



## CONCEPTUAL FOUNDATIONS OF THE THEORY OF HUMAN CAPITAL DEVELOPMENT

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**Abstract.** *Based on the research of scientific ideas of the schools of political economy, classical, neoclassical and modern human capital, which are the conceptual foundations of the development of the theory of human capital, the author's approach of human capital is developed in the article.*

**Keywords:** *human capital, conceptual foundations, political economy, classical, neoclassical, production, abilities, skills, knowledge, innate abilities, knowledge economy.*

## ИНСОН КАПИТАЛИ РИВОЖЛАНИШИ НАЗАРИЯСИНING КОНЦЕПТУАЛ АСОСЛАРИ

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**Аннотация.** *Мақолада инсон капитали назариясини ривожланишининг концептуал асослари бўлган сиёсий иқтисод, классик, неоклассик ва замонавий инсон капитали мактабларининг илмий ғояларини тадқиқ этиш асосида муаллифлик ёндошуви ишлаб чиқилган.*

**Калит сўзлар:** *инсон капитали, концептуал асослар, сиёсий иқтисод, классик, неоклассик, ишлаб чиқариш, қобилият, кўникма, билим, туғма қобилият, билимлар иқтисодиёти.*

## КОНЦЕПТУАЛЬНЫЕ ОСНОВЫ ТЕОРИИ РАЗВИТИЯ ЧЕЛОВЕЧЕСКОГО КАПИТАЛА

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**Аннотация.** *В статье на основе исследования научных идей школ политической экономики, классического, неоклассического и современного человеческого капитала, которые являются концептуальными основами развития теории человеческого капитала разработана авторский подход человеческого капитала.*

**Ключевые слова:** *человеческий капитал, концептуальные основы, политическая экономия, классическая, неоклассическая, производство, способности, умения, знания, врожденные способности, экономика знаний.*

### **Introduction.**

In the "Development Strategy of New Uzbekistan for 2022-2026" in our country, after analyzing in depth the complex processes of the world level and the results of the development of our country, in the following years, based on the principle of "For Human Value", we will further increase the well-being of our people, transform economic sectors and rapidly develop entrepreneurship. It was emphasized that it is important to carry out researches aimed at the unconditional provision of human rights and interests and the formation of an active civil society. The higher education system is an important support in improving the human capital and increasing the competitiveness of the state. In this regard, our dear President has emphasized the following: "Improving the quality of education is the only way to develop New Uzbekistan" (Address, 2022). In this regard, it is very important to determine the priority direction of the systematic reform of higher education, to study the problem of improving Japan's qualitatively new level of improving highly qualified human capital with modern knowledge and high spiritual and moral qualities.

### **Literature review.**

The theoretical aspects of human capital research are developed by the following Ben-Poret, Marshall, Touro, Sakaya, Dayzard, Baker and Schultz.

Korogodin, Shevchenko, Sergeeva from Russian scientists Cherkashin, Redko, Solodukha, Gruzkov, Gruzkov, Tkachenko, Titov, Kapelyushnikov, Remorenko, Rozhkov and others have conducted research on this topic.

To increase the scientific research work of Academician Abdupahmonov, Ubaydullaeva, O'lmasov, Vahobov, Abdurakhmonova, Bozorova, and others from our Peshavariya Olimlap with theoretical aspects of human capital improvement. possible

The origin of the theory of human capital began with the economic teaching of representatives of the classical school of political economy. U. Petty was one of the first founders of the classical school of political economy in England and introduced a new economic category - "living human forces" (Petty, 1940).

A representative of the neoclassical school of economic science Fisher (1927) also included a person in the definition of capital. In his opinion, skills and mechanics are not separate capital apart from people, and skilled mechanics themselves should be classified as capital.

Shultz (1971), the founder of the modern human capital theory, says that we call human capital the valuable abilities acquired by a person, which can be improved, strengthened and developed at the expense of appropriate investments.

According to the opinion of Academician K. Kh. Abdupakhmanov, one of the economists of Uzbekistan, "The importance of human capital is limited to natural resources, material wealth and means" (Abdurakhmanov, 2009).

Based on the above-mentioned studies, it is important to develop an author's approach to human capital based on the research of the scientific ideas of different economic schools on the nature and content of human capital.

### **Research methodology.**

The article uses dialectical, systematic, integral and synergetic approaches, economic, logical, scientific abstraction, analysis and synthesis, modeling of economic processes and systems, induction and deduction, comparison, generalization, grouping methods.

