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ЧЕЛОВЕЧЕСКИЙ КАПИТАЛ КАК ФАКТОР НЕФОРМАЛЬНОЙ ЗАНЯТОСТИ В АЗЕРБАЙДЖАНЕ

Рассмотрены теории устойчивого развития общества и концепция национального богатства, базирующиеся на признании человека движущей силой общественного развития. Формирование и развитие человеческого капитала, использование его потенциала становится, наравне с развитием технологий, ключевым фактором развития производительных сил общества. Человек, обладая совокупностью разнообразных сил и способностей, представляет собой фактор экономического роста. Целью работы является исследование развития человеческого капитала и возрастания его роли в современном обществе. В соответствии с поставленной целью решаются следующие задачи: уточнение содержания понятия «человеческий капитал», рассмотрение теории человеческого капитала в рамках исторического развития и раскрытия его функции, выявление типов человеческого капитала и факторов, влияющих на него, анализ состояния человеческого капитала в Азербайджане, определение рисков и вызовов, рекомендации для улучшения человеческого капитала в стране.

Ключевые слова: человеческий капитал, факторы человеческого капитала, индекс человеческого капитала, типы человеческого капитала, особенности человеческого капитала, риски и вызовы.

HUMAN CAPITAL AS A FACTOR OF INFORMAL EMPLOYMENT IN AZERBAIJAN

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Discussed are the theory of sustainable development of society and the concept of national wealth which are based on the recognition of man as the driving force of social development. The formation and development of human capital, the use of its potential is becoming, along with the development of technology, a key factor in the development of the productive forces of society. A person, possessing a combination of various forces and abilities, is a factor of economic growth. The aim of the work is to study the development of human capital and the growth of its role in modern society. In accordance with the set goal, the following tasks are solved: clarification of the content of the concept of "human capital", consideration of the theory of human capital within the framework of historical development and disclosure of its function, identifying the types of human capital and factors affecting it, analysis of the state of human capital in Azerbaijan, identification of risks and challenges, recommendations for improving human capital in the country.

Key words: human capital, factors of human capital, index of human capital, types of human capital, peculiarities of human capital, risks and challenges.

Introduction

Many organizations, among other aspects of business, face the challenge of human capital management. As companies grow, develop, and hire more employees, this problem becomes more difficult to solve. Firms strive to optimize their workforce through the comprehensive development of human capital, not only to achieve business goals, but most importantly, for long-term survival and sustainability. The formation and development of human capital requires significant costs on the part of the individual and society as a whole. People and their skills are valuable assets for their region and can help provide the edge it needs to increase its productivity or even outperform others. Despite significant advances, significant gaps in levels of investment in human capital do not allow the global community to properly prepare for what lies ahead. Countries often do not invest enough in human capital and thus lose the opportunity to create a strong link between physical and human capital, on

the one hand, and economic growth and poverty reduction, on the other.

In his opening remarks to the 7th Global Forum of the UN Alliance of Civilizations in Baku in 2016, President of the Republic of Azerbaijan Ilham Aliyev said that "our goal is to turn black gold into human capital for Azerbaijan." However, the level of development and its contribution to national wealth have not been fully realized. According to a recent study by the World Bank, human capital in upper-middle-income countries averages 58% of wealth, while in Azerbaijan it accounts for only 14% of the country's wealth. Increased investment in human capital now ensures that the future generation of Azerbaijan will take full advantage of the opportunities created by the digital revolution. Today's labor markets require a higher level of human capital development than in the past, and therefore basic education alone is no longer enough. Higher education institutions must prepare students for the challenges that may be related to their future work. When it comes to health, it's not

enough just to survive. Adults must remain healthy and active in order to continue learning and gaining skills not only in the beginning, but throughout their lives. Reducing health risks such as obesity, smoking and excessive alcohol consumption is especially important for active and productive longevity.

Despite the great attention paid to the theory of human capital in the economic literature, due to the versatility and different planning of this category, certain aspects remain insufficiently studied. Insufficient development refers to such issues as the problem of wear and tear of human capital; measuring the level and return on investment in human capital; participation of human capital in the development of society. Many issues of the mechanism of reproduction of human capital at different levels, the problems of the mechanism of managing this capital, remain unclear. To ensure long-term and sustainable economic growth in Azerbaijan, it is necessary to accelerate investments in human capital. Various factors influence the development of human capital. Among these factors, the most important issue is the country's education system, medicine, and social protection.

