

**Human Capital as the Main Factor of Innovative Development
of Uzbekistan****A. B. Shakarov**

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Abstract

In the second half of the twentieth century, significant changes took place in the economies of developed countries: they entered a new stage in the development of economic relations, the so-called "knowledge economy" or post-industrial economy, in which innovative factors occupy a greater share.

Key words: *Post-industrial economy, "knowledge economy", human capital, demographic factors, innovative factors.*

In the second half of the twentieth century, significant changes took place in the economies of leading industrialized countries: they entered a new stage in the development of economic relations, the so-called "knowledge economy" or post-industrial economy, in which, among all factors of economic growth, innovative factors, such as like science, education, technology development. The role of specialists and intellectual workers is increasing, and the role and share of unskilled labor is decreasing with the beginning of the process of forming a knowledge economy.

Analysis of the stages of human development shows that human capital and its growth cycles are the main factors in generating innovative waves of development and cyclical development of the world economy and society. The largest innovations were carried out on the basis of accumulated human experience in each historical period. On their basis, education and science developed, a layer of highly professional, scientific, technical, managerial, and intellectual elite was formed, thanks to which another breakthrough in economic development was made. Thus, high-quality human capital generates innovation and is the main driver of development, the creation of high technologies, continuous modernization of the economy, growth and development of the knowledge industry.

Currently, the share of human capital in national wealth in the most advanced and developed countries of the world is 80-90% (Table 1).

Table 1. National wealth of the world at the beginning of the 21st century

Countries	National wealth		Including by type of capital, in%		
	Total, trillion US dollars	Per capita, thousand US dollars	human	natural	physical

The whole world	550	90	67	16	17
G7 countries and the EU	275	360	78	4	18
OPEC countries	95	195	47	37	16
CIS countries	80	275	50	38	12
The rest of the world	100	thirty	65	15	20

Source: Source of human capital formation in Uzbekistan. // Market, money and credit, No. 2, 2017. – p. 32.

The process of replacing physical and natural capital with human capital, the prevalence of investment in human capital over investment in physical capital is a characteristic process of the late 20th – early 21st centuries for developed countries of the world.

Due to the special importance of human capital in world civilization, it is necessary to study the factors of formation and growth of human capital in the domestic economy. Let's consider the factors that form human capital in Uzbekistan:

- Demographic factors - such as population size, its age and gender structure, population growth rate, average life expectancy, etc.

As of January 1, 2017, the permanent population of the republic amounted to 32,121.1 thousand people and increased from the beginning of 2016 by 545.8 thousand people or 1.7% (Table 2). At the same time, the urban population was 16,238.5 thousand people (50.6% of the total population), the rural population was 15,882.6 thousand people (49.4%).

Table 2. Demographic factors shaping human capital in Uzbekistan

	2012	2013	2014	2015	2016
Resident population, million people	30.0	30.5	31.0	31.6	32.1
Number of labor resources, million people.	19.1	19.4	19.7	19.9	20.2
as a percentage of the resident population	63.6	63.6	63.5	63.1	62.9
Number of economically active population, million people.	12.9	13.2	13.5	13.8	14.0
Number of people employed in the economy, million people.	12.2	12.5	12.8	13.1	13.7
as a percentage of labor resources	67.5	68.0	68.5	69.3	69.3
Number of officially registered unemployed, thousand people.	626.3	639.7	687.0	709.4	724.0
Unemployment rate, %	4.9	4.8	5.1	5.1	5.2

Source: <https://gender.stat.uz/ru/osnovnye-pokazateli/trud/>.

Persons of working age (up to 16 years) occupy a high proportion of the total population - 30%, persons of working age (16-55/60 years) - 63.1%. The share of people over working age was 6.9% (Diagram 1).

Demographic features have led to a rapid increase in the working-age population in Uzbekistan, the growth rate of which is significantly faster than the growth of the resident population. As a result, the share of labor resources in the total population increased from 49.0% in 1991 to 62.9% in 2016.

As of January 1, 2017, the economically active population in the republic as a whole amounted to 14,022.4 thousand people or 44% of the total population.

