

Organizational and Economic Mechanism of Human Capital Formation

Shomiev Golib Uktamovich
Navoi Innovations University, Navoi, Uzbekistan

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Abstract: This article explores how various organisational and economic factors impact the advancement of human capital. It examines international experiences in human capital development, with a particular focus on both developed and developing nations. Additionally, it analyses the economic influences on the development of healthcare systems. By bringing together insights from different contexts, this study provides a thorough overview of the challenges and opportunities involved in enhancing global human capital.

1 INTRODUCTION

The practical application of human capital theory marks a pivotal moment for many nations, shaping their approach to fostering human development across health, education, culture, and living standards. Economic evidence underscores the significance of investing in human capital formation, particularly in countries lacking abundant natural resources. These nations have relied heavily on human capabilities, recognising them as paramount for both production and scientific progress. This strategic focus has yielded remarkable economic growth and tangible outcomes. Similarly, developed countries have prioritised investments in people since the mid-20th century, surpassing material investments. The global community categorises nations based on their overall development, with each group characterised by a distinct formation of human capital. This delineation highlights the diverse strategies employed worldwide to nurture and leverage human potential for sustainable progress.

2 LITERATURE REVIEW

The foundation of human capital theory owes much to the seminal works of scholars from the Chicago School, including T. Schultz, G. Becker, H. Bowen, M. Blaug, J. Mincer, and S. Polachek. Notably, within the CIS region, significant contributions to this theory have been made by esteemed academics such as S.G.

Strumilin, A.I. Dobrynin, S.A. Dyatlov, R.I. Kapelyushnikov, L.G. Simkina, A.V. Koritsky, Yu.A. Korchagin, I.V. Skoblyakova, among others.

In Uzbekistan, pivotal research on these matters has been undertaken by luminaries such as academician R. A. Ubaydullaeva, S. S. Gulyamov, K.H. Abdurakhmanov, A. A. Artikov, N. K. Zokirova, O. K. Abdurakhmanov, B. Kh. Umurzakov, Kh.P. Abulkosimov, A. V. Vakhobov, L.P. Maksakova, N. H. Rakhimova, D.M. Karimova, alongside Z.Ya. Khudoiberdiev, D. N. Rakhimova, and M. Kh. Saidov.

These scholarly endeavours have significantly advanced the understanding of human capital development levels in Uzbekistan. However, the cultivation of human capital within the healthcare sector remains inadequately explored.

3 ANALYSIS & RESULTS

Developed countries, exemplified by the USA, Canada, European nations, Japan, New Zealand, Australia, Israel, Singapore, and Hong Kong, boast highly efficient economies and cutting-edge technologies. Their prowess spans various sectors such as biotechnology, environmental technology, software, communication systems, and more. In nations like the USA, Finland, Germany, and Switzerland, human capital accounts for up to 80% of national wealth, propelling them to the forefront of the global human capital index. These nations heavily

invest in human capital, prioritising basic research and the creation of breakthrough technologies, which in turn fuels economic growth and elevates living standards.

Contrastingly, developing countries like Taiwan, Thailand, Malaysia, Brazil, Chile, Mexico, and transition economies like Slovenia, Czech Republic, Hungary, and Russia focus on bridging the economic gap with developed nations. Despite their industrialised economies, they strive to enhance their workforce's quality through education and skill development, positioning themselves competitively in the global market.

Human capital emerges as a linchpin for economic growth and technological advancement worldwide. In a free market, human capital gravitates towards environments offering better compensation and living conditions, illustrating its inherent value. Investments in human capital yield substantial long-term economic benefits, surpassing returns on fixed capital investments. This shift is evidenced by the increasing share of human resources in national wealth, particularly in developed countries where human capital has become the cornerstone of production efficiency and societal progress.

Countries like the United States and Japan exemplify distinct approaches to nurturing human capital. In the US, legal and financial frameworks incentivise private investments in education and healthcare, while Japan prioritises lifelong employment and comprehensive support systems for workers. Germany, devoid of abundant natural resources, thrives on its robust human capital, scientific innovation, and active participation in global trade.

China, with its vast human capital potential, acknowledges the imperative of investing in education and healthcare to sustain economic growth. South Korea, having transitioned from innovation-driven development to a knowledge economy, underscores the pivotal role of human capital in sustaining economic prosperity. Notably, South Korea's emphasis on education and innovation sets a precedent for other nations aspiring to achieve similar economic trajectories.

In healthcare, countries like Switzerland, Germany, and Sweden demonstrate varying models of provision and financing. Switzerland's compulsory health insurance system ensures comprehensive coverage for all citizens, while Germany offers a mix of public and private insurance options. Sweden's taxpayer-funded healthcare system delivers high-quality services with minimal out-of-pocket expenses. These nations' healthcare systems reflect their commitment to ensuring universal access to

quality healthcare, contributing to their citizens' overall well-being.

Despite regional variations, investments in primary healthcare remain a priority for middle-income countries, underscoring the importance of accessible and affordable healthcare services. Spain stands out for its exceptional healthcare system, characterised by state-of-the-art facilities and skilled professionals, offering free medical care to all citizens.

In Russia, compulsory health insurance drives healthcare financing and is projected to witness substantial growth in expenditures over the coming years. These investments reflect a broader global trend towards prioritising healthcare as a crucial component of human capital development and societal progress.

4 CONCLUSION

In conclusion, the challenge of achieving cost optimization while ensuring universal access to quality healthcare remains paramount. Simply increasing the share of paid medical services doesn't guarantee equitable access. Therefore, exploring more rational funding mechanisms becomes imperative.

Transitioning to a health insurance model offers a promising solution, fostering joint responsibility for healthcare provision. By financing healthcare through insurance premiums, collected in a central fund, this model ensures broad coverage. Contributions from employers and employees, along with budget allocations for the non-working population, sustain the fund. This approach not only reduces state and individual expenditures but also engages businesses in healthcare financing.

Drawing from international experiences in human capital management reveals key strategies: collaboration between universities and organizations for specialist training, practice-oriented education, continuous retraining, and robust financing of education, healthcare, and social services. Implementing these strategies in Uzbekistan, both nationally and regionally, can enhance human capital development. However, it's imperative to address domestic organizational weaknesses, embrace modern management practices, and align strategies with global trends for accelerated human capital growth, particularly in healthcare provision.

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