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Human Capital Development - as a Factor of Sustainable Economic Development

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ABSTRACT

In this article the work done to increase human capital and keep the economy stable in developed countries will be analyzed. The effects of investments in human capital at the country level are studied as well.

Introduction. Today, human resources is the primary consider the advancement of any nation, its financial turn of events. Human resources is a bunch of information, abilities and capacities used to meet the different necessities of an individual and society overall, which addresses an individual's true capacity and decides their pay.

In this regard, human resources incorporates information, viable application and abilities procured through schooling, preparing and modern experience. Specifically, it ought to be noticed that human resources fills in as a significant apparatus for expanding the general abundance of nations, tending to neediness, hunger and other social issues. Specifically, Gross domestic product development in Japan, the Republic of Korea, Singapore, the US and other created nations is connected to human resources, for example to working on the quality and level of schooling, working on individuals' wellbeing and guaranteeing basic liberties and opportunities. Concentrates on directed all over the planet likewise show that 64% of complete normal assets, creation structure compares to human potential.

Literature review. There is a huge collection of writing, that has uncovered that one of the main elements of financial development is human resources (Riley, 2012 Lucas, 1988, Mankiw et al., 1992, De la Fuente and Doménech, 2000, 2006) as to both the impact of level (supposed level impact) by its conclusive effect on creation through work efficiency(Romer, 1990; Mankiw, Romer and Weil, 1992) and the rate impact by adding to expanded upper hand through development and dissemination innovation (Pistorius, 2004 Siggel, 2000, 2001, Horwitz, 2005). In the old style hypothesis of monetary development, work efficiency is viewed as an exogenous element which depends on the proportion among labor force and actual capital, in addition to different variables (specialized progress), however the gainful impact of training on expected development of efficiency isn't taken into estimation. The new hypothesis of financial development created in the mid 80s comes to address this weakness of the traditional hypothesis accentuating the significance of schooling and advancement, (components of human resources) in long haul monetary development. Rather than this, the hypothesis of market esteem, shows that reviews have featured the impact of elusive resources, for example, innovative work, licenses, scholarly capital available worth of organizations and furthermore on their turn of events, driving eventually to financial development by and large public, provincial or worldwide, as the new development hypothesis shows.

Bassanini and Scarpetta (2001) uncovered in a progression of OECD information for the period 1971 to 1998 that expanded term of tutoring by one year prompts an expansion in Gross domestic product per capita by 6%. Benhabib and Spiegel(1994) have shown that the presentation of human resources as a variable of creation by capability type Coob - Douglas prompts its unimportant impact on development of Gross domestic product per capita, however whenever considered the impact of human resources on all out factor efficiency, the impacts are noticeable in two viewpoints: a) human resources impacts the inward pace of development as proven by Romer (1990); b) human resources impacts the pace of dissemination of innovation in the soul exhibited by Nelson and Phelps (1966). They show that an increment of 1% of the capital stock prompts a 0.13% expansion in the pace of development and the most common way of making up for lost time mechanical improvement of different nations is emphatically impacted by human resources stock cross country as exhibited by the Funke and Strulik (2000).

Research Methodology. Today, the Human Capital Development Index is mainly determined by three indicators: life expectancy in the country, the level of education and the size of GDP per capita. In the World Bank's 2021 report on this indicator, Singapore ranks first (0.88) and the Republic of Korea ranks second (0.84).

Investments in human capital development have a much greater effect than investments in other areas, but they play a key role in the sustainable development of the country, as their result is manifested later (Table 1).

