



## SOCIAL FUNDAMENTALS OF HUMAN CAPITAL DEVELOPMENT

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<b>Received:</b> 8 <sup>th</sup> July 2021 <b>Accepted:</b> 8 <sup>th</sup> August 2021 <b>Published:</b> 22 <sup>th</sup> September 2021	The article presents ideas on the intensive production of society and family development, which includes the intellectual and managerial labor of human capital, the environment of living and working. It also provides conclusions on the factors that form the basis of human capital, such as education, labor market, and health promotion.
<b>Keywords:</b> Human capital, labor market, education system, human ability, investment, social development, natural resources.	

### INTRODUCTION

In the history of social development in the world, until the beginning of the twentieth century, physical capital - the means of production, material resources, etc. - played a key role in the production process. Because in this period it was enough to have a manpower with natural power that would be used as one of the additional resources to the technology. It was easy to train the staff and replace them with each other. However, the objective processes that took place in the middle of the twentieth century changed the situation radically. The rapid development of science and technology has brought knowledge, skills, abilities, human abilities to the forefront. Direct man has become the driving force of economic development. This was a sign that social relations were changing radically. The strengthening of the human factor was also influenced by the changes taking place in society. Employees began to participate in the management of enterprises through the system of participation in the distribution of the results of their labor, property, profits, the number of cooperative enterprises and their efficiency also increased. As a result, the category of "human capital" began to form in society.

### MATERIALS AND METHODS

In-depth study of man and the intellectual potential accumulated by him as the pace of social development has become a vital necessity. W. Petty showed that the composition of wealth and its sources, along with the land and the rent, capital and profits (interest) it brings, along with the labor, skills and health of the people, brings this or that type of income. According to the scientist, the amount of human capital is estimated by the capitalization of the salary of the employee throughout his life. Another century later, Adam embraced the concept of human capital. In his 1776 study of the nature and causes of the wealth of nations, Adam Smith showed that the wealth of nations is largely determined by the number of workers and the quality of their skills. One hundred years later, Alfred Marshall also analyzed the effects of long-term investments in human capital and the role of man in the process. Indeed, statistics on the economic growth of the developed countries of the world have shown that they are much higher than the estimates based on the classical factors of growth. The analysis of the processes of economic development and growth shows that human capital has become a key production and social factor that develops the modern economy and society. It is known that the encyclopedic interpretation of capital - capital (from the French, English "capital" and Latin "capitalis" - "chief, main") is "resources that are able to generate income or created by people to produce goods and services." The term "capital" is usually used to refer to the products of labor that are intended to be used in future production [1]. Initially, human capital was understood as a set of investments in people's ability to work - education and professional skills. Later, the concept of human capital expanded significantly. Recent estimates by World Bank experts include consumption expenditures on human capital - family food, clothing, housing, education, health, culture, etc., as well as government spending for these purposes. Summarizing the above, human capital in the narrow sense is a person's intellect, health, knowledge, quality and productive work and his quality of life. In the broadest sense, human capital is an intensive productive factor of economic development, the development of society and the family, the educated part of the labor force, intellectual and managerial labor, the living and working environment. They must ensure that the development of human capital acts effectively and rationally as a factor of production. According to the theory of human capital, people can invest in themselves and expand their opportunities, while the state can increase national income by spending money to enrich human capital. The effectiveness of such investments is reflected in the recovery of expenditures through increased labor productivity and higher wages. In general, capital in the broadest sense refers to all elements of social wealth that are accumulated, used in production, and generate income. This, according to T.

Schultz, allows for a consistent distribution of capital: human capital and material capital. To add more clarity to the concept of human capital, it is necessary to distinguish between physical and human capital. These two types of capital are somewhat similar to each other, especially when it comes to spending all your money to make a profit in the future. At the same time, human capital has its own unique characteristics. Unlike physical capital, human capital is directly related to man himself. In a free society, the owner of human capital can only be that person himself. This form of capital can also be devalued, for example, if its owner is ill, and completely lost if it dies. This suggests that investing in human capital requires more risk than investing in physical capital. The inability to give human capital to others also shows that it depends on its owner. A person can use his capital with different efficiency based on his beliefs, inclinations, and life values. In practice, there can be a big difference between the stock of human capital available to the population and its use in the labor market. Material capital has a direct material form of wealth - buildings and structures, land and other natural resources, equipment, stocks of material wealth. Intangible capital, without having its own material form, accumulates in physical capital and can increase the quality or efficiency of that capital. These two parts of capital accumulation are further subdivided into non-human capital and human capital. The material capital accumulated in people is necessary for the formation of man, that is, the cost of raising children. T. Schultz made a great contribution to the formation of the theory of human capital, its development, its recognition by the scientific community. He was one of the first to look at the concept of human capital as a productive factor. The scientist has done a lot of work to understand the role of human capital as the main driving force in industrial development and post-industrial economy. Most theories of reproduction in the twentieth century indicated that this figure was a quarter. G. Becker, one of the theorists of human capital, was the first to apply the concept of human capital at the micro level. He defined human capital in an enterprise as a set of human skills, knowledge and abilities. In doing so, he paid special attention to the special training of employees [2], the formation of special knowledge and skills in them.

