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**Human Resources Management
as an object of social innovation
practice**

The article discusses the theoretical aspects of human factor conception practice in the analysis of the national economy in terms of its role in innovations and in association with social innovations. Also this article gives information about current condition of social innovations in Republic of Kazakhstan. In this article, author explains how we arrived at our definition of social innovation and why we think it is more useful than terms such as social entrepreneurship and social enterprise. Author then describes how the free flow of ideas, values, roles, relationships, and money across sectors is fueling contemporary social innovation. Finally, author suggests ways to continue dismantling the barriers between the sectors, and in doing so unleash new and lasting solutions to the most vexing social problems of our times.

Key words: human resources, human capital, social capital, social business, human capital, innovation, social innovation.

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**Инновациялық қызмет
объектісі ретінде
адам ресурстарын басқару**

Мақалада адам факторының концепциясы инновациялық қызметтегі рөлінің аспектісіндегі ұлттық экономиканы талдау жасау барысы және әлеуметтік инновациялармен өзара байланысындағы теориялық қолданысы қарастырылған. Сонымен қатар, бұл мақала Қазақстан Республикасындағы әлеуметтік инновациялардың қазіргі жағдайын сипаттайды. Мақалада автор әлеуметтік инновация деген анықтама қалай пайда болғаны жайлы және оның неге әлеуметтік кәсіпкерлік және әлеуметтік кәсіпорын терминдеріне қарағанда, пайдалырақ екеніне түсініктеме береді. Автор әртүрлі секторлардағы ой-пікірлердің, құндылықтардың, рөлдердің, қарым-қатынастардың және ақшаның еркін ағысы заманауи әлеуметтік инновацияларды толтырып жатқанын түсіндіреді. Қорытындысында автор секторлар арасындағы кедергілерді жоюды жалғастыруды және қазіргі замандағы әлеуметтік мәселелердің жаңа және ұзақ мерзімді шешімдерін жетілдіруді ұсынады.

Түйін сөздер: адам ресурстары, адам капиталы, әлеуметтік капитал, адам потенциалы, инновациялар, әлеуметтік инновациялар.

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**Управление человеческими
ресурсами как объектом
инновационной деятельности**

В статье рассмотрены теоретические аспекты применения концепции человеческого фактора при анализе национальной экономики в аспекте его роли в инновационной деятельности и во взаимосвязи с социальными инновациями. Предоставляется информация о нынешнем положении социальных инноваций в Республике Казахстан. Автор объясняет, каким образом появилось определение социальной инновации и почему оно выгоднее, чем такие термины, как социальное предпринимательство и социальное предприятие. Описывает, как свободный поток идей, ценностей, ролей, отношений и денег в разных секторах заполняет современные социальные инновации. В заключении автор предлагает продолжать убирать барьеры между секторами и разрабатывать новые и долгосрочные решения социальных проблем нашего времени.

Ключевые слова: человеческие ресурсы, человеческий капитал, социальный капитал, человеческий потенциал, инновации, социальные инновации.

HUMAN RESOURCES MANAGEMENT AS AN OBJECT OF SOCIAL INNOVATION PRACTICE

Nowadays, social entrepreneurship and social enterprise have become popular rallying points for those trying to improve the world. These two notions are positive ones, but neither is adequate when it comes to understanding and creating social change in all of its manifestations. Social innovation is a better vehicle for doing this. [1]

Social innovation is the best construct for understanding and producing-lasting social change.

It is essential to distinguish four distinct elements of innovation: First, the process of innovating, or generating a novel product or solution, which involves technical, social, and economic factors. Second, the product or invention itself – an outcome that we call innovation proper. Third, the diffusion or adoption of the innovation, through which it comes into broader use. Fourth, the ultimate value created by the innovation. This reasoning gives us the first half of our definition of social innovation: A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions. [2]

The best way that people use the word social is to describe a kind of value that is distinct from financial or economic value. A number of leading writers allude to social value or similar terms. Drawing on this article, I define social value as the creation of benefits or reductions of costs for society – through efforts to address social needs and problems – in ways that go beyond the private gains and general benefits of market activity. Because these benefits can involve the kinds of social objectives noted above, they may accrue both to disadvantaged or disenfranchised segments of society and to society as a whole. [3]

Many innovations create benefits for society, primarily through increasing employment, productivity, and economic growth. Some even generate social value above and beyond their obvious economic impact. The computer dramatically enhanced individual productivity, learning, and creativity. The automobile promoted feelings of freedom and independence while uniting people who would otherwise rarely see each other. Pharmaceuticals save lives. Deodorant probably strengthens our social fabric. And so these products benefit not only individuals, but also society as a whole. [4] [5]

Social innovations are created, adopted, and diffused in the context of a particular period in history. Although our definition of social innovation transcends time, the mechanisms of social innovation – the underlying sequence of interactions and events – change as a society and its institutions evolve.

