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Analysis and priorities of state regulation of the labor market in crisis conditions

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Abstract

The main objective of the study was to analyze the characteristics of state regulation of the labor market in a crisis. Structural changes in the labor market are due, among other reasons, to the transformation of public and economic relations in today's globalized world. Increased competition, the development of the knowledge economy, information technology, changes in the content and forms of work require updating the system of labor market regulation. The research methodology of the study involved the use of cognition methods such as: induction and deduction, comparison and systematization to characterize the understanding of the essence of the addressed problem. In addition, the structure developed included a basic documentary study, together with IDEF modeling. It was concluded that the labor market is subject to market, corporate, state and interstate regulation, the combination of which depends on a number of dialectical factors that are formed as a function of time and space. On the other hand, market regulation is spontaneous, and corporate, state and interstate regulation, unlike market regulation, is rather biased and strictly regulated by specific policies.

Keywords: state regulation; labor market; market crisis; crisis conditions; public policy.

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Análisis y prioridades de la regulación estatal del mercado laboral en condiciones de crisis

Resumen

El objetivo principal del estudio fue analizar las características de la regulación estatal del mercado laboral en una crisis. Los cambios estructurales en el mercado laboral se deben, entre otras razones, a la transformación de las relaciones públicas y económicas en el mundo globalizado de hoy. El aumento de la competencia, el desarrollo de la economía del conocimiento, la tecnología de la información, los cambios en el contenido y las formas de trabajo requieren actualizar el sistema de regulación del mercado laboral. La metodología de investigación del estudio implicó el uso de métodos de cognición como: inducción y deducción, comparación y sistematización para caracterizar la comprensión de la esencia del problema abordado. Además, la estructura desarrollada incluye un estudio documental básico, junto al modelado IDEF. Se concluye que el mercado laboral está sujeto a una regulación de mercado, corporativa, estatal e interestatal, cuya combinación depende de una serie de factores dialecticos que se forman en función del tiempo y el espacio. Por su parte, la regulación del mercado es espontánea y, la regulación corporativa, estatal e interestatal, a diferencia de la del mercado, está bastante sesgada y estrictamente regulada por políticas específicas.

Palabras clave: regulación estatal; mercado laboral; crisis de los mercados; condiciones de crisis; política públicas.

Introduction

The labor market and employment of the population occupy a special place in the system of market relations. Most of the economic, social, demographic phenomena taking place in a market economy, directly or indirectly, fully or partially reflect the processes taking place in the labor market. Being an integral part of the modern economy, the labor market plays an important role in the reproduction system. It is in the labor market that the labor force is bought and sold, its usefulness and social significance are evaluated.

In this regard, the scientific search for ways to solve problems related to the creation of favorable conditions for increasing the human potential is relevant and of great theoretical importance. Particular attention should be paid primarily to the regulation of employment and the labor market as a whole. Deep knowledge of the fundamentals of labor economics plays a key role in understanding many social problems and phenomena.

Reforming the processes of labor market regulation should be aimed at overcoming the negative impact of the socio-economic crisis, taking into account the peculiarities of modern forms of involving labor in the social reproduction process, ensuring the optimal ratio of state and market levers of influence in order to strengthen the vector of European integration, implement the postulates of the strategy for sustainable development of the domestic economy, the exit of the national economy to a new level of socio-economic development and technological structure.

A systemic crisis is a kind of crisis that is generated by the system itself and which cannot be overcome on the basis of the totality of the system's own resources. A systemic crisis is expressed in the fact that the principles on which it is based, through a chain of cause-and-effect relationships, give rise to phenomena in the system itself and (or) in the environment, which contribute to the unsuitability of the system or can completely destroy it.

The labor market regulation mechanism is a set of normative, legislative or collective agreements that guide partners in the implementation of employment policy. The labor market regulation mechanism covers a list of economic, social, psychological factors that determine the functioning of the labor market. In the domestic scientific literature devoted to the problems of labor market regulation, there is no single approach to this direction.

The main purpose of the study is to analyze the features of state regulation of the labor market in a crisis.

1. Materials and methods

To characterize the features of state regulation of the labor market in crisis conditions, the following methods were used: induction and deduction, comparison and systematization to characterize the modern understanding of the essence of the features of state regulation of the labor market in crisis conditions, synthesis and analysis of the development trend of the features of state regulation of the labor market in crisis conditions; morphological analysis - to clarify the significance of the features of state regulation of the labor market in crisis conditions; abstract-logical - for theoretical generalizations and conclusions of the study of state regulation of the labor market in a crisis.

To more accurately reflect the main features of state regulation of the labor market in a crisis. Structural shifts in the labor market are due to the transformation of public and economic relations in today's globalized world, we used the IDEFO functional modeling method.

2. Literature review

Among scientists there is no unanimity of opinion regarding the definition of the essence of labor market regulation. It is generally recognized that it should be aimed at stimulating the growth of the quality of the labor force and providing it with jobs (Holubnycha *et al.*, 2019). The main discrepancies relate to the definition of its scope and leverage.

