



## **FORMATION OF ECONOMETRIC MODELS FOR UTILIZING THE LABOR POTENTIAL OF THE RURAL POPULATION IN PROVIDING EMPLOYMENT TO THE POPULATION**

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**Annotatsiya:** *Maqolada aholi bandligi tushunchasi iqtisodiy kategoriya sifatida tahlil qilinib, sanoati rivojlangan mamlakatlardagi bandlik va mehnat bozorini tartibga solish modellari o'rganilgan. Amerika, Skandinaviya, Kontinental (Yevropa), Anglosaksoniya va Yapon modellari asosida mazkur mamlakatlarning tajribalari tahlil qilingan.*

**Kalit so'zlar:** *Aholi bandligi, ishsizlik, mehnat bozori, bandlik siyosati, bandlik modellar, xalqaro tajriba, ish o'rinlarini yaratish.*

**Аннотация:** *В статье анализируется понятие занятости как экономической категории, изучаются модели регулирования занятости и рынка труда в индустриально развитых странах. Опыт этих стран анализируется на основе американской, скандинавской, континентальной (европейской), англосаксонской и японской моделей.*

**Ключевые слова:** *Занятость, безработица, рынок труда, политика занятости, модели занятости, международный опыт, создание рабочих мест.*

**Abstract:** *The article analyzes the concept of employment as an economic category and studies models of employment and labor market regulation in industrialized countries. The experiences of these countries are analyzed about*





*the American, Scandinavian, Continental (European), Anglo-Saxon, and Japanese models.*

**Keywords:** *Employment, unemployment, labor market, employment policy, employment models, international experience, job creation.*

**Introduction.** Today, the problem of ensuring employment of the population is one of the most important macroeconomic characteristics of the socio-economic development of society and is of particular importance in the economy. The relevance of studying the problems of ensuring employment of the population in the process of structural changes in the economy requires, first of all, the study of the evolutionary views and conceptual approaches to this concept. The content of the socio-economic relations of this concept is expressed through various forms.

Researchers distinguish several models of employment promotion policies in industrialized countries based on the relationship between economic growth, employment, and labor productivity. In particular, researchers distinguish five models of employment and labor market regulation: the American model (USA), the Scandinavian model (Sweden, Finland, Denmark, Norway), the Anglo-Saxon model (Great Britain, Canada, Ireland), the continental or German model (Germany, Austria, Belgium, the Netherlands, Switzerland, and partly France), and the Japanese model. However, some researchers group countries differently, for example, they do not separate the American model into parts but combine it with the Anglo-Saxon model. Some researchers study countries by dividing them into three models (American, Scandinavian, and European). Below we will get acquainted with these models.

The basis of the American model is the subsidized form of social and labor relations, the achievement of personal success, and the self-expression of the employee.

This model is characterized by a decentralized labor market and the legality of employment and social security;





- high level of control by the employer over the employee;
- high level of geographical and occupational mobility of workers;
- characterized by relatively high levels of unemployment.

A professional career is primarily associated with a change of workplace, and accordingly, this model differs from others in its high level of mobility. The amount of salary is determined based on the specialization and complexity of the work, and advancement in the ranks is usually not related to the expansion of the professional and qualification profile.

Much attention is paid to issues of professional orientation. Special centers and private agencies for professional orientation have been established at universities and colleges. More than 1,200 state-funded professional orientation and career selection centers operate under the US Department of Labor, and more than 1 million young people pass through them annually. As a result, the cost of training specialists is reduced by 30-40%, and one dollar spent on professional selection tests provides a thousand dollars in economic efficiency.

It is known that the United States is a country with traditionally extremely high unemployment. Its level is largely influenced by frictional unemployment. This can be explained by the fact that in a large and dynamic labor market, workers actively change not only their jobs but also their specialization.

For example, 10% of workers in the country change their profession every year. In addition, this country has not been the first in the world in terms of annual job creation for many years. These factors allow the population to perceive unemployment not as a dangerous phenomenon, but as a widespread phenomenon.

Since unskilled or low-skilled workers are often unemployed in the United States, the jobs created for them are of a correspondingly low quality. The main directions of modern US employment policy are: improving the quality of jobs in terms of increasing wages, ensuring future professional growth, and preserving and increasing jobs. US policy is primarily aimed at stimulating employment



growth and increasing job opportunities, training and retraining workers, and supporting the hired workforce.

In European countries and the United States, sufficient experience has been accumulated in the organization and operation of regional development agencies, which to a certain extent contribute to solving the problem of unemployment. One of the most widespread forms of regional development agencies is the state investment corporation. Its activities are based on the concentration of state investments aimed at the development of the city, which in turn has a positive economic and social impact on the remaining peripheries.