The concept of human capital allows one to study many phenomena and processes of the market economy from a unified position, to comprehend the new forms of interaction between production and consumption that arise during the development of the information economy. All this makes this topic actual.

Socio-economic essence of the concept of "human capital"

The theory of human capital studies the process of qualitative improvement of human resources, forming one of the central sections of the modern analysis of the labor supply. In modern conditions, it is human capital, rather than equipment and production stocks, that is the cornerstone of competitiveness, economic growth and efficiency. Human capital is a complex, diverse and changing phenomenon. Basically, the formation of the modern theory of human capital and its isolation as an independent current of world economic thought took place in the late 50s – early 60s of the XX century. The emergence and formation of the concept of human capital in its modern form became possible thanks to the works of T. Schultz and G. Becker. The well-known American and British Economists B. Weisbrod, J. Mintser, L. Thurow, W. Bowen, M. Fisher, J. Weisy also stood at the origins of the formation and development of the theory of human capital in its modern form. According to one of the founders of this area of research, G. Becker, human capital "is formed through investments in a person, among which are education, training in production, health care costs, migration and the search for information on prices and incomes" [2. P. 39].

The idea of human capital has long roots in the history of economic thought. One of its first formulations is found

in "Political Arithmetic" by W. Petty. Later it was reflected in "The Wealth of Nations" by A. Smith, The Principles of Marshall, the works of D. Ricardo, K. Marx. According to T. Schultz, "All human abilities are either innate or acquired. Valuable qualities acquired by a person, which can be enhanced by appropriate investments, we call human capital" [3]. C.A. Dyatlov gave the following definition of human capital: human capital is "a certain stock of health, knowledge, skills, abilities, motivations formed as a result of investments and accumulated by a person, which are expediently used in a particular sphere of social reproduction, contribute to the growth of labor productivity and production, and thereby affect the growth of income" [4. P. 38]. Thus, human capital is a set of knowledge, skills and abilities used to meet the various needs of a person and society as a whole. O. Nordhog interprets human capital as a unity of abilities and desires (needs) to work [5]. The World Bank Group recognized human capital as one of the driving forces of economic growth and defined it as follows: "Human capital is the knowledge, skills and health that people accumulate during their lives, which allows them to realize their potential as useful members of society" [6]. According to the definition of the concept of the American-Israeli economist Stanley Fisher, "human capital" is a measure of a person's ability to generate income.

In addition to innate abilities and talents, human capital includes education and acquired skills. From the generalization of theoretical approaches, it follows that everything that is the subject of investment in a person (for example, health, knowledge, etc.) can be attributed to human capital, as its functional part involved in the reproduction process. Despite the differences in interpretations, many of them are united by the fact that human capital is associated with value investments in people as economic units. Thus, the essence of human capital manifests itself in the form of investment in human resources in anticipation of future benefits, that is, in order to increase their productivity. When defining the concept of "human capital", the following features should be taken into account:

- ◆ human capital is the main value of modern society, as well as a fundamental factor in economic growth;
- ◆ unlike physical capital, human capital cannot be transferred, it is directly related to the person who carries it. The owner of human capital in a free society can only be the person himself;
- ◆ this form of capital can be depreciated, especially if the owner disappears completely due to illness or death. This makes investing in human capital riskier than investing in physical capital;
- ◆ it is very difficult, if not impossible, to estimate the volume of investments in human capital. Unlike physical capital, the value of which can be calculated directly, human capital is indirectly measured by the size of future income. How to estimate this future income and, therefore, how to calculate

the real value of investment in human capital is a serious empirical problem;

- ◆ unlike physical capital, which is usually invested only in the development of production, funds invested in human capital can be partially used;
- ◆ the formation of human capital requires significant costs both from the individual himself and from society as a whole;
- ◆ human capital can be accumulated, namely, an individual can acquire certain skills, abilities, can improve his health;
- ◆ human capital not only develops throughout its life, but also wears out, both physically and morally. The knowledge of the individual is becoming obsolete, that is, the cost of human capital changes economically in the process of being;
- ◆ investments in human capital give their owner, as a rule, higher income in the future. For society, investments give a longer (in time) and integral (in nature) economic and social effect;
- ◆ human capital differs from physical capital in terms of the degree of liquidity. Human capital is inseparable from its carrier – a living human personality;
- ◆ direct income received by a person is controlled by him, regardless of the source of investment;
- ◆ the functioning of human capital depends on a person's decision, on his expression of will. The degree of return from the use of human capital depends on the individual interests of a person, on his preferences, his material and moral interests, worldviews, and on the general level of his culture;
- ◆ on average, the world has developed only 62% of its human capital. There are only 25 countries in the world that use 70% of human capital or more.

