

The Significance of Social Funds in Human Capital Development

Djuraeva Guzal Shavkatovna

Lecturer at the Department of Management, TSUE

Abstract

The article defines the economic nature of social funds and their place in the system of social protection of the population, provides a description of various models of social protection of the population in developed foreign countries, determines the importance of social funds in the development of human capital, an attempt is made to generalize the main reforms in the field of functioning of state extra budgetary funds social purpose in Uzbekistan. It is concluded that, to date, measures to reduce spending carried out outside the budget are a step in the right direction, but much remains to be done in this area.

Keywords: *human capital, social insurance, the concept of state development, target extra-budgetary funds, social development, standard of living of the population.*

Introduction

Modern national systems of social protection include dozens of different forms and methods of regulating social risks. However, in most countries, social insurance has remained the dominant in the overall system of social risk management for a long period: pensions, state (mandatory) social insurance, and compulsory health insurance.

Currently, there are various models of social protection of the population. The Swedish scientist G. Esping-Andersen, based on the criteria of the "ideology" of the state structure, identified three main models of social states: liberal, conservative (corporate) and social democratic. The American researcher R. Titmus, depending on the role of state participation in social protection, divided all models into: "residual" or liberal model; model of industrial and economic development or conservative, corporatist; socialist model or state-redistributive. Russian scientist V.V. Antropov, analyzing the models of social protection used in the countries of the European Union, identifies four: continental or Bismarckian, Anglo-Saxon or Beveridge model, Scandinavian and South European [1].

The existing models of social protection of the population are different, just as the states themselves are different. Based on its values, traditions, foundations, society develops its own concept of development and a model of relations "state - population". Of course, it is logical to use the experience of other countries, however, it is also logical to interpret it to fit their own socio-economic, political, geographical and cultural conditions.

The economic basis of social security is the state budget and social insurance, which differ in funding sources. Social insurance payments are made from insurance funds, which are formed at the expense of employers' contributions. State investments are carried out at the expense of appropriations from the budgets of various levels.

Methods. In the course of the study, general scientific methods and methods for processing statistical data were used. The information base was the materials of domestic and foreign research institutions, international organizations. The main study period is from 2017 to 2021.

Published under an exclusive license by open access journals under Volume: 3 Issue: 2 in Feb-2023

Copyright (c) 2023 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit <https://creativecommons.org/licenses/by/4.0/>

Results. Social funds are financial resources that are intended to provide services to the population. An increase in the number of employees due to production growth, an increase in the gap in the needs of various social social groups caused by the scientific and technological revolution, and the aging of the population of countries as a whole for objective reasons has led to a sharp need to increase social insurance funds. Over the past ten years, the volume of social funds in developed countries has grown up to eight times [2]. Increasing the financing of social funds makes it possible to significantly increase the payments of the social plan. Funds are created thanks to three sources: insurance premiums of legal entities and insured persons, as well as financial injections from the state budget.

In the United States of America, an incredibly large number of various funds operate, which are under the control of administrative bodies, and it is thanks to them that social programs are carried out. Three funds of national importance are considered the most powerful:

- old age and disability insurance;
- insurance of civil servants;
- helping those who need it.

The social funds in the Federal Republic of Germany have many independent funds that cover specific types of insurance. There are two key funds in England:

- insurance fund;
- Retirement savings fund.

Japan has 4 large funds at once:

- health insurance;
- pension;
- insurance against industrial injuries;
- insurance against deprivation of work [3].

It is customary to refer to the most important French funds:

- health insurance;
- disability insurance;
- pension fund;
- assistance to needy families;
- Help for those who lost their jobs.

The government of a number of Western countries is making attempts to increase the number of funds in order to organize more money. However, the lack of financial resources, management difficulties and some other problems make it sometimes necessary to merge once different funds, and sometimes even close them.

