

## THE IMPORTANCE OF THE EDUCATIONAL SERVICES MARKET IN THE DEVELOPMENT OF HUMAN CAPITAL IN UZBEKISTAN

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### **Abstract**

*This article examines the crucial role of education services in the development of human capital in Uzbekistan. It examines how education affects the knowledge, skills and abilities of individuals and how the accumulation of human capital contributes to personal, social and economic development. Through a multidimensional analysis of empirical evidence, theoretical frameworks, and case studies, this study aims to shed light on the importance of education as a catalyst for human capital formation and its impact on various aspects of societal life.*

### **Keywords**

*human capital, economic growth, innovative technologies, quality of education, higher education*

### **Introduction:**

Education is widely recognized as the main factor of economic development and social development, and plays a decisive role in the formation of human capital. It is important to understand the relationship between human capital and educational services in the context of Uzbekistan, a Central Asian country with a rich cultural heritage and a rapidly developing economy. This research article aims to comprehensively analyze the current state and dynamics of educational services in Uzbekistan, paying special attention to their impact on the development of human capital.

As a nation, Uzbekistan recognizes the transformative power of education in promoting individual growth, improving workforce skills, innovation and productivity. Over the years, the government has implemented a number of reforms aimed at improving the accessibility, quality and relevance of education services at all levels, from pre-school to tertiary education. These initiatives are

aimed not only at expanding educational opportunities, but also at adapting curricula to the changing needs of the modern, knowledge-based economy.

This research article examines the multifaceted aspects of educational services in Uzbekistan, explores strengths, challenges, and potential areas for further improvement. By analyzing policy, infrastructure, teaching methodology and educational outcomes, we seek to reveal the relationship between educational services and human capital development in Uzbekistan.

In addition, this study examines the wider socio-economic implications of a well-functioning education system. It examines the relationship between educational services, labor market dynamics, and overall economic growth, highlighting the role of human capital as a catalyst for sustainable development.

This research paper aims to contribute to the ongoing debate on education reforms, policy making and strategic decision-making in the country by providing an evidence-based analysis of the current state of education services in Uzbekistan and their impact on human capital. The findings and recommendations from this study provide valuable insights for policymakers, educators, researchers, and other stakeholders to promote excellence in education and harness human capital for Uzbekistan's future prosperity.

### **Literature review**

Education has emerged as a cornerstone of economic development in the 21st century, serving as an important factor in productivity and a key determinant of a country's competitive advantage (Porter, 1990). In this context, education plays an important and important role in the country's economy, which leads to a significant allocation of resources in the form of educational expenditures. Acknowledged for its important contribution, education is seen as a powerful force in stimulating economic growth and, more importantly, in developing human capital in a country. In addition, education is a crucial factor in shaping life chances, promoting equal opportunities and promoting individual development. As the most powerful tool, education empowers citizens to understand and manage their social and cultural environment, equipping them with the necessary skills to thrive and succeed in an increasingly competitive world.

Human capital theory seeks to provide insight into the decision-making process behind investment in education. This theory is of particular importance at various stages of decision-making. Scholars such as Theodore Schultz (1988) and Gary Becker (1967) advance this theory, viewing human capital as a means of increasing people's productivity and efficiency by developing their cognitive abilities. Essentially, human capital represents the accumulation of economically

valuable human capabilities resulting from a combination of inherent human abilities and investments. These investments can be in the form of education, on-the-job training, healthcare and food costs. By allocating resources for such investments, societies increase their future productive capacity, albeit at the expense of immediate consumption.

Within the framework of human capital theory, education is viewed as an effective investment in human capital as well as an investment in physical capital. This perspective considers education as a form of capital and places great importance on human abilities as a factor of production in the development process. It recognizes that human capabilities and productivity play as important a role in the development process as financial resources, natural resources and physical infrastructure.

This theory emphasizes the importance of human capital and recognizes the main role of education in the development of individuals and society. Education is recognized as a transformative investment that enhances people's cognitive skills and capabilities, thereby increasing their productivity and contributing to overall economic growth and development. The concept of education as a capital endowment derives from the understanding of human capital, which prioritizes human capabilities as a crucial contributor to the development process, among other important factors.

### **Importance of human capital development:**

In today's knowledge-based world, highly educated individuals such as scientists and technicians have a comparative advantage in understanding new or existing ideas and adapting them to production processes. Human capital development plays a crucial role in empowering people by empowering them, leading to empowerment and active participation in their own development (Salai-i-Martin, 1961). It involves increasing skills, knowledge, productivity and creativity through the process of building human capital. Therefore, human capital development puts the active participation of people at the core of development strategies, not just goods or production.

