

Labor Mobility As An Institutional And Economic Mechanism Of Regional Labor Market Transformation

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Abstract: The article develops a conceptual interpretation of labor mobility as an institutional and economic mechanism of regional labor market transformation. Labor mobility is considered not only as spatial migration, but as an integrated system of territorial, sectoral, occupational, status and digital transitions of workers. The study reveals the relationship between mobility, structural unemployment, skills mismatch, informal employment, information asymmetry and transaction costs. A multi-level mechanism is proposed that connects human capital, labor market infrastructure, employers and public institutions. The author argues that the effectiveness of mobility should be assessed by the reduction of mismatches, improvement of employment quality, growth of labor income and strengthening of regional adaptability. Policy priorities for Uzbekistan include differentiated regional regulation, targeted training, digital matching services and support for the transition from informal to formal employment.

Keywords: labor mobility, regional labor market, structural unemployment, skills mismatch, human capital, informal employment, institutional mechanism, Uzbekistan.

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Introduction

The current transformation of the labor market is determined not only by the number of jobs created, but also by the ability of workers to move in a timely manner between territories, industries, occupations and forms of employment. Technological change, digitalization, the development of the platform economy, demographic shifts and the transition to a “green” economic model are accelerating the renewal of the structure of labor demand. Under these conditions, traditional policy, oriented mainly toward reducing registered unemployment, does not make it possible to fully identify the deep-seated imbalances between a worker’s place of residence, his or her qualifications, the available infrastructure and the actual needs of employers.

According to estimates by international organizations, the relative stability of the global unemployment rate is combined with a large-scale deficit of decent work and a high prevalence of informal labor. The dissertation research shows that the global jobs gap may reach 408 million people in 2026, while the number of people employed in the informal sector exceeds 2.1 billion [1]. At the same time, about 22% of jobs will undergo structural change by 2030: the creation of 170 million new jobs is expected to be accompanied by the displacement of 92 million existing ones, resulting in a net gain of 78 million jobs [2]. Consequently, the central problem is not an absolute lack of work, but the misalignment between new job tasks and the existing distribution of human capital.

For Uzbekistan, this problem is of particular importance due to sustained demographic growth and marked heterogeneity of regional development. As of January 1, 2026, the resident population of the country was 38.2367 million people, and natural population growth in 2025 reached 702.5 thousand people [3]. With an almost equal ratio of urban to rural population,

differences in sectoral structure, wages, the level of employment formalization and access to transport and digital infrastructure give rise to multidirectional labor flows. The scientific task,

therefore, is to reconceptualize labor mobility as an internal adaptation mechanism of the regional labor market rather than as a mere fact of migratory movement.

Theoretical Interpretation of Labor Mobility

In the economic literature, labor mobility is usually treated through territorial migration, change of employer or occupational advancement [4]. Each of these interpretations reflects a particular aspect of labor force movement; however, using them separately makes a comprehensive diagnosis of regional markets difficult. The author's approach proceeds from the premise that mobility is shaped by the interaction of three subsystems: human capital, the institutional environment and labor market infrastructure [5]. A worker decides to make a transition not only under the influence of wage differentials, but also taking into account relocation costs, the availability of housing and transport, the likelihood of formal registration, the quality of vacancy information, the possibility of having qualifications recognized and the risks of adaptation.

In this regard, labor mobility is defined as a multidimensional socio-economic process of territorial, inter-sectoral, occupational, positional and status movement of workers, as well as their adaptation to new employment relations, with the aim of more effectively applying their knowledge, skills and competencies. This definition contains three fundamental propositions. First, mobility is not a one-off movement but a sequence of decisions that change the structure of the labor market. Second, its effectiveness is measured not by the number of moves, but by the sustainability of subsequent employment and the reduction of structural mismatch. Third, mobility is a form of reproduction of human capital, since it requires training, skills upgrading and the accumulation of new professional experience [6].

The multidimensional nature of labor mobility is especially important for a developing economy. A territorial move may not be accompanied by an improvement in employment quality if the worker remains in the low-productivity informal sector. Conversely, remote work or a digital platform can provide functional mobility without physical relocation [7]. Professional retraining makes it possible to move into a new industry, while an electronic employment contract changes the worker's status from informal to formal. Territorial, sectoral, skills-based, status and digital channels should therefore be considered as complementary elements of a single system.

