## **GOSPODARKA I INNOWACJE**



Volume: 48 | 2024 Economy and Innovation ISSN: 2545-0573

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# Reducing Youth Unemployment And Effective Use Of Human Potential In The Implementation Of Economic Reforms (In Case Of Kashkadarya Region)

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#### ARTICLEINFO.

# Key words:

employment, unemployment, labor potential, priorities, strategy, regional economy, tools, innovative economy, diversification, labor market, competitiveness, regulation

#### Abstract

The article analyzes the mechanisms and tools for regulating the efficiency of using the labor potential of the Kashkadarya region in the conditions of the formation of an innovative economy. The focus is on mechanisms for ensuring employment and creating new jobs as a priority direction for the development of the national economy in 2017-2021.

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## **Introduction:**

The emphasis is placed on the fact that the innovative type of employment is adequate to the innovative economy and its characteristic features are revealed. It is substantiated that the specific features of the regional economies of the Republic of Uzbekistan determine the corresponding priority directions for the development of the labor market, and the existing problems caused by both external and internal reasons are highlighted. It is shown that the increase in the share in the structure of the national economy of labor-intensive industries, especially processing (light, chemical), construction materials industry, as well as agriculture, objectively determines the increase in the level of labor intensity of production, work and services and the corresponding increase in employment. The conclusion is substantiated that the creation of new jobs, increasing employment, serves as a guarantor of the effective use of the labor potential of the Republic and the successful solution of a number of social problems.

The phenomenon of employment can rightfully be considered as a set of socio-economic relations to provide the working population with jobs, mediating their participation in economic activity.



It characterizes one of the most important aspects of the country's socio-economic development, which is associated with meeting the human need for work [1, p. 21].

The employment level is the most important aggregate macroeconomic indicator, the dynamics of which make it possible to judge the well-being of the population and the effectiveness of the course of socio-economic reforms in Uzbekistan. This determines the high demand of the state, business, and civil society for relevant research, primarily in the context of searching.

new mechanisms for expanding employment of the growing population of Uzbekistan [2; 3, p. 1-11; 4, p. 28–34].

Employment is the activity of citizens related to the satisfaction of their personal and social needs, which does not contradict the law and brings them earnings and labor income. In accordance with the provisions of the International Labor Organization, employed persons include1:

- those who, for a certain period of time, receive wages for what they occupy workplaces;
- have a job, but due to a temporary injury or accident they temporarily stopped working;
- employers and self-employed persons or members of their family, formally working 1/3 or more of the working time.

In our opinion, all those who are engaged in labor activities in the economy and receive appropriate remuneration should be considered employed. However, within the framework of diverse theories of employment, the problem of defining employment and unemployment is solved in different ways:

- 1. The classical theory of employment by A. Pigou, according to which there is no unemployment, because in a competitive market economy wages can fluctuate freely based on the demand for labor at the market price [5].
- 2. Keynesian theory of employment. J.M. Keynes suggested that the level of employment depends of the country's total need for goods and services. In capitalist countries, in conditions of economic crisis and underemployment, the fundamental cause of unemployment is the lack of private investment and consumption, i.e. limitation of effective demand. Under these conditions, the economy, in addition to voluntary and frictional unemployment, is also testing

the presence of "involuntary unemployment". Therefore, workers are ready to accept the current situation in the market.

the level of equilibrium wages in order to obtain a job [6]. Thus Keynes

argued that of the various forms of unemployment, involuntary unemployment is the most serious. Therefore, it is necessary to eliminate involuntary unemployment in order to achieve full employment. Keynes showed that if the government took a number of measures to stimulate effective demand, for example, through budget deficits, moderate inflation, and other measures

social protection, then the problem of "involuntary unemployment" can be eliminated to achieve full employment goals.

3. Monetarist theory of employment (M. Friedman). Monetarists substantiated the hypothesis of the "natural rate of unemployment." M. Friedman believed that government intervention is the main cause of inflation, which coexists with unemployment [7, p. 1-17]. To localize them, it is necessary to limit government intervention in the economy and ensure full measure of market self-regulation. As a result, the economy returns to a state of equilibrium, and

4. The Phillips model (curve) is used to identify the relationship between unemployment and inflation [8,

unemployment reaches its natural level.

