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Article

Developing the Concept of Growth Quality within the Framework of Inclusive Economic Growth: Evidence from Uzbekistan

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Abstract: This article analyzes the theoretical and methodological foundations of the category of "quality of growth" within the framework of the concept of inclusive economic growth and highlights the practical aspects of this category using the example of the dynamics of the development of the Uzbek economy in recent years. The study examines the interrelationship of quantitative indicators of economic growth (GDP growth rate, sectoral structure), as well as its qualitative aspects, i.e., poverty reduction, income inequality, employment and labor market conditions, and human capital development. Based on official domestic statistical data (Statistics Agency of the Republic of Uzbekistan) and research by international organizations (World Bank, Asian Development Bank), an analytical conceptual framework is proposed to assess the level of inclusiveness of economic growth in Uzbekistan. The results of the study show that, although high GDP growth rates have been achieved in Uzbekistan in recent years, the increase in income inequality hinders the full inclusiveness of economic growth. At the end of the article, practical recommendations for increasing the quality of growth and ensuring inclusiveness have been developed.

Keywords: inclusive economic growth, quality of growth, gross domestic product, poverty, income inequality, employment, human capital, sustainable development

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1. Introduction

In recent decades, approaches to the assessment of economic growth have undergone a significant transformation in global economic views. Traditionally, the main focus was on the size of the gross domestic product (GDP) and its growth rate, but now the qualitative aspects of economic growth, i.e., the impact on the welfare of society, the fairness of income distribution, employment opportunities and environmental sustainability, are gaining priority. The experience of developing countries shows that high economic growth rates do not always ensure a proportional increase in the standard of living of the population (Johnson and Eccleston) [1].

This situation has created the basis for the formation of the concept of "inclusive economic growth" in the international economic literature since the beginning of the 21st century. According to this approach, economic growth should not only be ensured at high rates, but also its results should be fairly distributed among all segments of society. International organizations such as the World Bank, the Asian Development Bank, the UNDP, and the Organization for Economic Cooperation and Development (OECD) are promoting this approach in their research and practical activities [2], [3].

The concept of inclusive growth emphasizes that not only the speed of economic growth, but also its structure and distributional characteristics are important. This implies

that all social groups of the population, including women, youth, rural residents and the poor, actively participate in the growth process and benefit from its results [4].

This approach, unlike the traditional "trickle-down" theory, does not require the automatic distribution of the benefits of economic growth, but rather requires ensuring equal opportunities through targeted socio-economic policies.

Within this concept, the category of "quality of growth" is of particular scientific importance. It encompasses multidimensional aspects of economic growth, such as its sources (investment, innovation, labor productivity or resource-based growth), its structural composition (sectoral balance), its sustainability (macroeconomic balance and environmental factors), and its social outcomes (poverty levels, income inequality, employment, and human capital development). In this sense, inclusive growth and quality of growth are interrelated but substantively distinct concepts, with the former emphasizing distributive justice, and the latter emphasizing the content and efficiency of growth [5].

The relevance of this issue for the economy of Uzbekistan is even higher. As a result of large-scale economic and institutional reforms implemented in recent years, the country has been ensuring stable high economic growth rates. In particular, in 2024, the GDP volume amounted to 1,454.6 trillion soums, an increase of 6.5%, while by the end of 2025 this indicator will reach 1,849.7 trillion soums (approximately 147.1 billion US dollars), an increase of 7.7%. However, at the same time, the imbalance in income distribution persists: the formation of the Gini coefficient in the range of 0.28–0.35 indicates that the results of economic growth are not fully distributed equally among the population [6].

The above circumstances determine the goals and objectives of this study. In particular, the main goal of the study is to reveal the theoretical content of the category of "quality of growth" within the framework of the concept of inclusive economic growth and to conduct a comprehensive analysis of the features of its practical manifestation in the economy of Uzbekistan. To achieve this goal, the study set the following tasks: to systematize the theoretical and methodological foundations of the concepts of inclusive growth and quality of growth, to analyze existing international approaches and methodologies for their assessment, to conduct a comparative assessment of quantitative and qualitative indicators of economic growth on the example of the Uzbek economy, as well as to develop scientifically based proposals and recommendations aimed at improving the quality of economic growth and strengthening inclusiveness [7].

2. Materials and Methods

This study is aimed at a comprehensive study of inclusive economic growth, which was carried out on the basis of a comprehensive methodological approach. This approach relies on a combination of theoretical analysis and empirical research methods and allows for a systematic and in-depth analysis of the research object.

In the theoretical part of the study, the formation of the concept of inclusive growth, stages of development and scientific approaches were analyzed. For this purpose, foreign and national scientific literature, as well as analytical reports and working documents developed by international organizations such as the Asian Development Bank, the World Bank, and the International Policy Center were studied based on the method of substantive-logical analysis. This process served to form the theoretical-methodological foundations of the research [8].

