

## Effective Development Factors of Human Capital

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**Annotation:** In this article, human capital is an intensive productive factor of the development of the economy, society and family, including the educated part of the workforce, intelligence, intellectual and managerial labor tools, the environment and labor activity, and the theories of the factors of effective development of human capital.

**Keywords:** I. G. Shestakov, T. Schultz, G. Becker, E. Denison, R. Solow, J. Kendrick, S. Kuznets, S. Fabricant, I. Fisher, R. Lucas, human capital, mechanism, society, development, social, national, era, resource.

### I. Introduction

According to I. G. Shestakov, thanks to modern universal education and universal tests, we have fallen into a situation where all valuable human resources have been brought to the surface for everyone to review, select and plunder. It's not just brain drain, it is an ideology about the entire gene pool. In such conditions, countries on earth should think about the most important resource - human capital. The concept of human capital in the scientific literature began to be written in the publications of the second half of the 20th century in the works of American economists Theodore Schultz and Gary Becker (1992).

### II. Literature review

Human capital theory is based on the achievements of institutional theory, neoclassical theory, neo-Keynesianism and other private economic theories. Its emergence was not only a response to the demand of economic and related sciences, but also a positive solution to the problem of deep understanding of the role of man and the accumulated results of his intellectual activity in terms of the speed and quality of development of society and economy.

The impetus for the creation of the theory of human capital was statistical data on the growth of the economy of the developed countries of the world in calculations based on classical growth factors. Analysis of the real processes of development and growth in modern conditions T. Shults, G. Becker, E. Denison, R. Solow, J. Kendrick, S. Kuznets, S. Fabrikant, I. Economists, sociologists and historians such as Fisher, R. Lucas tried to generalize and develop the concept of human capital.

### III. Analysis

The economic category "Human capital" was formed systematically, and at the first stage, it was limited to human knowledge and working ability. Moreover, for a long time, from the point of view of economic theory, human capital was considered only a social factor of development, that is, a valuable factor. In the second half of the 20th century, economists, who believe that investments in education and training are ineffective and expensive, gradually changed their attitude towards human capital and education.

Currently, a successful paradigm of the development of the leading countries of the USA and Europe is being formed and improved based on the theory and practice of human capital. A backward Swedish scientist modernized his economy and analyzed the country's leading position in the world economy in the 2000s. Finland has historically succeeded in transitioning from a resource-based economy to an innovation economy in a short period of time [3.86] and without abandoning the deep processing of their main natural resource - the forest, creating their own competitive high technologies, in general, managed to take the first place in the world in terms of the competitiveness of the economy. In addition, the Finns have turned their innovative technologies and products into high value-added products with the income from wood processing. All this has happened not because the theory and practice of human capital has implemented a special magic wand, but because it has become the answer to the problems of the economic theory and practice, the emerging problems of the innovative economy (economy of knowledge).

The development of science, the formation of knowledge, education, and health care, the quality of life of the population, and the leading experts who determine the creativity and innovation of the national economy came to the fore as the components of the complex intensive development factor - human capital.

In the conditions of the globalization of the world economy, in the conditions of the free flow of any capital, including the rapid development of high technologies from country to country, from region to region, from city to city, to improve the quality of life, to create and develop the knowledge economy, the information society, and to create stable conditions for the development of civil society; countries with accumulated human capital had enormous advantages [3.24]. That is, the population is educated, healthy and optimistic, with all kinds of competitive world-class experts in economic activity, education, science, management and other fields, understanding and choosing as the main development factor is literally a development concept or strategy required a systematic and comprehensive approach to development and connecting all other private strategies and programs with them.

In a broad sense, human capital is an intensive productive factor of the development of the economy, society and family, including the educated part of the workforce, knowledge, intellectual and managerial labor tools, the environment and ensures the quality and efficiency of work [ 2.61].

In short, human capital is intelligence, health, knowledge, quality and efficient work and quality of life. Human capital includes investments in intellectual and management labor tools and income from them, as well as investments in the environment that ensures the functioning of human capital and its effectiveness.

