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Article

Institutional support of the inclusiveness of Ukrainian labor market

Reference: Blyzniuk, Viktoriia (2020). Institutional support of the inclusiveness of Ukrainian labor market. In: *Economy and forecasting* (3), S. 47 - 62.

<http://econ-forecast.org.ua/?>

[page_id=189&lang=uk&year=2020&issueno=3&begin_page=47&mode=get_art&flang=en](http://econ-forecast.org.ua/?page_id=189&lang=uk&year=2020&issueno=3&begin_page=47&mode=get_art&flang=en).

[doi:10.15407/econforecast2020.03.047](https://doi.org/10.15407/econforecast2020.03.047).

This Version is available at:

<http://hdl.handle.net/11159/6956>

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Viktoriiia Blyzniuk¹

INSTITUTIONAL SUPPORT OF THE INCLUSIVENESS OF UKRAINIAN LABOR MARKET

The author substantiates a toolkit for ensuring the inclusiveness of the labor market. When considering the set of institutional entities, which, in the course of reconciliation of their own interests on the labor market contribute to its development and institutionalization, she proves that violation of their interaction causes a distortion of the institutional structure of labor market, throws the system out of balance and leads to risks and threats to labor application and the socio-economic sphere as a whole. Since there are no reference institutions in their pure form, the contradictory combination of functions, norms and logic determines the functioning of hybrids of inclusive and extractive institutions. Thus, the labor market can be considered as a conglomeration of institutions with a set of inclusive and extractive features.

The study found that the systemic problems of the labor market are institutional problems, such as imperfections and inconsistencies in the rules for implementing various components of economic policy (monetary, budgetary, tax, debt, employment ones and others). The scenario of riding out the crisis is also based on the introduction of the following institutional measures: adoption of legislative decisions and norms that shape an institutional field for minimizing the extractive features of the institutional structure and the formation of an inclusive labor market.

The author substantiates various guidelines for ensuring the inclusiveness of the labor market development in the form of a theoretical construct, which defines the factors of influence, and specifies the tools and mechanisms for introducing innovative methods of state regulation in the field of employment.

Keywords: *labor market inclusiveness, institutional entities, extractive, inclusive institutions, inclusive and extractive features, institutional structure of the labor market*

The need for institutional changes in the national labor market is due to the aggravation of the crisis, accelerating deindustrialization and degradation of the national economy, especially its industrial segment, increasing imbalances and distorted social and labor rela-

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tions, which led to a significant decline in living standards, quality of life, and access to quality social services, increase in labor migration flows, etc.

On the other hand, global trends indicate an intensification of the transition from sustainable economic development to inclusive one, which provides equal opportunities and accessibility of social services for all categories of the population and a fair distribution of benefits from increased welfare. The inclusive growth contributes to the humanitarian development of society, and shapes socio-economic relations based on tolerance, liberality, condemnation of discrimination, equality of opportunity, solidarity and security. Employment under conditions of inclusive growth and development creates conditions for the accumulation of human capital of the highest quality, which requires substantiation of effective mechanisms for achieving synergetic consensus between all labor market participants in order to ensure inclusive economic growth.

The problems of institutional support for the effective functioning of the labor market have always been in the purview of foreign researches Th. Veblen, R. Coase, W. Mitchell, G. Myrdal, D. North, J. Scott, T. Schultz and domestic ones such as S. Bandura, L. Beztelezna, V. Brych, M. Vedernikov, M. Voynarenko, O. Grishnova, A. Kolot, E. Libanova, S. Luchyk, Yu. Marshavin, V. Nyzhnyk, O. Pyshchulina, I. Petrova, V. Petyukha, M. Romanuk, U. Sadova, L. Semiv, M. Semikina, A. Telnov, O. Turetskyi, O. Chernyavska etc.

At the same time, the insufficient level of knowledge on mechanisms and tools for the development of inclusive labor market and formation of qualitative institutional support to encourage employees for decent work, and employers for creating new jobs, and improving quality of life determines the *purpose* of this study.

Defining the institution of the labor market as a stable set of rules, principles, standards and mechanisms that justify the behavior of labor market actors, researchers [1] distinguish between formal and informal, and state and non-state labor market institutions [2].

Certain authors [3] consider the labor market in the form of a system of social and labor relations that arise between specific complementary institutions on the basis of certain interests. Other authors represent labor market institutions both as public administration bodies of different levels (which are at the same time the agents of the management of labor market infrastructure as government's labor market management bodies at the national, regional and local levels) and non-governmental employment promotion institutions, personnel and trade union bodies, employers' associations and public organizations [4]. The International Labor Organization defines labor market institutions as a set of mechanisms and policies that they implement, including restrictive instruments of interaction between man, society and the state in the establishment of wages and social benefits and supervision of labor legislation [5].