Significant economic growth in any country depends on adequate development of human capital. As knowledge becomes more important, countries must prioritize educating their youth to high standards. The quality of knowledge created in higher education institutions and its access to the wider economy is increasingly important for national competitiveness. This is a serious problem for developing countries. These countries require a robust higher education system to accommodate the growing number of students, especially those from

disadvantaged backgrounds. Higher education not only provides students with specialized knowledge, but also enables continuous renewal of economic and social structures in a changing world, fosters flexibility and innovation.

Higher education goes beyond imparting current knowledge; it teaches students how to keep their skills up to date, enabling them to adapt to an evolving economic environment. In addition, higher education institutions contribute to the quantity and quality of research, which enables developing countries to select, absorb and produce new knowledge more efficiently and quickly (World Bank, 2000). The provision of formal education is regarded as an effective investment in human capital, which proponents of the theory see as equal to, if not greater than, investment in physical capital. By recognizing the importance of human capital development, societies can develop the potential of their individuals, stimulate economic growth and promote sustainable development.

### **Methodology:**

This study uses a mixed methods approach using both qualitative and quantitative research methods. Secondary data sources are used to examine the improvement of education at the national level in Uzbekistan and its impact on human capital development. The information is from various sources, including the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, statistics of the Statistics Committee of the Republic of Uzbekistan on education services, World Bank reports, UNESCO, IOM, relevant books, magazines, collected from working papers, web articles, and other authoritative sources.

The study focuses on the post-economic reform period and uses a combination of decadal and annual data to analyze the variables of interest due to data availability limitations. Analysis is done using simple graphical representations and statistical tools such as percentages, ratios, annual growth rates, and annual growth rates. These analytical methods are used to study trends over a period of time.

In addition to data analysis, a comprehensive literature review is conducted to provide a theoretical framework for the study. This review includes relevant research, academic articles, and other secondary materials to contextualize and support the research findings.

Using mixed methods and drawing on extensive secondary data sources, this study aims to provide a comprehensive analysis of education improvement in Uzbekistan, highlighting trends, challenges and potential solutions in this area.

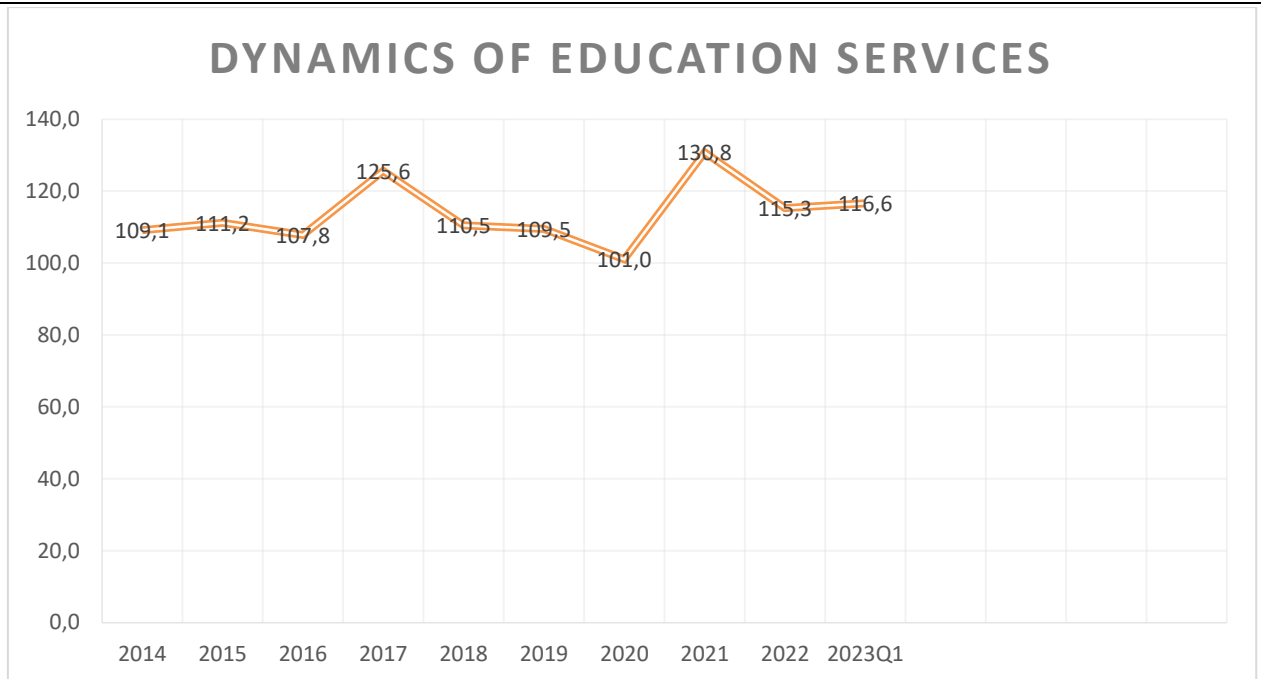
### **Results and discussions**

According to the results of the research of the World Bank, 64% of the growth in countries with a transition economy depends on the quality of human capital, in the USA this figure was 76%, and in European countries it was 74.2%. At the same time, it was noted in this study that every dollar spent on the development of human capital will benefit the country by 3-6 dollars in the future.

