

Theoretical Basis of The Labor Market Infrastructure in The Conditions of Economic Modernization

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ABSTRACT

The article examines the main elements of the labor market infrastructure, directions of development, classification of the activities of state and non-state structures that promote employment, as well as their interconnectedness and interdependence.

Key words: *labor market infrastructure, component, state and non-state employment services, recruitment system, recruitment agencies, labor legislation, enterprises, firms, productive employment.*

INTRODUCTION

Labor market infrastructure is an important element of government employment regulation. The experience of labor mediation organizations in the labor market shows that a developed infrastructure is necessary to improve the efficiency of the relationship between supply and demand for labor between a particular market entity. For the interests of both parties to be compatible, an independent external regulatory body is needed to act on behalf of the state. In most countries, the main organizational form of regulation of relations between the subjects of the labor market is the state employment service.

In his Address to the Oliy Majlis, the President of the Republic of Uzbekistan Shavkat Mirziyoyev said: "The ultimate goal of economic reforms in the new year will be to reduce poverty and improve the welfare of the population. These strategic goals will be achieved through high rates of economic growth, which will create equal opportunities for all "[7].

Accordingly, one of the most pressing problems in our country today are the problems associated with the effective development of the labor market in the context of market relations associated with the innovative development of the economy, i.e. improvement of organizational, economic and social mechanisms to achieve market balance between demand and supply of labor.

Statement of a scientific problem

In researches of Academician Abdurakhmonov K.Kh, the most important criterion for the quality of the labor market is the level of development of its infrastructure, the socio-economic significance of the labor market infrastructure, the elements of its constituents, some aspects of its main tasks and functions. It is also necessary to include special bodies in the system of relations in the labor market to ensure the absence of conflicts between them, to organize and regulate employment processes and policies using various economic instruments and methods, legal norms.¹

¹ Abdurakhmonov K.Kh. Labor economics (textbook). -T.: - "Trud" - 2009. -512 p.

In the article of Smirnov S. examines the main directions, goals and objectives of the state employment policy, methods and indicators for assessing the state employment policy, the mechanism of employment and incentives, measures taken by the state to promote effective employment.²

In scientific articles of Kabalina V., Kozina I., the organizational structures of mediation in the sphere of employment are investigated, i.e. the main activities of the state employment service, classification of non-state employment services according to various criteria and a comparative analysis of the effectiveness of state and non-state employment services and their relationship.³

Researches of Beisenov S., Mukhambetov focus on the formation and development of the labor market infrastructure, its organizational structure and superstructure elements, tasks and functions, the hierarchical system of division levels and the basics of organizing activities in the labor market infrastructure.^{4 4}

The approach of Varfolomeeva O.A explores the scientific basis for the formation of labor market infrastructure, examines the mechanisms of legal, financial and economic regulation for the formation and development of the labor market, the activities of state and non-state employment promotion structures as a system of labor market infrastructure institutions. It also classifies the components and elements of the labor market infrastructure at different levels in the field of economics and management, as well as indicators for assessing the effectiveness of the state employment service.^{5 5}

Research methodology

The research used a dialectical and systematic approach to the study of economic systems and relationships to determine the components of the labor market infrastructure and their relationships, comparative analysis and grouping methods.

The presence of advanced structural structures that coordinate the economic interests of all participants in the labor market will allow society to create a labor market that can mitigate the consequences of market changes, rationally organize production and increase profits.

The main elements of the labor market infrastructure include: government agencies, non-government employment agencies, private intermediaries that provide employment services to enterprises and firms, government organizations and foundations that provide effective employment.

