



## **CONCEPTUAL FOUNDATIONS OF INCREASING THE COMPETITIVENESS OF THE LABOR FORCE IN THE LABOR MARKET**

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Analyzing the situation in the field of labor relations, in order to regulate the national labor market of our country, it is necessary to strengthen the active policy of the state by balancing the supply of labor force and the demand for it, increasing the competitiveness of the labor force. Increasing the competitiveness of the labor force in the labor market as a separate object of management is of great importance to the social and economic factor. The choice of management methods is determined by human relations and values of a social nature.

According to academic K.Kh.Abdurahmanov, "Active policy of the state in the labor market is a set of legal, organizational, and economic measures aimed at regulating relations between the subjects of the labor market"<sup>1</sup>. Different types of "active" methods of influencing labor force development are widely used in countries with developed market economies. Economic policy in the labor market at the national level should support employment, prepare the unemployed for a profession and retrain them, encourage competition in every way, tax incentives, develop human capital, reduce the level of poverty, develop small business and entrepreneurship, and provide support to the population in need of social protection. includes the implementation of targeted programs and others. The International Labor Organization (ILO) established the foundations of the social protection system against unemployment in the Convention on the Promotion of Employment and Protection from Unemployment. The main objective of this policy is to ensure that unemployment benefit schemes do not encourage 'unemployment' but help create full, productive and freely chosen employment.<sup>2</sup>

Liberal and socially oriented models of regulating the labor market of developed countries are distinguished. Both of these models are based on the market mechanism of management, but the participation of the state sector in various economic sectors and the role of state institutions in managing the

<sup>1</sup> Abdurakhmanov K.Kh. Labor economy: theory and practice. Textbook. T.: "Fan" publishing house. 2019, 348 p.

<sup>2</sup> ILO Employment Promotion and Protection against Unemployment Convention, No. 168.  
[https://www.un.org/en/documents/decl\\_conv/conventions/jobles.shtml](https://www.un.org/en/documents/decl_conv/conventions/jobles.shtml)



economy and social processes are different. The liberal model mostly relies on the “invisible hand” in regulating the market, in which the state does not interfere in market relations at a macroeconomic level, and the state policy is mainly reduced to supporting the strata of the population in need of social protection. In the socially oriented market model, it includes the regulation of market relations at the macro-microeconomic level by the state.

The US uses a liberal model. It is characterized by regional decentralization of the labor market, which provides for the existence of independent legislation on labor relations in each state of the United States, a system of social and economic assistance to unemployed citizens, and the formation of their own funds for unemployment insurance. The liberal model is mainly characterized by high labor mobility.

Countries such as Sweden, Austria, and Germany mainly use a socially oriented market model. This implies the provision of social guarantees to the segments of the population that are not competitive in the labor market, to groups that need social protection and are unable to provide for their own livelihood.

For the labor market of our country, certain rules of this model can be applied to population groups in need of social protection.

In general, it allows us to offer the following institutional approaches to the rules that are important for the Republic of Uzbekistan in the innovative economy:

- active involvement of the state in the labor market;
- formation of "rules of the game" in the market;
- providing social guarantees for the busy population.

Furthermore, the current employment policy in Uzbekistan is passive, and mainly unemployment protection measures prevail against unemployed persons or persons at high risk of unemployment. None of the directions of the state employment policy (with the exception of the development of the secondary, professional, vocational education system) does not implement measures to support the increase of the competitiveness of the labor force.

In order to increase the competitiveness of the labor force in the targeted labor market, there are all institutional conditions for ensuring effective employment, increasing the quality of the labor force, increasing general incomes, and strengthening comprehensive social protection of the population categories in need of social protection. In our opinion, the state should play a key





role in solving the problems of development of competitive relations in the labor market.

When analyzing the employment of the employed population in the Republic of Uzbekistan according to the forms of ownership, in 2014 there were 2324,7 thousand people employed in the public sector, and 10493,7 thousand people employed in the non-state sector. This indicator increased by 2609,0 thousand people or 112,2% in the public sector in 2021, while the number of people employed in the private sector increased by 10929,9 people or 104,2%. In recent years, the number of people employed in public sectors has been increasing. In particular, the growth rate of employment in the public sector is 100,7% in 2015 (compared to 2014), 100,3% in 2017 (compared to 2016), 101,5% in 2019 (compared to 2018), 101,5% in 2021 (compared to 2020) increased by 105,1% (Figure 1).

