



PROSPECTS FOR MANAGING INFORMAL EMPLOYMENT IN UZBEKISTAN

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Abstract

The article summarized conceptual approaches to informal economy and informal employment (structural and legalistic) and revealed their basic descriptions, implemented comparative analysis of the approaches under discussion. A significant expansion of the original object of research is a result of the analysis. Determined the following relations between the regional development factors under discussion and the rate of the informal employment.

Keywords: informal economy, informal employment, informal economic activities, labor resources, economically active population, employers, unemployment, factors, which influences to the employment degree.

INTRODUCTION

In the field of studying socio-economic processes, the problem of informal employment and its features of validity in the labor market began to be studied in relatively recent years. It was especially recognized that informal employment in different countries does not exist in the labor market, but as the territorial study of this phenomenon gradually expands to the problem under study, it became known that informal labor relations exist to one degree or another in all forms of management.

The issue of informal employment, which began to be studied from the second half of the XIX century, was practically occupied in studies in the direction of stabilization of the labor market in economic systems developed in different directions from the second half of the XX century, but the employment situation did not find expression in any indicators.

The informal economy today includes about 90% of the world's microfilaments and small enterprises, in which more than 50% of the world's labor resources are occupied [1].

Employment in the informal sphere is characterized by a number of signs characteristic of all market economy countries [2].

First of all, it is not registered in full size by official statistics and is not accounted for. "Informal clauses" are not recognized and supported by public administration agencies. Secondly, in this area, the employment has a small capital, labor productivity and income are much lower. Thirdly, a large part of the developers will be practically alienated from organized market access, the use of the services of credit institutions, modern technologies, formal education and professional and technical training.

Fourth, items in this area are usually outside the sphere of activity of the social protection system, labor legislation and labor protection standards.

The presence of these situations makes one of the pressing issues in the labor market today, the need to legalize the activities of informal items occupied in the informal economy sector

and, along with formal items, to take advantage of existing opportunities and bring obligations to a fulfilling status. The above cases indicate the relevance of the theoretical and practical study of the state of informal employment in the national economy, and from this point of view, the article explores the state of informal employment in the national labor market and its features.

LITERATURE ANALYSIS

In the direction of employment policy, employment assurance, informal employment and its legalization, research has been carried out in recent years by many foreign and domestic economists. The informal economy sector as well as informal employment issues are discussed by foreign scientists. R.Akhmadeev, B.A.Musaev, M.Castels, A.Portes, Hernando de Soto, F.Slonimchuk, E.Ya.Varshavskaya, I.V.Studied by the donovas.

D.R.Akhmadeev in his research analyzed in depth the approaches to the issues of informal economy and informal employment in it and studied the influence of factors on the change in the level of informal employment in the regions of the Russian Federation [13].

And by B.A.Musaev, informal employment is indicated as one of the prerequisites for the formation of a new economic asset, and as the main reason for its emergence and growth in the Russian Federation, the migration of labor resources from agricultural and industrial sectors to the service sector [14].

Considered representatives of the initial appearance of a structuralist approach to informal economic activity M.Castels and A.Portes have developed a functional classification of this view based on the goals of informal types of activity as the result of a series of studies [4].

Peruvian economist Hernando de Soto, who proposed a concept related to the nature of the informal economy and informal employment in it, indicated the reasons for the emergence of an informal economy in the concept and was proposed by him an original classification of expenses related to the conduct of entrepreneurial activity in the formal and informal sector [6].

Researcher F. Slonimchuk while studied in his studies the issues of effective use of the tax system in lowering the level of informal employment [8], E.Varshavskaya and I.Donovas theoretically and practically analyzed the causes of the occurrence of informal employment in individual countries and its consequences [10].

Types of employment in the labor market, features, socio-economic essence, components, elements, some aspects of the main tasks and functions of the academic Q.X.It was studied by Abdurakhmonov [3]. At the same time In the studies of the M.M.Mirzakarimova and Sh. Olimjonovas [2], the essence and specifics of informal employment and the issues of its legalization were scientifically-theoretically studied, and the state and composition of informal employment in the national labor market were studied on the basis of questionnaires. By us, the state of informal employment in the regions of the Republic of Uzbekistan and its trends in change are analyzed on the basis of Statistics and, assessing the degree of influence of factors affecting the change in the level of informal employment, the forecast indicators of informal employment in the labor market of our country are developed in the future.