One of the most important links in the system of extra budgetary stimulation of innovations is the innovation funds of the country and individual individuals, in particular, with a large shortage of funding from the budget for this activity. Such funds are represented by the pooling of financial resources, which are under the leadership of central or regional governments, and the involvement of public organizations that have a targeted value in the form of stimulation and cash injections for

the development and conduct of scientific research. Such innovation funds can be divided into local, private, state and public ones according to the type of ownership [2]. The largest are managed by the direct government of the country - these are the funds that have the highest status and importance. Local authorities maintain a considerable number of funds, the largest among which is the loan fund. In Britain, a similar fund has been performing its functions for more than a hundred years and is used to finance capital investments, and sometimes to balance losses in the local budget.

Private foundations have been able to spread in terms of supporting small innovative entrepreneurship, and non-commercial foundations in the area of supporting various research without a commercial purpose.

A large number of state funds are created thanks to the money of the state and local budget, depending on its ownership. Money from these budgets comes in the form of injections or a partial share of taxes. In case of deepening crises, the country attracts such funds in order to ensure reproduction on an updated technical and scientific basis. They increase the scope for financial support of the old sector of the innovation plan, and also help to save practically unprofitable innovative enterprises under state control.

The profit of innovative non-budgetary funds should include:

- specialized taxes and fees, which are established for each individual fund;
- partial share of the income of institutions and enterprises;
- budget resources;
- income from own activities of the commercial plan;
- credit funds of the fund received from banks [2].

In part, the role of the innovation fund can be performed by the economic fund, the number of which during the global crisis of the beginning of the last century began to increase significantly in order to assist associations of entrepreneurs in need of additional funding [3].

One of the first countries to resort to this method was the United States, where the Reconstruction Financial Corporation Fund was established. After the end of the wars, such funds are created in almost every industrially and economically developed country. There are an almost innumerable number of examples. Their main goal is to support and strengthen the positions of private individuals' own affairs through innovation.

The growth of activity of any of the countries inevitably leads to the foundation of a huge number of different funds with different specializations. Among such funds, the main position, of course, belongs to social funds, the number of which is increasing precisely because the needs of a growing society in every sense are increasing.

The establishment of extra-budgetary type funds is necessary for the country for a much more competent use of its own funds. A specific feature of non-budgetary social funds is the clear attachment of sources of income to them, as well as, often, rather strict targeted and very effective use of available funds.

The experience of the most powerful world countries, such as Japan, the United States of America and France, can and should serve as the clearest example for us in the field of creating and using various funds that are guaranteed to help solve state problems of a very different nature [3].

Prior to the start of the 2016 reforms, more than half of government spending in Uzbekistan was outside the budget, whether it was off-budget funds or off-budget accounts. Currently, 23 extra-budgetary funds in the republic, including the Fund for Reconstruction and Development of Uzbekistan, are consolidated in the budget for 2022. This demonstrates significant progress, but this transformation will require additional time, since about 25 extra-budgetary funds and 20,000 to 30,000 extra-budgetary accounts of budgetary organizations (ministries, departments, educational institutions, hospitals, etc.) are still functioning. [4].

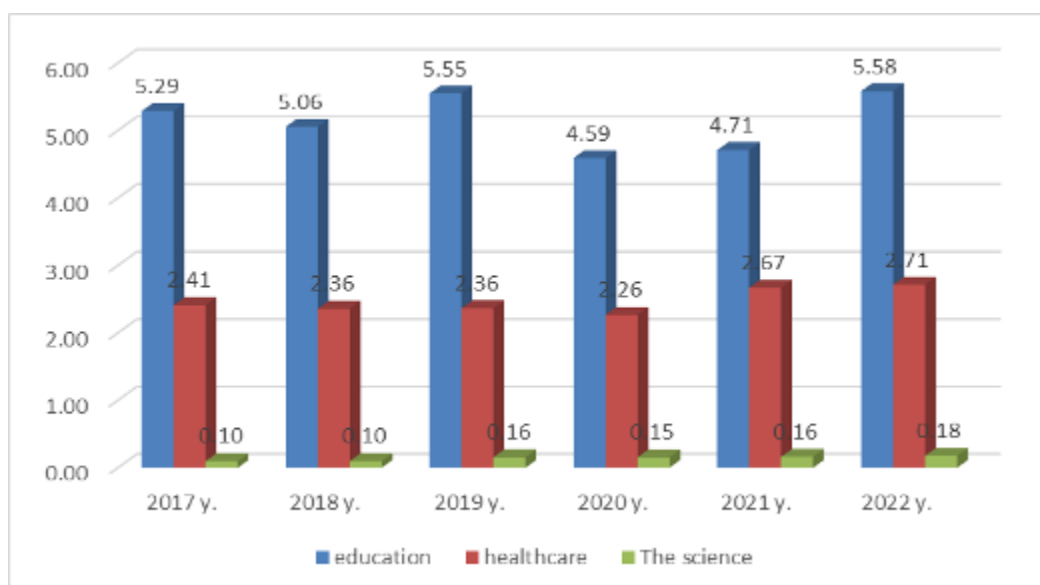
Analyses. At present, the most important component of the competitiveness of the economy of any state is human capital, based on new knowledge and innovative technologies. It is its development that can provide a leading position in the domestic and world markets, economic growth, improving the quality and standard of living of the population.

