



THE ORGANIC RELATIONSHIP BETWEEN THE DEGREE OF EDUCATION AND THE SOCIO-ECONOMIC STATE OF SOCIETY

Timurkhodzhaev O.U.

Ibragimova D.O.

Ismailov A.N.

BFA, chair of banking

Article history:	Abstract:
Received: 30 th June 2021	This article shows the influence of the educational process on the quality and standard of living of the population. The advantages and main problems in the education system of the Republic of Uzbekistan are considered, an analysis of public expenditures in the education system and comparison with other developing countries is carried out. Relevant arguments and proposals for state reforms in the education system are given, taking into account the national characteristics of the state.
Accepted: 11 th July 2021	
Published: 11 th August 2021	
Keywords: Education system, standard of living, economic growth, labor market, unemployment, corruption, reforms	

The main principle of the economic policy of every developed and developing country is undoubtedly improving its population well-being and quality of life. There are two criteria for income growth of the population: productivity must increase (creating more income in general), and the new income generated as a result of increasing their productivity must be returned to workers in the form of higher wages. The government has many tools for this, including investment to infrastructure, technological innovation in public universities and other institutions, and to workers through the education system.

Professional training, the level of qualifications of an employee significantly affects the formation of indicators of employment of the population. At the same time, an increase in the dependence of economic results on the degree of realization of abilities, knowledge, skills and abilities is obvious. Professional training is a prerequisite for solving economic and social problems, and the level of education is one of the main factors of an employee's competitiveness in the labor market. In a democratic society, it was higher education that was the most effective way to move up the social ladder and improve the material situation of people". However, the labor market in Uzbekistan is faced with such a phenomenon, which in the literature is called "inflation of qualifications": the specialty of an employee does not correspond to the position which is held, the structure of personnel training in a significant number of specialties lags behind the requirements of the labor market. Various reasons for this situation are noted in the economic literature. In particular, one of the reasons is the low level of qualifications of young people: despite the fact that the majority of young people after school continue their education in professional colleges and academic lyceums, after graduation they do not have enough knowledge to work in their profession. This is due to various circumstances, in particular with the low quality of education (although today this problem is receiving more and more attention, including from President Sh.M. Mirziyoyev (the President signed the law "ON EDUCATION" on September 23, 2020. The document was adopted by the Legislative Chamber on May 19 and approved by the Senate on August 7, a Decree of the President of the Republic of Uzbekistan "On measures to develop the spheres of education and upbringing, and science in a new period of development of Uzbekistan" dated November 6, 2020) was issued, but it is obvious that to improve the quality of education some time is required). In addition, it should be noted and "following fashion, prestige": the presence of higher education is considered as a kind of norm, in society there are certain stereotypes in relation to a particular profession. Young people are guided by them when choosing an educational institution and a field of study, and graduates seek to obtain prestigious and highly paid positions, often, perhaps, overestimating their knowledge and skills. Another reason is called the requirements of employers for experience and work experience. Many employers refuse to hire young people without work experience.

At the same time, a certain part of employers is focused on attracting personnel with higher education, who often hold positions and perform duties that do not require such qualifications. However, it is obvious that the existing imbalances are the result of negative factors in the political and economic life of the country, accumulated over a certain period of time, and they manifest themselves to one degree or another at any stage of economic development. In fact, one of the key goals of the United Nations Development Program is also to ensure the sustainable quality of education. Education is seen as a driving force for sustainable development in the modern world (UNDP, 2020). In addition, the government's attention to the quality of education is a modern government policy (see Fig. 1).



Fig .1. Education expenditure in 2020. (source: Citizens Budget)

In 2020, the gross domestic product (GDP) of Uzbekistan at current prices amounted to 580.2 trillion soum, follows from the data of the State Statistics Committee. Consequently, spending on education is 5.1%. For comparison, consider this indicator in other developing countries (Table 1).

Table 1

Country	Expenditure on Education, % of GDP
Malaysia	8.1
Israel	7.5
New Zealand	6.7
Morocco	6.5
Finland	6.4
Belarus	6
Iceland	6

It should also be noted that in the UN Development Program's report on the education level index for 2020, Uzbekistan ranked 71st among 188 countries of the world, along with Kyrgyzstan at 70th place Trinidad and Tobago at 72. The index measures the country's achievements in terms of adult literacy population and the total share of students receiving primary, secondary and higher education and is one of the key indicators of social development (Table 2).

