

# Human Capital as a Factor of Innovative Development of the Republic of Uzbekistan

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## Abstract:

The article considers the functional role of human capital in the process of innovative development of the economy of the Republic of Uzbekistan, traces the increasingly clear dependence of the results of production and economic activity on the potential of labor resources. In the conditions of formation of innovation-technological type of development of the country the importance of science and education in improving the quality of human capital increases significantly. The trends determining the increasing role of knowledge, skills and abilities of workers in the innovation economy are identified, progressive didactic methods and forms of organization of professional training and continuous education of workers are recommended.

**Keywords:** *Human capital, reform, modernization, strategy, innovations, innovative activity, competence, professional competence, moderation*

## Introduction

In modern conditions, the level and dynamics of economic growth in all countries increasingly depend on the development of science and education. In the Republic of Uzbekistan, as in other countries around the world, an innovative economy is being formed. In the conditions of innovative and technological development of the country's economy, the dependence of production results on the quality and nature of the use of labor resources in general and the individual worker in particular is clearly manifested.

At the present stage of the development of the economy of Uzbekistan, special attention is paid to human capital, since the effectiveness of the development of the national economy is largely determined by the implementation of its savings potential.

Naturally, in these conditions, the priority of the state's economic policy was to increase the level and quality of education among the population. Solving this problem necessitates the development of innovative approaches to analyzing the development of modern human capital theory. In scientific research in recent years, the processes of its formation and use are increasingly becoming

the object of study. The study of the theoretical foundations of the formation and development of human capital at this stage of reforming the economy of the Republic is one of the current areas of economic research.

One of the founders of the modern theory of human capital, American economist Gary Becker, proved that investments in human capital are much more profitable than expenses on technical means of production. Along with this, his merits include the theoretical justification of the economic efficiency of education. [1]

In our opinion, human capital is the totality of a person's abilities (physical, mental, and entrepreneurial), obtained as a result of investing in the formation and development of his labor potential, his knowledge, skills, professional competencies, work experience, and motivation, used in the production of goods and services, and ensuring growth in the income of its owner, the profit of the enterprise, and national income as a whole.

The development of human capital, firstly, determines the civilization and standard of living of society; secondly, it is carried out mainly through the education and training of the worker, thereby increasing the economic productivity of his labor; and thirdly, it underlies the functionality of a number of organizational and economic tools for personnel management. Based on this, it seems appropriate to focus on the functional role of education and training of workers in the conditions of the formation of the innovative economy of the Republic of Uzbekistan. [2] Improving the quality of a country's labor potential largely depends on the level (macro-, meso-, and micro-level) and sources (state budget, non-state public funds and organizations, international funds and organizations, regional budget, educational institutions, enterprises, families, and individual citizens) of investment.

The main results of the study

In modern conditions in the Republic of Uzbekistan, the role of the state in the process of investing human capital is great. Education, healthcare, social programs, cultural events, and sporting events are financed by the state budget.

It is important to note that the growing role of knowledge in the innovation economy is influenced by the following trends:

- 1) intellectualization of labor processes;
- 2) increasing the share of creative work;
- 3) increasing requirements for the quality of human capital, the level of information, and skills.

Therefore, in an innovative economy, a person acts not only as the main productive force but also as a resource that ensures the rapid development of high technologies. As noted by the President of the Republic of Uzbekistan, Sh. M. Mirziyoyev, "Ensuring the entry of the new Uzbekistan into the ranks of developed, socially, and economically stable democratic

countries of the world with high human capital is the content and essence of our sustainable development strategy.” [3]

According to experts, the main features of an innovative economy include a high quality of life, a high percentage of innovative companies (more than 60–80%), and innovative products. Important characteristics are also the quality of education, the high level of scientific development, the ability to work with modern innovative mobility, and the high demand for innovation. [4]

Currently, the situation in the sphere of innovation activity in the economy of Uzbekistan is quite complex. In terms of the level of innovation activity, the republic lags significantly behind industrialized countries (Germany - 70%, Canada - 65%, Belgium - 60%, Ireland, Denmark and Finland - 55–57%). Unlike these countries, where more than 70% of GDP growth is realized through innovation and production achievements, this share in the total industrial production of Uzbekistan is extremely low. This necessitates active government intervention in regulating innovation processes. [5]

The relatively low level of technology in the economy of Uzbekistan is due to the large share of outdated production assets as well as insufficient funding for the innovative sector of the economy compared to developed countries. For example, US companies spend 70% of total expenses on research and development; in the European Union, 56%; in Japan, 72%; and in Russia, 25%. With the transition of Uzbekistan to the path of innovative development, the professional qualifications of workers should become the main factor in the growth of social wealth. [6] For this purpose, mechanisms for the development of intellectual and educational labor potential are being activated, and special creative professional groups of workers are being formed. The intellectual, educational, cultural, and motivational competencies of employees in the system of the general socio-economic potential of a modern organization open up important resources for the growth of innovation in social work and increasing the efficiency of employees.