The role of trade unions [6], which represent the interests of employees in social dialogue (issues of decent wages, safe working conditions, etc.), remains important among labor market institutions, despite the weakening of their authority in the post-Soviet space. Western researchers, based on the ideas of individualization of behavior in the labor market, strengthening the active role of "individual owner of labor power" and that of the economic person [7], consider the functioning of trade unions as an element of labor law, thus justifying the need to minimize their impact on the labor market. But these approaches nullify the principles of social dialogue, decent work and inclusive development. Given the low awareness of labor legislation in Ukraine, the comprehensive violations of workers' rights, and increased distortion of labor relations, minimizing the impact of trade unions on the social and labor sphere is a dangerous trend. Today an evolution of the forms of social dialogue is necessary towards the expansion of the range of institutional actors (associa-

tions of citizens, institutions of territorial and professional self-government, etc.) and the maximum possible involvement of all participants in the solution of social and labor issues.

The labor market is an institutional system that performs a number of functions that are implemented by individual economic elements (institutions), and provides a link between labor flows and labor subsystems into a single mechanism and at the same time optimizes transaction costs. Institutional entities, interacting through a system of their own institutions, ensure the effectiveness of the labor market and its regulatory institutions. Institutional subjects in our study unite the state, the employee and the employer. These actors, while coordinating their own interests in the labor market, at the same time ensure its development and institutionalization (institutional transformation).

The socio-economic system requires the formation and functioning of a developed network of institutions of individual institutional actors in the labor market and regulatory institutions that will ensure effective interaction of all institutional actors in combination with a system of control over the compliance with relevant standards.

Having analyzed the existing approaches to defining and substantiating the essence of institutions and the institutional environment of the labor market, we can state that labor market institutions should be considered as an institutional triad of entities that coexist and ensure the existence of each other, namely: the state (in terms of social regulation of labor relations, quality of education, pension provision, remuneration of public sector employees, etc.); employer (in terms of employment, investment in human capital, etc.); and employee (in terms of ensuring competitiveness, self-improvement, focus on results, etc.), which is reflected in Fig. 1.

Institutional entities		
State	Employer	Employee
<ul style="list-style-type: none"> - Institution of Social Standards and Guarantees - Institution of supply and demand regulation - Institution of information (supervision and control) of labor legislation - Institution of Social Protection - Institution of Professional Standards - Institutions of the formation of high quality labor force 	<ul style="list-style-type: none"> - Institution of search and selection of personnel - Institution of incentives - Institution of social responsibility of business - Institution of safety and working conditions - Institution of career and personnel development - Institutions of labor contracts - Institution of vocational training and retraining 	<ul style="list-style-type: none"> - Family institution - Institution of traditions and habits - Institution of prestige and status of the profession - - Institution for representation of employees (trade unions)
Regulatory institutions		
<ul style="list-style-type: none"> - Employment Institution - Institution of mobility - Institution of remuneration - Institution of vocational training - Institution of social partnership - Institution of mediation 		

Fig. 1. The system of labor market institutions

Source: Compiled by the author.

The interaction of institutional actors contributes to the effective functioning of the labor market and its dynamic development, ensuring the regulation of the level of productive

employment in the economy. Violation of their interaction causes a distortion of the institutional structure of the labor market, puts the system out of balance and leads to the formation of risks and threats in the field of labor and socio-economic sphere in general. In the process of achieving and maintaining equilibrium in the labor market, a significant role is assigned to the state.

Labor market requires the formation of effective and efficient mechanisms for the functioning of institutions that are capable of providing conditions for the coordination of the interests of the main actors. Institutional anomalies and traps of labor market development are the result of institutional complexity of the economy and society [8], it is expected that in the near future they will manifest not as dysfunctions of individual institutions, but in the interaction of dysfunctions of individual institutions, in other words, as institutional dissonances [9]. The current situation can be characterized by "lack of understanding which institutions are good and which are bad" [10]. Revealing the content of the functioning of "good" or inclusive institutions, one should note that their functioning provides a person with a guarantee of security, material well-being and realization of his or her own potential [11]. Unlike inclusive institutions, extractive or "bad" ones exploitative by nature, and are aimed at maximizing the income of one part of society at the expense of the other [12].

But such perception is a rather one-sided and narrow representation of institutional reality. In our opinion, it is more correct, taking into account the degree of inclusiveness [13] or other parameters of the quality of institutions, to single out the features of institutions, which are maximally opposed to each other in terms of inclusiveness and extractiveness. There are no ideal institutions in their pure form [14], in other words, even inclusive institutions apply extractive practices and norms. Therefore, in reality, certain hybrids of inclusive and extractive institutions function, which contradictorily combine the relevant functions, standards and logic [15], and the labor market is a conglomerate of institutions [16] with a set of inclusive and extractive features.

Let us consider the inclusive and extractive features of the regulatory institutions of Ukraine's labor market (Table 1).

