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## PROMOTION OF HUMAN CAPITAL OF THE RURAL POPULATION IN THE DEVELOPMENT PROCESS OF SELECTED SOCIAL ECONOMY OPERATORS

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**Abstract.** The problem addressed in this paper relates to the need to promote human capital of the rural population as it remains on an unsatisfactory level in some social groups. This paper argues that people with low potential should be assisted with a professional and social inclusion instrument implemented by social economy operators who, due to their fundamental characteristics, could become an instrument for labor market and social inclusion of the rural population (primarily including those who, for various reasons, remain outside the labor market). This will allow for the strategic goal of human capital development.

**Keywords:** social economy, rural areas, human capital

### INTRODUCTION

According to dedicated socio-economic analyses, today's rural areas clearly demonstrate consistent development accompanied by an improvement of the population's economic situation and enhancements to the civil engineering infrastructure. This translates into improvements of the level and quality of life of the local population. Nevertheless, some significant problems persist, including the lower than average levels of income, the ageing of the rural population, excessive reliance on the

agricultural sector (despite the progressing shift from agricultural to non-agricultural activities), the higher than average unemployment rates, social exclusion, poor diversification of the labor market and low population density resulting in less access to basic services. Also, many rural areas struggle with another problem which is the low level of human capital compared to urban centers. Although Poland has experienced a continuous growth of human capital in the last years, a discrepancy persists between the rural and urban population, caused by multiple factors. Therefore, the primary purpose of this paper, rather than just focusing on the role of human capital in development processes (as broadly discussed in the relevant literature) or identifying growth opportunities, is to discuss in scientific terms the ability to use social economy operators in order to shape and manage the part of the rural population demonstrating low levels of human capital.

This paper roughly addresses some theoretic topics related to the role of human capital in economic growth models and in the social economy development strategy, and the need to formulate instruments for supporting the professional careers of the rural population with low potential.

This study is based on relevant literature and uses a descriptive analysis.

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## HUMAN CAPITAL IN DEVELOPMENT PROCESSES

The concept of human capital was discussed by many economists, beginning with A. Smith, and including such thinkers as J.B. Say, T.W. Schulz, G.S. Becker, J. Tinbergen, G. Stinler, F. Modigliani, R.M. Solow and R.J. Lucas Jr. While no precise, unequivocal definition of human capital exists, it means *de facto* the total skills, knowledge and health resources, i.e. all of the individual's attributes that affect his/her ability to perform useful work (Schulz, 1976).

The issue of human capital plays a major role in economic growth theories (Cichy and Malaga, 2007) which endeavor to identify the relationships between human capital and economic development of specific countries and regions. Most of the works and models focusing on this problem come to the conclusion that social benefits from human capital investments are at least as valuable as individual benefits (the impact of the individual's education on his/her remuneration). In view of the above, it is noted that human capital is a matter of key importance because education and various skills are an essential attribute in the competitive labor market in the era of knowledge economy. According to Bagińska (2010), "intensive research on the determinants of economic growth, pioneered in mid-1980s by P. Romer (1991) and R. Lucas (1988) who investigated the endogenous growth theory, demonstrated the need to pay special attention to human capital". R. Lucas developed two versions of a classic model with different ways of human capital accumulation: either through school education or as a result of gaining professional experience. Human capital is defined as the individual's capacities useful in the production of a specific good. Thus, the production volume of the good concerned primarily depends on the level of specialized human capital (Bagińska, 2010).

Defined as such, the meaning of human capital in economic development processes poses a scientific problem: on one hand, instruments need to be developed that affect the continuous improvement processes of human capital in order to enable the best possible adaptation of human resources to the dynamically evolving and increasingly demanding world. But on the other, there is a need to manage the existing resources to prevent marginalization and exclusion of people with extremely low levels of human capital. For social politicians and sociologists, human capital is a real problem

in a political, social and economic dimension (especially when viewed in the context of social exclusion and the consequences thereof). This is why they focus on the second issue more frequently than other economists, especially neoliberals who pay more attention to "winners" than to "losers" of economic processes<sup>1</sup>.