If the question arises as to how human capital differs from labor resources, the labor force is directly educated and uneducated people who define skilled and unskilled labor. Human capital is a much broader concept, which, in addition to labor resources, includes accumulated investments in education, science, health, safety, quality of life, intellectual labor tools and the environment (taking into account their obsolescence) [2.56].

#### **IV. Discussion**

Investments in the formation of effective elite, including the organization of competition, are among the most important investments in the Cheka. D. Toynbee and M. Weber, classic representatives of science, explain that the layer that determines the vector of the development direction is the people.

With this expansion of the economic category of "human capital", it emerges from the "body" of a person, as mentioned above. People's brains don't work effectively with low quality of life, low security, aggressive or stressful environments to live and work in.

The foundation on which innovative economies and information societies are built is the rule of law, human capital and a high quality of life, and an efficient industrial economy that smoothly transforms into a post-industrial or innovative economy. National human capital includes social, political capital, national intellectual priorities, national competitive advantages and natural potential of the nation [4.11].

National human capital is measured by its value, calculated by various methods - investment, discount method, etc.

National human capital accounts for more than half of the national wealth of every developing country and more than 70-80% of the world's developed countries. The characteristics of national human capital determined the historical development of world civilizations and world countries; national human capital in the 20th century was and will remain the main intensive factor of economic and social development.

In the countries of the world, experts estimated the value of national human capital based on the cost method. Using the calculations of the components of human capital for the expenses of the state, family, entrepreneurs and various funds, it is possible to determine the current annual expenses of society for the reproduction of human capital [6.13].

They proved that the value of human capital in the United States at the end of the 20th century was 95 trillion dollars, or 77% of the national wealth (NW), 26% of the global total value of human capital.

The value of human capital in the world was 365 trillion dollars, or 66% of the world's wealth, 384% of the US level.

For China, this figure is \$25 trillion, 77% of the total NB, 7% of the world's total HC, and 26% of the US level. For Brazil, respectively: \$9 trillion; 74%, 2% and 9%. For India: 7 trillion; 58%, 2%; 7%

For Russia, these numbers are: \$30 trillion; 50%; 8%; is 32%.

The G7 countries and the EU accounted for 59% of the world's GDP during the reporting period, which is 78% of their national wealth [5.71].

In many countries, human capital has exceeded half of the accumulated national wealth (excluding OPEC countries). The share of HC is significantly affected by the price of natural resources. In particular, the share of the cost of natural resources for Russia is relatively large. Most of the world's human capital is concentrated in the developed countries of the world. This is because over the past half century, investment in HC in these countries has significantly exceeded investment in physical capital.

In the United States, the ratio of "investment in people" to productive investment (social spending on education, health, and welfare as a share of productive investment) was 194% in 1970 and 318% in 1990 [6.37].

There are certain difficulties in the comparative assessment of the cost of HC in countries with different levels of development. The human capital of an underdeveloped country and a developed country have significantly different productivity per unit of capital, and are also of very different

quality (for example, the quality of education and health care is significantly different). To assess the efficiency of national human capital, factor analysis methods are used with the help of country-specific international indexes and indicators. At the same time, the values of the HC efficiency coefficient for different countries differ significantly, which is close to the differences in their labor productivity. The methodology of measuring national human capital is defined in the work.

The value of Russia's national human capital has been declining over the past 20 years due to underinvestment in it and the degradation of education, medicine and science. The economic category "Human capital" was gradually formed. It includes a small number of components - upbringing, education, knowledge, health. In addition, for a long time, human capital has been considered only a social factor of development, that is, a valuable factor, from the point of view of the theory of economic growth. They believed that investments in upbringing and education would be ineffective and expensive. In the second half of the 20th century, attitudes towards human capital and education gradually changed dramatically [7.11].