### **Analysis and discussion of results.**

As a complex intensive factor of economic development, the development of science, the development and mastering of technologies with high scientific capacity, the formation of an information society, the improvement of the efficiency of social production, brought human

capital to the first place. The core of human capital is, of course, its carrier - an educated person with deep, versatile knowledge, skills and abilities. Today, man and his abilities occupy an important place in economic science. However, until the beginning of the 60s of the twentieth century, human creative abilities did not play a decisive role in economic development. The rapid renewal of the material and technical base of production associated with the technical revolution of the industry created the illusion of the superiority of physical capital in ensuring economic growth, reducing the problems of developing human production abilities. As a result, for a long time human abilities were considered as one of the quantitative factors of production. The main problem was to successfully integrate the cocktail into fixed and working capital (Khalilova, 2008).

In the second half of the 20th century, the attitude towards human capital changed radically. Interest in the role of human capital in the economy has increased due to the following reasons: the transition to a new path of socio-economic development, in which human capital began to acquire a qualitatively new meaning. Fundamental changes in socio-economic development have created new conditions for understanding the labor process and labor relations. The main focus of scientific research was on the study of human capital problems. The activation of labor as an economic resource began to require a category that included the idea of human abilities used in labor and reflecting its final result. Performing this function was precisely the role intended for human capital as an economic category.

In the globalization of the world economy, countries with high-quality human capital are gaining significant advantages. That is, it got a highly educated population and specialists who can freely compete at the world level in various spheres of economic activity. It is human capital that is the main factor determining economic growth and its efficiency. Therefore, research on human capital has become increasingly important in recent years.

The concept of human capital emerged and developed in Western economic literature from the 17th-19th centuries. At each stage of the development of this concept, approaches were formed that expressed different views typical of the existing scientific economic schools of that time. The development of the concept of human capital in economic science represents the development of views on this person, his role in the economy, the accumulation of knowledge and theoretical rules, the synthesis of the achievements of various economic schools and their evolution. The origin of the theory of human capital began with the economic teaching of representatives of the classical school of political economy. Petty was one of the first founders of the classical school of political economy in England and introduced a new economic category - "living human forces". The idea of human capital was later introduced by the founder of the classical school of political economy A. Developed by Smith. Smith believed that the ability and skills of the worker are of decisive importance in the production process. Increasing the productivity of useful labor depends, first of all, on the dexterity and skill of the worker, and then on the improvement of the machines and instruments he works with. Smith included the knowledge, experience and skills of people in the "basic capital" of society. He considered this "fixed capital" as "an element of production that produces income or profit without entering into circulation and without changing its owner.

In the 19th century, two trends were formed that represent the content of human capital. The representative of the first direction, the representative of the classical school of political economy Mill. He explained the existence and content of human capital as the acquisition of human abilities, but did not include the person himself in this concept. According to the second direction, along with human abilities, the person himself was considered as human capital. Instead of understanding as capital the entire share of the external product that can be used for the provision and production of a person, ... it would be correct to consider the person himself as a part of the national capital (McCullough, 1870). He also emphasized the similarity between physical and human capital, and believed that the turnover rate of investment in human capital should match the turnover rate of other types of investment.

English economist Senior (1939) also suggested that people can be considered capital. According to him, "a person is a capital with expenses directed to a person to provide him with the hope of getting profit from him in the future. To reveal the essence of this problem, the representative of the classical school of political economy Sey (1896) made important contributions. He stated that a person's professional abilities and skills greatly contribute to increasing labor productivity and can therefore be considered as capital. Sey believed that only the accumulated abilities and skills of a person are capital. "A person is not born with enough abilities and powers to perform even the simplest tasks. These abilities and powers can be considered as capital formed at the expense of long-term accumulation and the growth of consistent education costs when they reach the age of 15-20 in their own development, wrote. 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 society and the country. This wealth is more dependent on the nature of people's occupations. People's productive abilities were considered the main engine of economic development. The first the professional development of the employee comes first, then the improvement of machines and equipment. Within the framework of the classical school, two directions have been formed that explain the content of human capital and its description. According to the first direction, human capital is the sum of the gross abilities acquired and acquired by a person. The second is that human capital is the same as his gross abilities At the time, he believed that man himself. But despite this, representatives of the classical school clearly understood that human capital is the specific abilities and professional skills acquired by a person.