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p. 283-239]. Later, M. Friedman and E. Phelps [9] introduced the concept of expected inflation. The long-term Phillips curve looks like a vertical straight line at a natural level unemployment, which is defined as "a non-inflationary rate of unemployment."

5. Model (law) of A. Okun [10, p. 59-60]. Okun analyzed the period from 1947 to 1960s dynamics of GDP production in the USA and unemployment data and found that

the actual unemployment rate increased by 1% during this time. This relationship between the dynamics of GDP and unemployment is reflected by Okun's law, according to which when real GDP grows above its potential level, the unemployment rate will be below the natural level and vice versa. Therefore, Okun's is a connection, a bridge, between the Phillips curve and the aggregate supply curve.

Таким образом, с количественной точки зрения, полная занятость в национальной экономике обеспечивается, когда уровень безработицы поддерживается на естественном уровне, т.е. включает фрикционную и структурную, но отсутствует циклическая безработица. Вследствие особенностей экономики Узбекистана, структуры ее промышленности и высоких темпов роста численности населения уровень естественной безработицы, соответствующий полной занятости в стране, несколько выше, чем в западных странах – не 4-6 %, а около 8 %. Поэтому на современном этапе рыночного реформирования, осуществляемого в Республике Узбекистан, повышение занятости растущего по численности населения, оптимизация уровня безработицы, формирование в процессе технического перевооружения предприятий новых рабочих мест, эффективное использование трудового потенциала являются приоритетными задачами государственной экономической политики. В силу этого в настоящее время руководством страны уделяется особое внимание механизмам повышения занятости, особенно в условиях пандемии COVID-19, эффективной реализации сложившегося трудового потенциала, роста реальных доходов населения. Эти проблемы являются основными составляющими реформ, начатых в 2016 г. и институционализированных в «Стратегии действий по дальнейшему развитию Республики Узбекистан» путем их агрегирования в рамках пяти приоритетных направлений развития Республики на 2017-2021 гг.1 согласно Указу Президента Республики Узбекистан от 7 февраля 2017 г. Кроме того, еще в своем Послании 2018 г. к Олий Мажлису Президент Ш. М. Мирзиёев подчеркнул, что «постоянно в центре нашего внимания находится вопрос создания новых рабочих мест, имеющий для нас чрезвычайно важное значение»2. Для решения этих задач предложен ряд мер, критерием эффективности реализации которых определено трудоустройство незанятого населения на постоянных рабочих местах, регулируемых системой государственного социального страхования, трудового и пенсионного законодательства. Как показывает анализ опыта их реализации, вы том числе, в условиях пандемии нового коронавируса, механизмы, законодательными предусмотренные принятыми И нормативными эффективным инструментарием обеспечения занятости населения, его поддержки в словных условиях макроэкономической нестабильности. Однако в условиях высоких темпов роста численности населения Узбекистана, ограниченности инвестиционных ресурсов в расширение инновационных производственных мощностей, стремительно ускоряющейся в условиях пандемии цифровизации экономики, общества и государства необходим поиск и реализация новых подходов к обеспечению занятости населения, позволяющих снизить напряженность на рынке труда и повысить эффективность использования имеющегося трудового потенциала страны. Поэтому цель данного исследования в идентификации путей эффективного использования трудового потенциала и оценке перспектив развития рынка труда Республики



Узбекистан в условиях формирования инновационной экономики. Занятость и тенденции создания новых рабочих мест С развитием инновационной экономики в научной литературе появился адекватный феномен «инновационная занятость», предполагающий перманентное обновление структуры, видов форм занятости, новое содержание труда, повышение креативного потенциала человеческого капитала, реализацию его творческого и интеллектуального начал в сфере труда. Занятость инновационного типа является уже реальным фактом для стран, вступивших на путь цифровизации экономики [11, с. 539-546]. Её становление происходит под воздействием как сил рыночной природы (конкуренции), так и влияния мер государственной инновационной политики. По экспертным оценкам, 62 % роста ВВП инновационных экономик мира достигается за счет реализации потенциала человеческого капитала и лишь 18 % вследствие эксплуатации природных ресурсов [3]. Это свидетельствует об ускоряющемся превращении науки в непосредственную производительную силу общественного развития. Так, расходы на науку в развитых странах составляют от 2 до 3,6 % ВВП, а в Республике Узбекистан – лишь около 0,2 %. В США на образование расходуется 7,5 % ВВП, в то время, как затраты Узбекистана на финансирование системы образования составляют лишь 4,2% ВВП Республики. Формирование инновационной экономики требует поиска принципиально новых подходов к обеспечению занятости трудоспособного населения [3, с. 1–11], реализация которых позволит значительно снизить напряженность на рынке труда и будет способствовать макроэкономической стабильности в Республике.