Table 1

Extractive and inclusive features of regulatory institutions of Ukrainian labor market

Institution name	Extractive feature	Inclusive feature
Employment institution	<ul style="list-style-type: none"> - Labor market segmentation - Informal and shadow employment - The spread of precarious forms of employment - Existence of "positive discrimination" - Low level of enforcement of labor legislation - Gender segregation 	<ul style="list-style-type: none"> - The spread of self-employment - The emergence of non-standard forms of employment - Mechanisms for attracting and retaining the most vulnerable groups in the labor market - Workplace socialization of people with disabilities - Development of social entrepreneurship
Institution of mobility	<ul style="list-style-type: none"> - Labor migration - Outflow of high intellectual potential (circulation of knowledge) - Inaccessibility of social housing - Underdeveloped civilized real-estate market 	<ul style="list-style-type: none"> - Flexible forms of employment - Professional mobility - Social "elevators" - Virtualization of the labor market

Table 1(end)

Institution of remuneration	<ul style="list-style-type: none"> – The meager subsistence level – Unreasonable differentiation of wages – Cheap labor – Inequality – Gender gap in wages and pensions 	<ul style="list-style-type: none"> – Minimum social standards – Unified tariff grid
Institution of vocational training	<ul style="list-style-type: none"> – Excessive level of education of employees compared to the requirements of existing jobs – Low level of public involvement in vocational education 	<ul style="list-style-type: none"> – Educational and professional standards – Availability of vocational education – Introduction of the principles of inclusive education
Institution of social partnership	<ul style="list-style-type: none"> – Artificial withdrawal from the negotiation process of individual entities – Violation of insurance principles of social funds formation 	<ul style="list-style-type: none"> – Introduction of the negotiation process in solving social and labor problems – Social responsibility of business and communities

Source: compiled by the author.

Labor market institutions act as a system of rules, standards and institutions. On the one hand, they embody the generalized experience of previous economic development, and on the other hand, they provide relevant to this experience a proper functioning of the system (relevant to this experience). That is why they are integrators of micro-, macro- and socio-economic relations, and it is through them that systemic changes can be made, which in turn will be reflected in the process of institutionalization of the labor market.

The functioning of the labor market as an institutional system is determined by the presence of system-shaping institutions that shape the institutional environment. It is this environment that determines the effectiveness of social and labor institutions, the vector of labor market development and the main directions of its development and institutional change. That is, the formation of the legal framework for the functioning of the labor market and regulation of labor relations, the creation of mechanisms to protect labor rights and compliance with labor contracts, the development of appropriate social infrastructure determines the formation and degree of maturity of labor market institutions. The institutional structure of the labor market is transformed in time and space under the influence of changes in formal and informal institutions.

Institutional changes in the labor market will be influenced by major global trends, namely: the formation and development of the global labor market, the intensification of mobility (both territorial and occupational), digitalization of economic development and the formation of virtual social and labor relations in turn will change the structure of demand for labor and will form a precarious segment of employment with "low-quality", low-paid and informal jobs, and will lead to increased unemployment rate and its increased duration both in general and in the individual segments.

The crisis gradually exacerbated the problems of the most important institutions of the labor market, significantly narrowing the potential for creating "high-quality" jobs and the foundations of productive employment, which is the basis of inclusive labor market. Increased extractiveness of labor market institutions is also associated with the emergence of information and network economy, which gradually turns information into the main resource and result of labor, which by its properties contradicts the existing market laws, as the demand curve for network goods, in contrast to the demand curve for ordinary goods is not descending, but ascending, while the supply curve is not ascending, but descending



[17]. The creation of hightech firms and jobs is now not always associated with rising costs of means of production. These are often more significant costs for highly skilled workers. "Atypical" employment agreements are spreading, such as short-term work, part-time work, personnel rotation, remote work, etc. Thus, the extractive features of the employment institution are manifested in the spread of signs of the distortion in social and labor relations. The sectoral cross-section of informal employment in Ukraine is traditionally represented by agriculture, construction and trade. The existence of a significant layer of informal employment in agriculture (42,3% – Table 2) is explained by the reduction of the official segment of rural occupations and by the fact that presently labor activities in rural areas are reduced to employment in subsidiary farms and mostly illegal employment in family farms.

Table 2

Informal employment of the population, by economic activity in 2019

Total informally employed aged 15–70, thousand persons	3460,4
<i>including by economic activities, % to total</i>	
agriculture, forestry and fisheries	42,3
Manufacturing	5,9
construction	17,0
wholesale and retail trade; repair of motor vehicles and motorcycles	17,3
transport, warehousing, postal and courier activities	3,9
temporary accommodation and catering	2,6
other types of economic activities	11,0

Source: according to the State Statistics Service of Ukraine.

