

Unemployment Among the Youth of Uzbekistan: Reasons and Solutions

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Abstract

The goal of this article is to investigate the reasons and effects of issues including young unemployment, informal labour migration, and informal employment in Uzbekistan, as well as to propose practical solutions. The following tasks were identified based on the study's objectives: analysis of the situation, problems, and their causes and consequences in the field of youth employment, labour migration, and informal employment in Uzbekistan; study of the progressive foreign experience of state employment policy in the field of ensuring youth employment, regulating labour migration, and reducing informal employment; the formulation of realistic proposals for decreasing young unemployment, controlling labour migration, and reducing the scope of informal work by accelerating the establishment of long-term, highly-productive jobs.

Keywords: youth unemployment, labour migration, informal employment, Uzbekistan.

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1.0 INTRODUCTION

This paper is divided into five sections: The study's aim, research objectives, and hypothesis are briefly described in the introduction. Followed by the problem analysis part which gives in detail the analysis of current young unemployment issue and proposed solutions section where practical solutions are offered and discussed. Results and Discussion will represent the data that were collected from survey and final part is Conclusion and Recommendation.

1.1 Problem Statement

Currently, over 200 million people throughout the world are unemployed, with young people accounting for more than a third of the total. According to Ahunov, the unemployment rate among youngsters is often 2-3 times greater than that of adults.

Worldwide patterns of the dynamics of GDP and young employment demonstrate this (see Figure 1)

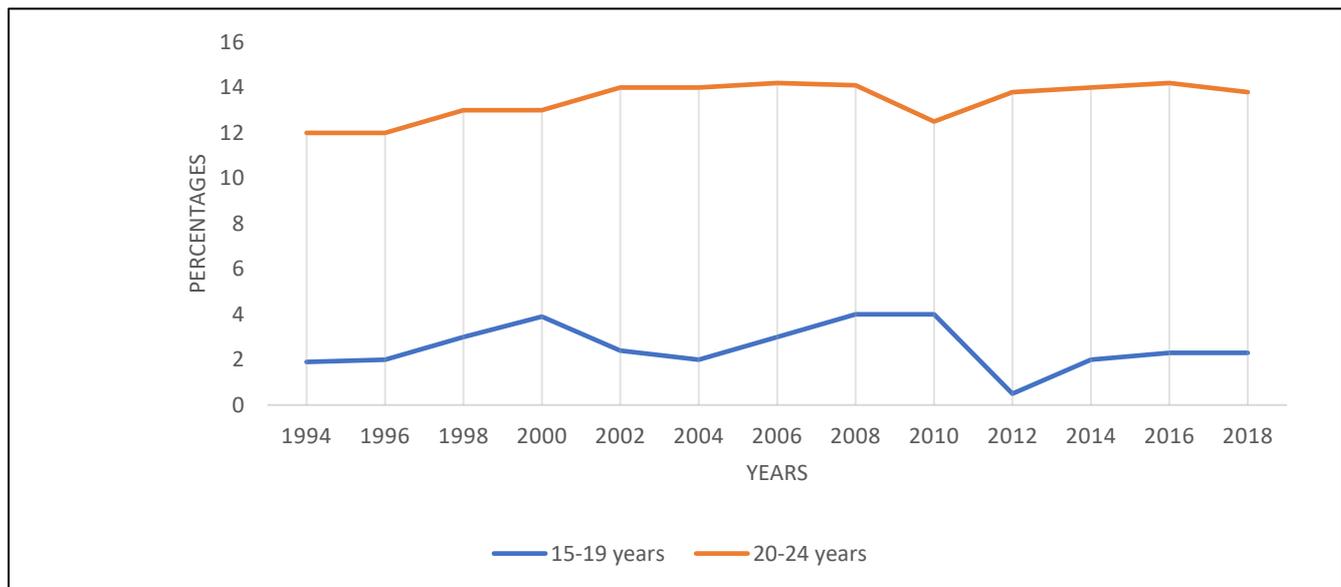
Despite falling worldwide poverty rates, the impoverished make up the majority of the young in many developed and developing nations.

