

Effective of Using the Financial and Credit System in Increasing the Competitiveness of Unemployed Youth

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Abstract- This article focuses on the socioeconomic importance of raising the competitiveness of unemployed young people, provides guidance on financing the activities of the Fund "Yoshlar - kelajagimiz" in the State Program, raising the competitiveness of unemployed youth based on the relevance of training for highly skilled workers (specializations) Effective organizational measures have been taken to improve the competitiveness of unemployed young people in the credit system the use of intermediate ways of employment is based on the fact that the labor authorities should provide financial assistance to the unemployed, including young people, from subsidies or loans on the basis of feasibility studies of business plans for entrepreneurial activity.

Keywords: Unemployed, youth, labor market, labor supply, youth entrepreneurship, financial and credit system, competitiveness.

I. INTRODUCTION

Today, in our country, the issues of regulating the labor market, ensuring youth employment, employment of graduates of higher and secondary special educational institutions, increasing the number and quality of short-term training courses for unemployed youth in vocational training, attention is paid. The Strategies in the five priorities of development of the Republic of Uzbekistan for 2017-2021 include: "... the employment of graduates of secondary special, professional and higher education institutions in the sphere of private entrepreneurship, support and realization of creative and intellectual potential of the younger generation, social protection of youth, the organization of effective activities of public authorities and management bodies, educational institutions, youth and other organizations in implementing the state youth policy "[1] functions have been identified. It is particularly important to deepen research in such areas as raising the competitiveness of unemployed young people and improving the regulation of youth labor market.

II. LITERATURE REVIEW

In the foreign, the works of L.A. Gordon, B.D.Breev, Bendix R., Lipset S. [5], Dex S. [6], Doeringer P., Piore M [7], Feather N.T., O'Brien G.E. [8], Goldtore J.H. [9], Kolb D.M. [10], Maddison A. [11], Marshall G., Rose D., Newby H., Vogler C [12], Parsons T. [13], Runciman W. [14], Sabel C.F. [15], Stewart A., Prandy K., Blackburn R.[16] presents some materials revealing trends in the structure of labor resources and the labor market in the current situation. Various forms of unemployment and their features are disclosed in the publications of A.R. Kashyapova, V.V.Radaeva, G.N.Sokolova, V.L.Suvorova, V.N. Shubkina, and others. Among these works, the studies should be highlighted by V.A. Artemov, L.F. Bezdenezhny, A.Z. Dadashev, V.A. Mansurov, M.A. Slyusaryansky, K.I. Mikulsky, F.T. Prokopov, I.D. Muskulyak etc.

III. ANALYSIS AND RESULTS

In Uzbekistan, there are a number of activities aimed at educating unemployed youth in their labor market skills, skills and business skills, increasing their economic activity. This is an example of the State Program "Youth - Our Future", adopted by the Decree of the President of the Republic of Uzbekistan of June 27, 2016, № 5466.

Today, in all districts and cities of the republic, the following measures are being undertaken within the framework of this state program:

1. "Yoshlar - kelajagimiz" Fund, as well as its district and city branches were organized under the Youth Union. Funding for Fund's Funding activities in the State Program is given in Figure 1.

2. To organize professional retraining and professional development of unemployed youth, to teach them skills that are in high demand in the labor market, as well as to teach them business skills.

3. Establishment of Youth Business Centers and Youth Employment Centers under public-private partnership conditions:

- renting of premises, office equipment and consumables on favorable terms to young entrepreneurs, providing them with internet, as well as other assistance in the implementation of business initiatives, initiatives,

ideas and projects of young people, including business plans, consultations, legal, accounting and Showcasing centers for "Young Entrepreneurs" to organize forums, master classes and workshops;

- Construction of "Yoshlar mehnat guzari" complexes in excessive areas of labor force to create commercial and small production areas.