Also, one in five people (17,3%) was informally employed in wholesale and retail trade and repair of motor vehicles and one in six people – in construction (17%). The significant concentration of informally employed in construction, trade and repair is partly explained by the fact that these sectors account for a significant share of total employment in Ukraine. In addition, these economic activities are characterized by the presence of a significant number of micro and small enterprises, where the largest amount of informal employment is concentrated, including in the informal sector. However, at the same time, the following statistics are alarming: in 2018, the share of informally employed among the employed population in the construction sector was 52,9%, including 13,0% of those employed officially; in trade and repair, the figures are, respectively, 21,1 and 18,5%. On the one hand, informal employment creates opportunities and funds for the existence of uncompetitive strata of the workforce, which can be seen as a sign of inclusiveness. On the other hand, it produces low-quality jobs with no social protection and guarantees, creates precariat and increases extractiveness in the employment institution. The amount of informal segment in the labor market is determined by the structure of labor demand. Therefore, the implementation of structural reforms based on new business models of social entrepreneurship ensures long-term, sustainable and inclusive development, and in the long run will provide structural changes in labor demand towards its formalization.

The employment institution, promoting the development of new forms of employment and of the segment of self-employment and small business, acquires signs of inclusiveness in terms of employment opportunities and development of entrepreneurial competencies and at the same time acquires signs of extractiveness from semi-legal and unstable labor relations with poor working conditions. Alongside, the development of information and communication technologies contributes to the creation of latest interactive economic and



institutional structures, such as interactive house company using innovative employment [18]. Thus, using the capabilities of information and communication systems and integrating themselves into the innovation system, the self-employed persons can produce and transfer new technologies and create proper conditions for the widespread use of new knowledge in the production and in the domestic sphere [19].

The inclusiveness-supported growth is based on minimizing the social threats of poverty and inequality, and on equal opportunities and access to resources. The World Bank considers inclusive economic growth as a synergy of economic growth and quality of life. It is noted that it is inclusive growth that can ensure the realization of socio-economic opportunities for the general population, regions and countries on the principles of honesty, equality of justice and political pluralism [20]. Researching the theoretical principles and concepts of inclusive development, experts agree that productive employment and mechanisms for its implementation are a necessary condition for reducing poverty and economic inequality [21], which are signs of extractive labor market in terms of wages and incomes.

For a long time, Ukraine was a “leader” in terms of household poverty. The assessment of household welfare by the "CreditSuisse" financial consortium by the market value of assets per adult household member shows that the increase in poverty since 2014 and the distortion of social institutions in Ukraine resulted in a significant deterioration of population welfare compared to European countries. Thus, the welfare rate of Ukrainian households in mid-2018 was 4,7% of the welfare rate of Polish households and 7,9% of Romanian households (Table 3).

Table 3

The dynamics of household welfare in 2010–2018

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>thousand dollars USA for one adult</i>									
Poland	30,7	26,1	30,9	34,7	29,5	27,7	27,8	31,6	31,8
Slovakia	27,7	29,1	30,2	32,1	30,3	28,4	29,3	32,7	34,8
Romania	19,9	14,8	15,8	18,4	17,0	16,1	16,7	19,0	20,3
Turkey	31,9	29,9	33,0	28,6	27,8	22,3	21,1	22,5	18,6
Ukraine	3,5	4,3	4,3	4,3	2,2	1,6	1,4	1,5	1,6
<i>%, the ratio of indicators between Ukraine and...</i>									
Poland	11,4	16,5	13,9	12,4	7,5	5,8	5,04	4,7	5,03
Romania	17,6	29,1	27,2	23,4	12,9	9,9	8,4	7,9	7,9

Source: [22], author's calculations.

Thus, over the past eight years, the ratio of household welfare indicators between Ukraine and Poland has decreased from 11,4 to 5,03%, and that between Ukraine and Romania from 17,6 to 7,9%, which indicates increased risks of anti-social policy of Ukraine and determines low efficiency of human capital use in this country.

The main principle of ensuring inclusive growth is *equal opportunities and equal access* of any market participants to resources, regulated business processes, and development and realization of human potential. Accordingly, it is productive employment that is the element that will ensure inclusive growth and can serve as a driver of economic growth and is a necessary condition for reducing economic inequality. Ensuring productive employment is possible by reallocating labor force from low-productivity activities to more efficient ones, which will contribute to the country's economic development. Reallocation, by ensuring the inclusiveness of the labor market, will shift the emphasis towards professional development and retraining of the labor force, as it will require creation of proper conditions for productive employment of every member of society.

Thus, taking into account the experience of developed and developing countries, one should not expect that economic growth would automatically reduce poverty and economic inequality. This can be achieved only with the interaction of market forces and active targeted public policy. Public policy that combines and reconciles economic growth with ensuring equal economic opportunities and incomes will be useful for stimulating inclusive growth. The state and the public policy primarily control remuneration, including in the budget sphere, which today is characterized by a set of extractive features.