As labor markets change, a "more flexible" workforce is becoming more popular, and as a result,

young people in many nations are often contracting for part-time and temporary employment. On the one hand, this shows that young people are more mobile; on the other hand, it also suggests that they are more vulnerable in the job market and have less opportunities to get a full-fledged labor contract. As a result, many young people find themselves in the so-called staging region, where work is often seasonal, and must rely on forced self-employment or a variety of part-time occupations to make ends meet.

In general, young people in nearly all developing nations face challenges in gaining access to: 1) knowledge, information, and education; 2) land for business; 3) find investments; 4) good employment; 5) labor markets; and 6) political debate. All of these issues exacerbate young people's job chances and make it more difficult for them to find quality jobs.

The significant economic costs associated with the loss of tax revenues, investment in human capital, a drop in aggregate demand, and an increase in the cost of government support programs are all direct consequences of youth unemployment and informal work.

Figure 1: Growth of GDP and Employment Among Youth Aged 15 to 24 in the World, 1991-2019

Source: Ajwad et al. (2019). Calculations based on World Bank and German Cooperation Society Survey "Work, Skills and Migration in Uzbekistan", 2019.

According to Kilimani, unemployment and insecure employment throughout the early stages of a person's career can have a long-term impact. Several studies have found that poor working circumstances at a young age are associated with poorer earnings, a higher probability of unemployment, and reduced job satisfaction later in life. As of Kahn, this is especially true for young individuals who have recently graduated from educational institutions and are hoping for a bright future.

Young individuals who are unemployed lose their social standing and sense of belonging to social circles, and they feel isolated. These variables may encourage teenagers to engage in acts of violence or extremism.

Indirectly, youth work influences the transition to adulthood, which includes the formation of a family and delivery. Precarious work and youth unemployment, for example, might result in an unintentional rise in the age of schooling, a postponement of marriage, and the formation of their own family.

As evident, the key to decreasing poverty and providing good living circumstances for both young women and men is to provide long-term youth employment. The administration of the Republic of Uzbekistan, a young country with the biggest population in Central Asia, is likewise faced with this challenge.

2.0 MATERIALS AND METHODS.

Many studies and official research papers on young unemployment have been published, including from Uzbekistan's perspective. And there appears to be a lot of debates and discussions concerning Uzbekistan's present youth unemployment predicament. Because teenage unemployment in Uzbekistan is such a hot topic and, more crucially, a public issue, there is a wealth of information available on it. The only issue is that research publications are often more strongly focused on unemployment in general, with youth unemployment being a subtopic. And, in general, youth unemployment studies present analytic data rather than micro-level country-specific issues. Research on unemployment of the young is also reliant on governments' willingness to share data so that Uzbekistan can make some type of conclusion from these studies. Many official research papers and studies produced by or supported by Uzbekistan can overemphasize the beneficial features of youth employment programs and initiatives in some circumstances. Other research articles and many different studies have to be considered for this thesis to acquire a true grasp of the issue and cross reference comparable themes. This thesis is highly influenced by the information that has been disclosed thus far, and the primary issue in discussing the current and future orientation of Uzbekistan, as well as youth

unemployment, is that Uzbekistan is currently at a critical juncture.

Unemployment among teenagers. According to official statistics, Uzbekistan's overall unemployment rate was 5.2 percent in 2018, which is low by worldwide standards. According to the International Labor Organization, the republic's unemployment rate in 2018 exceeded 8%, with a rate of just over 19% among young people aged 15-24. As a result, the young unemployment rate was about 2.5 times higher than the adult unemployment rate (25 years and over) (see Figure 2).

2.1 Causes of Youth Unemployment

Next, some of the main causes of youth unemployment will be listed.

