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Main Characteristics of Human Capital

Karimova Latofat Sa'dullaevna

PhD candidate at Tashkent Economic University

ABSTRACT:

In modern conditions, human capital has become a decisive factor in the growth of the economy, its transition to the path of innovative development. High-quality human capital helps to increase labor productivity, reduce unit costs and increase production efficiency. All this requires the creation of favorable conditions for reproduction of human capital, improvement of its quality and continuous increase of income while increasing labor productivity.

An important condition for ensuring the constant reproduction of human capital is the economic relations arising from the acceleration of this process and obtaining a high beneficial effect from it in the form of the accumulated quality of this capital.

KEYWORDS: The development of the concept of human capital, the process of gathering, knowledge and theoretical positions, evolution, synthesis.

I. INTRODUCTION

In the modern conditions of globalization of the world economy, countries with high-quality human capital have enormous advantages. That is, with an educated population and world-class specialists who are competitive in various types of economic activity. It is human capital that determines economic growth and overall economic efficiency.

Despite the fact that the problems of human capital have been studied on a large scale, many issues, including human capital as an economic category, its reproduction, economic relations arising from this process, and the mechanism of their improvement and regulation, remain controversial and insufficiently disclosed. All this led to the selection of the topic, goals and objectives of the dissertation research [1.81-84].

II. PRINCIPAL PART

Therefore, research in the field of human capital has become more and more relevant in recent years. The concept of human capital originated in the 17th-19th centuries. In the Western economy. At each stage of the development of this concept, an approach was formed that reflected the system of views typical of the scientific economic schools that existed at that time. Development of the concept of human capital in economics is a process of synthesizing knowledge and theoretical positions, evolution, achievements of various economic schools, gathering their views on man and his role in the economy[3.139].

The origin of the modern theory of human capital is based on the economic teachings of representatives of classical political economy. V. Petty was one of the founders and pioneers of classical political economy in England, who first tried to estimate the monetary value of the qualities of human production. V. Petty was the first to introduce a new economic category - "living active human forces" in the 17th century[1.81-84].

This category summarizes and combines the various abilities that a person uses for production purposes. V. Petty believed that the main national wealth of the country is people with lively active forces. "It seems reasonable," he wrote. - so that what we call the country's wealth, property or reserve, which is the result of previous or past labor, should not be considered something different from living active forces, but should be valued the same "2. At the same time, V. Petty emphasized that the wealth of society depends on the character of people's profession. He distinguished professions that "improve the skills of people and direct them to one or another type of activity, which is of great importance in itself" and useless professions of people[2.21-32]. Later, the idea of human capital was reflected in the classic political economist A. Smith's most famous work "Inquiry into the nature and causes of the wealth of nations". In his work, he introduced such economic concepts as "physical forces", "production forces of workers", "production capacities", "working capacity of workers". A. Smith believed that the decisive role in the production process belongs to the skills and qualifications of the worker. He wrote: "Increasing the productivity of useful labor depends, first of all, on increasing the dexterity and skill of the worker, and then on improving the machines and tools he works with." A. Smith included the knowledge, experience and skills of people in the "main capital" of society. He considered this "fixed capital" as "an



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element of production that generates income or profit without entering circulation and without changing its owner." A. Smith draws attention to the fact that "acquiring such abilities, including maintaining the owner during his upbringing, education or apprenticeship, always requires real expenses, which are the main capital, as if they were realized in his person[4.6-34].

These abilities are part of the wealth of a particular individual, and at the same time become part of the wealth of the society to which this person belongs. The great dexterity or skill of the workman, which reduces or relieves labor, may be regarded in the same light as the machines and instruments of production, which, though they require a certain expense, repay this expense with profit. The main idea of A. Smith's research is that the costs associated with training an employee help to increase useful labor productivity and are covered along with profits. He emphasized that the ability, knowledge, and skills of a person play an important role in the economy of any country and are the wealth of the society. And he concluded about the relationship between the level of education of a person, his upbringing, education and the growth of labor productivity. In the 19th century, two directions were formed explaining the content of human capital and its definition [4.6-34].

