



THEORETICAL AND CONCEPTUAL FOUNDATIONS OF EVALUATING THE INFLUENCE OF HUMAN CAPITAL ON INCREASING THE INCOME OF THE POPULATION

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Abstract: The study of human capital's influence on the income of the population has become increasingly crucial in understanding the dynamics of economic growth and development. Human capital, encompassing the skills, knowledge, health, and abilities of individuals, is a fundamental driver of productivity and innovation within an economy. This paper explores the theoretical and conceptual foundations of evaluating how human capital impacts the income levels of the population, with a particular focus on its contribution to economic progress. The paper begins by examining the definition and components of human capital, considering its importance not only in the labor market but also in influencing broader societal outcomes

Keywords: Income, human capital, welfare of the population

Introduction

Human capital is an important source of medium and long-term economic growth. A high-quality education and healthcare system increases people's ability to work, accelerates the adoption of new technologies, and increases production efficiency. It is possible to improve the efficiency of economic production by increasing the knowledge and skills of society. This, in turn, leads to an increase in the income of the population.

In almost all countries of the world, the share of human capital exceeds half of the gross national income. A high share of human capital indicates the level of development of countries and uneven distribution of income. Many countries that provide investment in human capital have rapid growth rates and affluent lifestyles. That is, attracting a certain amount of investment in human capital determines the rate of development, economic, technological and scientific progress. "Every \$1 spent on primary and secondary education increases gross income by \$2.5 in middle-income countries and an additional \$5 in low-income countries. An additional year of education increases average lifetime earnings by 9% and in some cases by 15%." [1]

Studies have shown that every year of schooling over 12 years reduces unemployment by 4% and additional skills decrease by 12% [2] and that each year of additional schooling increases the average annual GDP by 0, 37% and increase per capita income by 10%. [3]

In the conditions of the rapid development of the digital economy and artificial intelligence in the world, it is necessary to improve the theoretical and methodological foundations of human capital, to bring out its potential and in the future researches aiming to study human capital from all sides in order to satisfy the emerging needs are currently gaining the main place. Creating jobs based on human capital in research on human capital, creating more opportunities related to human capital in the daily activities of the enterprise, developing the population through human capital It is important to develop mechanisms for increasing income in a new way and to apply them in real life.

Literature review

Basically, the economic value of talent, knowledge, experience, intelligence and education (of individuals or groups) can be attributed to the concept of human capital. Education that supports human

health and improves human knowledge and skills is seen as an important human capital investment.

Academician K. Abdurakhmanov believes that human capital is a person's intellect, health, knowledge, high-quality and productive work, and his quality of life. [4]

Adam Smith (1776) was the first economist to introduce the concept of human capital into the definition of capital. Smith argues that the useful knowledge and skills acquired by the population overtime should be included in the capital stock of the country in which the population resides. [5]

T.W. Schultz (1961) is considered to be the first to theorize the theory of human capital. [6] Schultz argues that human capabilities enhance societal well-being, and that individual well-being is economically important after the acquisition of knowledge and skills. Therefore, individuals can be included in the capital stock of the economy or classified as the basis of production services. Schultz also criticizes why human capital cannot be added to a country's capital even though it can be increased at a much higher rate than physical capital.

W. Petty showed that the composition of wealth and its sources includes land and the rent it brings, capital and profit (interest) from it, as well as one or another type of income depending on people's work, skills and health. According to the scientist, the amount of human capital is estimated by the capitalization of the employee's salary throughout his life. [4]

Although the concept of "human capital" was mentioned as early as 1776, it was formalized two centuries later. Since then, scientists have been conducting research on the role of human capital in economic development. For decades, research has focused on human capital in schooling.

