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THEORETICAL FOUNDATIONS OF ECONOMIC GROWTH RESEARCH (ON THE EXAMPLE OF NAMANGAN REGION)

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A B S T R A C T

Economic growth represents one of the key indicators of a country's development and plays an important role in strengthening economic stability, improving the quality of life, and addressing urgent social challenges. Regional economies (using the Namangan region as an example) are complex, multi-component systems influenced by both internal (social, economic, and cultural) and external (global and national) factors.

Modern processes of globalization, digitalization, and structural economic transformation enhance the significance of the regional level within the national development system. Regional economies are becoming not only an object of state policy but also an independent source of economic growth, innovation, and social stability. Under these conditions, special attention is paid to studying the factors determining sustainable regional development and to forming effective mechanisms for managing these processes.

The Namangan region occupies one of the key positions in the socio-economic structure of the Republic of Uzbekistan. The region is characterized by high agricultural potential, a developing industrial sector, active entrepreneurship, and growing investment attractiveness. At the same time, structural imbalances remain, along with the need to increase labor productivity and introduce innovative technologies. Studying the trends and specific features of the region's economic growth makes it possible to identify priority directions of regional policy and to ensure balanced territorial development.

K E Y W O R D S

Economic growth, regional demand and supply factors, GDP, investments, human capital, agriculture, light industry.

Introduction

Economic growth is a central element of the economic policy of any state, as it determines the country's capacity to ensure sustainable development, social stability, and an improved standard of living for its population. Its importance increases significantly in the context of intensifying global competition, instability of world markets, and the acceleration of technological transformation. In the modern world, national economic growth cannot be considered in isolation from regional processes, since regions form the foundation of productive potential, provide employment, and create the prerequisites for balanced national development.

Regional economic growth reflects the efficiency of using available natural, labor, and investment resources, as well as the degree of implementation of innovations and digital technologies in economic activities. It is characterized not only by an increase in production volumes but also by changes in production structure, the growth of competitiveness among regional enterprises, infrastructure development, and the improvement of investment attractiveness. In this regard, research aimed at identifying the factors that determine the pace and quality of economic growth in specific regions acquires particular importance.

Namangan region represents one of the most dynamically developing regions of the Republic of Uzbekistan and possesses significant potential for further growth. Its geographical location, favorable natural and climatic conditions, high availability of labor resources, and entrepreneurial activity of the population create the foundations for sustainable socio-economic development. In recent years, large-scale investment projects have been implemented in the region, aimed at developing industry, agriculture, transportation, and social infrastructure. At the same time, certain problems remain — sectoral imbalances in the economy, insufficient diversification of production, limited innovation activity, and the need to improve workforce qualifications.

The relevance of studying the theoretical foundations of economic growth in the Namangan region is determined by the need for a scientific understanding of the processes occurring within the regional economy and for identifying effective tools to stimulate growth. Studying these processes makes it possible to define strategic directions of regional policy aimed at building a competitive economy focused on innovation, export orientation, and the rational use of natural resources.

Thus, the study of economic growth at the regional level, particularly in the Namangan region, has not only theoretical but also practical significance. Its results can serve as a scientific basis for improving mechanisms of state regulation, developing socio-economic programs, and implementing strategies that ensure sustainable growth and enhance the quality of life of the region's population.

Literature Review

Economic growth has remained one of the central topics of economic theory for many decades. A wide range of approaches explain the nature, sources, and mechanisms of growth, as well as define the role of the state, the private sector, and innovation in this process. Theoretical concepts can be conventionally divided into classical, neoclassical, and modern (innovative and institutional) models, each interpreting in its own way the factors influencing the dynamics of national and regional economies.

1. Classical Theories of Economic Growth.

The founders of growth analysis are considered to be representatives of classical political economy — A. Smith, D. Ricardo, and T. Malthus. In their works, growth was viewed as a result of capital accumulation, production expansion, and the improvement of the division of labor. A. Smith emphasized that the "invisible hand of the market" contributes to the efficient allocation of resources and the growth of national wealth. D. Ricardo associated the long-term rate of growth with the limitation of natural resources and the law of diminishing returns.

2. Neoclassical Growth Models

In the second half of the 20th century, neoclassical models were developed with the goal of formalizing the factors of economic growth. The most well-known is the R. Solow model (1956), according to which growth is determined by three key elements — labor, capital, and technological progress. In this model, technological innovations are treated as an external (exogenous) factor that determines the long-term dynamics of GDP. Despite its limitations, the neoclassical theory had a significant influence on the formation of modern macroeconomic policy.

