



HUMAN CAPITAL MANAGEMENT AS A FACTOR IN THE SOCIO-ECONOMIC AND INNOVATIVE DEVELOPMENT OF THE REGION

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ABSTRACT	KEYWORDS
<p>The aim of the study is to examine the theoretical, scientific and practical foundations of human capital management processes as a factor in the socio-economic and innovative development of the region. This paper examines the theoretical and practical foundations of management relationships arising during the implementation of regional socioeconomic policy and the effective management of human capital for the benefit of the region's innovative development based on human capital management, as well as the maximum utilization of internal and external investment resources in the formation of the region's human capital, as measured by the Human Development Index.</p>	<p>Socio-economic development of the region, regional human capital, innovative economy, education system, investment in human capital, production process, labor resources.</p>

Introduction

Clause 4 of Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022, "On the Development Strategy of the New Uzbekistan for 2022-2026," sets out the goals to be achieved within the framework of Direction 34, "On implementing a fair social policy, providing services to the population to develop human capital, and improving state policy towards youth," which are currently being fully implemented. Also, "In the address of our President Sh.M. Mirzayev to the Oliy Majlis on December 26, 2025... The favorable business environment in our country, demographic growth, and attention to human capital make Uzbekistan one of the most attractive countries for investors. For example, over nine years, we have attracted foreign investment totaling \$130 billion across all sectors of the economy. This year alone, we have concluded new investment agreements with our foreign partners worth another \$140 billion".

LITERATURE ANALYSIS

Decree of the President of the Republic of Uzbekistan No. PF-60 of January 28, 2022, "On the Development Strategy of the New Uzbekistan for 2022–2026" and the Address of the President of the Republic of Uzbekistan to the Oliy Majlis of December 26, 2025... "The attention paid to human capital makes Uzbekistan one of the most attractive countries for investors. For example, over nine years, we have attracted \$130 billion in foreign investment across all sectors of the economy. The Address outlines the methodological, theoretical, and practical foundations for the factors that contribute to the

development of human capital effectiveness in the implementation of the country's socioeconomic development strategies, and also develops a mechanism for their practical implementation, presented in clear figures."

In the era of globalization, our scientists E.A. Okunkova, S.A. Grachev, and M.G. Alimirzaeva provided well-founded recommendations on balancing opportunities and risks for human capital development, assessing the effectiveness of human capital management in its innovative development, and evaluating a region's innovative receptivity and innovative activity. In his scientific article in the newspaper, our scholar K.Kh. Abdurakhmanov presented a scientifically grounded definition and analysis of human capital development, including a strategy aimed at promoting human dignity and an important event that determines the prosperity of our country and our future prospects.

RESEARCH METHODOLOGY

The relevance of this research topic lies in the fact that the economic growth of individual countries and regions is currently largely determined by the standard of living and quality of life of the population, making human potential a key factor in the socioeconomic development of a region. On the one hand, the ability of people to actively participate in social reproduction is a decisive factor in the effectiveness of regional socioeconomic policy and the region's competitiveness. This article presents a theoretical review and a systematic approach to studying the theoretical and practical foundations of the factors that influence the development of human capital effectiveness in the implementation of socioeconomic development strategies, as well as regulatory and legal acts on human capital development.

ANALYSIS AND DISCUSSION OF RESULTS

Human capital is considered an economic resource that ensures the socioeconomic and innovative development of the regional economy, the innovative development of the region based on management relationships and human capital management arising during the implementation of socioeconomic policy, and the increased effectiveness of human capital management for socioeconomic interests.

Regional human capital is the totality of human resources of a territory possessing a certain set of creative and consumer (psychophysiological, spiritual, intellectual, educational, qualification, professional, productive, creative) qualities and abilities, relationships regarding the use, consumption, disposal of these qualities, which ensure the socio-economic development of reproductive processes in the region.

Figure 1 presents in general terms the processes that have a decisive impact on innovation activity in the region.

