

ENSURING SUSTAINABLE EMPLOYMENT THROUGH HUMAN CAPITAL DEVELOPMENT IN INDUSTRIAL SECTORS

Isroilova Mukhabbat Rustamjon kizi

PhD Candidate, Faculty of Economics,
Uzbekistan State University

Sustainable employment is a cornerstone of economic stability and social development, particularly within industrial sectors that drive national growth. In the context of a rapidly globalizing economy, industrial competitiveness and long-term development increasingly depend on the effective utilization and development of human capital. Human capital refers to the skills, knowledge, experience, and innovative potential possessed by the workforce, which directly influence productivity, technological adoption, and innovation capacity in industrial enterprises.

Developing human capital in industrial sectors involves several key strategies: enhancing workforce skills through modern training programs, implementing innovative education and professional development technologies, improving labor productivity, and applying intellectual resources in practical production processes. When human capital is effectively nurtured, it acts as a central driver of economic growth, fostering industrial modernization, increasing innovation, and strengthening the competitiveness of the labor force.

Sustainable employment is closely linked to human capital development. A well-trained, motivated, and adaptable workforce can respond to changing market conditions, technological advancements, and production requirements. This not only ensures consistent employment opportunities but also facilitates

the creation of new jobs, promotes higher wages, and contributes to regional economic balance. Conversely, inadequate investment in human capital may result in skill mismatches, underemployment, and slower industrial growth, undermining economic stability.

Practical approaches to ensuring sustainable employment through human capital development include:

- **Workforce Training and Upskilling:** Continuous professional development, vocational education, and training programs aligned with industry needs.
- **Innovation and Knowledge Transfer:** Encouraging research, technological innovation, and integration of global best practices into industrial operations.
- **Equitable Regional Development:** Providing incentives for industrial growth in less developed regions to reduce regional unemployment disparities and retain talent.
- **Labor Productivity Enhancement:** Using digital technologies, automation, and smart production systems to optimize workforce efficiency without compromising employment levels.
- **Supportive Policy and Institutional Frameworks:** Implementing labor policies, social protection measures, and financial incentives to promote employment sustainability.

In conclusion, sustainable employment in industrial sectors cannot be achieved without deliberate investment in human capital. By fostering workforce skills, innovation, and adaptability, countries can enhance industrial competitiveness, ensure stable employment, and achieve long-term socio-economic development. Human capital development is therefore not only an



economic imperative but also a strategic approach to achieving inclusive and sustainable industrial growth.

In the current global economic environment, the competitiveness and sustainable development of industrial sectors largely depend on human capital. Effective development of human capital contributes to the modernization of production processes, strengthens innovative activities, and ensures sustainable employment.

Developing human capital in industrial sectors requires a scientific approach aimed at improving workforce potential, implementing innovative educational technologies, increasing labor productivity, and applying intellectual potential in practice. In this process, human capital acts as a central driver in the endogenous model of economic growth, ensuring technological renewal and innovative activity in industry. As a result, the competitiveness of the labor force increases, new jobs are created, and sustainable employment is achieved. From this perspective, developing human capital in the industrial sector is one of the key conditions for the economic development and social stability of the country.

Over the past twenty-five years, light industry, especially the textile sector, has become one of the fastest-growing sectors of the Uzbek economy. Reforms and government decisions have facilitated modernization of the sector, increased export potential, and accelerated regional economic development. While in the early years of independence the sector was primarily focused on cotton exports, the policy of deep processing of cotton implemented since 2017 has expanded domestic production, increased export volumes, and established new processing enterprises. This process has transformed the textile industry into a high value-added sector (Table 1).