**RATING OF COUNTRIES OF THE WORLD BY EDUCATION LEVEL INDEX
United Nations Development Program: Education Index 2020.**

Table 2

RATING	COUNTRY	INDEX
1	<u>Germany</u>	0.943
2	<u>Norway</u>	0.930
3	<u>United Kingdom</u>	0.928
.
35	<u>Kazakhstan</u>	0.830
.
39	<u>Russia</u>	0.823
..
71	<u>Uzbekistan</u>	0.729
72	<u>Trinidad and Tobago</u>	0.728

Currently, there are 65 universities in the Republic of Uzbekistan. (<https://edu.uz/ru/pages/undergraduate-education>).

In addition, the relatively low salaries of university teachers and professors are also seen as another serious problem that can lead to corruption. Moreover, according to UNESCO (2007), the average salary of teachers was reported 60% lower than the national average, and this amount was even lower than the average salary of workers in the industry and construction sector by 41 and 39 percent, respectively. In addition, in 2015, the average salary of workers in other sectors was even higher than the average salary of academic staff. In the coming years, the launch of a project called Public Financial Management Reforms in Uzbekistan led to a significant increase in teachers' salaries. For example, the following graph shows that the salaries of assistants have increased by 145%, while the salaries of teachers and professors have increased by about 224%, respectively, if we compare 2015 and 2019(Fig. 2).

Average salary of academic staff in local universities

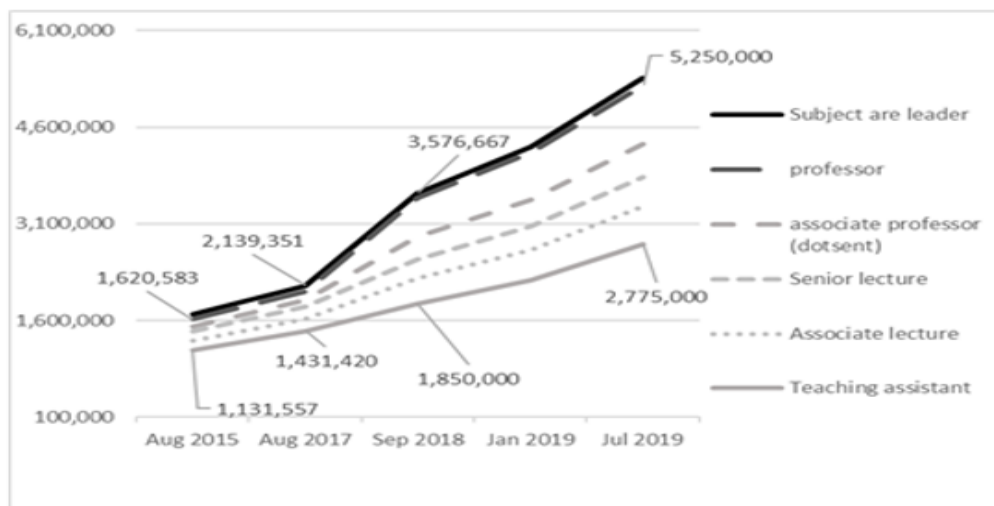


Fig. 2. Average salary of academic personnel in higher educational institutions of the Republic of Uzbekistan. (source: Lex.uz)

However, a number of other unresolved issues can be noted in the education system. If we look at the historical reforms in the education system, we can notice that the government's efforts on development programs in higher education were even greater when compared to development programs at other levels of the education system. The following graphic provides a better understanding of the government's efforts and "gradual" reforms in higher education in Uzbekistan. (Fig. 4)