In our opinion, the interdependence and interdependence of the objects of this market infrastructure in the regulation of employment and the management of the labor market in the field of employment occurs on the basis of the following conditions [8]:

- 1) labor legislation;
- 2) creation of a mechanism for social cooperation in the field of employment;

² Smirnov S. Methods for assessing the state employment policy // Questions of statistics. - 1998. -N2 4. - P. 29–34

³ Kabalina V., Kozina I. Employment intermediation: a comparison of the effectiveness of the state and private structure // Man and Labor. - 2000.-№12

⁴Varfolomeeva O.A. Formation of the labor market infrastructure in a transitional economy. - SPb., Extract SPvUEF. 2001 yea

⁵ Varfolomeeva O.A. Formation of the labor market infrastructure O in a transitional economy. - SPb., Extract SPvUEF. 2001 yea

3) implementation of a unified employment policy throughout the country;

ANALYSIS AND RESULTS

It is known that the history of the emergence of public employment services in national labor markets dates back to 1919, when the ILO was established. The first developed and adopted ILO Convention (ILO Convention No. 2 of 1919 concerning unemployment) calls for the adoption of a provision establishing a free public employment office.

The structure of the state employment service in the country consists of three levels: the Ministry of Labor, which implements state policy in the field of social and labor relations at the national level, its departments at the regional level, city and district centers. In this organization, financing of programs to promote employment and the implementation of functions of social protection against unemployment is carried out mainly at the expense of the republican budget and the State Employment Fund.

In our opinion, services for employment without employment can be divided into several types (Table 1).

Table 1
Classification of non-state intermediary companies by types of labor market ⁶

Types of agencies	Description
1. Employment Agency	The largest number of teams for the selection and assignment of workers and specialists of all categories to workplaces. Within this organizational structure, a limited group of specialists can be divided into agencies specialized in employment.
2. Agency for youth marketing of labor force and labor force abroad.	Search for foreign partners in studying the demand for skilled labor. Testing, help with a resume, study and training (mainly in a foreign language), registration of work visas and order of residence.
3. Personnel consulting agency.	Provides assistance in the selection of highly qualified specialists, analyzes the personnel problems of the company.
4. Short specialized agency	Provision of employment services to certain categories of citizens (dismissed military personnel); provision of recruiting services for specific areas of activity (for example, family selection).
5. Personnel outstaffing agency	The customer submits a personnel report to the staff of the company and transfers it to the staff of the supplier company.
6. Personnel outsourcing agency	Employees of the agency staff perform their labor functions by serving the customer organization.
7. Training and post-employment centers	They offer training in the most modern specialties for guaranteed employment in the country and abroad for the fields of economics, jurisprudence, programming, tourism, services.
8. Others	Along with other forms of entrepreneurial activity, it provides special services for the selection and employment of personnel.

⁶ Developed by the author.

Non-state employment services often specialize in working with certain categories of the working-age population: highly qualified specialists at the top and middle levels of government, reservists and highly qualified workers of certain professions. Their services are preferred by national and foreign private companies. With regard to the public employment service, the relationship of agencies with employers is fairly holistic and largely reliable.

Recently, many researchers have focused on assessing the effectiveness of the formation of state and non-state structures to promote employment in the labor market [1, 2, 3, 5]. The main object of the study is the socio-demographic and professional description of customer service, respectively.

Summarizing the research results shows that public and private employment services are provided in different segments of the labor market. Most of the clients of private services are young people aged 24-26⁷. At the moment, clients of the public employment service are 40 years old, and most of them have a high level of education.⁸ The share of highly educated candidates hired through private agencies is 1.8 times higher than among those employed through the state employment service. units. In general, the share of young people among customers of private services is 1.5-2 times higher than in the state employment service.⁹

The share of clients of the public employment service with additional specialization is much lower than the share of clients of commercial services, as they underestimate the potential of private employment agencies.

Private agencies rarely work with less competitive categories of the population on the labor market (with young people without professional education, with long-term unemployed, etc.).

Consumers of private services are better off: according to a survey of those who applied to the state employment service, the share of those whose average family income is below the subsistence minimum of the city amounted to 65.6%, among those who applied to private agencies - 16.8% [4].

There is a significant difference between clients of comparable organizational structures: private agencies are often approached by citizens looking for new jobs, and public employment services, which are often unemployed. Therefore, when comparing the state employment service with private structures, mainly citizens with a sufficiently high resource capacity in the labor market apply: young people with higher education, work, a certain level of well-being; not only for job seekers, but also for those who want to earn extra money.