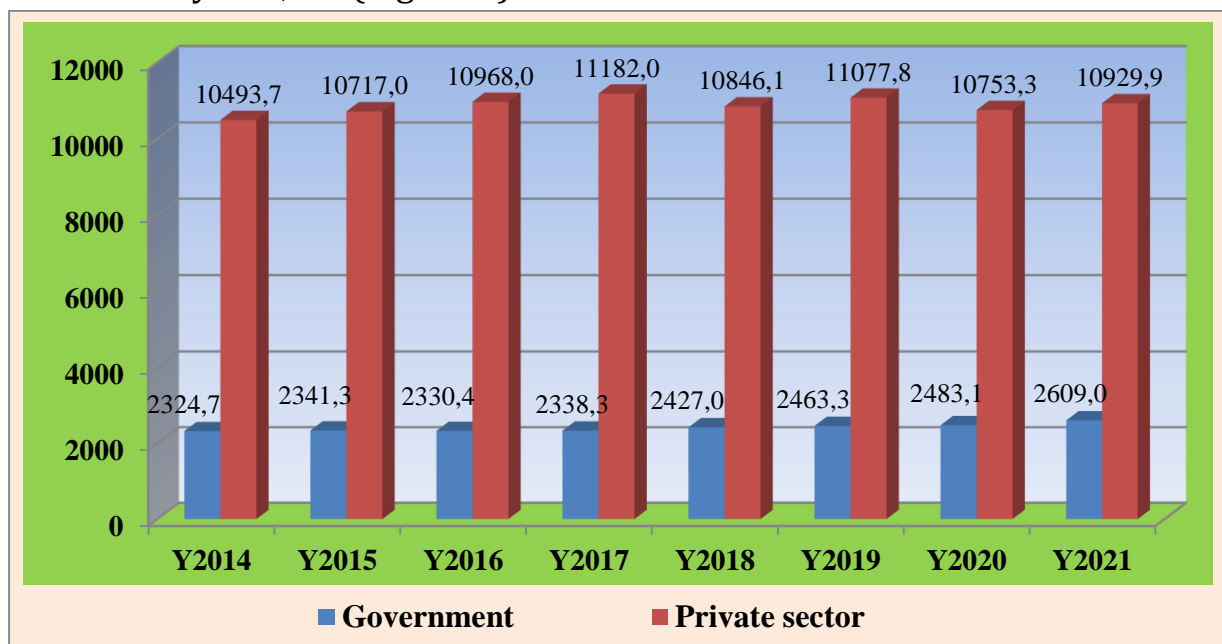
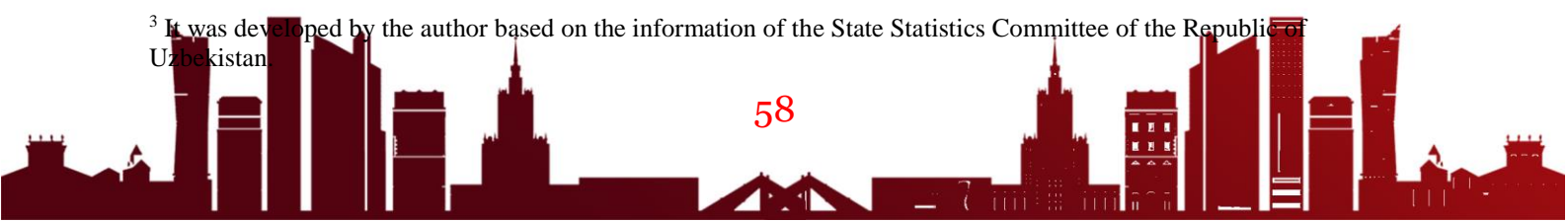


Figure 1. The number of employed people in the Republic of Uzbekistan by sectors, thousand people<sup>3</sup>

In our country, the economic institutions capable of ensuring the effective functioning of the target labor market, the development of the competitive environment and the formation of the competitive advantage of the workforce are still at the stage of formation. One of the forms of solving the management task of increasing the competitiveness of the labor force, in our opinion, is the development of the concept of management of the competitiveness of the labor force, which includes a system of ideas about its strategic goals and the most

<sup>3</sup> It was developed by the author based on the information of the State Statistics Committee of the Republic of Uzbekistan





important priorities of management influence and the means of achieving these goals.

Increasing the competitiveness of the labor force is the improvement of a number of structures, which consists of the following main conceptual bases:

- arrangement is the object of its justification;
- competitiveness – multi-purpose requirements of the regulatory object;
- choosing the options that have the possibility of increasing competitiveness in the projects of development of the competitive environment of the labor force;
- methods of choosing the priority criteria, that is, the option of achieving the goal;
- choosing methods of arrangement;
- finding sufficient funds for the implementation of strategic directions.

