Vocational Training of the Unemployed as a Factor in Their Competitiveness

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Abstract

This article explores the influence of global changes on the labor market and unemployment rates. It delves into theoretical studies on training the unemployed for modern professions, analyzes the current unemployment rate in the Republic, and examines measures for vocational training and employment of the unemployed. The findings form the basis for scientifically grounded proposals aimed at enhancing the effectiveness of training the unemployed in contemporary professions.

Keywords: Vocational Training; Unemployment; Factor; Labor Market; Training; Monocenter; Competitiveness; Labor Market; Modern Professions; Effectiveness

Introduction

In today's global landscape, addressing challenges like unemployment, climate change, epidemics, and economic crises is crucial to safeguard the stability of domestic policies. Over the past three decades, unemployment has evolved into a critical issue, impacting both developing and developed nations. Its consequences include widespread poverty, low wages, and threats to social and political stability. According to the International Labor Organization, the world had 400 million unemployed individuals in 2020, constituting 5.26% of the global population. The COVID–19 pandemic exacerbated this issue [1]. ILO Director–General Guy Ryder anticipates that global unemployment will persist above pre–crisis levels until at least the end of 2023, with an uncertain outlook and weak economic recovery two years into the crisis [2].

The global changes in world economies also resonate in the Republic of Uzbekistan. The labor market has witnessed an increased demand for workers, with requirements reflecting education, professional qualifications, practical experience, and personal qualities. Simultaneously, labor market transformations have created new conditions for job vacancies, prompting workers to acquire modern skills, thereby increasing qualification expectations. However, ongoing research indicates insufficient resolution of labor market issues, manifesting in negative trends, including a high national unemployment rate (8.9% as of the beginning of 2023) [9], emigration of qualified personnel (8,790 individuals) [10], a substantial level of informal employment (63%) [11], and low wages in certain economic sectors. In response, the government is implementing measures to address these challenges.

There is significant uncertainty about what professions will be needed as the structure of the economy changes, and training does not meet the growing demands of employers for the quality of the workforce, as the content, nature and focus of work changes sharply and rapidly. It is revealed that a number of professions and specialties that educational institutions continue to teach are "unnecessary". Their insufficient orientation to changes in the demand and supply of labor leads to an increase in the imbalance of demand and supply for educational services in terms of professional qualifications. In order for the vocational training system to meet changing demands in the labor market, it is necessary to achieve a reasonable combination of initial training in basic professional skills with broad participation of the working population in further training in narrow specialties that are currently in demand in the labor market, that is, making training programs more flexible.

Retraining the unemployed with government support and enhancing their competitiveness through additional modern vocational education stands out as one of the most effective strategies to alleviate labor market tensions and ensure socio-economic stability in various regions.

Literature Review

Foreign and domestic science, as well as practical experience, have accumulated rich theoretical potential in implementing various measures to reduce unemployment. Academician K.Kh. Abdurakhmanov defines unemployment as the lack of employment in the production of goods and services for a certain economically active part of the population capable and willing to work [3].

Research by N.R. Saidov emphasizes the importance of understanding labor market conditions for enterprises to assess the demand for their products or services, leading to the need for continuous analysis of employment and unemployment [4].

In his study on increasing workforce competitiveness, Russian economist Yu.G. Odegov underscores that the competitiveness of the unemployed in the labor market is determined by the quality of the workforce, individual creative abilities, job security, the length of the working day, and income levels [5].

Conversely, researchers Y. Sherman, R. Islam, and A. Fosu state in their studies that a significant issue for the national economy is the limitation of its ability to ensure employment growth during economic expansion [6].

However, some economists argue that possessing good knowledge and qualifications doesn't always guarantee demand in the labor market for young specialists. This is often due to the low level of competitiveness among young specialists [7].

Research Methodology

Scientific research employed a range of methods to investigate economic reality and processes, including a dialectical approach for analyzing economic systems, comparative and systematic analysis, basic calculations, and statistical grouping methods. The information base for this study includes data from the State Agency for Statistics under the President of the Republic of Uzbekistan, the Ministry of Employment and Poverty Reduction of the Republic of Uzbekistan, and materials from the websites of several media outlets.