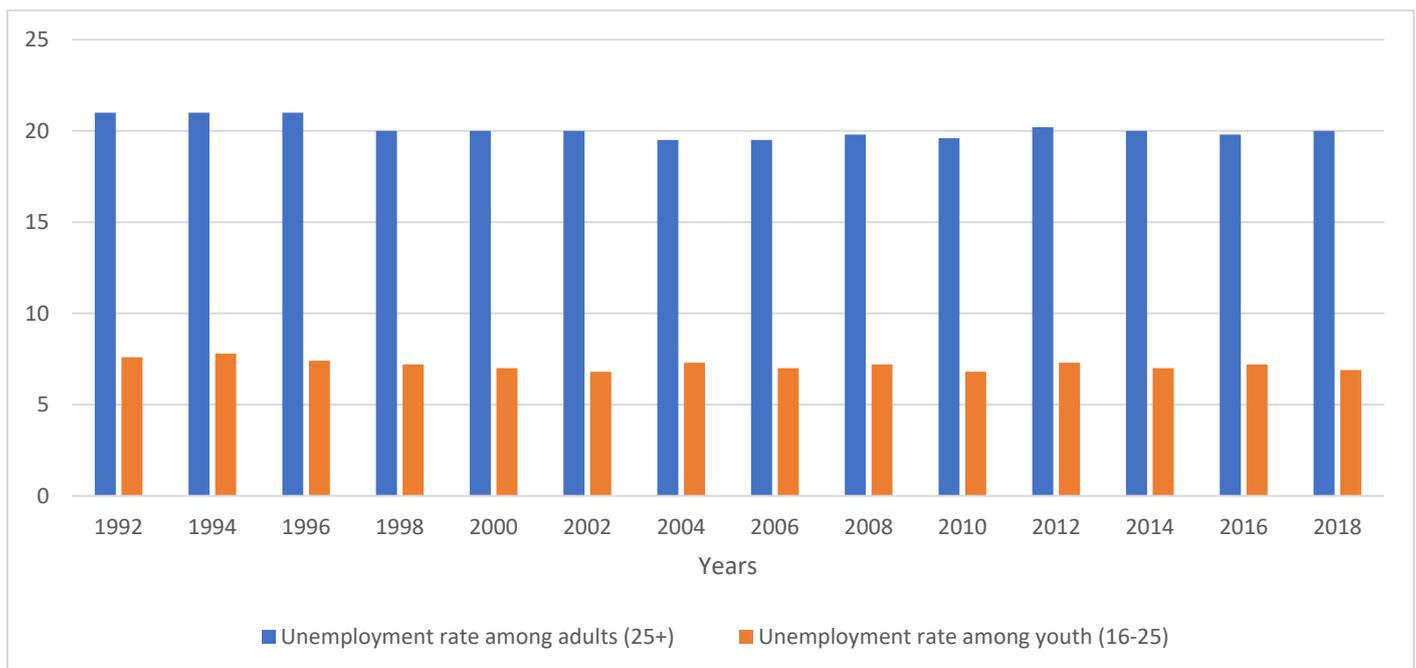
Inconsistency between the structures of training quotas and the needs of the economy. An imbalance in the labor market is emerging as a result of the mismatch between the frameworks of training quotas and the needs of the economy. For example, the ratio of newly generated industrial employment to university graduates in a specific specialization is 8 to 1, although no such ratio exists for college graduates. This shows that a low number of highly skilled workers in this business will slow the growth rate of gross value added and efficiency, resulting in lower labor productivity in the long run.

Technical specialists with sophisticated technological developments, as well as managers with modern management expertise, have been in short supply in recent years. In R&D, the number of technical and support workers is being reduced. The fraction of the population with higher education, academic degrees, and higher engineering and technical education remains low in the employed population. Contractual higher education is too expensive for the average Uzbek family's income, while quotas for "state-funded students" are insufficient to meet the need for specialists.

According to Biavaschi, the views of the World Bank, the European Bank for Reconstruction and Development, and other international agencies are backed up by research conducted by the HRC Consulting recruitment firm in Uzbekistan over a number of years. As a result, one of the most pressing issues facing employers is a scarcity of mid-level professionals in the manufacturing sector.

Many job searchers claim that the job market is restricted to ICT, pharmaceutical, and engineering positions. At the same time, there are virtually no openings in the sector of finance for high-level specialists. As a result, the disparity between the high demand for vacancies and the relatively low supply of openings

Figure 2. Unemployment rates among youth 1992-2018, %



Source: ILO (2020). Database "Key indicators of the labor market". <http://www.ilo.org/ilostat>

provides a chance for employers to manage wages, resulting in less than financially appealing working conditions.

We used HRC Consulting data on the number of published vacancies and job competitions on the MyJob.uz website in 2018, the first business social network in Uzbekistan that is part of the HR union, with a total number of specialists registered on the site - 65,900 people, and registered companies - 8071, to investigate how job seekers' expectations align with employers' - expectations.

