A New Era in Uzbekistan's Labor Market: Talent Competition and the Transformation of Employer-Employee Relations

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Abstract. This article analyzes the fundamental structural changes occurring in Uzbekistan's labor market in recent years, specifically the reshaping of relations between employers and employees based on modern market principles. The impact of legislative reliefs, reforms in the state social insurance system, and competition between vacancies and resumes on work culture is substantiated using concrete facts and statistical indicators.

Keywords: labor market, employer and employee, talent competition, social insurance, employment contract, reduction of bureaucracy, informal employment.

Introduction

Today, the rapid development of Uzbekistan's economy, the expansion of the private sector's share, and the deep integration of digital technologies into daily life are fundamentally changing traditional relations in the labor market. Whereas in the recent past, the employer's terms dominated the labor market and job shortages were observed, the situation is now reversing. Currently, the competition for qualified specialists is intensifying, bringing the rights, working conditions, and social interests of employees to the forefront.

This article examines in detail the key factors elevating employer-employee relations to a new stage in Uzbekistan, recent legislative reforms, and their practical outcomes.

1. Intensifying Competition in the Labor Market and the Rising Value of Talent.

In recent years, the establishment of new enterprises and the inflow of foreign investment in the country have significantly increased the demand for qualified personnel. According to the labor market review for the first quarter of 2026 published by the Central Bank of the Republic of Uzbekistan, the number of active resumes on recruiting platforms increased by 31.5 percent compared to the same period last year, reaching 636,000. At the same time, the number of job openings (vacancies) also grew by 9.8 percent.

These figures demonstrate the high level of mobility and competition in the labor market. Today's employee is not merely looking to secure a job, but rather seeks decent pay, opportunities for professional growth, and a comfortable working environment. Consequently, employers are forced to change their approaches in order to attract good specialists and retain them within the team. Competitive companies now offer employees not only high salaries paid on time, but also additional social packages such as medical insurance, free lunches, professional development courses, and flexible work schedules (hybrid or remote work).

2. Reduction of Administrative Burden and Freedoms Granted to Entrepreneurs.

For many years, administrative oversight and excessive reporting in relations between employers and state bodies somewhat hindered entrepreneurs from officially hiring staff. However, recent legislative changes have brought about a sharp turnaround in this regard.

Specifically, in accordance with Presidential Decree No. PF-126 of the Republic of Uzbekistan dated August 4, 2025, the practice of requiring mandatory reports on job

vacancies from employers was abolished starting September 1, 2025. Furthermore, administrative fines imposed for failing to hire individuals referred by employment agencies were also eliminated.

This reform has led to three major positive outcomes in labor relations:

First, entrepreneurs gained the right to independently and freely select personnel based on their business needs.

Second, due to the elimination of excessive paperwork in human resources departments and the threat of fines, employers no longer fear openly advertising job vacancies.

Third, an atmosphere of mutual trust has formed between the state and the private sector, increasing the transparency of the labor market.

3. Improvement of Social Protection Mechanisms and Eradication of Informal Employment.

One of the most sensitive issues in employer-employee relations has been the burden of social payments and informal employment ("envelope" wages). Many private enterprises avoided paying sick leave or maternity leave allowances out of their own funds, making them reluctant to hire women or enter into formal employment contracts with staff.

The adoption of the new Law "On State Social Insurance" provided a systemic solution to this problem. Under this law, starting in 2026, the burden of paying temporary disability and maternity benefits is being gradually transferred from employers to the state social insurance system. This serves to increase female employment in the private sector.

Additionally, starting March 1, 2026, cases of informal employment and calculating wages below the minimum wage were designated as primary criteria reducing scores in determining the sustainability rating of entrepreneurs. At the same time, an

incentive mechanism was introduced instead of punishment: if an informally working employee is identified at an enterprise, the employer is exempted from administrative liability if they formalize the employment contract within one month and pay the accrued wages in full. These measures encourage entrepreneurs to operate legally and ensure employees' future pension and social guarantees.

Conclusion and Recommendations:

"From the analysis above, it can be concluded that the adoption of the Labor Code to regulate and oversee relations between employers and employees in Uzbekistan's labor market demonstrates the existence of a solid legal framework for these interactions. Furthermore, comprehensive measures are being implemented across Uzbekistan regarding the training and retraining of personnel. The primary objective of these reforms is to prepare qualified and competitive specialists within the territory of Uzbekistan."

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