



THE SOCIO-ECONOMIC SIGNIFICANCE OF EDUCATION AND EDUCATIONAL SERVICES IN THE DEVELOPMENT OF UZBEKISTAN'S ECONOMY

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Abstract: The article examines the main aspects of the influence of education on the economic development of Uzbekistan, including the role of educational services in the formation of a qualified workforce, improving the country's competitiveness and raising the standard of living of the population. Particular attention is paid to the strategic initiatives of the Government of Uzbekistan in the field of education reform, such as the introduction of new educational standards, the development of the private sector in the field of education, as well as the introduction of information technology in the educational process.

Key words: Education, educational services, human capital, investing in human capital, investing in the future, skilled labor force, labor market, subjects of educational services, objects of educational services, personal development, state educational institutions, paid educational services.

Education has been considered important for humanity throughout the entire history of human development. “The roots of education are bitter, but its fruits are sweet,”¹ believed the great ancient Greek thinker and philosopher Aristotle, who

¹ Диоген Лаэртский. О жизни, учениях и изречениях знаменитых философов. - М.: АСТ, 2020. - С. 257. - ISBN 978-5-17-119357-7.



lived from 384 to 321 BCE. Even today, the education system can be viewed as one of the most essential parts of modern society's functioning, necessary for the successful operation of any state.

Education is mentioned in the Quran in about 600 verses. For example, in verse 9 of Surah Az-Zumar (The Groups), it says:

“Is one who devoutly observes the hours of the night, prostrating and standing (in prayer), fearing the Hereafter and hoping for the mercy of his Lord, (like one who does not)? Say, “Are those who know equal to those who do not know?” Indeed, only those who possess intellect take heed.”²

Moreover, quality education can not only reduce a country's poverty level and accelerate its economic development, but also nurture a nation that ensures the country's security and economic growth. This, in turn, increases its competitiveness relative to other countries and guarantees its independence. Additionally, the development of telecommunications technologies, globalization, expansion of international trade, and similar processes create growing demand for education.

The Law “On Education” of the Republic of Uzbekistan, adopted by the Legislative Chamber on May 19, 2020, and approved by the Senate on August 7, 2020, defines education as follows:

“Education is a systematic process aimed at providing learners with deep theoretical knowledge, skills, and practical abilities, as well as the formation of general educational and professional knowledge, skills, and the development of capabilities.”³

During the educational process, specific educational levels are attained. The law divides educational activities into two types:

² Кулиев Э. Перевод Корана/ <https://quran-online.ru/39/kuliev#ayat-9>

³ Law of the Republic of Uzbekistan "On Education," adopted by the Legislative Chamber on May 19, 2020, and approved by the Senate on August 7, 2020.



The first type is activities carried out according to educational standards (based on general education programs).

The second type is additional educational services, the scope and content of which are regulated by state standards, but provider enhancements are welcomed.

Furthermore, the law states that private and public educational institutions have the right to offer paid additional educational services to those interested. These include training under supplementary educational programs, teaching special courses and subject cycles, classes with in-depth study, and other educational services.

The importance of education and educational services is also reflected in the numerous normative legal documents recently adopted by the Government of Uzbekistan to develop and improve the quality of education. For instance, to foster the knowledge and skills of school students, nurture them in the spirit of devotion to national and universal human values, raise the prestige of the teaching profession and the quality of teachers, improve textbooks and teaching materials based on modern requirements, and build modern models of public education institutions meeting international standards, the Presidential Decree "On the Strategy for the Development of New Uzbekistan for 2022–2026" dated January 28, 2022 (No. UP-60) and "On the Approval of the National Program for the Development of Public Education in 2022–2026" dated May 11, 2022 (No. UP-134) were adopted.

Educational activity is often equated with educational services, for which many definitions of varying content but similar meaning exist. For example, A. Skalkin in his article defines:

"Educational services are an element of educational activity with specific goals and subjective composition. The goals of educational services are the transfer of knowledge, skills, formation of professional competencies, and their mastery by



learners. The subjects of educational services are educational organizations represented by teaching staff and learners seeking education at a certain level.”⁴

Another important definition, given by V.N. Zotov, states:

“An educational service is the volume of academic and scientific information transmitted to a citizen in the form of a sum of public and specialized knowledge, as well as practical skills, conveyed according to a specific program.”

