

## THE ROLE OF ECONOMIC GROWTH IN INCREASING EMPLOYMENT IN UZBEKISTAN

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### Abstract:

This article examines the relationship between economic growth and employment in Uzbekistan, employment in economic sectors, effective employment, and the extent to which economic growth meets the need to increase the number of jobs and improve labor productivity. The main directions of increasing employment in Uzbekistan are highlighted.

**Keywords:** Employment, labor market, macroeconomic development, labor force, economic growth, effective employment.

### Introduction

The part of the population employed, as well as those people who want to work, are looking for work, but for various reasons do not have it yet, represent labor resources. Their study is of great importance in assessing the labor market and the implementation of the appropriate demographic policy by the state in order to influence the processes of population reproduction and its employment. [1]

In reality, modern global economic development shows that there is not a single state in the world that would not worry about creating decent conditions for their work and providing jobs for the population of their countries. Constantly maintaining a certain level of employment is a difficult task, especially in modern conditions, when certain crisis phenomena arise that periodically rock the economic development of the country. In the context of globalization and the transition to a market economy, the issue of increasing the level of employment of the population in Uzbekistan is of particular importance. This is directly related to the need to develop new forms of entrepreneurship adapted to modern economic conditions. State programs of socio-economic development in the Republic of Uzbekistan are implemented on the basis of rational use of external and internal resources, the formation of a diversified economy, and improvement of management mechanisms. In the process of development, the employment policy of the population is of great importance, both on an individual and social scale. The situation on the labor market affects economic growth or its decline. Based on this, identifying the relationship between economic growth and employment in the development of labor market policy is the main task.

Particular attention is paid to such issues as ensuring decent employment of the population in the structure of large-scale socio-economic reforms carried out in Uzbekistan, competent organization of new jobs in the conditions of division of labor, improving the standard of living of the population and targeted use of organizational and economic resources for effective employment. The President of the Republic of

Uzbekistan Shavkat Mirziyoyev pays special attention to the issues of promoting employment of the population and creating conditions for work. The country has adopted the Development Strategy of the New Uzbekistan for 2022-2026 and sets the goal of creating new jobs in the country, increasing the income of the population, and thereby reducing poverty by at least half by the end of 2026, which is directly related to the need to activate the labor market and ensure employment. [3] The task has been defined: to establish effective activities of assistants to district (city) khokims on issues of entrepreneurship development, ensuring employment and reducing poverty, as well as youth leaders, introduced in mahallas as a new institution. With the effective implementation of the set tasks, it is advisable to further deepen scientific research in such areas as improving the methodological foundations for studying the problems of labor resources, the economically active population and employment, optimizing informal employment in the context of economic growth, and introducing effective forms of employment.

### Literature Review

Economic growth is the most powerful tool for reducing poverty and improving the quality of life in countries, which is confirmed by irrefutable evidence in published studies. Throughout the historical path of development of any state, special attention and a large number of author's publications are devoted to economic growth and employment of the population. In them, employment is of great importance for ensuring higher rates of economic growth and its sustainability. At the present stage of social development, such a relationship is strengthening. Today, foreign and domestic economic science has accumulated significant experience in studying employment problems, studying the economic essence, economic growth, as well as its place and role in the market economy system. An analysis of literary sources and the positions of the authors made it possible to synthesize various points of view on the above aspects. Thus, according to A.E. Kotlyar [5], employment is "social economic and legal relations between people associated with the inclusion of an employee in a specific labor cooperation at a certain workplace." Shishkin A.F. [7] defines employment as "a way of implementing market relations." Based on the authors' definitions, it can be stated that the category of "employment" is considered by them from various points of view, which can be reduced to two main ones: as a process of applying labor or involving able-bodied individuals in production, and as a set of economic relations regarding the participation of the population in the labor process. In the works of Doctor of Economics, Academician of the Academy of Sciences K.Kh. Abdurakhmanov, the problems of the labor market, employment, ensuring decent work are studied and promising areas for conducting scientific research in these areas are determined. The composition of the labor force and its quantity are considered in the studies of domestic authors Abdullaev S.A., Mambetzhonov K.K. and Mamanazarov A.A. [6]. In their opinion, "the number of employed labor resources in the economy is the main wealth that plays a significant role

in the growth of our country's GDP, because these economic entities participate in the creation of real new value and are considered factors in increasing national wealth.

