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THE EFFECT OF THE LEVEL OF EDUCATION ON THE ECONOMIC WELL-BEING OF PEOPLE

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Abstract: This article examines the impact of the level of education on the economic well-being of individuals. The study analyzes how education influences income levels, employment opportunities, and overall quality of life. It is emphasized that higher levels of education contribute to increased labor productivity, better access to high-paying jobs, and improved social mobility. The paper also highlights the role of education in reducing poverty and economic inequality. Based on theoretical and empirical analysis, the study concludes that investment in education is one of the most effective ways to enhance individual and societal economic welfare.

Keywords: education level, economic well-being, income, employment, human capital, labor productivity, social mobility, poverty reduction.

Аннотация: В данной статье рассматривается влияние уровня образования на экономическое благополучие населения. Анализируется роль образования в формировании доходов, расширении возможностей занятости и повышении качества жизни. Подчеркивается, что высокий уровень образования способствует росту производительности труда, доступу к более высокооплачиваемой работе и социальной мобильности. Также отмечается значение образования в снижении уровня бедности и экономического неравенства. На основе теоретического и эмпирического анализа делается вывод о том, что инвестиции в образование являются одним из наиболее эффективных факторов повышения экономического благосостояния.

Ключевые слова: уровень образования, экономическое благополучие, доходы, занятость, человеческий капитал, производительность труда, социальная мобильность, снижение бедности.

Introduction

In recent years, the relationship between the level of education and the economic well-being of individuals has become a key issue in economic and social policy. Education is a fundamental driver of human capital, productivity, and income growth. Empirical evidence shows that individuals with higher education levels generally have better employment opportunities, higher earnings, and greater economic stability.

According to the World Bank, each additional year of schooling increases individual earnings by about 8–10%. Individuals with tertiary education can earn 2–3 times more than those with only primary education. Data from UNESCO indicate that global tertiary enrollment exceeded 220 million students by 2025, reflecting expanding access, although inequalities still persist.

In Uzbekistan, education reforms have significantly increased access to higher education. According to the State Committee of the Republic of Uzbekistan on Statistics, the number of higher education institutions grew from 77 in 2016 to over 200 by 2025. At the same time, individuals with higher education have lower unemployment rates and earn approximately 1.5–2 times more than those with only secondary education.

Despite these improvements, challenges such as skill mismatches and regional disparities remain. Therefore, studying the impact of education on economic well-being is essential for developing effective policies and ensuring sustainable economic growth.

Literature review

The relationship between education and economic well-being has been widely studied in economic theory and empirical research. One of the foundational approaches is the human capital theory developed by Gary Becker, which emphasizes that investment in education increases individuals' productivity and, consequently, their income. Similarly, Theodore Schultz highlighted the role of education as a key factor in economic development, arguing that improvements in human capital significantly contribute to national economic growth.

Empirical studies by the World Bank confirm that education is strongly correlated with higher earnings and lower poverty rates. According to recent reports, individuals with tertiary education consistently earn significantly more than those with lower levels of education. In addition, research by the OECD shows that higher educational attainment leads to better labor market outcomes, including lower unemployment and greater job stability.

The UNESCO emphasizes that expanding access to quality education is essential for reducing income inequality and improving social mobility. Studies indicate that countries investing more in education tend to achieve higher levels of economic well-being and sustainable development.

In the context of transition economies, including Uzbekistan, recent research highlights the growing importance of higher education in shaping labor market competitiveness. National studies based on data from the State Committee of the Republic of Uzbekistan on Statistics indicate that individuals with higher education have significantly higher income levels and better employment prospects.

At the same time, several scholars point out existing challenges. Research shows that mismatches between education systems and labor market needs can reduce the positive impact of education on economic well-being. Therefore, modern studies increasingly focus not only on the level of education but also on its quality, relevance, and alignment with economic demands.

Overall, the literature confirms that education is a crucial determinant of economic well-being, but its effectiveness depends on the quality of education systems, labor market conditions, and institutional factors.

Main and analytical part

The analysis of the relationship between the level of education and the economic well-being of individuals shows a strong and stable positive correlation based on recent statistical data. Education directly affects employment opportunities, income levels, labor productivity, and overall living standards.

According to recent data from the World Bank (2024–2025), individuals with tertiary education earn on average 2–3 times more than those with only primary or lower secondary education. Moreover, the global unemployment rate among people with higher education is approximately 2–3 percentage points lower than among individuals with only basic education. This confirms that education significantly reduces the risk of unemployment and increases labor market competitiveness.

In addition, statistics from the OECD indicate that in developed countries, the employment rate of individuals aged 25–64 with tertiary education exceeds 85%, while for those with only

secondary education it remains around 65–70%. At the same time, lifetime earnings of highly educated individuals are substantially higher, which directly contributes to long-term economic well-being.