One of the achievements of the public employment service is the database of available vacancies by quantitative indicators, as a database used by private services. In turn, private agencies outperform the public employment service in the quality of the vacancies they provide to employers and job seekers, and in the availability of complete information.

It should be noted that about a quarter of the clients of the public employment service belong to the "universal" category, that is, both in the list of public employment services and

⁷ Source: based on the results of opinion polls conducted by the author.

⁸ Source: Labor and Employment in Uzbekistan. State Committee on Statistics of the Republic of Uzbekistan. - Tashkent: 2019.36-38-p.

⁹ Source: based on the results of opinion polls conducted by the author.

in the list of private agencies. At the same time, clients of the state employment service who have turned to commercial intermediation are the discrepancy between supply and demand for vacancies at an acceptable level of wages for resuming work. At the same time, only 16-18% of vacancies in the base of the state employment service guarantee wages above the subsistence level.¹⁰¹¹¹

Duplication of vacancies increases the share of “universal” clients, does not improve the mechanism of their distribution among various employment services, and increases the workload of employees of the state employment service. This absolutely does not allow increasing the efficiency of employment of the unemployed. Thus, a prerequisite for the development of effective employment policy is the shared responsibility of all public and private organizations working in the field of employers and employment, especially at the local level, to implement measures aimed at increasing employment.

A practical step towards the goal can be a partnership between employers, government and commercial services, which promotes employment based on labor market segmentation and the feasibility of activities, taking into account the composition of vacancies and the specific characteristics of job seekers.

As a non-employment service in the labor market, HR services provide recruiting and training of highly qualified professionals. These firms are only accountable to clients, and their activities are focused on working with employers.

The existing system of personnel services for the selection of personnel in developed countries is a sign of the development of the labor market infrastructure. According to the Palmen Institute (USA), 98% of all American companies rely on HR services.

Recruiting is a paid recruiting service that acts as an independent organizational structure on behalf of employers. Accordingly, recruitment agencies are engaged in any activity in the labor market that offers recruiting services to potential employers. Recruitment agencies can be classified according to a number of criteria (Table 2).

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Table 2
Classification of recruiting agencies¹²

Classification marks	Specialization of agencies
1. Level of hierarchy within the firm	Selection of top managers
	Universal choice
2. Professional affiliation or chosen field of activity	Selection of specialists with a short profile in several interrelated professions
	Selection of workers in a wide range of occupations
3. Hiring type	Personal leasing
	Selection of staff for permanent employment

¹⁰ Source: Labor and Employment in Uzbekistan. State Committee on Statistics of the Republic of Uzbekistan. - Tashkent: 2019.36-38-p.

¹¹ Source: Labor and Employment in Uzbekistan. State Committee on Statistics of the Republic of Uzbekistan. - Tashkent: 2019.36-45-p.

¹² Developed by the author.

The first group of recruiting agencies is the most popular universal agency that is ready to select personnel for any level of management. The main attention is paid to the selection of employees of the lower and middle management level.

The agency for the selection of top managers is the elite of the personnel business. They look for important management responsibilities across all areas of the company, from deputy department head to corporate president at global headquarters.

The goal of any private agency is to independently resolve three issues: 1) understand the needs of the customer company in personnel; 2) find a proposal that best meets these needs; 3) examination of previous candidates to guarantee the customer maximum efficiency and order of future employees.

According to a survey conducted by the USAID Association for Enterprise Study Projects, 79.0% of respondents from many national, joint and foreign companies use the services of recruitment agencies. The main criteria for choosing a recruiting agency are not only the cost of services and the duration of the order, but also the "age" of the company and the reputation of the employees.

The development of recruiting agencies will make it possible to effectively shape the labor market. However, this is due to the outflow of highly skilled labor from the country, since in most cases the clients of such agencies are joint ventures or foreign firms.

The spheres of activity of various organizational structures in the labor market are well defined. At the same time, state bodies provide a wide range of free services for almost all categories of the population, as well as provide social protection and support to vulnerable segments of the population in the labor market. In the field of labor mediation of the labor market infrastructure, state and non-state services are developing simultaneously and are engaged in completely different types of activities.