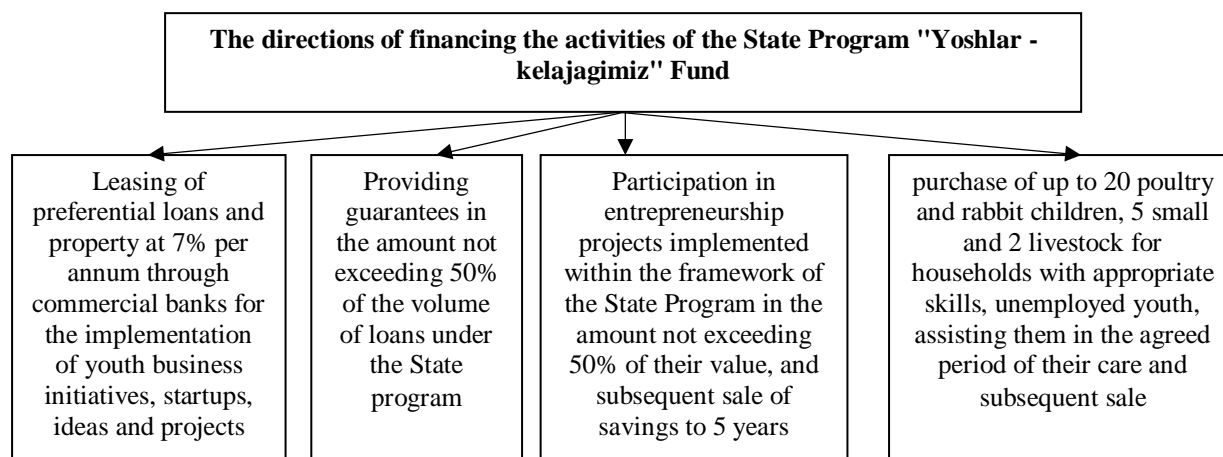


Figure 1: The directions of financing the activities of the State Program "Yoshlar - kelajagimiz" Fund. (Figure Source: The author has been created on the basis of the State program "Youth - our future", adopted by the Decree of the President of the Republic of Uzbekistan dated June 27, 2016, 5466.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of August 16, 2018 "On Measures for the Establishment of the Youth - Our Future" Fund under the Youth Union of Uzbekistan was approved by the Decree of the President of the Republic of Uzbekistan "Yoshlar - kelajagimiz" Fund under the Youth Union of Uzbekistan [2]. In accordance with this Charter the Fund carries out its activity in the following main areas:

- participation in the implementation of state policy in support of youth entrepreneurship development, expansion of access to financial services and allocation of resources for granting preferential loans and property to leasing;

- Supporting youth initiatives, initiatives, ideas and projects within the State Program;
- Participation in the implementation of government, sectoral and regional programs, projects and activities that enable to create jobs through the development of youth entrepreneurship;
- support of innovation activities of business entities, creation of new types of products and promotion, as well as the introduction of new efficient technologies in production;
- Participation in joint scientific and practical research on the issues of improving the support of youth entrepreneurship development in the republic jointly with research institutes.

In our opinion, it is expedient to train highly skilled workers (specialists) in the labor market to increase the competitiveness of unemployed youth. It is recommended that you do the following:

1. Determine the occupational professions (specialties) on the labor market for the current, near, medium and long-term needs. At the same time it is recommended to consider the following:

- vacant (vacant) workplaces in existing undertakings;
- jobs created on the projects launched within the programs of socio-economic development of regions;
- trends and dimensions of training on national craftsmanship on the basis of "Usta-shogird" tradition;
- specialties (workplaces) required by the foreign labor migration agency in accordance with agreements with foreign employers;
- demand for professionals (occupations) in the informal sector and other sectors of the economy.

2. Strengthening partnerships with non-state educational institutions to increase the number and quality of short-term training courses for unemployed youth in vocational training and expanding their funding through the State Fund for Employment. This can be achieved through the following measures:

- Establishing partnerships with non-state educational institutions with high demand in the labor market, with the opportunity to train on the basis of modern technology and technology, curriculum and other necessary conditions;
- Take measures to inform unemployed young people about employment trends, periods and specialties available in these educational institutions by district (city) centers;

Expenditures for the unemployed young people sent to the district (city) centers for employment assistance through the State Employment Fund of the expenses for vocational training, retraining and advanced training.