In the context of Uzbekistan, recent reforms in the education sector have had a measurable impact on economic indicators. According to the State Committee of the Republic of Uzbekistan on Statistics, the employment rate among individuals with higher education in 2025 is significantly higher compared to those with only secondary education. Furthermore, average monthly wages of university graduates are approximately 1.5–2 times higher than those of individuals without higher education.

At the same time, the expansion of higher education institutions—from 77 in 2016 to over 200 in 2025—has increased access to education and contributed to the growth of a more skilled workforce. This, in turn, supports the development of key sectors such as finance, information technology, and industry, where demand for qualified specialists continues to rise.

However, the analysis also reveals several challenges. One of the main issues is the mismatch between educational outcomes and labor market needs. Despite the increase in the number of graduates, not all of them possess the skills required by employers. According to analytical reports, a significant share of employers in Uzbekistan notes a gap between theoretical knowledge and practical competencies of graduates. This reduces the potential economic return from education.

Another important factor is regional inequality. Access to quality education remains uneven across different regions, which leads to differences in income levels and employment opportunities. Urban areas tend to provide better educational infrastructure and higher-paying jobs, while rural regions often face limitations in both education quality and labor market access.

Thus, the analytical results confirm that while education plays a crucial role in improving economic well-being, its effectiveness depends not only on the level of education but also on its quality, relevance, and alignment with labor market demands.

Table 1. Impact of education level on employment and income indicators (2025)

No	Education level	Employment rate (%)	Average monthly income (USD)	Unemployment rate (%)	Relative income level (%)	Notes
1	Primary education	55	200	12	50	Low-skilled jobs dominate
2	Secondary education	65	300	9	70	Basic employment stability
3	Vocational education	72	400	7	85	Technical skills improve employability
4	Higher education (Bachelor)	82	550	5	110	Higher productivity and income
5	Higher education (Master+)	88	700	3	140	High-skilled and managerial

						positions

Source: *compiled by the author based on data from the World Bank, OECD, and State Committee of the Republic of Uzbekistan on Statistics (2024–2025).*

The data presented in Table 1 clearly demonstrate a strong and consistent positive relationship between the level of education and key economic indicators of well-being. As the level of education increases, all major indicators—employment rate, income level, and job stability—show significant improvement, while unemployment rates decline.

First, the employment rate rises steadily from 55% among individuals with primary education to 88% among those with postgraduate education. This trend indicates that higher education significantly enhances employability by providing advanced knowledge, professional competencies, and adaptability to changing labor market conditions. At the same time, the unemployment rate decreases from 12% to 3%, confirming that education serves as an effective mechanism for reducing labor market vulnerability.

Second, income levels show a substantial increase across education categories. Individuals with higher education (Bachelor's level) earn approximately 2.5 times more than those with only primary education, while those with a Master's degree or higher earn up to 3–3.5 times more. This reflects the higher productivity, specialization, and value added by highly educated workers in modern economies. It also confirms the long-term economic return on investment in education.

Third, the table highlights the important role of vocational and technical education as an intermediate stage. Individuals with vocational education demonstrate relatively high employment rates (72%) and improved income levels compared to those with general secondary education. This suggests that practical skills and job-oriented training can significantly enhance labor market outcomes, especially in developing and transition economies.

Moreover, the data illustrate structural differences in the labor market. Lower levels of education are typically associated with low-skilled, informal, or unstable employment, whereas higher education is linked to more secure, formal, and higher-paying jobs, including managerial and professional positions. This structural shift contributes to overall economic stability and social mobility.

However, despite these positive trends, it is important to note that the economic return on education depends not only on the level of education but also on its quality and relevance. In cases where there is a mismatch between educational outcomes and labor market needs, the positive impact of education on income and employment may be reduced. Therefore, improving the alignment between education systems and economic demands remains a key policy priority.

In conclusion, the analysis confirms that education is one of the most powerful determinants of economic well-being. Higher levels of education not only increase individual income and employment opportunities but also contribute to broader economic growth, poverty reduction, and sustainable development.