Types and factors of human capital

The classification of types of human capital is possible for different reasons and for different purposes. **Health capital** is an integral part of human capital, investments in which are expressed in maintaining efficiency by reducing morbidity and increasing the productive period of life. Decrease in health, morbidity, disability is expressed in incapacity for work. Of course, the fewer diseases, the higher the level of health of the population of the country and the return on investment in health care. Investment in health capital is provided by government funding of the health care system and within households [1. P. 104].

Labor capital. Investments in maintaining and improving qualifications have a direct return to both the employee and the enterprise. Labor capital is formed throughout life as experience, work skills, skills and, most importantly, education are accumulated. For example, in the United States, the growth of

the nation's education provides 15% of the increase in national income. Considering that 6–7% of GDP is spent on education, it is clear that investments in education are highly effective [1. P. 106–109].

Intellectual capital. Intellectual, creative activity is still a unique attribute of the human mind, ingenuity, ingenuity. Objects of intellectual property are involved in economic circulation as intangible assets of enterprises and increase the income of the company and the owners of these assets. Investments in intellectual capital are becoming more widespread due to their high efficiency.

Organizational and entrepreneurial capital is one of the most promising and important types of human capital. Investments in its development are becoming more and more productive. The ability to manage, organize, create and run a successful business is a complex ability that psychologists, sociologists, economists are studying. In developed countries, the share of entrepreneurs in the adult population reaches 7–10% [1. P. 111–113].

Cultural and moral capital. High culture and morality of a person today are also necessary in production as qualifications and intelligence. Medical deontology, pedagogical and business ethics, the code of honor of an entrepreneur, labor and household morality create a healthy moral and psychological climate in teams, increase labor productivity and income. The category of cultural and moral capital in the framework of sociological sciences denotes a set of intellectual abilities, education, abilities, skills, moral qualities, qualifications of an individual or individuals that are used in the process of carrying out social activities and at the same time legitimize the possession of status and power.

Social capital. It is connected with the fact that each economic subject is included in one way or another, integrated into the system of social relations. It is the capital of communication, cooperation, interaction, mutual trust and mutual assistance, formed in the space of interpersonal economic relations. Social capital has a number of specific features. First, it is always a product of organized interaction, so it has a social, not individual nature [1. P. 118].

In terms of efficiency, human capital as a productive factor can be destructive (negative) and positive (creative). **Negative human capital** is a part of the accumulated human capital that does not give society and the economy a useful result for investing and does not improve the quality of life of the population, the development of society and the individual. Not all investments in upbringing and education are profitable and increase human capital. An uncorrected criminal, a killer is a lost asset to society and family. Corrupt officials, criminals, drug addicts and alcoholics all contribute to negative human capital. Negatively accumulated human capital is formed on the basis of negative aspects of the mentality of the nation, low culture of the population, as well as market components (especially labor

and business ethics). This is facilitated by the absence and lack of freedom of civil society, false education, false knowledge, false science and false culture in the field of government and negative traditions in the activities of government institutions. An especially important contribution to the negatively accumulated human capital can be made by the active part of the nation – its elite, since they determine the policy and strategy of the country's development, leading the nation either by progress, or by stagnation (stagnation), or even to decline. Negative human capital requires additional investment in human capital to change the nature of knowledge and experience.

Positive human capital (creative or innovative) is defined as accumulated that provides a useful return on investment in development and growth. In particular, investments are aimed at improving and protecting the quality of life of the population, increasing innovation potential and institutional capacity.