Analysis Results

As of January 1, 2023, Uzbekistan's labor resources totaled 19,517.5 thousand people. The country has 1,332,700 people in need of employment, resulting in an 8.9 percent unemployment rate. The youth unemployment rate stands at 15.1 percent, while among women, it is 13.3 percent.

Examining the dynamic changes in the Republic's unemployment level based on statistical data reveals notable fluctuations over the study period (Figure 1). Specifically, the unemployment rate was 0.4% in 2000, 5.4% by 2010, rose to 9.3% in 2018, and as of 2022, it stands at 8.9%.
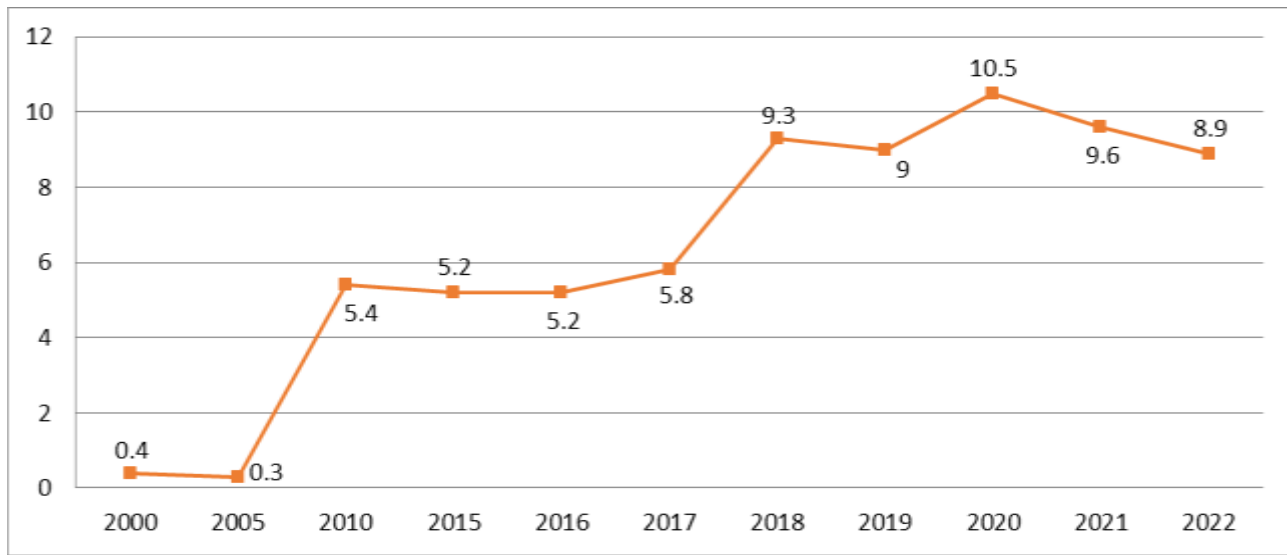

Figure 1. Dynamics of the unemployment rate in the Republic of Uzbekistan, %
Source: Compiled by the author based on data from the Agency for Statistics under the President of the Republic of Uzbekistan

The significant increase in the unemployment rate can be attributed to the enhanced regulatory approaches in determining unemployment, aligning calculations with international standards. However, it's important to note that the unemployment rate has consistently surpassed the natural rate over the past 5 years. While there is a relative decrease in 2022, this issue still poses economic challenges for the republic. Regionally, the highest unemployment rate, 9.3%, was recorded in Bukhara, Jizzakh, Samarkand, Syrdarya, and Surkhandarya regions [9].

In recent years, the country has adopted modern perspectives on organizing vocational training and methodology to enhance the accountability of those seeking employment. The evolving economic and social conditions demand personnel with a high level of creative initiative, modern economic thinking, a new work style, and professional skills. The regulations outlined in Appendix 3 to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 183, dated April 5, 2021, titled "Regulations on the Procedure for Organizing Vocational Training and Retraining of the Unemployed and Job Seekers, as well as Their Professional Development" [8], address vocational training and advanced training for unemployed citizens.

