

INVESTMENTS IN HUMAN CAPITAL AS BASIS FOR DEVELOPMENT MODERN ECONOMY

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This article analyzes the development trends and the state of human capital in a modern economy, and gives practical recommendations on how to improve it. The concept of human capital is characterized, its basic principles and main components of development are revealed. The interrelation between human, intellectual capital and its potential is considered.

Keywords: Human capital, investments, education, labor, human resources, economic, potential, development.

ИНВЕСТИЦИИ В ЧЕЛОВЕЧЕСКИЙ КАПИТАЛ КАК ОСНОВА РАЗВИТИЯ СОВРЕМЕННОЙ ЭКОНОМИКИ

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В данной статье проанализированы тенденции развития и состояние человеческого капитала в условиях современной экономики, даны практические рекомендации по его улучшению. Охарактеризовано понятие человеческого капитала, выявлены его основные принципы и главные составляющие развития. Рассмотрена взаимосвязь человеческого, интеллектуального капитала и его потенциала.

Ключевые слова: человеческий капитал, инвестиции, образование, рабочая сила, человеческие ресурсы, экономика потенциал, управление.

INTRODUCTION

In modern market conditions, economic and social the development of a country is usually determined by the ability of the economy to efficiently and quality promotion. Under any conditions and different systems, in different political and economic eras, human capabilities were the main achieving multiple goals.

Until now, the practice of economic management of domestic countries has not been developed an effective mechanism for managing investments in human capital, which would respond to modern market transformations. Investment management in human capital is not formed into a single system, theoretical and methodological approaches to the formation of a human capital investment management system are not cover a complex of problems related to competitiveness management human capital and the development of intellectual potential [1].

MAIN PART

At the present stage of development of science, more and more attention is paid to economic research, which is based on the latest information and communication technologies, a system of lifelong learning,

and the development of countries compared to other countries in the world. It is knowledge that acquires the decisive meaning and become a source of wealth, and the ability to accumulate and use them - is the main factor in the innovative development and competitiveness of the country.

Human capital is a necessary condition for the formation of a knowledge economy, and the generation of knowledge and ideas is the foundation of economic development [2]. Education, health, development of creative abilities is factors in the formation high-quality human capital, which will ensure in the future a high level of personal and social income, multiplier macroeconomic effect.

Multiplier effect is a concept that characterizes how an investment lead to much more than one might think.

Basic principles of human capital:

- in the modern world, human capital is an important factor in economic growth and the main value of the population;
- from the person himself and the whole society, numerous costs are required for the formation of human capital;
- human capital in the form of skills and abilities is certain stock, can be accumulative;
- human capital is characterized as physically wearing out, also economically changes its value and is amortized;
- physical capital differs from human capital in terms of the degree of liquidity;
- human capital cannot exist separately from its carrier – living human personality;
- regardless of the sources of formation, which may be family, private, public, etc., using human capital and obtaining direct income is controlled by the person himself.

In the economic literature, there are several approaches to the classification of species human capital, which can be grouped by elements of investment, costs in human capital [3]. For example, the following components are distinguished: capital education, health capital and culture capital.

According to World Bank experts, the knowledge economy consists of four main elements:

1. Education, which characterizes the presence of professionally trained and an educated population capable of using and distributing knowledge.
2. A dynamic innovation infrastructure that determines availability information and communication technologies capable of processing and spread of information.
3. Economic incentives and legal regime - an economic environment that promotes the free movement of knowledge, its implementation and development entrepreneurship.
4. Innovation systems - a network of research centers, higher education institutions, private firms and organizations involved in the formation of new knowledge and their application.

Intellectual, cultural, psychological, educational potential and health is the main components of the development of human capital, as well as the formation knowledge economy. Development and implementation of a large-scale long-term strategy modernization of the education system, science and health care, social protection and providing, bringing it closer to high quality, the needs of internal development state and society becomes the basic prerequisite for the reproduction, accumulation and increasing human capital in all countries of the world.

