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**REFERENCES POINTS FOR STATE REGULATION OF LABOR
MARKET**

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Abstract

The paper is dedicated to resolving problems of the the labor market, employment and unemployment that are among the most significant socio-economic issues of our times. From the analysis of state regulation of the labor market, the paper identifies main and most significant problems in this field. Directions of state socio-economic policy in the area of labor market regulation and solutions for identified problems were analyzed. The state may influence the socio-economic processes in society by means of state regulation and by introducing various reforms in the labor market. Labor market is a socio-economic system that includes a set of social interactions related to sale and purchase of labor. Detailed study of this area of regulation allows getting more complete understanding of the multifaceted nature of means and approaches applied by the state. Regulation of the labor market by the state in the context of market economy is represented by regulatory, legislative and executive measures. In all countries, the function of monitoring and controlling of the unemployment situation is with the government. This suggests that the state takes priority in the regulatory mechanism at the labor market. Creating tools for such regulation is one of the main objectives in regulation of the economic domain. The article substantiates theoretical aspects of the state regulation mechanism of the labor market and concludes that selection of a specific regulatory form shall be done with considerations for existing situation in the labor market.

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1. Introduction

The pressing nature of the topic is related to the fact that state regulation of labor market in the context of developed market relations shall be based upon understanding that formation of an active position typical of enterprises, corporation or individual employees, as well as their striving for development and self-assertion cannot proceed as a result of various external influences or directives.

Inception of such motivations results from internal motives. They are implemented through independent actions and decisions. However, it requires creating certain conditions.

The state has all the necessary elements to create such conditions. In particular, it is necessary to highlight creation of competitive environment and provision of equal potential with the aim of attaining maximum efficient results.

2. Problem Statement

Solution of this issue for a state is provision of maximally favorable social, economic, cultural conditions for establishment of a country. The western society was formed during the 80–90s (Ananskikh, 2013).

In this situation, the state is never a directive power that puts pressure and monopolizes the regulatory rights on the labor market. From the practical experience of civilization development it is becoming evident that sooner or later such approach leads to a complete extinction of competition and the labor market itself as a result.

Regulation of the labor market by the state in the context of market economy is represented by regulatory, legislative and executive measures performed by public structures and authorized state institutions, taking into account socially necessary goals in provision of equilibrium at the functional market, as well as its adaptation to evolving conditions of entrepreneurship (Bulanov, 1997).

As the state is the main subject of regulation of the labor market, it performs specific and general activities that cannot be performed by other subjects of regulation of the labor market. In all countries, the function of monitoring and controlling of the unemployment situation is with the government.

This suggests that the state takes priority in the regulatory mechanism at the labor market (Vinokurov, 1991).

Creating tools for such regulation is one of the main objectives in regulation of the economic domain (Vukovich, 2011).

The authors understand mechanism of state regulation of the labor market as a system of interactions in the labor exchange that is oriented towards the methods of organizing state influence over various aspects of the labor market. This mechanism shall be a method that various types, techniques and tools use to influence components of the labor market and their influence factors.

3. Research Questions

The subject of this research is increasing employment by improving state regulation of labor market.

4. Purpose of the Study

The research objective is to study the labor market, determining its main trends and directions of development and regulation; analysis of results, making forecast of the labor market and proposition of specific measures to facilitate employment of the population.

The goal of the socially-oriented labor market regulation is reduction of number of unemployed and achievement of full employment of working-age population. One of the key features of such kind of regulation is that companies are often interested in assisting the state and state bodies in their implementation of projects aimed at establishment of the labor market, increasing efficiency of employment, raising individual qualification of employees, conducting massive retraining programs due to implementation of advanced technologies and changes in organization of activities.

The state may pursue different aims in its activities in the labor market. It may direct its activities to regulating the components of the market or towards some other targets. The very tasks that the state regulation faces are inextricably linked with the objects with respect to which they are set (Kutaev, 2009).

From the goals and objectives of the state regulation, methods and tools are selected to influence the labor market.

5. Research Methods

The selected methods of research into the state regulation of labor market include systemic analysis and synthesis, modeling and forecasting, induction and deduction. To attain the research objective, the authors also used: general scientific methods (monitoring and analysis of sources covering the research problem, comparison, systematization of theoretical and factual data) and empirical method (testing with a complex of certain techniques).

During the labor market regulation, its mechanisms may employ various methods based on administrative and economic regulation. Correspondingly, before further studying this mechanism, it is necessary to systematize these methods. There are many ways to systematize the methods employed for labor market regulation (Popova, 2013).

Economists largely tend to divide them into administrative and economic ones. Volokhova (2016) proposed a rather detailed classification. As we consider economic and administrative forms of regulation, its methods may be systematized following these criteria.