Since 2014, the current economic situation in Ukraine has led to a significant reduction in real wages throughout the economy. Only the salaries of public administration employees returned to the level of 2008, while the wage trends of other public sector employees almost completely follow the general economic picture. At the same time, the level of wages in the budget sphere lags far behind the all-Ukrainian level of wages and the level of wages in almost all other sectors of the economy, except for agriculture, forestry and fisheries, temporary accommodation and catering (Fig. 2).

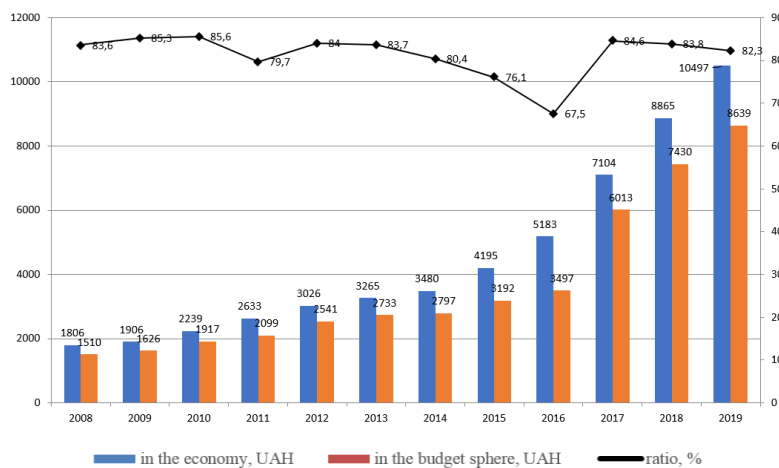


Fig. 2. Dynamics of the ratio of average monthly salary in the budget sphere and the average monthly wage in Ukraine's economy

Source: calculated on data of the State Statistics Service of Ukraine.

The authorities do not seek to improve the situation in the budget sphere, but on the contrary, try to save on state employees. The analysis shows that the underpayment of employees in the public sector compared to employees (with similar characteristics) of the non-budgetary sector in recent years has ranged between 25–35%. Partial institutional interventions in the system of formation of public sector wages did not help to close the gap. The solution to this problem is obviously related to the reform of the institutional mechanism for setting salaries in the budget sphere.

Emergence of signs of inclusiveness in the institutional system of labor market requires the implementation of institutional structural modification (institutionalization), which involves comprehensive changes in the institutional structure of labor market, aimed at developing and strengthening its qualitatively new and improved condition, and at ensuring the inclusion of all labor market participants in productive employment. This process will be followed by the emergence of the latest structural properties, such as flexibility, the ability to produce innovative mechanisms, inclusiveness and adaptability.

The documents of international organizations on inclusive development promote the implementation of national integrated strategic priorities for the development of labor mar-

ket inclusiveness, which will ensure a decent standard of living, high quality of employment, and access to high-quality social services with a high level of participation in social and labor relations. Particular attention is paid to measures aimed at creating conditions for people who are able and willing to work on the terms of sustainability and decent pay. These strategic priorities are based on the introduction of an active employment policy aimed at minimizing the segment of low-quality and unstable jobs and individual barriers to employment. In the modern world, the deepening of socio-economic inequality continues [23], so in the context of ensuring the inclusive development of the labor market it requires a coordinated and cohesive approach in the contractual regulation of wages.

Inclusive growth and, as a result, an equitable distribution of wealth and income allows every member of society to feel benefits, covering all spheres of his/her life; and leads to improved quality of life based on productive employment. The formation of an open, dynamic and inclusive labor market requires, first of all, the removal of structural and legal barriers, promoting various forms of work and employment of the most vulnerable labor groups, as well as bringing migration policy in line with the needs of the labor market.

In this paper, substantiation of the aspects of inclusiveness in the development of the labor market is carried out by developing a theoretical framework in which the factors of influence are defined, and the tools and mechanisms of the introduction of innovative methods of state regulation in the field of employment are specified (Fig. 3). The main factors that determine the effectiveness / efficiency of the mechanism of labor market inclusiveness include economic, socio-demographic, cultural-mental and regulatory ones.

Economic factors affect the demand for labor, and socio-demographic factors affect the supply in the labor market. Cultural factors and standards deal with all mental characteristics of the population, traditions, and values in the country as a whole and in its regions and affect the level of employment.

In the near future, the main tasks in ensuring inclusiveness are the following: restoring a safe environment for living and working in the country, creating favorable conditions for employment in order to slow down the outflow of labor and increase employment, and labor legalization.

An urgent issue remains the reduction of territorial disproportion: both by social support and promotion of the most vulnerable areas, and by using investments and fiscal incentives at the points of the most rapid socio-economic growth.

In this context, the important tasks for the Ukrainian government include coordination of the efforts of various branches of local government at all levels with efforts of the public, harmonization of labor relations, development of partnership, expansion of motivational and encouraging factors to intensify labor activities. Strengthening innovation and intellectual potential should become an imperative in ensuring sustainable economic development, and in creating competitive advantages of domestic producers in the medium-term and long term perspective in conditions of intensification of globalization and integration processes.