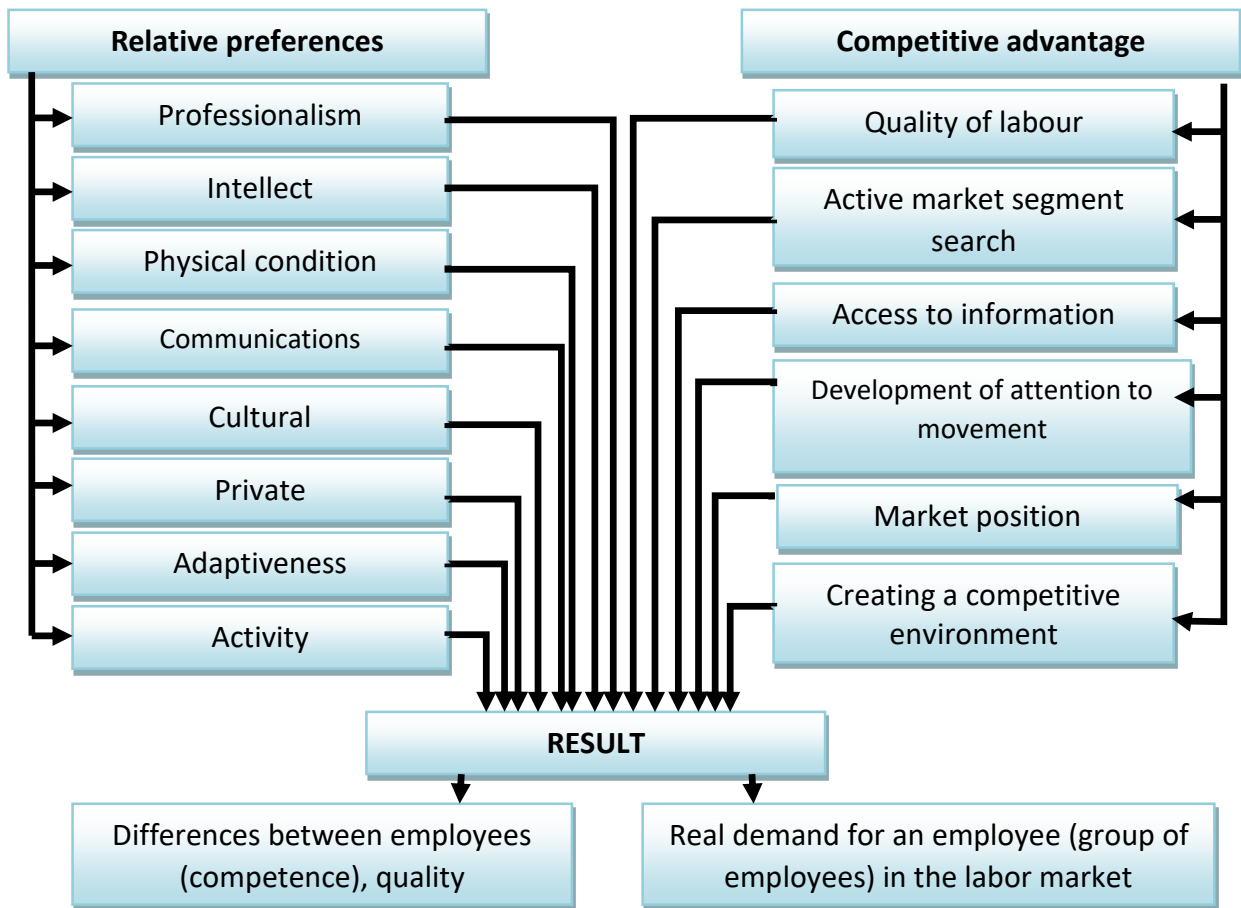


Figure 2. A block of conceptual approaches to ensuring labor force competitiveness in the labor market<sup>4</sup>