Human capital is an intensive productive factor in the development of the economy and society, including the educated part of labor resources, knowledge, tools for intellectual and productive labor, living environment and labor activity, ensuring the efficient and rational functioning of human capital as the main factor of development. It is formed primarily through investments in improving the level and quality of life of the population, including in upbringing, education, health, knowledge, as well as in culture, art and other components. Human capital is also formed due to the influx of migrants from other countries, or decreases due to its outflow. In the information society, new factors are emerging in the formation of the quality of human capital. External factors are due to the development of information technology (computerization, installation of telephones, the development of the Internet, etc.). They, in turn, influence internal factors. The internal factors of the formation of the quality of individual human capital include health, which includes a set of psychophysiological qualities of a person; education as a set of knowledge, skills and abilities of a person; culture as a set of ethical and aesthetic attitudes of the individual. Taken together, external and internal factors form certain competencies that allow an individual to integrate into the economic system. The factors that make up human capital (internal factors), at the individual level, can be considered as institutions that invest in human capital [7].

The main demographic factors influencing the formation of human capital are the number, sex and age structure, population growth rates, average life expectancy of the population, etc. The socio-economic factors in the formation of human capital include:

Public health; This includes the risk of obesity, smoking addiction, the number of alcoholics. Obesity, defined as a body mass index greater than 30, significantly increases the risks to human health. Tobacco smoking killed about 100 million people in the 20th century – mostly in high-income countries. It is estimated

that one billion people could die from smoking in this century, most of them low- and middle-income countries. In 2017, every seventh death in the world (13%) was a direct result of smoking; In 2017, more than half of those who died prematurely from smoking were over the age of 70, and about 93% were over the age of 50. In developed countries, the number of deaths from smoking is declining; increases in low- and middle-income countries [8]. A study by the Indonesian Demographic Institute found that during 2003, 2005, and 2008, a family's monthly spending on cigarettes / tobacco was higher than that of meat, eggs, milk, and health care [9]. The chart below shows the proportion of smokers over the age of 15 in Azerbaijan (Fig. 1).

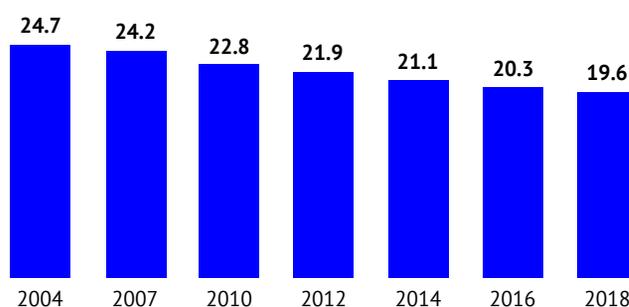


Fig. 1. Percentage of men and women in Azerbaijan (men and women combined) aged 15 and over who smoke tobacco daily, (%)
Source: <https://www.macrotrends.net/countries/AZE/azerbaijan/smoking-rate-statistics>

Consumption of alcohol is another factor that negatively affects human capital. In Europe, for example, 40% of poor health and early deaths are caused by three unavoidable risk factors: smoking, traffic accidents caused by alcohol and alcohol. According to the latest data released by the World Health Organization in 2018, 411 people died of alcoholism in Azerbaijan, and alcohol-related deaths account for 0.74% of all deaths, or 4.72 deaths per 100,000 people per year. In 2018, 28,000 people died of alcoholism in India and 13,000 in the United States [10]. Alcohol consumption per capita is particularly low in Azerbaijan, as well as in the Middle East and North Africa – close to zero in many countries. The highest alcohol consumption in Europe is 15 liters per capita per year in the Czech Republic, Lithuania and Moldova (Fig. 2).

General education and vocational training of the population, supply of qualified labor force in the labor market. The literacy rate in most countries of the world is over 50%. Despite progress in the long run, great inequalities remain, especially between sub-Saharan Africa and the rest of the world. In Burkina Faso, Niger and South Sudan, the literacy rate is still 30%. However, data on age-related literacy rates show that in most countries, and in almost all developing countries, there are gaps between the older generations: the younger generation is gradually getting better education than the older generation.

