analysed taking into account the processes that characterize production and commodity circulation in general. For instance, if we consider only the value (and price) of labour, we will also have to consider the changes that occur in employment costs included in commodities that ensure what is required by the reproduction of the human capital, as well as the evolution of expenditures on *human capital* education and training.

At the same time, when determining the economic value of labour power, we must also take into account the new social and economic circumstances of the sale and purchase process, as well as salary negotiation process, social protection, whose importance and share are constantly increasing.

If we consider the current economic situation both nationally and internationally, the analysis must be oriented towards determining the use-value of labour power. In this respect, a new definition and criteria delimitation is highly required as the analysis should be based on them, both from the consumer's perspective as well as from the general social interest.

Due to the considerably emphasized competitive character, the market economy imposes certain conditions for labour to be characterised as commodity, for adopting a certain type of behaviour, economic behaviour in compliance with the competition and efficiency requirements, which implicitly trigger constant and amplified preoccupations for increased labour productivity. On the contrary, increasing labour productivity determines quantitative and qualitative re-dimensioning in labour power.

For the purpose of our research, we shall limit ourselves to pointing out the issue and highlight the necessity of taking into account the requirement to ensure a correlation as close as possible between this element and labour productivity growth when determining the value (and price) of labour power, aspect which triggers profound and important implications for the economic life stability.

It can be said due to the current economic context the complexity and importance of the relationship between labour and commodity and labour productivity is increasing considerably. This relationship interacts with another one, i.e. the relationship between the ratio of labour use-power and quality of production.

The new knowledge-based economy points out that the most effective way of multiplying the factors of production of a society and of human life refers to the development of man as well as increasing his capacity, his creativity.¹⁰

By stimulating free initiative, cultivating entrepreneurs' abilities, enabling prosperity and wealth, the market economy involves labour power in all the above-mentioned processes, both in terms of producer/consumer and of the seller of the capacity to work and of the buyer of a commodity necessary for existence.

Conclusions

To conclude, the current characteristics of labour-product derive from two exclusive characteristics of this special commodity, namely:

1. this commodity is inextricably connected to the human being and at the same time highlights the necessity of considering new psychosocial determinants (components) of labour as commodity;
2. sale-purchase of labour power is achieved for a specified period of time and partially involves the human factor, i.e. only his ability to work, unlike the sale-purchase transactions of the other types of commodities, when the object of transaction is transferred from the seller to the buyer.

On the contrary, the owner of labour capacity remains the same whereas the buyer of labour is entitled to the labour of the seller.

The new conditions of the modern production have emphasized these delimitations, at the same time pointing out some significant aspects of labour and its market.

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