

# THE EFFECTIVENESS OF HUMAN ACTIVITY AND ITS INTELLECTUAL POTENTIAL AS A SOCIO-ECONOMIC INDICATOR

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## Abstract

In this article, it is stated that development in any society is a natural historical process connected with human activity and its intellectual potential, that the effectiveness of human activity depends on its intellectual potential, work skills and qualifications, internal and external motivation, that succession in the development of history and culture, as a special value, plays an important role in determining the criteria for the effectiveness of entrepreneurial activity, from the point of view of philosophers, the main social function of entrepreneurship consists in the introduction of certain new elements into the system of existing socio-economic contracts and agreements.

**Keywords:** Activity, content and essence, state leaders, effectiveness, human potential, classical philosophers, entrepreneurship, Jadids, human capital, metric problems.

## Introduction

In any society, development is a natural historical process connected with human activity and its intellectual potential. Just as socio-economic, political-legal, and cultural-educational conditions in societies that existed in different periods have varied, the life paths of people who have lived until now and continue to live their lives have never been and will never be the same [1].

From this, another conclusion can be drawn: the effectiveness of human activity in each period is determined by the real events that occurred during the span of one's life [2]. For example, the years 1441-1501 represent the existence for Alisher Navoi, 1483-1530 for Zahiriddin Muhammad Babur, and 1799-1837 for

A.S. Pushkin. Many more such examples can be cited. Although the dates mentioned above may appear to us as mere numbers from a distant past, we must not forget that behind these dates lie numerous realities related to human destinies. In this context, it is essential to approach any event that occurred in the past from a philosophical perspective and not overlook the fact that each of these events was a real existence in its time.

## **Methodology**

The activities of ancient philosophers, which we will analyze below, serve as a clear example of this. Heraclitus expressed his views on social relations. Although he (Heraclitus) was not a disciple of any philosopher, "nature and determination had educated him" [3]. Heraclitus himself emphasizes the existence of a teacher: "My teacher is nature." [4]. What does this mean? It signifies that Heraclitus's philosophical views were shaped based on the natural laws and principles found in the natural environment. This aspect is also evident in Heraclitus's socio-political thoughts[5]. It can be stated without hesitation that realities in social relations, just like processes in nature, are in constant change, motion, and development. In fact, this is indeed the case. Just as in nature, nothing in society - no phenomenon - remains static or fixed in one place. This applies equally to societies from thousands of years ago and to modern society. The content and essence of scientific research conducted by contemporary social scientists further confirm this. Not only social scientists, but also far-sighted heads of state repeatedly emphasize the dynamic nature of realities in social relations. As an example, we can cite the words of our President Sh. Mirziyoyev: "Today, times are changing, and the demands and tasks they place before us are constantly growing... If we don't change the situation ourselves, with our own intellect and labor, no one will come from outside to do this work for us"[6].

The effectiveness of human activity depends on their intellectual potential, work skills and qualifications, and internal and external motivation. The concept of "efficiency" is broad and multifaceted. This word is often used both in everyday life and in scientific literature. This word is based on the word "samara" (fruit). The "Explanatory Dictionary of the Uzbek Language" describes the meanings of this word as follows: samara - from Arabic meva - fruit; natija, hosila, foyda. Effective, beneficial [7].

In philosophical research, the concept of "efficiency" is a category that implies not only economic or technological, but also spiritual, moral, and social values in activity. The philosopher-scholar K. Nazarov defines "effectiveness as a criterion for evaluating the effectiveness of human activity"<sup>8</sup>. Foreign philosophers A. Sen "see effectiveness as the main criterion of development through the expansion of human freedoms" [9], M. Nussbaum assesses that "effectiveness is an increase in the general well-being of society through the expansion of human potential"[10].

## Results and Discussion

The concept of "efficiency" is widely used in economic sciences and expresses the level of effectiveness of economic systems. This concept expresses the ratio of useful results obtained in economic theory to resources spent [11]. Economic efficiency is often interpreted in relation to the expression of the useful activity coefficient, which is equal to the share of energy converted into useful work. From an economic point of view, effectiveness is the main criterion of a rational decision. On the other hand, efficiency is formed on the basis of an indicator of the results of economic systems at different levels.