Important tasks in the implementation of the strategy of high-quality employment and ensuring the inclusiveness of the labor market should include socialization, which involves the process of ensuring productive employment; increasing the level of the employees' incentives to productive work; development of those qualities of workers that provide high work efficiency and turn labor potential into a source of steady competitive advantage; creation of favorable conditions for development and efficient use of labor potential; functioning of social and labor relations on the basis of social partnership, and socially responsible behavior on the part of labor market participants; and provision of necessary conditions for human devel-

opment, adequate to the requirements of socio-economic priorities and scientific and technological progress.

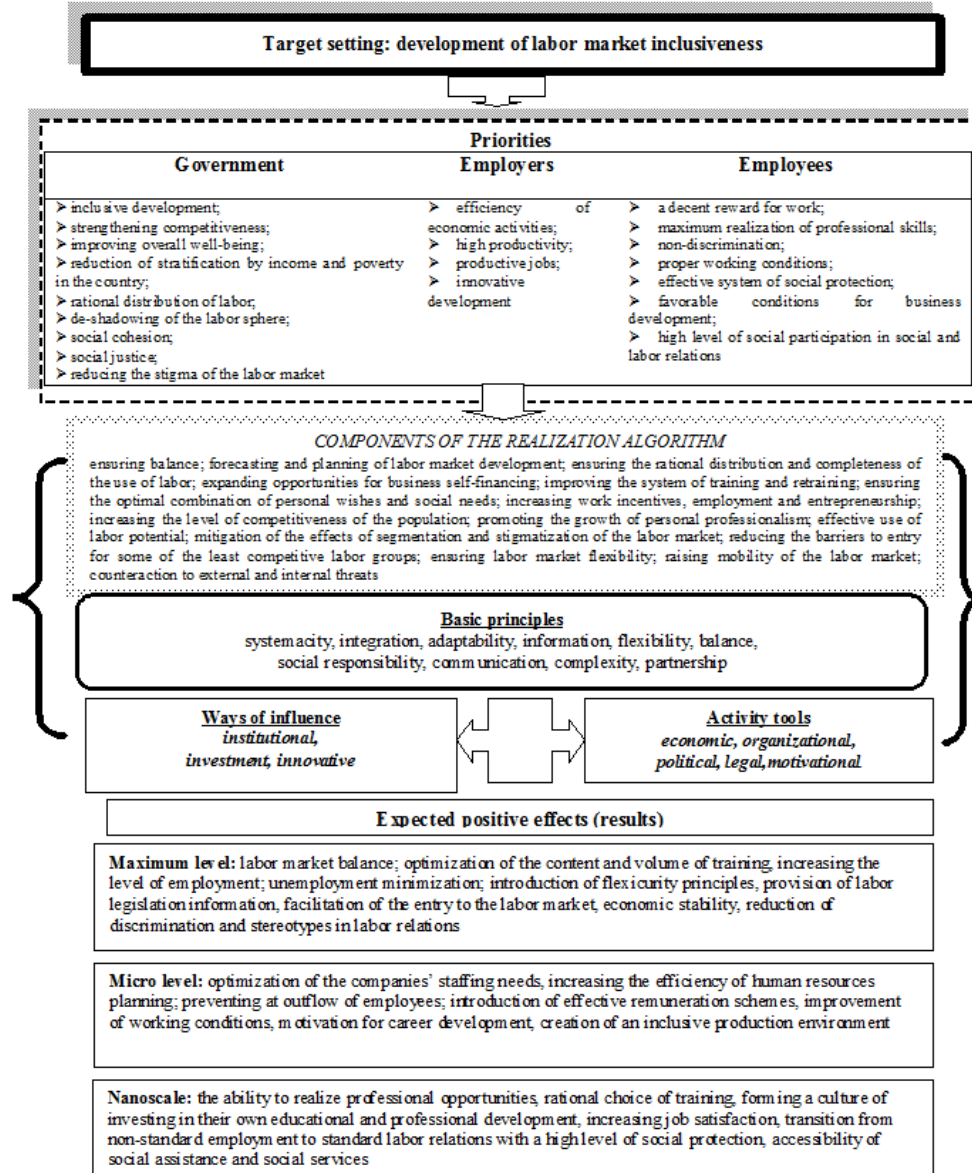


Fig. 3. Structural and logical model of the development of labor market inclusiveness
Source: compiled by the author.

The process of socialization of the labor market in the context of European integration requires further improvement of methodological principles and amendments to existing legislation. Legislation and regulations on labor relations, entrepreneurship, social protection, taxation, etc., must be coordinated with each other to ensure a high level of legal protection of the interests of all labor market actors, their social rights and guarantees and increased quality of employment.