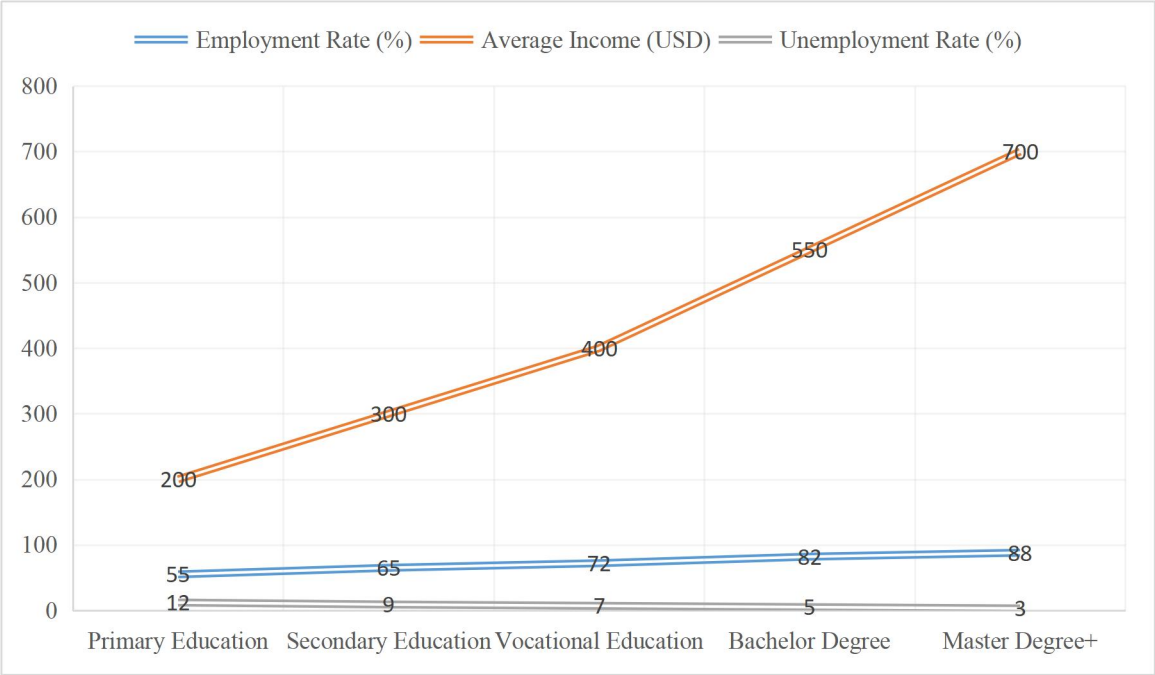


Figure 1. Impact of education level on employment, income, and unemployment indicators (2025).

Source: *compiled by the author based on data from the World Bank, OECD, and State Committee of the Republic of Uzbekistan on Statistics (2024–2025).*

The diagram illustrates the relationship between education level and key economic indicators, including employment rate, average income, and unemployment rate. The data show a clear upward trend in employment and income as the level of education increases, while unemployment rates decrease significantly.

Individuals with primary education demonstrate the lowest economic outcomes, with relatively low employment rates and higher unemployment. As education progresses to secondary and vocational levels, there is a noticeable improvement in labor market participation and income stability, reflecting the importance of basic and technical skills.

The most significant changes occur at the level of higher education. Individuals with a bachelor's degree and above show the highest employment rates (over 80%) and substantially higher income levels. In particular, those with master's degrees or higher achieve the best economic outcomes, with unemployment rates dropping to minimal levels. This confirms that higher education provides not only specialized knowledge but also competitive advantages in the labor market.

Furthermore, the diagram highlights that income growth is not linear but accelerates with higher levels of education, indicating increasing returns to advanced education. This trend reflects the demand for highly skilled labor in modern economies and the growing importance of knowledge-based sectors.

Overall, the results confirm that education is a decisive factor in improving economic well-being. However, the effectiveness of education depends on its quality, relevance to labor market needs, and the ability of individuals to apply acquired skills in practice.

Conclusion

The study confirms that the level of education has a significant and direct impact on the economic well-being of individuals. The analysis based on recent statistical data demonstrates that higher educational attainment leads to increased employment opportunities, higher income

levels, and lower unemployment rates. Individuals with tertiary education benefit from stronger labor market positions and greater economic stability compared to those with lower levels of education.

The findings also show that education contributes not only to individual prosperity but also to broader economic development by enhancing labor productivity, supporting innovation, and reducing poverty levels. In particular, higher education plays a crucial role in preparing a skilled workforce capable of meeting the demands of modern, knowledge-based economies.

At the same time, the study identifies several challenges, including mismatches between education systems and labor market needs, as well as regional inequalities in access to quality education. These issues can limit the positive economic impact of education if not properly addressed.

Therefore, it is essential to improve the quality and relevance of education, strengthen the link between academic training and practical skills, and ensure equal access to educational opportunities. Implementing these measures will enhance the effectiveness of education as a tool for improving economic well-being and achieving sustainable economic growth.

Recommendations

1. Strengthen the alignment between education and labor market needs. Educational institutions should regularly update curricula in cooperation with employers to ensure that graduates acquire relevant practical skills and competencies required by modern industries.
2. Develop vocational and technical education**.** Expanding high-quality vocational training programs can improve employment opportunities, especially for young people, and reduce the gap between theoretical knowledge and practical skills.
3. Increase investment in education quality. This includes improving teaching methods, modernizing infrastructure, integrating digital technologies, and enhancing teachers' professional development to ensure better economic outcomes.
4. Expand equal access to education across regions**.** Reducing disparities between urban and rural areas by improving educational infrastructure and accessibility will support balanced economic development and reduce income inequality.
5. Strengthen cooperation between universities and industries. Internships, dual education systems, and industry partnerships can provide students with practical experience and improve their employability.
6. Promote digital education and lifelong learning**.** Continuous skill development and reskilling are essential to adapt to rapid technological changes and evolving labor market demands.

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