The founder of the neoclassical trend in economics Marshall turned his attention to human knowledge. He considered human knowledge to be one of the main sources of production. But this is not only human knowledge used in production activities. Marshall emphasized the importance of human abilities. "The motivations that drive a person to accumulate personal capital in the form of educational contributions seem to be consistent with the accumulation of material capital...human abilities are as important as means of production as any other type of capital," he wrote. Capital growth depends on human ability, literacy, and the quality of enterprise management. So According to Marshal's conclusion, education is an important factor of 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 of its development in the economy. Dramatic fundamental changes in science, technology and technology led to the improvement of the composition of productive forces. In this regard, the need for highly qualified workers began to appear.

Schultz, the founder of the modern human capital theory, believed that human capital includes both the innate abilities of a person and the knowledge, experience and skills acquired during life. He came to this conclusion from the following: "all human resources and abilities are innate or acquired through life experience. Each person is born with a set of individual genes that determine his innate human potential. Acquired by a person, it can be improved, strengthened and developed at the expense of appropriate investments says that we call human capital the valuable abilities that people have. Thus, human capital is not only limited to innate abilities, but also includes the valuable abilities acquired during a person's life. At the same time, the development of human capital is defined as the appropriateness of people's knowledge, skills, and abilities. can be increased through capital investments.

For the first time, Shults identified education as the main factor contributing to economic growth, especially for countries with a catch-up type of economic development. "Investing in a person increases not only the level of his labor productivity, but also the economic value of his time. to the theory of human capital. Becker also contributed a lot. Becker considered the formation of human capital, and it is formed by human capital investments, among which

education, preparation for production, health care, migration, costs of searching for information on prices and income can be highlighted. Thus, the study of the concept of human capital and investments in it gave economists the opportunity to form new views on the problem of factors of economic growth, among which education became crucial. Education gives an impetus to increase the level of human knowledge, that is, to the formation of human capital. A representative of the neoclassical school Ben-Poret defines human capital as "any machine-like fund whose task is the production of labor services in generally accepted units of measurement, and as a representative of materialized capital. Thus, the role of skilled labor in many fields of activity is increasing. Representatives of the neo-Keynesian direction Dornbush, Shmalenzi: the following definition of human capital is given: "human capital is a measure of the earning capacity embodied in a person. Human capital includes innate abilities and talents, as well as education and acquired skills. Thus, the authors link the innate and acquired abilities of people with human capital.

For a long time, the economic science of the Republic of Uzbekistan did not pay enough attention to the problems of human capital, because human capital was not recognized as an economic category, which led to a lag in the development of the theory of human capital. Nevertheless, in the years of independence in the Republic of Uzbekistan, monographic studies of the human capital of scientists of our republic appeared. The first scientific studies in this direction include Ubaidullaeva, Shibarshova, Abdurakhmonov, Karimova, Maksakova, O'lmasov, Vahobov, and Abdurakhmonova, Bozorova and others, who are actively creating today, can be cited as scientific research works.

Several main approaches can be identified based on the generalization of the researches on the concept of "human capital". Many scientists of our Republic determine human capital based on profitability criteria, that is, human capital is understood as a set of knowledge, skills and abilities of a person that is used in the production of goods and services and will bring income in the future. Professor Ubaidullaeva (2013) emphasizing that the role and importance of social imperatives is growing due to the growth of human potential in ensuring the country's competitiveness today, he emphasizes that the state will be absent as the main investor in human capital as a distinctive aspect of the formation and development of social imperatives in Uzbekistan. Professor Karimova (2012) if it refers to material capital production factors, ownership rights to property and financial assets, human capital and social capital, educational level, professional qualification, innovative potential of personnel, as well as population health, people's attitude towards their health, religious and cultural values, national traditions thinks about covering customs and traditions.

According to Academician Abdupahmonov, (2009) "The importance of human capital is limited to natural resources, material wealth and tools". Therefore, human capital is the main factor of economic growth and productivity. The concept of human capital as an economic category is constantly expanding with the development of the global information society and the "knowledge economy". In recent times, human capital is a factor of intensive development of the economy, society and family, which encompasses intellectual and other work, the environment of living and working activities. This ensures that human capital is used efficiently and rationally as a productive factor of brewing. Production in Makpodapaja is carried out on the basis of capital and labor. These two factors, in turn, are considered to be the factors of economic growth. According to the approach of professors Olmasov and Vahabov (2014), it is said that "Human capital is the intelligence and energy of people capable of creating goods and services that are considered life benefits, and it is equated to capital because it costs money to create it".

