

# Principles of creation and development of human capital

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**Abstract.** This is possible when we adopt an intricate perspective on human capital, considering it as an intricate network of economic relationships expressed through economic activities, and the development of its reproductive and productive qualities will be achieved. According to this holistic view, the human capital is an individualized embodiment of economic relations. This holistic view interprets human capital as a personal embodiment of these economic relationships. It involves the accumulation of professional competencies in all life, the integration of technological methods into production to improve labor performance, and pursuit for equitable payments for one's work. Each of the roles in human development is complex and multifaceted: individuals act as architects, consumers of material goods, scriptwriters, and performers. All this under the framework of measures, emotions, responsibilities, hard work, diligence, and integrity towards oneself and others. So, it is through the harmonious interplay of these roles that human capital reproduction unfolds.

## 1 Introduction

The significance of human capital in the context of digitalization cannot be overstated. It is considered by the global community as one of the most crucial components of the world's total wealth, accounting for 64% of this wealth [1]. In such a scenario, human capital becomes a valuable resource for gaining competitive advantages, much like natural resources, technology, and information.

In countries with a high level of human capital, there is an improvement in overall societal well-being and enhanced quality of life. Therefore, while pursuing economic growth in terms of key macroeconomic indicators, it is essential to focus on its qualitative aspects, particularly the development of social infrastructure institutions that facilitate the growth and development of human capital.

The Human Capital Index (HCI), which encompasses indicators related to education and physical health, is commonly used to assess the level of human capital. In an international ranking covering 174 countries, constituting approximately 98% of the world's population, Russia is placed 41st in the Human Capital Index [5]. In 2020, Russia's HCI was 0.68. It's worth noting that this index has a dual nature. For instance, the level of education in Russia is significantly higher than in many countries with greater income

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levels. However, concerning health indicators, Russians tend to fare worse compared to the global average. Some of the highest values of the Human Capital Index are observed in countries such as Singapore (0.88), Hong Kong (0.81), and Japan (0.8) [6].

The level of human capital, as it is embodied in individuals, is influenced by various factors that also impact the overall standard of living [4]. These factors include macroeconomic instability, which leads to reduced income and well-being, limiting opportunities for acquiring knowledge and skills [3]. Additionally, epidemics, pandemics, social unrest within the country and abroad, as well as geopolitical factors, have a bearing on the level of human capital.

Furthermore, the rapid advancement of technology, the effects of climate change, and demographic challenges exacerbate the perpetual shortage of human capital (fig.1). During challenging periods of economic cyclic fluctuations, states often struggle to maintain the required level of human capital, resulting in reduced investments in human capital and a decline in the quality of medical and social services to the population [2]. This, in turn, hampers the growth and development rates of human capital accumulated during pre-crisis periods, causing it to lag behind the level of innovative technologies. In an era characterized by widespread adoption of digital technologies, there is a heightened need to harness the knowledge and abilities of the population to their fullest potential.



**Fig. 1.** Human Capital Management

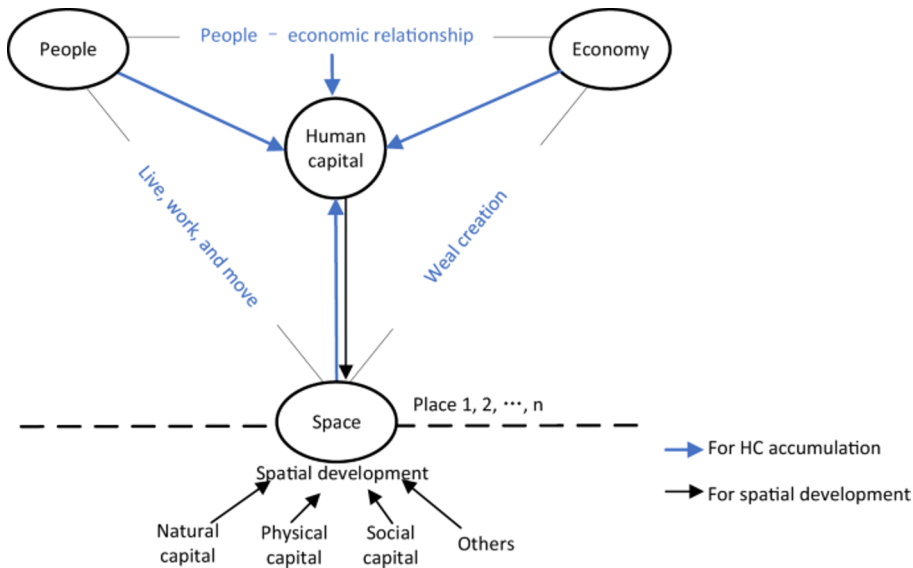
The preparation of human resources for the digital era has never been more critical. This article underscores the importance of considering new factors that determine the level and quality of human capital within the context of Russia's unique realities.

## 2 Research Methodology

The creation and cultivation of modern human capital, commensurate with the pace and extent of economic digitization, necessitates proactive workforce training. The country's ongoing program of technological modernization places unique demands on the caliber and training of professionals. Special economic zones and technology parks are thriving in various regions, and the establishment of university campuses is well underway, with plans for at least 25 campuses to be constructed by 2030. These initiatives yield significant

returns for their host regions. Encouraging student entrepreneurship, establishing startup studios within universities, and fostering the development of technologies at the student level are endeavors that the government actively supports and aims to expand. Currently, up to 20% of technologies originate from university environments, a figure the government seeks to augment. An innovative instrument in the realm of technological development involves the establishment of 30 advanced engineering schools, marking the first time such institutions will be created [14].