The policy of public authorities should be aimed at creating legal, economic and institutional foundations for improving the efficiency of employment and the rational use of labor



potential, and its expanded reproduction. The decisions made in the areas of structural policy, creation and implementation of investment programs, income policy, development of the education system, etc., should be systematic and should be formulated with due consideration of their expected impact on employment.

The measures of state regulation should be based on the creation of an institutional environment that will promote the emergence of new high-tech jobs, strengthen competitiveness, and stimulate and motivate inclusive development. The state, forming rules for regulating the relations of labor policy participants, must control their implementation.

Ensuring the inclusive development of labor market depends on the effectiveness of employers who create jobs with decent working conditions, improve production efficiency and productivity, organize provide training and retraining, provide a social package to employees and pay them remuneration, whose most important component is wages.

If the state gives priority to inclusiveness, the state employment policy should ensure a favorable institutional and economic environment for expanding the range of decent jobs, and for stable employment; provide access to higher quality employment and working conditions, which can lead to higher living standards, as well as open access to social protection for general public. Employers envisage purposeful activities on design, creation, development of high-tech production, introduction of qualitatively new types of equipment, objects of labor, intellectual property objects, technologies, as well as introduction of more advanced forms of labor organization and production management. With the current dynamic development of the world economy, the globalization of all economic processes and innovative activities is becoming increasingly important. The level of the companies' innovative activity determines the need for innovative work. Innovative activities affect not only the formation of the innovative labor market, but also the development of other markets, which also encourage the demand for innovative labor. Introduction of new technologies causes a change in the structure of employment in the innovative segment, and then spreads to other sectors of the economy, so innovation is a powerful factor in shaping demand in the innovative labor market and hence creates requirements for high-quality education.

The interests of employees, for whom work for hire is the main means of living and reproduction of their workforce, are to receive a decent reward for work, maximum realization of acquired professional skills, opportunities for professional development, a sufficient level of social protection and favorable conditions for development entrepreneurship. In the context of inclusiveness, of particular significance is the system of remuneration, and increasing the efficiency of this system involves not only the growth of nominal indicators, but also ensuring the restoration of the basic functions of wages.

Ensuring the inclusiveness of the labor market involves the creation of an appropriate economic and institutional environment through effective government mechanisms, whose implementation will be based on compliance with basic principles. The basic principles not only play the role of methodological guidelines, but also reveal the content and requirements for the main actors in the labor market, which should be the basis for the formation of a mechanism to ensure inclusiveness. Taking into account that system is a set of elements that are in some way connected and interact with each other to perform given target functions, and its features are characterized by many elements, the unity of the main purpose for all elements, the presence of connections between elements, integrity and unity of elements, structure and hierarchy, relative independence, and a clear management, the principle of **systematization** means a purposeful interaction of all components of the mechanism, its subjects and objects. It consists in the process of implementing measures as a single system, including a number of subsystems and elements to achieve this goal. The

principle of **integration** presupposes the obligatory interconnection and interaction between all subjects of the labor market, employment policy, social protection, and their organization into a single system at all levels of public life. In an era of rapid change, the principle of **adaptability** becomes especially important. The adaptability of the mechanism is the ability of labor market participants, on the one hand, to adequately respond to changes in external and internal nature under the conditions of efficient use of labor, and, on the other hand, to provide favorable conditions for its development and reproduction.

The principle of providing **enforcement** presupposes compliance of relations on the labor market with the existing normative-legal provision, which is formed as a result of observance of normative and legislative acts by all subjects of social-labor relations. In this context, the remaining priorities for Ukraine are the following: legitimization of labor relations (providing information on labor legislation) and formalization of employment (reduction of the informal segment of the labor market). The principle of **flexibility** presupposes the ability to quickly adapt to changes in the ratio of labor supply and demand to changing economic conditions, and to changes in employment and labor relations and to ensure stable functioning of the labor market in conditions of permanent external and internal risks. The principle of **balance** means such a development of labor market, when positive economic dynamics and activities of all spheres of society directly affect and agree with the functioning, regulation and development of the labor market ensure the realization of all labor market actors and prevents imbalances. Ensuring balance is in the unity not only with functions, methods and tools, and also with certain forms of (direct, intermediary and indirect) relationships and interrelations between labor market actors, all spheres of life support and civil society.

Methodological bases for achieving and maintaining balance in the labor market are reduced to such tools where equality is possible between the following indicators: national income at different time intervals and aggregate supply; growth rates of national income, guaranteed and natural growth rates; changes in the ratio of "capital – labor" and savings; new capital per employee and capital to equip new labor resources; growth rates of national income and the share of production accumulation; capital intensity; depreciation; and coefficients of technical improvement [24]. Large-scale socio-economic transformations in Ukraine require a revision of the currently prevailing views on the regulation of the entire economic complex, including the labor market, the mechanisms of interaction of its structural elements, and the transformation of socio-labor relations in the domestic labor market, in order to overcome its imbalance.