Consumption of alcohol is measured in liters of pure alcohol per person aged 15 or older

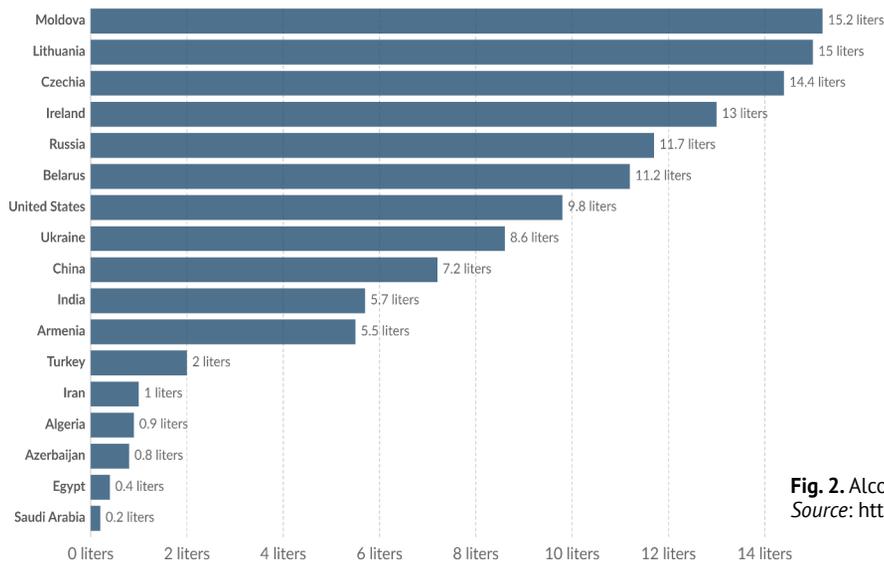


Fig. 2. Alcohol consumption per person, 2016
Source: <https://ourworldindata.org/alcohol-consumption>

Source: World Bank

OurWorldInData.org/alcohol-consumption • CC BY

Labor market, its quantitative and qualitative characteristics.

Conditions of labor of workers, level of material security and technical and economic development of enterprises, level of development of their social infrastructure.

Raising the qualifications of workers in accordance with the requirements of the level of development of the economy.

Social development of enterprise personnel.

The environmental factors affecting the formation of human capital include the general ecological state and natural and climatic conditions in which the population of certain regions lives. The ecological state is characterized by such indicators as the availability and quality of natural resources, the interaction of man and the environment, the impact of anthropogenic activities on the environment, the level of compensation for damage caused to nature by society as a result of this activity, the consumption of non-renewable raw materials [11]. The chart below shows the amount of carbon dioxide burned per capita in Azerbaijan in 1991–2019 (Fig. 3).

Thus, the factors that determine human capital are:

- ◆ skills and qualifications;
- ◆ levels of education;
- ◆ work experience;
- ◆ social skills – communication;
- ◆ intelligence;
- ◆ personality hard-working, harmonious in the office;
- ◆ habits and personal qualities;
- ◆ creativity: ability to introduce new methods of work;

- ◆ geography: social pressure from the side of peers from the local environment can affect expectations and attitudes.

Human capital in Azerbaijan

According to the World Bank’s “Changing Wealth of Nations” report, human capital accounts for 64% of the world’s wealth, 70% in high-income countries and 41% in low-income countries, while human capital accounts for only 14% of wealth in Azerbaijan. Natural resources account for 54% of the formation of Azerbaijan’s wealth, physical capital 23.6%, human capital 14%, and net foreign assets 8.4%.

While in terms of the share of human capital in wealth creation, Azerbaijan has one of the lowest scores among the countries covered by the report, it ranks 16th in the world in terms of the share of natural resources in total wealth [13]. Since 2010, the United Nations Development Program (UNDP) has classified Azerbaijan as a country with a high level of human development. According to the UN Development Program Human Development Index, Azerbaijan rose from 98th

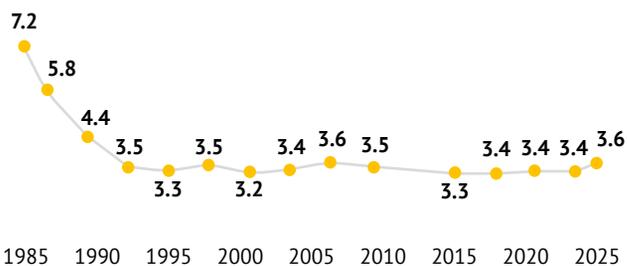


Fig. 3. Carbon dioxide (CO2) burned in Azerbaijan per capita in 1991–2019
Source: [https://knoema.ru/atlas/Azerbaijan/Human CO2 emissions](https://knoema.ru/atlas/Azerbaijan/Human%20CO2%20emissions)