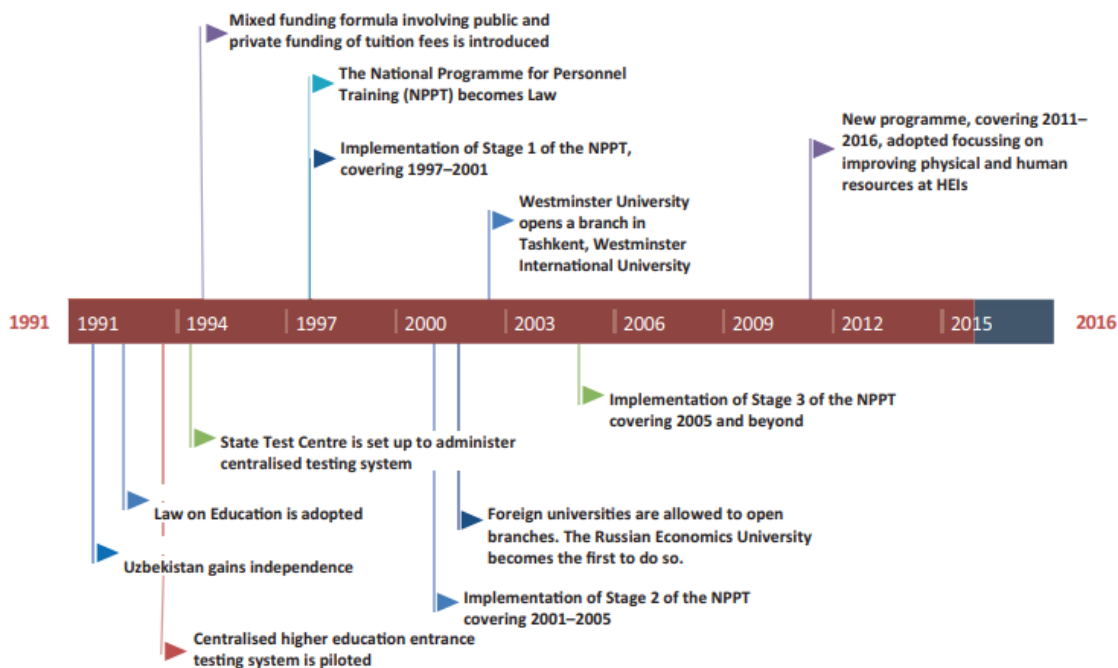


Fig.3. Timeline of reforms in the field of education before "New Uzbekistan"

(source: https://www.researchgate.net/publication/324739986_Uzbekistan_Higher_Education_Reforms_and_the_Changing_Landscape_Since_Independence)

The existing education system in Uzbekistan does not meet the requirements of the economy, which shows an increase in unemployment up to 10.5% (Fig. 4.). With an increase in the output of specialists with higher education, their ineffective use is observed. Obviously, it is necessary to comprehensively reconcile the structure of the economy's needs for labor resources of a certain educational and qualification level with the structure of their supply. This can be achieved by changing the structure of the entire economy in the direction of increasing the possibility of employing highly qualified specialists or by flexibly adapting and modifying the education system to suit the already established production structure. The second way seems to be less costly today and, apparently, more effective.

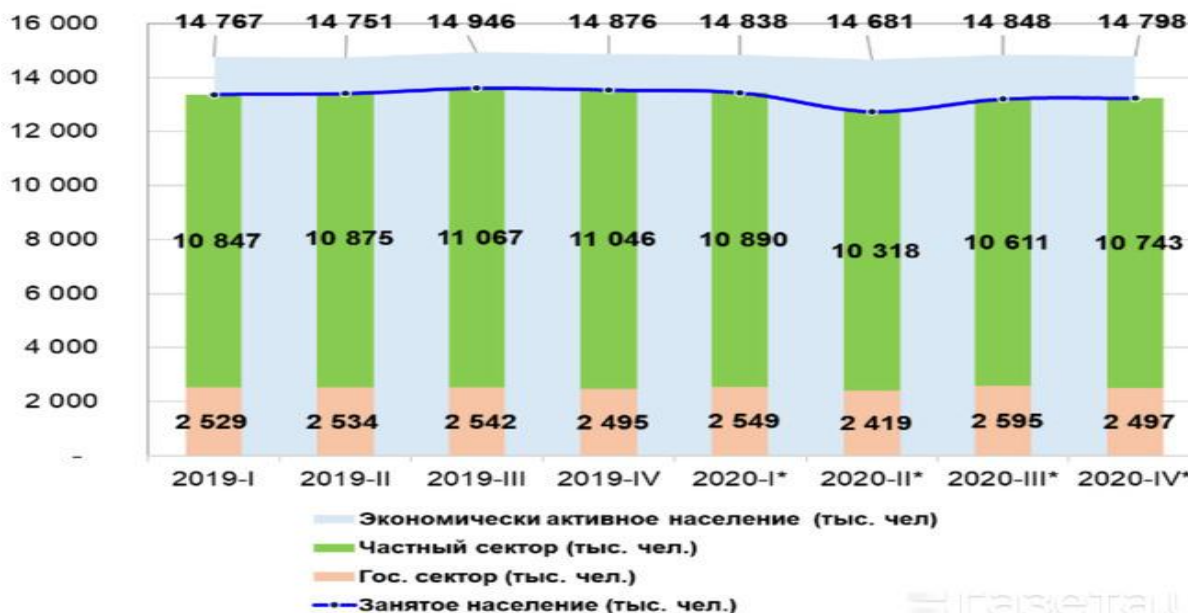


Fig.4. Labor market in Uzbekistan at the end of 2020

(source: <https://www.gazeta.uz/ru/2021/05/07/labor-market/>)