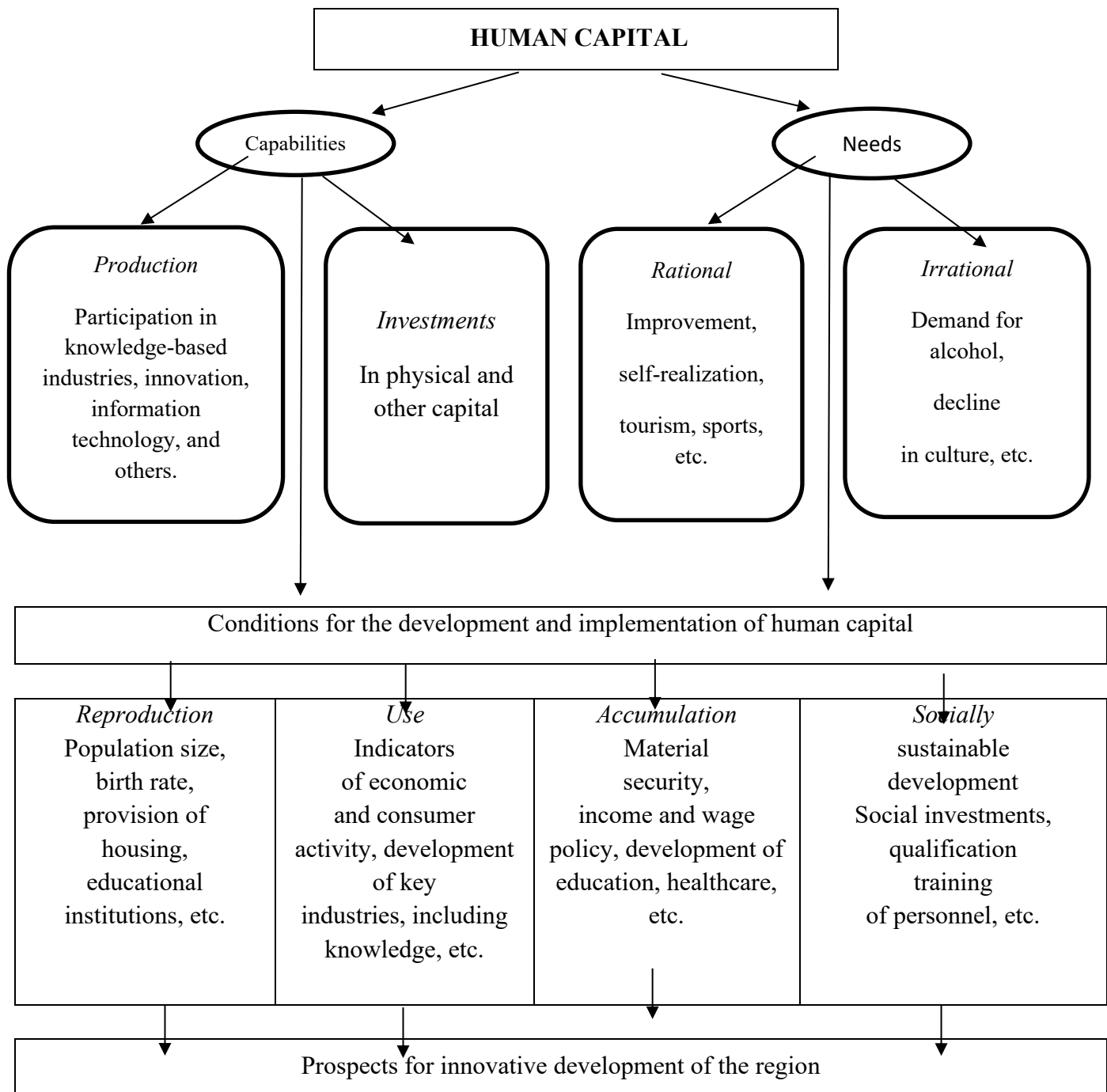


Fig. 1. The impact of human capital on the innovative development of a region.

The accumulation of human capital, as well as intangible assets in general, significantly outpaces the growth rate of tangible assets, reflecting the general pattern of social accumulation in an innovative economy. A different organizational and economic mechanism for investment is emerging, under which both consumption and accumulation simultaneously increase.

Human capital represents a system of abilities and needs that interact with existing strategic programs and regional development, as a set of human qualities (psychophysiological, spiritual, intellectual, educational, skilled, professional, productive, and creative) formed as a result of socioeconomic relations that ensure the internal enrichment of the subject and the external enrichment of the environment, including the formation of personal, corporate, and regional income. Although regional analysis has significantly enriched our understanding of human capital and its role in the socioeconomic and innovative development of the region, it is insufficient for analyzing current strategic programs and regional development. The level of human capital development in a region is an indicator of its innovative potential, which is reflected in labor productivity indicators, the level of regional capital productivity, and the level of environmental friendliness of production. The innovative potential of a regional socioeconomic system is the availability of conditions and opportunities for the implementation, dissemination, and utilization of various innovations in all areas of the regional economy and society.

