MODERN APPROACHES TO INCREASING EMPLOYMENT AND WELFARE IN RURAL AREAS

Djurayeva Ruxsora Nematilloyevna
Bukhara State University
Lecturer, Department of Economics
E-mail: ruxsoradjurayeva3070@gmail.com

Abstract. This article examines contemporary approaches to increasing employment and improving welfare in rural areas, with particular attention to the conditions of Uzbekistan and the Bukhara region. The study considers the diversification of rural employment, support for micro and small entrepreneurship, digitalization, development of value chains, vocational skills, women's and youth employment, and improvements in local infrastructure as mutually reinforcing instruments of inclusive rural development. The research applies comparative analysis, statistical analysis, synthesis, and a systematic approach using official statistical data and recent international development reports. The findings indicate that sustainable welfare improvements require not only the creation of jobs, but also higher productivity, stable income sources, access to markets and finance, and stronger links between agriculture, manufacturing, and services.

Keywords: rural areas, employment, welfare, rural economy, entrepreneurship, income, digitalization, human capital, value chains, inclusive development.

INTRODUCTION

Employment and household welfare are among the central indicators of socio-economic development in rural areas. Rural communities are not only a source of agricultural production; they also constitute an important space for entrepreneurship, processing, services, tourism, crafts, and other forms of economic activity. In Uzbekistan, almost half of the population lives in rural areas, which makes the quality and productivity of rural employment particularly important for inclusive

growth. Recent development evidence also shows that deficiencies in roads, water supply, electricity, education, and other local services can constrain entrepreneurship and job creation in villages. 1 The relevance of the topic is strengthened by the changing structure of the labour market. Traditional agricultural employment alone cannot fully meet the demand for productive and stable jobs. Consequently, modern rural policy increasingly focuses on diversification, entrepreneurship, digital technologies, vocational training, value-added production, and improved infrastructure. These approaches can increase household income while reducing vulnerability to seasonal employment and fluctuations in agricultural output. The purpose of this article is to identify and systematize modern approaches that can contribute to higher employment and welfare in rural areas and to assess their practical significance using recent evidence from Uzbekistan, including selected indicators for the Bukhara region.

LITERATURE REVIEW

The relationship between rural employment and welfare has been widely discussed in the literature on inclusive growth and regional development. International studies emphasize that the quality of employment is as important as the number of jobs. Productive employment improves household income, strengthens resilience, and expands access to education, healthcare, and other essential services. In rural economies, these effects depend on the ability of households and firms to move from low-productivity activities toward higher-value production and services. Recent World Bank assessments of Uzbekistan highlight the importance of private-sector employment, human capital, agricultural modernization, and market-oriented reforms. Rural entrepreneurship is particularly important because micro, small, and

1 National Statistics Committee of the Republic of Uzbekistan. (2025–2026). SIAT statistical database: Poverty rate; rural labour resources; employment by economic activity in Bukhara region.

medium-sized enterprises can generate local jobs and broaden access to goods and services. At the same time, rural entrepreneurs continue to face constraints related to finance, transport costs, market access, business skills, and professional networks.2 Agricultural transformation remains another major direction. Modern horticulture, food processing, logistics, storage, and market integration can generate employment beyond primary production. The development of non-farm activities is equally important because it diversifies household income and creates opportunities for women and young people who may not have access to sufficient agricultural land or formal wage employment.

METHODOLOGY

The study uses a combination of statistical, comparative, analytical, and systematic methods. Official data from the National Statistics Committee of the Republic of Uzbekistan are used to examine changes in poverty, rural labour resources, and employment by economic activity. Recent World Bank publications are used to interpret structural constraints and emerging approaches to rural development. The analysis focuses mainly on the period 2021–2025, while earlier evidence is used only where necessary to explain structural trends. The article follows a descriptive-analytical design: first, key trends are identified; second, the main mechanisms linking employment and welfare are discussed; and third, policy-oriented recommendations are formulated.

RESULTS AND DISCUSSION

Official statistics demonstrate a substantial reduction in poverty in recent years. At the national level, the poverty rate declined from 17.0 percent in 2021 to 5.8 percent in 2025. In the Bukhara region, it fell from 14.5 percent to 6.0 percent

2 World Bank. (2026). Enhanced Rural Infrastructure in Uzbekistan to Improve Living Standards for 1.2 Million People and Expand Access to Jobs.

over the same period. This positive trend suggests improvements in household welfare, although sustainable progress requires continued expansion of productive and stable employment, especially in rural communities.3

Indicator	2021	2024	2025
Poverty rate, Uzbekistan (%)	17.0	8.9	5.8
Poverty rate, Bukhara region (%)	14.5	8.7	6.0
Rural labour resources, Uzbekistan (thousand)	10,252.6	10,738.1	10,999.3
Rural labour resources, Bukhara region (thousand)	394.7	396.6	415.3

Table 1. Selected indicators of rural employment potential and welfare in Uzbekistan

Source: compiled by the author based on the National Statistics Committee of the Republic of Uzbekistan.4

The number of rural labour resources in Uzbekistan increased from 10.25 million in 2021 to almost 11.0 million in 2025. In the Bukhara region, the corresponding figure increased from 394.7 thousand to 415.3 thousand. This growth