Researcher Eijas Ahmat says: "Plato is the first political thinker who considered man as a valuable asset." [6]

The American economist I. Fisher combined the researches of different schools of capital at the beginning of the 20th century and believes that "capital should be understood as everything that ensures the flow of income over a certain period of time, and any income appears as a product of some type of capital." [7]

According to the proponents of modern growth theory, the emergence and accumulation of human capital is the main basis of economic and social development. Researchers have extensively studied whether educational attainment can significantly contribute to the overall output of an economy. Although research has produced inconsistent and controversial results, several small studies have shown a consistent positive relationship between the education of the workforce and their productivity and earnings. The general conclusions were that people with more information were better employed, earned more income, and produced more than those with less information.

Research methodology

Systematic analysis, grouping, logical reasoning, complex evaluation, logical and comparative analysis, and statistical grouping methods were used in this research work.

Analysis and results

Human capital is the knowledge, skills, and health that people acquire throughout their lives that enable them to fulfill their potential as productive members of society. Investing in people through nutrition, health, quality education, jobs and skills helps develop human capital and is key to ending extreme poverty and creating more inclusive societies.

Also, human capital is one of the most important factors contributing to the country's economic development.

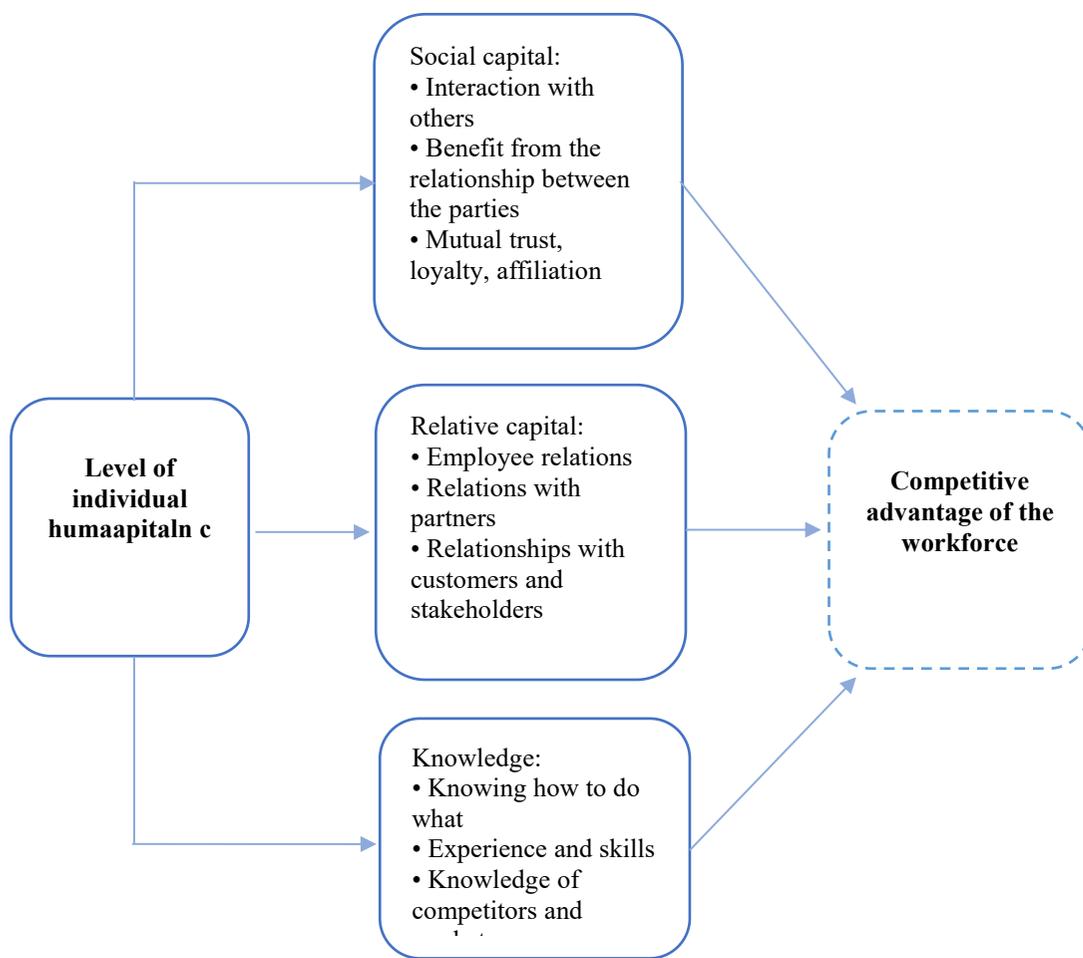


Figure 1. Human capital resources that determine competence [8]