3. Endogenous and Institutional Approaches

In the 1980s and 1990s, **endogenous growth theories** (P. Romer, R. Lucas) emerged, viewing technological progress as an internal outcome of investment, educational, and innovative activity. In these models, human capital, knowledge, and technology are the main sources of sustainable growth. At the same time, the **institutional approach** was developing, emphasizing the importance of legal, political, and cultural institutions that ensure the efficiency of market mechanisms.

4. The Regional Aspect of Economic Growth

Modern research places special emphasis on the spatial dimension of growth. Regional economic growth is viewed as the result of the interaction of local resources, infrastructure, the entrepreneurial environment, and government regulation. In the context of the Namangan region, this approach makes it possible to take into account the specifics of the regional economic structure, the level of small business development, innovation activity, and the efficiency of labor potential utilization.

Thus, theoretical approaches to the study of economic growth demonstrate an evolution of thought — from an emphasis on capital accumulation to the recognition of the decisive role of human, innovative, and institutional factors. Applying these theoretical principles to the analysis of the Namangan region allows for a comprehensive understanding of the mechanisms of regional development and for identifying directions to enhance its efficiency.

Fundamental Foundations of the Theory of Economic Growth

The fundamental foundations of the theory of economic growth were laid by the Austrian economist **Joseph Schumpeter** in the early 20th century. He was among the first scholars to distinguish between the concepts of growth and development. In his famous work "The Theory of Economic Development" (1911), Schumpeter viewed growth as a quantitative increase in the production and consumption of homogeneous goods and services. Development, on the other hand, he associated with qualitative changes brought about by the introduction of innovations — new products, technologies, and methods of production organization. According to Schumpeter, it is precisely**innovation**and**entrepreneurial activity** that serve as the key driving forces of economic progress.

Schumpeter's ideas formed the basis of the modern **endogenous growth theory,** later developed by economists such a**s Philippe Aghion** (author of the Schumpeterian growth model), **Paul Romer, Robert Solow, William Nordhaus,** and others. Significant contributions were also made by **Hirofumi Uzawa**, **Frank Ramsey, Paul Samuelson, Gary Becker, Daron Acemoglu,** and**Oded Galor.** Their research demonstrated that economic growth depends not only on the accumulation of capital and resources but also on the level of education, scientific and technological progress, institutional quality, and the social structure of society.

American economists **Campbell McConnell**and **Stanley Brue** identified six key factors that determine the sustainability and scale of economic growth:

1. **The availability and quality of natural resources,** which determine the economy's ability to produce goods.
2. **Labor resources** — the size, skills, and productivity of the workforce directly affect the volume of output.
3. **Physical capital**, which includes production capacities, equipment, and infrastructure.
4. **Technology**, ensuring more efficient production methods.
5. **Demand,** without which the development of production is impossible.
6. **Efficiency,** meaning the optimal utilization of all available resources with minimal costs.

Research Methodology

This study employs a comprehensive set of research methods aimed at ensuring a thorough and objective analysis of economic growth at the regional level, particularly in the Namangan region. The methodological framework is based on the use of **observation, generalization, factor and dynamic comparison**, as well as**logical analysis.**

The **observation method** made it possible to systematize statistical data on the socio-economic development of the region, identify key trends, and analyze the dynamics of production, investment, employment, and innovation activity. Through the **generalization method,** common patterns and interrelations among various economic indicators were identified, contributing to a holistic understanding of the mechanisms driving regional growth.

Factor analysis was applied to assess the influence of specific variables — such as investment volume, labor productivity, sectoral structure, and the quality of human resources — on the rate of economic growth. The **dynamic comparison method**was used to examine changes over time, determine the stability of development, and identify the main directions of regional progress.

Logical analysis facilitated the interpretation of the obtained results, the identification of causal relationships, and the formulation of conclusions of practical significance for improving regional economic policy. Collectively, the applied methods ensured a high degree of reliability and scientific validity of the research findings.

