

---

## The Most Important Factor In Economic Growth – Human Capital

*Akram Odilovich Ochilov*

*Doctor of Economics, Professor,*

*Head of the Department of Economics of Karshi State University*

*Mashhura Egamberdievna Ostonova,*

*Senior lecturer of the department of "Economics" of*

*Karshi State University.*

---

**Abstract:** Various approaches to defining the concept of “human capital” are considered. It is shown that human capital is a necessary independent factor determining economic growth.

**Key words:** human capital; the economic growth; factors of economic growth; types of human capital; features of human capital

### **Introduction**

In any social forms of production and at different stages of its technological development, an essential condition for the process of production of material goods is the presence of objective (material) and subjective (personal) factors of production activity. The latter also includes the human factor, which is undoubtedly an active determining element of any production. The above is objectively due to the fact that people in whom this factor is personified have the ability to work. Only man creates the means of production, sets them in motion, develops and improves them, and, therefore, carries out their expanded reproduction. It is no coincidence that in economics and related literature, problems of the structure, quality and dynamics of the human factor have traditionally been and are given great attention.

In the era of scientific, technical and innovative transformations in the structure of productive forces, the worker himself becomes a factor in economic growth. The efficiency of using basic resources increasingly depends on how much employees are morally and materially interested in achieving high final results. “Human capital is the most valuable resource, much more important than natural resources or accumulated wealth. It is human capital, not factories, equipment and inventories, that is the cornerstone of competitiveness, economic growth and efficiency.”

### **Methods and methodology.**

If earlier the possibilities of economic growth were associated with the accumulation of fixed capital, labor was assigned a passive role, and the factor “land” (natural resources) was considered as a limiter of economic growth, then a further search for sources and factors of economic growth gradually led to a revaluation and expansion of the initial base of theoretical postulates.

### **Literature review.**

The main scientific and methodological provisions of the theory of human capital (by analogy with financial capital) were formulated in the second half of the 20th century by such American economists as T. W. Schultz, J. Kendrick and G. Becker, who were recognized as the founders of this theory. An important contribution to the formation of the modern theory of human capital was also made by famous English and American economists B. Weisbrod, D. Mintzer, L. Thurow, W. Bowen, M. Fisher.

Various scientific approaches to defining the concept of “human capital” can be divided into three groups. Most authors understand human capital as the totality of human abilities and qualities used in the process of producing goods and services. Thus, according to W. Bowen, human capital “consists of the acquired knowledge, skills, motivations and energy with which human beings are endowed and which can be used over a certain period for the production of goods and services.” E. Dolan and J. Lindsay understand human capital as “capital in the form of mental abilities acquired through formal training or education, or practical experience.” E. Toffler considers the most significant step in the economic development of our era to be the emergence of a new system for obtaining wealth, using not the physical strength of a person, but his mental abilities. The scientist introduced the concept of symbolic capital, by which he means knowledge. According to Toffler, this type of capital, unlike traditional forms, is “inexhaustible and at the same time available to an infinite number of users without restrictions.”

Another group of scientists, supporters of the “investment” definition of human capital, emphasizes the fact of the accumulation of certain abilities and qualities as a result of investments in a person or human activity in various forms. So, according to S.A. Dyatlov, human capital is “a stock of health, knowledge, skills, abilities, motivations formed as a result of investments and accumulated by a person, which are expediently used in one or another sphere of social reproduction, contribute to the growth of labor productivity and production and thereby influence the growth of income of a given person.”

Since the beginning of the 1970s, there has been a change in the organizational paradigm: the idea of a person as an “indifferent factor of production”, which must be taken into account and, if possible, calculated, has been replaced by ideas of him as a central element of production, connecting with his activity all other elements and, to a large extent, degree determining the efficiency and growth of production as a whole.

Human capital is a form of manifestation of human productive forces at the post-industrial stage of development of a society with a socially oriented market-type economy. As a multidimensional phenomenon, it is heterogeneous and has a complex internal structure, in which relatively isolated elements can be identified that characterize different aspects of this concept.

Human capital, being part of total capital, represents the accumulated costs of general education, special training, healthcare, and movement of labor.

Economists classify types of human capital by types of costs and investments in human capital. I.V. As a result, Ilyinsky identifies the following components: educational capital, health capital and cultural capital. In his opinion, the human capital formula takes the following form:

$$CHK = Kz + Kk + Ko,$$

where HK is human capital; Kz – health capital; Kk – cultural capital; Ko is the capital of education.

In particular, health capital, which is an investment in a person made with the aim of forming, maintaining and improving his health and performance, is a supporting structure, the basis of human capital in general. Investments in health and its protection, which help reduce diseases and mortality, extend a person's working life, and, consequently, the functioning time of human capital. The state of a person's health is his natural capital, one part of which is hereditary, and the other is acquired as a result of the costs of the person himself and society. Human capital wears out over the course of a lifetime. Health-related investments can slow down this process. Not every investment in a person can be recognized as an investment in human capital, but only those that are socially expedient and economically necessary. Health capital is recognized as a national treasure.

