



## Modern Mechanisms of Human Capital Development and Their Significance in Development

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**Abstract:** In this article, modern mechanisms of human capital development and their importance in development, human capital, its positive qualities, human abilities, purposeful and effective activities, as well as labor activity, which is the most important part of human life, the importance of human value, human capital and mechanisms of world scientists His thoughts are analyzed philosophically.

**Keywords:** human capital, "Foreign affairs", investment, capability, mechanism, education, school, activity, society, development, social, country, investment, modern, "Doing Business", economy, subsidy.

### I. Introduction

World Bank President Jim Yong Kim's analytical article published on the website of the prestigious US magazine "Foreign Affairs" discusses how to convince the government to invest in human capital; focuses on investing in the construction of magnificent bridges, new roads, modern airports and other infrastructure.

They are generally less interested in investing in human capital, which includes people's health, knowledge and skills, experience and lifestyle. This is a big mistake, because neglecting to invest in human capital can drastically reduce a country's competitiveness. After all, in order for the country to develop economically, it is necessary to educate talented people.

### II. Literature review

Throughout the World Bank Group's career, our experts have explored every aspect of economic growth, helping people lift themselves out of poverty, and investing in the development of developing countries. In 2003, the bank published its first annual Doing Business report, which benchmarked countries on everything from taxation to contract enforcement. There is no way to deny the conclusions of the report. The reason is that the heads of state and finance ministers faced the risk that foreign direct investment may decrease [2.56]. Because companies prefer to invest in countries with the most favorable business environment. Over the next 15 years, Doing Business reports have contributed to more than 3,180 reforms.

Today, the bank takes a similar approach, encouraging governments to invest in people. Representatives of the World Bank Group are developing an index to assess how human capital affects the performance of the next generation of employees. The index will be presented at the World Bank Group's annual meeting in Bali this October. It reflects the health status that a child born today can expect when he reaches the age of 18, as well as the quality and quantity of education. Scientists know a lot about the benefits of human capital development. However, this could not be a convincing call to accelerate the actions of developed countries in this direction [1.73].

### III. Analysis

In the last three decades, life expectancy in rich and poor countries has started to converge. Enrollment rates have increased significantly with education. However, the problems did not end there. Nearly a quarter of children under the age of five are malnourished, more than 260 million children and youth are out of school, and 60 percent of school-aged children in developing countries still do not have access to a minimum education.

The importance of human capital can be assessed in several different ways. Traditionally, economists have measured this by the earnings of people with more education [2.65].

Studies have shown that each additional year of education increases a person's income by an average of 10 percent. The quality of education is also important. Replacing a low-skilled teacher with a mid-level expert in a particular US elementary school classroom can provide students with a total lifetime gain of up to \$250,000, but cognitive ability is not the only indicator of human capital. Social-emotional skills, such as courage, will, and honesty, usually lead to greater economic productivity. Health is also important. After all, the work efficiency of healthy people is high. A 2015 Kenyan study found that giving children an anti-helminthic drug costing just 30 cents reduced school dropouts and 20 percent higher monthly earnings when they later became independent.

Measuring human capital in different ways from an early age is beneficial. Feeding the child right from infancy and encouraging his healthy development will improve his physical and mental well-being later.

At the same time, some deficits in cognitive and social-emotional capacities in childhood are costly to correct in adulthood. Therefore, the development of human capital by the government in the first 1000 days of a child's life is economically beneficial. What does all this have to do with economic growth? First, if the benefits of individual investments are added to human capital, it becomes clear that the total effect is greater than the sum of the individual parts. Returning to schoolchildren in Kenya, one child's freedom from helminths reduces the likelihood of other children becoming infected [5.33]. This, in turn, leads to their better education in the future and a relatively high salary when they grow up. Some of the benefits of human capital development are concentrated and not limited to the generation in which the investment is made. For example, improving the mother's knowledge about the child's perinatal care will improve the health of children from infancy.

Economists estimate that when individual investments in human capital are aggregated, the gap between investment in human capital and per capita income in different countries ranges from 10 to 30 percent.

