

THE ROLE AND STRATEGIC SIGNIFICANCE OF HUMAN CAPITAL IN THE ECONOMIC DEVELOPMENT OF UZBEKISTAN

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Abstract: This article examines the importance of human capital in the economic development of Uzbekistan and the necessity of modernizing the higher education system. In the context of globalization, the rise of the digital economy, and increasing competition in the international labor market, investments directed toward the educational sector are interpreted as one of the key strategic priorities of the state. The article substantiates the invaluable role of human capital in developing a highly qualified workforce, strengthening scientific potential, and facilitating the transition to an innovation-driven economy. Additionally, the paper highlights the role of education in Uzbekistan's socio-economic development strategies, existing challenges, and solutions for their effective elimination.

Keywords: Human capital, higher education, economic growth, innovative development, educational investment, workforce training, competitiveness, modernization, knowledge economy.

Effective modernization of the national economy, ensuring its competitiveness in the global market, and strengthening socio-economic stability are among the foremost strategic tasks of the present time. In this process, the formation and efficient management of the country's internal potential holds particular importance. From this perspective, the study and development of human resources have become urgent issues. Today, human capital is recognized as the most crucial economic factor — superior to natural resources or material assets. The competitiveness of a state and the pace of economic development are determined by the qualitative and quantitative indicators of its human capital. International experience demonstrates that, within the global wealth structure, physical capital accounts for 16%, natural capital for 20%, while human capital constitutes 64% of total wealth .

In the context of a knowledge-based economy, the education and cultural systems play a decisive role in the formation of human capital. According to the well-known economist G. S. Becker, any investment directed toward education generates economic returns in the future; therefore, investors (students and parents) consider such expenses in comparison with other investment opportunities . Similarly, A. Daly equates expenditures aimed at developing skills and competencies with investments in physical capital .

Today, humanity is facing a number of complex global threats such as energy shortages, food insecurity, environmental crises, radioactive contamination, and biological risks. It is natural that the education system plays a leading role in addressing these global challenges, which further enhances its strategic importance. Numerous scientific studies confirm that the most essential directions of investment in human capital are the sectors of education and healthcare. According to the World Bank, the structure of national wealth in the United States consists of 19% physical productive assets, 5% natural resources, and 76% human capital. In Western Europe, these figures account for 23% and 74% respectively, while in Russia they are 10.4% and 50%. These indicators clearly demonstrate that human capital is the most valuable resource in a post-industrial society. Investments in education are now viewed not as expenditures but as high-yield investments, since intellectual (human) capital represents the key factor driving economic development dynamics, labor productivity, and the pace of scientific-technological progress.

The economic value of higher education in human life is explicitly manifested in employment levels and income indicators. Experience from OECD countries demonstrates that as the level of education increases, success in the labor market and earnings rise significantly. Therefore, establishing a strong foundation for the development of human capital requires ensuring a high level of education and cultural advancement among the majority of the population.

Enhancing the competitiveness of Uzbekistan's economy, maintaining stable growth rates, and ensuring socio-economic security in the era of globalization make the development of human capital a strategically crucial issue. Within the framework of modern economic paradigms, investments directed toward individuals — education, healthcare, scientific innovation, and cultural progress — are regarded as the nation's greatest asset and its primary driver of development. Human capital determines the technological, economic, and social advancement level of a state.

International experience demonstrates that the success of economic development relies not on natural resources or physical capital, but on highly skilled, knowledgeable, and intellectually capable human resources. For instance, in the United States, Japan, and European countries, human capital accounts for 65–75% of national wealth. Statistical data confirm that investments in education significantly contribute to economic growth in these countries.

Japan's case is particularly noteworthy: despite its historically limited natural resources, the country has become one of the world's leading industrial powers by improving its population's educational level and professional skills. This example affirms that investments in human capital generate the highest level of effectiveness.

Today, Uzbekistan has also identified human capital as a priority in the process of modernizing its national economy in line with global trends. The “New Uzbekistan” Development Strategy emphasizes educational reforms, advancement of science and innovation, and modernization of the healthcare system as fundamental drivers of national economic growth. The increasing demand for skilled labor based on labor market requirements, alongside the rising potential and competencies of youth, contributes to the accelerated development of high-tech sectors.

The economic effectiveness of human capital is linked not only to labor productivity, but also to innovative activity, creativity, digital literacy, and the formation of a knowledge-based economy. In this context, establishing a lifelong learning system and strengthening the integration between research institutions and higher education are among the key factors of economic progress in Uzbekistan.

However, although democratization, differentiation, and diversification in the education system are important for human capital development, they do not fully guarantee social mobility. Despite state efforts to mitigate negative outcomes in this process, expected results are not always achieved. For example, since the 1980s, France has introduced Zones d'Éducation Prioritaires (ZEPs) in socioeconomically disadvantaged migrant-populated areas. These zones receive additional targeted funding to combat social inequality through “pedagogical differentiation,” thus creating what can be considered a “two-speed education system”.

Similarly, in the Netherlands, 70 priority education zones have been implemented since 1986 as part of state educational policy. In the United Kingdom, the 1991 National Education Modernization Plan introduced a new governance approach, reducing full state control. Since 1998, Education Action Zones have been established locally to improve educational standards in underperforming areas by strengthening school–parent partnerships. However, the effectiveness of these programs has been limited in both France (state-funded) and the UK (with private-sector involvement).

South Korea leads the world in the proportion of population aged 25–64 with higher education, exceeding 60%. Switzerland and Sweden—top performers in the Global Innovation Index and the Knowledge Economy Index—demonstrate slightly above 40% for this indicator.

In Belgium, individuals with higher education earn, on average, 30 percent more than those with secondary education, while in Hungary this difference reaches 117 percent. For women aged 25–64, the economic benefits of higher education are even greater compared to men in the United Kingdom, Ireland, Spain, and the Netherlands. Income disparities persist even when educational attainment is the same, which is largely explained by differences in occupational choice, working hours, and forms of employment.

The modernization of the Russian economy is likewise impossible without investments in human capital. Currently, Russia ranks 55th in the world in terms of human capital development, which is largely due to the inefficiency of its education and healthcare systems and to the inadequate utilization of human potential. Although the proportion of individuals with higher education in Russia is quite high, the economy still suffers from a shortage of specialists that meet real sector demands. In recent years, nearly half of university students have chosen programs in the humanities and economics, while engineering and technical fields account for no more than 11 percent .

In contrast, countries such as China, South Korea, Germany, and Finland prioritize training in technical and natural sciences. The rapid expansion of higher education in Russia occurred as a result of the strong social demand that emerged during the economic crisis of the 1990s: drastic declines in economic growth, rising unemployment, and uncertainty in the labor market stimulated a growing desire for higher qualifications.

Changes within the education system mostly occurred spontaneously, without well-designed state planning. Between 1990 and 2011, the number of higher education institutions increased from 514 to 1,115, while student enrollment grew from 2.8 million to over 7 million. At the same time, demographic challenges continue to negatively affect the development of human capital, as the number of school graduates is steadily decreasing. In the current environment, the globalization of the education market and intensifying competition create significant economic opportunities for countries capable of exporting high-quality educational services. In modern society, individuals increasingly require new knowledge for continuous development—knowledge has become the fundamental medium in which society exists and evolves.

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