Compared to China, India, and other countries, Western civilization - Europe and North America - was provided by investments in education and science. Studying the development of civilizations and countries in the past centuries shows that even then human capital was one of the main development factors that determined the success of some countries and the failure of others. At a certain historical stage, Western civilization wins the global historical competition with more ancient civilizations due to the rapid growth of human capital, including education, during the Middle Ages. By the end of the 18th century, Western Europe had one-and-a-half times that of China (and India) in per capita GDP, and twice that in literacy. The latter, augmented by economic freedom and then democracy, has become a key factor in the economic success of Europeans, as well as the United States and other Anglo-Saxon countries. The influence of human capital on economic growth can be seen in the case of Japan.

The country of the Sun, which has pursued an isolationist policy for centuries, has always had high levels of human capital, including education and life expectancy. In 1913, the average adult education in Japan was 5.4 years, in Italy 4.8 years, in the United States 8.3 years, and the average life expectancy was 51 years (about the same as in Europe and the United States). In Russia, these indicators are equal, 1-1.2 years and 33-35 years. Therefore, Japan was ready to make a technological breakthrough in the 20th century and become one of the most advanced countries in the world in terms of the initial level of human capital [6.29].

Human capital is an independent factor of complex intensive development, and in fact, in modern conditions, it is the basis of the growth of the gross domestic product in harmony with innovations and high technologies. The difference between the natural resources of this complex intensive factor, classic labor and ordinary capital is the need to constantly increase investment in it and the presence of a significant time interval in the profitability of these investments.

At the end of the 1990s, in the developed countries of the world, about 70% of all funds were directed to human capital, and only about 30% to physical capital. In addition, the main share of investments in human capital in advanced countries of the world is carried out by the state. This is one of its most important tasks in terms of state regulation of the economy.

The analysis of technological structures of the economy and the processes of changing the types of society shows that human capital, its growth and development periods are the main factors of innovative waves of development and unhindered development of the world economy [7.10].

With the low level and quality of human capital, investments in high-tech industries are not profitable. The relatively quick success of the Finns, Irish, Japanese, Chinese (Taiwan, Hong Kong, Singapore, China, etc.), Koreans, newly developed countries of Europe (Greece, Spain, Portugal) confirms the conclusion that this state was formed. High culture of human capital is the main part of the population of these countries.

At one time, upbringing, education and fundamental science were considered a material burden for the economy. Then the understanding of their importance as factors of economic and social development changed. Currently, human capital alone determines the main share of the national wealth of countries, regions, municipalities and organizations. With the development and complexity of the concept and economic category of "human capital", its structure has become more complex.

Human capital is primarily formed through investments to improve the standard and quality of life of the population. Including - upbringing, education, health care, knowledge (science), entrepreneurial ability and climate, providing labor with information, forming an effective elite, citizen security and entrepreneurship and economic freedom, as well as culture, art and other components. Cheka is also formed due to the influx from other countries. Or it will decrease due to its release, which is still observed in Russia. Cheka is the number of ordinary people, not ordinary laborers. Cheka is professionalism, knowledge, information service, health and optimism, law-abiding citizens, creativity and efficiency of the elite, etc. [7.11].

Investments in the components of human capital, its components such as upbringing, education, health care, science, personal security, entrepreneurship skills, investments in the training of the elite, intellectual labor tools, and information services continued to form. Human capital as a factor of production is divided into negative and positive human capital (creative) according to the level of efficiency. Between these extreme cases and components of total human capital, there are intermediate cases and components of human capital in terms of performance. It is a part of the accumulated human capital, which does not bring any useful benefits for the society, the economy, and hinders the growth of the population's quality of life, the development of the society and the individual.

## V. Conclusion

Inefficient investments in human capital - investments in ineffective projects or family costs to improve the quality of human capital components, corruption, lack of professionalism, wrong or suboptimal development ideology, family problems, etc. In particular, ineffective investments include the following: - investments made to persons who are not able to learn and acquire modern knowledge that produce zero or insignificant results; - inefficient and corrupt educational process; - knowledge system; - can be reflected in incorrect or ineffective scientific research, projects, innovations[6.26].

In short, sources of human capital are selected by grouping costs in relevant areas. These are science, education, culture and art, health and information provision.

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