3 World Bank. (2025). From Root to Fruit: Growing the Horticulture Sector in Uzbekistan.

4 World Bank. (2025). Listening to the Citizens of Uzbekistan.

makes the creation of productive jobs increasingly important: if labour supply expands faster than high-quality employment opportunities, informal or low-productivity work may remain widespread. A second important trend is structural change in employment. In the Bukhara region, employment in agriculture, forestry, and fisheries decreased from 231.5 thousand people in 2021 to 184.3 thousand in 2025, while employment in manufacturing increased from 89.5 thousand to 92.3 thousand. These figures should not be interpreted as a simple decline in the importance of agriculture. Rather, they underline the need to raise agricultural productivity and simultaneously develop processing, manufacturing, logistics, trade, tourism, and other services capable of absorbing labour into higher-value activities. Modern approaches to rural employment can therefore be grouped into several interconnected directions. First, economic diversification should be encouraged through agro-processing, home-based production, crafts, rural tourism, logistics, repair services, and digital services. Diversification reduces dependence on a single source of income and creates more stable employment throughout the year. Second, entrepreneurship support should combine finance with business development services. Access to credit alone is insufficient when entrepreneurs lack market information, accounting skills, digital competencies, mentoring, or reliable infrastructure. Recent rural enterprise programs in Uzbekistan have combined financing with business incubators and advisory support, demonstrating a more integrated approach to local job creation. Third, agricultural value chains should be strengthened. Higher welfare can be achieved when rural producers participate not only in cultivation but also in sorting, storage, packaging, processing, branding, transportation, and sales. Such activities retain a larger share of value added within rural and regional economies and can create additional employment for both skilled and semi-skilled workers.

Fourth, digitalization can reduce geographic disadvantages. E-commerce, online financial services, digital marketing, remote work, and electronic public services can connect rural households and businesses to wider markets. However,

the employment effect of digitalization depends on internet access, digital literacy, affordable devices, and the availability of relevant professional skills. Fifth, human capital policies should be closely linked to actual local demand. Short vocational programs, entrepreneurship training, apprenticeships, and partnerships between educational institutions and employers can help rural residents acquire skills needed in processing, services, tourism, construction, logistics, and digital occupations. Particular attention is needed for young people and women, whose participation can be constrained by limited mobility, care responsibilities, or insufficient access to finance and professional networks. Finally, infrastructure is an economic instrument, not only a social service. Reliable roads, electricity, water, schools, healthcare facilities, and digital connectivity reduce transaction costs, increase the attractiveness of rural locations for investment, and improve labour productivity. Recent rural infrastructure programs in Uzbekistan explicitly link infrastructure improvement with entrepreneurship and job creation, illustrating the importance of combining social and economic development measures.

RECOMMENDATIONS

Based on the analysis, rural employment policy should move from isolated job-creation measures toward integrated local development programs. District- and mahalla-level employment strategies should be based on local resources, skills, market proximity, and specialization potential. Financial support for rural entrepreneurs should be accompanied by mentoring, market access, digital training, and assistance in preparing viable business models. Special instruments for women and young entrepreneurs can broaden participation in income-generating activities. Agricultural policy should prioritize productivity and value addition rather than employment preservation in low-productivity activities. Investments in storage, processing, logistics, certification, and cooperative market access can create new non-farm jobs linked to agriculture. Universities, vocational institutions, local authorities, and employers should cooperate in designing short, practice-oriented

training programs. Labour-market monitoring should be used to update these programs regularly and to avoid mismatches between training and actual vacancies.

CONCLUSION

Increasing employment and welfare in rural areas requires a multidimensional approach. The evidence reviewed in this article shows that poverty reduction and the expansion of rural labour resources are occurring simultaneously, creating both opportunities and new policy challenges. Sustainable improvements cannot be achieved by increasing the number of jobs alone. The central objective should be to create productive, stable, and adequately remunerated employment through economic diversification, entrepreneurship, modern agriculture, value-chain development, digitalization, human-capital investment, and better infrastructure. For the Bukhara region and other regions of Uzbekistan, the most effective model is likely to be one that links local comparative advantages with market demand and combines public investment with private initiative. Such an approach can strengthen household income, reduce vulnerability, and support balanced territorial development.

REFERENCES

1. National Statistics Committee of the Republic of Uzbekistan. (2025–2026). SIAT statistical database: Poverty rate; rural labour resources; employment by economic activity in Bukhara region.
2. World Bank. (2026). Uzbekistan Poverty and Equity Assessment: Rising to Prosperity — Broadening Opportunities for All. Washington, DC: World Bank.
3. World Bank. (2026). Enhanced Rural Infrastructure in Uzbekistan to Improve Living Standards for 1.2 Million People and Expand Access to Jobs.
4. World Bank. (2026). Entrepreneurs Bring Jobs and Opportunity to Rural Uzbekistan.
5. World Bank. (2025). From Root to Fruit: Growing the Horticulture Sector in Uzbekistan.

6. World Bank. (2025). Listening to the Citizens of Uzbekistan.
7. World Bank. Supporting Uzbekistan's Development. Country development overview.