



## *Mechanism of operation of labor markets.*

**Zokirjonova Feruza Yuldoshevna**

TASHKENT STATE UNIVERSITY OF ORIENTAL STUDIES 94.654.06.54

feruzahon.d@mail.ru

**Annotatsiya:** Ushbu maqolada biz mehnat bozorlarining ishlashini boshqaradigan asosiy jihatlarni, jumladan, ishchi kuchiga talab va taklif, ish haqini aniqlash, mehnat bozori muvozanati, ishchi kuchining harakatchanligi, samaradorlik, davlat aralashuvi va texnologik yutuqlarning ta'sirini o'rganamiz. Ushbu komponentlarning o'zaro ta'sirini tushunish mehnat bozori dinamikasining murakkabliklarini va ularning iqtisodiy o'sish va jamiyat farovonligiga ta'sirini tushunish uchun juda muhimdir.

**Kalit so'zlar:** mehnat bozori, iqtisodiy o'sish, iqtisodiyot, mehnat resurslari, bandlik tendentsiyalari, bozor iqtisodiyoti.

**Аннотация:** В этой статье мы рассматриваем ключевые факторы, которые управляют работой рынков труда, включая спрос и предложение рабочей силы, определение заработной платы, равновесие на рынке труда, мобильность рабочей силы, эффективность, государственное вмешательство и влияние технологического прогресса. Понимание взаимодействия этих компонентов имеет решающее значение для понимания сложности динамики рынка труда и ее влияния на экономический рост и общественное благосостояние.

**Ключевые слова:** рынок труда, экономический рост, экономика, трудовые ресурсы, тенденции занятости, рыночная экономика.

**Abstract:** In this article, we examine the key factors that govern the operation of labor markets, including labor supply and demand, wage determination, labor market equilibrium, labor mobility, efficiency, government intervention, and the effects of technological advances. Understanding the interplay of these components is critical to understanding the complexities of labor market dynamics and their impact on economic growth and societal well-being.

**Key words:** labor market, economic growth, economy, labor resources, employment trends, market economy.

### **INTRODUCTION.**

Labor markets are key components of any economy, where the interactions between employers seeking to hire workers and job seekers shape the distribution of resources, wages, and employment opportunities. The labor



market mechanism is a dynamic process influenced by a variety of economic, social, and technological factors. By analyzing the mechanisms that underlie labor markets, we can gain insight into employment trends, wage disparities, and the drivers of labor market outcomes. [1]

### **MATERIALS AND METHODS.**

Labor markets are dynamic systems in which supply and demand for labor interact to determine wages, employment rates, and economic outcomes. The working mechanism of labor markets is a complex interaction of various factors affecting employers, workers and the overall economy. Employers determine the demand for labor based on the production needs of their enterprises. Factors such as economic conditions, technological progress, and market demand affect labor demand. Employers seek to hire workers to produce goods and services efficiently and profitably. Labor supply refers to the number of individuals who are willing and able to work in the market. Factors such as population demographics, education levels, skills, and labor force participation rates affect labor supply. Workers provide their labor in exchange for wages and other benefits. In labor markets, wages are determined by the interaction of supply and demand forces. When the demand for labor exceeds the supply, wages rise as employers compete for workers. Conversely, if labor supply exceeds demand, wages may fall.[2]

Wage rates also depend on factors such as skills, experience, education, and bargaining power. Equilibrium in the labor market occurs when the supply of labor equals the demand for labor. At this time, the wage rate is determined where the amount of labor offered corresponds to the amount of demand. Any imbalance between supply and demand can lead to changes in wages, employment levels and labor market conditions. Labor mobility plays a crucial role in the functioning of the labor market. This means the ease with which workers can move between jobs, industries and geographic locations. High mobility of the labor force ensures a more efficient allocation of labor resources and facilitates adaptation to changing market conditions. Labor market efficiency is essential for economic growth and prosperity. Efficient labor markets allocate resources efficiently, match skills to job requirements, and increase productivity. Policies that promote education, training, and labor force development can improve labor market efficiency. Governments often intervene in the labor market through labor regulations, minimum wage laws, unemployment benefits, and labor market policies. These measures are aimed



at protecting workers' rights, ensuring fair labor practices and eliminating market imbalances. Technological advances such as automation, artificial intelligence and digitization are having a significant impact on labor markets. They create new jobs, destroy traditional roles and require workers to adapt to changing skill requirements.[5]

### **RESULTS AND DISCUSSIONS.**

The working mechanism of labor markets is a complex interplay of demand and supply forces that determine the distribution of labor resources within the economy. Labor supply refers to the number of individuals willing and able to work at a given wage rate. Labor supply is influenced by factors such as population size, demographics, education and skill levels, labor force participation rates, and migration patterns. Labor demand represents the amount of labor that employers are willing to hire at various wage rates. This is influenced by factors such as economic growth, business cycles, technological progress and changes in consumer demand. Employers seek to maximize their income by hiring the optimal amount of labor at the most efficient wage rate. The wage rate in the labor market is determined by the intersection of the labor supply and demand curves. In a competitive labor market, wages adjust to reach equilibrium, where the quantity of labor supplied equals the quantity demanded. Wages may vary across industries, occupations, and regions depending on supply and demand conditions. Labor market equilibrium occurs when the quantity of labor supplied equals the quantity demanded at a given wage rate. At this equilibrium point there is no excess supply or demand for labor and the market clears. Changes in supply or demand conditions can cause changes in equilibrium wages and employment levels. Labor mobility refers to the ability of workers to move between jobs, occupations, industries, and geographic locations. Mobility allows labor to be reallocated to where it is most productive, reducing unemployment and increasing overall economic efficiency. Labor markets aim to allocate resources efficiently by matching workers to jobs that best use their skills and abilities.[4]

Efficient labor markets promote economic growth, increase labor productivity, and improve workers' living standards. Governments can intervene in labor markets through policies such as minimum wage laws, unemployment benefits, labor regulation, and training programs. These interventions can affect labor market outcomes, income distribution, and social welfare. Technological changes such as automation, artificial intelligence, and digitization create new



# **PEDAGOGICAL CLUSTER**

## **JOURNAL OF PEDAGOGICAL DEVELOPMENTS**



Website: <https://euroasianjournals.org/index.php/pc/index>

jobs, replace existing jobs, and change skill requirements is changing labor markets. Adapting to technological advances is critical to maintaining a skilled and competitive workforce. By understanding how labor markets work and the factors that influence labor market dynamics, policymakers, businesses, and individuals can make informed decisions to develop a sustainable and inclusive labor market that benefits society as a whole. [3]

### **CONCLUSION.**

In conclusion, the functioning of labor markets is a dynamic process influenced by many factors. Understanding the interrelationships between demand, supply, wages, labor market equilibrium, mobility, productivity, government intervention, and technological advances helps policymakers, employers, workers, and economists understand the complexities of labor market dynamics and is essential to ensure inclusive and sustainable economic growth.

### **REFERENCES.**

1. Employment, unemployment, employment service. - M.: NIVA Rossii, 1996. - P. 185.[1]
2. Maslova I.S. Russian labor market. / I.S. Maslova - M.: Institute of Economics of the Russian Academy of Sciences, 1993. - P. 4-5.[2]
3. Gimpelson V. Private sector in Russia: employment and remuneration // World Economy and International Relations. - 1998. - No. 2. - P. 28;[3]
4. Kapelyushnikov R. Movement of labor and working places in Russian industry // Questions of Economics. - 1998. - No. 2. - P.23;[4]
5. Kostakov V. Problems of formation of the labor market // Economics and mathematical methods. - 1995. - No. 5. - P.39;[5]