If economic efficiency indicators are viewed separately from social efficiency, they cannot fully and accurately reflect the country's development level. The main criterion of economic efficiency is to satisfy not only the material but also the spiritual needs of society and the individual, and to raise the living standards of the population.

The effectiveness of the socio-economic system is usually understood as the effectiveness of production, the social sphere (education, healthcare, culture), and the state management system. In this case, the development of the social sphere and social results in general are understood as the result of production and management efficiency. However, understanding entrepreneurship, including family entrepreneurship, solely as economic entities and as an element of the production system is not entirely accurate. One of the specific functions of entrepreneurship in general, especially family entrepreneurship, is the unification of all spheres of society. The functions of family entrepreneurship are not limited to the sphere of production relations. The range of influence of this function is much wider than the range of production. The wide range of social functions of family entrepreneurship is especially noticeable in a country undergoing a transition period. "Family entrepreneurship is not only an element of production

relations, but also performs such tasks as creating employment, strengthening the mahalla and kinship networks, preserving socio-cultural values, and accumulating social capital. Therefore, under the conditions of a transitional economy, its social functions appear much broader than the sphere of production"[12]. The content of the social effectiveness of entrepreneurship, including family entrepreneurship, will depend on the goals of social reforms. Beyond these goals, discussing the social effectiveness of entrepreneurship is ineffective.

Continuity in the development of history and culture, as a special value, plays an important role in determining the criteria for the effectiveness of entrepreneurial activity. The importance of types of entrepreneurship that align with the goals of socio-economic reforms is increasing. Viewing entrepreneurial activity as a socio-economic function performed periodically by various economic entities allows us to determine the reasons for its growth and decline in different periods, as well as in different regions of the same country.

The view of entrepreneurial activity as a function began with the classical school of economics. Classical political economy considered the entrepreneur primarily as the owner of property, and his main economic function was to put this capital into circulation. Neoclassical economic theory views entrepreneurs not only as owners of capital but also as managers of that capital. Thanks to such approaches, the content of economic functions is significantly expanded:

- adaptation of production to changing market conditions;
- more efficient use of available resources;
- restoration of disturbed market equilibrium;
- meeting newly emerged demand;
- taking risks in uncertain conditions arising during economic development.

As a result of J. Schumpeter's research, the notion of entrepreneurs as representatives of a certain profession, group, or class was put an end. "Entrepreneurship is not a profession and, as a rule, is not a long-term state; entrepreneurs form only a special class, since the researcher can create a typology and divide them into a separate group - but not in the sociological sense, which usually speaks of classes and "class struggle"[13]. Entrepreneurship can be carried out by various economic entities that demonstrate leadership qualities and strive to implement economic innovations.

Although viewing entrepreneurship not as a profession but as a function has firmly established itself in modern economic theory, the foundations of this function are not fully understood. Economists interpret this function as a "non-economic element." The importance of entrepreneurial activity is not limited to its role in economic relations. Entrepreneurs perform very important social functions in modern society. Implementing a sociological approach to elucidating the functions of entrepreneurs allows for the identification of the boundary separating the entrepreneur from the economic entity or the owner of the means of production.

From the philosophers' point of view, the main social function of entrepreneurship consists of introducing certain new elements into the existing system of socio-economic contracts and agreements. Such an element can be a new subject of negotiations (for example, a product that previously did not exist in this social group), a change in the qualitative characteristics of the subject of the transaction, an deviation from traditional variants of economic relations (for example, a sale or rent).

When studying the effectiveness of entrepreneurial activity, it has become a tradition to consider its economic results. The economic efficiency of entrepreneurial activity implies that the obtained results exceed the expenses incurred. Socio-economic efficiency also implies the social consequences of entrepreneurial activity. Social effectiveness means the development of communication between the components of social life of entrepreneurial activity, the growth of the potential to adequately respond to the threats of the time.

Entrepreneurship develops as a result of removing obstacles to the development of entrepreneurial activity and providing comprehensive assistance to entrepreneurs. As a result, the material, socio-cultural, and political-ideological potential of society increases. ..." As a result of reducing barriers to entrepreneurial activity and providing comprehensive support to entrepreneurs, the material, socio-cultural, and ideological potential of society will increase. In the next stage, society will more actively support entrepreneurship, which is an important element of its development..."[14].