In our opinion, there are a number of significant differences in the development of state and non-state structures in the labor market:

First, if the development of state structures for promoting employment is carried out by the state on the basis of a specific program, then the development of non-state structures for promoting employment is carried out not within the framework of state programs, but privately.

Second, while the development of the labor market infrastructure depends on the effectiveness of employment agencies in promoting employment, the formation of most non-governmental organizations in regulating labor relations has been achieved through the creation of new structures. This, in turn, creates differences in methodology and resources for the implementation of various infrastructure activities. Thus, state bodies have a material and methodological base and certain skills in working with representatives of counterparties in the labor market.

On the contrary, new structures for promoting employment are created "in space" and are forced to look for and use alternative ways to harmonize the interests of participants in labor relations, therefore they most dynamically and efficiently influence labor market trends.

Apparently, the latter situation creates a significant difference in the effectiveness of the introduction of state and non-state elements into the labor market infrastructure.

Comparative characteristics of the objects of mediation in the labor market are shown in the table below (Table 3).

Table 3

Comparative description of state and non-state structures that promote employment in the labor market.¹³

Criteria for comparison	Governmental	Non-governmental
Development program	Available	Unavailable
Normative-legal and organizational-economic support	Special laws and regulations	Амалда мавжуд эмас
Coverage of employment in public policy	Full	In practice, no
Level of coverage of labor market segments:	All segments	Separate segments
on the labor supply	All segments are covered	Only highly competitive segments are covered
on the labor supply	Striving for maximum coverage of enterprises of all forms of ownership	Relatively limited and specialized
The need for additional organizational units	Applied	Applied

CONCLUSION

The development of the labor market infrastructure requires improving the regulatory framework in the field of social and labor relations.

First, it is necessary to make a number of amendments to the Law "On Employment of the Population" to protect citizens from unemployment. They are:

- Additional changes in the profile of the enterprise, privatization, training, redistribution and retention of personnel as a result of a change of ownership;
- Replenishment of engineering and technical personnel, highly qualified specialists and workers, as well as the preservation of unique professions;
- The norm for the protection of the dismissed and employed, based on the network principle. For example, applications for retraining and employment only in a residential area complicate the efficient use of labor resources, since the lack of a unified database of vacancies in a certain area and in the network creates a mismatch between the demand and supply of labor. Ultimately, this leads to interregional labor migration, forcing them to blindly look for work in another field or study in another specialty;
- issues of social partnership in accordance with the situation on the labor market.

Secondly, the current legislation does not clearly define the boundaries of powers, functions, sources of funding, areas of employment between national, territorial and municipal authorities, as well as the spheres of influence on labor market regulation. This situation requires special research in this area.

¹³ Developed by the author.

Thirdly, there are still no regulatory documents that clearly define the activities of non-governmental organizations in the labor market.

The development of nongovernmental employment services (mainly recruitment agencies) can increase efficiency in limited specialized segments of the labor market, and the labor market infrastructure can reduce the burden on government agencies and distract their attention. However, this is true for the less competitive and less socially protected segment.

The analysis shows that the current state of the infrastructure of regional labor markets leads to the activation of the processes of their formation, respectively. Accordingly, the development of the labor market infrastructure requires the implementation of the following measures:

- Amendments to the articles of the Law "On Employment of the Population" in accordance with the requirements of innovative development of the modern economy;
- formation of various types of information and consulting services on infrastructure elements;
- Improvement of the principles of development of the labor market infrastructure at the regional level;
- ensuring the compatibility of the movement of various infrastructure elements;
- Comprehensive development of individual labor market infrastructure systems.

An important role is played by the mechanism for regulating the infrastructure structure of the labor market. It is both an indicator of the transition to a market in the sphere of labor relations and a factor in the development of the labor market. The labor market infrastructure serves to harmonize the interests of its participants and mitigate the imbalance between supply and demand for labor. Improving the efficiency of the development of the labor market infrastructure will ensure the final results of the implementation of the state employment policy, which is an integral part of the country's socio-economic policy.

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