

THE IMPORTANCE OF HUMAN CAPITAL IN THE ECONOMY

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Annotation: This article talks about the role of human capital in the development of an innovative economy, how the application of human capital theory leads to results, and the essence of human capital. In this, it is highlighted in detail that investments in human capital and education provide the basis of the innovation process, and higher education is decisive in the accumulation of human capital.

Keywords: economy, human capital theory, investment, innovative economy, gross income, Human Resource, modernization, higher education, higher education person.

INTRODUCTION

A person's unique skills and abilities, including his ability to adapt to constantly changing conditions, manifest as his highly qualified, leading production resource. Investing in intellectual human capital is the most effective way to deploy resources. Today, Human Capital is also considered a priority of social economic policy in Uzbekistan. As proof, the president of our country Sh.Mirziyoyev's speeches during a meeting with young scientists and academics in our country can be cited: "... The main goal of these works is the development of human capital in our country. With raw materials and its processing, it is impossible to go far. In addition, innovations are also needed to obtain additional value in production. Therefore, science will be an important direction, a backbone of our development." Because the development of human capital is a necessary condition for the development of an innovative economy, an economy of Knowledge, Investments, global Information Systems, the latest technologies and new forms of business.

METHODS

The founders of neoclassical human capital theory were professors Theodore Schulz [1] and Gary Becker [2] of the University of Chicago, Schulz pioneered the idea of human capital, and Becker developed the idea by basing the effectiveness of

investment in human capital as well as forming an economic approach to human behavior.

The historical roots of this theory can be traced back to A. Smith & U. Petty, C.A. Marx and J.S. Mill, G. Sidjvik and A. Marshall, G. Rocher and U. Farr, E. Engel, T. It can be found in the works of Wittstein as well as many other major economists.

A. In his works, Smith argued that "increasing the productivity of useful labor depends primarily on improving the dexterity and skill of the worker, and then on improving the techniques and tools in which he worked" [3].

G. Bowen believes that human capital consists of knowledge, skills, motivation and energy that are given to humans and can be used to produce goods and services for a certain period of time [4].

M. Kritsky argues that human capital is based on the action of an economic entity as a new power of social progress and intellectual activity [5].

In conducting this research work, methods such as induction and deduction, Comparative Analysis, Analysis and synthesis were used, and scientific conclusions were formed through the use of these methods.

DISCUSSION AND RESULTS

Human capital (Eng. human capital) is a set of knowledge, skills used to meet the different needs of a person and society as a whole.

Human capital is formed and accumulated at the expense of investments in improving the standard and quality of life of the population, including education, health, science, entrepreneurial abilities, information support of Labor, the formation of an effective elite, the security of citizens and business, economic freedom, culture, art and other components. Investments provide the basis for the production of human capital in the system of education, health, professional development, economic motivation, geographical mobility, etc. Their content is not only investment, but also real, conscious and purposeful activity of the investor. At the same time, labor costs and self-development, self-improvement efforts play an important role in the creation of human capital.

Currently, on the basis of the theory and practice of human capital, the development paradigm of the leading countries of the United States and Europe is being improved. On the basis of human capital theory, Sweden modernized its economy and restored its leadership position in the world economy in the 2000s. Historically, in a short time, Finland managed to move to an innovative economy and ranked first in the world in terms of the competitiveness of the economy as a whole. The theory and practice of human capital was a response to the problems of innovative economics (knowledge economics) and venture Scientific and technical business, which appeared in the second half of the 20th century.

The World Bank, in an example of a study of 192 countries, concluded that only 16% of the growth in the transitional economy was related to physical capital (equipment, buildings and manufacturing infrastructure), 20% to natural capital, and the remaining 64% to human capital. Over the past 20 years, it has been known that the volume of human capital has grown by 55%. In high-income countries that are members of the organization for Economic Cooperation and development (ИЭТ), the share of human capital in national wealth was 70%, while in low-income countries its contribution is 41% [6].

It is the differences in human capital that determine the differences in the competitiveness of the country's economy in the world market, the well-being of the population and, in general, human development, in particular, that 10-30% of the differences in per capita income between countries are explained precisely by human capital [7] is becoming known.

The most important task of the state is to direct investments in human capital in order to ensure systemic innovation as the basis of innovative socio - economic development. Investments in human capital and education provide the basis of the innovation process.

The innovative sector of the economy, the creative part of society are sources of accumulation of high-quality human capital, which determines the direction and pace of development of the country, region, organizations. On the other hand, quality human capital is the basis of an innovative system and economy. There is a direct connection between human capital and the innovative development of the economy.

The processes of development of human capital and the innovative economy constitute a single process of formation and development of the innovative information society and its economy. Innovative economics helps scientists put their ideas into practice and reflect them in innovative products. At the same time, an innovative economy is able to accumulate human capital, and human capital is the main factor in its development. The accumulated human capital serves as the backbone of the knowledge economy and determines its current level. An innovative economy is an economy of high quality life, Intelligence, Education, Science and high quality human capital.