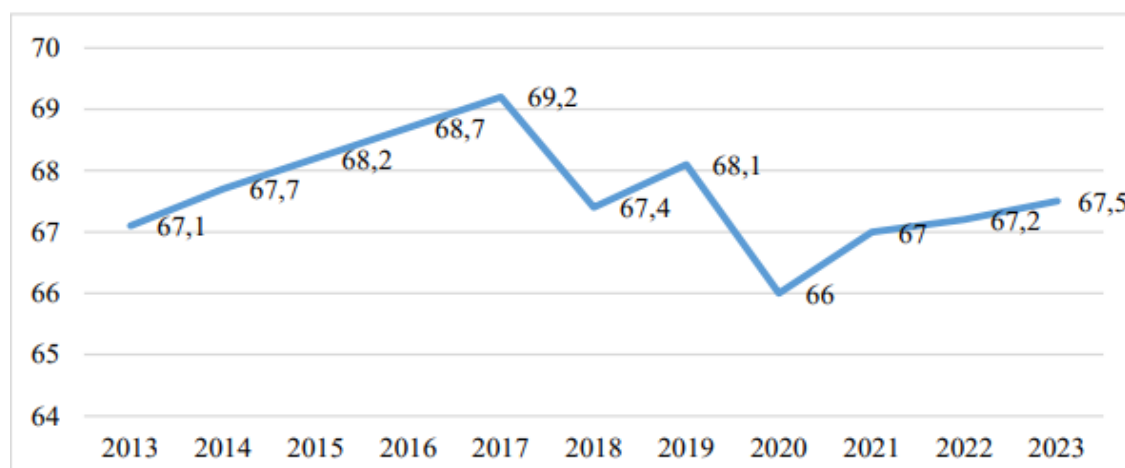
### Analysis and Results

Employment is an indicator characterizing the quality and standard of living in the country. From an economic point of view, employment is a social relationship regarding participation in socially useful work at a certain workplace, a direct connection of labor resources with the means of production, labor force with the workplace. Ensuring effective employment of the population plays an important role in the implementation of social policy. The most worthy way of self-affirmation of a person is his right to work, to choose a profession, occupation and work in accordance with his abilities, education, professional training and taking into account social needs. Citizens of Uzbekistan have the exclusive right to dispose of their abilities for productive and creative work and to carry out any activity not prohibited by law, including those not related to the performance of paid work. To implement the constitutional right of citizens to work, the Republic has adopted the Labor Code, the laws "On Employment of the Population", "On Private Employment Agencies" and others. According to the law, employment [1] is the activity of citizens that does not contradict the law, is connected with the satisfaction of their personal and social needs, and brings them income.

Throughout the economic reforms carried out in the republic, great importance is attached to the issues of promoting employment and improving social protection. The corresponding goals and objectives with more expanded directions are enshrined in the Strategy of Actions for Five Priority Development Areas of the Republic of Uzbekistan for 2017-2021 [3], according to which the country's socio-economic development has been carried out over the past five years, where the fourth priority area was "Development of the social sphere". Throughout the implementation of this priority, work has been carried out to increase employment, improve the social protection and health care system, and ensure the quality of social assistance to vulnerable groups of the population. Changing the directions of the dynamics of economic growth is the basis that influences changes in employment. Employment, as is known, is one of the main macroeconomic indicators and is comparable in importance with a number of social and economic indicators. Among these, we note the following: GDP, price level, real cash income, etc. Meanwhile, with an increase in employment in the state, GDP production also increases, prerequisites for expanded reproduction and social life are created and developed. According to official statistics, the economy of Uzbekistan has been growing at a high rate over the past 10-15 years - the average GDP growth during this period was about 6-8% per year, and in recent years, stable economic growth has been ensured, characterized by an increase in the physical volume of GDP by 2.8 times in 2017-2022. The economy of Uzbekistan in 2023 grew by 6% - to 1.07 quadrillion soums. GDP per capita amounted to 28.98 million soums (about \$ 2468). This figure increased by 4.07 million soums, or 16.3% in soum terms (by 9.4%, or \$ 213). However, various data on the labor market indicate that this growth was not accompanied by a corresponding

increase in sustainable jobs and employment. Thus, labor migration to other countries remained significant, economic activity, especially among women, declined, and informal employment grew. The youth unemployment rate exceeded the official employment rate by more than 2-3 times. At the end of 2023, unemployment, in the context of sustainable economic growth, remained at 6.8%, having decreased by 2.1% compared to the same period last year. 8% (in 2022 - 8.9%). In 2024, the downward trend in the number of unemployed is expected to continue, and the unemployment rate is projected to be around 6.0-7.0% against the background of the creation of new jobs, the expansion of the activities of the self-employed, and the introduction of new financial instruments. And as of July 1, 2024, the unemployment rate among the working-age population decreased by 1 percentage point compared to the beginning of the year, from 6.8% to 5.8%.[9]

