

*Roziyev Amanillo*

*student of Asian International University*

*B.F.Azimov*

*Academic leader: Assoc.*

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## ANALYSIS OF THE LABOR MARKET AND ITS IMPACT ON ECONOMIC DEVELOPMENT

**Annotation:** This article provides a comprehensive analysis of the labor market and its impact on economic development. The labor market is an important component of the economy, and its effective operation has a significant impact on economic stability and the standard of living of the population. The main problems in the labor market of Uzbekistan, recommendations for their solution and state reforms in this field are objectively covered. The article is based on statistical data, international experience and scientific sources.

**Keywords:** labor market, sources of labor resources, urban and rural population ratio, economically active population, unemployment rate, comparative analysis

The labor market is an important component of the economy of every country. Labor market efficiency has a direct impact on economic growth. The economy of the Republic of Uzbekistan is at a new stage, and the labor market is of crucial importance in ensuring its stable development. This article analyzes the state of Uzbekistan's labor market, its main problems and ways to overcome them, as well as its impact on economic development.

The labor market is a market where labor is traded. Participants of the labor market are employers, employees and various intermediaries between them. Various intermediary firms, organizations and agencies form the infrastructure of the labor market. Labor power is offered to the market by its owner as a special commodity. Recruiters enter the labor market with demand. Labor can be traded directly between the buyer and the seller or with the participation of intermediaries. This work is done by the labor exchange or employment agencies. The sale of labor is formalized in the form of an employment contract. In the labor market, the agreed price of labor between the seller and the buyer of labor power is the wage. The demand for labor is inversely proportional to its price, i.e., the amount of wages, that is, if the wages increase, the demand for labor decreases, if it decreases, the demand for labor increases. The supply of labor in the labor market is in direct proportion to wages. The desire to work hard and earn a lot of money in conditions of financial need increases the labor supply. The importance and functions of the labor market are important components of the economic system. Their main aspects are as follows: Importance

1. Allocation of resources: The labor market ensures the allocation of labor force, which helps to efficiently allocate the talent needed to produce goods and services.

2. Job creation: The market allows more jobs to be created between employers and workers, which stimulates economic growth.

3. Economic stability: It helps to maintain balance between the public and private sectors, which increases the stability of the economy.

4. Formation of workers' incomes: In the labor market, workers determine real incomes for themselves, which ensures their economic well-being.

5. Social justice: Creates conditions for ensuring social justice through equal opportunities and wage negotiations in the labor market.

Functions of the labor market:

1. Employment: Manages the process of matching and employment of workers and employers.

2. Identify skills and talents: Workers will find opportunities to compete in the job market with their skills and talents.
3. Price mechanism: Wages and labor prices change according to market conditions, which helps to balance the economy.
4. Education and development: The labor market focuses on social learning and professional development, which creates the basis for making workers more qualified.
5. Political and economic impact: Changes in the labor market affect social and economic policies, resulting in scientific research and public policy development.

The labor market is one of the main departments of the economy and performs the following functions:

- Distribution and effective management of labor resources;
  - Creating jobs and ensuring employment;
  - Formation of the labor payment system.

The labor market plays an important role in ensuring not only economic, but also social stability. It provides resources to other sectors of the economy and affects the standard of living of the population. According to statistics in Uzbekistan, the working population of Uzbekistan in 2023 was 14.7 million, of which 10.8 million were employed (Statistics Agency, 2023). The unemployment rate was 8.8%, which is due to a lack of jobs in some sectors and a mismatch of personnel skills.

The main problems in the field of the labor market are:

- Rapid population growth and demand for new jobs;
- High level of unemployment among youth and women;
- Limited employment opportunities in rural areas;
- Labor migration processes.

Also, technological progress and international integration processes have a significant impact on the formation of the labor market in the country. The development of the digital economy is leading to the emergence of new professions and changing demands in the labor market.

The labor market affects economic development in the following directions:

- Reduction of unemployment rate: Creating jobs increases the income of the population and increases consumer demand.
- Effective distribution of labor resources: It helps to increase production efficiency by introducing new technologies.
- Development of human capital: Skilled workforce is the main factor of economic growth.

The reforms carried out by the government of Uzbekistan in recent years, in particular, the "State program for ensuring youth employment" and "Supporting women's employment" projects, serve the stable development of the labor market. At the same time, significant work is being done to improve labor legislation and improve working conditions.

In order to develop the labor market more effectively, it is recommended to implement the following measures:

- Attracting investments to create jobs;
- Improving the professional education system and preparing young people for the labor market;
- Improvement of labor legislation and improvement of working conditions;
- Small business and entrepreneurship support;
- Introduction of digital technologies and expansion of training programs for suitable professions.

It is also necessary to study international experience and develop programs adapted to local conditions. In particular, the approaches of countries such as Germany and South Korea on the integration of education and the labor market can serve as an example.

The labor market is one of the main factors of economic development. As a result of the analysis of the labor market of Uzbekistan, its situation, problems and ways of development were determined.

Through effective management of the labor market, it is possible to achieve economic stability and improve the standard of living of the population. State policy, in particular, the ongoing reforms to ensure employment and training of skilled labor force, is of great importance in increasing the competitiveness of the economy.

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