

YOUTH EMPLOYMENT AND THE ROLE OF HUMAN CAPITAL IN LABOR RELATIONS**Boltaev Burkhon Sadinovich**

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Abstract: *This article analyzes the role of human capital in the process of ensuring youth employment and its role in labor relations. Human capital, as an important factor determining the intellectual and professional potential of society, has a direct impact on the effectiveness of youth employment policy. The article discusses the current state of youth employment in the labor market of Uzbekistan, their level of professional training, integration of education and production, as well as mechanisms for using human capital in labor relations. According to the results of the study, young people constitute the most active part of human capital, and the full realization of their potential is a decisive factor in increasing the effectiveness of labor relations.*

Keywords: *human capital, youth employment, labor relations, digital economy, labor market, skills, innovation, vocational training, employment policy, social development.*

Introduction.

In today's globalization and digital economy, the qualitative development of human capital is one of the most important factors in the country's economic growth and social stability. In particular, the knowledge, skills and innovative thinking potential of the youth sector is of decisive importance in modernizing labor relations, increasing production efficiency and creating new economic opportunities. Therefore, the issue of ensuring youth employment is recognized not only as a social, but also as a strategic economic task.

In the process of large-scale reforms being implemented in the Republic of Uzbekistan, state programs aimed at modernizing the labor market infrastructure,

adapting the education system to labor needs and increasing youth employment occupy a special place. In this regard, the development of human capital, that is, strengthening the professional training, innovative potential, digital competence and labor motivation of young people, is emerging as an important mechanism for ensuring the stability of labor relations.

From this point of view, it is of great importance to scientifically study the place and role of human capital in the process of ensuring youth employment, their opportunities and obstacles in the process of entering into labor relations. Because an effective labor relations system directly depends not only on economic indicators, but also on the quality of human resources and their ability to adapt to the labor market. The main goal of this study is to analyze socio-economic processes related to youth employment based on the concept of human capital, identify existing problems and propose innovative ways to solve them.

Analysis of the literature on the topic.

Human capital and labor relations are closely related economic concepts, which are widely covered in scientific research as one of the main factors of social development, employment policy and ensuring labor productivity.

The theory of human capital was originally developed by Western economists in the second half of the 20th century. In particular, T. Schultz defined human capital as “an investment in human productive potential through education, health, skills and experience”. G. Becker, seeing human capital as a key factor of economic growth, considered spending on education and professional training to be the most effective investment. R. Solow explained the role of the human factor in his model of economic growth as the most flexible and innovative factor among the limited resources of production.

In modern research, the growth of human capital is analyzed in connection with the digital economy, innovative employment and improving the quality of labor relations. According to OECD data, investments in human capital ensure the

flexibility of the labor market and stabilize the level of youth employment. The World Bank, assessing the quality of human resources through the “Human Capital Index”, noted that improvements in education and health directly affect the economic stability of the country.

The issues of youth employment are in the focus of many researchers, most of whom emphasize the lack of professional skills, lack of experience and difficulties in adapting to working conditions of young people entering the labor market. In particular, reports of the International Labor Organization note that for youth employment policy to be effective, it is necessary to ensure seamless integration between the education system and the labor market.

In recent years, Uzbek scientists have also been widely studying the issues of human capital and youth employment. For example, A. Juraev, in his study, analyzed human capital as a factor of national competitiveness, highlighting the role of the education system and the importance of state programs in increasing the professional potential of young people. B. Tursunov, analyzing the dynamics of human capital development in the process of modernization of labor relations, emphasized the need to develop mechanisms to support qualified young personnel in enterprises.

Also, the Resolution of the President of the Republic of Uzbekistan “On measures to improve the system of preparing young people for the labor market and increase their employment” dated May 27, 2020 also indicates increased attention to the development of human capital at the state level. Based on this document, a number of mechanisms were introduced for the development of professional training of young people, internship programs, startup projects, and digital skills.

Research methodology.

This study used scientific-theoretical and practical methods of analysis aimed at determining the place of youth employment and human capital in labor relations and assessing their interdependence. The methodological basis of the study was advanced scientific approaches to labor economics, human capital theory,

employment policy and innovative development concepts. The study used analysis and synthesis, comparative analysis, statistical methods, induction and deduction methods, which allowed assessing youth employment processes in the context of labor relations. In addition, the dynamics of changes in indicators was assessed using analytical analysis and diagrams and tables to determine the impact of professional training, labor motivation, qualification level and digital competencies of young people on the formation of human capital.

Analysis and results.

Implementing strategies aimed at developing human capital Human capital is a set of factors that determine the productive potential of an individual, such as knowledge, professional skills, health, experience and work motivation. Theoretically, human capital is considered as an economic cost (education, health, vocational training) and these costs are returned over time by increasing labor productivity. The main elements of human capital: education and skills, work experience, health and psychological (motivational) factors, as well as digital and social competencies.

