Features of the Labor Market of the Republic of Uzbekistan

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Annotation: This article discusses the national labor market and its features, provides statistical data on the structure of the labor market, presents a program to increase the level of employment of the population during the period of economic recovery after the pandemic.

Key words: labor market, labor market mechanism, employment, active employment policy, unemployment, fight against unemployment.

As you know, the labor market is an integral part of the structure of a market economy, which functions in it along with other markets: raw materials, materials, consumer goods and services, housing, securities, etc. In general terms, the labor market is understood as a system of social relations, which are related to the hiring and supply of labor.

The national labor market covers all social production - through it, each industry receives the personnel it needs, not only of a given professional and qualification composition, but also of certain cultural and ethical and labor merits that are adequate to the requirements of the economy.

The ultimate goal of the labor market is, firstly, to satisfy the professional, labor and vital interests of the economically active population, including social protection, and to provide the national economy with the personnel it needs; secondly, the achievement of the maximum full and minimum interruption of employment, taking into account the need for a partial working week, a rotating working day, etc.

The mechanism of the labor market is the interaction and coordination of the various interests of employers and the able-bodied population wishing to work for hire on the basis of information received in the form of changes in the price of labor (functioning labor force). It has a certain structure, the elements of which are shown in Figure 1.

Figure 1 - Elements of the labor market mechanism

Diagram showing the elements of the labor market mechanism:
- Demand for labor
- Labor supply
- The price of labor
- Competition
The interaction of these elements is called the supply and demand mechanism, or the price mechanism, i.e. the same name as in any resource or goods market. The demand for labor expresses the need of employers for workers necessary for the production of goods and services. The labor supply expresses a certain number of employed employees with certain knowledge and qualifications, as well as that part of the working-age population that is willing to work and can start working, taking into account disposable income and opportunities. The price of labor power is the price of the means of subsistence that are necessary for the normal reproduction of labor power. But it is not automatically paid to employees, but is the subject of an agreement between them and employers.

### Table 1. Labor market of the Republic of Uzbekistan

<table>
<thead>
<tr>
<th>Identifier</th>
<th>2019</th>
<th>2020</th>
<th>(+,-)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed population (average for the period; thousand people)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economically active population</td>
<td>14876.4</td>
<td>14797.9</td>
<td>-78.5</td>
<td>99.5</td>
</tr>
<tr>
<td>of which: employed</td>
<td>13541.1</td>
<td>13239.6</td>
<td>-301.5</td>
<td>97.8</td>
</tr>
<tr>
<td>including: by type of economic activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries</td>
<td>3544.6</td>
<td>3560.0</td>
<td>+15.4</td>
<td>100.4</td>
</tr>
<tr>
<td>Industry</td>
<td>1821.5</td>
<td>1789.7</td>
<td>-31.8</td>
<td>98.3</td>
</tr>
<tr>
<td>Construction</td>
<td>1324.6</td>
<td>1267.8</td>
<td>-56.8</td>
<td>95.7</td>
</tr>
<tr>
<td>Trade</td>
<td>1436.4</td>
<td>1364.4</td>
<td>-72.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>646.1</td>
<td>623.0</td>
<td>-23.1</td>
<td>96.4</td>
</tr>
<tr>
<td>Education</td>
<td>1134.4</td>
<td>1160.0</td>
<td>+25.6</td>
<td>102.3</td>
</tr>
<tr>
<td>Health and social services</td>
<td>616.7</td>
<td>652.1</td>
<td>+35.4</td>
<td>105.7</td>
</tr>
<tr>
<td>Other activities</td>
<td>3016.8</td>
<td>2822.5</td>
<td>-194.3</td>
<td>93.6</td>
</tr>
</tbody>
</table>

Distribution of the Employed Population by Forms of Ownership

<table>
<thead>
<tr>
<th>Identifier</th>
<th>2019</th>
<th>2020</th>
<th>(+,-)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government sector</td>
<td>2463.3</td>
<td>2497.0</td>
<td>+34.0</td>
<td>101.4</td>
</tr>
<tr>
<td>Non-state sector</td>
<td>11077.8</td>
<td>10742.5</td>
<td>-335.3</td>
<td>97.0</td>
</tr>
<tr>
<td>Unemployed registered with labor authorities</td>
<td>57.9</td>
<td>37.1</td>
<td>-20.8</td>
<td>64.1</td>
</tr>
</tbody>
</table>

As can be seen from the table, the labor market has undergone the following changes. The economically active population decreased by 78.5 thousand people, including those employed by 2.2% in 2020 compared to 2019. Considering the employed by industry, we see a decrease in the number of employed in many sectors of the economy, especially in construction, industry, trade, transportation and other activities. This is due to the closure of many facilities during the pandemic. This is especially noticeable at non-state enterprises that were closed due to the poor epidemiological situation in the country. The number of registered unemployed also decreased markedly, as people did not believe in the possibility of employment during this period of time.