From the first days of independence in Uzbekistan, especially in the last six years, within the framework of the Strategy of Actions and its logical continuation, the Strategy of Development, the improvement of human capital, including comprehensive support for education and science, the population, especially a number of activities are carried out to create conditions for physical training and sports of young people, to strengthen their health, and to raise their cultural and educational consciousness. Expenditures from the state budget for these purposes have increased by 4.3 times.

In order to improve the system of higher education, increase the quality of education and integrate innovative technologies, the government has made significant progress in the legislative framework regulating higher education. In particular, the decision of the President of the Republic of Uzbekistan No. EO-2909 dated April 20, 2017 defines measures for further development of the higher education system. This decree is a catalyst of development and creates the ground for fundamental reforms.

Also, it is necessary to determine the priorities of the systematic reform of the higher education system in the Republic of Uzbekistan, focusing on improving the quality of education, training highly qualified personnel with modern knowledge and strong moral values. Decree No. 5847 of the President of the Republic of Uzbekistan dated August 8, 2019 was announced. This decree approves the concept of development of the higher education system of the Republic of Uzbekistan until 2030.



**Figure 1. Growth rate of the volume of services provided in the field of education (compared to the previous year, in %)**

Taking into account that the field of education serves for the future development and progress of the state, great attention was paid to education. In order to regularly improve the continuous education system like developed countries, to provide quality education and training of qualified personnel, a ministry implementing a unified state policy in the field of preschool education (Ministry of Preschool Education) was established. In this, the number of pre-school educational organizations was increased from 5211 to 19316, the number of schools was increased from 9719 to 10289, 11-year compulsory school education was restored, the workload of school teachers was optimized and forced labor was abolished, as well as the field of education the monthly salary of its representatives was increased by almost 4 times, the system of gradually providing free meals to elementary school students was introduced in the Republic of Karakalpakstan and Khorezm region, the number of higher education institutions was increased from 70 to 162, post-higher education A two-level basic doctorate (PhD) and doctorate (Doctor of Science) system was introduced.

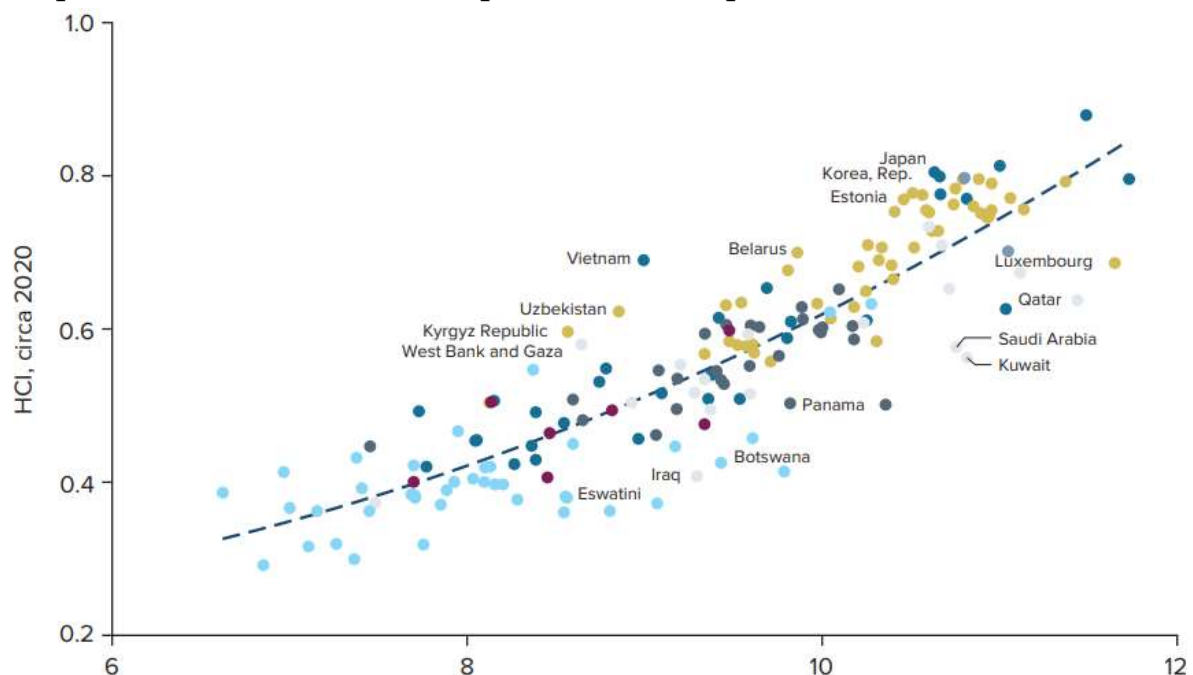
Investing in education and science is an investment for a great future. Following this idea and as a result of consistent reforms, the coverage rate of pre-school education increased from 27.7% to 67%, the percentage of qualified teachers with higher education in schools increased from 81.8% to 87.8%, the coverage of youth with higher education increased. level was increased from 9 percent to 28 percent,

