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

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Annotation: This article presents a comprehensive socio-economic analysis of the labor force and its contribution to gross domestic product (GDP) growth, grounded in relevant theoretical frameworks. Using statistical data, the study examines the formation and development of the pension system, its economic implications for the state budget, and the rationale behind increasing the retirement age. Particular attention is paid to assessing the future prospects of the labor force and their role in ensuring sustainable economic growth. Based on empirical analysis, the article identifies practical approaches and policy directions aimed at enhancing economic development through the effective utilization of labor resources and the improvement of pension system sustainability.

Keywords: Labor force; socio-economic analysis; GDP growth; pension system; state budget; retirement age; economic sustainability; demographic factors; labor resources; economic development.

Introduction

The ongoing economic reforms in the country have led to profound transformations in population employment patterns. On the one hand, these changes have expanded and enriched the conceptual content of employment as an economic category; on the other hand, they necessitate the adoption of fundamentally new approaches to the formation and efficient functioning of the labor market, in coordination with other key markets such as goods, manufacturing, and financial markets. This situation is largely обуслов by the growing complexity and diversification of labor relations in the context of market-based economic development. Moreover, the transition to a market economy has

intensified both internal and external migration processes, further influencing labor supply dynamics and the structural characteristics of the labor market.

The above circumstances necessitate the development of an effective mechanism for labor market regulation, encompassing the following key components:

- the formulation of a new conceptual approach to employment;

- the development of scientifically grounded forecasts regarding the employment of the working-age population;

- the determination and projection of the future number of producers within the economy.

In the current socio-economic context, while the study of international best practices in labor market regulation remains invaluable, it is imperative to develop and implement context-specific methodologies that reflect the country's unique socio-economic realities. Such approaches should integrate comprehensive analyses of local labor dynamics, demographic trends, and economic structures, while also drawing upon national traditions and institutional frameworks that have historically guided problem-solving processes. By combining empirical evidence, international experience, and locally adapted strategies, policymakers can design more effective interventions that enhance employment outcomes, optimize workforce distribution, and ensure sustainable development in line with the country's long-term economic objectives.

Methodology

The study employs a range of research methods, including systems analysis, grouping, induction and deduction, sociological research, logical and comparative analysis, statistical and econometric modeling, forecasting, expert assessment, and other relevant approaches.
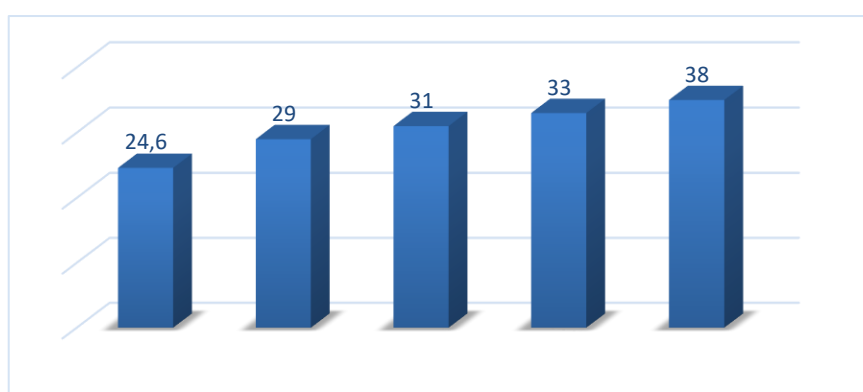
Results

Establishing an appropriate balance between labor supply and demand represents the ultimate outcome of a robust and reliable employment forecast.

The analysis indicates that the population of the country has undergone significant changes since the initiation of economic reforms and is expected to continue evolving in the future. Population projections suggest that Uzbekistan's population will reach approximately 29 million by 2010, 31 million by 2015, 33 million by 2019, and is anticipated to reach 38 million by 2025 (see Diagram 1). These demographic trends have important implications for labor market planning, social policy, and the sustainability of national economic programs.

Diagram 1

Population dynamics of Uzbekistan, mln[1]

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 considered in our forecast to ensure the effective functioning of the labor market:

• demographic factors influencing the growth of labor resources: including the age and sex composition of the population;

• labor supply determinants: encompassing the total number, structure, and qualifications of the workforce;

