

# EDUCATION SYSTEM, HUMAN CAPITAL, AND ECONOMIC DEVELOPMENT

Salimov Bakhtiyor Tadjievich

Professor, Doctor of Economics

Tashkent State University of Economics

Email: btsalimov1948@gmail.com

## Abstract

The article discusses issues such as improving the knowledge and skills of personnel trained for small businesses engaged in innovative activities, assessing the education system, a systematic approach to improving the quality of education, using the opportunities of the non-state education system to improve the quality of the education system, and developing proposals for improving the quality of education in Uzbekistan.

**Keywords:** Small business, qualification level, innovative activity, educational system, bachelor, master, strategic plan, human capital, educational market, higher education institution.

## Introduction

The development of innovative activities in enterprises and the training of qualified personnel for this field are among the priority issues of the state. Increasing the knowledge and innovative activity of small business representatives is important in putting the national economy on the path of innovative development.

In the long-term development of enterprises, more attention should be paid to increasing their development potential, that is, their innovative potential, rather than maximizing profits. The key to successful strategic development of enterprises is an innovative management system. This system develops innovative activity in the enterprise and ensures the production of new products and entry into new market segments.

The development, introduction, and commercialization of a new product from an innovative idea is a strategic issue, which includes a number of functional strategies: these are marketing, financial, production, organizational, environmental, and social strategies. The innovative development of enterprises, in addition to these strategies, requires the use of new functional strategies. These are strategies for developing human capital and increasing innovative potential. The strategy for developing human capital is the highest priority strategy, and without this strategy, other strategies, including the strategy for forming and developing innovative potential, cannot be implemented. Thus, the issue of training qualified personnel for the development of innovative activities in enterprises is a determining element of innovative potential. Intellectual potential is considered the main characteristic of human capital. Intellectual potential is the totality of knowledge and abilities formed in the structure of human capital, which is the acquired knowledge, abilities, experience, and skills, and by

activating and using them, it is possible to solve a specific problem or achieve a set innovative goal. Carrying out these tasks requires a person to expend a great deal of mental and physical energy.

### **Literature review**

The legal basis of education in Uzbekistan is the Law of the Republic of Uzbekistan "On Education," which sets out the content and essence of the education system, its role in society, stages of education, and rules for its implementation. The Decree of the Republic of Uzbekistan "On the Development Strategy of the New Uzbekistan for 2022-2026" No. PF-60 dated January 28, 2022, sets out the issues of increasing the share of non-governmental educational organizations to 8%, increasing the number of non-governmental higher education organizations, bringing the quality of education in the education system to a new level, and creating the opportunity for every citizen to study for a specific profession at state expense. In the field of education, the organization of the educational process in the competency-based approach is aimed at effectiveness: attention is paid to the quality of students, the composition and quality of professors and teachers. Here, the content of training, the level of development of the educational-methodological complex and the material and technical base are of great importance. When assessing the quality of higher vocational education, the ability of a person to fully use his abilities in work includes three criteria: qualifications, innovative abilities and self-development (A.V. Alenkova, A.V. Gornostaeva, N.I. Bolgarov, N.A. Murashova). The condition for training personnel for small businesses on the basis of "Continuous Education" in science and technology is targeted training of personnel for small businesses, where targeted training of personnel is carried out within the framework of special educational programs for bachelor's and master's degrees. Such programs include "Management," "Service," "Business Informatics," and other educational programs (Barkovskaya, V.E.). Instead of providing knowledge based on lectures and seminars, which is the basis of the current higher education, it is necessary to move to the formation of competence. Here, it is necessary to achieve such a result in training students that they can independently use their knowledge. They should be able to analyze information, formulate and defend a problem, and conduct independent research [6].

### **Research Methodology**

In the course of the research work, observation, data collection, generalization, comparison, requirements for the knowledge of local and foreign scientists trained for the innovative activities of small businesses, subjects that need to be taught, and legal and regulatory documents related to the field of education were studied, and conclusions and proposals were developed.