I.V. In the concept of "health capital," Ilyinsky distinguishes between basic and acquired capital: the first, in his opinion, is determined by the totality of a person's physiological properties obtained by hereditary means; the second is formed in the process of formation and consumption of human physical properties, carried out in production activities. In the conditions of innovative production, a person is required to have high speed of information processing, endurance, speed of reaction, and speed of decision-making, which ultimately ensures appropriate economic growth.

Summarizing what has been said, we state that economists in defining the concept of "human capital" identify and take into account the following features.

1. Human capital is the main value of modern society, as well as a fundamental, determining and inexhaustible factor in the sustainable economic growth of the country and its regions.
2. The formation of human capital requires significant financial and other costs from both the individual and society as a whole.
3. Human capital can be accumulated, namely: an individual can acquire certain skills, abilities, and can increase (strengthen, improve) their health.
4. Investments in human capital give their owner, as a rule, higher income in the future. Investments promise a longer-term (in time) and integral (in nature) economic and social effect to society.
5. Investments in human capital have been carried out for quite a long time. And if investments in human capital of education have a period of 12-20 years, then a person makes investments in health capital throughout his life.
6. Human capital differs from physical capital in terms of liquidity. Human capital cannot be separated from its carrier – the human personality.
7. Direct income received by a person is controlled by him, regardless of the source of investment.
8. The functioning of human capital depends on a person's decision and expression of will. The degree of return from the use of human capital depends on a person's individual interests, his preferences, material and moral interest, worldview, and finally, on the general level of culture.
9. A person acquires knowledge throughout his life, but his human capital wears out both physically and morally. An individual's knowledge becomes obsolete, i.e., the value of human capital changes economically in the process of existence. Human capital is gradually depreciating, but its depreciation occurs differently than the depreciation of physical capital, material means of production.

Depreciation charges for physical production assets are made for the next month after they are put into operation, and at the end of their service life, the cost of the object can be completely written off.

The economic literature examines the process of moral and physical aging of accumulated scientific and educational potential. According to economists, in the first years of using human capital, due to the physical maturation of the worker and the accumulation of production experience, its economic value does not decrease, but increases. Intellectual capital increases during the first decade. By the end of the second decade, the growth rate of moral and physical depreciation of the stock of intellectual capital overlaps the accumulation of another asset of human capital - production experience. The process of depreciation of human capital begins, the pace of which is accelerating towards the end of the third decade. Nevertheless, even after the end of working life it is impossible to talk about complete depreciation of human capital.

If during all three ten-year stages an individual constantly made investments in human capital, in its component parts (education, health, art), then we also cannot talk about the depreciation of human capital.

Economists define expenditures made to increase labor productivity and contribute to future growth in an individual's income as investments in human capital. M. Blaug emphasizes: "All these phenomena - health, education, job search, information acquisition, migration and work-based learning - can be viewed in terms of investment rather than consumption, regardless of whether the investment is undertaken by individuals themselves or by society acting in their interests. What binds all these phenomena together is not the question of who takes what actions, but the fact that the decision-making agent, whoever he is, justifies his actions in the present by considerations of the future" [17. pp. 318–319].

Investment production is a very important process in the reproduction of human capital, in which it acts as either an object, a subject, or a result of influence. A special role in the creation of human capital is played by "the costs of labor and efforts for self-development and self-improvement," which are inevitably included in the social costs of the entire reproduction process.

The Cobb-Douglas production function establishes the mathematical dependence of the growth of national income on changes in two factors of production - capital and labor:

$$Q = A \times K^a \times L^b$$

where Q is national income; K, L – capital and labor costs, respectively; a, b – production elasticity coefficients for capital and labor; K – physical capital, i.e. materialized labor; L – human capital, i.e. the integral personality of a person participating in the production process.

The production function apparatus has significant analytical capabilities, which makes it possible to study the current relationship between resource inputs and production results.

Economists, when considering issues of investing in human capital, pay special attention to the analysis of investments in educational capital, as well as what affects a person's performance and contributes to an increase in labor productivity, namely, economic growth.

Thus, human capital is the total potential of health, knowledge, technological skills, abilities, work and social motivations, formed through investments in a person and accumulated by the person himself, which, taken together, lead to an increase in the employee's qualifications, contribute to an

increase in productivity and qualities of his person and, as a result, to an increase in the material and social status of this person and the formation of a new type of economic development of society as a whole.