Table 1

**Dynamics of key indicators of the development of Uzbekistan's
light industry (textile sector) in 2000–2025**

Year	Volume of light industry products (trln UZS)	Export of textile products (billion USD)	Share in exports (%)	Number of enterprises	Employed population (thousand people)	Unemployment rate (%)	Average monthly wage (thousand UZS)	Share of industry in remote districts (%)
2000	1.2	0.10	3.5	420	45	12.4	38	5.0
2005	2.8	0.25	5.1	780	67	11.2	85	7.0
2010	5.6	0.70	8.3	1,200	96	10.0	210	9.0
2015	12.4	1.30	10.5	1,950	140	9.3	620	11.0
2017	18.7	1.85	13.2	2,400	165	8.7	920	13.0
2018	22.9	2.10	14.5	2,780	178	8.4	1,150	13.5
2019	28.4	2.45	15.8	3,120	190	8.0	1,350	14.0
2020	31.0	2.75	16.5	3,560	203	8.1	1,580	14.5
2021	36.8	3.30	17.3	3,980	217	7.9	1,850	15.0
2022	42.5	3.95	18.0	4,420	235	7.4	2,150	15.5
2023	48.6	4.60	18.9	4,870	250	7.2	2,420	15.8
2024	54.3	5.10	19.8	5,240	265	7.0	2,700	16.0
2025*	59.5	5.70	20.5	5,600	280	6.8	3,000	16.5

As can be seen from Table 1, during the period 2000–2025, Uzbekistan's light industry demonstrated a consistent growth trend. The production volume of 1.2 trillion UZS in 2000 increased to 59.5 trillion UZS by 2025, representing nearly a 50-fold expansion of the sector. At the same time, export volumes rose from 0.1 billion USD to 5.7 billion USD, reaching a 20% share of the country's total exports. However, this growth was uneven across regions. Even in 2024, the share of industry in remote districts did not exceed 16%, indicating that production resources and investments were largely concentrated in major

centers. As a result, unemployment in remote areas remained high, while wages stayed below the national average.

Overall, while the textile sector became an important driver for the competitiveness of the national economy and export diversification during 2000–2025, ensuring the production of high value-added goods and the balanced distribution of labor resources across regions remains a pressing issue. In our view, it is appropriate to develop a new mechanism titled “Differential Lending and Workforce Integration Mechanism to Promote Production in Districts with Low Economic Activity (Categories 3–5)”, aimed at fostering regional industrial development, ensuring sustainable employment, and creating conditions for high value-added production.

This mechanism represents a comprehensive economic approach to developing industry in economically less active and remote districts through regional diversification, creating jobs, and enhancing the innovative potential of the workforce. By establishing at least 200 jobs in each branch, labor migration can be reduced, while household incomes and social stability will improve. Setting the average monthly wage at a minimum of 2.5 million UZS will improve working conditions and help retain skilled personnel. Additionally, preferential loans and state compensation provide financial relief to entrepreneurs, encouraging the introduction of new technologies and the integration of international experience. If implemented effectively, this mechanism is expected to increase economic activity, female and youth employment, and the creation of local brands in regions such as Kashkadarya, Karakalpakstan, Surkhandarya, Jizzakh, and Namangan. Expanding financial access and improving the pledge-guarantee system are also crucial to ensuring the sustainable effectiveness of this process.

At the same time, problems related to collateral and guarantees persist in practice. In districts with low economic activity, the low value and limited liquidity of real estate often lead banks to impose high collateral requirements, restricting access to credit for small and medium enterprises. For example, according to Uz sanoat qurilish bank, 62% of credit applications in districts of categories 3–5 were rejected due to insufficient collateral. The introduced mechanism addresses these issues by expanding financial access through state guarantees and fund insurance. Under this mechanism, up to 50% of loans up to 10 billion UZS are secured by state or fund guarantees. The experience of “Textile Pop” LLC in Namangan region demonstrated the effectiveness of this solution. Furthermore, under the new system, not only real estate but also equipment, technological lines, and inventory are accepted as collateral. According to the 2023 report by the Center for Economic Research and Reforms (CERR), the repayment rate of loans granted under the rating-based system reached 97.4%, significantly higher than under the traditional system.

In conclusion, this mechanism, aimed at regulating the real sector by the state, can be considered a strategic tool for expanding industry in remote regions, creating new jobs, increasing real incomes, modernizing light industry through the adoption of foreign technologies and knowledge, and strengthening the country’s export potential.

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