Since a market economy presupposes the presence of a developed information system that ensures the use of modern production and management methods, an effective basis for solving this problem in Uzbekistan is the reproduction of high-quality labor potential, which should be carried out, first of all, through the organization of vocational training. At the same time, a modern specialist must have not only the necessary professional knowledge and the ability to critically evaluate the results of his work but also a penchant for innovative activities. Therefore, systematic professional training and retraining of employees on the basis of innovative technology platforms is extremely important. [7]

Professional training of workers is becoming a key factor in the formation of knowledge, skills, and innovative abilities necessary for high-quality and efficient performance of highly qualified work. It is not something external to the core function of the organization but rather plays a unifying role in achieving its main strategic goals. As organizations today operate in a rapidly changing environment, the skills and knowledge people use in their work also need to be updated quickly. In this regard, continuous education, including training, retraining, and advanced training, is of particular importance. [8]

The system of lifelong education is a set of public and private educational institutions that ensure organizational unity and interaction of all links in this sector of the economy: training, retraining and professional development of each person, taking into account current and future social conditions. The system of continuous professional education includes permanent adaptation of workers to changing conditions, periodic improvement of their qualifications, and retraining of personnel in the process of their active work.

Popular and frequently used teaching methods include: organizing this process in specially formed qualitatively homogeneous groups, conducting business games, using forms of distance learning, individual training, on-the-job training, mentoring, using teaching aids, consultations, lectures, convertoria, coaching, familiarization with the experience of other institutions and practical exercises, training in working with software, participation in exhibitions and other events. [9]

Reducing the volume of unskilled labor and increasing the share of highly qualified labor places new demands on the quality of training of specialists and determines the need to constantly improve their professional skills. The vocational education system in the republic is constantly developing and improving.

Among the innovative forms and methods of advanced training for employees, a special place is occupied by face-to-face training using modern information and communication technologies, distance learning, modular training, game techniques, and moderation. [10]

The main form of organization of the educational process is full-time education for students, which provides contact training on the site of an educational institution. The educational process of this type is organized according to a set schedule and includes (in addition to lectures) training time, which is allocated for practical classes and seminars, the exchange of experience, in-depth analysis of specific production situations of a real enterprise, educational institution or association.

Recently, distance education has been increasingly used due to the need to expand regional participation in the implementation of various educational programs. This also allows you to take advanced training courses without interrupting your main course of study. It should be noted that distance education is entirely dependent on the possibilities of using information and communication technologies. Students have the opportunity to unite in online communities to exchange experiences, analyze and discuss innovative technologies.

Business games are role-playing situations with different, often conflicting interests of the participants and the need to make decisions at the end or at the beginning of the game. Role-playing games help develop communication skills, tolerance, small group work, independent thinking and much more. Game-based teaching methods have significant creative potential for ensuring professional development, improving activities and creating new models of professional practice. [11]

Moderation is a set of interrelated conditions, methods and means of organizing students' joint activities, allowing participants to identify, understand and analyze difficulties in professional activities, find ways to solve them, and understand and involve them in the process of real practice. The modern education system in a number of countries is represented by various traditional and innovative forms of professional training: advanced training courses, training seminars, various

forms of joint activities, distance learning, master classes, retraining courses, conferences, training seminars, moderation, the “lifelong learning model,” and etc.

Since the 1990s of the twentieth century, the world has been paying increasing attention to interactive methods related to the development of practice-oriented knowledge, skills and competencies. They are widespread in the German higher education system. The most popular modern practices for implementing educational programs are programming, computer training, case studies (analysis of specific and practical situations), business and role-playing games. For example, in Russia, these tools are also used as forms of professional training. In the 20th century, when Russian educational institutions began to actively master modern methods of professional training, training in negotiation and presentation skills was very popular. This type of training is still relevant today. [11]

Internship is one of the traditional forms of training, the essence of which is production activity under the guidance of a specialist mentor in order to gain practical experience or improve qualifications in a specialty.

The most common type of training, short-term continuing education courses, is a form of continuing education in which students acquire knowledge in a specific field over a predetermined number of hours of study and to an extent that increases the level of their prior knowledge or provides a basis for its growth. Thus, in the system of training specialists abroad, when the teacher refuses the role of an expert in favor of the mission of a mentor, various proven methods and ways of providing professional support are used.

It is important, through the humanization and informatization of education, to form modern innovative economic thinking by educating a free, knowledgeable, proactive and ambitious specialist—a person of citizenship, responsible for the country’s business potential and the results of practical activities for its implementation.

The vocational education system focuses not only on current but also future needs of the economy. Today, there is a structural imbalance in the labor market of Uzbekistan, since job seekers do not have the professional competencies required by employers. Therefore, the development of new models for the integration of science, education and production, taking into account the logic of the formation of new types of activities and market segments as well as a strong institutional basis for relations between enterprises and vocational education institutions, is very relevant. [2]

To create an innovative economy in Uzbekistan, it is important to develop a new concept for the innovative development of the higher education system. Realization of this goal necessitates:

- improving the quality of education by modernizing and systematically improving the structure of acquired knowledge in order to achieve a high level of qualifications for graduates of higher educational institutions;

- development and implementation of modern teaching methods, bringing the education system to modern standards and innovative programs;

- implementing the integration of the educational environment, science and production, especially within the framework of new university complexes;
- development and dissemination of various systems and forms of continuous and additional education;
- increasing the scientific and innovative potential of higher education;
- providing universities with freedom in commercial and innovative activities.

#### Conclusion

The proposed measures are aimed at training the required number of highly qualified and intelligent workers—the country's labor potential. Its formation is currently determined by an innovative type of economic development, that is based on the integral connection of the spheres of science, education and production activity.

Therefore, when adopting the Strategy for Innovative and Technological Development of Uzbekistan, it is important not only to declare the social orientation of the reforms and set the task of creating an innovative economy, but also to significantly increase the volume of state budget investments allocated to science, education and retraining, and healthcare. All this will contribute to the development of an innovative economy. building the potential of the country's highly qualified workforce and increasing the well-being of its citizens.

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