### References:

1. Дятлов С.А. Основы теории человеческого капитала. СПб., 1994.
2. Schultz Th. W. Investment in human capital: the role of education and of research. N. Y. : Columbia University Press, 1971.
3. Кендрик Дж. Совокупный капитал США и его формирование : пер. с англ. М. : Прогресс, 1978.
4. Becker G. S. Human capital. Chicago: University of Chicago Press, 1993.
5. Ergashev, R. X., Fayziyeva, S. S., & Xamrayeva, S. N. (2018). Qishloq xo'jaligi iqtisodiyoti. Toshkent" Iqtisod moliya.–2018.
6. Fayzieva, S. S., Djalilovna, N. M., & Yuldasheva, S. A. (2020). The main directions of reforms in the livestock sector in the development of the country's economy. TRANS Asian Journal of Marketing & Management Research (TAJMMR), 9(4), 67.
7. Shodmonovna, F. S., & Negmatovich, Y. N. (2021). THE ROLE OF LIVESTOCK REFORM IN THE DEVELOPMENT OF THE COUNTRY'S ECONOMY. ACADEMICIA: An International Multidisciplinary Research Journal.
8. Файзиева, Ш. Ш., & Джалилова, Н. М. (2020). Роль инноваций в развитии предпринимательской деятельности в сельском хозяйстве. Economics, (1 (44)), 11-14.
9. Shodmonovna, F. S., & Shakhribonu, Y. (2020). Ways to solve problems in attracting investments in the country's agrarian sector. International Journal of Advanced Science and Technology, 29(08), 3163-3166.
10. Файзиева, Ш. Ш. (2020). Джалилова НМ РОЛЬ ИННОВАЦИЙ В РАЗВИТИИ ПРЕДПРИНИМАТЕЛЬСКОЙ ДЕЯТЕЛЬНОСТИ В СЕЛЬСКОМ ХОЗЯЙСТВЕ. Economics, (1), 44.
11. Юлдошева, Ш. (2021). Инновацион иқтисодиёт шароитида Ўзбекистонда уй-жой сийёсатининг аҳамияти. ФАН ВА ТАЪЛИМНИ РИВОЖЛАНТИРИШДА ЁШЛАРНИНГ ЎРНИ, 172.
12. Жумаева, Х. Х. (2023, August). ТАДБИРКОРЛИК ФАОЛИЯТИДА ИНВЕСТИЦИЯЛАРНИНГ ХИЗМАТ КЎРСАТИШ САМАРАДОРЛИГИДАГИ ЎРНИ. In E Conference Zone (pp. 21-26).
13. Бурлаков, В. Б. Учредители: ООО" Центр социальных агроинноваций СГАУ" eISSN: 2415-8666. АГРОФОРСАЙТ Учредители: ООО" Центр социальных агроинноваций СГАУ", (5), 104-121.
14. Адилова, Ю. Ш. (2023). РАҚАМЛИ ИҚТИСОДИЁТНИ ИННОВАЦИОН РИВОЖЛАНИШИДА СУҒУРТА ХИЗМАТИНИНГ ЎРНИ. Gospodarka i Innowacje., 79-82.
15. Nabiyev, D., Anopchenko, T., Cherepovitsyn, A., & Ochilov, A. (2023). DIRECTIONS OF INFLUENCE OF HIGHER EDUCATION PARAMETERS ON ECONOMIC GROWTH IN UZBEKISTAN. THE INNOVATION ECONOMY, 1(01), 98-108.
16. Очиллов, А. (2011). Инсон ҳуқуқларига оид универсал халқаро ҳужжатлар ва ижтимоий ҳимоя. Обзор законодательства Узбекистана, (4), 75-76.

17. Очилов, А. (2017). Управление концепцией знаний и непрерывного обучения в подготовке высококвалифицированных кадров. Экономика и инновационные технологии, (1), 287-297.
18. Очилов, А. (2019). Ўзбекистон республикаси олий таълим тизимини модернизациялаш юзасидан таклифлар. Экономика и инновационные технологии, (4), 125-136.
19. Очилов, А. О., & Маманазаров, А. Б. (2021). ИНТЕГРАЦИЯ ВЫСШЕГО ОБРАЗОВАНИЯ С НАУКОЙ И ПРОИЗВОДСТВОМ В УЗБЕКИСТАНЕ. In Актуальные вопросы современной экономики в глобальном мире (pp. 112-116).
20. Очилов, А. О. (2022). ОЛИЙ ТАЪЛИМ МУАССАСАЛАРИДА ТАЪЛИМ СИФАТИНИ ОШИРИШДА ПАНДЕМИЯНИНГ ТАЪСИРИ. Архив научных исследований, 2(1).
21. Nabiev, D. X., Ochilov, A. O., Raimova MJ, O. M., & Normurodova, Z. E. Features of the impact of higher education on the economic growth of the Republic of Uzbekistan. Central European Management Journal. Poland, ISSN, 2336-2693.
22. Nabiyeu, D., Anopchenko, T., Cherepovitsyn, A., & Ochilov, A. (2023). DIRECTIONS OF INFLUENCE OF HIGHER EDUCATION PARAMETERS ON ECONOMIC GROWTH IN UZBEKISTAN. THE INNOVATION ECONOMY, 1(01), 98-108.
23. Саидахмедов, Н., & Очилов, А. (1999). Янги педагогик технология моҳияти ва замонавий лойиҳаси. Т.: РТМ, 27.