



The Importance of the Human Factor in Innovative Development

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ABSTRACT

The development of the information economy has significantly changed the place and role of man in a new type of management. The skills and abilities of a person came to the fore in social production. Human capital is a necessary condition for maintaining the competitiveness of the state economy in world markets, as well as the most important characteristic of the activities of the legislative and executive authorities in the country. To assess the quality of human capital, the standard of living, the level of education and longevity of the population, the state of medical care and the production of GDP per capita are measured.

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In the second half of the 20th century, significant changes took place in the economies of the leading industrialized countries: they entered a new stage in the development of economic relations, the so-called "information economy" or post-industrial economy, in which among all the factors of economic growth, innovative factors occupy the largest share, such as science, education, technology development.

The development of the information economy has significantly changed the place and role of man in a

new type of management. The skills and abilities of a person came to the fore in social production. Human capital today plays an important role in the economy of the country. Through the development of human capital, it is possible to increase the country's competitiveness, increase production efficiency, and its development also contributes to the economic growth of the country. The transition to an innovative development path is impossible without attracting human capital.

The concept of "human capital" is now becoming of great importance not only for theoretical economists, but also for individual firms. The interest of economic science in human creative abilities, in the ways of their formation and development, has sharply increased.

Most companies are beginning to attach great importance to the accumulation of human capital, as the most valuable of all types of capital. One of the ways to accumulate human capital is to invest in a person, in his health and education. Today, the study of the problems of increasing the efficiency of the use of the productive forces of people, which are realized in modern conditions in the form of human capital, is not only relevant, but is put forward as a priority in the structure of socio-economic research. This involves conducting in-depth scientific research on this problem.

An analysis of the stages of human development shows that human capital and its growth cycles are the main factors in the generation of innovative waves of development and the cyclical development of the world economy and society. The biggest innovations have been based on accumulated human experience in every historical period. On their basis, education and science developed, a layer of highly professional, scientific, technical, managerial, intellectual elite was formed, thanks to which another breakthrough in economic development was made. Thus, high-quality human capital generates innovation and is the main driver of development, creation of high technologies, continuous modernization of the economy, growth and development of the knowledge industry.

At present, the share of human capital in national wealth in the most advanced and developed countries of the world is from 80 to 90 percent (Table 1) [1].

Table 1. National wealth of the world at the beginning of the XXI century

Countries	National wealth		Including by types of capital, in %		
	Total, trillion dollars	Per capita, thousand dollars	human	natural	physical
Worldwide	550	90	67	16	17
G7 countries and the EU	275	360	78	4	18
OPEC countries	95	195	47	37	16
States of the Commonwealth of Independent States (CIS)	80	275	50	38	12
Rest of the world	100	30	65	15	20

The process of replacing physical and natural capital with human capital, the prevalence of investment in human capital over investment in physical capital is a characteristic process of the late 20th and early 21st centuries for the developed countries of the world.

Human capital in a broad definition is an intensive productive factor in the development of the economy, society and family, including the educated part of the labor force, knowledge, tools for intellectual and managerial work, the environment and labor activity. Human capital is a necessary

condition for maintaining the competitiveness of the state economy in the world markets in the context of globalization, as well as the most important characteristic of the activities of the legislative and executive authorities in the country. To assess the quality of human capital, the standard of living, literacy, education and longevity of the population, the state of medical care and the production of GDP per capita are measured.

These indicators are taken into account when calculating the Human Development Index (HDI). A quarter of a century ago, Uzbekistan was not on this list of 189 countries, and according to the data for 2020, we are assigned 106th place with a development index of 0.720. In the HDI, countries were assessed by three parameters: the index of life expectancy, the education index: the expected and average duration of education, as well as the volume of gross national product per capita [2]. The Human Development Index is a comprehensive indicator of the standard of living of a person in a particular country, therefore it is sometimes used as a synonym for such concepts as "quality of life" or "standard of living".

These three dimensions are standardized as numerical values from 0 to 1, the geometric mean of which is the total HDI indicator in the range from 0 to 1. In the final rating, all states are ranked on the basis of the HDI and are classified into four categories in accordance with the accepted gradation (Table 2):

1. Countries with a very high HDI level (over 0.9).
2. High HDI countries (from 0.8 to 0.9).
3. Countries with an average HDI level (from 0.5 to 0.8).
4. Countries with low HDI (less than 0.5).