3. Establishment of modern centers, including courses on vocational training, retraining and advanced training of unemployed youth on the basis of professional colleges, taking into account the needs of the domestic and foreign labor market.

Grants to educational institutions that provide educational services and vocational guidance also help to increase the competitiveness of unemployed youth.

In our opinion, it is expedient to allocate grants to educational institutions at the expense of the Employment Assistance Fund to finance the vocational retraining of unemployed youth registered in district (city) centers.

Educational institutions are encouraged to implement the following goals:

- retraining of unemployed youth registered in the Employment Assistance Centers to vocational training;

To evaluate personal characteristics and interests, professional skills and tendencies of young people trained at institutions of general education or vocational education, identify their desire for profession and employment, assist in selecting the professions that are in high demand in the labor market, and directing them to vocational training organization of practical workshops and training of educational institutions;

- Organizing and conducting training courses, workshop-trainings and master-classes for unemployed young people in regions;

- Implement the projects aimed at achieving socially beneficial goals, such as providing employment to the unemployed in the labor market where it is difficult to work in the labor market through vocational training or retraining.

These studies also require the introduction of non-traditional ways to increase youth competitiveness. It is desirable to create an unemployed youth club in these regions.

The club will be invited to the Agency for Employment, commercial banks, representatives of external migration agencies and unemployed young people.

Each member of the club must have the right to obtain a loan for the establishment of private production through the signature of the chairman of the mahalla. It is also desirable to organize free courses for unemployed youth at the club.

In pursuance of the Decree of the President of the Republic of Uzbekistan "On increasing the effectiveness of state youth policy and supporting the activities of the Youth Union of Uzbekistan" dated July 5, 2017, PF-5106, as well as creation of more favorable conditions for business organization and active involvement of young people in entrepreneurship activity Resolution 834 of the Cabinet of Ministers of the Republic of Uzbekistan "On organizational measures for the organization of youth business clusters" of October 16, 2017 was adopted.

According to the "Youth Business Cluster Regulation", which is approved by this resolution, the main tasks of the cluster are:

- involvement of young people into entrepreneurship activities by providing them with production areas on the cluster territory for the start and running of entrepreneurship activities;

- practical assistance to young entrepreneurs in issuing permits for documents, obtaining loans, preparing business plans, marketing researches, finding trade markets and so on;

- training of the fundamentals of business training for young people, organization of training courses and retraining of personnel, as well as assisting young entrepreneurs in the selection of qualified personnel;

- Implementation of business incubators for startups, increasing competitiveness of young entrepreneurs and sustainable development of their activities.

In our opinion, it is expedient to implement a number of measures to engage unemployed young people in entrepreneurial activities and to effectively organize youth clusters in the regions (Figure 2).

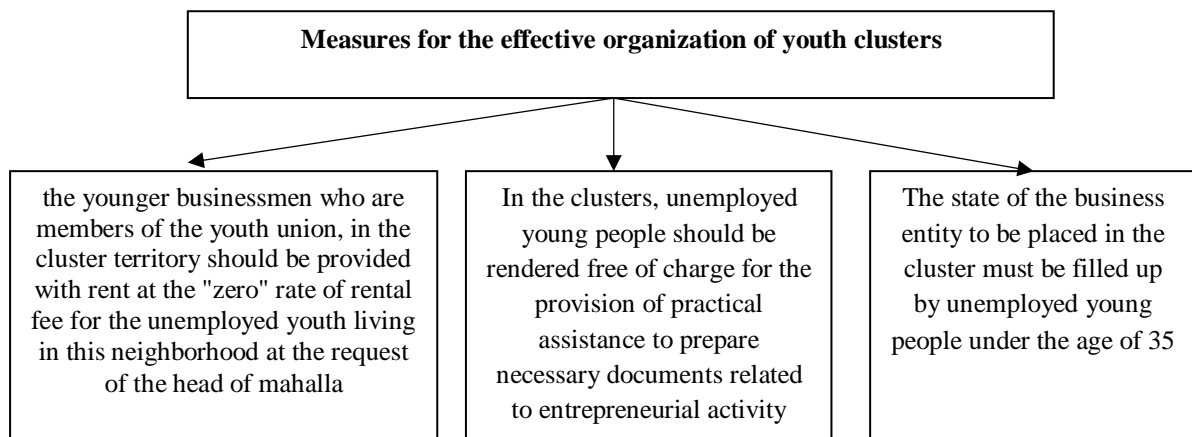


Figure 2. Measures for the effective organization of youth clusters. (Figure Source: The Figure is based on author's research.)