The essence of human capital is fully revealed during the study of the relationship between the term

"human" and the term "capital", its essence is clearly visible. It is necessary to understand that in human capital, along with the characteristics typical of capital in general, there are also specific characteristics unique to human capital.

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The human capital model suggests that the level and distribution of schooling in a population determines the distribution of income. Hence, the model predicts that the supply and demand of educated people affects income inequality in society.

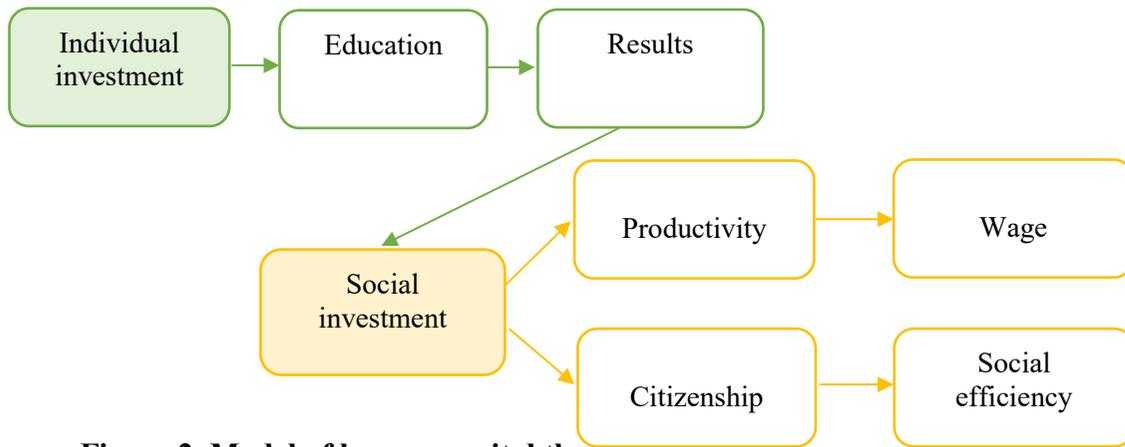


Figure 2. Model of human capital theory [10]

Research consistently shows a positive correlation between years of education and income. This means that as a person's level of education increases, so does his income. This relationship can be explained by the fact that education equips people with knowledge and skills that are valued in the labor market. Individuals with higher levels of education are more likely to have high-paying jobs that require specialized skills and experience. Additionally, education can lead to career advancement and promotion opportunities, which can further increase an individual's income. However, it should be noted that the strength of the relationship between education and income may vary depending on several factors, such as type of education, industry, and occupation. For example, some occupations may require specific certifications or training that are not associated with higher education. In addition, there may be earnings disparities across different levels of education, such as the gender wage gap, which may affect the overall relationship between education and earnings. In general, the relationship between years of education and income is generally positive. Although several factors may influence this relationship, education remains an important factor in determining an individual's earning potential.

Conclusion

In conclusion, the availability and quality of human resources are the main factors of the country's development. Educated personnel and well-trained personnel will become strategic assets for increasing regional and local competitiveness. A country with an educated and skilled population has attractive potential to attract investors and has the potential for sustainable economic development.

Although human capital is important for the growth or productivity of production at the general level, it is necessary to further study the relationship between the education and health of the employed population and their labor productivity and income. Research that includes broader and deeper approaches is needed. For this reason, the high demands for the development of human capital, economic opportunities, financial opportunities, as well as scientific research on social benefits have become an important necessity for today.

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