Combining regional innovative development goals with human capital development strategies makes it possible to create a regional innovative development system that takes into account the regional human capital development potential and, as a result, identify effective investment areas depending on the level of regional human potential development.

To achieve this goal: - study the essence of human capital theory; reveal its content based on a generalization of the views of foreign and domestic scholars; - analyze the main problems, imbalances, and conditions for the use of human capital in the socio-economic development of regions; - assess the level of human capital use at the meso-level and substantiate a regional human capital management strategy for the purposes of innovative development; - study the methodological aspects of a regional innovative development system based on human capital for the development of a human capital management model; - formalize a human capital management model using the environment of higher and vocational education and career guidance; - evaluate the effectiveness of human capital management at the meso- and micro-levels for the purposes of innovative development of the region. A region's adaptability to innovation is determined by the socio-psychological characteristics of its population, insufficient coverage of the innovation process in regional media, and high organizational and economic barriers hindering the development of innovative entrepreneurship in the region. In turn, a region's high ability to implement innovation ensures its innovative activity, which shapes the vector of its innovative development. Ultimately, assessing the effectiveness of human capital management is reflected in an assessment of the region's innovative capacity to implement innovation and innovative activity. This assessment is based on the scientific assumption that problems, imbalances, and conditions for improving the effectiveness of regional development can be resolved by activating human capital management processes as a key factor in the effective socio-economic and innovative development of the region. Areas for improvement are identified through correlation and regression analysis of the impact of mesoeconomic indicators on the Human Development Index (HDI) of the regions.

In general, the direction of the impact of human capital on the innovative economic development of a region can be represented as a mechanism (Fig. 2). One of the main reasons for innovation stagnation is the lack or underdevelopment of an innovative culture among human capital holders. This explains the tendency for companies to avoid risky innovative projects, as well as numerous obstacles to the implementation of creative initiatives. A region's innovation development system depends on many

parameters: infrastructure, legislative framework, labor productivity, the return on capital assets, the share of innovative products and technologies, the environmental friendliness of production, etc. However, all of these parameters are, to varying degrees, determined by the HDI.