He believes that the state mechanism for regulating the employment of the population in the conditions of the formation of a socially oriented economy is a system of measures (social, economic, financial, legal, organizational, psychological) of the state to ensure effective employment, normal working conditions and rational use of labor force (Bentolila *et al.*, 2019).

According to modern scientific research (Anelli and Peri, 2017; Kryshchanovych *et al.*, 2022.), the mechanism for regulating the labor market in a systemic crisis should include a goal, functional support for the implementation of the goal, subjects, objects, principles, methods (means), tools of influence. Given the theoretical achievements in setting the goal of labor market regulation in a systemic crisis, it is necessary to structure a combination of regulatory mechanisms, self-regulation and contractual regulation of the labor market.

Then the goal of labor market regulation in the conditions of a systemic crisis can be formulated as a clear definition of the proportions of state regulation, self-regulation and contractual regulation of the labor market, justification of the maximum level of state intervention in the processes of regulating the solution of multifaceted issues of employment and social protection of the unemployed (Grenčíková *et al.*, 2018).

The objects of labor market regulation are social and labor relations between an employee and an employer on the basis of current legislation and contractual regulation of these relations. The principles of the state regulatory policy in the labor market, methods and tools for their implementation are carefully considered by domestic scientists in numerous works devoted to this problem.

Functional support for the implementation of the goals of labor market regulation is not considered in the scientific literature as an integral system. Only the functional subsystems of labor market regulation are studied, namely: the formation of the labor market, the management of production, distribution and use of labor (Drebot *et al.*, 2019).

3. Research Results and Discussions

In a systemic crisis, it is necessary to correctly find the functions of regulating the labor market. The most correct approach is to consider the regulation of the labor market as a set of management functions carried out by state bodies and entrepreneurs in order to balance the demand and supply of labor. Since the goal of labor market regulation is to achieve full, productive and freely chosen employment, in the process of regulation within the framework of the socio-economic crisis, it is necessary to solve the following planned tasks (Sylkin *et al.*, 2021).

The infrastructure of the labor market as a set of its constituent elements and links between them functions in a certain political and socio-economic space, is influenced by factors of the external and internal environment. The external environment is determined by macroeconomic factors (the state of the country's budget, the investment activity of economic entities and their financial condition, the behavior of sellers and buyers of labor, etc.) (Hennadii *et al.*, 2022).

The main threats that negatively affect the system of state regulation of the labor market are shown in Figure No. 01.



Own elaboration. Fig.1. The main threats that negatively affect the system of state regulation of the labor market.

In contrast to the approach to market infrastructure that is common in theory and practice as a set of elements that ensure the conditions for the functioning of the market, it is a set of relations that develop between subjects regarding the organization of the exchange of labor services on an equivalent basis. The aggregates of organizational and legal forms and institutions that ensure the interaction of hired workers and employers in the process of employment and employment policy are only forms of organizing relations in the labor market. The emphasis on economic relations, and not on organizations and, moreover, not on objects, as is common in economic literature, corresponds to the disclosure of the content of such a complex phenomenon as market infrastructure.

In addition, with this approach, infrastructural relations in the labor market are mediated and produce substantive relations. Finally, attention is drawn to the most important distinctive feature of the infrastructural process, its products - the exchange of labor services and employment. Moreover, along with the commodity nature of labor services, which manifests itself in equivalent exchange, and determines the market elements of infrastructure, the latter also has non-market components (Chlivickas *et al.*, 2010).

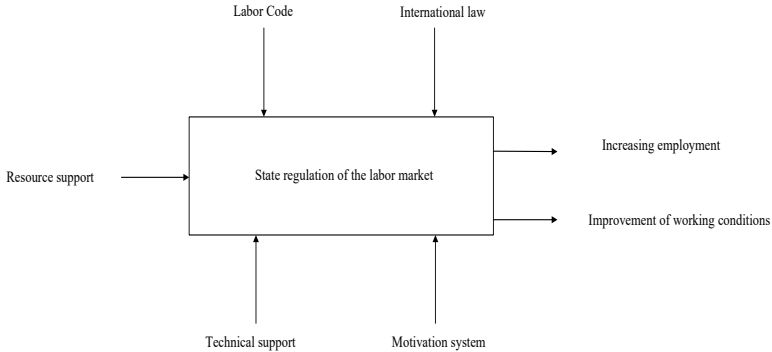
The mechanism for regulating the safe development of the labor market involves the observance of a number of principles: consistency, complexity, fairness, reliability, optimality, functionality, efficiency, stability, well-known (Maidyrova and Mamedova, 2013).

Thus, the infrastructural arrangement of the labor market plays an important role in the formation of a mechanism for its regulation. It is a factor in the development of the labor market and an indicator of the transition to the market in the field of labor relations.