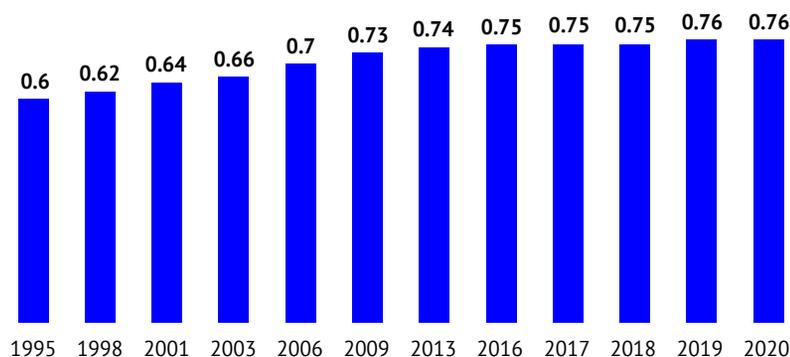


Fig. 4. Percentage of men and women in Azerbaijan (men and women combined) aged 15 and over who smoke tobacco daily, (%)
Source: <https://www.macrotrends.net/countries/AZE/azerbaijan/smoking-rate-statistics>

place in 2007/08 to 87th place (out of 189 countries) in 2019. In the recently published World Bank Human Capital Index, Azerbaijan ranks 69th out of 157 countries and 58th out of 141 countries in the Global Competitiveness Index in 2019 with low indicators in the field of professional skills (48th place) [13. P. 15]. In 2020, the Human Development Index in Azerbaijan was 0.75, an increase from 0.63 in 1999, with an average annual growth rate of 0.92% [14]. The chart below shows that the human development index in Azerbaijan has changed over the years (Fig. 4).

The quality and relevance of education in Azerbaijan is lower than expected, and there are inequalities in education. According to the results of the PIRLS survey conducted in 2016, Azerbaijan has the largest gap between high and low performing students among all countries in Europe and Central Asia (ECA). Although the average number of years of study in Azerbaijan is about 11.6 years, nevertheless, taking into account the quality of education, this is only 8.7 years. According to the study, students from wealthy families scored 96 points more than students from poor families on a 700-point scale. (This difference is estimated at three academic years.) Grades of students in urban areas were 48 points higher than those of students in rural areas [15].

Azerbaijan has one of the lowest rates of enrollment in preschool and higher education among neighboring countries. According to the State Statistics Committee, in Azerbaijan the number of citizens aged 15 and over with higher education is 134 per 1000 people. This is almost two times lower than the regional average and the world average. The government-drafted document entitled "State Strategy for the Development of Education in the Republic of Azerbaijan" also states that the composition of higher education graduates does not meet the needs of the economy, and there is a shortage of qualified labor in the private sector [15].

The gap in the involvement in preschool education between the city of Baku and the regions is even more acute. In Baku, 46,000 children, or about 23%, out of about 200,000 children under 6 years of age are enrolled in preschool education, while in

other regions 73,000, or about 10%, out of approximately 720,000 children under 6 years of age are engaged in preschool education. Thus, the level of enrollment in preschool education in the regions is more than two times lower than in the capital Baku [1]. Only about 20% of children aged 3 to 6 attend preschool, making Azerbaijan one of the countries in the Europe and Central Asia region with the lowest level of access to preschool [15]. According to official statistics, annually more than 60% of graduates of general education schools enter the labor market without any specialization. It is estimated that only 32% of the 4.9 million workers in Azerbaijan have formal qualifications [13. P. 24–25]. According to a study by the State Statistics Committee (Goskomstat) for 2016, the inconsistency of qualifications affects more than 44% of working young people (aged 15 to 29) [16. P. 8].

Government spending on education remained at 2.5% of gross domestic product in 2018. Overall, this figure is lower than the 4.5% average in Eastern Europe and the average for upper-middle-income countries. Nevertheless, budgetary allocations for education for 2019 increase by almost 13%, which confirms the government's commitment to further improve the country's human capital [16. P. 9]. In European countries, the share of funds allocated for education in GDP varies between 5–8%. The chart below shows the funds allocated to education relative to GDP in Azerbaijan (Fig. 5).