A higher education diploma does affect salary levels. For some professions, theoretical knowledge is required, which is quite difficult to obtain on your own, and sometimes even impossible. In such cases, the presence of a diploma indicates the professional level of a specialist and his training, and the employer forms wages based on this criterion. This happens, for example, with lawyers. The diploma is also important for beginners who want to work in a large company. Such employers take on internships only for university students and graduates, since a strong academic base and a certain mindset are important for them. Education can become a driver for wage growth in a crisis after the epidemiological situation in 2020 (Fig. 5).



Fig. 5. Average monthly salary growth rates.

(source: <https://review.uz/post/rost-sredney-nominalnoy-zarabotnoy-plat-v-uzbekistane-v-2020-godu-zamedlilsya-pochti-v-2-raza>)

OUR SUGGESTIONS:

According to the statistical information presented in the graph above, we see that the implementation of reforms in the industry will lead to an increase in budget expenditures. So far, we have several options:

1. During the transition period, the first option would be to obtain additional support from the state budget to solve the problem of lack of financial assistance. Because the adoption of a new educational program and new plans will entail additional financial costs. This option would be more practical for certain reasons, even if the government may face additional costs. The first is that the university can achieve a stable financial condition. Because full financial support from the government will create an opportunity for universities to adopt new programs, change teaching materials, and gain academic potential. In the next phase, the return on these additional government investments will be more beneficial.

2. Academic and financial independence of universities will be considered as a second option, and universities will implement new initiatives to improve materials and methods that provide an appropriate environment for the competition. However, the transition period can be quite painful, as universities can also suffer from stress from academic staff, administration and students. Then there will be another important task to attract either foreign or domestic investment. In fact, less investment would lead to a lower level of university development.

3. Most economists agree that technological innovation is a key driver of economic growth and human well-being. Negative cultural attitudes towards technology and its destructive consequences can jeopardize the reaping of these benefits. Policy responses reflecting this attitude (and discouraging innovation) run the risk of provoking economic stagnation, a decline in economic dynamism and a decline in living standards. James Brougel and Adam Thierer make this argument in their book *Technological Innovation and Economic Growth: A Brief Account of the Evidence*. Effects of innovation: 1) Technological innovation benefits by increasing productivity and bringing citizens new and better goods and services that improve their overall standard of living. 2) Sometimes the benefits of innovation materialize slowly. They often apply to the entire population. The poor and future generations will benefit the most.

To provide resources for the education system in 2021–2025, it is necessary:

Increase the expenditures of the republican budget on education by at least 6 percent of GDP per year in real terms; ensure the preferential growth of that part of the budget, which is directed to the current content of education (salaries), in comparison with funds for the construction of new educational institutions;

Move to normative funding (including per student);

To establish annually the norms of the minimum budget (financial) support (NMB) for all levels of education and to ensure their consistent increase at a rate that outstrips the rate of GDP growth;

Ensure the resource attractiveness of education process namely, introduce tax incentives for families investing in education on a reimbursable and non-reimbursable basis.

Support the trusteeship movement and create an adequate regulatory framework for its activities. The increase in private funds allocated to education, according to average estimates, may exceed the growth in personal incomes of citizens by 1–2 percentage points;

To carry out a complex of reforms, to increase the efficiency of the use of funds allocated to education. This implies:

a) changing the existing system of training and admission to universities, which will allow to use the funds that are currently spent on paying for tutors and various forms of bribes to improve the quality of education (effect of \$ 100-250 million per year);

b) elimination of structural deformations in vocational education through a new admission procedure and targeted government orders (the effect of \$ 1–1.2 billion per year by bringing the training structure in line with the needs of the economy). At the same time, the actual reforms of organizational and economic mechanisms will give up to half of the increase in funds.