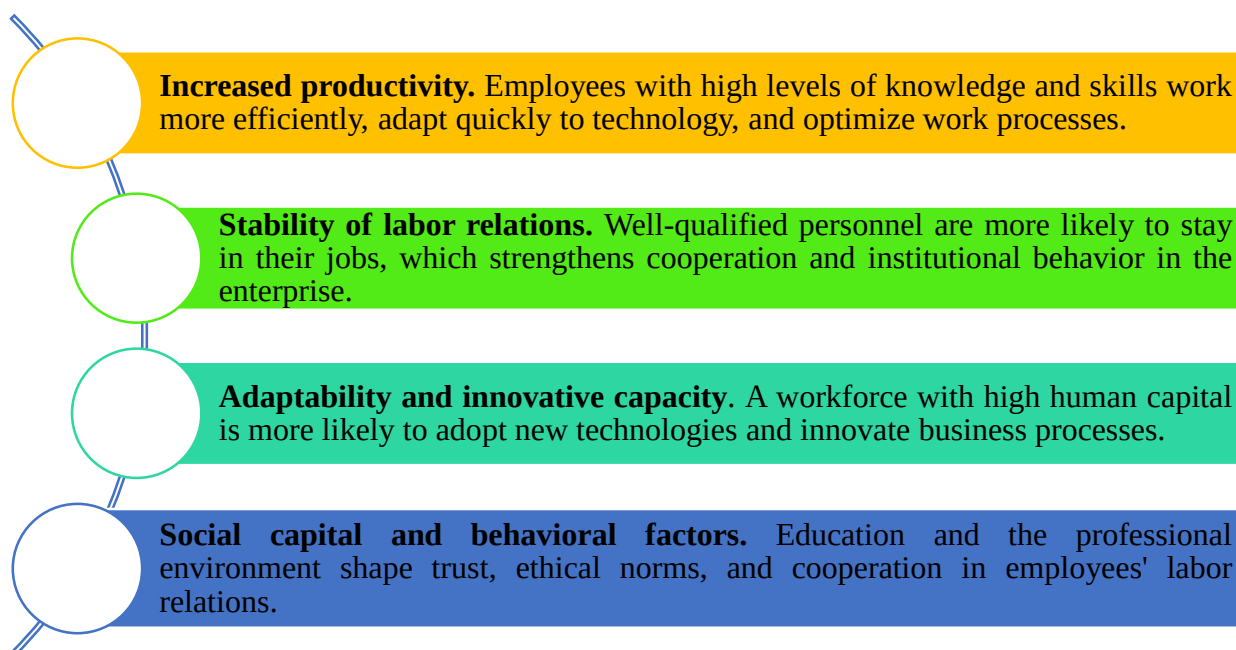


Figure 1. Areas of manifestation of the importance of human capital in the context of labor relations

Thus, investments in human capital are a strategic measure that leads to an increase in the quality of not only the individual employee, but also the system of labor relations and the national labor market.

The relationship between youth employment and human capital is mutually reinforcing and cyclical. This inextricable link can be explained by the following main mechanisms:

In general, for youth employment policies to be effective, special attention should be paid to the stages of human capital formation, workplace training mechanisms, and retraining systems.

In today's era of globalization and digital transformation, ensuring the competitiveness of human capital has become a priority area of each country's economic strategy. In this regard, international experiences aimed at developing young people's human capital are distinguished by their effectiveness and level of systematicity.

South Korean experience. South Korea has chosen a model based on combining education and innovation in human capital development. Within the framework of the “Knowledge Economy Strategy” program, the government has focused on the development of technological areas in the education system, with great attention paid to the development of digital literacy and technical competencies starting from school. Research grants for young people, “Start-up Korea” projects, technoparks,

and innovation incubators are operating. As a result, South Korea is currently one of the countries that occupy the highest positions in the global human capital ranking.

German experience. The basis of human capital policy in Germany is a vocational education system based on the principle of “dualism”. In this system, young people receive theoretical knowledge in a higher or secondary specialized educational institution, while learning practical skills directly in enterprises and organizations. The German government updates professional standards based on a regular analysis of labor market needs, as a result of which young people become competitive with high qualifications when entering the workforce. Also, youth employment programs, career guidance centers, and advanced training courses have been widely established through the Federal Employment Agency.

Singapore experience. In Singapore, human capital development is considered a central element of national economic policy. Through the national program “SkillsFuture”, the state allocates an educational voucher (grant) to each young citizen to improve their skills. In this, not only higher education, but also the concept of lifelong learning is a priority. The Singapore government places special emphasis on building digital skills in the IT, biotechnology, finance, and service sectors.