In the mid-19th century, Brazil encouraged the immigration of European intellectuals to São Paulo. As a result, 100 years later, the state has a higher level of education, more employment in industry than in agriculture, and a higher per capita income. Education, in particular, brings great productivity, so it plays an important role in reducing the scale of poverty. The history of Ghana confirms this. In the 1990s and early 2000s, the country was able to dramatically increase key indicators by doubling the amount of spending on education [4.57]. As a result, from 1999 to 2012, the literacy rate in the country reached 64 percent, and the poverty rate decreased from 61 percent to 13 percent.

Investments in education can also reduce social inequality in society. In most countries, children born into relatively well-off families begin to take advantage of opportunities from an early age, and this leads to a number of advantages throughout their lives, in contrast, children from disadvantaged families do not have access to such opportunities. When efforts are made to solve such a problem by the government, a tendency to reduce economic inequality is observed. A North Carolina study found that if the United States implemented effective early childhood development programs, the nation's income inequality would decrease by 7 percent. This is enough for the US to reach Canada's level. Society also benefits greatly from investing in human capital. Continuous schooling reduces the likelihood of various crimes [7.19].

In 2017, a study was conducted in Liberia on the referral of drug traffickers, thieves, and other men prone to crime to cognitive-behavioral therapy. This was intended to help them understand their emotional state, improve self-control, and develop skills such as how to behave in difficult situations.

The low-cost program significantly reduced the likelihood of these people returning to the world of crime.

Human capital is related to a person's participation in society. In the mid-1970s, universal primary education was introduced in Nigeria, and most children enrolled in primary schools. A few years later, these young men and women began to take an interest in the news, discuss politics with their peers, and participate in ward meetings and elections. Investing in human capital also increases trust. Educated people trust others more; a society with a high level of trust usually achieves relatively high economic growth. They also tend to be more tolerant: studies have shown that school reforms in Europe in the mid-twentieth century made people more tolerant of migrants [6.89].

#### **IV. Discussion**

Human capital does not appear by itself, it must be developed by the state. In particular, the factor of investing in human development and the spread of this investment to others is often not taken into account.

For example, parents are concerned about their child's health first when deciding whether to treat their child for worms. However, they do not remember that these actions reduce the risk of other children getting sick.

Alternatively, let's take parents who spend money so that their child can get more knowledge in kindergarten. They ignore the broader societal implications of this, such as lower crime rates and lower incarceration rates in the future. A 2010 study of the effectiveness of one preschool program in Michigan found that every dollar spent returned \$7 to \$12 in benefits to the community.

In some cases, the norms accepted by society prevent parents from investing in their children. It is already known that parents pay more attention to their son than to their daughter. However, this discriminatory effect may have unintended consequences in the future.

As an example, the Indian government estimates that there are about 21 million such "unwanted girls" in the country. These girls receive less attention than their parents in terms of health and education. In other cases, families want to invest in their children, but cannot afford it. Poor parents cannot afford loans to pay for the schooling of their gifted children. Even if education is free, they need to earn money for transportation and school expenses. Not to mention cases where the child works to bring additional income to the family and therefore cannot study at school [5.106].

While it is important for governments to invest in human capital, politicians often resist it. Officials have no incentive to support programs that take decades to pay for themselves. In the absence of an epidemic, politicians may lose focus on public health. There are very few examples of public health projects being financed by raising taxes or taking a portion of funds earmarked for more important expenditures, such as infrastructure or social needs.

In 2012, the Nigerian government faced serious opposition when it removed fuel subsidies in the country in order to channel more money to maternal and childcare. In media coverage of this issue, all attention was focused on the suspension of subsidies, and little importance was paid to the issue of expanding the first medical and sanitary assistance, which is very necessary for the society. After widespread social protests, the subsidy was restored.

#### **V. Conclusion**

In some countries, such discontent is partly explained by the weakness of the social contract: citizens do not trust their government and therefore hesitate to pay taxes that, in their opinion, will later disappear without a trace.

The problem of self-expression is complex everywhere. Too many children around the world can't read because their teachers don't have enough knowledge. "Service Levels" was an initiative that got to the heart of this problem. It was developed by the World Bank Group in collaboration with the African Economic Research Consortium to collect data on sub-Saharan African countries [7.9].

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