

DETERMINANTS OF WAGE DIFFERENCES IN UZBEKISTAN: A COMPARATIVE REGIONAL STUDY IN TASHKENT CITY AND RURAL REGIONS

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Abstract: *Wage inequality remains a significant socio-economic issue in Uzbekistan, particularly between urban and rural regions. This study examines the key determinants of wage differences, with a comparative focus on Tashkent and selected rural areas. It analyzes how factors such as education level, work experience, employment sector, and gender contribute to income disparities across regions. Using analytical and comparative methods, the research draws on national statistics and relevant academic literature to identify structural and regional imbalances in the labor market. The findings aim to highlight the extent of inequality and provide policy-oriented recommendations to reduce wage gaps and promote inclusive economic development in Uzbekistan.*

Keywords: *wage inequality, regional disparities, labor market, human capital, Uzbekistan*

INTRODUCTION

In recent years, Uzbekistan has undergone significant economic and social reforms aimed at improving labor market efficiency, increasing employment opportunities, and reducing regional inequality. Despite these reforms, wage differences between Tashkent City and rural regions remain a persistent issue in the country's labor market structure. Tashkent City, as the capital and economic center of Uzbekistan, offers significantly higher wages compared to rural regions such as Samarkand, Bukhara, Navoi, Khorezm, Kashkadarya, and Surkhandarya. This inequality reflects differences in industrial development, access to education, infrastructure quality, and labor market structure. According to the World Bank (2023), regional inequality is a common challenge in developing economies where economic activity is concentrated in capital cities. In Uzbekistan, this concentration is particularly strong in Tashkent, which dominates in finance, services, IT, and administrative sectors. Therefore, studying wage differences





between Tashkent City and rural Uzbekistan is important for understanding inequality and supporting balanced regional development policies.

2. Literature Review

2.1 Definition of Wages

Wages refer to monetary compensation paid to workers in exchange for their labor. According to the International Labour Organization (ILO, 2024), wages reflect both individual productivity and macroeconomic conditions such as labor demand, institutional structure, and economic development level. In addition, wages are not only determined by individual skills but also by structural factors such as regional development and labor market organization. According to Sonja Jovicic (2016), wage inequality is strongly connected to differences in education systems, labor institutions, and skill distribution.

2.2 Determinants of Wage Differences

Education

Education is one of the strongest determinants of wages. According to Becker's Human Capital Theory (OECD, 2023), higher education increases productivity and income. In Uzbekistan, access to higher education is significantly better in Tashkent City than in rural regions, contributing to wage inequality.

Supporting this, Mukhiddinova (2019) emphasizes that human capital development is a key factor in reducing inequality in Uzbekistan. Her study shows that regions with better education systems, such as Tashkent, experience higher wage levels compared to rural regions.

Geographic Location

A. Ganiev (2025) found that Tashkent City has significantly higher wages due to concentration of industries, investment, and skilled labor demand, while rural regions remain less diversified economically.

Gender


The study of S. Akhunova (2023) suggests that women earn less than men, particularly in rural regions where access to high-paying jobs is limited and traditional employment structures are more dominant.

Infrastructure and Economic Development

According to the World Bank (2025), infrastructure plays a major role in determining wage levels. Regions with better transport, technology, and investment opportunities tend to have higher wages. Abdurashidova (2025) found that regional inequality is strongly influenced by differences in infrastructure development, government spending, and employment opportunities for Tashkent and other rural areas..

2.3 Previous Studies





Several Uzbek and international studies have examined wage inequality and regional disparities. Mukhiddinova (2019) argues that human capital development is essential for reducing inequality in Uzbekistan. Her findings show that regions with stronger education systems, such as Tashkent, have significantly higher wage levels.

According to Kravtsova (2018), differences in labor productivity and regional economic development are key drivers of wage inequality in transition economies like Uzbekistan. After 5 years, Akhunova (2023) highlights that gender inequality remains significant in Uzbekistan's labor market, particularly in rural regions where women face limited access to high-income jobs.

Abdurashidova (2025) shows that macroeconomic factors such as inflation, unemployment, and government spending also influence income inequality across Uzbekistan.

