

## LABOR MARKET DEVELOPMENT TRENDS, PROSPECTS AND ROLE IN THE FIELD OF PENSIONS.

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**Annotation:** *The content of the article is a socio-economic analysis of the labor force in the country, their impact on GDP growth on the basis of theoretical knowledge. Through statistics, it leads to the creation of a pension system, its economic impact on the country's budget and an increase in the retirement age. Ways to achieve economic growth in our country based on the analysis of the future prospects of the labor force have been studied in practice.*

**Keywords:** *labor resources, socio-economic analysis, gross domestic product, theoretical knowledge, statistical indicators, pensions, budget, statistical analysis, forecasting.*

**Introduction:** The ongoing economic reforms in our country have radically changed the employment of the population. This, on the one hand, has enriched its content as an economic category, while at the same time requires an objectively new approach to the formation of the labor market and its effective development, along with other markets (food, manufacturing, financial markets, etc.). This situation is determined by the complexity of the situation in the field of labor relations. At the same time, in a market economy, internal and external migration processes are intensifying.

The above circumstances require the formation of an effective mechanism for regulating the labor market, which includes:

- formation of a new approach to employment;
- Development of scientifically based forecasts on employment of the able-bodied population;
- determine the number of producers in the future.

Of course, in addition to studying foreign experience in this area, it is advisable to use our own methods and approaches, taking into account local socio-economic conditions, based on our national traditions in solving problems in the country.

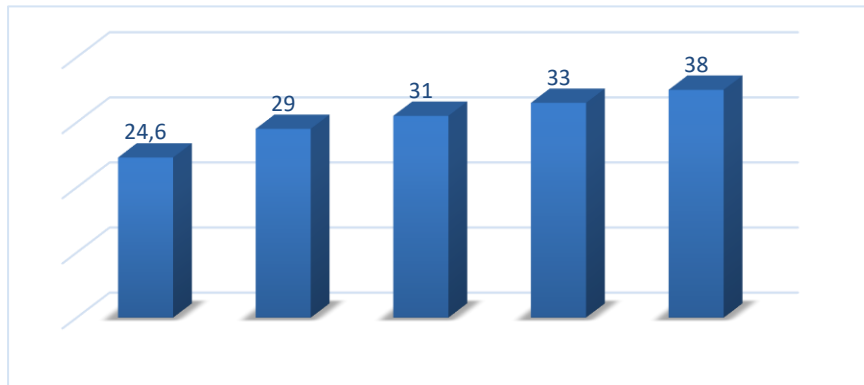
Determining a reasonable ratio between supply and demand for labor is the end result of a reliable forecast of employment.

The analysis shows that the population of the country has changed dramatically since the beginning of the reform and in the future. The population of Uzbekistan will reach 29 million in 2010, 31 million in 2015, 33 million in 2019 and 38 million in 2025. is predicted to reach (Diagram 1)

*Diagram 1*

### Population dynamics of Uzbekistan, mln<sup>1</sup>

<sup>1</sup> Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan



A multifaceted and factorial approach is required in forecasting economic indicators. Because the processes that may occur in the future occur under the influence of several factors. Including natural-climatic, ecological, demographic, economic, social and political factors. These factors, like all economic processes, have an impact on the prospects of labor market development. Natural-climatic and environmental factors have a significant impact on the prospects of the labor market, which can lead to a number of problems.

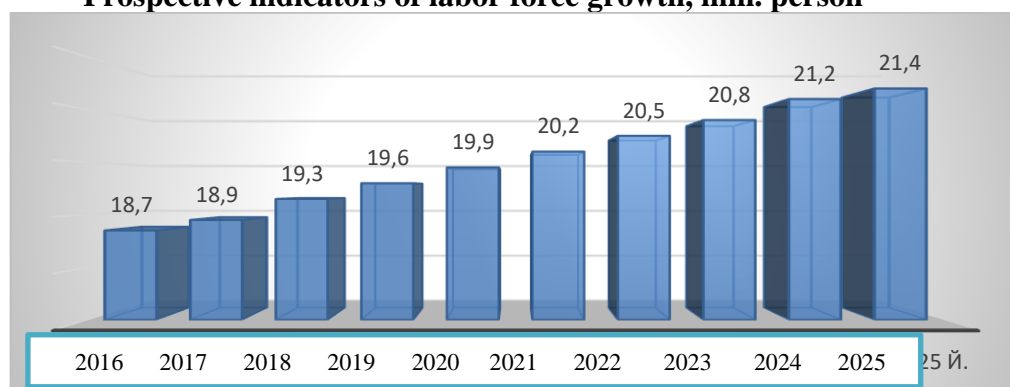
The following factors have been taken into account in our forecast to ensure the effective functioning of the labor market:

- The most important factors influencing the increase in the number of labor resources: the age and sex composition of the population;
- Factors determining the supply, number and composition of labor:
- Factors of economic activity of the population:
- personal factors:

During the forecast period, the population of the country is constantly growing, and by 2025 the population will reach 38 million. is expected to form a person. During the forecast period, the population of Uzbekistan is expected to grow by 1.3% per year. In the future, along with population growth, the number of labor resources will also increase (Diagram 2).

Diagram 2

Prospective indicators of labor force growth, mln. person<sup>2</sup>



<sup>2</sup> Source: Calculated by the author on the basis of data from the Ministry of Labor of the Republic of Uzbekistan

The number of labor resources will grow by 16.2% in the forecast period. The analysis shows that in the near future the growth rate of the labor force will be higher than the total population (14.0%). If in 2015 the share of labor resources was 58.3%, by 2025 this figure is expected to reach 60.4%.