Table 1. Main forms of labor mobility and their economic outcomes

Form	Content of the transition	Key outcome
Territorial	Between districts, regions, and urban and rural areas	Alignment of the spatial distribution of labor and jobs
Inter-sectoral	From an industry with surplus labor to an industry with growing demand	Structural adaptation of employment
Occupational and skills-based	Change of occupation, training, upskilling	Reduction of skills mismatch

Form	Content of the transition	Key outcome
Organizational and positional	Change of employer or position	More effective use of competencies
Status	Transition from informal to formal employment	Social protection and expansion of the tax base
Digital	Platform, remote and hybrid employment	Access to vacancies without full physical relocation

Source: compiled by the author based on the results of the dissertation research.

Mobility, Structural Unemployment and Skills Mismatch

Structural unemployment arises when the characteristics of labor supply persistently fail to match the parameters of demand. The mismatch may be vertical, when the level of education exceeds or falls short of job requirements; horizontal, when a worker's field of specialization does not correspond to the functions performed; territorial, when vacancies and the unemployed are concentrated in different regions; or technological, when previously acquired skills become obsolete as a result of the renewal of production processes [8]. When mobility is limited, these gaps become entrenched and turn into the persistent reproduction of low-productivity employment [9].

The mechanism by which structural unemployment is reproduced can be represented as a sequential chain. A lack of reliable information about vacancies and skill requirements increases the transaction costs of job search. Limited access to training prevents the worker from closing the skills gap. The high cost of relocation and housing rental reduces territorial mobility. As a result, part of the population remains in informal employment or forced external migration, while employers simultaneously report labor shortages. Consequently, the coexistence of unemployment and unfilled vacancies is not a paradox, but a sign of the market's insufficient institutional capacity to match supply and demand [10].

An important methodological conclusion is the distinction between voluntary and forced mobility. A voluntary transition is based on informed choice and leads to higher productivity, income or employment stability. Forced mobility is driven by poverty, the absence of acceptable work at the place of residence and limited social guarantees [11]. Public policy should not seek to maximize the volume of movements as such. Its task is to transform forced flows into managed, skilled and socially protected mobility.

The Institutional and Economic Mechanism of Transformation

The proposed mechanism comprises four interrelated levels. At the individual level, the worker's competencies, motivation, awareness and capacity to bear transition costs are formed. At the employer level, actual skill requirements, working conditions, wages and willingness to invest in staff adaptation are determined. The infrastructure level covers digital vacancy databases, transport, housing, vocational skills centers, employment services and qualification recognition institutions. The state level sets the norms of employment relations, financial incentives, data standards, the monitoring system and regional priorities.

The effectiveness of the mechanism depends on the consistency of these levels. If the state finances training without a confirmed employer order, the graduate may fail to find a job. If an employer posts a vacancy without a precise description of competencies and wages, the digital platform cannot ensure high-quality matching. If relocation is not supported by transport, rental

assistance and adaptation, employment turns out to be short-lived. Therefore, the basic unit of policy should be not an individual service but a complete pathway: competency assessment - targeted training - qualification recognition - formal employment - adaptation - job retention.

Within this mechanism, labor mobility performs five functions. The allocative function ensures the movement of resources to points of higher marginal productivity [12]. The adaptive

function mitigates the consequences of technological and sectoral shocks. The institutional function facilitates the transition from informal to formal employment relations. The innovative function accelerates the diffusion of new knowledge between organizations and territories. The social function expands the population's access to stable incomes and reduces the risk of poverty. The combined effect of these functions turns mobility into a factor of regional transformation.

Table 2. Logic of the institutional and economic mechanism

Problem	Instrument	Expected effect
Information asymmetry	Unified digital register of vacancies and competencies	Reduction in search time and cost
Skills mismatch	Targeted retraining commissioned by employers	Higher share of trainees employed after training
High relocation costs	Transport and housing vouchers	Expansion of interregional mobility
Informal employment	Electronic contract and automatic registration	Growth in formal employment
Risk of unstable employment	Monitoring of job retention after 3 and 6 months	Shift from counting services to measuring outcomes

Source: developed by the author.

Specific Features of Application in Uzbekistan

National employment policy is already focused on reducing unemployment and poverty, creating permanent jobs and legalizing informal labor [13]. Resolution of the President of the Republic of Uzbekistan No. PP-49 of February 5, 2026 sets targets for reducing unemployment to 4.5% and poverty to 2.8%, placing 1 million people in permanent jobs and increasing the incomes of 4 million citizens [14]. Achieving these targets requires not only expanding the supply of jobs, but also building mechanisms for filling them with suitable workers.