In the republic, training and retraining of the unemployed is carried out in the state Monocenters "Ishga Markhamat" (Welcome to Work) and in vocational training centers under the Ministry of Employment and Poverty Reduction of the Republic of Uzbekistan. In these centers, the unemployed population is trained, retrained and advanced training in new professions that are in high demand in the domestic and foreign labor markets. State Monocenters also teach foreign languages to the unemployed and train workers based on the requirements of foreign employers.

Vocational training for unemployed citizens and the unemployed population includes the following types of training: vocational education with the aim of quickly acquiring the skills necessary for students to perform a specific job or group of jobs; retraining of workers to acquire new professions to work in these professions; increasing the opportunities for workers to expand their professional profile, acquire a second specialty and work in joint professions; training of workers in order to update knowledge, skills and qualifications, improve their professional skills and increase competitiveness in their current profession, as well as learn new equipment, technologies and other skills related to the profile of professional activity.

Local labor authorities in the republic are actively implementing measures to coordinate supply and demand in the labor market, prepare unemployed citizens for various modern professions, and facilitate their employment (Figure 2).

The data above indicates a fluctuating trend in the number of unemployed individuals from 2018 to 2022. In 2019, the republic saw a decrease of 33.3 thousand unemployed individuals (2.49%), but in 2020, compared to 2019, the number increased by 225.7 thousand people (14.45%). The notable surge in 2020 can be attributed to the impact of the COVID–19 pandemic. Subsequently, in 2021 and 2022, the number of unemployed individuals decreased by 8.27% and 8.19%, respectively, with the total reaching 1,332,700 in 2022.
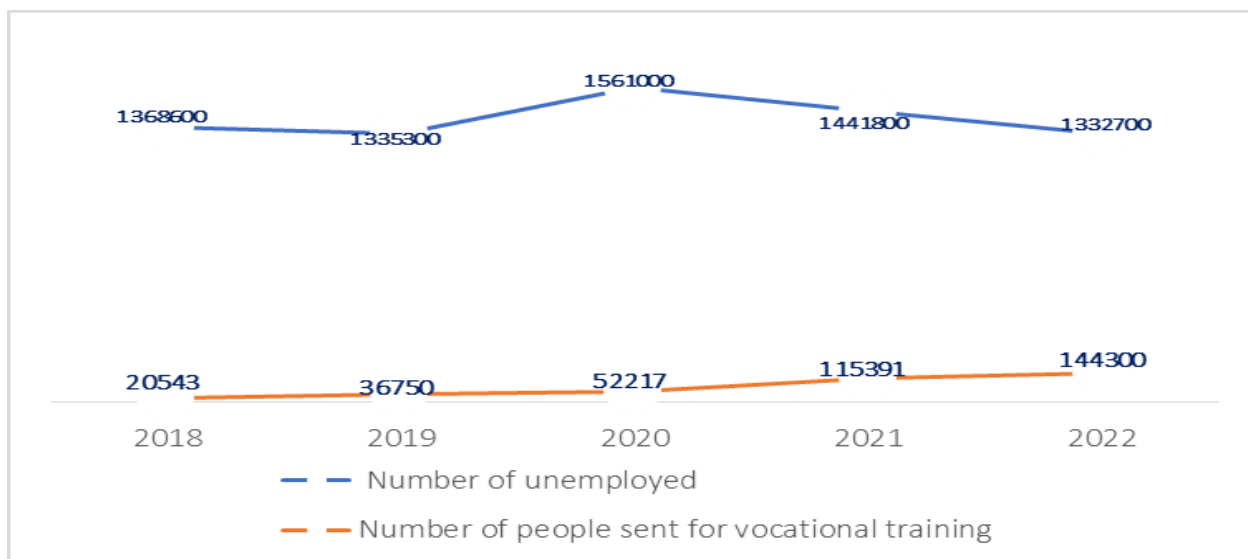

Figure 2. Number of unemployed and those sent for vocational training in the Republic of Uzbekistan

Source: Author's development based on data from the Agency for Statistics under the President of the Republic of Uzbekistan and the Ministry of Employment and Poverty Reduction of the Republic of Uzbekistan

Throughout this period, there was a consistent upward trend in the number of individuals enrolled in vocational training. In 2019, there was a 44.10% increase, equivalent to 16,207 more individuals than in 2018. This trend continued in 2020 with a 70.38% increase, in 2021 with a 54.75% increase, and in 2022 with a 20.03% increase. Generally, providing vocational training for the unemployed is considered a more pragmatic approach than seeking alternative employment for them.