METHODOLOGY

In the research, the essence of informal employment, an informal economy and its structural element, approaches to informal employment were studied on the basis of a monographic study, and this view of employment in the labor market was theoretically comprehensively studied. Using official statistics, the level of informal employment in our country was determined, its trends in change were assessed, and the level of dependence of the main socio-economic indicators with informal employment was determined by grouping regions based on the level of informal employment in the regions of the country.

Scientific abstraction, statistical grouping, statistical comparison, analysis and synthesis methods were used as research methodology in the process of carrying out the study.

RESULTS AND DISCUSSIONS

Several approaches to informal employment have emerged in the world in the process of researching the labor market and changes in it. The most common of them is the structuralist approach of the International Labor Organization, as well as the Marxist approach.

According to the International Labor Organization (ILO) approach, the origin of informal employment is the result of the combination of excess labor with low demand for it, which is the main reason for the growth of the informal sector. The informal sector, based on this approach, is characterized by the simplicity of the technologies used by a small volume of entrepreneurial structures (mainly self-employment or family firms), as well as the ease of access to the market.

In the study of informal labor relations in the Marxist approach, which is considered a relatively temporal view of the structuralist approach, the focus is on productive relations (in particular, the mechanism of Labor subordination), the flow of goods (informal activity and relations between large law firms), class contradictions and changing economic, institutional, social and legal conditions. Prominent representatives of the Marxist approach were classified functionality of informal activities is proposed by M. Sastells and A.Portes [4, c.37-38].

From the classification, it can be concluded that not only formal but also informal activities can contribute to the capital accumulation function, since businesses operating in the formal sector are also able to move from the formal sector to the informal sector and can do so consciously.

A special approach to the study of informal economics was proposed by the Peruvian economist Hernando de Soto [6]. The basis of the De Soto concept is the excessive bureaucratic organization of the legal sector of the economy, which prevents the free development of competitive relations, the main reason for the development of the informal sector of urban areas.

De Soto also developed the original classification of costs associated with the conduct of entrepreneurial activities. This classification is based on the sign of the legality or illegality of entrepreneurial activity. If the business entity legally carries out its activities, it pays the "price of subordination to the law", which consists of several parts. The first is the "costs of obtaining the status of legality", which are associated with state registration for the conduct of entrepreneurship on a legal basis, as well as other organizational costs. In addition, the entrepreneur bears damages due to the "costs of continuing activities under the law" – the payment of taxes and other fees, the obligation to bureaucratic regulation of production standards and violation of legal procedure in resolving disputes.

If an entrepreneur decides to bypass the current legislation and carry out his activities, he will definitely be exempted from the “price of obedience to the law”, but he will be forced to pay the price of “illegality”. The “cost of illegality” includes expenses related to evasion of legal sanctions, expenses related to the transfer of income, expenses related to tax evasion and payment of wages, expenses related to the absence of legally recorded property rights, expenses related to the impossibility of using the contract system, expenses related to the only bilateral nature of an illegal transaction, and costs [6, c.176-215; 7, c.167].

De Soto's great share was such that, thanks to his activities, informal labor activity was seen not only as an associative phenomenon, but as a reflection on the excessive bureaucratic organization of society, in particular the economy.

We will try to study and assess the state of informal employment in our country on the basis of official statistics, based on the points considered (Table 1).

From the data in the table, it can be seen that during the period 2000-2018 in our country, under the influence of demographic factors, the number of permanent residents has steadily increased, and the number of permanent residents has steadily increased. The share of the number of labor resources in the permanent population increased until 2010 (59.7 percent), and this figure decreased in the period until 2015 (57.9 percent), and in 2016 increased by 58.5 percent, and in 2017 and 2018 the share of labor resources in the permanent population decreased.