The representative of the first direction is the English economist J.S. Mill, a representative of classical political economy. He explained the existence and content of human capital as the acquisition of human abilities, but did not include the individual himself in this concept. J.S. Mill said: "Man himself ... I do not consider wealth. It represents the purpose for which wealth exists. But his abilities, which exist only as tools and are born of labor, fall into this category, I think. And he emphasized again: "The skill, strength and perseverance of the country's workers are its wealth, like their tools and machines." According to the second direction (J. McCulloch, L. Volras,)[5.26-28].

According to the second direction (J. McCulloch, L. Volras, I. Fisher, N.V. Senior), human capital is considered as the ability of the person at the same time. So, in 1870, the English economist J. McCulloch considered a person as capital. According to him, "instead of understanding by capital all that share of production outside the individual that can be used for the support and production of man.

We should consider it as a part of the national capital. And "there is no good reason why man should not be regarded as one, and there are many reasons why he should be regarded as a formable part of the national wealth." He also draws parallels between physical and human capital and believes that the rate of turnover of human capital investments should match the rate of turnover of other investments. L. Walras, a French economist, a representative of the Lausanne school of marginalism, one of the scientific schools of the neoclassical direction in economics, said that the person is "natural and eternal capital. Natural - because it is not artificially produced, eternal - because each generation reproduces its own kind. I. Fisher, a representative of the neoclassical trend in economics, also included a person in the definition of capital. "Just as the fertility of the land is not a separate capital from the land itself," he wrote, "just as skill and mechanics are not capital apart from man, so the skilled mechanic himself must be classified as capital." According to him, capital is everything that will generate income over a period of time. At the same time, according to him, "income" is an excess of the costs necessary to maintain and replace the stock of wealth, which requires the inclusion of people in the concept of capital, because they have this characteristic. English economist N.V. Senior also said that a person can be seen as capital. He wrote: "A person is a capital that costs to serve him in the hope of future profit." To understand this problem, the French economist, representative of the classical school of political economy, J.B. So.

He stated that a person's professional abilities and skills help to increase labor productivity and therefore can be considered as capital. J.B. Say believed that only the accumulated abilities and characteristics of a person are capital. "A person is not born with enough abilities and powers to perform even the simplest work. The capital formed as a result of the annual accumulation of these abilities and powers, which have reached their maturity at the age of 15-20, and the consistent increase in the expenses spent on their education can be considered," he writes. Thus, representatives of the classical school laid the foundation for the modern theory of human capital. People with different abilities and characteristics were considered the main wealth of the society and the country. This wealth depends on the nature of people's professions.

The productivity of the employee is the main engine of economic development. Improvement of workers' skills, followed by improvement of machines and equipment, comes first. Within the framework of the classical school, two directions have been formed that explain the content of human capital and its definition. According to the first direction, human capital is the sum of acquired abilities of a person. The latter considers human capital to be the ability of a person at the same time as himself. However, representatives of the classical school understood human capital as a person's acquired abilities and professional skills.

English economist A. Marshall, the founder of the neoclassical direction in economics, focused his attention on human knowledge. He considered human knowledge to be one of the main sources of production. But this is not only the



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knowledge used in the production activities of people. "In most industries, technical knowledge and skills are becoming less important day by day compared to such qualities as ability to make the right decision, efficiency, resourcefulness, caution and determination in the implementation of the goal."

