

PECULIARITIES OF FUNCTIONING AND REGULATION OF THE MODERN LABOR MARKET

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Methods. The study was based on the use of such methods of scientific knowledge as: abstraction – when forming the definition of the category of «labor market regulation»; factor analysis – when identifying factors influencing the labor market; general and specific – when determining the specifics of the functioning and regulation of the labor market; system approach – when identifying labor market regulation as a separate subsystem of the mechanism of state regulation of the economy.

Results. The paper examines the features of the functioning and regulation of the labor market. It is determined that the labor market is an important sphere of economic and socio-political life of society. Its social role is demonstrated, which consists in the fact that the labor market forms the value of labor, determines the conditions of its hiring and payment, the possibilities of obtaining education and professional growth, and determines job guarantees. The labor market reflects trends in employment dynamics, labor mobility, and unemployment rates.

Novelty. Factors influencing the functioning of the labor market are identified, namely: demographic, economic, social, legislative, organizational, institutional. It is demonstrated that through the combination of these factors, the labor market influences the development of the national economy as a whole. The mechanism of state regulation of the labor market is considered, which is a set of unified economic laws, methods and instruments that affect the level of employment, and also determine decisions aimed at stabilizing employment.

Practical value. It is proved that labor market regulation should be considered as a set of management functions carried out by state authorities in order to balance the demand and supply of labor. Labor market regulation is defined as a complex system of measures and mechanisms that covers not only the sphere of employment, but also all elements of economic relations in society. The mechanism of labor market regulation is considered as a subsystem of the mechanism of state regulation of the economic system as a whole.

Keywords: labor market, unemployment, employment, labor demand, labor supply, labor market mechanism.

Statement of problem. Today, when unemployment is one of the urgent problems for many countries of the world, the labor arrangement and effective employment of the population, minimizing unemployment, transforming the country's economy significantly depends on the formation of the labor market in a modern civilized form.

The quality of use of the labor and economic potential of the country, as well as the standard of living and social satisfaction of the population significantly depend on the proper functioning of the labor market. Without

a full-fledged labor market, it is impossible for market relations as a system to function perfectly.

The basis for effective employment of the able-bodied population, overcoming the high level of unemployment and improving the quality of life in general is the development of the civilized labor market and its adequate infrastructure.

Taking into account the challenges related to overcoming the problem of unemployment against the background of the current reality, it is important to study the

trends and peculiarities of the development of the labor market, to study the causes of the problems that further aggravate the situation in the labor market.

The labor market cannot function without the active intervention of the state. The state takes certain measures that directly and indirectly affect the functioning and development of the labor market. From this point of view, the role of the state can be both active and passive.

Analysis of recent papers. The labor market differs from other types of the market and has a special place in the system of market relations. Understanding the essence of the labor market is a matter of debate among scientists. «In the scientific literature, emphasis is also placed on what is the connection between the regulation of the commodity market and the regulation of the commodity market relations and what is the impact of commodity relations on labor relations» [1, p.25].

According to Marshall «We can neither buy nor sell the human factor of production, just like cars or other material factors of production, the worker sells his labor, remains his own owner» [2, p.266].

A person with his work ability is a socialized person, (in a purposeful way, in accordance with his own interests and desires, he uses his ability to work for his own well-being. He has the opportunity to sell his labor and receive his labor fee-salary. This mechanism is the basis of the labor market functioning. «Labor comes out as a special commodity – a set of spiritual, physical, intellectual abilities of a person, which determines the labor potential of an individual. The labor of the hired worker is compensated by the employer. In case of any price for labor resources, there is a demand for labor as well as supply in the labor market» [3, c.605].

The uniqueness of the labor market is determined by the fact that people who are represented in the labor market with their ability to work have a significant impact on the quality of labor activity, motivation with their social, cultural, religious, political or other characteristics.

Demand supply analysis allows us to consider the theoretical models of labor market

functioning: «free competition, monopsony, oligopsonia, trade union influence and bilateral monopoly» [4, c.198]. When discussing the models of labor market functioning, attention is paid to the peculiarities of labor market functioning and regulation in different countries. Factors that determine this or that national model are:

- professional training systems
- system of raising the qualifications and retraining of workers
- employee promotion practices and filling vacant positions
- methods of regulation of labor relations.

It is necessary for the normal functioning of the labor market.