TABLE 1

Changes in some indicators of the labor market in Uzbekistan in 2000-2018

| Indicators | Years | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|
| | 2000 | 2005 | 2010 | 2015 | 2016 | 2017 | 2018 |
| Permanent population (thousand people) | 24487,7 | 26021,3 | 28001,4 | 31022,5 | 31575,3 | 32120,5 | 32656,7 |
| Number of labor resources (thousand people) | 12469,0 | 14453,2 | 16726,0 | 18276,1 | 18488,9 | 18666,3 | 18829,6 |
| Percentage of the number of labor resources in the number of permanent residents (%) | 50,9 | 55,5 | 59,7 | 57,9 | 58,5 | 58,1 | 57,6 |
| The number of official employments in the economy (thousand people) | 8983,0 | 10196,3 | 11628,4 | 13058,3 | 13298,4 | 13520,3 | 13273,1 |
| Official employment rate (%) in relation to the number of labor resources | 72,0 | 70,5 | 69,5 | 71,5 | 71,9 | 72,4 | 70,5 |

| | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|
| Number of unemployed (thousand people) | 35,4 | 27,7 | 658,2 | 709,4 | 724 | 837 | 1368,6 |
| Unemployment rate in relation to the number of labor resources (%) | 0,3 | 0,2 | 3,9 | 3,9 | 3,9 | 4,5 | 7,3 |
| Number of informal items (thousand people) | 3450,6 | 4229,2 | 4439,4 | 4508,4 | 4466,5 | 4309,0 | 4187,9 |
| Informal employment rate (%) in relation to the number of labor resources | 27,7 | 29,3 | 26,5 | 24,7 | 24,2 | 23,1 | 22,2 |

The number of items being accounted for in official statistics as official items in the economy has also grown steadily in terms of quantity over the past 19 years. However, even in the share of items in the structure of labor resources, a trend in the change in the share of labor resources in the number of permanent residents is observed.

Today, in the official statistics of our country, the number of working-age residents, of which, the number of economically active residents, the number of labor resources, the number of items in the economy and the number of unemployed are presented as indicators of the labor market. In official statistics, significant interruptions are visible in the system of statistical indicators, when the informal employment of the population is not recognized as a separate indicator. In an economy given in official statistics, the sum of the number of items and the number of unemployed gives an economically active population, however, if the number of economically active residents is excluded from the number of available labor resources, a significant amount of labor resources, which are not taken into account in statistics, appear as the resulting difference.

Based on our current legislation, in the content of unemployment and employment assistance, the unemployed who apply to territorial employment agencies are taken into account in the status of official unemployed, without which, logically, it is correct that the part of labor resources obtained as the above difference is considered as informal items.

Based on the data published by the State Statistical Committee of the Republic of Uzbekistan on the end of 2018, we will try to determine the impact of a number of factors on the level of informal employment in the national labor market. To determine the influence of factors on the level of informal employment, the regions of the Republic of Uzbekistan were grouped as follows (Table 2):

Group 1. Areas with the lowest informal employment rates-from 17% to 20% (5 areas in total);

Group 2. Areas with low informal employment rates-from 20 percent to 23 percent (4 areas in total);

Group 3. Areas with moderate levels of informal employment-from 23% to 26% (3 areas in total);

Group 4. Areas with the highest informal employment rate are above 26% (2 areas in total).

TABLE 2

Grouping of the level of informal employment in the regions of the Republic of Uzbekistan

| Groups by informal employment level | Areas | Informal employment rate (percentage) |
|---|----------------------------|---------------------------------------|
| Group 1 17-20 % | Tashkent region | 17,1 |
| | Bukhara region | 17,4 |
| | Syrdarya region | 18,5 |
| | Navoi region | 19,1 |
| | Andijan region | 19,2 |
| Average informal employment rate by Group 1 | | 18,2 |
| Group 2 20-23 % | Tashkent city | 20,9 |
| | Fergana region | 21,4 |
| | Khorezm region | 22,4 |
| | Samarkand region | 23,0 |
| Average informal employment rate by Group 2 | | 21,9 |
| Group 3 23-26 % | Surkhandarya region | 24,6 |
| | Kashkadarya region | 25,1 |
| | Namangan region | 25,7 |
| Average informal employment rate by Group 3 | | 25,1 |
| Group 4 more than 26 % | Republic of Karakalpakstan | 26,8 |
| | Djizzakh region | 29,8 |
| Average informal employment rate by Group 4 | | 28,3 |
| Average informal employment rate in the Republic of Uzbekistan | | 22,2 |

An analysis of the grouped data allows us to determine whether the most regions of our country (9 or 69.2 percent) are in the group with the lowest and lowest levels of informal employment.

Consider the relationship between the unemployment rate of informal employment in the regions within these groups, the average per capita gross regional product, the average per capita investment volume by group, the rate of development of small enterprises in the region and the average Real per capita total income volume by groups, describing each region.