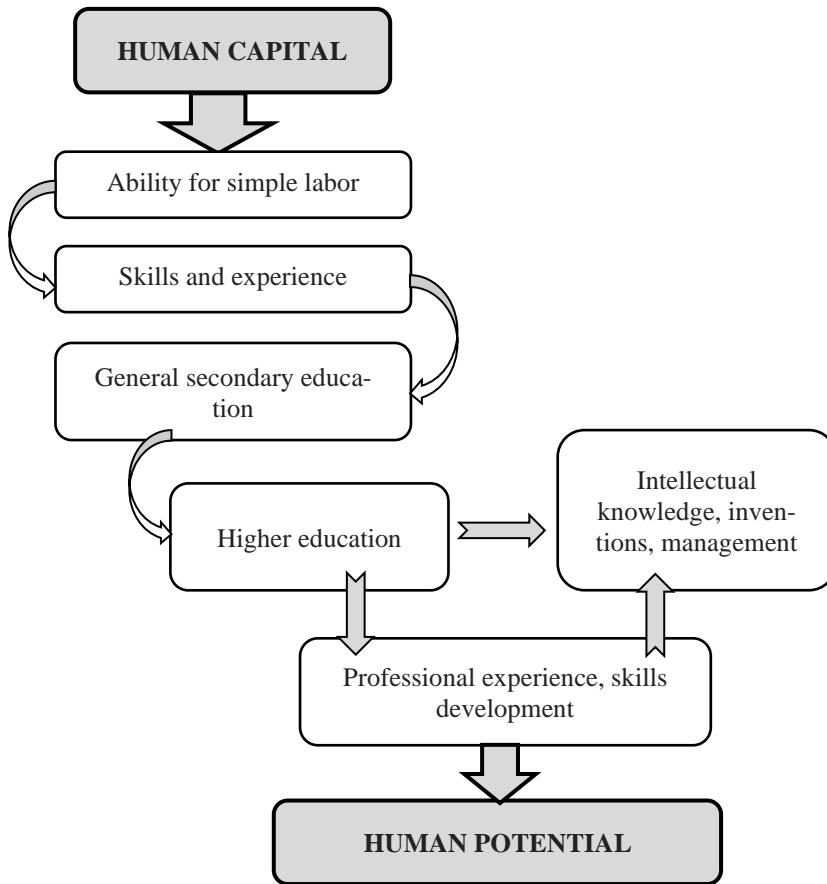
The development of the knowledge economy characterized by the dominance of human capital over other types of capital, which is especially prominent in countries with high income, in particular, in Japan, Switzerland, Germany, the United States, its share is 80%. In the structure of investments of developed countries, the largest share is education, science, health care, social protection and social security, spiritual and physical development that is, the cost of developing human capital [4].

In developing countries, such costs increase annually, however, their value remains negligible compared to the costs of developed countries.

When defining human capital, special attention should be paid to a set of productive abilities, personal qualities of character and motivations of a person, which have been formed and developed because of certain investments. Owned by the individual, are used by him in the economic activities and have the ability to influence the increase in their own earnings, income of firms and an increase in national income.

Investment in human capital should be considered through all kinds of expenses monetary and material resources, as well as the time spent on the formation intellectual potential in the future. Human investment management capital is a scientifically based process of human coordination, material and monetary resources for the purpose of cost-effective formation [5].

Aggregate human potential is formed by combining human and intellectual capital generated from own investments, investments family, government, employer, public funds. Human interconnection capital and its potential is shown in picture 1.



Picture 1 - The relationship of human, intellectual capital and its potential

An increase in the level of income of the population is an objective condition for an increase in investment in human capital. Education is the basis for the formation of human capital, and investment in education is defined as a source of future income. In theory human capital, it is believed that the highest return occurs when investment in the first stages of education: preschool, primary, secondary education.

Education plays a critical role in the development of human capital, prevents its obsolescence and stimulates enrichment through the development of new knowledge, advanced training, skills in accordance with scientific and technological progress. These reasons justify the need for the formation of a continuous system education and regular professional development.

The state is the main investor in the education system, since such costs have social value. Benefit from having highly educated citizens are not only a single person, but society as a whole [6].

It should also be noted that in developing countries, the number of working youths who have neither a profession nor relevant qualifications, but therefore they can only work for low-paid and unskilled positions. Under such conditions, it is impossible to solve the problems of formation or building human capital, since such work does not require an increase qualification, and not particularly appreciated.

Health care investment is also defined as investment in development and preservation of human capital, because they lead to positive results and are expressed in maintaining the working capacity of the population by reducing morbidity, as well as an increase in the productive period of life.

Investing in health, carrying out preventive measures, improving the quality and availability of medical care ensure the normal movement of the work forces in production, worsening health leads to morbidity, disability, decreased performance.

One of the main components of human capital is management capital, which is defined as the portion of human capital accumulated management personnel, including intellectual, spiritual, moral achievements [7]. It is proved that management knowledge in the form of relevant institutions – management institutions, administrative legislation, instructions, methodological materials, management culture and material implemented in functioning management institutions and institutes for training managers, form the economic basis of society and form the organizational framework for sustainable development.

CONCLUSION/RECOMMENDATIONS

In the knowledge economy, the winner is the one who effectively uses the existing skills and turns them into income. That is why there is growing attention to science, which turns into a productive force, the basis for the development of scientific and technological progress and growth based on production efficiency.

Investments in high-tech industries ensure the accumulation of the potential of highly qualified workers, increasing their labor productivity, reducing energy intensity and improving product quality. Costs research and higher education are seen as investments in knowledge - decisive factor in the development of human capital, economic progress, revitalization professional creativity, improving living standards.

So, a change in economic policy is required, the main direction of which is is the development of human capital. In the context of globalization, the knowledge economy becomes the most promising model of social and economic development, in it is based on the growing role of science and education for social progress.

Exactly, therefore, the main strategic priority of the state is development human capital through investment in education, science, professional training, health protection, stable future macroeconomic effect and the ability to quickly respond to global challenges.

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