Regional differentiation implies abandoning a uniform set of measures for all territories [15]. In labor-attracting regions, the priorities are affordable housing, transport, recognition of qualifications and adaptation services. In labor-surplus regions, it is important to identify promising occupations, offer mobile training programs and support organized job placement. In territories with high informal employment, it is necessary to reduce the administrative costs of formal registration, introduce electronic contracts and provide incentives to employers [16]. In transition regions, the main priority is the development of industries capable of retaining human capital.

Digital infrastructure should serve as the coordinating core. A unified system can integrate data on vacancies, competencies, completed training programs, employment contracts and

actual job retention. This reduces information asymmetry and enables a shift toward personalized recommendations. At the same time, digitalization does not replace institutions; rather, it improves their coordination. Without vacancy quality checks, unified occupational classifications, personal data protection and accountability of participants, a digital platform may merely reproduce existing mismatches.

The link between mobility and employment formalization is of particular importance. Formal status provides the worker with social insurance, pension rights, wage protection and the

ability to document his or her employment history. For the state, formalization broadens the tax base and improves the reliability of statistics [17]. For the employer, a transparent employment history reduces hiring risk. Consequently, the transition from the informal to the formal sector should be recognized as an independent outcome of mobility, alongside territorial or occupational movement.

Criteria for Assessing Effectiveness

Assessing mobility solely by the number of migrants or employer changes is methodologically insufficient. A high frequency of transitions may indicate either expanding opportunities or labor instability. A system of outcome-based criteria is therefore proposed: a reduction in the duration of unemployment; a decrease in the share of vacancies that remain unfilled; correspondence between qualifications and the work performed; growth in real labor income; transition to a formal contract; retention of employment after three, six and twelve months; a reduction in forced migration; and an increase in productivity.

Based on scenario calculations, the dissertation substantiates that the targeted channeling of labor resources to economically active territories, combined with training and employment formalization, can additionally reduce unemployment by 0.3-0.5 percentage points, increase the share of formally employed persons by 2-3 percentage points and raise labor productivity by 4-6%. These figures should be regarded as benchmarks of a combined effect rather than as the automatic result of a single measure. They are achievable when training institutions, employment services, employers and digital infrastructure work simultaneously.

Implementation Algorithm and Institutional Risks

It is advisable to implement the mechanism in stages. At the first stage, a unified list of mobility indicators and regional constraints is developed, and occupational classifications and vacancy description standards are refined. At the second stage, data from employment services, vocational skills centers and employers are integrated in pilot territories. At the third stage, funding for completed pathways is introduced, under which part of the funds depends on formal employment and job retention [18]. At the fourth stage, a comparative evaluation of the pilots is carried out and the most effective combinations of instruments are scaled up.

Institutional risks include the substitution of real outcomes with formal registration. An employer may conclude a short-term contract in order to obtain a subsidy, and a training provider may focus on easily employable citizens, excluding vulnerable groups. To mitigate these risks, staged payments, verification of job additionality, tracking of job retention and adjustment of indicators for the initial difficulty of the job seeker's profile are required. Results should be confirmed by administrative data, not only by service providers' reports.

The second risk relates to the territorial concentration of human capital. Supporting mobility toward the largest centers may intensify the outflow of skilled workers from peripheral areas [19]. Policy should therefore combine the citizen's right to move with measures to develop local labor markets: support for remote employment, the establishment of enterprise branches, the development of services and return mobility. The sending region should receive information on the skills of departing workers and use it in planning investment and workforce training.

The third risk is unequal access to digital tools. Citizens with low digital literacy, limited internet access or disabilities may be excluded from the new channels. The digital system should be complemented by in-person support, mobile offices, an accessible interface and the option of

working through a trusted adviser. Thus, technological renewal should expand, rather than narrow, access to economic opportunities.

Conclusion

Labor mobility is a systemic institutional and economic mechanism through which regional labor markets adapt to technological, sectoral and demographic change. Its content extends beyond migration and covers territorial, inter-sectoral, occupational, organizational, status and digital transitions. The economic value of mobility becomes apparent only when a transition reduces the mismatch between the workforce and the job, improves employment quality and ensures a stable income.

For Uzbekistan, the priority is to establish complete mobility pathways that combine skills assessment, employer-commissioned training, qualification recognition, relocation support, formal employment and follow-up monitoring. Differentiating instruments by type of regional market, developing a unified digital environment and orienting funding toward verified outcomes will make it possible to transform mobility from a forced response of the population into a managed factor of productivity growth, employment formalization and balanced territorial development.

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