1-Table Human capital formation in some countries of the world

Data in US dollars*

Country	Investment in the full cycle of education	The amount of added value created by one employee
AQSH	231 000	3,1mln
South Korea	130 000	2,1mln
Uzbekistan	19 000	0,77mln

One of the vitally strategic issues is to pick the intermediary marker used to quantify human resources, since how much impact is impacted by the pointer picked for this reason. Nonnemen and Vanhoudt (1996) use as intermediary in MRW model, the portion of training use in Gross domestic product and they presume that the connection between human resources and financial development is unimportant. Murthy and Chien (1997) as an intermediary of human resources utilizing a weighted normal of the populace enlisted in tertiary training, optional and essential and that's what they reason there is a huge positive and direct connections with monetary development. Barro and Lee (1993), Islam (1995) utilized as an intermediary for human resources the typical number of long stretches of tutoring of the populace more than 25 years. María Serena (2001) utilized as an intermediary for human resources both individual pay (expecting these increment as the collection of human resources increments) and the instructive fulfillment of the populace matured 25 years and over, as a normal long periods of training. Izushi and Huggins (2004) utilized as an intermediary for human resources the quantity of individuals in researchdevelopment in the confidential area, while Baldwin (1971) and Outreville (1999) use as intermediary the portion of college graduates in the labor force.

Research and analysis. For several decades, America has claimed to be at the peak of its economic cycle. Based on this, it can be said that the old cyclical factors that hold economic growth steady are losing their importance, while the factors that determine renewed growth, human capital, manufacturing productivity and infrastructure are becoming popular. In its approach to immigration, labor market regulation, education and other areas, the U.S. government has stated, "Human capital cannot be separated from people." U.S. economists have specified that in recent years, the country's total human capital has totaled $700 trillion, reflecting a physical capital of $45 trillion.

To meet the expectations of the top 100 employers, investors, employees, executives, the American public and key stakeholders regarding human capital development, the survey was conducted between July and August 2021 at the 100 largest companies in the U.S. America and analyzed 28 indicators covering job type, job stability, wages, compensation and benefits, workforce diversity, equity and inclusion, and professional performance. Three important trends emerged from the data analyzed:

- Openness is low across the country: the level of transparency is below 20% for most indicators.
- Corporate social responsibility and sustainable development reports are unaudited and standardized.
- The exact number of key indicators is specified in the annual reports.
- These human capital indicators are based on the Russell 1000 employment index. Companies in the U.S. employ an average of 131,693 people and have a total market capitalization of $145.8 billion.

Germany is facing an ageing working population, as is the situation in nearly every modern nation. In 2020, a research revealed that about forty percent of Germans are over fifty. It is no secret that the older age group is disadvantaged by the expenses associated with investments in human capital, contemporary technology, and labour force. Germany had the lowest retraining rates of any European nation, according to Eurostat figures; of the OECD, employees between the ages of 25 and 64 made up just 42% of the study's workforce, whereas Scandinavian nations' percentage was above 70%.

Singapore has been the top nation on the World Bank's Human Capital Index for the past ten years. This indicates that 88% of children born in the nation will grow up to be completely healthy and productive adults with a quality education, a good standard of living, and enough money. The Skillfuture programme will assist finance the education system and maintain its flexibility and speed as the Singaporean government directs its human capital into education. The government spends more than $1 billion annually on education. The total economic growth of the nation in 2018 was 3.2%; the fastest growing sectors were banking and insurance at 5.9% and information communications at 6.0%. This grew from 1.5% to 3.5% annually in 2019. In my opinion, the primary factor contributing to this nation's consistent success is its ability to direct human resources into the appropriate industries.

Conclusion. To sum up, it may be claimed that financial investments in human capital have never produced significant returns. Since developed countries are increasing human capital, it will be appropriate if we pay attention to the following in our country:

- Increase the amount of funds allocated for education and control their targeted spending;
- Taking additional measures for digitalization of all stages of the education system, its adaptation and improvement in accordance with international standards;
- Investing in the service sector in order to increase employment and real incomes of the population;

- Establish a regular exchange of experience with enterprises and organizations of developed countries, increase the intellectual potential of public and private sector employees;
- Ensure flexibility of the labor market by opening digital and information technology centers, training and retraining the population in new professions, and developing technological knowledge and skills of the population.

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