Nevertheless, in 2018, Azerbaijan ranked 155th in the world in terms of GDP in terms of education spending, which is not a good position at all.

Medicine. The study shows that 78.6% of health expenditures in Azerbaijan are paid by the population from its own pocket. However, the World Health Organization (WHO) recommends limiting this figure to 20%. The table below shows the share (%) of the population's personal expenditures in total health expenditures between different countries (Fig. 6).

Children's health indicators are relatively good: the chance of living to five years is 98 out of 100 born in Azerbaijan. But before the age of 5, about 20 percent of children

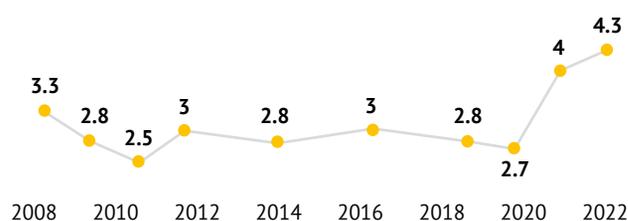


Fig. 5. The share of state budget education expenditures in GDP in Azerbaijan, %
Source: Prepared on the basis of data from the National Budget Group and the Ministry of Finance

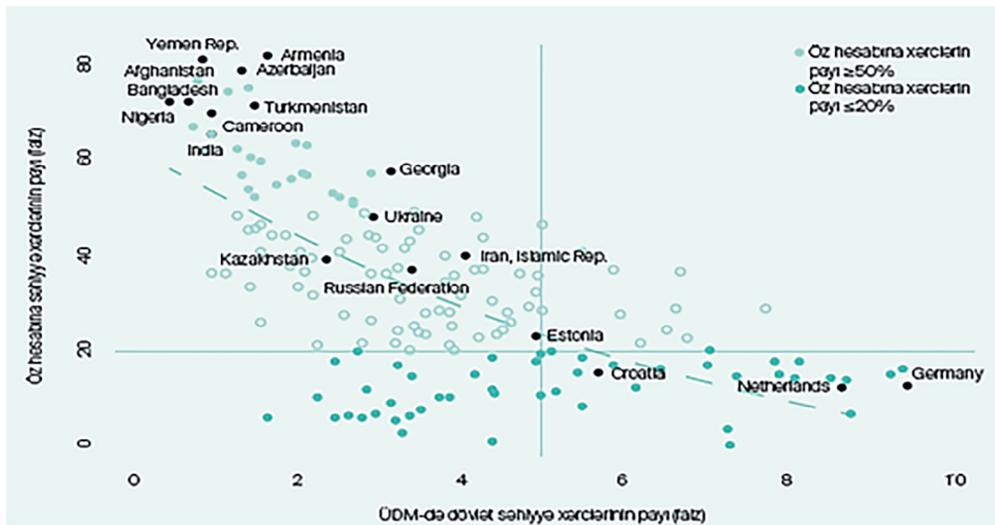


Fig. 6. The share (%) of the population's personal expenditures in total health expenditures between different countries
Source: WHO Global Health Expenditure Database, 2018

suffer from stunted growth. After childhood, 87% of 15-year-olds can live to be 60 years old.

The percentage of short stature among children under 5 years of age. Of 100 children, 82 are not short. In 2017, the human capital index of Azerbaijan was 0.60, which is lower than the average for the transition economies of the former USSR countries (0.71) [16. P. 16]. As with education, there are differences in health outcomes based on income levels. Among the richest 20% of families, only 16% of children suffered from stunted growth, and among the poorest 20% of families this figure is 33%. In addition to income levels, there are significant differences in the quality of medical services between Baku and the regions. Although the number of qualified doctors per 10,000 people in Baku is 92, in the regions this figure is less than 20, or five times lower than in the capital [16]. The chart below shows the current per capita health expenditure in US dollars in Azerbaijan (Fig. 7).

