HUMAN CAPITAL DEVELOPMENT POLICIES: SUCCESS STORY OF SOUTH KOREA AND UZBEKISTAN'S WAY TO BETTER EDUCATION

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ABSTRACT

The article examines the Korean policy on human capital development and discusses the main aspects of its experience which can successfully be implemented in Uzbekistan's context.

Keywords: knowledge, education, human capital formation, human capital development, human development index

Building up an effective education system, as well as, adequately and consistently funding it is the most critical source of human capital formation in any country. Education can be considered the very basis of human capital, as people are expected to acquire knowledge primarily through formal or public education. Obtaining education leads to an increase people's future income and reduces health risks. Besides, well-educated people has fewer difficulties with ensuring the socio-economic well being of their family, they are more likely to invest in their children's education and health. It, in its turn, contributes to the future formation of human capital.

Together with contribution to human capital development, education also directly influences to economic development with the following components [1; p. 82]:

1. Inculcating scientific discoveries, innovative projects and modern technologies;
2. The quality of labor force;
3. Inculcating and using the knowledge on basis of environment protection, increasing ecological culture;
4. Effects of industry, agriculture, transport, production and servicing to pass to the production that uses high technologies from traditionally production.

Attracting scientific discoveries, modern technique and technologies plays a significant role in increasing effectiveness of using production resources in production activity. Effectively using new technologies in education provides effectiveness, competitiveness, innovative attraction and safety of the national economy.

It is clear that the amount of investments oriented to develop human potential and increasing the quality of education must be more than the capital directed to production and servicing fields. In these regards Malaysia, Mauritius, South Korea, Singapore that

spent great force to form advanced educational system in the first stage of development can be examples [1; p. 84]. In these countries, active reforming the educational system has started when the national income per-capita was low, economic reformings and the current of the foreign investments were just appearing.

As one of the most successful countries on improving and developing its human capital effectively the South Korea can be mentioned. The country has achieved rapidly growth in almost all spheres of the economy. According to the World Bank, Korea applied two main development policies: emphasizing macroeconomic stability and investments in people. Becoming one of the four emerging Asian Dragons, South Korea strategically transformed itself into one of the high-technology and education superpowers in the world. This rapid development has been acquired as the result of the far-sighted, strategic and government-regulated long-term plans and policies of education system, which have played a significant role in reshaping the country and transforming its occupational structures and prestige.

The Korean case on developing human capital has a number of particular features. The country implemented the following policies and mechanisms [2]:

1. Land reform and basic education. The government restricted land ownership of great landlords and tenant farmers turned to be independent. The main purpose was to increase of rural income in order to help farmers send their kids to schools. Moreover, the government concentrated on elementary education developing five-year master plan for the completion of compulsory education. Private foundations participated actively, especially in secondary and higher education, helping the government to engage in basic schooling. The illiteracy rate decreased to 15% in 1968 from 78% in 1945.

2. Public-private partnership. The private schools contributed significantly to the accumulation of human capital during the industrialization and now. Many donors established educational institutions by donating their lands and buildings, which were supported by tax incentives. Individual households also shared the burden for educational expenses for public schooling, and paid extra money for private tutoring, which were almost equivalent to public education budget.

3. Active promotion of brain circulation. Korean students was the third largest foreign students in US, next to Canada, Taiwan in 1957. In order to repatriate Korean brains who stayed abroad, the government established government research institutes: with exceptional compensation and incentives. Government funded Research Institutions were more effective to bring in talented brains than private foundations could be. The repatriation of Korean brains made light of technicians and hindered industrialization with new national innovation system.

4. Linking industry and education. The policy implemented through three main directions:

a) 5-year Economic Development Plans, followed by action plans including Manpower Development Plans, and Education Policies;

b) evolving policies to coordinate the industry and education, reflecting the industrial demands, specialization initiative on technical high schools and revision of school curriculum;

c) vocational training for employees and unemployed to standardize the level of skills and techniques required by industries.