The abundance of production owners - large, medium, small, collective, joint-stock and individual owners, who have the opportunity to use the labor force in the best way against the background of proprietary motivations, should also have competition among hired workers, should have personal interest to raise the professional level and be profitably employed. So far, the reforms carried out in Georgia do not contribute to the establishment of an economically and socially effective labor market. This is manifested by an elite approach to the human factor, when the success of the reforms is connected with the activation of the creative potential of a relatively narrow segment of the population – entrepreneurs, and the main mass – hired workers – is perceived as a passive object of regulation, which spontaneously adapts to the changed situation, testing on itself all the negative consequences of the transition period. «Essentially, the problems of the socio-economic status of the hired worker, the peculiarities of the reproduction of his labor force in the market, remain unexplored during the transition period» [5, p.85].

Only in the presence of all constituent elements of the labor market and their effective interaction, it is possible to create appropriate conditions for the implementation of labor market functions, the main of which is:

- organization of the meeting between the buyer and the seller

- ensuring the creation of a specific environment within the individual side of market interaction
- determining the amount of a balanced salary
- facilitating the resolution of population employment issues
- real implementation of social assistance for the unemployed [6, p.123].

In the labor market, on the one hand – on the basis of the supply of labor force, and on the other hand – in the case of job vacancies, the conjuncture of different types of labor market is formed: labor deficit, excess labor and balanced.

The most important component of the functioning of the labor market is the labor market mechanism, which is used in the process of agreeing and interacting with various interests of employers and the able-bodied population, when the population wants to work in hired form based on the information they receive in the form of changes in labor prices (functional labor force). It has a certain structure that includes the following elements: demand for labor (labor force), labor supply (labor force), labor price (value of labor force), state regulation.

A very important factor that directly affects the functioning of the labor market is the demand for a qualified workforce. It depends on the rates of economic development of the country, the level of scientific and technical progress, the industrial structure and the forms and volume of public production [7, p.782].

Unfortunately, the labor market infrastructure has not yet been fully established and developed in Georgia, the relationship between employers and employees will take place spontaneously. It was not possible to create a unified database of the unemployed, where it would be possible to get information about vacant jobs and people of the necessary profession, which would make it much easier for the interested party to mix the option with his needs and abilities. This issue is especially relevant if we take into account that the absolute discrepancy between demand and supply of labor force is a big problem in our country. In most cases, the supply of labor force in the labor market does not respond to

market demand at all. In the labor market, there is both a shortage of labor and an excess of labor, on the one hand there are vacant jobs, on the other hand there is a whole army of unemployed people. This situation is due to the fact that specific professions cannot meet the requirements of the labor market, which clearly indicates that vocational training centers are developed at a low level in the country.

Despite the different signs and characteristics, the division of the labor market into external and internal markets is conditional. They are closely related to each other. The internal market reflects the relations related to the movement of workers at the level of firms and enterprises. It contributes to the development of the so-called «Continuing Education» System. Firms are interested in raising the qualifications of workers and will incur certain costs for this, thereby reducing the turnover of personnel. There are insights into the «primary» and «secondary» sectors of employment that Derringer and Piore established [8, p.10].

The primary labor market and its corresponding job system are available to privileged classes of workers who have an advantage in choosing jobs. Primary labor markets are characterized by a high degree of protection against adverse conjunctural influences, stable employment, high salary level, good working conditions, good opportunities for promotion at work. It is almost impossible for job seekers whose professional mobility opportunities are limited by various social, ethnic, socio-cultural barriers to enter this market. For the first time, the level of social protection of employees in the labor market is very high, which ensures their economic interests.

Jobs presented in secondary labor markets do not provide a stable means of professional self-realization. Second-hand labor markets are characterized by uniformity of jobs, as well as a large number of employers and hiring workers.

Segmentation of the labor market can be carried out according to different socio-demographic groups of the able-bodied population and the labor market of women, youth, disabled and pensioners can be distinguished. Also according to socio-

economic characteristics - level of education, professional-qualified composition, work experience, according to forms of ownership - state and non-state [9].

In the process of forming a post-industrial society and transitioning to an innovative economy, radical changes took place in the field of labor. The emergence and development of flexible labor markets is a relatively new form of manifestation of market relations in the field of labor.

In a society where people with different needs live and work and in which an individual enterprise is in different conditions of farming, there cannot be a uniform and necessary system of regulation of income size, working conditions, working time, social security. The basis of the functioning of the labor market mechanism is unlimited competition, the right to work, length of working time, free choice of forms of employment and social security.

The spread of flexible forms of employment is an important feature of modern economic development and has a great impact on the development of labor relations and the labor market. In recent years, such a form of employment as remote employment has found wide spread.