and Uzbekistan rose from 122 places to 86 places according to the ranking of the Global Innovation Index.

Also, in order to consistently continue reforms in the field, within the framework of the Development Strategy, by 2026, the level of coverage in preschool education should be increased from the current 67 percent to 80 percent, the establishment of more than 7 thousand new non-governmental kindergartens, an additional 1.2 million students in the public education system. creating a place for students, gradually increasing the monthly salaries of qualified teachers to the equivalent of 1,000 US dollars, increasing the level of coverage in higher education to 50%, the number of non-state universities to at least 50, the wide introduction of innovations in the economy, industrial enterprises and scientific development of cooperation relations of science institutions was determined.

These strategic guidelines and legislative frameworks underline the government's commitment to the development of the higher education sector. By applying innovative approaches and encouraging comprehensive reforms, Uzbekistan aims to develop a high-quality education system that educates well-rounded individuals who can meet the challenges of the future.

In the 2020 edition of the Human Capital Index (HCI), Uzbekistan took 99th place among 174 countries. This rating reflects the progress of the country in terms of human capital development compared to other countries. However, it is important to keep in mind that the rankings may change over time as countries implement different policies and initiatives to improve human capital.



**Figure 2. Human capital index on the example of selected countries (Index  $0 < IK < 1$ , 2020)**

Source: World Bank report

Today, if a child born in Uzbekistan grows up, receives a full education and is healthy, his fertility will be 62%. This is below the average for Europe and Central Asia, but above the average for low-income countries. Expected school years. In Uzbekistan, a child who starts school at the age of 4 can complete a 12-year school until the age of 18. Educationally adapted school years. Given what children actually learn, the expected years of schooling is only 9.1 years.

For comparative perspective, Russia has a score of 10.9 on the ICI, and 10.8 on the Organization for Economic Co-operation and Development (OECD) scale (Figure 3). For the gap between expected and educationally adjusted years of schooling, Uzbekistan is relatively better compared to the International Council of Schools (CIS) averages and the averages of high- and low-income countries. However, it still lags behind the Organization for Economic Co-operation and Development average and Russia's educational performance.

These conclusions emphasize the importance of solving educational problems in Uzbekistan. Efforts should be focused on improving the quality of education, reducing the gap in education and ensuring that students receive effective education in all aspects. By investing in human capital and improving educational outcomes, Uzbekistan can help develop a skilled workforce, promote economic growth, and improve the overall well-being of the population.

**Conclusion:**

In conclusion, the analysis of human capital and education services in Uzbekistan shows significant progress and consistent efforts by the government to improve the quality and accessibility of education. The country recognizes the crucial role of human capital in economic growth and development in the 21st century.

Various reforms and policies have been implemented to strengthen the education system in Uzbekistan, from compulsory and free primary and secondary education to vocational education and higher education programs. The government's focus on curriculum revision, teaching methodology, and accreditation systems shows its desire to align educational standards with international standards.

Investing in higher education and establishing cooperation with international universities is indicative of the drive towards global integration and knowledge exchange. Emphasis on vocational and technical education is aimed at equipping



people with practical skills, increasing employment and supporting the needs of economic sectors.

Efforts to digitize education have created opportunities for e-learning and distance learning, enabling greater access to educational resources and enhancing the learning experience.

Although progress has been made, challenges remain in ensuring equitable access to education, addressing regional disparities, and closing the gap between educational outcomes and labor market demands.

Continued investment, policy adjustments and targeted interventions are needed to develop human capital and further strengthen education services. This includes addressing the issues of teacher quality, curriculum relevance, infrastructure development and support for innovation in teaching and learning approaches.

In general, Uzbekistan's high emphasis on human capital and educational services is evident, and as a result of consistent efforts and effective implementation of reforms, the country is capable of providing economic growth and improving the general well-being of its citizens. can continue to produce educated personnel.

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