Theoretically and practically studying “educational services,” it can be concluded that they represent a relationship between the person seeking knowledge and the provider of that knowledge, either paid or free of charge. Educational services directly contribute to the formation of human capital, as the service delivery process involves creating spiritual values, transforming, and developing the learner’s personality.

Educational services have specific characteristics manifesting in both traditional traits and unique features. One specificity is that they belong to the category of “public goods.” Another is the impossibility of their direct monetary measurement. The price mechanism often cannot fully reflect the costs of producing educational services. This is due to the absence of a physical form and tangible results, their consumption during the activity, and the fact that they contain beneficial effects in themselves. While material goods can be relatively easily measured quantitatively (e.g., units or kilograms per product), educational services generate intangible benefits. These benefits are not subject to ownership rights; the result of educational services is achieving a certain educational level, which implies a paid nature of the services. Services are provided for a fee. However, the educational process in state educational institutions within the main educational

⁴ Скалкин А.Н. Понятие образовательных услуг и правовые основы их оказания // Материалы VIII Международной студенческой научной конференции «Студенческий научный форум» URL: https://scienceforum.ru/2016/article/2016024643 (дата обращения: 30.03.2023).</p>



programs and state standards is free of charge, and no contract for educational services is concluded for these processes.

Another distinctive feature of educational services is the multiplicity of goals set before the organizations providing these services. Typically, educational institutions are not directly profit-driven; many of their interests relate to increasing welfare, which implies “earning profits necessary to ensure expanded reproduction.”

From some theoretical economic perspectives, educational services can be classified as pure private goods. The significant positive external effect of educational services also allows them to be considered socially significant private goods.

Being a type of socio-economic good, educational services are additional in non-core educational institutions, exceeding state educational standards and costs required for production and consumption, thus demanding adequate compensation. Nevertheless, the volume of educational services can be increased by recruiting qualified teachers, expanding classroom facilities, additional funding, etc.

The knowledge, skills, competencies, and specialties acquired through educational services motivate consumers entering the educational market. Individuals strive to use educational services to find the most suitable niche in the labor market. Under competition among educational institutions, consumers can choose based on various factors. Educational services are characterized by the knowledge, skills, and competencies the consumer acquires and the specialty obtained as the final result.

Factors influencing consumer motivation in choosing educational services include both primary and additional advantages of an educational organization. Important for consumers are the duration, type, and form of training, the qualification level of the teaching staff, and the material base of the institution, including classrooms equipped with modern teaching aids. To attract potential



consumers, advantages such as additional advanced training courses, retraining, diplomas, certificates, free consultations, and certain privileges are offered. From an economic perspective, concepts like “extended product” and “potential goods” apply to attract consumers. The desire to acquire knowledge, skills, and competencies that provide labor market advantages defines another key feature of educational services - mutual activity of the service provider and the receiver. This distinguishes educational services from most others, where the client remains passive.

Paid educational activities of this kind were not considered entrepreneurial. Researchers of educational legislation identify both positive and negative aspects of introducing the term “educational services” into normative legal acts. The positives include:

- Legalizing paid forms of education;

- Using the term in educational legislation allows applying civil law regulations to public relations in education;

- Promoting competition in the educational services market;

- Finding additional non-state funding sources for public educational institutions;

Granting financial autonomy to some higher education institutions and certain powers to the Cabinet of Ministers and ministries, such as transferring foreign students from overseas universities to Uzbek public universities and defining internal student regulations.

All these measures aim to create conditions for entrepreneurship and business development and accelerate the implementation of innovations in science and education. For example, the Presidential Decree "On the Concept for the Development of Higher Education in the Republic of Uzbekistan until 2030" dated October 8, 2019 (No. UP-5847) outlines plans to improve education and educational services in Uzbekistan. This concept fosters the internationalization of



higher education and requires some universities to have international rankings. It is worth noting that Uzbekistan prioritizes improving the quality of all three education levels (primary, secondary, and higher), rather than focusing on just one. Approximately 44.4% of total social expenditures are allocated to finance large-scale educational policy.

Additionally, in recent years, to improve the quality of educational services, foreign scholars and specialists from leading global universities and institutes have been involved in the education system via distance learning and experience exchange. This positively impacts the development not only of education but also the country's economy as a whole.

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