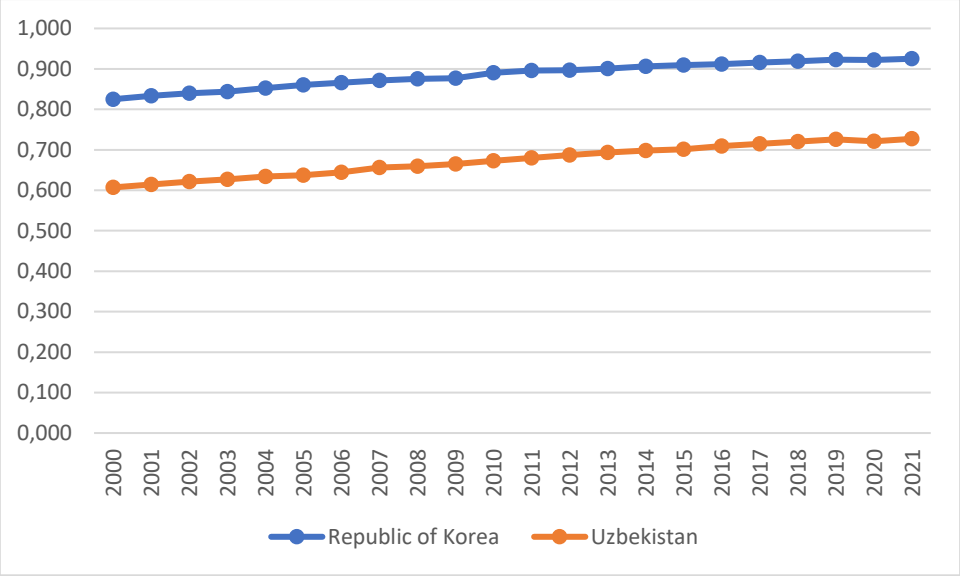
5. Effective financial management. Most foreign and local based funds spent on classroom buildings of elementary schools, teacher trainings, vocational education in high schools, professional training in universities, enhancing educational equality among regions and stabling the education budget. The central government provided the most of funding for elementary and secondary schooling.

Despite South Korea has been facing many financial constraints at the household and national level so far, the nation has managed to produce one of the most high-educated and skilled labor forces in the world by heavily investing in education. The human capital impact on Korea's prosperity shows a notable feature: quality of education. Concluded from the measure of quality of education, Korea seems to have accumulated well-educated human capital, at least at primary and secondary levels, compared to most of the countries in the world.

Korean case for human capital development is considered to be one of the most successful stories. It has a number of particularities and key points for the developing economies to learn as foreign experience and to follow by in order to reach higher level of human development.

The following data chart shows the dynamic changes of Human Development Index of Republic of Korea compared to Uzbekistan from 2000 to 2021. Korea is the 19th country with the HDI of 0.925 according to the HDI ranking in 2021.

Diagram 1. The Human Development Index of Republic of Korea and Uzbekistan, 2000-2021



Source: Data on the Human Capital Development Index provided by United Nations [3].

After declaring its sovereignty, Uzbekistan chose its own way of economic and social development. The government aimed to build a socio-oriented market economy. One of the requirements to achieve its goals was to implement radical reforms in education system. Education system had to be reformed in response to the common national interests and competitiveness in the world market. Becoming a member of the international community, Uzbekistan was to develop modern system of education.

From the first years of independence, measures directed to reform the education and personnel training system, adapt it to the new economic system and structural changes in economy had implemented. In these regards, followings were the most important tasks had to implement [4; p. 44]:

- to create the legal bases of the reforming and developing of the educational and personnel training system;
- as in all other fields, to finish and give up the old system's traditions in the educational system;
- in conditions passing to the market economy stage by stage, to adapt the state training policy to resumes and structural changes in economy;
- considering the fields of national economy would widen to train personnel on new specialties and retrain the existed ones;
- deeply analyzing foreign experiences on the personnel training to create national methods of education in the country;
- to finance the reforms in the system.

Comparing the Korean human development policies with the tasks Uzbekistan put an early independent years, there are many similarities observed such as creating legal

bases, widening training fields in each level of education system, reforming education system in response to the industry, financing the reforms etc. The question is that how well the government managed to complete the tasks.

According to the HDI statistics, Uzbekistan is in the list of the countries with high human development index. Although the high indicators of human development index, there is a number of actual problems expected to be solved. The Korean policies of active promotion of brain circulation and connecting education to industry can be very effective in terms of Uzbekistan. In order to ensure reasonable financial management system and to support students financially, especially from needy families, the following issues should be taken into account:

- to involve private foundations and households to invest more in human capital through education;
- to widen the system of preferential scholarship programs for talented and successful students in the fields of research, engineering, IT etc.;
- to increase the number of educational grants that are given by different sponsors to the most talented students who are studying on a fee paying basis.
- to create an opportunity to work for students as paid interns and trainees in relevant industries vacations, the money which allocated for the students' wages should be exempted from taxes;
- to encourage more students for paid scientific research projects announced by higher educational institutions and other educational-training establishments.

The expansion of the digital technologies in terms of knowledge-based economy accelerates the presence of robots and intelligent algorithms. From this perspective, a group of experts are expecting a potential decrease in the usage of human labor as a part of value creation process, while another group is expecting the restructure of the work done by human, but the employment rates across economies are expected to be stable or growing. For successful adaptation towards long-term future, strategic and heavily investments in human capital are getting even more important than before. Therefore, governments, educational institutions, entrepreneurs, households and individuals must understand the magnitude of the structural changes they are going to face, determine their approaches to valuing, training and developing human capital comprehensively.

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