

## CONCEPTS OF COMPETITIVENESS ON THE LABOR MARKET

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### **Abstract**

*The success of any organization is based on the competitiveness of its staff. The development of innovative processes is closely related to the understanding that the competitiveness of human resource is the main factor of scientific and technical innovations, a decisive condition for the existence and development of most enterprises. The only stable factor in the effectiveness of any modern organization is the competitiveness of its employees.*

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

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 significant 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 and competitiveness, their characteristic features in the field of labor relations**

All participants in labor relations compete with each other. Employers compete for the right workers: they are often people with outstanding competencies (knowledge, skills and abilities), but sometimes they are the ones who are ready to do any work; unskilled and hard work.

Of course, potential employees also compete with each other. The competition between them appears since the period of looking for a job and obviously, in the selection process. The more attractive the desired job, the more applicants there are and the more intense the competition is. The one who is more competitive wins.

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 takes part 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 considering 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.

For an employee to win in the competition in the labor market, a several 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 crucial 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 [7]. Since every employee on the labor market is in some way a "commodity", a component of employee competitiveness training can be considered the correct "presentation" of his merits.

It is quite difficult to correctly formulate its advantages over competitors on the labor market. Therefore, a number of consecutive actions must be performed for a correct "presentation":

First of all, you need to properly self-assess yourself, which means correlating the desired salary level with your own qualifications, analyzing how you see the development of your career, determining your strong and weak human qualities, and their impact on your desired job.

Then you need to study the operations required to perform the work tasks at the company you choose. If your skills do not correspond to these operations, then you should improve your qualifications with the help of additional education.

In addition to an objective self-assessment, the employee must carefully study the real characteristics of the labor market - the demand for this job, the possibility of career advancement, prospects of this profession and even the state of the economic segment in which the organization operates.

However, the most important thing is to write a short and comprehensive CV, thanks to which the employee will be able to present himself effectively to the potential employer, showing all personal advantages, which is extremely important in case of high competition on the labor market. [6]

The labor market is heterogeneous and can be divided into segments that differ according to the level of market demand for the functional quality of work, the degree of quality of the workforce, as well as the variability of demand for new employees. Therefore, the concept of competitiveness in the labor market is relative.

Types of competitiveness of staff (employees): stable, temporary and unstable competitiveness. These types cause differences in market demand for labor quality.

Differences in the nature of labor demand determine four other types of competitiveness: explicit, latent, irrational and prospective.

Depending on the level of labor cost peculiarities, the competitiveness of the staff (employee) can be of three types: diversification, selective, exclusive.

The employer must from time to time change its tactical and strategic goals 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.

Due to the price parameters of staff competitiveness, the employer can [2]:

- motivate employees to maintain proper discipline, improve the quality of work and learn new technological operations;
- reduces labor selection costs;
- reduce the costs of training new employees by promoting the company's employees who have acquired basic skills in the work process.

The totality of measures and strategies of the subject of the labor market, focused on the management and formation of labor prices, is called the employer's policy on total personnel costs. This policy is focused on adapting to the actions of competitors. It is also necessary to take possession of any market share. Due to this policy, the employer creates conditions for the realization of each function of the labor price: - regulatory; - accounting function; - reproductive function; -stimulatory function. The organization with such a strategy also calculates the target profit, with which it is possible to develop the enterprise in the future.

There are several types of concepts regarding staff competitiveness [7]:

**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. With the rise of employee competence increase productivity, the number of innovations; the focus is on production efforts and more employees will work in those areas that are critical to the success of the organization.

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 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, considering 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.

There is also a useful conceptual element such as "maximum corporate competence". Corporate competence is the competence of staff at the level necessary for an organization to achieve its main goals: economic, technical-scientific, production and marketing, and social. Every organization must organize the development of its corporate competence and perfect its tactics in this context.

The development of corporate competence can take place in two aspects - independent and organizational. Independently, increasing corporate competence is the satisfaction of an employee's personal interests in creating and developing his or her individual advantages over competitors in the labor market by achieving all the necessary qualifications and skills. This process takes place regardless of the personal interests of other participants in the work activity.

The increase in staff competence in organizational or corporate aspects is determined by [6]: - the unity of the socio-economic interests of all those involved in the work; - the ability of the undertaking to supply the necessary conditions for the creation and increase of advantages over competitors on the labor market in order to achieve all the objectives set, the development of the organization and the achievement of the mission set.

## CONCLUSIONS

Each organization develops and implements new productive strategies for the behavior on the internal labor market. Using the analysis of other market players, they can invent their own approaches and behaviors. By studying the experience of others, an organization can accelerate its development and increase opportunities to achieve synergy in the process of managing employee competitiveness. Competition helps to develop the management system as a whole. Innovation always appears due to a creative approach to the study of available information, generalization and systematization of data obtained and evaluation of the performance of different labor market subjects, due to which competition increases and the consumer is given the opportunity to choose the best job offer.

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