По состоянию на 1 января 2021 г. численность населения Республики Узбекистан составила 34,56 млн чел., увеличившись в течение 1991-2019 гг. почти 1,8 раза (рис. 1), а за 2020 г. – на 653,7 тыс. чел., или на 1,9 % (рис. 1). При этом более половины населения (17,49 млн чел.) проживает в настоящее время в городах.



Fig. 1. Dynamics of the permanent population of the Republic of Uzbekistan [14] During this period, there was an increase in the economically active population of the republic (from 39.7% to 44.4%), and the share of those employed in it decreased from 99.8% to 95.0%. This is a signal to the labor market about the growing potential for increasing labor supply and the growing need for new



jobs [12, p. 78]. Of course, the transition to market relations in the economy of Uzbekistan led to a change in the structure of demand for labor caused by the diversification of the economic system, the development of private business, the farming movement, and the service sector (Table 1).

Table 1 – Labour f	force structure	dynamics in	Uzbekistan i	in 1991-2019 [	[14]

Tueste 1 Europa Force Strategie d'Anamies in Ozookistan in 1991 2019 [11]											
	1991	2000	2005	2010	2015	2016	2017	2018	2019		
Share of	39,7	36,2	38,9	42,2	43,6	43,7	44,0	44,3	45,1		
economically											
active											
population											
in total											
population,											
%											
Share of											
people											
employed in											
the											
economy:											
in the	39,6	36,1	38,8	39,9	41,4	41,4	41,4	41,8	43,6		
population											
of the											
Republic,											
in	99,8	99,6	99,7	94,6	94,8	94,8	94,2	95,0	96,4		
economically											
active											
population,											
%											

An analysis of the features of the functioning of the labor market of Uzbekistan for 2010–2019 was carried out. allowed us to identify the following trends:

- 1. The share of the working-age population in the total population decreased slightly from 58.2% to 57.2%, in particular as a result of increased life expectancy and growth the share of the country's population over 60 years of age from 6.0% to 6.4%.
- 2. Share of the economically active population in the total working-age population increased from 72.5% to 76.9%, which characterizes the processes of growth in labor supply and expands the need for new jobs.
- 3. As a result of structural transformations and economic diversification implemented measures to develop and support small businesses and private entrepreneurship in the total number of employees, the share of people employed in small businesses has noticeably increased from 65.5% to 78.0%.

The industrial sector of the economy is the second main type of economic activity in terms of the number of employees after agriculture. Its share in the total number of employed

for 2010-2019 increased from 13.2% to 13.5%, or by 286.8 thousand people. In recent years, the number of newly created jobs has been growing rapidly until the pandemic crisis



2020 The vast majority of them were created in the light industry (35.6%), the building materials industry (14.8%), mechanical engineering (14.5%) and the food industry

(14.2%). These data indicate the reindustrialization of the economy of Uzbekistan.

Prospects for the development of the labor market in Uzbekistan

Institutional and gender analysis of the structure of the labor market in Uzbekistan shows about the relatively low economic activity of women, and also revealed a low degree of their employment. Thus, in urban areas, women's economic activity and employment are almost twice as low as men, and in rural areas – even more than half. At the same time, the level of economic activity and employment of men in rural and urban areas is almost the same.

According to K.H. Abdurakhmanova, in 2016 in Uzbekistan, the share of employed men with higher education was 10.6%, and women – only 6.5% [2, p. 58]. Chronically low economic activity of women and gender inequality in employment lead to the maintenance of a high level of

birth rate and low-income families due to the low level of their financial situation,

formed primarily through the employment of men, as well as to the underutilization of women's labor potential in the economy. According to official data, the overall level

unemployment in Uzbekistan was 5.2% in 2020, which is not high by international standards. However, according to the ILO, the unemployment rate in the Republic exceeds 7%, including hidden and unaccounted labor reserves1.

