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## **ROLE OF HUMAN CAPITAL IN KNOWLEDGE ECONOMY**

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# STRUCTURE

- **Human Capital;**
- **Investments;**
- **Knowledge Economy;**

## **Human capital**

knowledge, skills, motivation embodied in people, which increases productivity and brings their owners larger income.

# HUMAN CAPITAL CHARACTERISTICS

- human capital cannot be separated from the person who has it;
- human capital is to be had by investing in people;
- it is helpful to think of human capital as abilities that are either innate or acquired;
- human capital is not visible.
- human capital has the observable internal effects.

# **INVESTMENT IN HUMAN CAPITAL**

**schoolings**

**on-the-job trainings**

**searching information  
about prices and  
incomes**

**medical care**

**migration**

# **KNOWLEDGE ECONOMY**

is directly based on the production, distribution  
and use of knowledge and information

# KNOWLEDGE ECONOMY SPHERES

- high-technology, knowledge-based industries;
- industries that produce IT hardware and software;
- services like finance, insurance and management consultancy.

**Figure 1 The four pillars of the knowledge economy**

| <b>PILLAR 1</b><br><b>Economic and institutional regime</b>  | <b>PILLAR 2</b><br><b>Education and skills</b>   | <b>PILLAR 3</b><br><b>Information and communication infrastructure</b>   | <b>PILLAR 4</b><br><b>Innovation system</b>  |
|--|--|--|--|
| The country's economic and institutional regime must provide incentives for the efficient use of existing and new knowledge and the flourishing of entrepreneurship. | The country's people need education and skills that enable them to create and share, and to use it well. | A dynamic information infrastructure is needed to facilitate the effective communication, dissemination, and processing of information.. | The country's innovation system—firms, research centers, universities, think tanks, consultants, and other organizations—must be capable of tapping the growing stock of global knowledge, assimilating and adapting it to local needs, and creating new technology. |

World Bank Knowledge Economy Assessment (KEA) framework.



# Interaction between knowledge economy and human capital:

- education as a part of human capital helps to use the new technologies and to produce new knowledge;
- increasing of knowledge makes it easier to accumulate human capital;
- human capital assists to improve labour productivity.

# CONCLUSIONS

- Human Capital;
- Modern Industry;
- Problems and Solutions.

Thank you for your attention