However, the research of A. Ganiev (2025) found that regional wage differences are mainly driven by industrial concentration in Tashkent City and low diversification in rural regions.

Turning to international studies, The Asian Development Bank (2022) reports that Uzbekistan's economic activity is highly centralized in Tashkent, leading to strong regional wage disparities and also, The World Bank (2023–2025) confirms that wage inequality is strongly linked to unequal access to education, infrastructure, and labor markets.

3. Research Methodology

3.1 Context and Participants

This study examines wage differences between:

These regions were selected due to differences in economic structure and development levels.

-Tashkent City (urban region)

-Rural regions (Samarkand, Bukhara, Navoi, Khorezm, Kashkadarya, Surkhandarya)

The study will include 150 labor market employees total :

- 75 respondents from Tashkent City
- 75 respondents from rural regions
- Participants are working individuals aged 18–45 from both formal and informal sectors.

3.2 Research Design

This study uses a mixed research design with descriptive and inferential analysis.

According to Fryer et al. (2018), mixed methods are widely used in applied economics to analyze relationships between variables such as wages, education, and employment conditions.

3.3 Data Collection





A structured questionnaire will be used including:

- Demographic information
- Education level
- Work experience
- Employment type
- Income level
- Industry sector
- A four-point Likert scale will measure attitudes and perceptions.

4. Ethical Considerations

Participation is voluntary, and respondents may withdraw at any time.

Confidentiality will be strictly maintained. According to Atkins and Wallace (2015), ethical protection of participants is essential in social science research.

4.1 Right to Withdraw

All participants in this study will be fully informed of their right to withdraw at any stage of the research process without any negative consequences.

This means that individuals may choose to discontinue their participation before or during data collection, or even after submitting their responses.

4.2 Confidentiality and Anonymity

The confidentiality and anonymity of participants will be strictly maintained throughout the research process.

All personal information collected will be kept secure and used only for academic purposes.

5. Data Analysis

The study will use:

- Mixed- analysis (to identify wage determinants)
- NVIVO and SPSS test (to compare urban and rural wages)
- Descriptive statistics (to summarize wage patterns)

6. Conclusion

This study concludes that wage differences between Tashkent City and rural regions of Uzbekistan are strongly influenced by education, work experience, industrial structure, infrastructure, and regional development levels.

Uzbek researchers such as Mukhiddinova (2019) and Kravtsova (2018) confirm that human capital and productivity differences are key drivers of wage inequality in Uzbekistan.

Overall, Tashkent City provides higher wages due to better economic opportunities, while rural regions face structural limitations.



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APPENDIX

Appendix A:

Demographic Information

1. Age:

18–25 26–30 31–35 36–45

2. Gender:

Male Female

3. Region:

Tashkent City Tashkent Region Samarkand Other rural regions


4. Employment type:

Formal Informal

5. Highest education level completed:

Secondary school



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- College/Technical
 - Bachelor's degree
 - Master's degree or higher
 - 6. Years of work experience:
 - Less than 1 year
 - 1-3 years
 - 4-7 years
 - More than 7 years
 - 7. Monthly income level:
 - Low
 - Medium
 - High
 - 8. Industry/sector of employment:
 - Agriculture
 - Services
 - Industry/Manufacturing
 - Education/Health
 - Other

Appendix B:
Questions

1. What are the key determinants of wage differences between Tashkent City and rural regions in Uzbekistan?
2. How do education levels affect wages in Tashkent compared to rural areas?
3. What is the impact of work experience on wage levels across regions?
4. How do industry or sector differences influence wage disparities between urban and rural regions?
5. To what extent does gender contribute to wage differences in Tashkent and rural labor markets?
6. How does employment type (formal vs informal) affect income levels in both regions?
7. What role does access to infrastructure and economic opportunities play in determining wages?
8. How do workers perceive the fairness of wages in Tashkent versus rural areas?





9. What challenges do rural workers face in accessing higher-paying jobs or career advancement?
10. How do employers explain differences in wages between urban and rural workers?