## HUMAN CAPITAL LEVEL OF THE RURAL POPULATION

The educational achievements of the rural population, reflected in particular by the young generation and the educational aspirations of their parents (Szafraniec, 2011), are the manifestation of important structural transformations of human capital in rural areas. The last two decades were a period of dynamic growth. According to public statistics, the percentage of rural population with basic schooling has decreased, and reached 31% in 2012–2013. In the same period, the number of rural dwellers with secondary and tertiary education increased to 27% and 11%, respectively. As emphasized in the 2014 Polish countryside report, for the first time ever in the rural areas, the population with secondary or higher education is larger than the population with basic schooling (Fedyszak-Radziejowska, 2014). However, when considering human capital not only in the context of education backgrounds but also from the perspective of such aspects as civilization-related competencies<sup>2</sup> and ongoing education, it turns out that despite positive trends human capital remains at a significantly lower level than in urban centers.

When analyzing the use of educational services in the 2000–2015 period, authors of the 2015 social diagnosis consider the educational activity of adults within formal and informal learning, the forms of adult training and the extent of using educational services by labor-market status (Grabowska et al., 2015). According to the results, the

<sup>1</sup> This term was made popular by E. Tarkowska who demonstrated the uneven distribution of free time as a new aspect of the diversification of the Polish society, and mentioned the "great winners" and "great losers" of the Polish transformation (Tarkowska, 1997).

<sup>2</sup> In this sense, human capital means the education background, civilization-related competencies, participation in ongoing and further training to enhance the individual's professional or other skills, knowledge of ICT solutions, ability to access and use online information, and language skills (Diagnoza społeczna, 2015 – [www.diagnoza.com/pliki/raporty/Prognoza\\_raport\\_2015.pdf](http://www.diagnoza.com/pliki/raporty/Prognoza_raport_2015.pdf)).

share of persons with the lowest education levels who attend ongoing training courses continues to follow a small growth trend. On the other hand (Table 1), there is an excessive share of young people who are not in employment, education or training (NEET) (ibid.).

**Table 1.** Not in employment, education or training (NEET) in the age of 15–24 in 2000–2015 (%)

**Tabela 1.** Osoby biernie zawodowo i edukacyjnie w wieku 15–24 lat w okresie 2000–2015 (%)

	2000	2003	2005	2007	2009	2011	2013	2015
Total Ogółem	12.7	12.8	12.6	10.4	8.6	8.7	10.2	10.7
City Miasto	10.8	11.2	11.6	9.6	7.3	7.2	8.3	10.5
Village Wieś	16.0	15.3	14.5	11.5	8.6	8.7	12.5	11.6

Source: Grabowska et al., 2015.

Źródło: Grabowska i in., 2015.

This situation clearly shows that some improvements in this area, both in the urban and rural environment, were followed by a significant decline. Another important fact is that the level of educational activity of people aged 30–39 remains very low, and that the 39+ population is unwilling to use educational services (ibid.).

This means the low levels of human capital in rural areas will remain a major long-term social problem which itself is a worrying signal to look for instruments that could improve the unfavorable situation. Undoubtedly, the use of standard ongoing education tools and enhancing the awareness of the related benefits should not mean abandoning other options aimed at professional inclusion.

## THE ROLE OF SOCIAL ECONOMY OPERATORS IN THE PROFESSIONAL CAREER OF PEOPLE WITH LOW POTENTIAL

In the relevant literature, social economy operators, and their features, are often considered to be a preventive instrument in the context of social exclusion. A. Giddens (2004) noted the presence of process-based exclusion mechanisms and claimed that social exclusion was a consequence of various social disadvantages

preventing the individuals or groups from participating in the economic, social and political life of their society. This kind of social exclusion is manifested by various forms of deprivation of needs. Exclusion from the labor market, insufficient incomes, exclusion due to lack of access to services and exclusion from social relationships become a real process which directly affects the development opportunities for individuals and collectivities, and therefore translates into a lack of socio-economic cohesion of the society as a whole.

Based on the above considerations, social economy may be believed to be an important instrument to combat marginalization and an opportunity for social inclusion<sup>3</sup>. However, seen in the context of social economy operators, human capital has a broader dimension. What needs to be taken into account is the status of social economy and the belief that, in the market economy, it has an extremely important role to play. Therefore, it is important to look at the outcomes of social economy measured in the context of human capital investments.

First of all, it is necessary to reconsider the issue mentioned earlier in this paper: the low levels of human capital will remain a problem for many years, including in the rural areas. Already now, there is a large group of very young people who are not in employment, education or training (NEET). This means the following years could perpetuate the exclusion of a certain young population from the social system. But perhaps the most worrying aspect is that they will teach improper patterns of social behavior to their own children. Thus, a specific inter-generational transfer of attitudes, values and ways of living in the society may preserve some problematic areas of the rural environment. Therefore, if the existing instruments for the development of human capital are found to be ineffective or exhausted, a question arises on how to improve their effectiveness; and furthermore, it is necessary to start the discussion on the creation and use of new instruments.