At the next stage of development, society supports entrepreneurial activity, which is one of the important elements of its development. The social effectiveness of entrepreneurial activity can be considered an integral indicator of innovative

aspects of economic relations and the criterion of innovations determined by society.

The effectiveness of family entrepreneurial activity has structures that reflect the degree to which economic and social functions are performed. The economic structure of this activity consists of categories such as efficiency, productivity, quality, profitability, and profit volume. "Economic and Social Structures of Family Entrepreneurship and Methods of Their Measurement"[15]. The social structure of the effectiveness of family entrepreneurial activity consists of:

- Institutionalization of innovative mechanisms in the structure of socio-economic relations and relations;
- Integration of formal and informal mechanisms in entrepreneurial activity into a single institution;
- Development of private property, its moral, ethical, and legal legitimization;
- Family entrepreneurship should become a cultural value and be supported by society;
- Development of the element of openness in society, growth of a sense of responsibility;
- Family entrepreneurship functions at growth points

A person's ability to demonstrate their abilities and potential occurs differently in different societies. In traditional society, the effectiveness of human activity, including private entrepreneurship, is determined by the degree to which it corresponds to the traditions existing in this society. In such a society, the development of entrepreneurial activity is difficult. Because, as mentioned above, entrepreneurship strives for innovation, while traditional society blocks innovation. In such a society, family entrepreneurship develops into traditional forms necessary for society.

There are many examples in history where traditional society blocks innovation. Sometimes such attempts to create obstacles led to social tension and bloodshed. For example, the Jadid movement, which spread widely in our country at the beginning of the 20th century, led to a number of changes not only in the field of education and culture, but also in the field of economics. The Jadids also envision economic development as a unifying force for the nation. They viewed the economy not as a simple means of stability, but as the basis of national identity, spiritual and intellectual revival. For example, Ishaqhan Ibrat criticized the region's backwardness in trade and industry in his articles and also called for an



"economic awakening"[16]. Their attire was also different from that of dogmatic priests. The Jadids' inclination to wear European clothing prompted entrepreneur-tailors to produce such clothing.

However, dogmatic clergy also hindered the production of such clothing.

Even when the Jadids wore traditional clothes, they introduced certain changes and innovations to these garments. For example, when wearing the yaktak, a traditional Uzbek garment, it was customary to tie a belt. The Jadids, however, added buttons to their yaktak and did not wear belts. In an effort to strike a blow against the Jadids, in the spring of 1918, the Mufti of Bukhara, along with issuing several other decrees, declared those who wore European clothes, and even those who wore buttoned yaktaks, as infidels. This proclamation, naturally, led to a decline in the production of European-style clothing and buttoned yaktaks.

The internal logic of traditional socio-economic structures is such that they support processes that correspond to themselves, that is, to traditional structures. However, at certain stages of societal development, particularly at turning points, such logic becomes unable to respond to the challenges of the times. For the successful resolution of emerging problems, it becomes necessary to gradually, step by step, adapt society to modern times, that is, to modernize it. Traditional society, by its very nature, resists innovations. At the same time, new problems that arise cannot be solved without innovations. At such a contradictory juncture, the role of entrepreneurs, who are the bearers of innovations, in social life increases. This is because they are considered the main stratum interested in introducing innovations into social life.

In a liberal society, a high level of mutual trust and tolerance prevails. Such a society is also characterized by equality among individuals, institutionalization of personal rights protection, and the integration of entrepreneurial culture with the broader societal culture. The effectiveness of entrepreneurial activity ultimately manifests in personal development, the growth of creative abilities, as well as the capacity to systematize relationships arising in business processes and integrate this system into the country's economic structure. "In a liberal market society, due to the institutional guarantee of individual freedoms and equal rights, there is a high level of mutual trust and tolerance; this facilitates the organic integration of entrepreneurial culture with the overall culture of society"[17]. Liberal society represents a higher stage of development compared to traditional society, where more complex forms of labor are developed and more intricate

mechanisms of socio-economic relations are institutionalized. In a liberal society, the effectiveness of all types of human activity, including entrepreneurial endeavors, continuously increases.