To maximize the competitiveness of unemployed youth, it is expedient to use the credit system effectively. Unemployed youth, due to lack of work and earnings, are forced to retraining their professions because of their lack of a job in the labor market. It is well known that people looking for a job in the labor market are mostly trained on paid basis. It is therefore desirable to allocate microcredits to prepare unemployed youth for occupation. In our opinion, microcredits should be allocated to unemployed youth registered in Employment Assistance Centers in size not exceeding 100% of the minimum wage.

In retraining of unemployed youth it is necessary to re-train one year if it is not necessary to hurry from the profession (specialty). In our opinion, unemployed young people need not be interested in the trade, but in terms of interest and direction in production and their retraining.

At the same time, unemployed youth can be allocated credit for:

- Training in educational institutions on occupations requiring high demand in the labor market;
- acquisition of necessary equipment and tools for the successful professional graduates who have successfully completed the course;
- Launching of unemployed youth to own entrepreneurial activity.

According to the Russian Interior Ministry, in January-June 2018, 2 247 519 people arrived in Uzbekistan (1,116,698) [3], from January to September 2018, more than 3,400,000 people from Uzbekistan were sent to Russia, of which for the purpose of working - 1 573 791 people [4].

The majority of foreign labor migrants are young people without professional and unskilled labor. In our opinion, the unemployed young people who want to go out of the country need to introduce a professional training system.

It is crucial to subsidize employment by unemployed youth. For example, it is necessary to develop and adopt the "Youth Practice" system for the unemployed to organize their temporary employment. Under the Regulation, employers should provide jobs for pupils and help unemployed youth to find employment in these jobs, which will increase their competitiveness in the labor market (as they will gain practical experience and opportunities for permanent employment). Thus, the Employment Assistance Fund is partly covering the costs of remittances to employed youths (50 percent of their wages).

The next step is to help unemployed young people to work their own jobs and small businesses. Considering the extent of participation in the informal economy, interest in this type of employment is high in young people. Entrepreneurship is becoming a real force in solving socio-economic problems of young people and becoming a potential source of income growth. It is these private structures that provide students and students with a wide range of opportunities to ensure their temporary employment, and their adaptation to work. At the same time, starting a business depends on a number of problems, including the need for a large amount of material resources. In order to help self-employment and develop entrepreneurship it is necessary to formulate a system of measures, including the improvement of the regulatory framework, financial and credit support of small businesses, the development of small business infrastructure, and the improvement of information provision.

To do so, in our opinion, it is necessary to develop and adopt a regulation on "Assisting the unemployed in organizing independent employment by the labor authorities". The labor authorities should provide financial assistance to the unemployed, including young people, through subsidies or loans on the basis of the feasibility study of business plans for entrepreneurial activity through the State Employment Fund. However, it should be noted that this assistance can be provided by initiative young people who have a profession and certain personal qualities. The amount of subsidy is 25 times the minimum wage, based on the date of the decision on granting subsidies by the Employment Assistance Center, which is a one-time donation to the unemployed for partial compensation of their financial expenses due to entrepreneurial activity. Based on the decision of the Center of Employment of the Employment Center, unemployed is a target, term and repayable financial aid provided by a contract for entrepreneurial activity. It is noteworthy that the loan amount should not be more than 150 times the minimum wage and should not be more than 18 months. An unemployed can be given money to file registration documents, to obtain a license, and to cover costs associated with opening an account.

It should be noted that the current legislation does not consider young people as a separate social group with specific characteristics. Young people are assisted in organizing their work on a non-discriminatory basis with other categories of the population and generally preferring older age groups. It is therefore desirable to develop a government-run program to support entrepreneurship for young people.

