

INVESTMENTS IN HUMAN CAPITAL AND PECULIARITIES OF THIS PROCESS IN UZBEKISTAN

<https://doi.org/10.5281/zenodo.8248244>

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Abstract

In this article, human capital, investments in human capital, employee productivity, economic indicators in the development of the digital economy, all indicators of human capital, the process of investing in human capital, effective reforms implemented to eliminate the main problems that hinder innovative development in our country, the opinions about the proposals to increase the volume and weight of investments in human capital in our country were analyzed.

Key words

Human capital, investments in human capital, digital economy, innovative economy, knowledge economy, investments, global information systems, Human capital index, intellectual potential, social investments.

Human capital is the knowledge, skills and health that people invest in and accumulate over their lifetime, enabling them to realize their potential as useful members of society.

Investments in human capital include spending on maintaining health, on obtaining general and special education; costs associated with finding a job, vocational training at work, migration, having and raising children, searching for economically significant information on prices and earnings, etc.

Three types of investments are distinguished:

- expenses for education, including general and special, formal and informal education, on-the-job training and professional development;
- expenses for health care (prevention of diseases that serve to increase life expectancy and labor efficiency, medical services, dietary food, improvement of working and living conditions);
- costs for mobility, which allows employees to migrate from places of low productivity to places of higher productivity.

K. McConnell and S. Brew investment in human capital is "any activity that serves to increase the skills of workers and thus labor productivity. "Employees can be seen as an investment in productivity-enhancing costs, as these costs will be compensated many times over by future revenue streams." Sources of investments in human capital are family, enterprise and state expenditures. Expenses for raising and educating a child in the family are made taking into account the fact that he will get a high income as a result of his productive work in the future. The company is also interested in investing in human capital. Because an employee with high knowledge, qualifications and skills makes a significant contribution to increasing the employer's income as a result of effective work at the enterprise.

Based on the economic indicators of the development of the digital economy in Uzbekistan, we can see that even if the share of the information technology sector in the gross national product does not have a satisfactory indicator today, practical work is being carried out in this regard on a large scale.

The penetration of information and communication technologies into the innovative economy leads to the digitization of society. In all indicators of human capital, as a result of the development of information and communication technologies (ICT), the share of participants in scientific research is the largest, this share is becoming an important factor in the local distribution of high-tech solutions.

According to the UN, more than 33% of the world's population suffers from the lack of intellectual development due to the lack of hidden hunger - that is, the following micronutrients: calcium, magnesium, iron, iodine. As a result, the ability to acquire knowledge is low and the corresponding achievements in their profession will not be achieved. For this, by improving the quality of the products in the consumer basket, it is necessary to eliminate the small population, that is, the youth. As a result of spending on improving the quality of the education and healthcare system, the state enriches its national human capital, which is the main factor for the sustainable growth of the country's economy and increasing its competitiveness in the world market.

Currently, the total number of the world's population is about 8 billion people, and by 2050, their number is expected to increase to about 10 billion. Young people are the fastest growing part of the world's population. In the near future, to increase the level of coverage in preschool education from the current 67% to at least 80%, to introduce the National Program for the Development of Schools, to completely revise the curriculum and textbooks based on advanced foreign

experience, to increase the level of coverage to higher education It is aimed to reach 50%, to improve the state policy on youth.

According to the data of the World Bank, 66% of the total wealth of the earth corresponds to human capital, that is, the level of human knowledge. In the USA, this indicator is equal to 77% of the national wealth.

Capital development begins with upbringing and education. Any investment directed at the young generation will return thousands of contributions tomorrow. In this sense, there is no envy for the youth of Uzbekistan.

Society also benefits greatly from investing in human capital. Continuous schooling reduces the likelihood of committing various crimes. A person and his abilities, knowledge, skills have become the main factor of the well-being of any society and the economic development of the state. Today, human capital, without a doubt, appears as a priority direction of social economic policy in Uzbekistan. Because the development of human capital is a necessary condition for the development of innovative economy, knowledge economy, investments, global information systems, the latest technologies and new forms of business.⁸

The world's experience and practice show that the countries that have chosen investment in human capital as a priority achieve high development. Because in developed countries, great attention is paid to investing in the full cycle of education, i.e. investing in the child's upbringing from 3 to 22 years old.