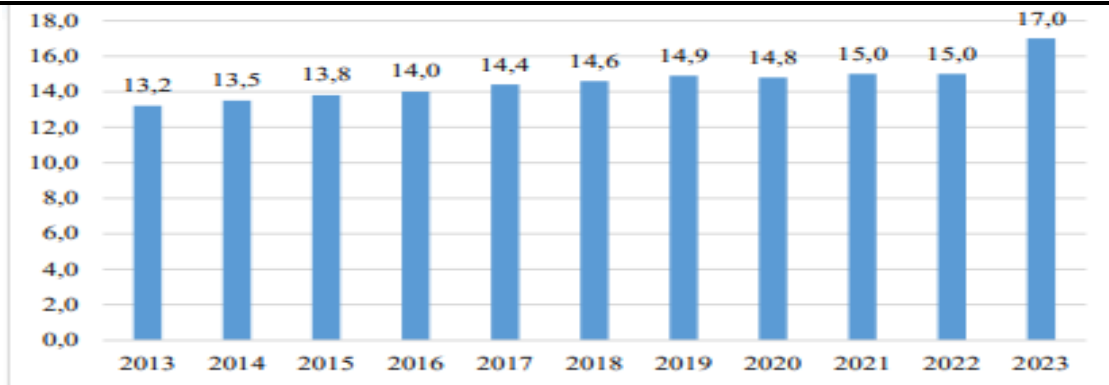
Research into the labour market in Uzbekistan over the past decade has shown that employment rates range from 66 to 69% (Figure 1).



**Fig. 1 Employment rate of the population of the Republic of Uzbekistan in 2014-2023, %.**

The graphical data presented in Figure 1 show that in 2020, the lowest employment rates were observed, which is associated with the coronavirus pandemic that affected the entire world at that time. This problem affected all countries of the world, including Uzbekistan. In subsequent years, we have seen a trend of increasing employment in the republic, which is explained by the socio-economic policy pursued by the government of Uzbekistan, including the provision of land for entrepreneurs, the provision of subsidies and grants for small and medium-sized businesses, which made it possible to create new jobs for the population. It is clearly noticeable that the government of the republic pays significant attention to attracting foreign investors to open new enterprises and develop production in the country.

As the graphical data presented in Figure 2 show, the economically active population in Uzbekistan has been growing in recent years.



**Fig. 2. Number of economically active population of the Republic of Uzbekistan in 2014-2023, million people.**

This fact, in the context of economic growth, confirms the effectiveness of measures taken by the government of the republic aimed at increasing employment and the standard of living of the population. This shows the positive effect of economic reforms and social programs that allow expanding employment opportunities and improving the living conditions of citizens. It is important to maintain and develop these measures, as well as adapt them to changing economic conditions in order to ensure sustainable growth and well-being of the population.

The population of Uzbekistan as of the beginning of 2024 is 36.8 million people. The population growth rate in recent years (2020-2023) has accelerated to 2.1%, or in absolute terms by about 700-800 thousand people annually. For comparison: in 2010-2019, the average growth rate was 1.7% or 500-600 thousand people. At the same time, a significant part of the population (57%) belongs to the working age group. At the same time, since the 2010s, the share of the working-age population in the total population has gradually decreased, which was due to the increase in the birth rate from the 2000s to the present. On the one hand, this indicates an increase in the demographic burden in the short and medium term, and on the other hand, in the long term, it may lead to an increase in the need to create more jobs. In 2024, Uzbekistan plans to provide jobs for 5 million people through the creation of new jobs within the framework of the employment promotion program. Officially, the number of unemployed in the republic currently stands at 1.3 million people. This year, another 2.4 million people will enter the labor market. In particular, conditions are being created to ensure employment for 2.5 million people in the service sector, 2.1 million in agriculture, 250 thousand in investment projects and industry, and 140 thousand in construction.

Unemployment remains one of the most serious socio-economic problems worldwide. Uzbekistan faces a number of unique challenges that exacerbate the unemployment situation. Taking comprehensive measures aimed at creating jobs, developing skills, increasing competitiveness and reducing the shadow economy is crucial to addressing the unemployment problem and ensuring sustainable economic growth.



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## Conclusion

The labor market is an important element of the national economic market, which determines the importance of research taking into account the demographic factor. Employment status and socio-demographic characteristics are important determinants of population satisfaction. Currently, the republic has an organizational structure of labor authorities, a regulatory framework for state regulation of employment, methodological support for labor statistics and the entire system of civil service. The republic pays special attention to the development of a new system of effective organization of labor activity of citizens engaged in temporary, seasonal and one-time work. However, the analysis of labor market and employment trends in Uzbekistan showed that further development of state policy in the field of labor market development in the long term can be ensured by further improvement of the existing legal, economic and institutional conditions that ensure the development of a flexible, effectively functioning labor market. Such conditions make it possible to overcome the structural inequality of supply and demand for labor, the share of illegal employment, and to increase the motivation of the population to work.

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