Currently, implementation of measures on the independent socio-economic activity of young citizens, young families, as well as young entrepreneurs is particularly relevant in rural areas. With a view to promoting youth entrepreneurship, youth can form a government order for the production of goods and services to the population. The state order must be provided with material and financial resources. Annually the list of activities, which provides the basis for entering the youth enterprise into the category of priority-supported enterprises, must be approved by the appropriate executive bodies of the region. The subsidies should be based on the available financial resources based on the end of the contest and taking into account the priorities of socio-economic

development of the region or district. Financial support for youth enterprises can be indirectly available (tax exemption, premises, equipment rents, discounts for advertising, etc.).

IV. CONCLUSION

To increase the competitiveness of unemployed youth in Uzbekistan, the following tasks must be addressed:

1. Increased number and shortage of short-term courses on vocational training for unemployed youth in occupations and professions that are in high demand in the labor market. Including:

- formation of a list of the working professions and specialties requiring labor force in the regional labor market;

- Strengthening cooperation with non-state educational institutions to increase the number and quality of short-term training courses for unemployed youth in vocational training and expanding their funding through the State Fund for Employment;

Organization of employment of unemployed youth, who are employed on the basis of district (municipal) centers' referral or vocational training to assist in employment;

- Establishment of modern centers, including courses on vocational training, retraining and advanced training of unemployed young people based on professional experience and labor market requirements at professional colleges;

- introduction of the national system of assessment of qualification, competence and skills of employees by the Ministry of employment and labor relations;

- Organization of sociological researches to determine the professions and job orientation of unemployed youth.

2. Implement structural changes in the education system.

The issue of the effectiveness of the education system has become increasingly relevant in recent years. It is not advisable to prepare specialists who are not required to change their professional and professional skills later in the public interest.

The solution of this issue is related to the monitoring of labor market demand for the medium and long term. Any local authorities should take measures to ensure that young people do the same with the needs of the region's production and economic sectors, in order to avoid the high levels of demand and supply in the labor market. These young people may be directly involved in educational institutions, while indirectly influencing entrants by actively implementing the program of raising the prestige of higher education in the labor market. Of course, there may be problems with some non-formal education institutions that can decide who and how much you want to do. In this regard, in our opinion, the introduction of a graduating indicator for a certain period of time (which is then effectively engaged) in dynamics as one of the mandatory criteria for accreditation of non-state educational institutions should become one of the ways to address this issue.

3. Creation of favorable conditions for development of entrepreneurial activity, especially in connection with innovative developments. It is about improving the regulatory function of the institute of taxation through the creation of the "Start-up capital for young entrepreneurs" program, as well as the creation of a flexible scale of tax rates and savings for young entrepreneurs. It is necessary to prepare a generation capable of increasing the financial, economic, scientific, educational, socio-political resources of our country.

4. Changing the employment of young specialists. Today, many employers have put in place more demands for young professionals, many companies do not need to use young people, and do not provide opportunities for young people to grow in their own company. Therefore, flexible employment schedules can be used to encourage young people to work effectively, so that they can reduce the recruitment criteria, including those without work experience, by providing them with workplace quotas, as well as providing students with a formal education experience .

5. Establishment of small businesses at higher education institutions. These organizations are primarily intended to include higher education students and alumni. This will allow the young professionals to build a link between the educational institution and the production sector, and, at least, to solve the problem of sustainable earnings. It is advisable to establish small innovative enterprises at higher educational institutions and research institutions. It allows universities and research institutes to apply their intellectual activity results in practice, including computer programs, databases, inventions, utility models, industrial designs, selection achievements, production secrets (know-how).

According to a number of politicians, this trend can be one of the most promising directions in solving the problem of creating an environment for young professionals to work effectively and transition to an innovative economy. Unfortunately (even though the reform of the education system is in progress), this direction is not sufficiently developed and has not been applied in many higher education institutions in Uzbekistan.

6. It is necessary to define the goals of raising the competitiveness of the youth in the development of measures to support unemployed youth. It is also desirable to develop the regulatory function of the tax system, which is a tool for the state to actively influence the economic and social processes.

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