Family entrepreneurs contribute to the formation and development of a liberal society by breaking down certain elements of traditional society and establishing economic relationships. The social effectiveness of family entrepreneurship lies in optimizing a system that benefits all members of society. The main indicator of social effectiveness is manifested not in material production, but in social and human aspects.

These include the development of the education system, scientific research and innovation, protection of human health and the environment, and reduction of social tensions. It should also be noted that socially effective entrepreneurial activity does not end after fulfilling its functions, but evolves into an institution capable of responding to threats in an increasingly complex world by creating non-standard innovations. "Through entrepreneurship, new jobs are created, incomes of the population increase, and opportunities for achieving social equality emerge"[18]. Today, the significance of entrepreneurial activity is linked to processes of social progress, innovative thinking, and the realization of human capital. Particularly in New Uzbekistan, the priority given to the "Green Economy" principle ensures the balance of these ecosystems as well.

## **Conclusion**

Thus, the criteria for the social effectiveness of family entrepreneurship are manifested in the following:

1. Integration of formal and informal mechanisms of entrepreneurial activity and the institutionalization of entrepreneurship;
2. Full manifestation of the social functions of family entrepreneurship;
3. The formation of entrepreneurial culture and its integration into society's culture.

The two-layered nature of human capital. Intellectual potential (knowledge, skills, innovative competence) and axiological potential (moral values, social responsibility) are intertwined; this circumstance adds Sen's "capability approach" to Becker's theory of human capital, indicating the need to measure effectiveness not only by production indicators, but also by the level of individual freedom of choice and social well-being. Intellectual potential - a factor of post-



industrial development. At the stage of the "knowledge economy" described by Bell and Drucker, labor productivity depends mainly on the density of knowledge; therefore, intellectual potential becomes a strategic resource of society (Florida  $\neg$  - "creative class").

Social synergetic model of effectiveness. In the Haken interpretation of synergetics, personal knowledge, technological infrastructures, and social networks form a self-organizing system; individual intellectual capital is concentrated in a collective "knowledge cluster," increasing the cooperative effect ("collective efficiency"). "Cumulative mood" and multiplier effect. Lucas Romer's model of endogenous growth assumes the "external positive effect" of knowledge on a social scale: the growth of intellectual potential in one individual accelerates the growth of the entire economy, thus effectiveness becomes an indicator of the overall well-being of society.

Social justice and the symmetry of skills. The uneven distribution of "cultural capital" analyzed by Bourdieu can limit the effectiveness indicator; therefore, the distribution of intellectual potential to broad social strata (inclusive education, "lifelong learning") remains an ethical condition for sustainable growth. Profitability of digital mining and intellectual labor. Digital platforms (AI, "big data") are a tool for rapidly increasing individual potential; however, according to Castells, there is a risk of "information stratification." Therefore, when assessing intellectual potential as an indicator, it is important to take into account the digital difference. The subject of labor is the "generator of social capital." According to Putnam's concept, high intellectual potential strengthens mutual trust and network cooperation; this leads to the need to link purely economic parameters with social indicators when demonstrating efficiency.

Metric problems and indicator integration. It is proposed to use a composite index model (for example, Global Innovation Index + Human Development Index) for a joint measurement of efficiency and intellectual potential; then it will be possible to compare a package of micro-specialized competencies with macroeconomic indicators. Acceleration cycle and "social resonance." In a period when innovation cycles are shortened (J.Schumpeter, Perez), rapid investment in intellectual potential - education, R&D, startup incubators - dramatically increases labor productivity; this process creates "social resonance" and quickly transitions to the socio-economic system. It is necessary to turn intellectual

potential into the main indicator of the national development strategy, to see it as "multi-layered meta-capital" that ensures sustainable growth. To do this:

1. an inclusive and flexible educational ecosystem;
2. mechanisms supporting social innovations;
3. integration of humanitarian and technical competencies;
4. a system of indicators that combines digital, cultural, and moral capital is needed.

It provides a scientific theoretical basis that concludes the paragraph from a socio-philosophical point of view and emphasizes the need to assess the effectiveness of human activity in conjunction with national development, social justice, and stability.

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