Features of Investments in Different Periods of a Person's Life Cycle

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Abstract: This article provides theoretical and practical information about the theoretical interpretation of the concept of human capital, the characteristics of investments in different periods of the human life cycle in its development, and developed appropriate proposals.

Keywords: Human capital, investment, investment activity, human life cycle, education, cycle types.

Human capital has its own characteristics of development during the life cycle of a person, that is, from birth to death. Human capital is a person's abilities obtained as a result of investments (physical, mental and entrepreneurial), his knowledge, skills, professional skills, motivation, which are used in the production of products and services and contribute to the growth of his income. The growing owner has practical experience, profitable business and national income.

Any system develops in certain stages. As a biological system, a person is also characterized by the presence of a life cycle, so it can be assumed that investments in a person can vary depending on its phases, that is, the amount of funds invested in different phases is different.

Let's single out several stages of human development:

- Stage I - includes the development of the child, his personal qualities and initial knowledge, that is, this is a period of childhood lasting up to 12-14 years, during which parents are investing and the funds raised do not yet generate income;
- Stage II - a period of growth, expansion of knowledge and acquisition of any skills and qualifications, this is the period from 13 to 24 years, that is, when a person usually has a higher education and starts looking for a job, at this stage a person already begins to invest;
- Stage III - includes the period from 25 to 45 years, that is, the period when a person can take the place of an employee, manager. This is a period when each person can decide on the profession that he can choose, strengthen himself in a certain direction, conquer certain heights. This is the time when the return on invested funds begins to generate income and increases over time, reaching a maximum;
- Stage IV - a person continues to invest in himself and reaches new heights. He earns more than the invested funds, either keeps it at the same level, or stops there, or starts to decline.

The period between each stage requires additional investment in a person. At the third stage, a person inevitably underestimates the decline in the quality of human capital and, as a result, faces the problem of ensuring an increase in this quality.

At this stage, quality improvement can be achieved with fewer tools, since there is a certain “baggage” of knowledge, but such a physiological factor as age cannot be ignored.

Summarizing the above, it can be noted that without sufficient investments at the initial stage of human development, one cannot say that the invested funds will bring the maximum return. Of course, people have different abilities, different inclinations, but the foundation for future blessings is laid at the first stage of human development. It seems that we can put forward the
following hypothesis: investments in people at a certain stage create the basis for the effectiveness of investments at subsequent stages.

If you reduce investment costs or time, the return on investment will be less than it could be. G. Becker also emphasizes that the earlier an investment is made, the more income it will bring in the future.

At the same time, the role and influence of the state in investing in the development of human capital and increasing its efficiency are important. It is the state that establishes a mandatory minimum of education, supports free education, adopts programs that provide more or less equal opportunities for education to people from different social strata. By regulating payments in various sectors of the economy, it can affect the return on investment. Only taking into account all these factors, we can talk about effective or inefficient investments in a person. Most importantly, these investments are the basis for all innovation in the economy.¹

Human capital must go through certain periods in the course of a person's life cycle. This period is determined by the time of reproduction of human capital. Even K. Marx argued that "...advanced capital will have to complete a certain cycle of circulation, and this cycle is determined by life, that is, the time of reproduction or circulation ...".

The study of scientific literature allows us to identify the following basic principles for studying the features of the movement of human capital:²

1. Human capital is formed by a specific person and is its integral part. It is possible to distinguish only the products of mental and physical labor, and not the abilities and needs of a person. Therefore, the reproduction of human capital is inextricably linked with the stages of human life and personal life.

2. Health, knowledge, skills, experience, culture accumulate and act as a kind of reserve or potential that requires preservation and reproduction. It is necessary to quantify the intensity and dynamics of the boundaries of each element of human capital.

3. Two periods are clearly distinguished in the movement of human capital:
   - the process of formation or the period of investment;
   - the period of reproduction or active labor during the period of productive use of human capital.

4. The reproduction of human capital is simple and can be increased by accumulating the potential of production skills. Although human creativity, a person's potential can decline, for example, during times of unemployment or social unrest.

5. The life cycles of the reproduction of health, knowledge, skills, professions and specialties, scientific discoveries and innovations are a cyclical feature of the movement of human capital.

6. Given the length of the investment cycle of 16-25 years, the high costs of social services, education, healthcare and information, a high investment potential is required for the formation and accumulation of human capital.

7. The effectiveness or profitability of investing in human capital depends on the area and enterprise in which it is used, as well as on the personal motivation and responsibility of the person. Subjective and objective factors determine the conditions for the use of human capital turnover, economic and social consequences.