Many innovations tackle social problems or meet social needs, but only for social innovations is the distribution of **financial and social value tilted** toward society as a whole. This leads us to our complete definition of social innovation: A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals. [6] [7] A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them. Indeed, many of the best recognized social innovations, such as microfinance, are combinations of a number of these elements. [8]

Our conception of social innovation has implications for thought leaders, policymakers, funders, and practitioners. It captures not only the ends to which agents of social change aspire, but also the full range of means through which we can attain those ends. The fields of social entrepreneurship and social enterprise examine only a subset of paths – specifically, the creation of new and typically nonprofit ventures. [9] Yet large, established nonprofits and government institutions also produce significant social change, as do the businesses that increasingly contribute their resources to building a more just and prosperous society. People creating social change, as well as those who fund and support them, must look beyond the limited categories of social entrepreneurship and social enterprise. In fact, this broadening of scope echoes Ashoka founder Bill Drayton's claim that «everyone is a changemaker.» [10]

For the **balanced development of the organization** it is very important that its human resources management policy is enough innovative, as well as a policy in the field of marketing, technological development, market strategy and so on. However, spontaneous and uncontrollable change of a social subsystem of society and organizations is fraught with numerous social shocks, growth of social tension. Thereby, there is a new challenge for organizations and countries – a need of innovative management of the human resources. [11]

Social innovations can be defined as an innovation in a social subsystem of society or organization, legitimately changing social practitioners (mechanisms) of the solution of social problems for the purpose of more effective achievement of socially significant results by means of acquisition by people and social groups of new skills and other properties. Social innovations work through change of skills and other properties of the person and social group, respectively, object of social innovations are human resources. However, in scientific literature for the characteristic of a human factor in economy there are a number of close concepts used like: «human resources», «the human capital», «the social capital», «human potential». In this regard, there is a need to specify object of social innovations, having revealed distinctions between these concepts. [12]

Worldwide, including Kazakhstan, the present stage of development it is characterized as transitional from an industrial era to post-industrial when instead of the limited concept of economic growth are offered new approaches in economy, such as organizational, social, psychological, etc. in which the person is considered in all set of his qualitative characteristics.

Progress of considerable number of the companies in the developed countries is connected with creation of perspective innovative mechanisms of human resources management, at the level of the organization and at the heart of which formation there is an integrated, strategic approach to use and development human potential. [13] Flexible forms of labor usage, continuous improvement of quality of human resources, new approaches to the organization and work incentives, the appeal to cultural and ethical factors of productivity and quality of labor life became priorities of the main directions. Recognition of economic usefulness and social value of human resources which development needs investments, like other types of resources is very important today. Innovative human resources management has to be aimed at full use of abilities of the worker in the process of his activity. [14]

The main part of the life of the person proceeds in organized work. In this situation human resource management of the organization has to become especially significant, as it has direct impact on processes of formation and development of personal potential of employees, provides its professional realization, adaptation to external and internal conditions of the production environment.

The human factor gained today paramount value, therefore problems of effective usage of human work as the main force and the main character

of progress moved to the forefront. Nowadays, the greatest reserves of increasing efficiency of market managing lie on the ways of improvement of the enterprise personnel activity. [15]

Theory of the human capital

The theory of the human capital is developing in world economic and administrative science field since 1950th. It develops the idea of already existing explanation in works of political economic classic scientists, that the person is the carrier of a special factor of production – work – which can't be withdrawn from the person and to get in property.

At the same time, the production factor which carrier are – people, makes richness of all society in general as it is objectively used by national economy for production of goods and services. Karl Marx and Friedrich Engels considered this problem absolutized work as a factor of formation of «fair» cost. At the theory of socioeconomic structures there were already elements of the analysis of human work (the characteristic of the labor relations and a way of production, and also the concept of class fight). However, already in the middle of 50th it became clear that maintenance of existence and development of knowledge, abilities, skills and abilities of the person demands certain expenses. That final consumption which was considered only as expenses before, started being considered as the investments into the person forming the human capital. The person invests in himself, expecting to draw in the future higher interest from the human capital (in the form of a salary, profit of the businessman, etc.). Also organizations, which are interested in more high efficiency of their workers activity itself, can invest in the human capital. With development of the new institutional theory also there were created primary econometric tools of studying of the people behavior focused on increase of cost of the long term human capital.