The presence of flexible forms of employment is a factor of solid development of the regional labor market. Today, its active development is considered as a mechanism of self-development of the economy, a form of adaptation of the population to the changing socio-economic situation. Flexible employment allows the worker to combine personal problems with work, and the employer to widely use women's work, as well as the work of elderly and disabled people, to facilitate the adaptation of young specialists to the labor market.

The analysis of the world experience of labor market research proves that the prerequisites for its formation are standard and complex. A number of factors of labor market formation studied in the scientific literature can be divided into two large groups:

Factors of general nature:

– political stability in the country and in the regions where the labor market is created;

– normative legal provisions that determine economic, social, administrative and managerial, financial-tax and other rights;

– organizational (specific target programs, Existence (or creation) of an effective administrative management structure financial;

– potential market potential.

Regional factors:

– favorable location of the region;

– geographic proximity and access to international, national and domestic labor force markets, the potential of natural resources is especially important in the formation and formation of the labor market in the regions;

– favorable natural conditions;

– human potential;

– economic potential;

Geographical factors are important for the formation of the labor market, but the role of man is no less important. "The formation of the labor market is carried out under the influence of the external and internal environment of the territorial socio-economic complex.

In Georgia, as in other countries transitioning to a market economy, the structure and characteristics of labor market formation are influenced by several key factors: an excessively increased role of the state, an extremely high share of state property, limitation of labor force mobility, regulated employment, salary, etc." [10, p.80].

The formation of the civilized labor market in Georgia began in the 90s and continues today, since there is still no proper infrastructure of the labor market in the country.

The aim of the paper is to study the trends of labor market development in modern economic conditions. Explaining the essence of the features that characterize the functioning of the labor market. Showing the reasons and challenges that make the situation in the labor market even worse.

Materials and methods. The mechanism of state regulation in the field of labor relations should be a transparent and open system, due to the nature of the relationship between the subjects and objects of the labor market. «The state mechanism of employment regulation should include a whole range of methods and tools used by state authorities to achieve

effective employment at different levels and to ensure the effective functioning of the labor market» [11, p.28]. In order to protect the rights of employees, states create labor market regulations aimed at protecting the rights of employees [12, p.6].

Developed countries use the American, Scandinavian and European model of employment policy. The increase in labor productivity and incomes, which leads to a decrease in the number of employees, is characteristic of the European model. For the Scandinavian model, the guarantee of employment for workers is significant, mainly the state sector creates jobs. The American model distributes low incomes by creating jobs, thereby reducing unemployment, but there is a possibility of low-income population growth [13, p.58].

«Countries regulate the labor market in different ways and use both normative and collective solutions. Each regulation mechanism has disadvantages and advantages, but it is important that the specific nature of the country and existing traditions determine the effectiveness of using these mechanisms» [1, p.64]. «Is made in accordance with international labor standards, which aim to improve the internal national social environment of the member countries of the International Labor Organization (ILO), transformation in countries according to their specifics» [10, p.72].

The employment policy of many countries of the world is based on active and passive regulation of the labor market. «In the case of Georgia, the regulation of the labor market is mostly done by implementing an active state employment policy, which is manifested in state-initiated employment programs and business stimulation for the creation of new jobs. Such events can be considered: creation of jobs, professional training, provision of business with cheap state credit and organization of public activities for individual groups of citizens» [10, p.77]. Common employment and labor market regulation mechanisms for developed market economy countries include: economic methods (preferential credit and tax system, budget policy aimed at stimulating entrepreneurship, preservation of old jobs and creation of new

ones, training of personnel, etc.; organizational methods (creation of the state service for employment and employment, information system, training and retraining system of vocational training personnel; administrative-legal methods (regulation of labor relations. Production of mandatory production transfers in employment assurance funds. Determination of work arrangement quotas. Regulation of labor life by determining the amount of the minimum hourly wage.

Organizational methods are used by the state to create socio-economic conditions for all participants of the labor market. Among the methods of this group, the main tools include: drawing up a territorial scheme for economic development, labor market forecasting, organization of work of employment services, work in the direction of orientation and others. Organizational methods also include training of personnel, retraining, proven and effective forms of economic management (cooperation, promotion of creation of large enterprises, etc.)

An important role in the mechanism of state regulation of the labor market. Performs legislative methods. Labor legislation in Western countries was established after World War II, during the first two decades. Maintaining social balance has become the most important function of the state. State institutions, in the form of legislative, executive and judicial systems, took upon themselves the role of the «game rules» body for the main participants of the labor market, and monitored their implementation.

International agreements ratified by countries are used in many countries around the world. International norms can be used by countries on issues that are insufficiently regulated or completely unregulated by their legislation. [14, p.14].