It should be noted that the labor force is composed of economically active and inactive population. During the forecast period, the economically active population will grow rapidly, while the economically inactive population will decrease (Figure 3).

According to our estimates, the number of economically active population is expected to increase by 25.9% in 2015-2025, while the number of economically inactive population is expected to decrease by 16.6%. Accordingly, the level of economic activity of the population in the country in 2015 is expected to increase from 75% to 83.4% in 2025, the share of economically inactive population in the labor force will fall from 23% to 16.6%.

Diagram 3



It should be noted that the increase in economic activity of the population is associated with the development of targeted programs by the state for the medium and long term. Because targeted programs are one of the most effective tools for developing future measures in the labor market.

In our opinion, targeted complex programs should include:

- meeting the growing demand for livelihoods and jobs in industry, services and other sectors;
- ensuring a market balance between supply and demand for labor;
- formation of highly qualified personnel;
- effective development of labor market infrastructure;
- social protection of the unemployed.

Of course, in socio-economic development, targeted programs designed to increase the welfare of the population, in particular, people's choice, provide for the implementation of the following measures: 38 billion A list of 870 major investment projects worth USD 1 billion has been compiled. According to these projects, it is planned to build 415 new enterprises, as well as modernize,

<sup>3</sup>Source: Calculated by the author on the basis of data from the Ministry of Labor of the Republic of Uzbekistan

technically and technologically upgrade 455 existing enterprises. According to preliminary estimates, the implementation of the program will achieve the following results:

- Industries producing high value-added products, such as machinery, chemicals, petrochemicals, textiles and food industry, will be rapidly developed. As a result, the production of more than 1,000 new types of industrial products will be mastered;
- Industrial production is expected to grow 1.5 times in six years, and its share in GDP will increase from 24% to 29% by 2020;
- It is planned to increase exports of high-tech products and create more than 52,000 new jobs.

The implementation of these program tasks and their confirmation in the socio-economic life will inevitably lead to an increase in employment in the future. The number of employed people is expected to increase by 20.2% in 2015-2025, reaching 17,984.7 thousand in 2025. It should be noted that during the forecast period, the number of employed people will increase by an average of 18% per year.

During the forecast period, the demand for labor in the labor market will increase by 6.3%. During this period, the demand for labor will increase by 1.6% due to natural resignations, the number of vacancies will increase by 44.8%, and the number of new jobs will increase by 4.9%.

In short, in the future there will be a favorable environment for the development of the labor market in Uzbekistan. Its effective use will lead to the socio-economic development of the country, increase the welfare of the population and, in turn, the development of human capital.

Influence on the growth of the pension fund's income through the increase in official employment in the labor market (a 1% increase in the official employment rate will lead to a 2.9% increase in the pension fund's income by 2025).

If the retirement age in Uzbekistan is raised to 5 years, then it will be possible to reduce the costs of the Pension Fund by more than 2 times. However, the demographic dividend conditions in the country do not allow this type of reform to take place.

**Forecast on changes in the age and sex composition of the population of Uzbekistan in 2011-2021<sup>4</sup>**

Year	Total population (million people)	Number of able-bodied population (million people)	Number of able-bodied population (%)	Population of retirement age (million people)	Population of retirement age (%)	Children under 16 (million people)	Children under 16 (%)
Retirement age 60/54							
2016	30,6	18,5	60,6	2,9	9,4	9,2	30,0
2021	35	19,3	59,3	3,7	11,2	9,6	29,5
Retirement age 63/57							
2016	30,6	19,3	63,1	2,1	6,8	9,2	30,0
2021	35	20,1	61,9	2,8	8,7	9,6	29,5
Retirement age 65/59							

<sup>4</sup> Source: State Statistics Committee of the Republic of Uzbekistan and the Institute of Macroeconomic Research and Forecasting under the Cabinet of Ministers of the Republic of Uzbekistan.

2016	30,6	19,8	64,7	1,6	5,3	9,2	30,0
2021	35	20,6	63,4	2,3	7,1	9,6	29,5

Taking into account the inflation rate in Uzbekistan and the annual growth of consumer prices, the average annual growth of wages and pensions in the country is 1.20. Based on the data in Table 2, it can be said that in this case, the ratio between revenues and expenditures of the Pension Fund in 2016 was -3.3%, and by 2025 this figure is expected to reach -13.8%.

Table 2

**Forecasts of changes in the ratio between the income and expenses of the Pension Fund by changing the level of the average monthly salary<sup>5</sup>**

	Predicted period	The ratio between income and expenses, %	Change indicator
When the growth rate of the average annual salary and pension benefits is 1.20	2016	-3,3	
When the growth rate of the average annual salary and pension benefits is equal to 1.21 (when increased by 0.01 points)		2,5	5,8
When the growth rate of the average annual salary and pensions is 1.23 (by 0.03 points)		15	12,5
When the growth rate of the average annual salary and pension benefits is 1.20	2021	-15,8	
When the growth rate of the average annual salary and pension benefits is equal to 1.21 (when increased by 0.01 points)		-9,6	6,2
When the growth rate of the average annual salary and pensions is 1.23 (by 0.03 points)		10	19,6

The above data show that by changing the growth rate of the average annual salary, it will be possible to change the state of imbalance between the income and expenses of the Pension Fund in a positive way. At the same time, the average annual growth rate of pensions is equal to the growth rate of wages, and the working population and the elderly do not have a negative impact on the welfare of the population.

<sup>5</sup> Source: State Statistics Committee of the Republic of Uzbekistan and the Institute of Macroeconomic Research and Forecasting under the Cabinet of Ministers of the Republic of Uzbekistan.



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