### **Analysis and discussion**

The knowledge and skills acquired by students are sufficient to generate new innovative ideas and develop and commercialize new products that are accepted by the market, which reflects the demand for personnel in a market economy.

---

Nowadays, in addition to providing students with education, it is also important to teach them the ability to produce innovative products.

The level of knowledge and skills of personnel trained for small businesses is the foundation for the development of innovative activities in small businesses.

Small business entities with highly educated and qualified personnel achieve a leading position in the innovation market, which leads to significant profits for small businesses [4], [5]. It is advisable to start the formation and development of human capital from the education system. Small business owners usually do not spend money on improving the knowledge and skills of their personnel, but they require their qualifications and experience when hiring them. Targeted training of personnel for small businesses is carried out according to bachelor's and master's degree programs. In these curricula, it is important to strengthen such disciplines as "Business Management," "Innovation Management," "Service," and "Business Informatics," and at the same time, the inclusion of robotics, artificial intelligence management, project management, and programming disciplines in vocational training programs also increases the professional competence of personnel. The implementation of these works at a professional level also requires the training of professors and teachers with a high level of knowledge. It is also necessary to improve the skills of small business owners and employees in innovative activities. In order for small business representatives to acquire new professional competencies, it is advisable for them to participate in the "Best Project" and "Best Innovative Project" competitions held at the district, regional, republican, and global levels.

The education system plays a special role in the socio-economic development of Uzbekistan. The new Uzbekistan Development Strategy for 2022-2026 sets out the objectives of increasing the share of non-governmental educational organizations to 8%, increasing the number of non-governmental higher education organizations, raising the quality of education in the education system to a new level, and creating the opportunity for every citizen to study for a specific profession at state expense [2], [3]. Therefore, it is important today to find answers to the questions: is this system working well and qualitatively, and if it is not working well, what measures can be taken to ensure that it works well and qualitatively?

Any area of management and any system must be evaluated. Only through evaluation can we ask questions such as "Is the system working well? If it is working well, can it be improved? If it is not working well, what measures can be taken to make it work well?" And these questions lead to identifying measures that will lead to the system working well.

First of all, it is appropriate to analyze the education system itself, which has almost the same structure and components in all countries, and then it would be logical to evaluate how this system works in Uzbekistan.

Areas that affect the economy should be evaluated from an economic point of view. When evaluating the education system, we also evaluate from the perspective of the market economy.

---

Let's look at the model of the educational system [2]. The main parts of education are taken into account in the model:

- **Doctoral studies work in scientific research and universities: they create innovations, new resources, equipment, technology, new management systems**
- **Master's degree Management (higher level)**
- **Bachelor of Management (Middle Level)**
- **Lyceums**
- **Vocational training: Specialist workers, technicians: plumbers, turners, plumbers, computer specialists, electricians, etc.**
  - 1) **technical schools;**
  - 2) **colleges;**
  - 3) **vocational training centers;**
  - 4) **Grades 9-11;**
- **General secondary education (grades 1-9);**
- **Preschool education (kindergartens).**

#### **The main model of the educational system**

The parts are presented and they are interconnected, forming a single system.

The 1st stage of the system is pre-school education. At this stage, children are prepared for school, the higher the children's preparation, the more successfully they will continue their studies at school.

**2nd stage – general secondary school.** If children are educated, they will do well in higher education.

**3rd stage – professional education.** Graduates of this stage become specialists and technicians who work directly in the economy in their specialty. A welder welds, an electrician performs electrification work, a builder works in construction, a computer specialist works on computers, and so on. Not only the state, but also large enterprises should actively participate in the training of professional personnel, and it is important that this activity is supported by the state. In developed countries, enterprises are encouraged by the state if they train specialists for themselves.

**In stage 4, those** who have completed the 11th grade and graduated from the professional education system enter higher education institutions by passing an exam (baccalaureate).