The matrix underpinning the scientific and technological development system highlights flagship projects that, due to their scale, have the potential to drive comprehensive technological advancement. Some of these projects are related to the commercial use of drones, while two others revolve around electric vehicles and personal digital medical devices.



**Fig. 2.** Human capital space.

Presently, there are ongoing discussions on various platforms across the country regarding innovation, network space, and the digital economy. These concepts are intricately linked with other essential categories in the current context, such as the "competitiveness of the national economy" and "labor productivity" [10].

### 3 Results and Discussions

When post-industrial transformations take place in the world, human capital is being re-evaluated. In the context of post-industrial transformations taking place in the world, the concept of human capital is being re-evaluated [8]. The concept of "human capital" is being reevaluated in the context of post-industrial transformations that are taking place in the world economy and social life, as well as in the context of post-industrial transformations taking place in the world economy and society. The main cornerstone of human capital development is education, as it was found that the most valuable resource of society. Education is considered as the main cornerstone of human capital development, which is recognized as the most valuable resource of society.

Education cannot be called the only factor that plays an important role in social progress, but also is a driving force of economic progress [9]. The most prominent scholars

argue that the existing education system, which has its roots in the industrial era, is not capable of preparing people for modern life. In the modern world, the existing education system, rooted in the industrial era, does not properly prepare people for complexities of life. Renowned scholars argue that the existing education system, rooted in the industrial era, fails to adequately prepare them for all the complexities of the modern world. The modern education system is responsible for the response of people to the growing demand for 21st century skills that will help them adapt to socio-economic and technology change, improve employee employability. It is important that it responds to the growing demand for 21st century skills that will enable people in order to adapt to socio-economic and technological changes and enhance their employability.

In the global landscape of corporate governance, the most prominent positions are held by companies that, ahead of others, have mastered the art of cultivating human capital within their organization [10]. They've excelled in developing this capital in harmony with technological advancements and have harnessed it to its fullest potential in creating added value. The presence of highly developed human capital within a company, capable of generating novel ideas, products, and services, significantly enhances that company's market value. Professionals with abundant human capital not only innovate new products but also quickly adapt to using them, whether it's in solving professional challenges or in their daily lives. Such individuals are willing and able to tackle complex tasks, and they exhibit higher labor productivity compared to those with lower skills. It's worth noting, however, that having such professionals within a company comes at a higher cost [7].

Education plays a pivotal role in shaping human capital and fostering its ongoing development. The learning process, in various formats and at all stages, is where essential competencies are forged. In our country, the entire age-appropriate population has access to basic education. Furthermore, the quality of modern school education in Russia receives positive recognition on the international stage. Russian society also boasts high rates of higher education attainment. Nonetheless, employers express significant concerns about the set of competencies that higher education graduates develop. The pace of technological innovation and the digitization of business processes is advancing more rapidly than the speed at which students can update their competencies and knowledge.

The formation and level of human capital are inherently linked to the financial capabilities of the individuals who possess this capital. The population's income level, consumption structure, and savings volume all serve as resources for society's human capital development [11]. They can also represent limitations to its growth and are the result of human capital development. In the present era, marked by macroeconomic instability, foreign sanctions, and heightened geopolitical tensions, there has been a slight decline in the standard of living among Russians. Households are experiencing increased expenditures due to rising inflation. The consumption pattern is evolving as well, with Russians allocating more of their funds to cover essential services such as utilities, education, healthcare, and leisure activities, among others.

## **4 Conclusions**

As a result of this, human capital management involves not only administrative personnel and staff administration, but also allocation of financial resources to improve the development of people's resource. By understanding the market's demand for human resources and addressing skill gaps, regions can be significantly improved in terms of regional competitiveness. According to modern approaches to human capital management, two prominent theories stand out: In modern approaches to Human Capital Management, two prominent theories stand out: Two prominent theories stand out in modern approaches

to human capital management: In modern approaches to human capital management, two prominent theories stand:

1. It was created by the University of Michigan Model: this model introduced new methods in human resource management, focusing on four fundamental functions that are important for human capital management.

2. At the Harvard University Institute, this model has four key segments of human capital management, encompassing employee involvement in human capital management. This model outlines four key segments of Human Capital Management, encompassing employee involvement in human capital management.

The impact of human capital on regional development is significant. A large impact of human capital on regional development is significant. The impact of human capital on regional development is highly significant. A well-developed workforce contributes to the economic development of an area, attracting more investment from other regions. The region's innovation and competitiveness are further improved. At the moment, there are factors that stimulate development. The main stimulus for development is the expansion of infrastructure, the rise in education and health services, and other factors.

There are many factors that can be considered important to note: entrepreneurs also play a vital role in fostering human capital development in the region. As part of this investment, they are aimed to improve human capital of the region and reduce unemployment. For the benefits that are derived from business growth in regions, local governments should actively support business and incentivize them to invest by using available finance tools.

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