The state invests in national human capital to reap the full benefits of human development. At present, the main form of state participation in the activities of the educational system is its financing (table).

Table 1 Public spending on education in the countries of the world, 2021 [5]

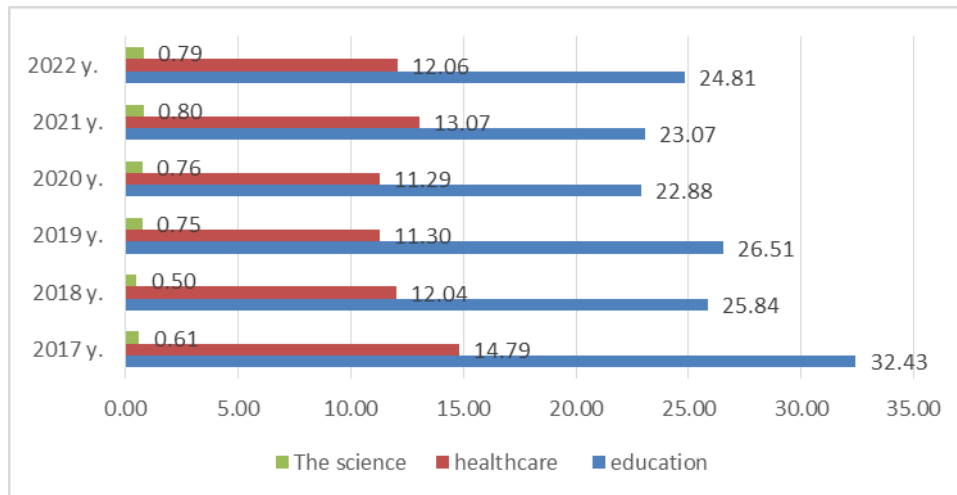
Countries/territories	Expenditure on education, share in GDP, %	Spending on education, share in government spending, %
World at large	4,6	14,2
Countries with economies in transition	4,1	12,3
The developed countries	5,1	12,1
Developing countries	4,4	16,2
Low income countries	3,9	16,7
Middle income countries	4,5	15,7
High income countries	4,9	11,9

The Republic of Uzbekistan, in terms of the share of expenditures on education in GDP, does not lag behind developed countries (Fig. 1).



Pic. 1 The share of public spending on the development of human capital in the GDP of Uzbekistan in 2017-2022, %

The share of spending on education in total government spending is up to 32%, which is significantly higher than in high-income countries. Uzbekistan's public spending on health care also has a significant share (Fig. 2).