At the same time, during the pandemic crisis of 2020, the number of people in need of employment increased by 500 thousand people. and reached 1.9 million people at the beginning of 2021. Especially high

tension is observed in the regional labor markets of Samarkand and Surkhandarya region (unemployment rate 9.8%), in Jizzakh, Kashkadarya and Fergana regions (9.7%), as well as in the youth segment of the labor market (under 30 years old) - 15.3%, among young people aged 15-25 years - more than 17.1%, female unemployment rate - 17.4% [4, With. 32]. An analysis of the situation in the labor market of Uzbekistan in recent years shows that out of 33.1% of women and 73.9% of men of working age, only 28.5% were economically active able-bodied women and 62% of men. According to the International Organization for Migration (IOM) as of July 1, 2019, external labor migration covered more than 2.6 million people, although in 2013 there were only about 1.92 million people, of which 42% of people of working age worked informally2.

It should be noted that in 2018-2019 in the Republic of Uzbekistan, the employment situation has improved significantly as a result of the implementation of state programs "Every family – entrepreneur", "Youth are our future", for the implementation of which approximately 2 trillion soums for the implementation of 2,605 business projects in the regions of the Republic that contributed to growth

employment of the population. In 2019, the "Youth is Our Future" Foundation was additionally allocated 2 trillion soums, due to which 50 thousand new jobs were created for young specialists.

However, along with the emerging positive changes in the labor market and in the dynamics employment of the population, in this area in the context of increasing instability of employment in the digital

economics, as evidenced by international and Russian studies of the future sphere of labor [13], a number of the following problem areas are clearly tested:



- high capital intensity of economic growth due to priority development fuel and raw materials sectors of the republic's economy with low dynamics of creating new jobs;
- low dynamics of creation of new jobs: in Uzbekistan in 2015 this figure was 1.6%, which is an order of magnitude lower than in developed countries, and taking into account the jobs eliminated (replaced) during this period, it is only 0, 6%;
- the presence of high labor (including pendulum) migration with low mobility of the permanent population of the republic is expanding the spheres of informal employment (for hire), shadow

economy and volumes of lost tax revenues to the budget;

- weak interaction between educational institutions and the labor market creates an imbalance between the structure of personnel training and the demand for them, as a result of which a significant part

young people are employed not in accordance with their acquired specialties or are drawn into the shadow economy;

- in a pandemic, the return of migrant workers from Russia and other countries is significant increased tensions in the narrowing due to the restriction of international contacts, lockdowns, bankruptcies of business structures, in particular in the tourism industry, labor market. Because of this, for the Republic of Uzbekistan, taking into account regional characteristics, we have substantiated the following current directions for the development of the labor market:
- increasing the competitiveness of the domestic labor market and labor mobility in intraregional level, as well as closer integration of the labor market with educational sphere;
- integration into the global labor market and reduction of entry barriers in transregional and foreign labor markets.

### Conclusion

The study of employment as a criterion for the effectiveness of the use of labor potential of the economy of the Republic of Uzbekistan allowed us to obtain the following conclusions:

- 1. Employment is a fairly sensitive indicator of the state of social reproduction, demonstrating the level of balance between the factors of the social system of production.
- 2. A new type of employment seems to be adequate to the innovation economy, having reactive flexibility, dynamism, properties of permanent renewal, increasing the potential of human capital and realizing its creative capabilities in the field of production.
- 3. The presence of an imbalance between supply and demand in the labor market creates complex employment problems.
- 4. In the labor market of the Republic of Uzbekistan, with its regional characteristics, there is a number of problems caused by both external and internal reasons.
- 5. Analysis of the dynamics of economic growth shows that there is still not enough the existing potential and reserves for the development of a number of industries, agriculture and the service sector are used. Particularly significant potential competitive advantages concentrated in the most labor-intensive industries.
- 6. Expanding the scope of functioning of market mechanisms for the placement of investment resources and the action of the forces of their market-gravitational attraction into the most labor-intensive industries creates conditions for increasing the number of newly created jobs, ensuring rational employment of the



population and effective use of the labor potential of the Republic of Uzbekistan.

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