The unemployment rate indicator describes the efficiency and scale of the official sector of the economy, which describes the demand for labor, as well as the socio-economic situation of families forced to look for ways to earn money in the informal sector, in conditions of low demand for labor in the official sector of the economy. The unemployment rate for each group of Regions was determined by finding the arithmetic mean of the sum of the indicators of the unemployment rate in each region included in a separate group, the average amount of per capita investment in the group area, the level of development of small enterprises in the region and the average Real total per capita income by groups (Table 3).

TABLE 3

The relationship between informal employment in grouped areas and socio-economic indicators that characterize the area

| Informal employment rate (percentage) | Unemployment rate (percentage) | Gross regional product (thousand sum per capita) | Average volume of per capita investment (thousand sum per capita) | The number of small enterprises per 100 thousand people | Real average total per capita income (sum) |
|---------------------------------------|--------------------------------|--|---|---|--|
| 17-20 | 9,2 | 13187,1 | 4950,9 | 824,7 | 8517,8 |
| 20-23 | 9,2 | 11234,1 | 3919,6 | 953,9 | 8396,7 |
| 23-26 | 9,6 | 7433,1 | 3678,1 | 5112,0 | 6137,1 |
| More than 26 % | 9,5 | 8236,6 | 3167,5 | 682,4 | 6082,7 |

The average informal employment rate obtained as a result of the grouping of territories by the existing level of informal employment (4 groups) is the unemployment rate in the group of these territories, the average level of gross regional product per capita, the average amount of investment per capita by group, when studied the level of development of small enterprises in regions and the dependence of the average per capita Real total income volume by groups, it was found that the level of informal employment is inversely related to the level of unemployment in regions and the level of development of small enterprises, the average per capita gross regional product, the average per capita investment volume and the average.

Based on the above analysis, the unofficial employment rate for the regions of the Republic of Uzbekistan in a specific year, i.e. 2018, indicates a state of correlation between socio-economic indicators characterizing these regions. By determining to what extent socio-economic indicators should be managed in the legalization of informal employment by Regions and regions based on this level of dependence, it will be possible to clearly determine the directions of further activity.

RESULTS

Based on the study of the state of dependence of the reasons for the occurrence of informal employment in the economy, as well as the factors affecting it, the following conclusions were drawn:

1. Employment in the informal sphere the presence of signs characteristic of all market economy countries makes one of the pressing issues in the labor market today, when it is necessary to legalize the activities of informal items occupied in the informal economy sector, as well as to take advantage of existing opportunities along with formal items and bring obligations to a fulfilling status.

2. According to the International Labor Organization (ILO) approach, the origin of informal employment is the result of the combination of excess labor with low demand for it, which is the main reason for the growth of the informal sector.

3. According to proponents of the Peruvian economist Hernando de Soto approach (legalistic approach), those who are engaged in the informal sphere are not a burden for society, but they serve as the basis for the development of the national economy, since they

are entrepreneurs who are struggling in their own way in difficult conditions of bureaucratic regulation.

4. The complexity of assessing factors that affect an entrepreneur's predisposition to the spread of informal employment is explained by his secrecy from the eyes, difficulty in determining boundaries, official data, as well as clear criteria and the absence of parameters.

5. Based on our current legislation, in the content of unemployment and employment assistance, the unemployed who apply to territorial employment agencies are taken into account in the status of official unemployed, without which, logically, it is correct that the part of labor resources obtained as a difference from the exclusion of the economically active population from the number of available labor resources should be considered.

From the above conclusions, we believe that in order to legalize the informal employment situation that exists in the labor market of our country, activities in the following direction are required:

1. Legalization of informal employment status through the current legal and regulatory framework;

2. Encourage the transition of informal items to the formal sector by expanding benefits in the tax and pension system;

3. Strengthening economic and administrative penalties applied to cases of informal recruitment of labor for enterprises in the status of legal entities;

4. Application of a differentiated and flexible approach, taking into account the difference between the regions, in the implementation of public policies in the field of informal employment;

5. Ensuring the migration of informal items to the official labor market by effectively managing the factors that indirectly affect it in the legalization of informal employment in the territories.

As a result of activities in the indicated directions, the legalization of the state of informal employment in our country accelerates to some extent.

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