



The Importance of Social Insurance in Human Capital Development

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ABSTRACT

The article examines the essence of social insurance relations in the formation and development of human capital. Areas of employer enterprises that affect human capital have been studied. Specific features of social insurance types have been considered.

Keywords:

human capital, social insurance, education, medical assistance, population income, occupational benefits, insurance premiums

Introduction

Human capital is an important and valuable resource for any company. Therefore, employers not only focus on developing their human capital but also invest in its recruitment, protection, and high-level retention, meaning that they benefit from constantly producing and reusing it. Many countries, including our republic, are taking various measures to achieve these goals. As our President Sh.M.Mirziyoyev emphasized, 'The main purpose of these efforts is to develop human capital in our country. It is impossible to achieve this goal simply by producing and reusing raw materials. Innovative solutions are also needed to add value to production. Therefore, the development of science and technology is a crucial area for our progress' [1]. This issue can be resolved through social insurance that carries out the reproductive function. Creating a social insurance system, including the establishment of a social insurance organization, is defined as one of the tasks of the social protection policy aimed at increasing the value of human capital in the development strategy [2].

Materials and Methods

In the course of research, the works of foreign and local scientists were studied and

analyzed regarding human capital and the impact of social insurance on its development. In the article, methods such as theoretical observation, systematic approach, observation, generalization, analysis, and synthesis were effectively used, as well as the role of social insurance and their types in the development of human capital were studied, and conclusions were drawn on the topic.

Results of study

Let's have a look at the opinion of some scientists about human capital. For example, a group of scientists led by the famous economist S. Fisher stated that "Human capital is a measure of a person's ability to make a profit. This includes his innate abilities, knowledge and professional skills" [3], while our local scientists A. Olmasov and A. Vahobov stated that "Human capital is the intelligence and strength of people capable of creating goods and services that are considered life benefits. since its creation requires cost, it is equated to capital" [4]. Therefore, the sum of the abilities that bring income to a person can be defined as human capital.

Scholars have expressed different opinions about social insurance. According to an American economist, social insurance, like commercial insurance, is about protection

against financial risk. It is "insurance" in the sense that people contribute to a fund to protect themselves against unpredictable financial risks. These include outliving one's savings in old age, the early death of a breadwinner, the onset of a disability that makes work difficult if not impossible, the high costs of acute illness, involuntary unemployment, and work-related injury [5]. According to some scientists, there is no uniformly agreed-on definition of social insurance, but two definitions—one narrower and one broader—are often used. Under the narrower definition, social insurance consists of government programs in which workers (and/or their employers) pay dedicated taxes to the programs during the years that the workers are employed. The workers then qualify for benefits from the programs when they reach retirement age, are determined to have a disability, are laid off, or experience another qualifying event [6]. Social insurance relations are the continuation and development of labor relations in the field of protection of employers and workers from social risks [7]. According to Chinese scientists, human capital, based on which labor income is derived, is one of the most important assets for the company to support consumption [8]. Therefore, in order to increase the position of human capital in the development of the company, it is necessary to support them in every way, in particular, to use social insurance wisely.

Analysis and results

The modern theory of human capital views the employee as a bundle of skills that the employer has acquired in the labor market [9]. Human capital is a valuable resource for the employer, not only in terms of developing it, but also in terms of acquiring, protecting, and maintaining it, thus increasing the employee's status and contributing to the high income of the employee, employer, and the state. In addition, all of these, particularly the improvement of social insurance relations, occur under conditions of favorable socio-labor relations.

Subject to the topic of social insurance, the company that works to create and develop

human capital is actively involved. On one hand, the company creates conditions for human life within a certain area, and on the other hand, it operates as a user of labor and human capital. It should be emphasized that human capital involved in production is one of the most important competitive advantages in business. Therefore, the employer is prepared to take responsibility for and benefit from its development-related and related costs. According to researchers, human capital is formed from the costs associated with education, medical care, childbirth and upbringing, and other expenses [10]. In addition, employers affect human capital in the following areas [11]:

1. Creating income for the population, first of all, by paying salaries to employees, as well as creating a part of the delayed income through the mechanism of social insurance. The living standards of employees depend on this;

2. The quality of human capital is directly related to the amount of taxes paid by companies to the state budget system, since the state provides the population with services related to the level of taxation. These services are related to healthcare, education, social protection, and other areas;

3. Companies can provide social services to their employees, for example, by maintaining social facilities such as residential buildings, schools, hospitals in their balance sheets. In addition, companies can partially finance events of social importance that are underfunded by the budget.