According to HRC Consulting data, over 6 thousand positions were advertised in 35 segments of the labor market in 2018. The ten areas with the most vacancies were listed first (see Figure 3).

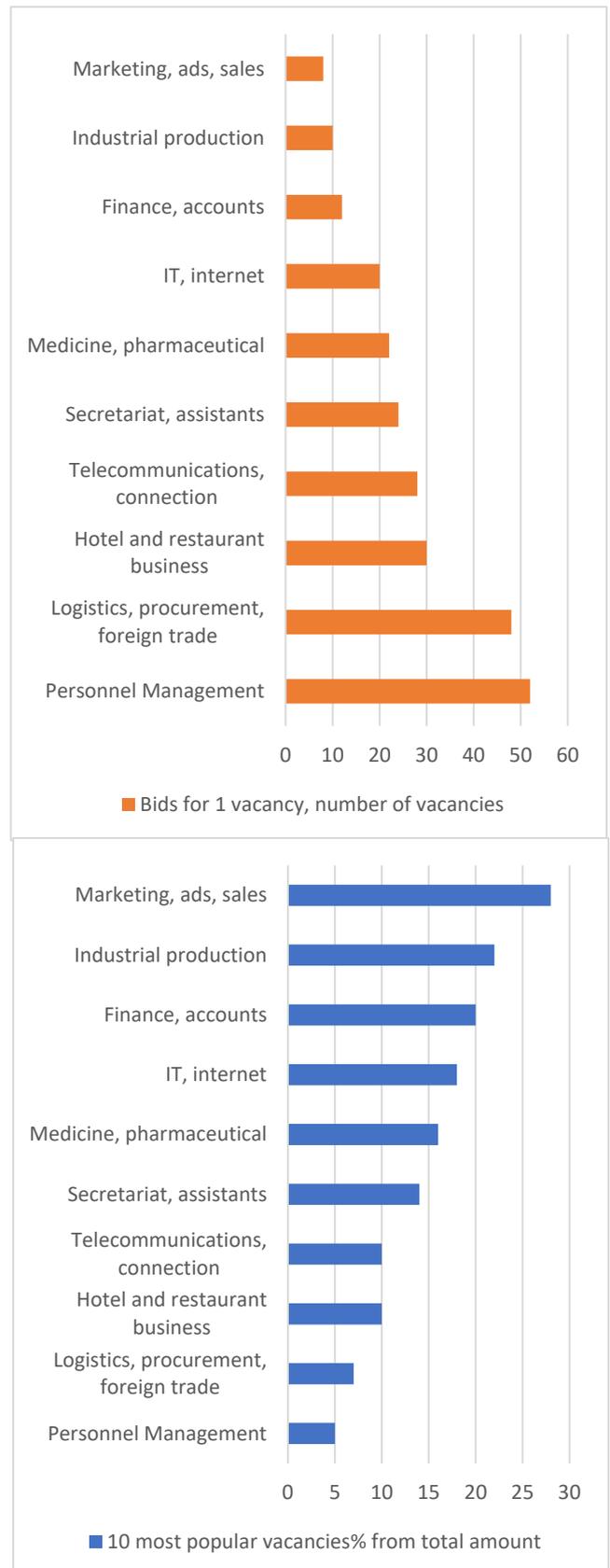
Study of data on qualifications, vacancies, and employment of young people is presented below in order to see how employer and job seeker opinions match with empirical evidence.

As you can see, there is a significant gap between the posted job openings and the candidates' applications. As a result, the majority of job openings are in the fields of "marketing, advertising, sales," "industry, production," and "finance, audit, and accounting," and the majority of applicants are looking for positions in "personnel management," "logistics, procurement, foreign trade," and "Secretariat, assistants". Simultaneously, if advertised openings are typically associated with higher education and a package of cognitive and non-cognitive skills, the positions for which people apply the most are typically connected with lower educational qualifications and a number of the above qualities.

Imbalances in the labor market can result from structural changes in the economy that affect the industries where the majority of the youth are concentrated (Kasuma).

In addition, labor market imbalances emerge as a result of the "drainage of young talents," or the exodus of young individuals from the country in search of fair pay, job experience, and professional advancement. This is aided not only by low pay, but also by the fact that in major corporations and organizations, candidates are frequently chosen based on recommendations from friends and acquaintances. As a result, this trend exacerbates the current labor market's oversaturation of

Figure 3. Supply and demand in the labor market by occupation



Source: HRC, "Surveys of the labour market and wages in the Republic of Uzbekistan", 2012-2018.

employees of the same kind with antiquated ways of thinking, outdated procedures and equipment for beginning a firm, and bureaucracy.

