



STATE POLICY OF UZBEKISTAN IN THE DEVELOPMENT OF HUMAN CAPITAL IN THE CONDITIONS OF INNOVATIVE DEVELOPMENT

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In the effective use of labor resources, the state as an economic entity pursues and is guided by the task of achieving economic competitiveness, increasing the volume of return on investment in labor resources in the form of tax deductions, reducing social inequality, increasing social stability, reducing the crime rate, and increasing life expectancy. The state has a direct and indirect influence on the development and use of labor resources. In the first case, through the formation of human capital on economic policy in the field of remuneration and labor protection; development of education, health care, culture and other areas. In the second case, it manifests itself in the intensification of scientific and technological progress, support for innovative areas of activity, interaction between social institutions of society and the formation of an institutional structure.

The implementation of state regulation of labor relations in the field of human capital formation in Uzbekistan took place in accordance with the Strategy for Innovative Development of the country for 2019-2021 and the Roadmap for its implementation. The main goal of the strategy is defined as "**human capital development** as the main factor determining the level of competitiveness of a country on the world stage and its innovative progress."

Under the influence of the state, the role of intelligence in the formation of an innovative society increases several times, resulting in a growing need for highly qualified personnel. In general, for the innovative development of the economy, it is necessary to constantly expand innovative and intellectual capital using scientific methods of attracting, preserving and developing them. The main resource component of the innovative development of Uzbekistan is the human resources potential formed in the field of science, education and technology, and innovation.

Throughout the economic reforms carried out in the republic, great importance is attached to the issues of promoting employment and improving social protection. The corresponding goals and objectives with more expanded directions are enshrined in the Strategy of Actions for Five Priority Development Areas of the Republic of Uzbekistan for 2017-2021, in accordance with which the country's socio-economic development has been carried out over the past five years, where the fourth priority area was "Development of the social sphere". Throughout the implementation of this priority, work has been carried out to increase employment, improve the system of social protection and health, ensuring the quality of social assistance to vulnerable groups of the population, improving the status of women, etc.

The republic has ratified a number of conventions and protocols of the International Labour Organization (ILO) and the International Organization for Migration. The first major program, the Decent Work Insurance Program for 2014-2016, which was extended until 2020, was successful and fully implemented. The next step in such cooperation with the ILO was the signing of the Decent Work Insurance Program of the Republic of Uzbekistan for 2021-2025 by the Ministry of Employment and Labor Relations, the Federation of Trade Unions and the Confederation of Employers in 2021. Work on it for this period is

defined in four priorities: improving the legal framework governing labor relations; expanding employment and decent work opportunities for youth, women and vulnerable groups created by inclusive and equitable economic growth; expanding access of the most vulnerable groups to quality and inclusive education and social protection; Strengthening social dialogue and institutional capacity of social partners. Human capital, being the national wealth of any state, in developed countries it makes up from 70 to 80%. These results were determined using the cost approach, which is the basis for assessing the cost of national human capital at the macro level by the World Bank 1. According to this methodology, individual components of human capital were calculated based on the amount of total government expenditure, expenditure of the population, business, state and non-state funds. Thus, according to World Bank estimates, at the end of the 20th century, 26% of the value of the world's human capital (95 trillion dollars, which amounted to 77% of national wealth) was accumulated in the USA. 59% of the world's human capital is formed in the EU countries, the USA, Canada, Japan (78% of their national wealth) 2. The value of the world's human capital amounted to 365 trillion dollars. A methodology for assessing the human capital index is known, applied in the EU countries and regions, based on four components

The importance of human capital and the important role of the quality of education is confirmed by international studies based on a four-component methodology of geographical, institutional, cultural factors, as well as human capital, determining the nature of the socio-economic development of EU countries, based on the findings of researchers on the difference in economic development between regions

Table 1

World ranking of countries by human capital index³

RATING	COUNTRY	INDEX
1	Singapore	0.88
2	Hong Kong	0.81
3	Japan	0.80
4	South Korea	0.80
5	Canada	0.80
6	Finland	0.80
....
25	Germany	0.75
....
35	United States of America	0.70
41	Russia	0.68
45	China	0.65
55	Kazakhstan	0.63
57	Uzbekistan	0.62
174	Central African Republic	0.29

As for Uzbekistan, the study notes that they have results higher than predicted based on their GDP per capita.

The following indicators of human capital development in the country are presented for Uzbekistan⁴:

- the probability of a child reaching 5 years of age is 98% out of 100%;
- the expected duration of schooling is 12 years;
- unified test results - 474 points (on a scale where the most the highest score is 625, the lowest is 300).
- 9.1 years; length of schooling adjusted for quality of education -
- adult survival rate (15 to 60 years) - 87%;
- The proportion of children under 5 years of age who do not have growth retardation is 89% out of 100%.