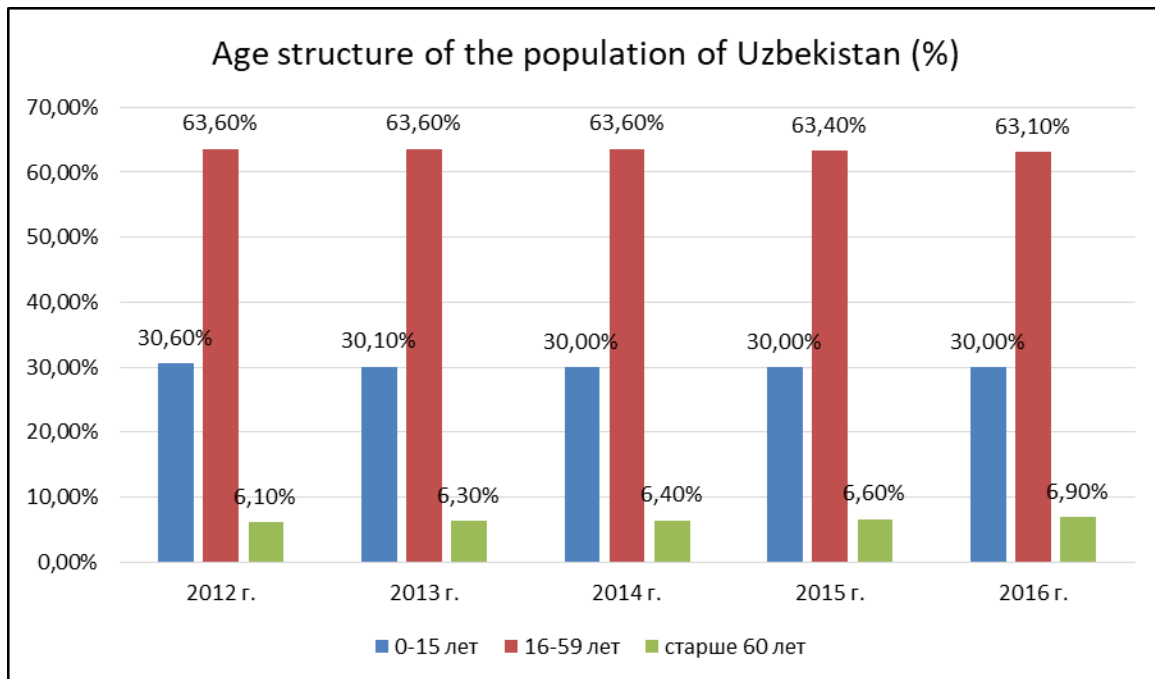


Diagram 1. Age structure of the population of Uzbekistan ¹.

The number of employed people in the economy during this period amounted to 13,298.4 thousand people, the unemployment rate was 5.2 percent.

- Socio-economic factors, such as demand for labor, the general level of education and professional training of the population, advanced training, social development of labor resources.

The emergence of market relations led to a change in the demand for labor, due to the diversification of the economic structure, the emergence and development of small businesses and private entrepreneurship, the farming movement, and the development of the service sector. As a result, in the structure of employment of the population over the period 1991-2016, the share of those employed in construction, the service sector, trade and catering, transport and communications, and financial institutions decreased (Table 3).

Table 3. Employment structure by type of economic activity

	2013	2014	2015	2016
Total (%)	100	100	100	100
including:				

¹ <https://gender.stat.uz/ru/osnovnye-pokazateli/demografiya/naselenie/109-voznostnoj-sostav-naseleniya-po-polu-ru>

Industry	12.9	12.7	12.6	12.7
Agriculture	26.8	27.2	27.5	27.6
Construction	8.6	8.8	8.8	8.9
Transport and communications	4.9	5.0	5.0	5.1
Trade, catering, sales	11.0	11.2	11.3	11.5
Housing and communal services and consumer services	3.5	3.6	3.6	3.7
Health, Physical Education and Social Security	8.0	7.8	7.7	7.5
Education, culture, art, science and scientific service	14.0	13.7	13.4	13.2
Finance, credit, insurance	0.6	0.5	0.5	0.5
Other industries	9.7	9.5	9.6	9.3

Source: <https://gender.stat.uz/ru/osnovnye-pokazateli/trud/>.

Education, science and healthcare, which are financed mainly from the state budget, have a significant impact on the quality of human capital. For example, in 2016, 10.4% of the state's GDP was spent from the budget for these purposes.

➤ Institutional factors: laws and legislative acts regulating social and labor activities, government policy in the field of human and social development.

In this regard, it should be noted that Uzbekistan annually adopts Employment Programs. Special attention within the framework of the Program implementation is given to the development of self-employment in personal subsidiary plots and dekhkan farms, handicrafts and family entrepreneurship; employment of the unemployed population.

In the action strategy for the development of the country for 2017–2021 planned more than doubling GDP by 2030. To achieve this, it is planned to implement 657 investment projects with a total value of about 40 billion dollars, create new free economic zones, continue a major import substitution program and develop large infrastructure projects.

In conclusion, it can be noted that the essence of innovative development is the ability of the state to quickly introduce new ideas and technologies into production, quickly adapt them into goods and bring them to markets. Bearing in mind that by 2030 Uzbekistan has set a goal of entering the group of upper states middle income – with the upper limit of the average income level, then in order to achieve this, the country will have to make a significant economic breakthrough.

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