Labor resources are the main productive force of society, including the able-bodied part of the country's population, which, due to its psycho-physiological and intellectual qualities, is able to participate in socially useful activities, producing material and spiritual goods and services. The workforce consists of:

1) the able-bodied part of the population of working age, both employed and unemployed in the economy;
2) citizens working in the country's economy who are younger and older than working age.

The statistical criterion for attributing any part of the population to the labor force is the age of beginning and end of labor activity, which is legally defined for each country. In January-September 2020, the number of labor resources amounted to 19 million 121.3 thousand people, exceeding the figure for the same period in 2019 by 100.7%, or 135.5 thousand people.
In international standards, the term "economically active population" is used as a fundamental concept. There are 2 clarifying measures of the economically active population:

1. current active population - in relation to a long period of time, for example, a year;
2. population active in a given period - in relation to a short period of time, such as a week or a day. The principle of activity means that the assignment of an individual to one category or another depends on the actual activity during a certain period, i.e. the above groups can include only those persons who were engaged in economic activity or were looking for work and (or) were ready to start it.

In January-September 2020, the number in the country amounted to 4 million 273.6 thousand people, having decreased compared to the first half of this year, by 3%, or 130.3 thousand people.

Employment is a socio-economic relationship that people enter into with regard to participation in socially useful work, regardless of the location of the workplace.

The number of people employed in the sectors of the economy amounted to 13 million 205.2 thousand people, which increased by 3.7% (468.5 thousand people) compared to the first half of this year.

The number of people employed in the official sector in January-September 2020 amounted to 5 million 673.8 thousand people, having increased by 1.7% or 92.6 thousand people compared to the period in January-June of the current year.

The number of people employed in the informal sector amounted to 5 million 618.8 thousand people, having increased compared to the same indicator for the period from January to June of this year, by 9.9%, or by 504.2 thousand people. This happened due to the return to the domestic labor market of labor migrants who worked abroad and an increase in those employed in seasonal agricultural work, the report says.

The level of unemployment in Uzbekistan is difficult to fully control, because the scope of informal employment is expanding. It now employs almost 8 million Uzbeks, who are mainly hired for seasonal and temporary work. The highest rates were recorded in Fergana, Bukhara, Navoi, Khorezm, Samarkand regions. In Tashkent and the Tashkent region, the number of unemployed is the smallest in the country and amounts to 7.9%. In other regions, this figure is much higher. Thus, in Ferghana, Kashkadarya, Samarkand regions, this figure reaches 11%.

It is worth dwelling on several important aspects that provoke an increase in the number of unemployed in the country.

First, the ill-conceived demographic and social policy during the 1970-1990s. In this connection, the annual population growth varied between 2.1% - 4.3%. The decline in the birth rate has been observed since the first half of the nineties.

Secondly, the relative and absolute slowdown in the growth of labor resources, which is why a large number of able-bodied people leave the country.

Thirdly, there is a slow transition to a market economy.

Fourth, the structure of production is changing, which leads to getting rid of workers of pre-retirement and retirement age.

Fifth, there are no official statistics of working teenagers who are employed in small businesses.

Economic problems in Uzbekistan have been stimulating the outflow of the able-bodied population from the country for several decades. This figure, on average, is 60-65% of the working-age population. The traditional direction of Uzbek migration is Russia, where foreigners are taken to construction sites, warehouses, and retail
outlets. For 2021, the number of working Uzbeks in the Russian Federation exceeds 2 million, but this is unofficial data.

In Uzbekistan, due to the COVID-19 pandemic, the labor market is under enormous pressure due to the increase in the number of unemployed. As First Deputy Minister of Employment and Labor Relations Erkin Mukhitdinov noted, almost 400,000 enterprises temporarily stopped their activities or reduced their workload due to the impact of the coronavirus.

Due to the strict isolation of the country, about 150 thousand workers were forced to be left without work, in addition to everything else, about 498 thousand Uzbeks returned to their homeland - migrants without a permanent income, more than 200 thousand families are below the poverty line.

To address the issue of unemployment, the republican working group is studying the proposals of youth in the regions. Conversations were held with 50 thousand young people in Bukhara, Jizzakh, Navoi, Kashkadarya, Tashkent region and Tashkent. Based on their proposals and wishes, "youth programs" were formed in the context of regions and cities.

Research has shown that many gaps remain in vocational training, employment and credit for young people. There are many problems in the system of meaningful organization of their free time. The material and technical base of most cultural centers, parks and sports complexes is unsatisfactory, circles and sections work “for show. Many problems remain in the allocation of loans for youth entrepreneurship. In 2020, out of 14,000 applications received by three large banks (Ipotekabank, Agrobank and Uzpromstroybank), only 32% were resolved positively, the President of the State noted.

In the Republic, the tasks of equipping the “Ishga Marhamat” monocenters and professional colleges, developing professional standards and improving the qualifications of trainers have been determined soft loans and help start your own business.

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