The empirical analysis used official statistical data to assess the processes of inclusive growth in the economy of the Republic of Uzbekistan. In particular, data from the Agency for Statistics of the Republic of Uzbekistan, the Ministry of Poverty Reduction and Employment, as well as the World Bank and the Statistical Committees of the CIS countries served as the main information source for the study. In the period 2020–2025, the nominal and real volume of gross domestic product (GDP), its growth rates, structural structure by economic sectors, poverty level of the population, Gini coefficient expressing income inequality, unemployment rate, share of informal employment, and dynamics of real income per capita were analyzed [9].

In the research process, comparative analysis, study of the dynamics of statistical series, logical generalization and scientific abstraction methods were widely used. At the same time, approaches widely used in international practice were used to assess the level of inclusive economic growth. In particular, the comprehensive assessment approach proposed by Ramos, Ranieri, and Lammens (2013), which includes indicators of poverty, income inequality, and employment, was adopted as the methodological basis of the study and adapted to the specifics of the Uzbek economy. The use of only official and reliable sources in the study, as well as the scientific validity of the methods used, ensure the objectivity and reliability of the results obtained [10].

3. Result

According to the Statistics Agency of the Republic of Uzbekistan, in recent years the country's economy has been showing stable and high growth rates. In particular, in 2023 the gross domestic product (GDP) amounted to 1.19 quadrillion soums (about 101.6 billion US dollars) at current prices, while at the end of 2024 this figure reached 1,454.6 trillion soums (about 114.96 billion dollars), and the real growth rate was recorded at the level of 6.5%. According to preliminary estimates, by the end of 2025 the GDP volume increased to 1,849.7 trillion soums (about 147.1 billion dollars), and the economic growth rate was 7.7%. In this case, the service sector emerged as the main driver of economic growth, contributing 3.9 percentage points to the overall growth (Statistics Agency under the President of the Republic of Uzbekistan, 2025).

Table 1. Inclusive economic growth indicators

Indicators	2021	2022	2023	2024	2025	Comment (from growth quality perspective)
Poverty rate (%)	17.0	14.1	11.0	8.9	5.8	Sharp decline – a sign of inclusive growth
Income share of the bottom 40% (%)	60.7	61.5	61.9	61.8	61.3	Stable high share – equal distribution
GDP growth rate (%)	8.2	6.1	6.3	6.7	7.7	High economic growth
Unemployment rate (%)	9.6	8.9	6.8	5.5	4.8	Employment is improving
GDP per capita (USD)	1,983	2,255	2,600	3,200	3,968	Real income growth

Uzbekistan's experience shows that the quality of economic growth is determined not only by GDP growth rates, but also by poverty reduction, income distribution stability, and employment growth. The reduction in the poverty rate from 17 percent to 5.8 percent in 2021–2025 and the maintenance of the share of the low-income group at a level above 60 percent confirm the formation of an inclusive economic growth model in the country [11].

At the same time, the GDP per capita indicator also reflects a consistent positive dynamic. In particular, in 2023, this figure was 33.08 million soums (2600 dollars), and in 2024 it reached 39.13 million soums (3200 dollars), which represents a nominal growth of 18.3 percent. According to preliminary estimates for 2025, this figure has increased to 48.4 million soums ($3968) [12].

Important structural shifts are also observed in the structure of the economy. In particular, according to the results of the first half of 2025, the share of the service sector in GDP increased from 50.6% to 51.4%, and the share of industry increased from 26.2% to 26.6%. At the same time, the share of agriculture, forestry and fisheries decreased from 15.6 percent to 14.6 percent, and the share of the construction sector decreased from 7.6 percent to 7.4 percent.

These trends indicate an increasing dominance of the service and industrial sectors in the national economy, that is, the economy is structurally diversifying and gradually moving towards industrial and post-industrial development. This indicates that not only the quantitative but also the qualitative aspects of economic growth are improving.

Uzbekistan has been making significant positive progress in reducing poverty in recent years. According to assessments carried out in collaboration with the World Bank based on international methodology, the monetary poverty rate has decreased from 17 percent in 2020 to 14 percent in 2022, to 11 percent by the end of 2023 and to 8.9 percent in 2024, which means that approximately 3.3 million people have been covered. In particular, the poverty level in 2024 decreased due to the removal of 719 thousand people from this category compared to 2023. According to preliminary estimates, this indicator is expected to decrease to 6 percent by the end of 2025. Also, the fact that 302 thousand families were lifted out of poverty during the reporting period and 1,435 neighborhoods were granted "poverty-free" status for the first time indicates the effectiveness of institutional and targeted policies in this regard [13], [14], [15].

At the same time, certain disparities in income distribution persist. According to various national and international sources, the Gini coefficient showed an upward trend in 2022–2023. In particular, some estimates indicate that this indicator increased from 0.31 in 2022 to 0.35 in 2023, while other estimates indicate an increase from 0.283 to 0.288. According to the analysis of World Bank experts, if the level of income inequality had remained unchanged, the reduction in poverty could have amounted to 5.5 percentage points instead of the 3.1 percentage points observed in practice. In addition, the analysis shows that the growth rate of incomes of the highest income groups of the population was approximately five times higher than that of the lowest income groups [16], [17], [18].