<sup>4</sup> Developed by the author



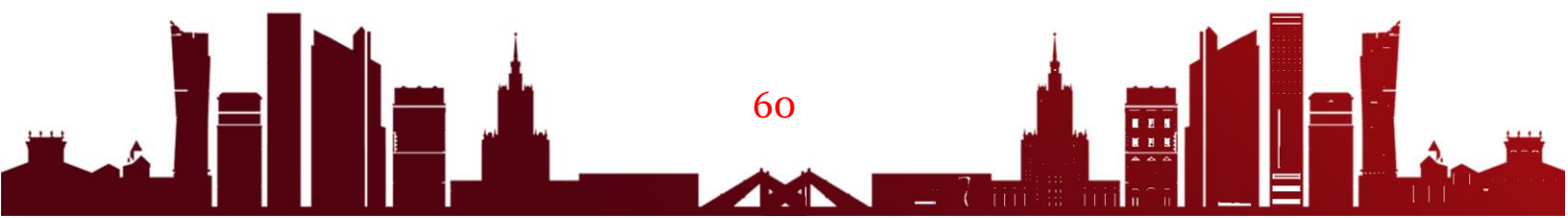
In our opinion, conceptual approaches to ensuring competitiveness can be presented in the form of two independent blocks (Figure 2). The first block is the formation of the relative advantages of the labor force, which depends on ensuring the increase in the quality of the labor force. In this block, issues of ensuring regulatory effects on all stages of the cycle of reproduction, from the stage of “formation” of the labor force to the stage of “use” should be considered.

The second block includes the directions of creating the conditions for achieving the balance of supply and demand, increasing the level of income, the development of effective competition in labor markets, and the principles of the development of the competitive environment, which ensures the transition from comparative advantage to competitive advantage. It should be emphasized that socio-economic policy is aimed at creating an environment in which competitive advantages are formed, ensuring the competitiveness of the labor force. Also, it performs the task of balancing various interests of labor market entities.

Two interrelated approaches are proposed for implementation of scheduling functions. On the one hand, competitiveness is an economic indicator that shows the increase in the efficiency of the use of labor, the growth of incomes, the development of market principles of management, as well as the management of socio-economic processes at the territorial level, the support of population groups in need of social protection, the creation of market mechanisms of economic policy, the socio-economic development of society. can be considered as a justification criterion.

On the other hand, the competitiveness of the labor force should be supported by the state, which requires the identification of priority objects of regulation, the selection of methods of competitiveness management.

Based on the above provisions, the system of competitiveness management methods is a set of economic, organizational, and legal measures that form certain sectors of the labor market at all stages of reproduction and the impact on the formation of quality characteristics in various segments of the labor market, as well as in conditions that ensure the effective transition of comparative advantages to competitive advantage. can be specified. These measures differ depending on the stage of development of the labor force, the elements of the competitiveness structure, the nature of state participation, and others. In comparison with the above approaches, we divide measures into groups for more support methods of management of labor force competitiveness.





1. Legal support (legislative documents and other normative documents on contributions to funds aimed at improving the quality of the workforce, which help citizens to get the opportunity to work in the field of their choice according to their profession, ability, and education, regulate the structure of education expenses, and improve the quality of the workforce).

2. Economic measures - tax and budget policies aimed at increasing the competitiveness of the labor force, measures of state influence, with the help of which conditions are created that determine the development of market relations in the field of labor. Regionally, we are talking about economic methods that influence the aggregate demand and aggregate labor supply, the development of competitive relations in the labor market. At the current stage, increasing the importance of economic methods is related to expanding the independence of regional state bodies, ensuring the rights of labor market subjects as agents of sale and purchase of labor.

This set of methods occupies a key place in the management system of improving the competitiveness of the workforce. It is based on taking into account the socio-economic laws of the market economy.

3. Organizational support: state order for training of various types of personnel. Personnel training and retraining systems, including personnel training, retraining and professional development in vocational and secondary special education institutions, directly at the workplace, in the employment service system; orientation of the population, especially the youth, the unemployed, persons released from places of deprivation of liberty, military personnel, the disabled and other subjects of the labor market; labor rehabilitation; in order to make maximum effective use of it, choosing certain types of work that are most convenient for the content of the individual labor force; contract system; staffing, certification and other types of promotion (career); labor market marketing; monitoring the implementation of management decisions; ensuring the activities of consulting organizations, expert councils on employment issues, etc.

4. Social guarantees - quotas for employment of citizens who need to support their potential competitiveness, setting the minimum wage, etc. In order to develop the competitiveness of the individual and the general labor force in the innovative economy, it is necessary to form a new mechanism for providing social guarantees of providing employment to the population, including those with a low level of competitiveness. This system should be formed as a set of economic, legal and social guarantees of state employment for each specific



group of the population based on the specific characteristics of the competitive advantages of this group.

5. Information supply - the policy of ensuring equal rights and opportunities of socio-demographic groups in competition in the labor market. This segment of management of increasing the competitiveness of the labor force in economic sectors is of particular importance. The information system does not perform any of the management functions directly, but is closely related to them and forms the material basis for their activity.