In the innovative economy of the world's leading countries, high investments in human capital and its development are distinguished by high quality.

Nowadays, it is known from world experience and practice that it is the countries that have a priority in investing in human capital that are making high progress. In particular, in developed countries, great attention is paid to investing in the full cycle of education, that is, investing in the upbringing of a child between the ages of 3 and 22.

Table 1.: The relationship of investment in education to the benefits it brings to society*

Country	Investment in the full cycle of Education (dollar)	The amount of value added that an employee creates (dollar)
USA	231 000	3,1 mln.
South Korea	130 000	2,1 mln.
Uzbekistan	19 000	77 thousand

*Manbaa: <https://yuz.uz/uz/news/inson-kapitaliga-etibor--asosiy-vazifa>

If, focusing on the above data, the cost that went to the formation of one workforce in the United States and South Korea justified itself 13-17 times, then the profit that investment in Uzbekistan brings to society is only 4 times.

The Human Capital Index-2018, published by the World Bank in 2018, was led by Singapore (coefficient 0.88), Japan (0.84), Korea (0.84), Hong Kong (0.82) and Finland (0.81). The intellectual potential of these states is also very high.

Depending on the degree of generalization, it is possible to define the following components in the structure of human capital: individual, collective and social.

The first two are considered at the micro level as the human capital of an individual person and a group of people united on a certain basis, and include members of a company team, socio-cultural group, etc.

The social component is human capital at the macro level, which represents all human capital accumulated by society, which in turn is part of national wealth, a strategic resource and a factor of economic growth.

To increase human capital, large costs and various resources are required both by the individual and by society (government agencies, private firms, family, etc.).

The sources of such investments are the costs of employers, the costs of the state budget, personal expenses of citizens.

Investing in human capital involves some benefits, both for the investor himself and for third parties. Thus, for an employee, this is due to an increase in the level of income, job satisfaction, improved working conditions, increased self-esteem, an improvement in the quality of life. For the employer, however, improving efficiency, reducing the loss of working hours, and increasing productivity can help increase the competitiveness of the firm as a result. And a useful aspect for the state will be an increase in the well-being of these citizens, an increase in gross income, an increase in the economic activity of citizens.

The implementation of investments is a very important process in the reproduction of human capital, in which it acts as an object, subject or the result of influence.

The main sources and catalysts for the development of human capital are competition, investment and innovation. Investments in human capital are education, accumulation of production experience, health, geographic mobility, information search.

Education is the main focus of investing in human capital because it takes a lot of time and costs. According to Becker, when deciding to invest in education, students and their parents compare the expected marginal profitability of such investments with the profitability of alternative investments (interest on bank deposits, dividends on securities, etc.) [8]. Nowadays, thanks to the theory of human capital in all developed countries, educational investments began to be seen as a source of economic growth, no less than simple investments.

Various health and nutrition services also represent capital investments, as they increase wages, reduce morbidity, help maintain health and increase effective life expectancy.

The mobility of the workforce is seen as an investment in human capital, since moving from a low-income location to an area with a higher salary will not only lead to an increase in income, but also to a better use of human skills. Job search is a capital investment because it requires a lot of effort and certain costs to gather information about the labor market.

Throughout the 20th century, the accumulation of human capital was found to be ahead of the accumulation rate of physical capital. American economist scientist E. Denison analyzed the economic growth of the United States in 1929-1982, concluding that education was the decisive factor in increasing labor productivity. He estimated that a 15-30 percent increase in population income in the United States in the post-war period was due to an increase in the educational level of the workforce [9].

The experience of countries such as Hong Kong, Singapore, South Korea confirms that investing in education and health, creating competitiveness human capital is the most effective strategy for the economic development of the state.

The constant increase in the share of high-tech products in general production leads to an increase in demand for qualified specialists with creative thinking skills. Higher education plays a major role in this process. People with higher education use capital more efficiently, tend to introduce innovations, invent new, more advanced forms of production. Increasing a person's level of education gives him the opportunity to improve working conditions, improve leisure and consumer choice, increase reputation in society and get satisfaction from self-awareness. In addition, a person will have wider access to interesting and promising work.

In a normal functioning market economy, more people with higher education receive higher rewards for their labor. A high level of Education will be one of the High opportunities that will make the employee suitable for the employer.

The contribution of higher education to individual economic growth is associated with improving the quality of labor of highly skilled workers. Higher education helps to activate a person, his entrepreneurial abilities. Graduates of higher education institutions, as a highly educated labor force, behave better in the labor market than their peers, choosing the optimal level of employment.

The human capital received during study at a higher educational institution not only brings economic benefits to its owner, but also changes the quality and standard of living of a person. Higher education has a direct impact on improving the economic and social efficiency of an individual. The modern educational system is aimed at the development of a general cultural level, fundamental knowledge, the ability to learn and personal competencies, on the basis of which practical skills are formed. Today, the labor market has much higher requirements compared to the level of training of specialists with a wide range of professional and personal competencies.