The situation in the sphere of human capital use in Uzbekistan is significantly different. Today, human potential remains underinvested due to many systemic problems. First of all, the quality of education lags behind the requirements and objectives of the development of an innovative economy. Only by overcoming this lag can we achieve economic growth rates at the world level. According to the information contained in

the same Global Human Capital-2021 report, Uzbekistan is ranked 86th in terms of the actual use of skills in work activities (Know-how), and only 123rd in the world in terms of the indicator "availability of skilled workers". In Uzbekistan, there is a low proportion of citizens (0.1%) who have had experience in personally creating any inventions or improvements. The population is potentially a powerful driver for the development and dissemination of innovations. The number of employees who carried out research and development work by economic sector in 2021 is: 5 thousand people in the public sector, 2.9 thousand people in the business sector, 26.6 thousand people in higher education. In the same year, the total number of implemented innovations was 4098, of which 3936 were technological innovations, 145 were marketing innovations and 67 were organizational innovations. A number of other indicators indicate a deepening technological gap, setting certain tasks for the state in the field of human capital management in the interests of innovative development:

- Uzbek developers are hundreds of times behind competitors from other countries in terms of the number of patents filed (553 patent applications in 2019 versus more than 1.4 million applications from the Chinese);
- Today, Uzbekistan participates in less than 2% of those scientific areas that are most actively developing in the global research and innovation market;
- Research expenditure in Uzbekistan is 0.14% of GDP, which is two times lower than the world average.

On the way to developing a more complex and competitive economy, the demand for highly qualified specialists capable of generating and implementing new ideas should increase. In Uzbekistan, the state uses the National Classifier of Main Positions of Employees and Professions of Workers (NCMP-2020) to assess jobs by skill level, which accumulates about 12 thousand different professions and positions. NCMP allows classifying occupations and gives an idea of the complexity of jobs by the level of skills required for them. Thus, all occupations are conventionally divided into 9 main groups, where groups 1-2 include occupations with a high level of skills, 3-8 - with an average, group 9 - with a low level of skills. Today, more than half of the jobs correspond to the average level of qualification (53%), almost a third (29%) are jobs requiring highly qualified workers, and 17% of jobs do not impose any requirements for the skills and knowledge of workers. Compared to 2021, the qualification structure of jobs has undergone changes in terms of an increase in the number of professional specialists, industrial workers, and unskilled workers. While in other groups, on the contrary, there is a significant reduction. This affected administrative employees the most, followed by managers and civil servants, mid-skilled specialists, production equipment operators, farmers and agricultural workers. Such changes are in line with the global trend of "job polarization", that is, the highest and lowest skilled professions will be in demand, while the number of mid-skilled jobs will experience the strongest pressure from automation and digitalization. In the context of increasing supply from an increasing number of labor forces entering the labor market, as well as a high number of people in need of employment, there are problems of excess supply over demand in the labor market. The scale of economic development must ensure a sufficient number of jobs. In addition, there is an imbalance between the training of specialists in certain professions and the real needs of the labor market. To date, the demand for personnel by economic sectors has not been studied in the republic. In this regard, in order to conduct a qualitative analysis of the potential demand for personnel by sectors, IPMI experts assessed the dynamics of the realized demand for personnel by economic sectors for the period 2016–2020. As a result of the analysis, the following main conclusions were obtained:

- on average, comprehensive schools, lyceums and professional colleges annually release 450 thousand specialists onto the labour market, higher education institutions – 100 thousand specialists;
- the concentration coefficient by profession revealed that the number of vacant jobs is much greater than the number of submitted resumes for such professions as doctor, pharmacist, nurse, teacher, bank employee, tourism worker, as well as builder, engineer and technologist;
- government organizations require teachers, doctors and medical personnel; the private sector requires salespeople, programmers, technologists and engineers, marketers and administrative personnel
- more and more state and large companies require applicants to have higher education: in state institutions, more than 55% of vacant jobs require applicants to have higher education; in large companies, more in the private sector, the main requirement is work experience.

Analyzing the labor market of Uzbekistan, it can be noted that the labor supply in the country is annually formed mainly by graduates of professional colleges and universities. On average, comprehensive schools,

lyceums and professional colleges release 450 thousand specialists to the labor market annually, higher educational institutions - 100 thousand specialists.

The ongoing changes in the economy should be viewed by Uzbekistan as an opportunity for rapid transformation of the labor market and further development, while it is important to constantly conduct a comprehensive analysis of the economy in order to develop a unified strategy that takes into account not only global and national challenges, but also the current characteristics of the national economy. Based on the rich experience of leading developed and developing countries, the following areas can be identified on the path to increasing employment in the field of innovative transformation.

Firstly, this is the diversification of economic sectors by increasing the competitiveness of non-resource sectors. Continuing to direct significant investment into the resource sector, it will be impossible to provide a sufficient number of jobs for both the current and future workforce. It is necessary to create conditions where everyone can maximally realize their potential and apply their talents regardless of the industry. One of the promising areas is the creative economy, which in the future can provide up to 7% of employment in the country.

Secondly, the development of human capital and the diverse implementation of innovations, which are the key to confident productive growth. In 2021, investments in “science and development” or research and development work account for only 0.3% of GDP, 239 billion soums, where only 29.8 thousand people are employed (0.2% of all employed), of which 27 thousand have higher education. Despite the increase in the share of such expenses over the past 5 years to 28%, in the structure of GDP it is still the same 0.1%5. At the same time, the main barriers to the development of innovations in Uzbekistan are not only the lack of funding, but also the lack of incentives, both tax and in terms of lobbying for the development of human capital, especially in the scientific sphere.

Thirdly, increasing the role of the private sector, especially small businesses, as the main stimulus for economic development and job creation not only for skilled workers, but also for low-skilled personnel from among the economically active population.