In the modern theory in a human factor three main components are allocated [16]:

- pure work;
- natural abilities (congenital inclinations);
- the human capital.

The human capital is the stock of knowledge, abilities, skills, abilities and motivations, which is available for each person. Investments into it are education, accumulation of a know-how, health protection, geographical mobility and information search. The individual human capital – is the saved-up stock of special knowledge, professional skills of an individual, additional income and other benefits allowing it to gain in comparison with the person without it [17].

It is necessary to distinguish the human capital as the production factor, which is converted in profit of the company, and human potential as projection of opportunities of the person in the set conditions. This obviously broader concept considers not only those factors of production which carrier is the person, but also various social conditions, which promote or interfere with development of the human capital. Human potential of the personality, thus, is projection of development of its human capital in concrete the social conditions, taking into account influence of various factors micro and macro-environments.

Application of concept of the human capital

The human capital of the social organization usually explained like all human capital of the people entering into it, and the human resources of the organization in narrow sense is the knowledge, abilities, skills, abilities and work of the person which can be used for commercial purposes (or for realization of the purposes of the social organization, if it is about non-profit organization). In this case, the concept of human resources is used narrower in comparison with not only with a context of national economy, but also concept of the human capital. This situation testifies to some instability of a conceptual framework of the general theory of the capital and the general theory of management. Moreover, in some scientific publications on human capital concept, potential and human resources can be used as synonyms. At last, current state of the human capital, as element of national wealth is characterized by concept of human resources. In the broadest sense it is expedient to understand all set of resources presented in labor market, which carrier is the person as human resources, including also their human potential. [18] Thus, we consider the quantitative characteristics of the population and labor market characterizing the number of the people possessing this or that level of development of the human capital and this or that human potential.

In scales of national economy development of the human capital appears one of the priority directions of the state social policy, and the condition of human resources is caused by various measures of the state social and economic policy. Education systems, health care, state regulation of working conditions make human potential and influence a condition of the human capital, and the state population policy and objective tendencies of natural reproduction of the population and migration define quantitative characteristics of human resources. Thereby we define that macro-environment, which influences a condition of the

human capital for certain people and various organizations.

At last, in wider – social – context the human capital and human resources characterize a state not only the economic sphere, but also all society in general. In theories of «post-industrial» society D. Bella [11] and Tofflerov spouses [19,20] human capital is already considered in modern sense of this concept, however its value isn't reduced to pure economy. High-quality transformations of society of «the third wave» are connected and with high-quality transformation of the person who becomes the main driving force of economy and at the same time changes the way of life and social activity. New quality of the human capital and, therefore, new quality of the person – changes possibilities of the person on creation of material and cultural wealth in all spheres of society, without excluding and economic, but also without being limited to it. The analysis of the human capital at the level of society in general can include studying of not economic aspects of activity of the person.

Place of the social capital in a human factor of economy

One more concept, which subject domain is close to the human capital up to their usage in separate publications as synonyms is the social capital. The capital represents set of the real or potential resources connected with possession of a steady network (system) of more or less institutionalized relations of mutual acquaintance and recognition, i.e. with membership of the person in groups. [13]

The social capital, as appears from definition, it is impossible to identify with the human capital or to include in it, neither at the level of the social organization, nor at the level of society (national economy). However, he participates and in formation of the human capital (at a stage of development of the personality), and in its realization. The social capital can be considered as one of characteristics of human resources and a factor of formation of human potential as human potential considers interrelations between people, who make essence of the social capital. Also social capital defines efficiency of human capital usage, as out of social communications system people can't realize itself in any activity.