Analysis and Results

The purpose of this study is to analyze the key factors determining the economic growth of Namangan region and to develop strategic directions for enhancing the efficiency of regional development. To achieve this goal, the following tasks were identified:

1. To examine the theoretical foundations and modern approaches to the concept of "economic growth" at the regional level.
2. To analyze the socio-economic indicators of Namangan region over recent years.
3. To identify the main internal and external factors affecting the pace and quality of regional economic growth.
4. To evaluate the effectiveness of ongoing regional development programs and investment policies.
5. To develop recommendations to stimulate sustainable economic growth and enhance the competitiveness of the Namangan region.

Economic challenges represent significant obstacles to stable and sustainable development, impacting both macroeconomic and social dimensions. Modern states face a range of difficulties that require a comprehensive approach and well-considered policy measures.

First**, high unemployment and underemployment** remain pressing issues. Structural, frictional, and cyclical unemployment are caused by limited job opportunities, low labor demand, and a mismatch between worker skills and employer requirements. Consequences include social instability, increased crime, reduced living standards, and skill degradation over time. Addressing this issue requires the stimulation of new job creation, the development of vocational education, and the alignment of workforce training with market demands.

Second**, widespread poverty and slow economic growth**create a vicious cycle: poverty hinders development, while weak growth limits poverty reduction. This results in human capital degradation, low investment activity, and rising social tensions. Solutions include increased investment in social services, tax policy reforms, and the implementation of social protection programs.

Third, **sectoral dependence and unstable growth** are characteristic of economies heavily reliant on one or two key sectors, such as agriculture or raw material exports. This structure exposes the region to global price fluctuations and external shocks, resulting in revenue volatility, budget planning challenges, and limited diversification potential. Overcoming dependence requires the development of new industries, support for small and medium enterprises, and investment in education and technology.

Fourth, **pandemic impacts and economic disruptions** have revealed the vulnerability of regional economies to external crises. COVID-19 caused severe crises in tourism, transportation, catering, and retail. Mass layoffs, sharp declines in demand, and budget deficits have been common. Addressing these challenges necessitates strengthening healthcare systems, expanding digital services, and supporting the most affected sectors.

Fifth, **limited fiscal space** reduces the ability of governments to respond quickly to crises, leading to cuts in social programs, increased debt, and slower economic recovery. Solutions include improving public spending efficiency, reprioritizing budget allocations, and actively collaborating with international financial institutions.

Sixth, **macroeconomic instability and balance-of-payments deficits** lead to currency fluctuations, high inflation, and diminished investor confidence, which undermine economic growth and international trade. Stabilization requires measures to control inflation, support exports, and attract investments.

Economic characteristics of Namangan region in 2025, considering 2024 statistics and forecast trends, demonstrate significant potential for socio-economic development. The region has substantial agricultural potential, a developed industrial sector, and an active entrepreneurial environment. Key industries include agriculture, food processing, textiles, machinery production, and construction materials. In recent years, both domestic and foreign direct investments have increased, focusing on industrial, transport, and social infrastructure development.

Namangan region has shown improvements in social services, including better access to healthcare, enhanced educational infrastructure, and rising living standards. Nevertheless, structural disparities between economic sectors persist, along with low innovation activity and insufficient production diversification. There is also a need to improve workforce qualifications and implement modern technologies to increase productivity.

Particular attention is given to the investment climate and innovation activities in the region. Creating favorable conditions for small and medium enterprises, developing financial institutions, and promoting technological innovation and digitalization can accelerate economic growth and enhance regional competitiveness at both national and international levels.

In general, sustainable economic growth in Namangan region requires a systemic approach aimed at addressing structural challenges, diversifying the economy, developing human capital, supporting innovation, and implementing effective public governance. Such an approach will enhance economic resilience, investment attractiveness, and quality of life, ensuring balanced development within the framework of the national economy.