Table 1

Country	Investment in full-time education (dollars)	Amount of value added per employee (dollars)
USA	245 000	5,7 million
South Korea	175 000	4,6 million
Uzbekista n	23 000	84 thousand

If we pay attention to the above data, while the cost of forming a workforce in the USA and South Korea is 13-17 times justified, the benefit of the investment in Uzbekistan is only 4 times.

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

⁸ <https://yuz.uz/uz/news/inson-kapitaliga-etibor--asosiy-vazifa>

If we look at the 2019 ranking of countries that have attracted foreign direct investments, we can see that today foreign investments are made not in countries with cheap labor, but in countries with high potential of intellectual potential and human capital.

Table 2

Rating	Economy	Volume of foreign direct investments (\$ million)
1	United States of America	258 390 000 000
2	China	203 492 014 029
3	Germany	105 277 588 652
4	Brazil	88 324 149 805
5	Hong Kong	86 462 759 029
6	Singapore	82 039 577 168
103	Uzbekistan	624 293 458

Unfortunately, due to the fact that the monitoring work carried out in our country to determine the knowledge of schoolchildren is not in accordance with international standards, the information provided on the quality of education (assessment of the knowledge of students) was not accepted, and because of this, the information of the Republic of Uzbekistan was not published in the "Human Capital Index" rating until 2020.

The effective reforms carried out to eliminate the main problems that hinder innovative development in our country gave their results, and information on the health and education sectors in Uzbekistan was included in the human capital index for 2020. With a coefficient of 0.62, Uzbekistan, which participated in these studies for the first time, ranks next among the CIS countries after the Republic of Belarus (0.7), Russia (0.68) and Kazakhstan (0.63).

In fact, in recent years, ensuring sustainable economic growth and creating a decent lifestyle for the people in Uzbekistan through the development of human capital is considered as the main issue on the agenda.

- The Human Capital Index is an aggregate index describing the level of human capital development in countries and regions of the world, issued by the World Bank Group and used as part of the Human Capital Project.

- For the first time, Uzbekistan participated in the human capital index of the World Bank.

- For the first time, Uzbekistan participated in the human capital index published by the World Bank for 2020, and with a result of 62 percent, among the

CIS countries, Belarus (70 percent), Russia (68 percent) and Kazakhstan (63 percent) followed. took over.

- On the scale of Central Asian countries, except for Kazakhstan and Uzbekistan, Kyrgyzstan showed 60% and Tajikistan 50%.

- Within the Human Capital Index of the World Bank, a child's development trajectory (from birth to adulthood) is evaluated according to a number of important indicators:

- probability of survival (from birth to 5 years);
- length of study focused on the expected quality of education in primary and secondary school;
- percentage of children whose development lags behind;
- the viability of the older generation.

Based on the above, we would like to make the following suggestions and recommendations in order to increase the volume and weight of investments in human capital in our country.

First, increasing social investments in our country. In this regard, in accordance with the decree of the President of the Republic of Uzbekistan on the development strategy of New Uzbekistan for 2022-2026, a number of goals for increasing social investments have been set.⁹

Goal 26: To further improve the investment climate in the country and increase its attractiveness, to take measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments, in the next five years. For this purpose, the following are defined:

- Establishing a new system based on the "bottom-up" principle of effective use of investments and increase of export volumes.
- Implementation of the strategy of attracting foreign and domestic investments until 2026.
- Attracting investments worth 14 billion US dollars in energy, transport, healthcare, education, ecology, communal services, water management and other sectors on the basis of public-private partnership.
- Establishing foreign economic relations between the regions of the Republic and business representatives of foreign countries, including developing investment and foreign trade relations with the People's Republic of China of the Syrdarya region, the Russian Federation of the Surkhandarya region, and the Indian business circles of the Jizzakh region.

