

## Development of Human Potential as The Main Factor of Socio-Economic Development

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**Abstract:** This article examines the meaning of human potential and its impact on the evolution of society. To maximize human potential, the author emphasizes the value of investing in social support, cultural competency, health care, and education. The work focuses on how human development and sustainable economic growth are linked to improving living standards and solving social problems.

**Keywords:** human potential, education, economic competitiveness, national economy.

### INTRODUCTION

The emergence of the information economy has significantly changed the place and importance of the individual in modern management. Social production made use of human abilities and capabilities. Today, one of the main production assets of an enterprise is human capital. It brings profit both to the country as a whole and to a specific person or organization. Thus, our President pays great attention to creating conditions for the younger generation, such as education. Many leading countries in the world prioritize the use and development of human capital. It increases the efficiency of the national economy and improves the quality of life of people.

Uzbekistan is entering a phase of improving productive forces, when people, their knowledge, skills, work habits, and professionalism are increasingly valued. The level of economic development is largely determined by the creative, labor and intellectual potential of a person, the state of intangible forms of wealth and areas that ensure personal development and the formation of new knowledge. In this regard, profound changes are taking place in the system of reproduction of people themselves, in the accumulation and effective use of human capital at all levels of social reproduction.

Human potential is the set of unique abilities, knowledge, skills and talents that each person possesses. It represents personal and professional goals, as well as for contribution to social development. Human potential is the driving force behind innovation, economic growth and social development. Education, health, cultural skills, social activity - all these elements make up human capital, which determines the level of development of society. That is why investing in human potential is considered one of the priorities of government policy in many countries.

**Results.** In economics, human capital is understood as a certain set of knowledge, skills, various abilities, as well as a reserve of health that a person needs to earn income. The phrase “human capital” was first introduced in 1961 by Theodore Schultz, and his follower Gary Becker expanded this concept by creating a theory about investments in this part of capital and developing an

economic approach to human behavior, for which he was awarded the Nobel Prize in Economics. [1]

The concept of human capital has the most diverse application in the world economic science, which has successfully managed to prove the high efficiency and necessity of investing in a person. This category allows you to look at such problems as income distribution, the role of education in the process of social reproduction, family planning, economic growth, motivation, migration, not only from the psychological, social and demographic points of view, but also provides an opportunity to explore them directly from the point of view of the economy. There are a large number of works devoted specifically to the theory of human capital[9].

Human capital is presented as the totality of all the production qualities of an employee. The classical definition is considered to be the definition of G. Becker: „Human capital is the stock of knowledge, skills, and motivations that everyone has”.

According to W. Bowen, it “consists of the acquired knowledge, skills, motivation and energy that human beings are endowed with and which can be

used ... for the production of goods and services. In other words, human capital is nothing more than “the productive abilities of an individual, his talents and knowledge.

J. Ben-Porat considers human capital as "a fund whose function is the production of labor services in social units of measurement and which in this capacity is similar to any machine as a representative of material capital."

From the point of view of D. Berg, “human capital is a stock of professional experience accumulated by an employee. It represents value for potential income in the future.”[6]

American economist Lester Karl Turow understands human capital as the ability to produce goods and services. His colleagues, E. Dolan and J. Lindsay, refer to this concept as a set of knowledge acquired through education or through practical experience. [2]

F. Neumann considers cultural and ethnic characteristics, all types of education, and main qualifications to be components of human capital. [3]

E.V. Vankevich, in addition to education and professional training, considers awareness, physiological and psychological characteristics of the individual, geographic mobility, motivation, value orientations, and driving human needs to be integral parts of human capital. [4]

Yu.A. Korchagin considers human capital an important production factor, which is not subject to the law of diminishing returns and which accumulates through investments in intellectual property, education, science and culture, economic freedom, entrepreneurial climate and entrepreneurial ability, safety and health of the population. [1]

Nowadays, there is no single exact definition of this concept, but for most of them the principle of an extended interpretation is inherent: not only realizable knowledge, abilities and skills are understood, but also potential ones, both external and internal stimulation of the employee. Human capital is a very complex, multifaceted concept, and it is almost impossible to give only one definition that would reveal all its sides. But this is rather a positive feature, since it allows you to reflect the characteristics of human capital using various approaches to it.

