

STRUCTURAL CHANGES IN THE LABOR MARKET AS A DRIVER OF ECONOMIC GROWTH IN UZBEKISTAN**Rasulev, A. F.**Tashkent State University of Economics
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Abstract: The structural transformation of the labor market in Uzbekistan is closely linked to the modernization processes of the national economy. In recent years, the growing demand for skilled labor has accelerated the reallocation of labor resources. The introduction of digitalization and innovative technologies has led to the emergence of new professions. Changes in the structure of the labor market have had a significant impact on youth employment and the quality of vocational training. Increasing economic activity across regions is contributing to the reduction of disparities in employment levels. These transformation processes have become a key driver of economic growth. This study analyzes the contribution of these changes to the country's macroeconomic development.

Keywords: labor market, structural transformation, employment, economic growth, digitalization, innovation, labor force.

Introduction

Today, the labor market plays a central role in ensuring economic stability and development in every country. In recent years, Uzbekistan's labor market has undergone rapid changes, significantly affecting various sectors of the economy. Economic reforms, technological modernization, and processes of global integration are fundamentally transforming the structural composition of the labor market. In particular, the qualification and professional structure of labor resources, the formation of employment, and the sectoral distribution of labor are demonstrating new trends.

One of the main directions of change is the increasing demand for labor in the service and high-tech sectors, along with a decline in labor employment in traditional industrial and agricultural sectors. These processes highlight the relevance of issues such as workforce upskilling, training for modern professions, and enhancing labor market flexibility. At the same time, the structural transformation of the labor market directly affects economic growth by increasing productivity, stimulating innovative development, and stabilizing employment levels [2].

The purpose of this article is to analyze recent changes in Uzbekistan's labor market, the impact of these changes on economic growth, and the potential socio-economic consequences that may arise in the future. A deeper examination of these processes makes it possible to identify ways to improve labor policy and ensure economic stability.

Literature Review

Scientific literature and legal documents devoted to labor market transformation indicate that since the reforms launched in Uzbekistan in 2017, the structural composition of labor resources has undergone significant changes. In particular, the Development Strategy for 2022–2026 identifies increasing the share of the service sector as one of the main priorities, and existing studies note that this sector is diversifying labor market demand. International research shows that over the past two decades, the share of services in the global labor market has increased sharply, while automation in production has led to a reduction in traditional occupations [3].

Local economists emphasize that the introduction of digital technologies in Uzbekistan has resulted in a rapid increase in demand for IT specialists. Since 2019, the One Million Coders initiative has contributed to the formation of a new skills market. The literature also highlights that the expansion of industrial clusters is increasing labor productivity in agriculture and contributing to the structural reallocation of the labor force [5].

Research Methodology

This study employs a comprehensive approach to assess the structural transformation of the labor market in Uzbekistan. First, official labor market statistics were examined using time-series analysis. Second, changes in employment across sectors were compared using a comparative analysis method. To determine the impact of transformation on economic growth, correlation analysis and a structural change index were applied. In addition, national strategic documents were analyzed through content analysis to identify institutional factors influencing the labor market. The applied methodological framework enhanced the reliability of the research findings.

Analysis and Results

The structural transformation of the labor market in Uzbekistan has accelerated significantly in recent years due to the intensification of economic reforms. The analysis indicates that the redistribution of employment across sectors has become one of the key factors directly influencing economic growth. While agriculture traditionally absorbed a large share of labor resources, the shares of industry, services, IT, and logistics have been steadily increasing. These changes demonstrate that the labor market is becoming more flexible, competitive, and innovation-oriented.

The introduction of digital technologies is among the main factors that have significantly altered the structure of the labor market. The research findings confirm that the sharp increase in demand for IT professionals, the expansion of remote employment, and the development of the electronic services

market are increasing the value of skilled labor and contributing to qualitative improvements in workforce capabilities. In particular, professions such as software developers, data analysts, cybersecurity specialists, and digital marketing professionals are shaping the new structural profile of the labor market.

The analysis also reveals that the expansion of the service sector has had a substantial impact on economic growth. Tourism, transport and logistics, banking and financial services, education, and healthcare have become new sources of employment. Growth in these sectors is closely linked to rising household incomes, the expansion of consumer markets, and increased domestic economic activity. Especially in large cities and economic zones, job creation in the service sector is helping to reduce regional disparities.

The impact of structural changes on economic growth is also evident through increased labor productivity. The analysis shows that the shift of labor demand toward high-skilled sectors leads to higher overall productivity. On the one hand, this process increases the demand for improvements in the education system; on the other hand, it encourages enterprises to invest more in workforce training. In particular, the expansion of vocational education and retraining centers enhances the labor market's capacity to adapt to evolving demands.

Regional analysis indicates that labor market transformation is progressing more rapidly in areas with higher levels of economic activity. In regions where industrial zones have been established, employment growth, the expansion of micro and small enterprises, and the creation of new jobs have become stable sources of economic growth. Conversely, in regions with lower economic activity, slower structural changes contribute to increased labor migration.

Based on the analysis conducted, the following conclusions were reached:

First, labor market transformation is directly linked to economic growth, with the expansion of the service and IT sectors serving as key growth drivers.

Second, the shortage of skilled labor remains one of the main challenges under the new economic conditions, necessitating reforms in the education system and improvements in workforce training programs.

Third, differences in the pace of transformation across regions have emerged as a factor affecting economic equality.

Fourth, structural changes in the labor market will play a strategic role in determining Uzbekistan's economic growth rates in the coming years.

Conclusion and Recommendations

The analysis confirms that the structural transformation of the labor market in Uzbekistan has become an important driver of economic growth. The development of new sectors, increasing demand for skilled labor, and digitalization processes are contributing to qualitative improvements in the labor market.

To further strengthen these processes, vocational education should be aligned more closely with labor market needs, regional employment disparities should be reduced, and the creation of innovative

jobs should be expanded. In addition, increased investment in human capital will further enhance labor productivity and economic stability.

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