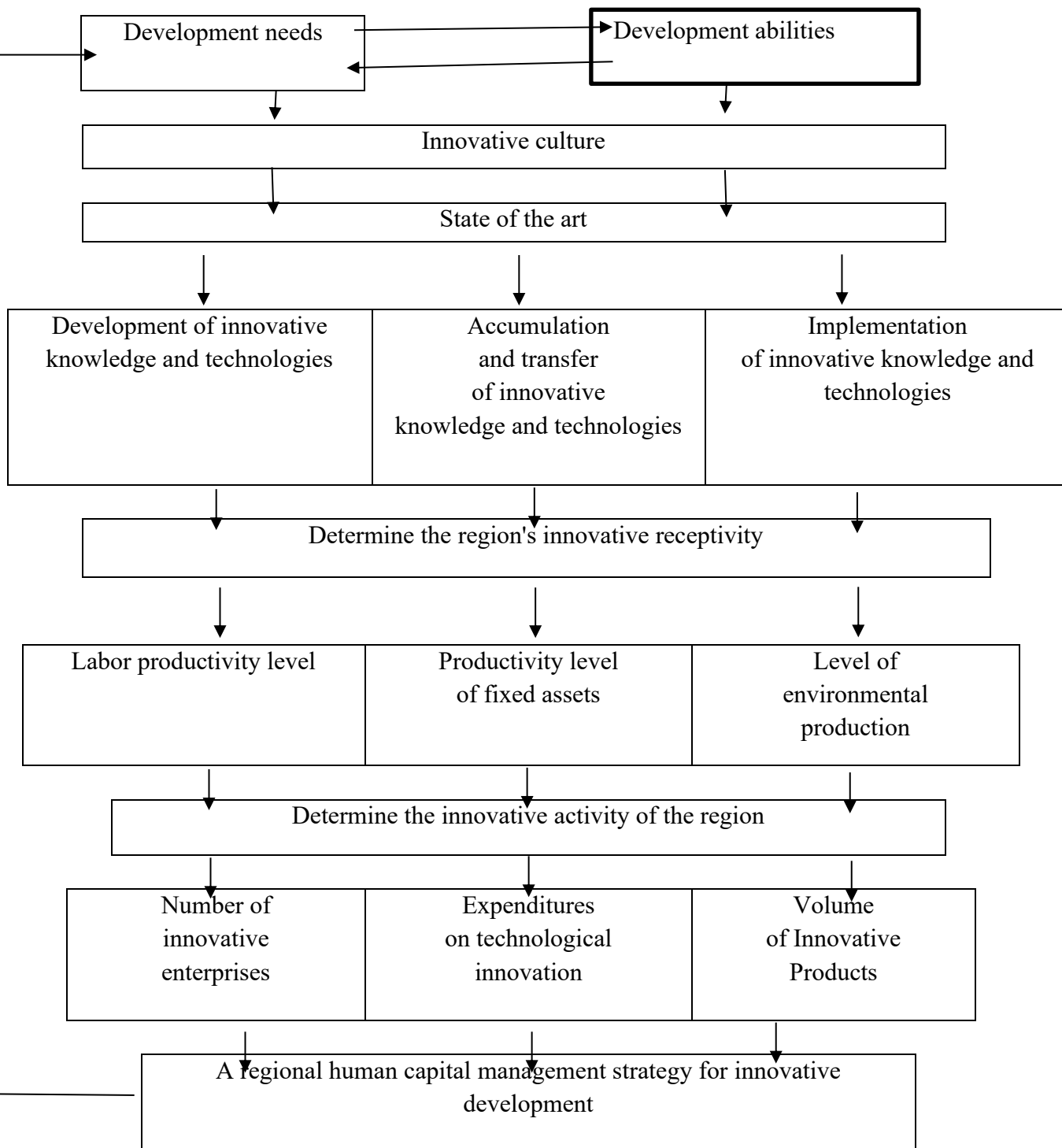


Fig. 2. Model of human capital management in the system of innovative development of the region

Consequently, the human capital management model in the system of innovative development of the region should be built in accordance with the directions, tasks and problems of innovative development of territories and human potential.

This defines human capital management within the regional innovative development system as the foundation for shaping an innovation culture and determining the quality of human capital. The transition to the post-industrial stage of social production and the emergence of an innovative economy require an update to the theoretical and methodological foundations of regional development, including the concept of human capital as a priority development factor. Clarifying and modifying the key concepts of this concept allows for the systematization and assessment of the impact of human capital on regional reproduction processes, programs, structural changes in the regional economy, and indicators of production and social efficiency.

The development and realization of a region's innovative potential are linked to the maximum utilization of internal and external investment sources in the formation of the region's human capital, measured by the Human Development Index. Therefore, it is necessary to assess the Human Development Index at the meso-level, both at the general and regional levels, which will allow for the consideration of regional determinants of innovative potential and the development of the regional economy's innovative potential. A formalized description of a regional system of innovative development based on human capital requires consideration of the needs of human capital actors as the basis for creating innovative potential. When constructing a regional system of innovative development based on human capital, the goals of regional human capital development must be aligned with the goals of regional innovative development. This will enable the creation of an effectively functioning innovative regional development system that takes into account the actual capabilities and characteristics of the region. For regional innovative development, it is recommended to evaluate human capital management across several areas, taking into account: the development (micro level) of individual human capital as the foundation for enterprise innovative development (nano level), which, in turn, shapes the indicators of the region's innovative receptivity and activity (meso level), thereby identifying reserves for managing innovative development, taking into account the potential of individual economic entities in the region. Systematic assessment of human capital management effectiveness using indicators characterizing the level of innovative development of individuals, enterprises, and regions allows for improving the quality of management decisions made and implemented for regional innovative development, as well as adjusting their direction.

CONCLUSION

In conclusion, the following can be noted. When formulating regional economic policy, regional authorities need to systematically assess the effectiveness of human capital management to develop regional programs that take human capital development into account in improving the quality of management decisions made and implemented for regional innovative development, as well as creating opportunities for its effective use. An algorithm for assessing the human capital development index at the meso-level and a mechanism for developing a regional innovative development system based on a model for identifying the development needs of human capital actors are of scientific and practical significance. Recently, economists, along with human abilities, have been incorporating needs—qualities that enable a person to carry out activities and achieve desired results—into the structure of human capital. Needs and abilities are essentially interconnected qualities that enable a person to carry

out activities and achieve desired results (components of the human capital structure). During the industrial stage of economic development, investments were focused on human productive capabilities and were understood as actions that improve professional skills and, consequently, labor productivity. The well-being and sustainable development of any nation depend on human capital. Therefore, a well-thought-out and consistent human resource development policy, both at the level of individual enterprises and at the national level, as well as balanced investments in human capital and resources for developing internal intellectual resources in the context of the transition to a knowledge-based economy, will enable the country to take its rightful place in the world.

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