⁹ <https://lex.uz/uz/docs/-5841063#-5842914>

➤ Establishing "Investor Support Center" in Surkhandarya Region, "Business Assistance Center" by Navoi Mining and Metallurgical Combine in Navoi Region, "Advanced Projects and Engineering Center" and "Innovation and Technology Centers" in each district , providing practical assistance to entrepreneurs.

➤ Annually holding the "Tashkent International Investment Forum" in Tashkent.

Goal 27: Increase the stock market turnover from 200 million US dollars to 7 billion US dollars in the next 5 years in order to increase financial resources in the economy.

➤ Gradual liberalization of capital movement in our country and privatization of large enterprises and shares in them, including through the stock exchange.

➤ Completing transformation processes in commercial banks with a state share, bringing the share of the private sector in bank assets to 60 percent by the end of 2026.

Secondly, in order to conduct a fair social policy and develop human capital in our country, it would be appropriate to timely implement the following goals set by our president.

Goal 37: To create an opportunity for every citizen to study for a specific profession at the expense of the state. Doubling the scope of vocational training, training a total of 1 million unemployed citizens, and increasing the participation of non-state educational institutions in this process to 30%.

Goal 38: Increase the level of coverage in pre-school education from the current 67 percent to at least 80 percent.

Goal 39: Bringing the quality of education to a new level in the preschool education system.

Goal 40: To ensure targeted and effective spending of budget funds in the preschool education system.

Goal 41: To create an additional 1.2 million student places in the public education system by introducing the national school development program.

Goal 42: By 2026, complete revision and implementation of educational programs and textbooks based on advanced foreign experience.

Goal 43: To gradually increase the monthly salaries of qualified teachers to the equivalent of 1,000 US dollars.

Goal 44: To improve the quality of education in schools, to bring the knowledge and skills of pedagogues to the international level.

Goal 45: gradually provide free meals to elementary school students in the Republic of Karakalpakstan and Khorezm region.

Goal 46: Increase the level of coverage with higher education to 50% and increase the quality of education.

Goal 47: Targeted preparation of 10 potential higher education institutions to enter the QS and TNE international ratings by 2026.

Goal 48: Building student residences with about 100,000 beds.

Goal 49: to increase the number of non-governmental higher education organizations to at least 50 by 2026.

Goal 50: To double the number of sending free and creative thinking young people to prestigious foreign universities through the "El-Yurt Umid" fund, training 50% of young people in technical, exact sciences and IT fields.

Goal 51: Broad introduction of innovations to the economy, development of cooperative relations of industrial enterprises and scientific institutions.

Goal 52: Improve the position of the Republic of Uzbekistan in the global innovation index and enter the top 50 countries by 2030.

Goal 53: Providing mandatory social guarantees for the population, strengthening social protection of needy groups.

Goal 54: Improvement of the pension system.

Goal 55: Organization of medical clusters in the regions of the republic in order to bring the provided medical services closer to the population and increase their convenience.

Goal 56: Increase the quality of medical services provided to the population, effective use of budget funds, centralization of medical services and implementation of medical insurance for the population.

Goal 57: Improvement of the system of technical maintenance of medical equipment.

Goal 58: Improving the system of regulating the circulation of medicines and medical supplies and providing cheap and high-quality products to the population.

Goal 59: To improve the quality of qualified services to the population in the primary medical and sanitary service, to increase the funds allocated to the sector.

Goal 60: Improvement of the high-tech medical care system for women of reproductive age and pregnant women, children.

Goal 61: Increase the share of the private sector in medical services to 25 percent.

Goal 62: Increase the share of medicines and medical devices produced in the country to 80%.

Goal 63: Establishment of laboratories of international status for sanitary-epidemiological stability and public health.

Goal 64: Organization of primary medical services in the regions based on the "one step" principle.

Goal 65: Gradually increase the monthly salaries of qualified doctors to the equivalent of 1,000 US dollars.

Goal 66: To form an effective system of support for persons with disabilities, to increase their quality and level of life.

Goal 67: Increase the number of citizens who regularly engage in physical education and sports.

Goal 68: Development of the Olympic and Paralympic Movement.

Goal 69: Support women and girls, ensure their active participation in society.

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