Although the set of human skills and abilities in economics is usually called “capital”, but still human capital, in particular Unlike physical and other types of capital, it has a number of specific features. [5]

Firstly, this is the inseparability of human capital from its carrier. Unlike equipment, machines, real estate, securities, a person in the twenty-first century cannot become an object of purchase and sale (this is characteristic only of a slave-owning economy). Therefore, the market sets only prices for the “rent” of human capital in the form of wages, while there are no prices for its assets. As a result, the liquidity of this type of capital is minimal.

Secondly, human capital is characterized by a long investment period. This is best illustrated by the example of education - the period of citizens receiving education usually lasts 12-20 years.

Thirdly, the degree of risk of investing in human capital is much higher when compared with physical capital. This is also due to the lack of risk insurance instruments, changes in labor market conditions, as well as high costs of monitoring loans associated with high mobility of people and a long loan repayment period.

Fourthly, the difference between physical and human capital is that the profitability of the first slowly decreases as it accumulates, while the second, on the contrary, first increases to a level limited by the upper limit of working age, and then sharply decreases. But we need to take into account that human capital can take more than just monetary form.

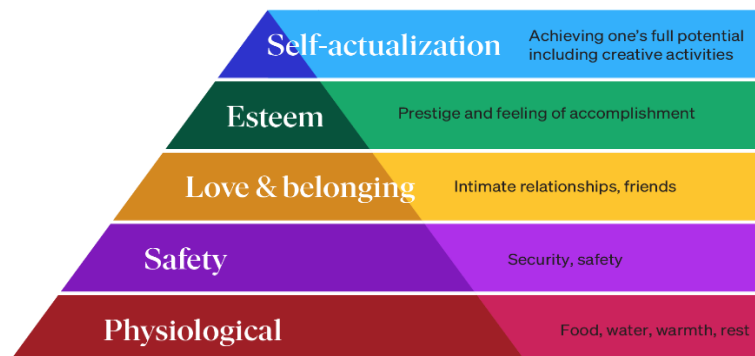
Fifthly, the employer, purchasing the right to use the services of human capital, comes into contact with a free person who has rights, which leads to diversity and saturation of the labor market with institutional structures.

There's a tendency to think of human potential — or, in fact, every effort at personal growth — as linear and bottom-line-focused. Human potential is a unique journey in the sense that both the journey and the goal are “the point.” In other words, there's really nothing to “get to” or “accomplish.” The goal is to live in a way that's congruent with the best version of yourself — a you that you're proud to be every day.

Abraham Maslow is considered to be the father of human potential and self-actualization research. In his well-known [hierarchy of needs](#), he hypothesized that all human beings strive towards [self-actualization](#). But we are unable to move towards our higher selves if certain foundational needs aren't met. These include our safety, security, and connection with others.

But once we feel supported, connected, physically and [psychologically safe](#), we're able to take risks. It's the only way for us to [reach our full potential](#).

### Maslow's hierarchy of needs



**Conclusion.** The development of human potential helps to create conditions for personal self-realization and improve the quality of life of the population. Education allows people to discover their intellectual potential, improve their skills and gain access to new opportunities. Health and social support, in turn, provide higher levels of well-being and confidence in the future.

Research shows that investing in human potential is accompanied by increased productivity, which is a key factor in economic development. Educated, healthy and motivated people are able to make greater contributions to the economy and society as a whole, which ultimately contributes to sustainable growth and prosperity.

The human capital of Uzbekistan has a number of features. There are also many limiters to the growth of its quality. Therefore, at present, in conditions of relative stabilization of macroeconomic indicators, the problem of reforming the education system, science and

stimulating innovation is acute. Economic and social development in the future will largely depend on society's attitude to the processes of reproduction of human capital.

Thus, human development also contributes to overcoming social problems such as poverty, inequality and social exclusion. Education and vocational training provide people with more opportunities for employment, adaptation to changing labor market conditions and improving their social status and the development of the national economy.

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