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[1] Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan
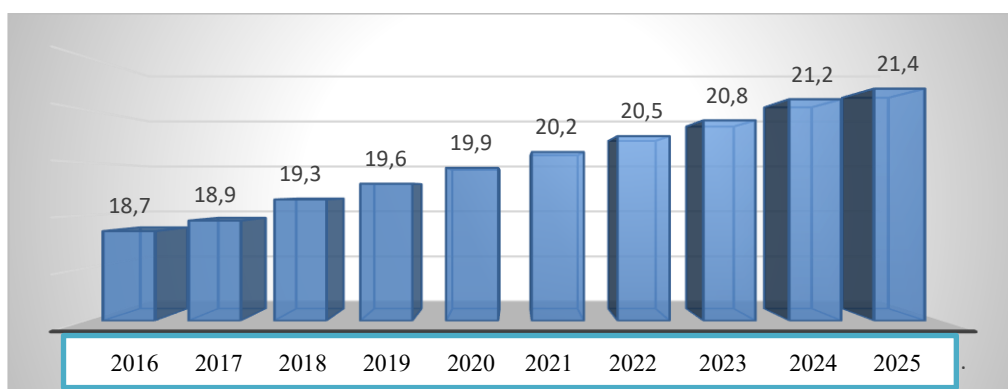
- economic activity factors: such as employment rates, sectoral distribution, and participation in the formal and informal economy;

- individual or personal factors: including education, skills, professional experience, and mobility, which affect employability and labor market participation.

These factors collectively provide a comprehensive basis for constructing reliable employment forecasts and developing policies to optimize labor market efficiency.

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[2]

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%.
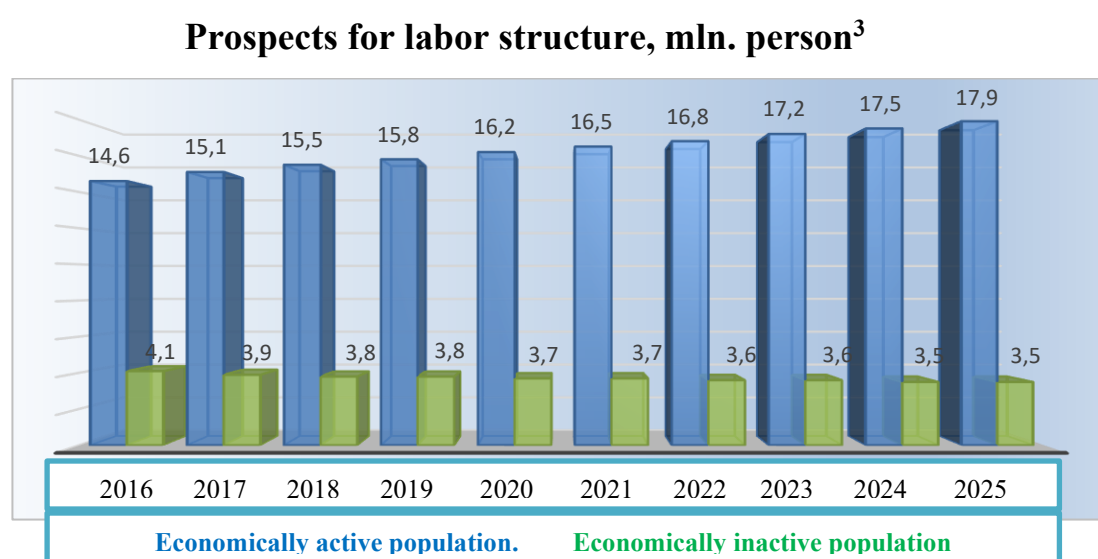
It should be noted that the labor force is composed of economically active and inactive population. During the forecast period, the economically active

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

Prospects for labor structure, mln. person[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;

[3]Source: Calculated by the author on the basis of data from the Ministry of Labor of the Republic of Uzbekistan

- 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, 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.

Discussion

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.[4]

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							
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

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[4] 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.

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%.

<div align="right">**Table 2**</div>

Forecasts of changes in the ratio between the income and expenses of the Pension Fund by changing the level of the average monthly salary.[5]

	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

Conclusions

The above data demonstrate that adjusting the growth rate of the average annual salary can serve as an effective lever for positively influencing the imbalance between the revenues and expenditures of the Pension Fund. An increase in wage growth directly enhances contribution inflows, thereby strengthening the Fund's financial sustainability and reducing structural deficits over the medium and long term.

Furthermore, when the average annual growth rate of pensions is aligned with the growth rate of wages, a balanced relationship between contributors and beneficiaries is maintained. Such alignment prevents the erosion of pensioners' purchasing power while avoiding excessive fiscal pressure on the working

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[5] 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.

population. As a result, intergenerational equity is preserved, and the redistribution mechanism within the pension system functions more efficiently.

In addition, the analysis indicates that demographic factors, including the size of the working-age population and the elderly, do not exert a negative impact on overall social welfare under conditions of stable wage growth and synchronized pension indexation. On the contrary, a well-calibrated wage–pension growth mechanism mitigates demographic risks and enhances the resilience of the pension system.

Overall, the findings suggest that policies aimed at stimulating sustainable wage growth, coupled with proportional pension adjustments, can contribute significantly to ensuring the financial balance of the Pension Fund and improving the long-term welfare of the population. These results provide a sound empirical basis for designing pension reforms focused on economic stability, social fairness, and fiscal sustainability.

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