Therefore, A. Marshall emphasized the importance of human abilities. "The motivations that motivate a person to accumulate personal capital in the form of contributions to education are similar to the motivations that determine the accumulation of material capital ... human skills are as important as means of production as other types of capital," he wrote. Capital growth depends on human ability, literacy, and the quality of enterprise management. Thus, according to A. Marshall, education is an important condition for capital accumulation. The modern theory of human capital was formed in the late 1950s and early 1960s. The emergence of this independent scientific concept was caused by scientific and technical progress, which is one of the important factors in the development of the country's economy. Radical changes in science, technology and engineering led to the renewal of the structure of productive forces. In this regard, the need for highly qualified workers arose.

The founder of the theory of human capital is T. Shults, an American economist, winner of the Nobel Prize, representative of the Chicago School of Economic Theory. "In recent decades," he wrote, "the idea that capital consists only of physical assets has collapsed. In its place has gradually emerged a broader view, according to which capital is a physical or human asset that has the ability to generate future income streams. T. Shults believed that human capital is "a source of future income or future satisfaction or both." He is human because he is an integral part of man. T. Shults believed that human capital includes both innate abilities and knowledge, experience and skills acquired during life[5.26-28].

It came from the following: "All human resources and abilities are innate or acquired. Each person is born with an individual set of genes that determine his or her innate human potential. We call human capital the valuable qualities acquired by a person that can be increased through appropriate investments." At the same time, people can improve their knowledge, skills and competences by making appropriate investments that ensure the development of human capital.

T. Schulz was the first to single out education as a factor contributing to economic growth, especially for countries with a specific type of economic development. Therefore, developing countries should first of all direct investment in the fields of education, science and health. The theory of human capital in research focused on the problem of creating a qualitatively new workforce. T. Shults wrote: "Investments in people increase not only the level of labor productivity, but also the economic value of their time." G. Becker, an American economist, Nobel laureate, representative of the neoclassical trend in economic theory, who worked in parallel with T. Shults, made a great contribution to the theory of human capital. He explained that the growing interest in the study of human capital was "a major driver of the realization that in most countries growth in physical capital explains relatively little of income growth."

The search for satisfactory explanations has led to the development of better measures of physical capital and interest in less tangible items such as technological progress and human capital. Looking at the formation of human capital, G. Becker states that "human capital is formed by investing in people, including education, on-the-job training, health care costs, migration, and information on prices and incomes. "searching for information" wrote.

Thus, the study of the concept of human capital and investment has given economists the opportunity to look at the problem of factors of economic growth in a new way, among which education is crucial. Education helps to increase the level of knowledge of a person, i.e. human capital formation. American economist, representative of the neoclassical trend L.Thurov gives his definition: "People's human capital is their ability to produce objects and services." L. Thurov distinguishes the main economic ability of a person related to labor among abilities. "Economic capability," he writes, "is not just another productive investment that a person has. Economic capability affects the effectiveness of all other investments." According to L. Thurov, human capital is inseparable from the human carrier, it "includes human characteristics such as respect for political and social stability, which is mainly achieved as a result of appropriate upbringing and education"[6.15-19].

Thus, according to L. Thurov, human capital is an acquired property that cannot be separated from a person. F. Machlup, an American economist, a representative of the neoclassical direction of economic thought, suggests a distinction between improved and primary abilities. "Unimproved labor," he writes, "must be distinguished from improved labor, which is more productive due to investments that increase the physical and mental capabilities of man. Such improvements constitute human capital[4.6-34].



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III. CONCLUSION.

The theoretical and methodological basis of the research was formed by the concepts and rules of the studied problem presented by foreign and domestic scientists-economists in classical and modern literature. A reproductive approach was used as a methodological approach to the research. The following methods are used in the work: scientific abstraction, analysis and synthesis, comparison, generalization, as well as statistical and graphic methods of information processing.

The working hypothesis of the study is based on the methodological reproductive approach and the application of a system of scientific principles, according to which human capital is presented as a socio-economic system. Reproduction of human capital ensures its constant restoration, development and quality improvement. For this, it is necessary to improve the economic relations of reproduction of human capital and regulate them with the help of an economic mechanism that includes a number of interrelated links.

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