ENSURING SUSTAINABLE REGIONAL ECONOMIC GROWTH AND OPTIMIZING THE LABOR MARKET THROUGH HUMAN CAPITAL DEVELOPMENT

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ANNOTATION

This article examines the role of human capital in ensuring sustainable regional economic growth and optimizing the labor market through its development. Using econometric and comparative analysis techniques, the impact of investments in human capital (education, professional skills, healthcare, and digital literacy) on regional development levels is evaluated. Based on the findings, scientific and practical recommendations have been developed to eliminate imbalances in the regional labor market, reduce mismatches between supply and demand, and enhance the innovative capacity of regions.

Human capital development is the primary driver for ensuring sustainable regional economic growth and optimizing the labor market. In the modern economy, rather than physical resources or infrastructure, human knowledge, skills, health, and creativity play a crucial role in generating high value. In the context of Uzbekistan, reforms implemented since 2017, such as the "Uzbekistan – 2030" Strategy, have prioritized human capital development as a key direction [1].

Human capital is one of the main factors of economic growth, as it plays a crucial role in increasing labor productivity, introducing innovations, and ensuring the overall well-being of society. Starting from the second half of the 20th century, economists such as Theodore Schultz and Gary Becker introduced human capital into economic theory, proposing to evaluate it through education, healthcare, and skills [2]. According to their view, investing in human capital yields higher returns compared to physical capital, as it

stimulates innovation and technological progress. Today, according to World Bank data, human capital accounts for 45% of global growth, with this figure being particularly higher in developing countries [3].

Despite the country's average GDP growth rate of around 6%, population growth (2% annually) and the shortage of jobs necessitate the effective utilization of human capital. Uzbekistan's Human Capital Index (HCI), according to the World Bank, stands at a moderate level, yet issues in education quality and healthcare constrain economic growth. This article examines ways to ensure economic growth through human capital development, with a particular focus on education and innovation [4].

Our article aims to analyze Uzbekistan's and international experiences and provide practical recommendations. The role of human capital in economic growth has been confirmed in numerous studies. For instance, according to Endogenous Growth Theory, Robert Lucas and Paul Romer consider human capital to be an internal factor of growth, as it increases knowledge and technology.

In developed Asian countries, such as South Korea and Singapore, economic miracles were created through investments in education. In our country, developing human capital can increase population income through investments in healthcare and education; however, the dominance of state-owned enterprises and market constraints slow down this process. This section outlines the relevance of the problem and the research objectives, while subsequent sections discuss the methodology and results.

A mixed-methods approach, including literature review, statistical data, and comparative analysis, was employed to study the relationship between human capital development and economic growth. The primary sources were drawn from Uzbek and international publications, including World Bank reports on Uzbekistan, OECD articles, and works by local scholars. For the literature review, over 30 sources were selected, examining definitions and models of human capital, such as the Mankiw–Romer–Weil model [5].

Among the Uzbek sources, articles such as "The Impact of Human Capital on the Economic Development of the Country" and analyses of Uzbekistan's GDP were utilized. International sources relied upon reports from the World Bank's “Human Capital Project” and the Brookings Institution. Statistical data were drawn from the World Bank, the Statistics Agency of Uzbekistan, and the UNDP. For instance, indicators such as the HCI index, education levels, and GDP growth rates were compared. Through comparative analysis, we compared Uzbekistan with South Korea and Brazil, as they possess relevant experience in human capital development as developing nations [6].

Analysis of scientific research indicates that human capital development significantly stimulates economic growth. According to World Bank data, each additional year of schooling increases hourly earnings by 9%, which directly contributes to GDP growth. International studies, such as the work by Hanushek, confirm that cognitive skills boost growth by 1–2%. In Uzbekistan, the level of human capital is moderate: life expectancy

stands at 72 years, but the quality of education remains low. In 2023–2025, employment increased by 1.1% through investments in education, yet youth unemployment remains at approximately 15%.[7].

In discussing the results, the pathways for human capital development are as follows. First, modernizing the education system to enhance skills through the integration of digital technologies, supported in Uzbekistan by World Bank initiatives such as the "Edu Imkon" project. Second, attracting investments into healthcare, as a healthy population demonstrates higher productivity.

To further advance this system, we offer the following recommendations:

Strengthening public-private partnerships;

Expanding skill-building programs for youth;

Accounting for ecological sustainability.

Future research is recommended to explore the role of human capital in Uzbekistan's transition to a “green” economy.

Human capital serves as the primary driving force of modern economic growth, boosting labor productivity and stimulating technological progress through education, healthcare, vocational skills, and innovative activity. As international experience demonstrates-particularly through the examples of South Korea and Singapore-investments targeting human capital can accelerate long-term GDP growth by 2–3 times. In the context of Uzbekistan, human capital development has become a priority direction through reforms implemented since 2017, the “Uzbekistan – 2030” Strategy, and World Bank projects. According to recent data, Uzbekistan's Human Capital Index (HCI) stands at approximately 0.62, with average years of schooling around 12 years; however, quality indicators remain low. [8]. Although economic growth remained between 6% and 7.7% in 2024–2025, this growth was primarily driven by capital and resources, with productivity growth remaining slow. Issues such as youth unemployment, gender inequality, education quality, and job shortages hinder the full utilization of human capital.

To ensure sustainable and high-quality economic growth in our country, the following pathways are crucial:

Digitalizing the education system and aligning it with international standards;

Strengthening public-private partnerships for the development of healthcare and vocational education;

Modernizing the labor market by encouraging innovation and technology transfer;

Expanding specialized programs for youth and women.

If reforms are deepened in the analyzed economic directions, Uzbekistan can join the ranks of upper-middle-income countries by 2030 and achieve sustainable economic growth.

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