Lack of an effective vocational guidance system for young people. According to businesses, the absence of an adequate system of vocational assistance for young people in the republic is one of the main reasons for labor market imbalances and low levels of skills.

In the work sphere, the process of choosing a life path and career, as well as the creation of value orientations and preferences, has taken on a spontaneous quality. Young people's professional orientation is influenced by a variety of factors; the motivational system is muddled, and it is frequently overlooked by both young people and their parents, who have become almost the sole advisors in choosing a profession, often without having the necessary knowledge and skills. The consequence of this state of affairs has become a number of problems, which are recorded by the annual monitoring of the employment of graduates of vocational educational institutions, namely:

- Low rates of employment of graduates;
- Long terms of job search after graduation;
- a high proportion of those who cannot find a job in their specialty;
- High rates of turnover among graduates within 1-2 years after graduation;
- Instability and low efficiency of business projects carried out by graduates of professional educational institutions;
- The use of administrative levers to achieve satisfactory employment indicators for graduates.

The 2nd qualification group is usually allotted to graduates of vocational colleges, and professional development for workers, employees, and specialists is usually rewarded. For the economy, this has resulted in a significant drop in the quality of labor resources, as measured by indices of the average category of employees in mass professions and the average category of experts.

3.0 RESULTS

In order to provide young people with long-term work, a set of measures in the following areas are required:

- Development and implementation of a targeted subprogram for creating new jobs for young people (providing for the employment of young people, including returning young labor migrants, primarily in new or expanded production facilities;
- Provision of one-time subsidies to employers for vocational and advanced training of young workers aged 18 to 30, in the amount of four minimum wages;
- Creation of a targeted subprogram for creating new jobs for young people (providing for the employment of young people, including returning young labor);
- Development of a subsystem for advanced training and retraining for graduates of vocational schools and universities by offering tax incentives and favors for educational institutions, as well as preferential financing for further training and retraining for graduates (Gorry);
- For a period of up to three years, a 50% decrease in the single social payment rate on income from salaries of first-time employed graduates of professional colleges, academic lyceums, and universities in order to boost the share of formally executed labor contracts with young people;
- Assigning an individual taxpayer number (TIN) to all students of vocational colleges and academic lyceums, which will allow employers to quickly identify unemployed graduates and provide them with effective and timely assistance in resolving employment problems based on monitoring payments on social insurance contributions;
- Provision of one-time subsidies to employers for vocational training and advanced training of young workers from among socially vulnerable categories of the population,

directed by the Center for Social Welfare, in the amount of 5 minimum wages;

- Ensuring maximum support for innovations, start-ups and business plans initiated by young people by increasing access to loans for starting and running a business and providing preferential terms for doing business for persons under 24 years of age.

In order to ensure sustainable employment of young people in the medium term, it is necessary to implement a set of measures in the following areas:

- Adoption of a set of measures to increase the flexibility of labor legislation by simplifying the procedures for hiring, maintaining and dismissing young workers, as well as reducing the terms and volumes of benefits provided to them, and reducing the volume of compensation payments in order to stimulate youth employment;
- A consideration of the possibility of simplifying the procedure for obtaining a residence permit for young representatives of all regions of the republic (not only for Tashkent and the Tashkent region), given that young people, having higher mobility compared to adult workers, need support when moving between regions of the republic;
- Creation of career centers in universities and SSVE institutions that will provide information on available vacancies to students and students, providing that career centers will closely interact with recruiting agencies and employers in informing applicants about available vacancies;
- Formation of a system of vocational guidance and socialization of young people in order to prevent cases of wrong choice of a future profession by schoolchildren and adolescents;
- Improvement of the system of ensuring the integration of production and training of personnel in educational institutions of SSVE through the transition to the system of dual education, increasing the role of social partners in it (Dumała);