In conclusion, I would like to note that the economic growth and well-being of the people in the 21st century directly depends on human capital, which improves with the increase in the availability and quality of education. The Need for Sound Public Policies Public policies play an important role in stimulating innovation by setting the “rules of the game”. These include rule of law, property rights, patent protection, contracts, free trade policies, freedom of movement, various investment incentives, and light rules and regulations. When it comes to new technologies, innovation without permission should be the default policy, not restrictive rules. And the best achievement in the education system (not necessarily in education, but in all spheres) could be the complete elimination of corruption.

REFERENCES

1. Anshire D.M. *The Nature of American Global Leadership in the 1990's // The Global Economy: America's Role in the Decade Ahead*. — Amer. Assembly; Ed. by Brock W.E., Horlats R.D. N.Y., I.; Norton, 1990.
2. Weil, D. (2013). *Economic growth*. Pearson Education Limited 2013
3. Abdullaeva, M. and Gafurova, S., 2021. Challenges, Experience and Efficiency of Distance Education System Introduced in Uzbekistan's State Conservatory During Pandemic. [Электр. ресурс]:2030. <https://uzjournals.edu.uz/ea_music/vol2020/iss2/8/>
4. ABDURAKHMANOV, K., 2021. Higher education as a significant factor of Uzbekistan's sustainable development. [Электр. ресурс]:<<https://www.revistaespacios.com/a19v40n09/a19v40n09p15.pdf>>

5. Eshchanov, R., 2021. Priority challenges of education sector reforms in modernizing Uzbekistan. <https://www.researchgate.net/publication/336362182_Priority_challenges_of_education_sector_reforms_in_modernizing_Uzbekistan>
6. Hojimatova, D., 2021. Transformation of Education in Uzbekistan - Papers & Essays. [Электр. ресурс]: Child Research Net. <http://www.childresearch.net/papers/school/2004_05.html> Janmaat, G., McCowan, T. and Rao, N., 2021. Different stakeholders in education. [Электр. ресурс]: Taylor & Francis. <<https://www.tandfonline.com/doi/full/10.1080/03057925.2016.1134956>>
7. Krouglov, A., 2021. Transforming Higher Education in Uzbekistan. [Электр. ресурс]: at: <https://www.researchgate.net/publication/317336623_Transforming_Higher_Education_in_Uzbekistan> [Accessed 7 March 2021].
8. Peyrouse, S., 2021. Increasing the Effectiveness of Education Assistance in Uzbekistan - Voices On Central Asia. [Электр. ресурс]: Voices On Central Asia. <<https://voicesoncentralasia.org/increasing-the-effectiveness-of-education-assistance-in-uzbekistan/>>
9. Ruziev, K., 2021. Uzbekistan: Higher Education Reforms and the Changing Landscape Since Independence. [Электр. ресурс]: <https://www.researchgate.net/publication/324739986_Uzbekistan_Higher_Education_Reforms_and_the_Changing_Landscape_Since_Independence>
10. Usaid.gov. 2021. Uzbekistan Education Reform Program | Fact Sheet | Uzbekistan | U.S. Agency for International Development. [Электр. ресурс]: <<https://www.usaid.gov/uzbekistan/fact-sheets/uzbekistan-education-reform-program>>
11. Uz.undp.org. 2021. Higher Education in Uzbekistan: Structure Developments and Reform Trends. [Электр. ресурс]: <https://www.uz.undp.org/content/dam/uzbekistan/docs/Publications/UN-Publications/PB_Education/un_uzb_PB_education_eng.pdf>
12. UzDaily.uz. 2021. Education experts discuss issues of improving the quality of general secondary education in Uzbekistan. [Электр. ресурс]: <<https://www.uzdaily.uz/en/post/58999>> [Accessed 7 March 2021].
13. UzDaily.uz. 2021. Issues of the higher education system were discussed. [Электр. ресурс]: <<http://www.uzdaily.com/en/post/59007>>
14. Uzedu.uz. 2021. Ministry of public education of the Republic of Uzbekistan - Uzbekistan: A timely response on learning during school closures. [Электр. ресурс]: <<https://www.uzedu.uz/en/ozbekiston-maktablarning-yopilishiga-oz-vaqtida-javob>>
15. Yun, A., 2021. Corruption in uzbek higher education: detrimental impurity for the future. [Электр. ресурс]: Osce-academy.net. <<http://osce-academy.net/upload/file/Brief34.pdf>>