In addition, skill development courses organized by employers to develop human capital also provide assistance in training and retraining employees. Professional training of employees increases their productivity, work ethic, and so on. In addition, investing in the education of employees helps to enhance the corporate human capital by increasing its quality and quantity, thereby ensuring the company's competitiveness at the local, national, and international levels.

Therefore, human capital is a valuable and important resource for a company. For this reason, employers are interested not only in

developing their human capital but also in retaining it, protecting it, and maintaining it at a high level, that is, benefiting from its continuous reproduction. This problem can be solved through social insurance that performs the reproductive function.

Because the foundation of human capital is good health, medical insurance holds a special place in the social insurance system. This allows for the minimization of unforeseen medical expenses related to employee illnesses. During times of illness, employees become economically dependent due to expenses related to treatment, rehabilitation, and other related costs. Medical insurance is established to monetize medical services, which provides the opportunity for employees to access higher-quality medical services and quickly restore their work ability. This is accomplished through the concept of social solidarity, and the shared cost of insurance is redistributed for the benefit of the sick [12].

Together with this, funds are formed for preventive measures for maintaining health and extending life, such as disease prevention (for example, immunization) and health preservation. Preventive measures extend the duration of a person's ability to work and therefore their human capital. Thus, medical insurance is the most important factor in developing human capital.

Another type of social insurance that ensures the repeated production of human capital is insurance against unsuccessful events and professional illnesses that arise during production. The most important direction for improving work efficiency and maintaining the health and labor ability of employees is to improve working conditions. For this purpose, employers need to check their workplaces for compliance with working conditions, and employees who work with harmful and (or) dangerous working conditions need to purchase personal protective equipment (special clothing and footwear, high-quality disinfectants); it is necessary to organize treatment in sanatoriums, to organize measures for improving the health of employees and other preventive measures. Funds for social insurance are used jointly to

reduce the failure of employees and professional illnesses during production, as well as to reduce their economic losses.

The next direction of social insurance, which contributes to the formation of human capital, is supporting the birth and upbringing of children. In addition, during maternity leave, there is a partial or complete risk of losing the professional skills and qualifications that women have developed, which can be a social danger for the formation of women's human capital. Therefore, in order to provide opportunities for women to update their professional skills and return to work quickly after maternity leave, it is necessary to introduce social insurance incentives for their professional training and retraining. In addition, the state should provide such payments as part of social insurance benefits and establish special vocational training programs for companies. [13].

Thus, the provision of insurance compensation by employers enables the accumulation of the deferred portion of income for employees and mitigates the negative effects of social risks. It should also be emphasized that paying insurance premiums is an additional financial burden for companies, which is why many employers do not fully pay or do not pay at all, depriving employees of labor and social guarantees.

In accordance with the conditions of employment, employees deprive themselves of social insurance benefits such as retirement benefits, compensation for occupational accidents and diseases, the opportunity to pay for sick leave, maternity leave, and other important social guarantees provided by the state. As a result, the responsibility for further developing human capital falls on the shoulders of the employee, which in the long run leads to a decline in human capital in our country.

Thus, social insurance benefits are considered as high expenses for human capital. In addition, improving the quality of work, meeting the high professional skills of workers requires the development of new mechanisms for social protection from social risks.

The development of high-quality human capital can only be achieved through the social partnership of the state, employers, and employees. Therefore, social insurance is required to be seen as a form of social investment in human capital, which stimulates employees and employers to be active in the economic field.

Conclusion and suggestions

In order to ensure sustainable development of human capital, it is necessary to develop voluntary social insurance in companies. Firms can create insurance reserve funds that provide the opportunity to manage professional field risks in an additional way. As a result, taking into account various insurance events in the current social insurance system to the maximum extent helps to develop human capital. Personal responsibility, the unity of employees and employers, as well as the compatibility of their mutual assistance policies, help to solve a number of social problems in the country's social insurance system. In addition, satisfying the social needs of the workforce and increasing the competitiveness of human capital in the country are enhanced by the social insurance system.

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