The primary purpose of such considerations should be to seek new opportunities to support the professional careers of people with a low potential. Certainly, one of these opportunities, still underestimated by the economists, is to leverage the experience and achievements of institutions referred to as the old and new social economy. Comparing their underlying concepts, Table 2

<sup>3</sup> More about this issue: Krzyminiewska, 2015.

clearly shows they share an important feature: their activities and possible outcomes may contribute to significant social benefits.

Note that the complementarity of the social economy and the currently prevalent socio-economic system

could trigger an activity that perfectly supplements (rather than replaces) the most widely adopted instruments for the development of social capital.

This could be illustrated by the example of Social Integration Centers (SIC) and their outcomes (Fig. 1).

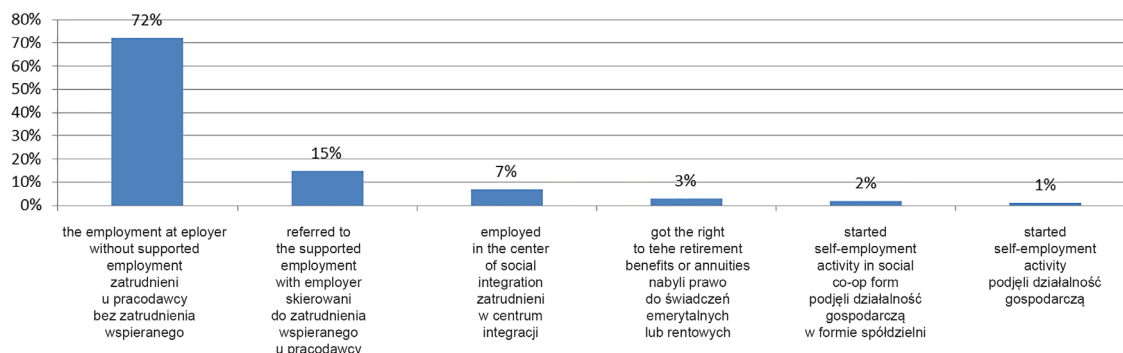
**Table 2.** The comparison of the old social economy and the new social economy

**Tabela 2.** Porównanie starej ekonomii społecznej i nowej ekonomii społecznej

Category Kategoria	Old social economy Stara ekonomia społeczna	New social economy Nowa ekonomia społeczna
It responds to the following social problems Stanowi reakcję na następujące problemy społeczne	Exploitation of the society, alienation Wyzysk społeczeństwa, alienacja	The sociable exclusion, unemployment Wykluczenie społeczne, bezrobocie
The relation: profit – social goals Relacja zysk – cele społeczne	Profit is as important as social goals Zysk jest tak samo ważny jak cele społeczne	Social goals are the most important but the profit is a secondary category Cele społeczne są najważniejsze, a zysk jest kategorią drugorzędną
The nature of the social goals Natura celów społecznych	Product type Typ produktu Employee type Typ pracobiorcy Positive external effects – liquidation of exploitation and alienation as a result of management of the collective forms of ownership market Pozytywne efekty zewnętrzne – likwidacja wyzysku i alienacji w efekcie gospodarowania w kolektywnych formach własności	Product type – goods, mostly services that are not of interest of the market and public sector Typ produktu – dobra, głównie usługi, które nie są w sferze zainteresowania rynku i sektora publicznego Employee type – employment of people of the weaker social position Typ pracobiorcy – zatrudnienie osób o najsłabszej pozycji społecznej Positive external effects – the development of the social capital and development of the local market Pozytywne efekty zewnętrzne – rozwój kapitału społecznego oraz rozwój rynku lokalnego
Forms Formy	Co-op, associations, Mutual aid societies Spółdzielnie, stowarzyszenia, Towarzystwa pomocy wzajemnej	Different types of social enterprise forms Różnego typu formy przedsiębiorstw społecznych
The role of the state Rola państwa	The support of activities and entities in social economy Wspieranie działań i podmiotów w ramach ekonomii społecznej	Supporting, subsidizing and security Popieranie, dotowanie i ochrona
Relation to the market Stosunek do rynku	Competition Konkurencja	The functioning in areas of inefficiency, incompetency of the market Funkcjonowanie w obszarach nieefektywności, nieudolności rynku
Macrostructural effects Efekty makrostrukturalne	The weakening of class conflict Osłabienie konfliktu klasowego	The growth of social cohesion Wzrost spójności społecznej

Source: Kaźmierczak, 2007.