№	Name oftheregion	Shareof GDP (%)	GRP Volume (billionsoums)	Growth rate **(%)**	GRP per capita (thousand soums)	Equivalentin USD	Growth rate (%)
1	City ofTashkent	19,3%	281 147,4	10,4%	91 376,6	$7 223	7,6%
2	TashkentRegion	10,1%	146 385,2	6,7%	47 526,1	$3 757	4,7%
3	NavoiyRegion	8,1%	117 297,8	7,7%	108 108,6	$8 545	5,8%
4	SamarkandRegion	6,9%	99 866,1	6,9%	23 481,3	$1 856	4,6%
5	FerganaRegion	6,3%	91 333,0	6,8%	22 259,5	$1 759	4,6%
6	AndijanRegion	6,2%	90 522,1	6,6%	26 409,0	$2 087	4,4%
7	KashkadaryaRegion	5,5%	80 658,3	6,5%	22 405,1	$1 771	4,2%
8	BukharaRegion	4,9%	71 560,4	6,6%	34 729,6	$2 745	4,8%
9	NamanganRegion	4,7%	68 915,7	7,6%	22 238,7	$1 758	5,3%
10	SurkhandaryaRegion	3,7%	54 354,1	5,9%	18 670,0	$1 476	3,4%
11	KhorezmRegion	3,5%	51 261,0	6,4%	25 452,4	$2 012	4,4%
12	Republic ofKarakalpakstan	3,1%	45 658,5	6,3%	22 645,8	$1 790	4,9%
13	JizzakhRegion	3,0%	43 057,9	5,3%	28 281,0	$2 235	3,1%
14	SirdaryoRegion	1,9%	28 003,3	4,5%	30 359,2	$2 400	2,6%

Macroeconomic Analysis:

- In 2024, the Gross Regional Product (GRP) of Namangan Region amounted to 68.9 trillion soums, increasing by 7.6% compared to 2023. Significant contributions came from the following sectors: agriculture (+4.3%), industry (+8.3%), construction (+12.8%), and services (+8.8%).
- Industrial production in January–February 2025 reached 4.217 trillion soums, with a physical volume index of 109.1% compared to the same period in 2024.
- The region's trade turnover amounted to $221.4 million, including exports of $90.6 million and imports of $130.8 million.
- As of early March, the number of registered enterprises in the region reached 24,654, of which 20,448 (82%) belong to small and medium-sized businesses.
- In 2024, 681 projects were implemented, creating approximately 21,000 jobs, with exports totaling $702 million; for 2025, plans include attracting $4.2 billion in investments, creating 34,000 jobs, increasing exports to $1 billion, and reducing poverty to 5.3%.

• The average per capita income in the first quarter of 2025 amounted to 3.97 million soums, the lowest figure among the regions of Uzbekistan. In 2024, the annual per capita income was estimated at 16,849 thousand soums.

Conclusions and Suggestion

To ensure sustainable and balanced economic growth in Namangan Region, a comprehensive and systematic strategy is required, aimed at eliminating existing structural constraints and fully utilizing the region's internal potential. A key focus should be on economic diversification, which will reduce dependence on individual sectors, increase resilience to external economic shocks, and create new sources of income. This involves developing high value-added industries, modernizing the agricultural sector, promoting entrepreneurship, and implementing innovative technologies.

Creating a favorable investment climate is another critical tool for attracting both domestic and foreign capital. This requires improving the regulatory framework, simplifying administrative procedures, ensuring transparency and protection of investor rights, and implementing modern mechanisms for state support of business. Special attention should be given to the development of special economic zones and industrial parks, which can serve as catalysts for industrial production growth and export expansion.

Human capital development is a critically important factor for sustainable economic progress. Enhancing the quality of education, training skilled professionals, implementing programs for professional retraining, and equipping the workforce with modern technological skills will ensure that the region has the human resources required for high-tech and innovative sectors. Social policies should also focus on increasing employment, reducing poverty, and expanding access to essential services, including healthcare and education.

Infrastructure modernization, including transport corridors, energy networks, logistics, and information systems, creates conditions for higher labor productivity, lower costs, and integration of the region into national and international economic processes. Efficient use of natural and industrial resources, the adoption of modern management methods, and rational capital allocation will enhance the competitiveness of the regional economy.

Supporting small and medium-sized enterprises (SMEs) is one of the most effective ways to stimulate economic activity and employment. This includes simplifying registration and licensing procedures, improving access to financial resources, creating business incubators and startup platforms, and promoting an entrepreneurial culture. Developing SMEs helps form a flexible and resilient economic structure capable of adapting to changing market conditions.

A comprehensive approach to implementing these measures will not only boost GRP and increase per capita income but also strengthen social stability, reduce sectoral disparities, enhance the region's investment appeal, and create conditions for long-term sustainable development.

Thus, strategic management of economic growth in Namangan Region should be based on the synergy of economic, social, and institutional factors, the integration of innovative and digital technologies, rational use of natural potential, and active engagement of all economic actors. Such an approach will lay the foundation for a competitive, innovation-oriented, and socially sustainable regional economy capable of ensuring population welfare and long-term sustainable development.

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