Speaking of objectives attained with the methods of regulation, they reside in increasing application level of labor resources, reducing the number of unemployed, lowering uncovered demand for labor services, attaining correspondence between supply and demand in the labor market, etc.

6. Findings

A state determines key reference points towards which the state policies in the labor market are driven, being implemented at different regulatory levels (Zaitseva, Popova, & Vorokhobina, 2013). Socially-oriented labor market regulation is implemented with the following state measures:

I. National level of the labor market provides the following measures:

- increasing the level of taxation with the aim of providing support to companies with low profitability and income containment of profitable companies to reduce the level of competition, which is aimed at wage increase;

- assistance to small business: provision of loans, tax benefits to increase the number of jobs, meaning activating demand for labor services;

- guarantees of labor resource mobility, using provision of subsidies and loans to finance family migration from excess workforce regions to labor shortage regions, together with provision of accommodation and improvement of material status of the families, which usually follows;

- state support for employees who are unable to compete on the labor market;

- increasing the level of general education among unemployed, measures aimed at their professional education in the areas with constant demand on the labor market, retraining for new professions.

II. Regional level of the labor market provides the following measures:

- informing each person looking for a job about open positions and in-demand professions, activity areas and regions of the country, forming public access data bases covering all the territory of the country;

- creating possibilities to find a job in public works for employees from unprotected groups of population to initiate employment in regions;

- benefits for companies that provide employment to disabled persons, young specialists, etc.;

- benefits for small business enterprises, especially those only starting their activity, with account for for the economic structure of the region;

- organizing employment services;

- analytical measures for studies of structural and technological changes in the region;

- regulation of capital investment into human resources, with account for needs of the regional economy;

- statistical and marketing research of the labor market to provide influence conditions in the directions most favorable for the population.

III. Internal level of the labor market provides the following measures:

- guaranteed equal pay for equal services, independent of financial status of the company;

- regulation of relations between employer and employee as formalized in their contract;

- formation of general wage rates, etc..

In those states where socially-aimed regulation is used, finances directed to regulation of the labor market are divided between professional training (24%), job creation (18%), subsidies (7%), unemployment service (10%) and other expenses (Kapeliushnikov, 2015; Kapeliushnikov & Gimpelson, 2015).

Liberal form of regulation assumes a more laissez-faire regulatory policy. It is implemented by the following measures:

- fixing the minimum wage level;

- financial assistance to unemployed;

- providing information with the aim of ensuring workforce mobility between territories, companies, etc.

At the regional level, any indirect methods and measures of market regulations are allowed, if they are necessary, as well as creating target programs. This form does not use constant regulations (Ilina, 2008). Legislative measures may be also used: Laws are adopted that conform to the national ones, but take into account regional specifics. Methodology of the social field assumes disbursements from municipalities.

The liberal form of labor market regulation assumes flexible procedures of employment and dismissal. At that, the employee gets the knowledge of their dismissal not ahead of the time, but directly before the dismissal. Career advancement in both private sector and state employment do not assume increase in qualification, but only movement to another position (Cherneiko, 2001).

Practical application of the liberal form of regulation has shown that it may provide rather efficient distribution of employees among various sectors of economy but does not guarantee reduction of unemployment (5–6% annually) (Osmanov & Aigumov, 2014). In case of the liberal form of regulation, state influence has a practical result, which is manifested in a trend where large companies create a large source of financing for measures aimed at job creation, workforce training and retraining. Employee trade unions undertake obligations to create funds that are used in case of a crisis in the company for employee retraining (at the company's premises or in an educational institution), or for opening their own business.

7. Conclusion

One may conclude that under the liberal form of labor market regulation, the state only provides assistance to unemployed persons at the national level. At the same time, measures of socially-oriented regulation cover mainly employed persons, namely those pertaining to problematic groups and are also concerned with future-proofing the employment.

Speaking of the regional level of the labor market, the regulatory forms under considerations differ in that the liberal form does not have a continuous influence over the job market. Speaking of regulation at the intra-corporate level, the measures of the socially-oriented regulation are aimed at protecting employees against violation of their rights due to wrongdoings on behalf of dishonest employers. However, it may make the labor market somewhat restrained. At that, the relations between dissatisfied employers and employees become more complex. So, any form of regulation has both positive and negative features.

Speaking of directions in regulation, its methods may be divided in the following way: those directly influencing the labor market (legislative) and indirect methods (using fiscal, social, monetary policy of profit regulation by means of governmental price adjustment and external economical regulations).

Thus, selection of a specific form of regulation shall be done with considerations for existing situation on the labor market, as well as specific features of the economy within the framework of which this labor market exists.

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