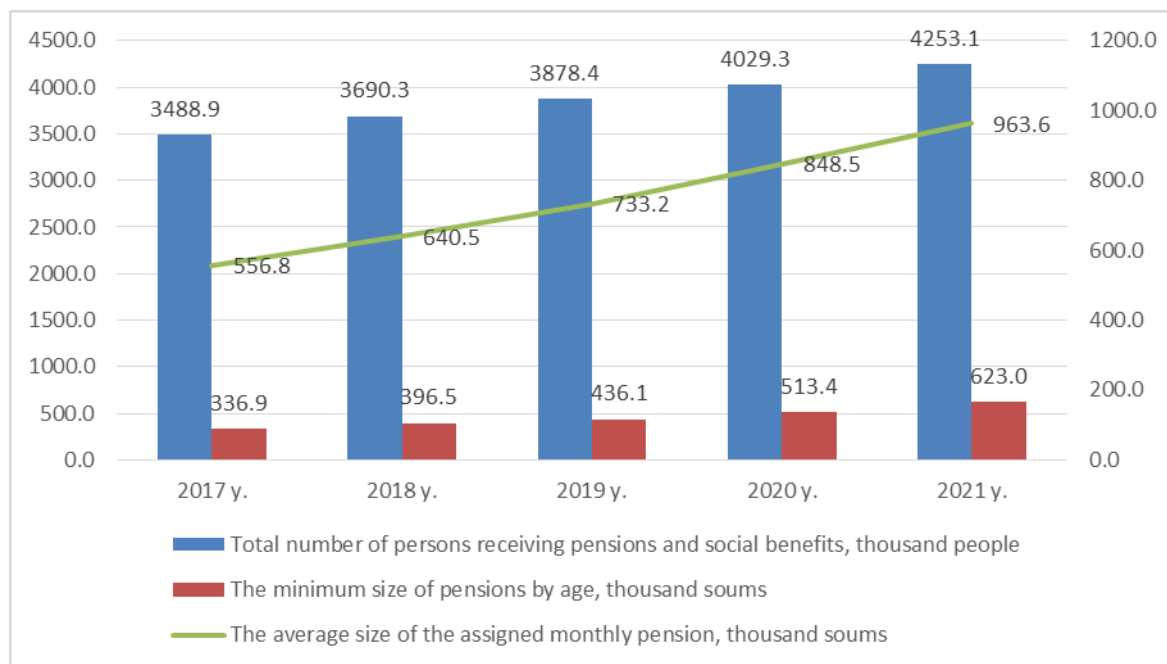
Pic. 2 The share of expenditures on the development of human capital in the expenditures of the state budget of Uzbekistan in 2017-2022, %

The Government of the Republic of Uzbekistan has defined the development of the sphere of science and scientific activity as the main direction for increasing human capital and achieving competitiveness and efficiency of the national economy [6].

However, the real general state of the development of science in the Republic of Uzbekistan is assessed by some researchers as unsatisfactory. Domestic scientists note that the state of science, technology and education in Uzbekistan is characterized by a lack of competitiveness compared not only with developed, but also with many developing countries. At the same time, this indicator tends to decrease and even degrade. One of the reasons, according to the researcher, is the low attendance of international conferences by domestic scientists as invited speakers, as well as the level of organization of international conferences and symposiums by universities and academic institutions. Another factor hindering the development of competitive science in Uzbekistan is the too complicated and inefficient system for defending dissertations and the attachment of defense processes to the highest attestation commission.

An important component of the social protection system is pension provision, which provides for the implementation of a set of economic, legal, social and organizational measures aimed at ensuring and maintaining the standard of living of the disabled population and poor citizens. Official data indicate a significant strengthening of the pension system in Uzbekistan during the study period, which is manifested in the following trends (Fig. 3):

- growth in the number of persons receiving pensions and social benefits by 22%;
- an almost twofold increase in the minimum old-age pension;
- an increase in the average size of the assigned monthly pension by almost 75%.



Pic. 3 Main indicators of pension provision in Uzbekistan in 2017-2021

Measures to cut off-budget spending are a step in the right direction, but much remains to be done in this area. In particular, more than a third of public spending in the country is still carried out through off-budget funds and off-budget accounts. In addition, investments by international financial institutions are still not included in the budget, as are quasi-fiscal expenditures by state-owned enterprises.

Discussion. The key factor in the formation of an innovative competitive economy is human capital, the development of which requires sufficient investment in the socio-cultural sphere, primarily in education, healthcare, science, culture, sports, etc. Despite the fact that the latter do not give such a quick return as investments in the real sector of the economy, they ensure the achievement of a level of balanced socio-economic development, increase the welfare of the population and positively affect the overall image of the state.