6. Social-psychological methods based on non-economic stimulation of highly qualified labor should be emphasized. As a result of the implementation of these methods, it is possible to achieve regulation of market relations in the field of employment, formation of effective motivation to work among teenagers and young people, activation of the motivational mechanism of payment for work, improvement of skills and other similar directions.

The most important condition for the implementation of measures to increase the level of competitiveness is the harmonization of all management methods. In solving competitiveness problems at the regional level, it is necessary to unite the efforts of state power branches and economic management bodies at all levels, to eliminate departmental fragmentation in solving them, to coordinate the activities of regional and branch authorities, to coordinate the activities of state power and management bodies, to promote competitiveness on the basis of the socio-economic policy of the region it is necessary to solve the problem of increase.

It can be seen that the role of the state in providing conditions for increasing the competitiveness of the labor force is significant. The state as a management entity has powerful tools such as budget, tax, social protection. In such conditions, the most important forms of managing the competitiveness of the labor force include the forms of state management implemented through economic means, the use of budget functions, taxes, investments, and the possibilities of institutional conditions.

The state has the right to develop and implement forecasts and programs, to finance them, to adopt regulatory documents regulating the market "rules of the game" and to ensure guarantees of social protection of the population in need of social protection. State bodies play a leading role in regulating the relations between the employee and the employer, the activity of the social partnership mechanism in the labor market. The state also monitors and controls basic social processes (income, employment, inflation).



Table 1

Employment rate of the population in the Republic of Uzbekistan, in terms of %<sup>5</sup>

Regions	Y2000	Y2003	Y2006	Y2009	Y2012	Y2015	Y2018	Y2021
Republic of Uzbekistan	69,4	67,5	67,7	67,6	66,6	68,2	67,4	67,0
Republic of Karakalpakstan	60,6	58,1	58,3	57,7	57,4	58,1	62,9	61,1
Andijan	70,9	69,3	70,0	70,2	69,0	71,5	69,6	68,2
Bukhara	75,8	73,8	74,5	75,4	74,1	73,4	70,7	67,2
Jizzakh	60,2	57,6	58,1	57,7	56,0	58,1	61,6	67,5
Kashkadarya	67,7	63,6	62,6	62,3	61,2	63,3	64,8	62,2
Navoi	75,3	76,8	77,9	76,4	74,7	73,2	69,2	68,3
Namangan	60,8	58,8	58,4	58,4	57,2	60,5	63,8	65,5
Samarkand	68,2	65,3	65,3	65,4	64,7	67,6	66,3	63,7
Surkhandarya	67,7	63,7	62,7	63,0	62,3	64,3	65,2	64,5
Syr Darya	73,7	71,0	71,3	71,7	72,2	72,2	70,5	64,5
Tashkent	70,2	68,7	69,9	71,1	72,9	75,3	71,4	72,4
Ferghana	72,5	70,8	71,3	71,0	68,0	69,1	66,0	66,2
Khorezm	65,5	62,7	62,8	63,1	63,9	65,6	64,6	64,0
Tashkent city	78,7	81,5	83,5	82,4	80,7	81,1	77,5	81,3

In the Republic of Uzbekistan, the employment rate of the employed population compared to the population of working age has decreased during the years 2000-2020. Including 69,4% in 2000, 67,5% in 2003, 67,7% in 2006, 67,6% in 2009, 66,6% in 2012, 68,2% in 2015, 67,4% in 2018. and in 2021 it was 67,0%. At the same time, when the employment rate of the population in 2021 is analyzed by regions, the highest rate is in the city of Tashkent (81,3%), Tashkent (72,4%), Navoi (68,3%), Andijan (68,2%) and Jizzakh (67,5%) regions contribute (Table 1).

The priority directions of the development of the competitive environment and the reform of population employment in the conditions of increasing the competitiveness of the labor force are as follows:

<sup>5</sup> Compiled by the author based on the information of the State Statistics Committee of the Republic of Uzbekistan.





- superiority of measures to support the economy and develop the system of jobs in competitive production and create new jobs in the small business sector over measures to maintain aggregate demand;
- priority of indirect economic measures over direct measures to stimulate the growth of competitiveness;
- creation of conditions for the development of competition in targeted labor markets, including those in need of social protection, etc.

Up until now, this problem has not been studied practically. In the scientific literature, there are no approaches to evaluating the level of competitiveness of the labor force, especially the results of using accurate calculations in management practice. This aspect of the competition management problem is the least developed in the theoretical and practical spheres and therefore requires in-depth scientific study.

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