Table 1

Youth employment indicators in Uzbekistan (2018–2024)

Year	Youth (15–24 years) unemployment rate, %	NEET (Neither in education nor employment, %)	Total number of employed youth, million	Average monthly salary (thousand soums)	Explanatory analysis
2018	10.2	15.8	2.45	1 300	The initial period of stability, with relatively low youth employment,

					but high NEET rates.
2019	9.8	14.7	2.57	1 500	The slight positive trend indicates the effectiveness of economic growth and early employment policies.
2020	12.4	17.3	2.42	1 400	During the COVID-19 pandemic, unemployment and NEET rates increased, disrupting the balance in the youth market.
2021	11.1	16.5	2.61	1 700	A decline is observed as a result of economic recovery and state employment support programs.
2022	10.7	15.9	2.76	2 050	Stabilization and wage growth stimulate youth employment.
2023	10.3	15.1	2.85	2 400	Employment improves due to cross-sectoral growth, the effectiveness

					of enterprise and state programs.
2024	10.0	14.3	2.93	2 750	Youth employment has stabilized significantly, NEETs have decreased, and wages have increased.

Youth employment in Uzbekistan is showing a steady growth trend between 2018 and 2024. In 2018, the youth unemployment rate was 10.2%, while in 2024 it decreased to 10%. This change was mainly due to the state's policy measures aimed at providing youth with employment and economic recovery processes.

The increase in the unemployment rate to 12.4% during the pandemic (2020) exposed weaknesses in the youth employment system and led to an increase in the NEET (not in education, employment) rate. In 2021–2024, the unemployment rate decreased, and the NEET rate decreased due to economic recovery and employment support programs. At the same time, the increase in the average monthly salary from 1,300 thousand soums to 2,750 thousand soums is increasing the motivation of young people and improving their chances of finding a job. The analysis shows that economic stability and the integration of state support programs are important factors for sustainably increasing youth employment and reducing the NEET rate.

Table 2
Impact of the education and vocational training system on youth employment

Year	Number of TVET (vocational education)	Share of employed graduates, %	Number of dual education programs	Coverage with digital training courses, %
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	graduates, thousand			
2018	185	54	25	12
2019	191	56	34	15
2020	179	49	41	18
2021	198	61	68	22
2022	214	64	95	29
2023	227	67	123	35
2024	240	70	147	41

The vocational education and training (TVET) system plays a key role in youth employment and adaptation to the labor market. The number of TVET graduates increased from 185,000 to 240,000 between 2018 and 2024. At the same time, the share of employed graduates increased from 54% to 70%, which indicates an increase in the effectiveness of the vocational training system.

The increase in the number of dual education programs and practical internships (from 25 programs in 2018 to 147 in 2024) has increased the level of job readiness of graduates. The increase in the coverage of digital training courses from 12% to 41% is contributing to the development of modern digital competencies of young people.

The analysis shows that integrating the education system with employers and developing practical skills is crucial for increasing youth employment and adapting to the skills market. At the same time, the expansion of digital learning programs during the pandemic demonstrates the system's flexibility.

Table 3

Youth's skill level, job quality, and work motivation

Indicator	2020	2022	2024	Change (2020– 2024), %	Scientific analysis
Share of highly qualified young professionals, %	21	26	32	+11	An increase in the level of qualifications indicates an increase in human capital,

					improving employment opportunities.
Share of youth employed in the informal sector, %	41	37	34	−7	A decrease in informal work indicates an increase in the quality of work and the level of formal employment.
Share of youth employed in stable jobs, %	52	57	62	+10	Stable jobs allow young people to fully use their skills in their work.
Work motivation index (1–10 point system)	6.1	6.8	7.3	+1.2	An increase in the motivation index indicates an improvement in working conditions and career opportunities.

Qualification level, job quality, and motivation indicators are important indicators of youth success in the labor market. Over the period 2020–2024, the share of highly qualified young professionals increased from 21% to 32%, which indicates the qualitative development of young people's human capital.

The share of young people working in the informal sector decreased from 41% to 34%, which indicates an increase in the quality of jobs and an expansion of opportunities for access to stable jobs. At the same time, the share of young people working in stable jobs increased from 52% to 62%.

An increase in the work motivation index from 6.1 to 7.3 points indicates an improvement in working conditions, wages, and career opportunities. Together, these indicators reflect the inextricable link between youth employment and human capital in labor relations.

Conclusion and suggestions.

The role of youth employment and human capital in labor relations in the conditions of Uzbekistan is summarized as follows:

1. Youth employment is steadily increasing, the NEET rate is decreasing, and wages are growing.

2. The vocational training system, dual education, and digital courses are improving the skills of young people and ensuring their adaptation to the labor market.

3. Skills, job quality, and motivation are contributing to increasing the efficiency of the youth labor market.

4. World experience can serve as a model for Uzbekistan in integrating education and labor markets, improving skills development, and improving job quality strategies.

Suggestions:

1. Adapting the education system to the labor market: expanding dual education programs, making practical internships mandatory, developing digital competencies.

2. Advanced training and retraining: lifelong learning system, regular monitoring of labor market requirements and updating qualification standards.

3. Creating stable jobs and increasing motivation: strengthening wages and social protection, providing career paths, encouraging startups and small businesses.

4. Ensuring interregional equality: evenly distributing employment and training opportunities across regions, introducing employment programs in rural areas.

5. Monitoring and evaluation system: regular monitoring of youth employment, NEET, qualification and job quality indicators and optimizing policy based on results.

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