The Scandinavian or Swedish model is based on the following three principles:

- achieving full employment of the working-age population;
- providing social guarantees to the population;
- ensuring equal opportunities in achieving prosperity.

It is known that economic policy in Sweden is aimed at limiting the excessive growth of corporate profits, and the country has a developed system of vocational training and retraining for both the unemployed and the employed. In this way, regional and professional mobility of the labor force is stimulated. It should be noted that Sweden's experience in this area is unique. In Sweden, a restrictive (fiscal) labor market policy is being formed, that is, based on elements of stimulating job creation and selective (selective) economic growth. It is recognized that the traditional strategy of achieving full employment inevitably leads to high inflation and wage fluctuations. The Swedish model is characterized by an active state employment policy that has minimized unemployment.

The peculiarity of this model is not to combat the consequences of unemployment, but to warn the unemployed. The government of the country pays great attention to social policy, including 70% of the funds spent on developing measures aimed at creating new jobs, mainly in the public sector of the economy; coordinating population migration and labor by providing subsidies and loans to families moving from areas with a dense labor force to areas with vacancies;





ensuring the rapid access of the population to information about available vacancies; and providing vocational training and retraining for people who are unemployed or at risk of losing their jobs.

Achieving full employment is achieved by implementing the following actions:

- restrictive fiscal policy. This policy is aimed at supporting less profitable enterprises and freezing the profits of more profitable enterprises in order to reduce inter-firm inflationary competition in raising wages;

- "Solidarity Policy" on labor. This policy aims to pay equal wages for equal work, regardless of the financial capabilities of a particular firm. This leads to a reduction in the number of employees of less profitable (profitable) enterprises and their termination or reorganization, and more profitable enterprises limit themselves to wages below their level of ability;

- an active policy to support workers with weak competitiveness in the labor market. For this, entrepreneurs receive many subsidies;

- support employment in sectors of the economy with low performance, but providing solutions to social problems.

Approximately 3% of GDP and 7% of the budget are spent on measures related to the implementation of employment policy. Sweden's achievements in ensuring full employment are due to these. The following are also issues of employment policy in the Swedish labor market:

- promotion of work and competence strategies;
- ensuring efficiency and flexibility in the labor market;
- preventing discrimination in the employment of people in need of special skills;
- activities to achieve equality between women and men in the labor market.

These are implemented through the implementation of the employment program, vocational rehabilitation, training, that is, an active employment policy program in the labor market, and control over employment insurance.

Among them, the following four programs can be distinguished:



- stimulating the demand for labor and increasing employment;
- influencing the supply of labor;
- supporting the disabled;
- providing financial assistance in the event of unemployment.

The purpose of the program to support labor demand and increase employment is to support labor demand in cases where the desired level is not met. They offer temporary employment and short-term work experience to the unemployed. This makes it easier for them to find a job in the open labor market or to choose a vocational training course. Such programs include individual subsidy programs, start-up subsidies, district programs for young people in their 20s, computer workshops and centers, temporary job creation programs for adults, and resource work programs. Support programs for people with disabilities are widespread in Sweden.

These programs provide for activities for people with disabilities and compensation for employers' costs associated with creating workplace conditions for people with disabilities. Swedish law sets strict requirements for employers in employment matters.

State monitoring has been established to eliminate discrimination. In Finland and the Netherlands, criminal liability has been established for violations of women's rights in the labor sphere. In general, the Scandinavian countries have managed to maintain a high level of employment and a normal birth rate. The current Swedish law "On Equal Opportunities for Men and Women in Employment" stipulates the obligation of employers to ensure an equal distribution of jobs between men and women.

This means that in enterprises where the ratio of men and women working is not the same, the employer is obliged to additionally hire persons of the underrepresented gender in this enterprise. This model is designed to create jobs in the public sector with average, satisfactory wages and working conditions for the entire workforce.





The negative aspect of this policy is that it is implemented solely at the expense of state funds, but the limited or reduced availability of funds will lead to a decline in production and a sharp reduction in jobs.

The continental or European model, like the Swedish model, is based on reducing the number of employed people while increasing productivity and income. Therefore, priority is given to issues of employment and unemployment. This is due to the state's awareness of its responsibility for the state of the labor market and socio-political reasons, especially the presence of a large number of migrant workers, who create competition for local workers. The regulation of this phenomenon in France is aimed, in particular, at the implementation of the "New Services - New Jobs" program. Among other measures, the state provides up to 80 percent of the costs of enterprises to create new jobs for young people. The system for implementing France's employment policy is also noteworthy. Employment issues are considered not only at the state and regional but also at the sectoral level.