The cultural level of persons with higher education is usually higher. Culture concentrates the experience of generations, knowledge, skills and skills are preserved, established regulators of relations between people and structures for the application of labor movements are formed and developed. The cultural level of citizens largely determines the economic achievements of society, its socio-political, ideological, educational and spiritual-moral structure.

The problems of the activities of the educational services market, which play a key role in the formation of a qualified workforce and reflect the investment nature of educational costs on the part of students, are closely related to investments in human capital.

Advanced developed countries received up to 40% of the gross national product as a result of the development of an effective education system in the country. Investing in education is beneficial both for a person himself and for society as a whole. U.S. experts estimate that a reasonable \$ 1 investment in the education system will pay \$ 3-6.

By ensuring the growth of human capital, the developed market of Educational Services has a significant impact on the labor market. The fact that a diploma of higher education for an employer serves as an indicator not only of the applicant's qualifications for employment, but also of his abilities, as well as other desired personal qualities, strengthens the relationship between the two markets.

The modernization potential of the country is associated with an innovative approach to economic development. An important aspect of this development is the formation, development and accumulation of human capital, during which the human factor must be a direct participant and the main consumer of the results of development. Higher education plays one of the decisive roles in the accumulation of human capital.

The support and development of the educational system is one of the main tasks of the state. As a rule, all citizens are given the opportunity to receive free secondary education, and even in some countries, such as the United Kingdom, France, Germany, Sweden, young people have the opportunity to receive free education in higher education institutions (state educational institutions). In many countries, students use long-term preferential study credits.

For example, in the United States, where higher education is paid, most students of public universities receive one or another aid (such as loans and grants), while universities themselves receive subsidies from federal and local budgets.

Human capital is aligned closely with the economic development of the country. Scientific proof of this was based on his research by Amartia Sen, an Indian scientist, Nobel laureate in economics (1998). In his opinion, the development process is not just an increase in material or economic well-being, but an extension of the capabilities of the individual, which implies a high degree of freedom of choice to each member of society. The state should ensure not only consumer equality, first of all, equal rights in the field of education, health services, as well as political and civil rights. It serves the growth of human capital [9].

Currently, the weakening of the state policy for the development of human resources can be costly in the future. Insufficient investment in human capital leads to stagnation of the economy and social instability of society. The flexible capabilities of the educational system do not currently correspond to the pace of changes in the economy, primarily the dynamics of the demand conjuncture for certain specialists. The theoretical knowledge gained in educational institutions does not correspond to what is required of specialists. Methods for overcoming this gap can be different-practice, skill development, further education, retraining, self-education. They require costs, including financial ones, and must be carried out continuously in the current conditions, that is, in the mode of continuing education.

Higher education is associated not only with the training of qualified specialists for the national economy, who can work in the world of technological change and face situations of choice and decision-making, but also with the training of many others who can act in the world of new social technologies that affect their vital interests.

A person with higher education not only becomes a specialist, but also increases human capital by increasing his own knowledge and skills. This capital, being the property of the individual, is at the same time in the public domain.

CONCLUSION

Human capital determines the main share of the country's national wealth in the modern economy. The core of human capital is an educated, creative and enterprising person with a high level of professionalism. The higher education system gives a person the resource necessary to live in modern society. Higher education is

increasingly sought after by people themselves, who see the cost of education as an effective investment for themselves and the future of their children. The request for higher education and the initiative to obtain it comes from the citizens themselves. At the level of everyday life, people understand very well the importance and benefits of Education.

Higher education acts as a special area of interaction between the interests of the individual and the interests of society.

Development human capital, technological modernization of production, the transition to an innovative type of economic development are the basis of future economic growth and a real alternative to the country's raw material specialization, which involves solving the problems of health, demography, Science, Education and innovative activities. The necessary condition for the development and accumulation of human capital of the country is the high quality of life.

Countries where human capital is accumulated have great advantages in creating stable conditions for improving the quality of life, the creation and development of a knowledge economy, an information society, the development of a civil society. That is, countries with a higher education, healthy and optimistic population are countries with world-class competitive professionals in all types of economic activity, Education, Science, Management and other areas.

It determines the possibilities of increasing the number of people with higher education in society, increasing labor productivity in the economy and significantly reducing the risk of future income decline, as well as increasing the competitiveness of the economy, labor productivity and overcoming the “poverty trap”.

The role of human capital in the development of education in Uzbekistan directly depends on how fully and successfully human capital is used, how actively it is spent on its development.

Taking into account the priorities of human capital and the shortcomings of the higher education system, attention should be paid to:

1. Increasing the number of admissions to higher education;
2. Giving private higher education institutions more opportunities;
3. Improving the quality of State Higher Education Institutions.

In conclusion, thanks to the qualitative development of human capital, it is possible to raise the level of innovative development and bring the results of economic growth to the level of developed countries.

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