S. Fisher: "Human capital is a measure of a person's ability to generate accumulated income. Human capital consists of innate abilities and talents, as well as acquired education and skills. " Some scholars approach the composition of human capital in terms of its owner's ability to participate in the production process. In particular, O. Nordhog emphasizes the following: From the point of view of analysis, on the one hand, it is useful to distinguish the health and qualifications of employees, on the other hand, their motivation and loyalty. The first two elements constitute the basic ability of a particular employee to perform a task, i.e., to work. The next two elements of human capital reflect how the employee performs at work according to their qualifications. Ability and desire together form the ability of this employee to work. " The principle of a functional approach should be taken into account for a broader analysis of the composition of human capital.

### RESULTS AND DISCUSSION

The methodological principle of the functional approach requires consideration of the phenomenon not only in terms of its internal structure, but also in terms of its functional purpose, the ultimate use purpose. There is also the idea that human capital is a specific reserve of health, knowledge, skills, abilities, motivation, formed as a result of investment and accumulated by man. When this reserve is used for its intended purpose in one or another sphere of social production, it helps to increase labor productivity and production efficiency [3], thereby affecting the increase in wages (income) of this person. Analysis of human capital and generalization of approaches to their types Health (biophysical) capital of this economic category. Physical strength, endurance, diligence, duration of labor activity are very important for everyone in any production activity.

Working capital. The more complex the work, the higher the demand for the employee's qualifications, knowledge, experience and responsibilities. Skilled labor is more productive than ordinary labor, so it must be paid higher. In enterprises, labor capital is concentrated in the labor of skilled workers, the weight of which depends on the technology used.

1. Educational capital. It is formed throughout life as a result of the accumulation of experience, work skills and most importantly knowledge. Education is a key tool for retraining qualified personnel.

2. Intellectual capital. The product of intellectual activity is patented and strengthened by copyright as the exclusive property of the author. The right to determine the directions and forms of use of this capital in society belongs to the author. Intellectual property objects are involved in the economic turnover as tangible assets of enterprises and increase their income, as well as the income of the owners of these assets.

3. Organizational and entrepreneurial capital. To carry out business activities or to manage the personnel of the enterprise requires organizational skills, high responsibility, business acumen, drive for innovation, thrift, will, reasonable risk. It is this capital - know-how, having trade secrets that allows you to turn them into organizational and entrepreneurial capital. The level of entrepreneurship is expressed in the amount of private and controlled capital. This allows you to distinguish between small, medium and large businesses.

The types of human capital mentioned above belong to the inseparable types of this socio-economic category. He distinguished two levels of social capital. Structural capital is the ability of an economic entity to manage its organizational structure in accordance with the changing market conditions and to direct it in a direction beneficial to the enterprise. In today's economy, the competitive environment in which firms operate is constantly changing under the influence of innovation. The high rate of such change complicates the conditions under which an enterprise can succeed. One of such conditions is the availability of a significant amount of structural capital in the enterprise.

### CONCLUSION

Thus human capital preserves the value of the person being consumed and creates a new value that covers the value of labor and benefits the owners of capital. The importance of human capital is greater than natural resources, material wealth and resources. Therefore, human capital is a key factor in social development. The concept of human capital as a new category is constantly expanding with the development of the world information community and the "knowledge economy". Nowadays, human capital is an intensive productive factor in the development of society and the family, including intellectual and managerial labor, living and working environment. This ensures that human capital development acts effectively and rationally as a productive factor. According to the theory of human capital, the accumulation of human capital can take many forms. The most important of these is capital accumulation based on the development of skills during education and vocational training. Usually, this includes family upbringing. However, there are other forms of capital accumulation. These include taking care of one's own health (investing), obtaining information on migration, the economy, the functioning of the labor market, and other forms that enable the development of intellectual and physical abilities, the use of which increases labor productivity. Regardless of the sources of formation of human capital (state, family, individuals, etc.), its use and direct income is controlled by the individual himself. The human capital of an individual consists of his or her health, well-being, abilities, knowledge, and skills. The "value of a person" increases in the stages of his life, which is used to increase labor productivity, while increasing the return on personal capital and encouraging a person to make personal investments to further enhance their abilities. Intangible assets such as trademarks, personnel and new technologies now play a special role in the human capital of an enterprise. This capital may also include personal human capital assets (licenses, patents, copyright certificates), intangible assets of the firm (trademarks), organizational capital, structural, equity, brand capital and social capital. At the national level, human capital encompasses social, political capital, national intellectual priorities, national competitive advantages, and the nation's natural potential. National human capital accounts for more than half of the national wealth of each developing country, and more than 70.0-80.0% in the developed world. It should be noted that there are a number of controversial issues in the theory of human capital, both practical and theoretical. According to the theory, each person correctly estimates that the investment in human capital will be recouped in the future by increasing wages. But this does not take into account the many economic and even political factors that can affect the amount of salary when you have certain skills and occupations. The second problem has to do with the empirical significance of human capital theory. Some researchers have proven that human capital expenditures, such as education, can affect changes in people's wages. If factors such as motivation are not taken into account, the future recoverability of investments in human capital can be overestimated. Unlike physical capital, which is usually only invested in the development of production, investments in human capital can be partially inefficient. Therefore, not all of these costs can be invested. For example, most students majoring in history, fine arts, and literature do not do this in order to increase the efficiency of their work. Such issues complicate the calculation of the value of investments in human capital and their coverage.

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