In the message of the President of the Republic of Kazakhstan «KAZAKHSTAN IN NEW GLOBAL REALITY: GROWTH, REFORMS, DEVELOPMENT» – 2015, N. A. Nazarbayev told: «It is necessary to increase the innovative potential of the Kazakhstan economy. It is important to lay the foundation for creation of economy of the future. It is necessary to develop competences of the sphere of

smart technologies, artificial intelligence, integration of cyberphysical systems of the future, design and engineering. It can be done only through creation of effective scientific and innovative system. The powerful research universities and innovative clusters formed on base a high tech park «Astana business a campus» Nazarbayev University, science and technology park of «Ala Tau» in Almaty will be its basis. Holding the International specialized exhibition of the EXPO – 2017 in Astana gives us the good chance actively to develop the new power based on «green technologies.» [10]

Also before President N. A. Nazarbayev claimed that social policy should be developed: «Today I set a task to develop new social policy. The role of the state in the social sphere has to be limited to support of socially vulnerable citizens and ensuring investments into the human capital. The state targeted support will be given only to the needing citizens, on the basis of an assessment of their real income and living conditions. Considering special needs of separate categories of our citizens it is necessary to establish different sizes of a living wage with revision of its structure.»

Human resources of the organization set in motion, will organize interaction of all other resources, their key and strategic role consists in it. In a production system all resources are in interrelation, and only as a result of their interaction economic efficiency is reached.

Until recently the concept «human resource management» of our administrative practice was absent. However, the control system of each enterprise had a functional subsystem of personnel administration and social development of collective, but the most part of works amount on personnel administration was carried out by linear heads of divisions.

Human resource management gains the special importance: it allows to generalize and realize the whole range of questions of adaptation of the person to external conditions, the accounting of a personal factor in creation of a personnel management system of the organization.

Kazakhstan stands at a boundary of a new stage of social economic modernization and political democratization today. Only with the modern competitiveness and open market economy which isn't limited to a framework only of raw sector, based on respect and protection of a private property and the contract relations, an initiative and enterprise of all members of society, it is possible to lift national economy on the level of the international standards.

In the message of the President of the Republic of Kazakhstan «Strategy of entry of Kazakhstan into

number of 50» of the most competitive countries of the world, N. A. Nazarbayev told: «For maintenance of steady and dynamic growth of national economy the state is obliged to stimulate demand for goods and quality services, using tools fiscal, a monetary policy, state regulation of effective redistribution of major factors of production».

For further modernization and diversification of economy of Kazakhstan N. A. Nazarbayev considers that it is necessary to concentrate attention and forces to the following directions: a monetary policy, fiscal discipline and an effective tax policy, increase of economic relationship between the state and the private sector on the basis of the market principles.

Important value, according to the President, is necessary to pay attention to realization of large-scale state support of business, expansion and strengthening of positions of small and medium business, and also to creation of regional «engines» of economic development due to formation of regional corporations of social development and business.

Today the new, modern strategy of territorial development directed on activization of economic activity in the developed regional centers capable to become «engines» of economic modernization of the country in general, and also formation of effective economic specialization of regions is necessary. «All this, – the President considers, – has to find reflection in strategy of territorial development of Kazakhstan till 2020».

For achievement of the objectives, put before the Government and the people it is necessary to pay attention to innovative development of economy of regions and Kazakhstan in general.

Strategy of industrial and innovative development of Kazakhstan is directed on carrying out active scientific and innovative policy for the purpose of stimulation of business on the organization of the competitive and exported productions. Thus the

control system of competitiveness of economic entities from the position of innovative approach have to provide transformation of technical and technological possibilities in competitive advantages. The main prerequisites of a realization of innovation strategy, pas our look, are: first, providing favorable institutional conditions; secondly, identification and formation of innovative potential of subjects of business. Nowadays the state creates all necessary conditions, so there are organized special structures as the Kazakhstan investment fund.

Social innovations and human capital

Innovative activity in a social subsystem of the organization has direct impact on a condition of the social capital and human potential, and also, on the human capital through them. Summing up the result, it is possible to note that the social innovations directed on human resources and a social subsystem of the organization influence both the human capital, and the human potential and the social capital. However any changes of properties of human potential and the social capital conduct to change of a condition of the human capital as human potential sets conditions of formation of the human capital, and the social capital – conditions of its realization. Therefore, the innovations directed on the human potential and the social capital, need also to be considered in the analysis of innovative management of the human capital.

The world needs more social innovation, and so **all who aspire to solve the world's most vexing problems** – entrepreneurs, leaders, managers, activists, and change agents – regardless of whether they come from the world of business, government, or nonprofits, must shed old patterns of isolation, paternalism, and antagonism and strive to understand, embrace, and leverage cross-sector dynamics to find new ways of creating social value.

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