While citizens studying modern professions face the important task of securing employment and earning income, success is not guaranteed for all trained unemployed or underemployed individuals. The indicators of competitiveness in the labor market also play a crucial role (Figure 3).
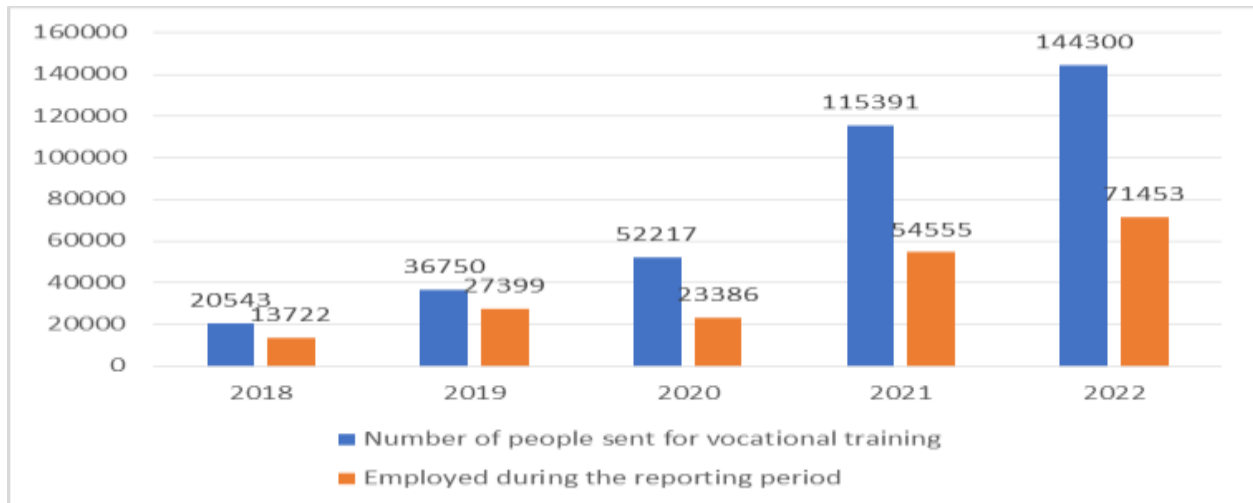
Figure 3. The number of unemployed people sent for vocational training and employed in the Republic of Uzbekistan

Source: Author's development based on data from the Ministry of Employment and Poverty Reduction of the Republic of Uzbekistan

As part of an active policy to boost employment in the republic's labor market from 2018 to 2022, the number of unemployed individuals studying modern professions increased sevenfold, with their subsequent employment surging 5.2 times. In 2018, 66.7% of those acquiring new skills found employment. However, by 2022, this percentage dropped to 49.5%, indicating that despite the considerable increase in the number of unemployed individuals engaging in vocational training, their share in the workforce has decreased. Some trained citizens encountered challenges in securing employment.

Conclusions

During the investigation of the ongoing issue, it became evident that a considerable number of individuals in the republic still require employment, albeit a reduction compared to previous periods. To enhance the competitiveness of the unemployed in the labor market and secure them meaningful employment, it is imperative to boost the effectiveness of training programs in modern professions.

The process of preparing the unemployed for contemporary job opportunities should involve a comprehensive examination of employer requirements. The activities of the "Ishga Markhamat" Monocenter need improvement based on workforce needs, and reforms should be implemented in the training programs of vocational centers across the city's regions under the Ministry of Poverty Reduction and Employment of the Republic of Uzbekistan. Additionally, to maximize the impact of vocational training courses, it is desirable to enhance their effectiveness and address organizational aspects for residents of microdistricts. Implementing these measures will play a crucial role in enabling the unemployed to acquire modern skills and facilitating the employment of graduates.

In addition, in order to implement the current tasks of professional training and retraining of personnel, it is necessary to improve the methodology for forecasting the needs for new professions and take timely measures to create new training places, ensure regular advertising and information activities about the possibilities of professional training, retraining and advanced training, improve curricula and retraining and advanced training programs.

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