The infrastructure of the labor market is designed to coordinate the interests of its participants and absorb the emerging disproportions between supply and demand in its local areas, and therefore transform tense social well-being into prosperous, and prosperous - into comfortable. The final result of the employment policy, which is an integral part of the general socio-economic policy pursued by the state, will largely depend on the effectiveness of the functioning of the labor market infrastructure (Kryshtanovych *et al.*, 2021).

The model of state regulation of the market in a crisis is shown in Figure No. 02.

Fig.2. The model of improving of state regulation of the market in a crisis.



Own elaboration.

In the context of the globalization of the world economic space, aspects of the formation of the domestic labor market are becoming important. By delimiting the work of people in accordance with the needs of society, this market covers all sectors of the economy, activities, forms of ownership, and the ratio between supply and demand determines the stability of the state economic development. Therefore, in modern economic conditions, the issues of comprehensive research and monitoring of the processes taking place in the labor market are extremely relevant (Rembeza and Radlińska, 2021).

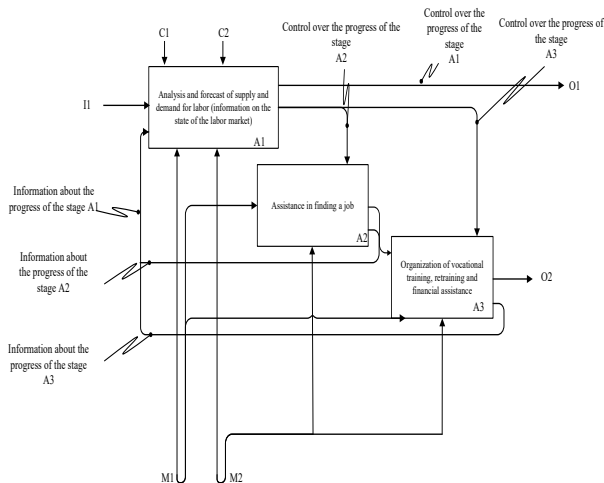
The structural elements of the labor market are the demand for labor, supply, price and cost of labor. Demand is created by employers who hire labor; it reflects the general structure of the country's needs on the part of companies, institutions, organizations. The offer on the labor market depends on the social and demographic situation in the country, age, gender, education, qualifications of the worker.

Like any product, labor power has its price and price. The wages of the wage worker is the price at which he sells his labor power. The worker defines wages as labor income necessary to create conditions for the reproduction of labor power; the enterprise considers wages as a structural element of production costs and a determining factor of material interest in obtaining the effect from activities (Acemoglu and Autor, 2011).

The subjects of state regulation are individuals and legal officials, collective legislative and administrative bodies, state authorities at all levels, local governments, associations that form state policy; contractual regulation - the parties of social dialogue; self-regulation - state and

territorial authorities, trade unions, associations of entrepreneurs (Radlińska *et al.*, 2020).

The final step of our functional modeling model IDEFo will be the formation of Decomposition of achieving the final goal Ao – Improving of state regulation of the market in a crisis (Fig.3).



Own elaboration. Fig.3. Decomposition of achieving the final goal Ao - Improving of state regulation of the market in a crisis.

Functional support for the implementation of the goal of labor market regulation is not considered in the scientific literature as an integral system, only its functional subsystems are studied. The most adequate approach is to consider the regulation of the labor market as a set of management functions carried out by state bodies and entrepreneurs to balance the demand and supply of labor (Sylkin *et al.*, 2021).

This suggests that: planning should include the reorganization of the labor market planning system in accordance with the challenges of society, competitive subsidies for employers to create new jobs and maintain existing ones; organization - restructuring the work of employment centers at all levels into national employment agencies, restructuring social institutions in accordance with the challenges of society, developing progressive social guarantees and standards, using modern HR technologies.

Conclusions

Summing up, it should be noted that the problem of regulating the national economy and strengthening the national security of the state also involves the regulation of the safe development of the labor market. Ensuring a balance between the supply and demand of the labor force of the country's citizens with decent paid work can ensure: the growth of personal security, both economic and social; overcoming poverty and stratification of society; prosperity growth; decrease in unemployment; reducing social tension in society and avoiding political conflicts based on dissatisfaction with the standard of living, etc. Since market mechanisms are not always able to solve urgent problems of the labor market, corporate, state or interstate mechanisms should come to its aid.

The labor market is subject to market, corporate, state and interstate regulation, the combination of which depends on a number of factors that are formed depending on time and space. Market regulation is spontaneous, and corporate, state and interstate regulation, in contrast to market regulation, is quite biased and strictly regulated.

Modern trends in world development shift the problem of ensuring the efficiency of the labor market to the priority tasks of economic science, raising it to the level of a nationwide, strategically important problem, the solution of which has allowed many countries to claim a worthy place in the world community as a competitive partner. This formulation of the question indicates the relevance of this study and its practical significance. The analysis of the features of state regulation of the labor market in crisis conditions is carried out. A decomposition model for improving the system of state regulation of the labor market in a crisis was formed.

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