Bachelor's graduates will have the skills to work as middle managers and specialists in economics and other fields.

Taking a manufacturing company as an example, undergraduates manage and work as specialists in production, accounting, supply, marketing, and other departments. The skills of undergraduates are as follows: "I know the costs, I can calculate the costs, I can calculate the costs of the enterprise and draw conclusions by analyzing it; I know the profit, I know how to calculate the profit, I can calculate the profit of the enterprise and make conclusions on increasing it; I know the profitability, I can calculate the profitability and I can calculate the profitability of the enterprise and make conclusions on increasing it, etc."

Bachelors mainly acquire the skills to develop and implement economic and management decisions to ensure the effective operation of the enterprise.



---

**In stage 5, educated** bachelors, those who value their knowledge highly, enter the master's degree.

Graduates with a master's degree are considered to have the skills to work at the top levels of economics and other fields.

We present the skills of the graduates of the master's degree in the production enterprise: "I know the strategic development goals of the enterprise, I can define them, I can evaluate their effectiveness, I can determine the strategic tasks that ensure the implementation of the strategic goal, I know how to develop a strategic plan, I can develop a strategic plan, and I can implement it."

Masters have higher knowledge skills than bachelors, work at the top level of the enterprise and other fields, make decisions on strategic development, and implement them.

**Step 6.** At this stage, the most successful of all master's degree graduates are intelligent. Those who want to engage in scientific research, knowledge, and skills enter doctoral studies (PhD and DSc). Graduates of doctoral studies have high human capital, work in higher education institutions (HEIs) and research organizations, and create innovations in various fields: new raw materials, new improved equipment, technology, and new management systems.

Now we will consider the stages of education as a single system, connecting them together. Preschool education prepares children for school; general secondary education prepares children for professional education; professional education trains qualified workers and technicians in various fields, and they perform the main work in these fields; among those who graduate from lyceum, grade 11 and professional education, the most educated ones pass the exam for bachelor's degrees, and those who graduate work and manage in the middle levels of the fields; among those who graduate from bachelor's degrees, the most educated ones enter master's degrees and, having completed master's degrees, work in the upper levels of the fields, determine and manage the strategic development of enterprises. Master's degrees work in the top management of enterprises, develop strategic development plans for enterprises, use innovations created by doctors of science engaged in research work at universities and research organizations, and introduce innovations into production. As a result, enterprises and service sectors develop, which leads to economic development, and economic development leads to the development of the social sphere. It is clear from this that the education system ensures the socio-economic development of society. Personnel with appropriate knowledge are trained for lower, middle, and senior management levels. Higher levels are managed by personnel with high knowledge, while middle levels are managed by personnel with medium knowledge, qualified specialists perform work directly corresponding to their qualifications, personnel with high human capital, that is, with high intellectual potential, create innovations, innovations are introduced into production by entrepreneurs engaged in innovative activities, as a result, economic development is achieved, and this can be called development. Of course, this process is a long-term, recurring process, and it is improving.

So, we can say that the education system itself works very well from an economic point of view, there can be no objection to this. The education system forms and develops human

capital, that is, it forms the intellectual potential of a person. Human capital ensures economic development, economic development ensures social development, and ultimately the entire society develops. This, in turn, forms a development chain, and at the beginning of the chain is the education system - human capital, its intellectual potential. From the point of view of society, that is, in a broad sense, human capital and capital **invested in a person can be considered as the knowledge, abilities, and skills, spirituality, health, national values, and loyalty to the Motherland that are formed and developed in him due to the money he spends.** Therefore, human capital and the innovations created by human capital can be considered as the drivers of development of society. We can say that a country in which this system is well established is developing. We can say that a country in which development is well established is developing its education system. Examples of this include the USA, Germany, France, and Japan.

