

HUMAN CAPITAL AS A FACTOR INFLUENCING LABOR MARKET EQUILIBRIUM

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Labor market equilibrium is a condition in which the supply and demand for labor are in line, i.e., conditions that satisfy the needs of the economy and fully realize the labor potential of the population. Human capital is crucial in achieving such a balance. In societies with insufficiently developed human capital, various asymmetries and imbalances arise in the labor market: there are vacancies, but there are not enough qualified personnel; or vice versa - there are many young people with higher education, but their qualifications do not meet market demand.

What role does human capital play in matching supply and demand in the labor market? It provides skills and occupational matching. In societies with a high level of human capital, the workforce can adapt quickly to market demands. For example, the availability of specialists with the skills needed for the digital economy reduces the imbalance between employers and job seekers.

It creates a link between wages and labor productivity. A workforce with education, skills, and experience deserves higher wages, and their labor productivity increases. This increases the demand for quality labor in the market and accelerates the process of equilibrium.

Stabilizes labor migration. When human capital is formed in accordance with local market needs, the imbalance in internal and external labor migration decreases. This has a positive effect on the regional labor balance.

Reduces unemployment. Increasing the potential of human capital through education and retraining reduces unemployment, especially among youth and women.

Creates a resource for an innovative economy. Intellectual potential, innovative thinking and entrepreneurial skills in human capital stimulate the creation of new industries, jobs and projects. This diversifies demand in different sectors of the labor market.

The imbalance in the labor market and the lack of human capital lead to a number of economic and social consequences. First, there is a professional imbalance. That is, the level of education and skills of the population does not correspond to the real demand in the labor market. This leads to unemployment on the one hand, and to a shortage of personnel in some sectors on the other. At a time when the demand for highly qualified specialists is growing, especially in technological sectors, graduates of educational institutions in many cases are unable to meet this need.

Secondly, hidden unemployment and underemployment are widespread. In this case, although individuals are officially employed, their potential, knowledge and skills are not fully realized. This leads to low labor productivity, inefficient use of labor and economic inefficiency.

Thirdly, a “brain drain” occurs. This is a situation where young people with high knowledge and abilities leave for other regions or countries due to the lack of adequate conditions, material and moral incentives. This situation is a huge loss for the local economy, since human capital with the potential for development leaves the region.

Fourth, there is a labor imbalance. As a result of the different development of the level of human capital in different sectors, there are injustices in the payment of labor. In some sectors, wages are low relative to labor productivity, which reduces the efficiency of the workforce and causes the departure of professional personnel to other sectors. It should be noted that ensuring balance in the labor market is closely related not only to the creation of jobs, but also to the quality and potential of the workforce. That is, if the workforce does not meet market demand, then balance will not be ensured even if there are enough jobs. This makes the connection between the level of human capital and labor productivity even more visible. Human capital is not only for finding a job, but also for ensuring a person's stable and effective participation in the labor market, self-development and competitiveness during his work. In particular, a workforce with high intellectual potential: quickly adapts; solves problems independently; will be active in mastering new technologies; will be inclined to innovative activities. In this regard, modern requirements emerging in the labor market — for example, a digital economy, remote work, the acquisition of multidisciplinary knowledge, cross-functional skills — require a reshaping of the level of human capital. This requires an integral connection of the education system, vocational training, retraining and advanced training programs with the labor market.

Human capital should be viewed as a dynamic and strategic resource that ensures labor market balance. It is appropriate to approach it not only as a factor related to education or health, but also as a crucial pillar of national economy and regional development.

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