Other authors consider human capital as the main production and social factor that contributes to the development of the economy and society in general, and determine it through the accumulation and development of certain abilities and qualities through investments directed at the individual. Some local researchers emphasize the historical significance of the

researched concept. According to them, only in a post-industrial society can human capital appear. This society is the result of the third scientific and technical revolution, which has created a new social environment of life, in which knowledge, skills and qualifications, the qualifications, professionalism of employees, and the level of education in general are brought to the fore. It follows that human capital is a set of gross productive abilities and human forces, functional roles and forms that correspond to the post-industrial state of society. Summarizing all views on human capital, they can be combined into the following economic schools and directions (see Table 1).

Table 1.

### Conceptual foundations of human capital research

Economic schools and directions	School representatives	The main theoretical approaches that interpret the content of human capital
Classical school	Petty, Smith, Mill, McCulloch, Senior, Say.	Human capital is understood as the accumulated knowledge and skills that make up part of the national wealth. Human capital represents abilities and skills acquired as a result of costs and leading to increased labor productivity. Man capital is seen as acquired and acquired abilities, realized only as a tool in the cocktail process.
Neoclassical school	Walras, Fisher, Marshall, Schultz, Becker, Turrow, Mahlup, Ben-Porat.	Human capital is a source of future income or future satisfaction or both. It is human because it is an integral part of it. Human capital of people is their ability to produce goods and services. Human capital is inseparable from the human carrier, which mainly includes human characteristics such as respect for political and social stability acquired through appropriate upbringing and education. Defines human capital as any machine-like stock whose function is to produce labor services in generally accepted units of measurement and as a representative of materialized capital.
School of Neokenism	Fisher, Dornbush, Shmalenzi	Human capital is a measure of a person's embodied earning capacity. Human capital includes innate abilities and talents, as well as education and acquired skills.
Russian economic school	Dobrynin, Corogodin, Svyatodukh, Belkin, Belkina, Radaev, Maksimova,	Human capital is understood as a set of knowledge, skills and abilities of a person, which are used in the production of goods and services and generate income in the future. Human capital is considered the main production and social factor that contributes to the development of the economy and society as a whole, and it is determined by the accumulation and development of certain abilities and qualities through investments directed at the individual. The emergence of human capital in the post-industrial society is the result of the third scientific and technical revolution, in which knowledge, skills and qualifications, the qualifications, professionalism of employees, and the level of education in general are brought to the fore.
School of Economists of Uzbekistan	Ubaidullaeva, Karimova, Abdupakhmonov, Olmasov, Vahobov, Abdurakhmonova, Bozorova.	In a narrow sense, incon capital represents the intelligence, wealth, knowledge, productive work of an incon and his quality of life, in a broad sense, incon capital is an intensive production factor of economic development, the development of society and family, the educated stock of labor resources, intellectual and managerial labor, living and working environment.

Source: compiled based on the author's research.

In conclusion, it can be noted that human capital has been comprehensively considered in the economic literature and different approaches to the definition of this category have been formed. Representatives of the classical school founded the modern theory of human capital. People with different abilities and characteristics were considered as the wealth of the society and the country, and this depended on the nature of their professions. The professional development of the employee comes first, then the improvement of the machine and equipment. The importance of effective investments in people is emphasized, as they also bring benefits by compensating him. Thus, there is no single definition of the concept of "human capital", because it has a very large capacity and includes social, economic, spiritual and other areas. Based on the above, in our opinion: human capital is a sum of gross knowledge and professional skills acquired and accumulated during the life of an individual, which contributes to economic growth and the improvement of people's well-being.

### Conclusion and suggestions.

1. The concept of human capital appeared in Western economic literature from the 17th-19th centuries, and at each stage of its development, approaches expressing different views typical of the existing scientific economic schools of that time were formed.

2. There are two directions within the classical school: according to the first one, human capital is gross human abilities acquired and accumulated during a person's life. According to the second, directions were formed that consider human capital as a person's abilities at the same time as a person himself.

3. Shults, the founder of the modern human capital theory, believed that human capital includes both the innate abilities of a person and the knowledge, experience and skills acquired during life.

4. In our opinion, human capital is a sum of gross knowledge and professional skills acquired and accumulated during the life activity of an individual, which contributes to economic growth and human well-being.

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