These circumstances mean that although high economic growth rates are being ensured in the country, its results are not distributed proportionally among the population. This is manifested as a factor limiting the level of inclusiveness of economic growth, and indicates the need to direct socio-economic policy to alleviate income inequality and ensure equality of opportunities in the future.

Analysis of labor market indicators in Uzbekistan shows mixed trends, indicating that, along with economic growth, its qualitative aspects have not yet been fully formed. In particular, according to official data, the unemployment rate decreased from 10.5 percent in 2020 to 6.8 percent by early 2024, and to 5.1 percent by mid-2025. Although this indicates positive dynamics in the labor market, problems remain in terms of qualitative employment indicators. In particular, approximately one third of the employed population works in the informal sector, and another 12 percent works abroad. This indicates a structural weakness of the labor market, insufficient development of formal employment, and limited coverage of social protection.

The high share of informal employment increases the risk of the population not having a stable source of income, poor quality of working conditions and exclusion from social guarantees, which indicates a limited quality of economic growth. Analysis of demographic and territorial indicators also confirms the relevance of the issue of inclusion. In particular, it is observed that the dynamics of real per capita incomes of the population differ significantly across regions. In 2024, the highest growth of this indicator was recorded in Tashkent city (15.4 percent), Navoi region (7.9 percent) and Tashkent region (6.4 percent), while growth rates in other, especially remote and rural regions remain relatively low. This indicates that differences in inter-regional economic opportunities and human capital development persist.

The results of the analysis confirm the main principle of the theory of inclusive economic growth, namely that, along with the rate of economic growth, how its results are distributed is also of decisive importance in the case of Uzbekistan. Although the country has achieved high economic growth rates and positive results in reducing poverty, increasing income inequality poses a threat to the sustainability of these achievements. This confirms the theoretical approach put forward by Ranieri and Ramos, showing that high rates of economic growth do not in themselves ensure inclusion [19].

4. Discussion

From this point of view, it is considered appropriate to use a four-dimensional complex approach to assess the quality of economic growth in Uzbekistan within the framework of the study. First, the source quality of growth should be assessed to what extent GDP growth is provided by investment and innovation, or by raw materials and extensive factors. Second, the distribution quality is analyzed through income inequality, including the Gini coefficient and the dynamics of the income ratio between population groups. Third, the quality of participation is determined by the share of formal employment in the labor market and the rates of reduction of the informal sector. Fourth, the territorial quality is assessed through the degree of reduction of inter-regional socio-economic disparities. This approach enriches the poverty, inequality and employment model proposed by Ramos, Ranieri and Lammens with national and regional characteristics. From the point of view of international experience, Uzbekistan is among the countries that have achieved significant results in reducing poverty. However, the trend of increasing income inequality is observed not only at the national but also at the regional level. Therefore, it is not enough to limit economic policy to stimulating macroeconomic growth. It is important to improve redistribution instruments through fiscal policy, social transfer mechanisms, and regional investment programs.

Also, the high share of informal employment in the labor market should be considered as a priority in policies aimed at improving the quality of economic growth. In this regard, it is important to stimulate the creation of formal jobs, support small businesses and private entrepreneurship, as well as increase the competitiveness of labor resources by developing a system of vocational education and retraining [20].

5. Conclusion

The results of the study show that within the framework of the concept of inclusive economic growth, the category of "quality of growth" has a multidimensional and complex meaning, which should cover not only quantitative indicators of economic growth, but also its sources, sustainability and socio-economic outcomes. The analysis carried out on the example of the Uzbek economy confirms that in recent years the country has achieved high economic growth rates (6.5 percent in 2024 and 7.7 percent in 2025), as well as a consistent reduction in the poverty rate (from 17 percent in 2020 to 8.9 percent in 2024). However, increasing income inequality and a high share of informal employment in the labor market (about 33 percent) are emerging as the main factors limiting the full inclusiveness of economic growth.

Based on the results of the study, the following practical recommendations were developed. First, in order to systematically assess the quality of economic growth, it is necessary to introduce a comprehensive monitoring system at the national level, covering poverty, income inequality, formal employment, and interregional disparities. At the same time, it is advisable to strengthen progressive redistribution mechanisms aimed at reducing income inequality through fiscal policy instruments. From the point of view of reducing informal employment, it is important to expand financial and tax incentives that encourage its formalization, in particular, supporting small and medium-sized businesses. In addition, in order to mitigate interregional socio-economic disparities, it is necessary to develop targeted investment programs aimed at remote and rural areas, as well as ensuring sustainable and inclusive growth in the long term by improving the quality of human capital.

Within the framework of future scientific research, econometric modeling of the inclusion index across the regions of Uzbekistan, as well as an in-depth analysis of the impact of digital transformation and innovative development factors on the quality of economic growth, will be promising research directions.

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