The German (or neoliberal) employment model is based on an active employment policy - the state encourages all producers (employers) who create new jobs and also maintains the existing level of employment while modernizing enterprises, providing incentives to enterprises that avoid mass layoffs. Such a policy requires the creation of a costly benefit system for the growing number of unemployed.

The negative result of this policy is long-term, persistent unemployment and the associated high social, financial, and economic costs. In Germany, the bulk of subsidies are directed to cooperatives founded on the basis of bankrupt enterprises of unemployed people who have some knowledge but no skills in organizing a business.

Applying the positive experience of the German employment regulation framework in terms of organizational management will lead to a reduction in unemployment by creating new jobs and will provide a double effect, both economic and social development. Firstly, new competitive products will be



created, and secondly, unemployment and social tensions in the post-Soviet countries will decrease.

The Anglo-Saxon model of social services is characterized by a high level of state passivity in employment policy, and a high level of participation of private enterprises and public organizations. Since the first state-level labor regulations were introduced by Great Britain, let us consider their general direction historically. Former British Prime Minister T. Blair told his colleagues that statistics are a bad assistant in creating new jobs.

In his opinion, finding a job is a personal problem, calculations and numbers cannot help a particular unemployed person find his place in life. In the mid-1930s, the National Council for Economic Development was established in the country to implement the recommendations made by J.M. Keynes to the British government. To get the economy out of the crisis, Keynes proposed the artificial use of public spending as a form of decisive government intervention, for example, building roads, developing new territories to create jobs (public works), etc.

Another task of the National Council was to develop economic and social programs aimed at achieving the main goals of the state - ensuring full employment of the labor force and improving the living standards of the population. Currently, the modern model of employment in the UK is considered effective and efficient. It includes several interrelated blocks: the state of supply and demand in the labor market, an integrated system of vocational education and employment, the development of training and retraining programs to increase the competitiveness of women and youth in the labor market, the development of targeted public works development programs, the development of unemployment insurance funds, and the development of the social security system.

The institutional system for regulating economic and social relations in the UK has an extensive network of semi-governmental organizations. Issues of employment and unemployment are considered by the Employment Commission, which acts as an advisor to the government. Today, employment regulation at the





state level is carried out by the Department of Labour. The UK's experience in vocational guidance is noteworthy. The main coordinating body for vocational activities is the Youth Employment Service, which consists of more than 3,600 consultants and their assistants.

Training in this area has been conducted in the UK since 1949. In the UK, the unemployment rate in early 2016 reached its lowest level in 7 years (5.3%) and the number of employed people reached a record high (31.2 million people), indicating that conditions in the labor market have changed for the better. In the Japanese model, the employment relations system is based on a lifelong employment system, with employees guaranteed employment until they reach the maximum age of employment.

This system of lifelong employment is a favorable basis for increasing the number of material rewards in the form of wages, bonuses, incentives, and social payments for employees. This is based on ensuring the stability of the policy aimed at cultivating a positive attitude towards work and the desire for high-quality work among employees. In recent years, the unemployment rate in Japan has been 3-3.5 percent.

In Japan, the long-term use of employees, their professional training and skills development, taking into account the composition of jobs and the types of products produced, and the fact that the employee's professional mobility within the company is foreseen from the outset, creates an opportunity to cultivate a positive attitude towards work and the achievement of high work quality in employees.

In this development model, an important sign of motivating labor and forming discipline is the development by all employees of issues of increasing production efficiency and improving product quality, rewarding the initiative of workers. Attitude to labor and effective work is encouraged through rationalization proposals, additional remuneration for long years of work in one place, and large payments upon retirement. Entrepreneurs solve the problem of reducing production not by reducing personnel, but by reducing the duration of



working hours or transferring a certain part of the workers to another enterprise, in agreement with them.

In Japan, where men traditionally had privileges at the top of management, women began to appear among managers in the 1980s as a result of the “feminization” process that began in the 1950s and intensified in the 1970s.

The following factors have influenced the increase in women's labor activity:

- the ease of women's household and childcare tasks due to the electrification of services;

**Conclusions and proposals.** In our opinion, the state policy in the field of job creation in our country should be developed based on specific methods, like those of foreign countries, to reduce unemployment and increase the employment of the population in socially necessary labor. Scientific research and analysis of the experience of foreign practices on socio-economic mechanisms for increasing employment of the population in the context of deepening economic reforms will allow us to identify and apply in practice effective, promising directions for increasing the level of employment of the population, using the advanced aspects of the experience of these countries that are favorable for our republic.

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