One might ask, what is the education system like in Uzbekistan? Is it working well? According to the media and experts, improving the quality of the education system is the most pressing issue today. If any component of the system does not work well, it affects the entire system, and the system does not work well. If children are not well prepared for school in kindergartens, children will not learn well at school, if the quality of education in schools is low, it is difficult to improve the quality of education in higher education institutions, and so on. Therefore, all stages of education must work well, only then can effective development be achieved.

We have moved to a market economy for development. It would be correct to say that any sector that operates on the basis of market mechanisms will develop. As is known, a market economy leads to a differentiation of incomes among the population, which increases the demand for private educational institutions.

Before sending their children to school, parents ask which school is the best, which teacher at the school will give the children a good education, and they try to send their child to this good teacher. All parents also try to make their children educated and smart. This is very good, if our children grow up to be well-educated specialists, society will also benefit from this, this is called "positive externality" in economics.

In many cases, leadership positions in state educational organizations can be occupied by persons who do not have sufficient competence. The issue of improving the quality of education in higher education can also be considered one of the pressing issues. On the other hand, improving the quality of education in higher education is directly related to improving the quality of education in schools. Of course, some talented and active students and students are an exception. When selecting personnel in private educational institutions, attention is paid only to their level of knowledge, abilities and professional skills. Currently, according to the statistical data of the Ministry of Higher Education, Science and Innovations of the Republic of Uzbekistan, as of January 11, 2025, the total number of higher education institutions in our republic is 208, of which 108 are state, 30 are foreign and 70 are non-state. In total, 995 thousand 551 students study in higher education institutions, and 515 thousand 634 in non-state higher education institutions. The number of students studying in non-state higher education institutions is 52% of the total number of students. There is strong

competition among private HEIs. Competition in the educational market forces non-competitive HEIs out of the market, and the educational market becomes more efficient as a result, with HEIs providing high-quality education that operates in the market.

### **Conclusions**

In Uzbekistan, too, the income disparity in the market environment is increasing the demand for private kindergartens, schools, and universities. Private educational organizations, on the one hand, save the state budget, and on the other hand, improve the quality of education, resulting in the training of highly educated and highly qualified specialists who can make a significant contribution to the development of society in the future.

Private kindergartens, schools, and private universities can be considered to have great potential for improving the quality of education, since private universities hire professors and teachers only based on their level of qualification, ability, and experience. This does not mean that all of them should be privatized. However, if there is a demand for private kindergartens, schools, and universities, it would be optimal if it were met according to market laws.

There is competition between private HEIs. Competition in the educational market forces non-competitive HEIs out of the market, and the educational market becomes more efficient, as a result, HEIs providing high-quality education operate in the market.

### **References**

1. Law of the Republic of Uzbekistan "On Education", 2020, August 7. <https://lex.uz/docs/5013007>
2. Decree of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 "On the Development Strategy of the New Uzbekistan for 2022-2026". <https://lex.uz/ru/docs/-6600413>
3. Strategy "Uzbekistan - 2030", Decree of the President of the Republic of Uzbekistan No. PF - 158 dated September 11, 2023.
4. Barkovskaya, V.E. Methodological aspects of innovative business development / V.E. Barkovskaya // Vestnik Astrakhanskogo gosudarstvennogo tekhnicheskogo universiteta. Series: Economics. – 2020. – No. 3. – S. 27-34.
5. Strategy of innovation development of professional specialists / A.V. Alenkova, A.V. Gornostaeva, N.I. Bolgarov, N.A. Murashova. – Text: neposredstvennyy // Informatsionnye tekhnologii v uchebnom protsesse: materialy Vserossiyskoy nauchnometodicheskoy konferentsii / Nizhegorodskiy gosudarstvennyy tekhnicheskii universitet. - N. Novgorod, 2007. - S. 331-335.
6. Economics is innovative: Uchebnoe posobie. - M.: Ekonomicheskyy fakultet MGU imeni M.V., Lomonosova, 2016, p.306. ch.17.3.1. Mnogourovnevaya system of preparation of personnel for innovation economy