Today, the following main problems of human capital development in Uzbekistan can be identified:

- a weak level of the country's scientific potential, associated with insufficient material resources and underfunding of the research sector that generates innovations.
- low coverage of the population with higher education, the presence of corruption schemes when entering the country's universities.
- the lack of incentives for enterprises to innovate, the insufficiency and underdevelopment of the mechanism for transferring technologies from science to production.

Based on an assessment of the current socio-economic situation and the long-term development strategy of the Republic of Uzbekistan, the main goal of state policy for the future should be to provide a system of measures to improve the living and working conditions of all segments of the population, prevent and eliminate social inequality and negative phenomena in society, increase educational and cultural level of the entire population. An important task is to create an effective system of social assistance to families and individuals who really need it, providing a level of social protection guaranteed by the state.

The study confirmed the put forward economic hypothesis that the level of human capital development is closely dependent on government spending on education and health care, as well as on providing the housing stock with the living conditions necessary for a person, which confirms the need to take effective measures to improve the efficiency of all influencing factors .

Based on the study, we can conclude that the main goal of the state policy of Uzbekistan for the future in the field of human capital development should be the development of a state program to improve the quality of life of the population, providing a system of measures to provide the most necessary public services. The implementation of strategic goals in the field of increasing the level of human capital development is designed to lead to an increase in education, employment, an increase in the availability and quality of human resources, a decrease in the mortality rate, and, ultimately, to achieve the most important goals of the country's sustainable development.

The implementation of the above measures is intended to positively change the socio-economic and demographic situation in the country, which will inevitably lead to an increase in human capital and qualitative improvements in the life of the population of Uzbekistan.

Reference

1. Chernenko E.M., Lebedeva I.S. Economic bases of social protection of the population// Bulletin of the Adyge State University. Series 5: Economy. 2013. No. 4 (131). URL: <https://cyberleninka.ru/>
2. Malachikhanov T.V. Special funds for social purposes // Problems of Science. 2016. No. 19 (61). URL: <https://cyberleninka.ru/>
3. Paikovich P.R., Gorokhov A.A. Economic content and purpose of state non-budgetary funds// Innovative economy: prospects for development and improvement. 2017. No. 1 (19). URL: <https://cyberleninka.ru/>
4. Data from the Ministry of Finance of the Republic of Uzbekistan <https://mf.uz/>
5. Sudova T.L. State investments in human capital// Petersburg Economic Journal. 2022. №1. pp. 39-49. URL: <https://cyberleninka.ru/>
6. Law of the Republic of Uzbekistan No. ZRU-576 of October 29, 2019 “On science and scientific activity” <https://www.lex.uz/docs/4571492>
7. Data of the State Committee of the Republic of Uzbekistan on statistics <https://stat.uz/>
8. DJURABAEV O. Formation of model beekeeping facilities and modernized interindustrial communications in human bearing management //Архив научных исследований. – 2020. – №. 11.
9. Djurabaev O. Methods of the process approach in management and determination of the criterion of technological efficiency of beekeeping farms: methods of the process approach in management and determination of the criterion of technological efficiency of beekeeping farms // Archive of scientific research. - 2021. - Т. 1. - No. 1.
10. Saidov M. Increasing Management Efficiency in The Electricity Sector of Uzbekistan //The 5th International Conference on Future Networks & Distributed Systems. – 2021. – С. 343-347.
11. Saidov M. S. Analysis of the economic activities of natural monopoly organizations //Инвестиции, градостроительство, недвижимость как драйверы социально-

экономического развития территории и повышения качества жизни населения. – 2022. – С. 74-79.

12. Munira A. Analysis methods of the factors influencing on consumer market //Бюллетень науки и практики. – 2018. – Т. 4. – №. 2. – С. 276-282.
13. Shanazarova G. Features of innovative management strategy of the automotive industry of Uzbekistan //Архив научных исследований. – 2019.\
14. Ҳаҳуаева I. Енгил саноат корхоналарида маҳсулот рақобатбардошлигини ошириш йўналишлари //Архив научных исследований. – 2019.