¹ C.M. Krymov, T.V. Kushnireno. Description of investment in a person based on the concept of the life cycle Tomsk State Pedagogical University 12/14/2006
Using a cyclic approach to the study of human capital and institutional analysis, the cycle can be defined as a special case of undulating movement, which is important for the development of human capital. Human capital as a self-enrichment of life activity is characterized by a combination of continuous progressive movement and continuous movement, consisting of separate stages of development. This means that the movement of human capital occurs in cycles.

S. Dyatlov and L. Simkina distinguish three types of circulation of human capital (Fig. 1). These types reflect changing needs and varying degrees of ability, and differ in the timing of their acquisition.

Figure 1. Types of human capital cycles.

A long life cycle is a form of reproduction of national human capital, in which the needs and abilities of a person completely change. This period is associated with the emergence of qualitatively new needs and a fundamental change in the ways and possibilities of satisfying them. These changes are associated with the deepest redistribution of economic entities by types of activity, sectors of the economy, changes in the technological structure of production and deep structural restructuring. Their result is the creation of new markets for goods and services. In this process, science occupies the main place, its role in the reproduction of human capital is to implement scientific and technological changes based on fundamentally new scientific principles, discoveries, ideas, new technologies and development paradigms based on the technological order. Scientific ideas embodied in major innovations become the starting point of a new era. From this point of view, a long period is a change of generations of producers, and the time of implementation of this cycle covers the period of labor activity of one generation of workers in all sectors of the national economy, including the household.

The long cycle of national human capital lasts about 50-60 years, during which time it wears out physically and mentally. This cycle is limited to investments aimed at the development of fundamental science, education, culture, general and vocational education, as well as investments aimed at large-scale renewal of the main long-term means of production within the framework of practical scientific and technical activities. technical order.

The average life cycle describes the reproduction of the human capital of an enterprise, which is associated with the satisfaction of these types of needs by expanding the types of quality goods and services. The average cycle continues in the same productive form of life of workers with a change in the boundaries of the described innovation wave. It is necessary to master new specialities, retrain workers in the same professions, improve the developed skills - change generations of equipment. When implementing a long innovation cycle, human capital makes five average turnovers, and the average cycle time works as the period of implementation of one generation of labor tools. In developed countries, the working life of one generation of workers currently spans about five generations of technological change. Therefore, each worker must undergo retraining five times during his working life. The average cycle is associated with investments in retraining of personnel and a large-scale renewal of the active part of fixed capital.
The short life cycle is characterized by the movement of individual human capital and is carried out within the medium cycle. It indicates an improvement in the ways of satisfying needs, therefore it is accompanied by an increase in the qualifications of workers within professions or specialties. The short period is directly related to the movement of the type of labor and represents the improvement of the productive way of life within the middle cycle. This period implies an increase in the effectiveness of the implementation of the intellectual and technical potential inherent in this way of productive life. To solve this problem, investments are needed in the modernization, modernization and technical re-equipment of production equipment.

The life cycle of human capital consists of successive stages:

1. Origin (the period from the birth of a child to kindergarten).
2. Primary development (kindergarten).
3. Basic development (school).
4. Professionalization of knowledge (university).
5. Practical activity (work).
6. Aging (retirement).

At each of these stages, investments are made from several main sources:

1. Family (clothes, textbooks, tuition fees, and so on).
2. State (scholarships, subsidies, kindergartens, schools, universities).
3. Investments of the firm (salary, staff training within the firm).

In the first four stages of development of human capital, there is a constant increase in its value. This is explained by the fact that the increase in the price of services in the labor market always depends on the amount of knowledge and skills of a person.

At the fifth stage, there may be several options for the behavior of the value of human capital:

- if a person is engaged in high intellectual work and constantly improves himself, attends additional courses, the value of his human capital increases;
- if a person does not use the skills acquired during studies, engages in physical labor without attending additional seminars and courses, then his skills are lost, and the value of human capital is reduced.

In conclusion, it can be emphasized that human capital is important and necessary for every person, any company and society as a whole. The formation, accumulation and enrichment of human capital is of interest to everyone. To do this, all business entities invest in the reproduction of human capital. The formation of human capital begins at birth and continues throughout life. Thus, the enrichment of life is carried out as a periodic change in the needs and abilities of a person, methods of work and consumption. The more often this happens, the more society develops and the richer human life becomes.

**List of used literature:**

1. C.M. Krymov, T.V. Kushnirenko, Description of investment in a person based on the concept of the life cycle Tomsk State Pedagogical University 12/14/2006