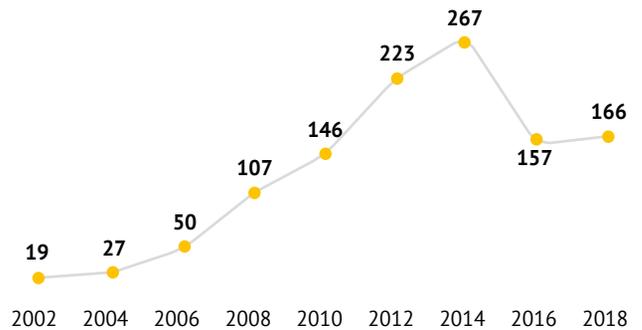


Fig. 7. Per capita health expenditures in Azerbaijan, US \$
Source: <https://www.macrotrends.net/countries/AZE/azerbaijan/healthcare-spending>

The next graph shows the share of health expenditures in Azerbaijan's GDP (Fig. 8).

In 2018, Azerbaijan ranked 166th in the world in terms of health expenditures in GDP. In terms of ease of doing business, Azerbaijan in 2006 ranked 99th out of 175 countries. In 2019, it climbed to 25th place among 190 countries. Insufficient human capital is a serious obstacle to the average rating of Azerbaijan's competitiveness in the World Economic Forum's Global Competitiveness Report 2019 (58th out of 141 countries) [16].



Fig. 8. Share of health expenditures in GDP in Azerbaijan, %
Source: <https://knoema.ru/atlas/Azerbaijan/topics/Health/Resources-Health/Resources-Health-Percent-from-VP>

Measures to improve human capital in Azerbaijan

1. The most important steps to be taken in Azerbaijan to make progress in areas affecting human capital are economic measures such as expanding financial opportunities and op-

portunities for small and medium-sized businesses, supporting and creating free import and export operations.

2. Eliminate inequality between regions. Although certain socio-economic development programs have been implemented in Azerbaijan in recent years, there are still significant differences between Baku and other regions in the formation of economic income and value. In 2019, the Absheron Peninsula accounted for 73% of total production and about 90% of industrial production. Unfortunately, this inequality is reflected in the distribution of funds. Last year, 73% of fixed assets in Azerbaijan fell to the Ab-

sheron Peninsula. In other words, geographically, 3 out of every 4 manats of fixed capital is spent on 7% of the country's territory [22].

3. Giving priority to expanding educational opportunities for adults.

4. Services and training offers that support participation in the labor market that are more accessible to young people should be provided.

5. Increasing the importance of vocational education for human capital development with the participation of the sustainable private sector. Incentives and special policy mechanisms should be established to involve employers in the vocational education policy period.

6. It is recommended to work to increase the prestige of the teaching profession, including the creation of a system of promotion and career advancement.

7. The government and the private sector need to develop a joint plan. Private sector participation in human capital policy formulation will ensure a broader process of participation and will be more effective.

8. The targeted public investment program needs to strengthen the private sector, as well as stimulate the private sector through tax and administrative mechanisms.

9. Develop a state investment program to support human capital development strategies.

10. Follows the monitoring of the state of human potential in the regions of the country in the section by groups: capital health, capital education, capital mobility, etc.

Conclusion

One of the main factors in the socio-economic development of Azerbaijan is the country's human capital. The development

of human capital is the key to the high competitiveness of the national economy, industry and enterprises. In the modern paradigm of socio-economic development of the regions, human capital is recognized as one of the most important sources of long-term economic growth.

Great importance should be attached to the development of human capital in all strategic programs of our republic. The impact of the COVID-19 coronavirus pandemic on human capital should also be noted. Unlike natural disasters, pandemics have left buildings, factories and infrastructure untouched, but have seriously affected the health of millions of people and disrupted the education of millions of children.

Measures to increase investment in human capital should take into account current priorities and new challenges in the post-pandemic environment. First, improving the quality of education will require modernizing the foundations of the education system. Priorities should include: stimulating the application of innovative teaching and learning methods; to pay attention to the formation of basic skills; investing in early childhood education; modernization of educational environment and equipment; improving the management of educational institutions.

Governments need to know that improving the state of human capital will take a long time. In the short run, the productivity of individuals can be effectively increased only when there is work. Therefore, countries must create employment opportunities for people. In the long run, a better educated and healthier population will lead to economic growth. Against the background of rapid global changes in technology, demography and climate, there is a risk of widening gaps in human capital. Conflicts and pandemics, such as the current Covid-19 crisis, loss of life, livelihoods, nutrition, and severe restrictions on basic health and education services can have devastating effects on human capital.

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