- Transition to an international system for assessing the quality of education in the public education system according to the PISA methodology and Uzbekistan's participation in PISA ratings in order to identify problems in the public education system and solve them consistently (Köhler);
- Development and implementation of subjects aimed at the development of cognitive and non-cognitive skills in the system of preschool and school education;
- Establishment of two universities in each city with a population of more than 80 thousand people -one multidisciplinary humanitarian university and one multidisciplinary technical university, as well as introduction of corporate governance and academic autonomy principles in order to effectively manage the universities (Bell, Lopez-Mayan).
- Ensuring an increase in the share of private universities, introducing a corporate management model, revising generally established standards of higher education, taking into account the advanced international experience of developed countries, especially successful models of Western countries, Singapore and South Korea;
- Development of a more flexible system of transition from one specialty to another, facilitating the transfer of students from one university to another when it is revealed that they do not have the potential and interest to study the previously chosen profession (Mohd Tahir);
- Development and implementation of the necessary mechanisms, standards and requirements for the provision of non-traditional forms of education, such as distance learning;
- An increase in youth coverage with high-quality higher education from the current 9% to 25% in the medium term, and up to 50% in the long term in order to solve the problem of the lack of qualified personnel with higher education (Posthuma).

4.0 DISCUSSION

In terms of youth unemployment, the next few years will be crucial. We don't know what kind of future Uzbekistan will have right now. But one thing is certain: youth unemployment will be severely impacted in the coming years. Economic trends have a big impact on youth unemployment; thus, the next economic boom or crisis could have favorable or unfavourable consequences.

The majority of young people and the youngsters are locked in low-paying occupations. And transitioning from education to full-time employment is not as straightforward as it once was. The kids will be locked in positions that do not take advantage of their education background, and they may have to wait an absurd amount of time before finding a career that will not waste their degree. In recent decades, the world has changed dramatically, and many businesses and manufacturing sectors have seen significant technological advancements. Because there are fewer opportunities for these manufacturing-based businesses, this has changed the demand for labor-intensive skills and increased unemployment in several regions of Uzbekistan. This will be a major issue in the future since, as previously said, many of the old sectors have altered in such a way that fewer workers are required, or those businesses and employment have simply vanished.

There is a significant risk that today's youth and future generations may become the next great lost generation. This might be a highly explosive situation for Uzbekistan, which is already dealing with many immigration concerns. If a lost generation occurs in one of the current or future generations, it could have far-reaching long-term consequences, both economically and socially. Overall, it's difficult to imagine a generation of people who have been let down by their peers' inadequacy in dealing with the current state of youth and youth unemployment.

5.0 CONCLUSION

In conclusion, the following results were obtained: the reasons for youth unemployment are: high demographic pressure on the labor market; insufficient supply of new jobs in the labor market of Uzbekistan; insufficient level of cognitive and non-cognitive skills among young people obtained in colleges and lyceums

and which are important for the formation of skills to make rational decisions in problem situations; low labor productivity of young people due to insufficient work experience; insufficient level of competencies among young people who graduated from vocational educational institutions, due to the low quality of education and ineffective selection of applicants (the presence of theoretical knowledge in the absence of practical skills; underdeveloped mechanisms of social partnership in the field of ensuring the integration of theory and practice in educational institutions, as well as subsequent employment of their graduates; chronic manifestation of the lack of realization of the potential of knowledge, skills and abilities among many young citizens due to the wrong choice of profession in the absence of an effective system of vocational guidance for young people; insufficient correspondence between the structures of training quotas and the needs of the economy in them.

If young people remain unemployed for a long time, they may lose faith in themselves, hope for self-realization and feel alienated. As a result, they can fall under the influence of destructive forces that can push young people towards violence and radicalism. In addition, the presence of youth unemployment means underutilization of the labor potential of young people in the economy (Tursun, Shodiev).

To solve the problems of reducing youth unemployment, practical recommendations were developed in the following areas:

- Increasing the efficiency of government agencies to ensure the solution of problems in the field of precarious employment;
- Improving the quality of secondary, secondary vocational and higher education, as well as the inclusiveness of higher education;
- Optimization of the tax burden on business and labor;
- Development of the social infrastructure of the territories.

More detailed measures in the above directions are presented in the last paragraph of this article. The practical recommendations that were the results of this study can be used by employees of state labor bodies, as well as other bodies when preparing decisions on improving the

regulatory and methodological framework of state employment policy, as well as when making managerial decisions.

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