Table 2. Rating of the countries of the world according to the human development index (HDI)
[2]

Country ranking	Country	The human development index (HDI)
1.	Norway	0,957
2.	Ireland	0,955
2.	Switzerland	0,955
17.	USA	0,926
19.	Japan	0,919
51.	Kazakhstan	0,825
52.	Russia	0,824
85.	China	0,761
106.	Uzbekistan	0,720
111.	Turkmenistan	0,715
120.	Kyrgyzstan	0,697
125.	Tajikistan	0,668

In this regard, the modernization of education in Uzbekistan today has become the main national task. Without its solution, the country will not be able to get rid of "raw material dependence" and achieve renewal of all spheres of public life on the path of post-industrial development. Serious changes are needed in the organization and technology of education, an increase in funding and an improvement in the quality of university management.

An analysis of the processes of scientific and technological development shows that human capital is becoming the most important factor in the development and growth of the economy. If GDP growth is not invested in human development, in improving the quality of life, in education and healthcare, then it will be impossible to expand production, move to an innovative economy and a knowledge economy. Back in 1934, the Nobel Prize winner in economics, Simon Kuznets, wrote that “for a scientific and technological breakthrough, the necessary start-up human capital must be created in the country [3].

In our opinion, today Uzbekistan needs more serious investments in the development of human capital simultaneously in all its components, while simultaneously fighting corruption and criminalization. The most important areas are the financing of science, education and healthcare, the protection of motherhood and childhood. There is a urgency in this issue that any state with an economy in transition has to resolve: what part of the investment should be invested in human capital that does not give a quick return? It is clear that these investments in the transition economy at the first stage are carried out mainly from the budgets of all levels due to savings on other items of expenditure. It is also necessary to provide tax and other incentives for investment in human capital by private business.

The main condition for the growth of human capital in Uzbekistan belongs to the issue of wage growth. Another condition for the growth of human capital is significant investment in education.

In general, to solve the problem of human capital growth, the following is necessary:

- develop a program for financing and stimulating the growth of the value and quality of human capital;
- increase direct public and private investment in human capital;
- provide benefits to legal entities and individuals investing in human capital;
- increase public investment in preschool and school education;
- increase targeted educational allowances for children and youth;
- to carry out computerization of education;
- to carry out an effective transformation of medical care for the population, etc.

Therefore, the above facts about the development of human capital in Uzbekistan suggests that human capital in Uzbekistan has problems of formation and growth, namely:

- insufficiently high level of GDP per capita;
- insufficient funding of science and education by the state;
- low quality of work;
- the outflow of highly qualified specialists abroad, etc.

Only an increase in public and private investment in human capital and their effective use can correct the current situation in Uzbekistan with a low growth of human capital and bring it out of the crisis. This will make it possible to overcome the split in society and reduce the contradictions between the state and the population.

Among the priority areas for improving the use of human capital, one should also note the orientation of budget policy towards ensuring a high standard of living for the population. In this direction, it is necessary to recognize the implementation of the following activities:

- achieving a balanced budget by increasing revenue rather than cutting costs;
- strengthening guarantees and rationalization of state financing of the social sphere, education and healthcare. Moreover, the increase in the revenue part of the budget should be carried out through the growth of production volume, the improvement of tax policy, in particular, the development of a system of indirect financing of the social sphere. In order to strengthen the guarantees and rationalism of state financing of the social sphere, it is necessary to strengthen control over the expenditure of financial resources, to practice financing of health care, education, and culture on the basis of targeted programs.

One should not disregard such an aspect as the motivation of a person for high-quality and highly productive work. Methods of moral encouragement of employees can be manifested in public recognition, employee promotion, training, creating a favorable psychological climate. Among the economic methods of motivation, one can single out material incentives, which include bonuses, paid holidays, wages, subsidized meals, and much more.

Thus, there are a number of problems hindering the effective use of human capital. However, our country has the opportunity to improve this situation. This requires active government regulation. The implementation of the proposed measures by the state should have a beneficial effect on the efficiency of the use of human capital. An important element also remains motivation, which combines various methods of stimulating employees for quality work. So, thanks to the right state policy and incentives for workers, human capital in Uzbekistan can be used to its full potential.

In this regard, it should be noted that Uzbekistan annually adopts Employment Programs. Special attention within the framework of the Program is given to the development of self-employment in personal subsidiary and dekhkan farms, handicrafts and family business; employment of the unemployed.

In the development strategy of New Uzbekistan for 2022-2026, it is planned to more than double the volume of GDP by 2030. To this end, it is planned to implement 657 investment projects worth about \$40 billion, create new free economic zones, continue a major import substitution program and develop large infrastructure projects.

In conclusion, it can be noted that the essence of innovative development is the ability of the state to quickly introduce new ideas and technologies into production, quickly adapt them into goods and bring them to the markets. Bearing in mind that by 2030 Uzbekistan has set a goal to enter the upper middle income group of states - with the upper bar of the middle income level, then, in order to achieve this, the country will have to make a significant economic breakthrough.

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