Źródło: Kaźmierczak, 2007.



**Fig. 1.** Empowerment economic activities participants social integration centers in 2014

Source: Centra..., 2014, p. 4.

**Rys. 1.** Usamodzielnieni ekonomicznie uczestnicy zajęć centrów integracji społecznej w 2014 r.

Źródło: Centra..., 2014, s. 4.

SICs are being created both in rural areas and elsewhere in the country. But most importantly, their functionality is being enhanced. SICs are a major element of the labor market policy, an educational project where excluded persons learn the right social and economic behavior patterns, preparing themselves to work in an open market by attending various training courses, workshops and integration meetings. In this case, it is important that SICs have a comprehensive impact on the participants who need more than just improved professional skills. Therefore, while helping to find a job, the SICs should also develop the personalities. This should be a process spanning over the entire personal development which enables adaptation to work. Note that the employees of some social operators are people for whom their work often means entering a new phase of life following (or coexisting with) some tough experiences (violence, addiction, troubles with the law). The reintegration process for people with low potential allows for better outcomes as it provides them with greater control over their entire lives as a consequence of learning and adjusting to the conditions of professional work.

Another important instrument are social cooperatives which still seem not fully leveraged in the professional inclusion of people consigned to social and economic marginalization, and of those who, despite their professional background and long period of professional activity, are unable to find a job as there are virtually no job opportunities for them. The development of social

cooperatives offering goods and services delivered to the local community and ordered by public institutions would also allow such people to learn how to take part in the economic life and how to take responsibilities for their activities in the public sphere. Pursuant to the legislation (Ustawa..., 2006), the objective of social cooperatives is to redevelop and maintain the ability to participate in the local community and fulfill specific social roles in the place of work, residence or domicile; and to reintegrate the members into employment which means measures taken in order to redevelop and maintain the individual's ability to work on his/her own in the labor market. A social cooperative may run social or educational and cultural activities for its members and for their local environment, as well as socially useful activities for the public. Note that individuals with low potential face additional difficulties due to low self-esteem and frequent concentration and discipline issues at work. Therefore, they need comprehensive assistance and support, sometimes of a therapeutic nature. In this case, social mentoring may prove to be extremely effective as it supports the individual in enhancing his/her self-reliance and, more importantly, in taking responsibility for his/her own professional situation, by encouraging him/her to improve his/her skills (Megginson et al., 2008, p. 30).

These institutions, just as other social economy operators, could become a professional and social inclusion instrument for the rural population which, for various reasons, remains outside the labor market.

## FINAL CONSIDERATIONS

As outlined above, the role of social economy operators in increasing the human capital of the rural population (and of other people) allows to conclude that supporting such operators serves both short-term objectives enabling a quick professional and social inclusion of the individual, and long-term objectives which boil down to preventing the perpetuation of passive attitudes and prolonged reliance on social assistance institutions. The development of the rural population's human capital in the development process of social economy operators, according to the public choice theory, is the basis for strategic decisions and planning; is an area for political decision making and for the development of public order; and is a mechanism for the delivery of public goods (Wilkin, 2005).

In view of the above, the diversity of measures aimed at improving the quality of the human capital is highly desirable and well worth supporting.

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## KSZTAŁTOWANIE KAPITAŁU LUDZKIEGO MIESZKAŃCÓW WSI W PROCESIE ROZWOJU WYBRANYCH PODMIOTÓW EKONOMII SPOŁECZNEJ

**Streszczenie.** Podjęty problem związany jest z koniecznością kształtowania kapitału ludzkiego mieszkańców wsi ze względu na nadal niesatysfakcjonujący jego poziom w niektórych grupach społecznych. W artykule postawiono tezę, że do osób o niskim potencjale powinien być kierowany instrument aktywizacji zawodowej i społecznej realizowany przez podmioty ekonomii społecznej, które przez swoje fundamentalne cechy mogą stanowić jeden z instrumentów włączania w rynek pracy i w życie społeczne osób ze środowiska wiejskiego. Przede wszystkim chodzi tu o tę populację, która z różnych względów pozostaje poza jego obszarem. W ten sposób można osiągnąć strategiczny cel, jakim jest rozwój kapitału ludzkiego.

**Słowa kluczowe:** ekonomia społeczna, obszary wiejskie, kapitał ludzki

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