

## The structural weaknesses in the Uzbekistan labour market

The living and working conditions of Central Asian nationals who have gone to work in Russia to support their families who have remained in the country are a recurring subject in the Russian-language press. They are also a subject of academic research. However, the problems of staff training, recruitment methods and social protection in Central Asia are less often addressed. These questions, as well as the structure of employment, are linked to the problem of economic diversification, a major challenge for countries endowed with energy and mineral wealth, such as Uzbekistan.

Manufacturing employment in Uzbekistan has fallen since 1996 – to about 9% of total employment in 2016 – despite government policies to support the sector. Employment in agriculture remained constant at about a third (according to the World Bank) or a quarter (according to the Asian Development Bank) of the labour force in 2015–2019. According to the World Bank, the industrial sector (mining and manufacturing, excluding construction and public services) is an important employer in the Uzbek economy, with 30.3% of total employment in 2019. The diversification of the Uzbek economy is also characterized by an increase in exports, excluding raw materials, comprising food and manufactured products (for example, textiles, fertilizers, cars and household appliances). These rose from approximately 10% of total exports in 1992 to about 23% in 2012 and 2018, also according to World Bank figures.

The watchwords in Uzbekistan are currently “investment, exports and import substitution”. To implement these, authorities are not hesitating to use international business forums to welcome foreign investors to come and help to develop their regions. However, the organizational weaknesses and the lack of marketing know-how of some local businesses are obvious. They do not always know how to express their needs, draw up specifications or promote their products internationally. They are particularly ignorant of the techniques of marketing management, teamwork or project monitoring, or of the decision-making processes practised in Europe. The same is true for Uzbek regional officials. For example, although ministries have customer departments for the development of project documentation, there is no system for the development of technical specifications. This leads to unreasonable

increases in the cost of the work and of implementing any changes to approved documentation.

Other structural weaknesses in the Uzbek labour market include high unemployment among young people (the official unemployment rate for the entire working population is notoriously far below the reality) and a limited supply of skills training initiatives. However, training issues are important subjects for Uzbek and foreign companies setting up in Uzbekistan.

Faced with this observation, both business practitioners and social science researchers are questioning the system of initial training for young people, the recruitment system in various organizations in the public and private sectors, and professional training. Some multinationals are investing in the training of their Uzbek staff. One, in the pharmaceutical sector, has both approved standard training programmes and customized training initiatives to develop the competencies of employees. Also, employees have access to a large web-based library for self-education, including online English courses and the online Harvard ManageMentor platform.

As for recruitment methods, multinationals and mixed companies, in particular, have access to a pool of labour from international temping agencies and emergent Uzbek recruitment firms. In contrast to these labour-market intermediaries, there are informal markets, such as those in Samarkand and the “Bazaar Tchorsu” in Tashkent, where day labourers (known in Uzbekistan by the Persian term, *mardikor*) are hired to do any work for little money.

On March 1, 2019, the Uzbek Senate approved the ratification of ILO Convention N°144 on Trilateral Consultations to Facilitate the Application of International Labour Standards. In the same spirit, on July 1, 2019, the World Bank's board of directors approved \$50 million in credit from the International Development Association to strengthen the social protection system. The project will establish a single register of eligible beneficiaries to help ensure that Uzbekistan's social safety net programmes reach and support the poorest and most vulnerable groups. Certain labour market interventions – such as entrepreneurship training, subsidized vocational training and wage subsidies in private companies – will be strengthened and targeted at people likely to have to change jobs during the transformation the country's economy. The “National Program for the

Implementation of the Action Strategy in the Five Priority Areas for the Development of the Republic of Uzbekistan in 2017–2021”, for which \$10.3 billion is expected to be allocated, plans to develop a compulsory health insurance system in 2020, with a launch in 2021.