Despite the fact that the regulatory systems of labor relations in different countries are essentially different from each other, and sometimes they even contradict each other, according to the regulation of the labor market, developed countries can be divided into three groups. 1. Countries with a liberal model of regulation, according to which employers conduct personnel policy mainly according to economic expediency (America, Canada, Great Britain, Ireland since the 1990s, Australia and

New Zealand). 2. Countries in which such a model of labor relations is maintained, according to which employers are forced to account for certain restrictions when deciding on the amount of labor used (Italy, Greece, Germany, France). 3. All other countries can be classified as an intermediate group, which is characterized by the combination of strict restrictive measures in one part of the employment legislation with relatively liberal legislation in another part [15, p.121].

Social dialogue and tripartite cooperation between state bodies and social partners attract special attention from practitioners of industrial (labor) relations and political economy experts, as well as from the member states of the International Labor Organization. It is considered a powerful tool for labor market management in the context of long-term economic and employment crises, rapid changes and reforms, as well as an effective mechanism for overcoming crises and promoting adaptation to change.

Among the important functions of the state regulation of employment provision, it should be noted: Information method - it is an independent element of the state mechanism, since informational information about the labor market is a necessary tool in the process of organizing the work of any institution (subject).

This mechanism allows all institutional units to be informed about the state of the labor market and its subjects, about the rights and guarantees of the population in the field of employment, to exchange information between labor market participants and mass media [16].

Conclusions. Thus, the modern mechanism of state regulation of the labor market is a complex of administrative, economic, legislative, informational organizational methods. All these methods are interconnected and mutually supportive, the main thing is that the content of these methods does not contradict each other when implemented in practice.

The theory about the labor market is constantly developing, the basis of which is the practice of its functioning. An important role in the functioning and development of the labor market is assigned to social factors, the issue of state participation, both at the national and regional levels. The state takes an initiative to

influence the functioning of the labor market. The state, as the central entity-regulator of the labor market, defines the rules for regulating relations between employees and employers. The modern mechanism of state regulation of the labor market is a complex of administrative, economic, legislative, informational organizational methods. The defined measures taken by the state both directly and indirectly affect the functioning and development of the labor market. Therefore, the role of the state can be both active and passive.

The functioning of the labor market is influenced by the general state of the national economy, the increase in the hand price, the change of professions according to priority or prestige, the growth or decrease of the country's population. Labor market entities, labor market conjuncture, labor market infrastructure and social protection system, economic programs, decisions and legal norms adopted by labor market entities – these are the elements whose existence is necessary for the formation and functioning of the modern labor market.

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ОСОБЛИВОСТІ ФУНКЦІОНУВАННЯ ТА РЕГУЛЮВАННЯ СУЧАСНОГО РИНКУ ПРАЦІ *Лалі Среселі, Ph. D з економіки, Горійський державний університет (Грузія)*

Методологія дослідження. Дослідження базувалося на використанні таких методів: абстрагування – при формуванні визначення категорії «регулювання ринку праці»; факторний аналіз – при виокремленні чинників впливу на ринок праці; загального й особливого – при визначенні специфіки функціонування ринку праці; системного підходу – при виокремленні регулювання ринку праці як окремої підсистеми механізму державного регулювання економіки.

Результати. У роботі розглянуто особливості функціонування та регулювання ринку праці. Визначено, що ринок праці є важливою сферою економічного та соціально-політичного життя суспільства. Продемонстровано його суспільну роль, яка полягає у формуванні вартості робочої сили, визначенні умов її найму та оплати, можливості отримання освіти і професійного зростання, гарантій працевлаштування.

Новизна. Виокремлено фактори, що впливають на функціонування ринку праці, а саме: демографічні, економічні, соціальні, законодавчі, організаційні, інституційні. Продемонстровано, що через поєднання цих факторів ринок праці здійснює вплив на розвиток національної економіки як єдиного цілого. Розглянуто механізм державного регулювання ринку праці, який є сукупністю єдиних економічних законів, методів та інструментів, які впливають на рівень зайнятості, а також визначають рішення, спрямовані на стабілізацію зайнятості.

Практична значущість. Доведено, що регулювання ринку праці слід розглядати як сукупність управлінських функцій, які здійснюють органи державної влади з метою збалансування попиту та пропозиції робочої сили. Регулювання ринку праці визначено як комплексну систему заходів і механізмів, що охоплює не тільки сферу зайнятості, а й усі елементи економічних відносин суспільства. Механізм регулювання ринку праці розглядається як підсистема механізму державного регулювання економічної системи в цілому.

Ключові слова: ринок праці, безробіття, зайнятість, попит на працю, пропозиція праці, механізм ринку праці.

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