Agreeing with the approaches to the interpretation of the category "social responsibility" (in particular, that it means the compliance, by the agents of public relations, with the requirements of social standards and the obligation of the individuals to assess their own intentions and choose behavior according to the standards that reflect the interests of social development) [25], it can be argued that the implementation of the principle of **social responsibility** to ensure inclusion in the labor market is one of the key points. Adherence to this principle applies to all labor market actors. At the same time, important are both the social responsibility of each social partner (government, employers, and employees) and the joint responsibility of all stakeholders in the formation of an effective system of social partnership in the field of employment. The degree of compliance with the principle of social responsibility in the labor market largely determines the development of further socio-labor and economic relations between employees and employers. In the conditions of dynamic development of the labor market, employers and employees (and different groups of employees in relation to each other) are on unequal terms. Therefore, compliance with the prin-



ciple of social responsibility is to regulate and control social and labor relations between employees and employers to ensure equal opportunities for the realization of their interests.

In the conditions of digitalization, the problems of communicativeness, interpersonal and professional communication and the formation of mutual relations become relevant. The communicative basis of social life is interpersonal relationships, which are realized in the process of communication, promote unity of views, mutual understanding and coherence in life and work. The dominant of communication is interaction that provides relationships between people, in particular, in the professional sphere; satisfies the innate need of the individual for coexistence and mutual understanding, and the formation of a spiritual connection with other people; encourages the development of personality, its improvement and self-realization and is an important factor in its functioning. Modernity requires cybersecurity and the preservation of personal information in the digital world and the creation of secure communication conditions for professional development and minimization of social threats in society.

The principle of **complementarity** in the classical sense is expressed in organic development and relates to the search for quasi-equilibrium in society, which should have new features of a holistic mechanism of coordinated interaction. The principle of complementarity is based on the following considerations: "complementarity" comes from the Latin "complementum" – complement, and is one of the basic characteristics of human existence; complementarity is an interaction between elements of the economic system in which its components, while remaining relatively independent, are interdependent and complement each other; the desire for unity through complementarity and interaction becomes an organic property of social and economic life; and socio-economic unity creates a desire for interaction and complementarity, which increases economic efficiency of the economic system, and ensures its sustainable development [26].

Inclusion-oriented employment policy should ensure the transition from a demand-driven economy to a supply-side economy based on increased investment and job creation, with the achievement of the following economic policy priorities:

- ensuring the implementation of national projects;
- implementation of investment and innovation projects in those areas of the economy that provide for the employment of highly qualified workers;
- development of manufacturing clusters;
- creation and development of infrastructure projects;
- creation of small and medium business, provision of a favorable business environment;
- improving the quality of vocational education and ensuring a balanced supply and demand on the labor market;
- promoting sectoral and territorial labor mobility;
- ensuring the quality of jobs and employment;
- reforming the wage system.

All measures aimed at increasing the flexibility of labor relations regulation should be carried out while at the same time ensuring and monitoring compliance with labor legislation. Improving the quality of jobs is possible only in the conditions of effective social dialogue between all subjects of the labor market. In our opinion, in addition to strengthening control over compliance with labor laws, the state should encourage fair employers who improve working conditions, and work towards preventing occupational injuries and diseases. The reform of the wage system should be carried out in at least three areas: revision and improvement of the calculation of subsistence level, indexation of



wages according to the growth of the consumer price index and reform of wages in the public sector. It is advisable to develop methodological principles of sectoral standards of remuneration. At the first stage, it is necessary to revise the significant unjustified differentiation in wages in the public sector and to introduce sectoral standards and guaranteed minimum wages.

Conclusions

Creating favorable conditions for the development of labor market inclusiveness in Ukraine involves, first of all, ensuring balance; forecasting and planning of labor market development; ensuring the rational distribution and completeness of the use of labor; expanding opportunities for business self-financing; improving the system of training and retraining; ensuring the optimal combination of personal wishes and social needs; increasing motivation for work, employment and entrepreneurship; increasing the level of competitiveness of the population; promoting the growth of personal professionalism; the effective use of labor potential; mitigation of the effects of segmentation and stigmatization on the labor market; reduction of barriers to market entry for some of the least competitive labor groups; ensuring labor market flexibility; raising the mobility of labor market; and counteraction to external and internal threats. The mechanism for achieving the goal of ensuring the inclusiveness of the labor market should be created based on the priority needs and interests of employees, with due regard of the socio-economic characteristics of society.

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Received 15.08.20

Reviewed 15.09.20

Signed for print 29.12.20

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ІНСТИТУЦІЙНЕ ЗАБЕЗПЕЧЕННЯ ІНКЛЮЗИВНОСТІ РИНКУ ПРАЦІ УКРАЇНИ

Обґрунтовано інструментарій забезпечення інклюзивності ринку праці. При розгляді сукупності інституційних суб'єктів, які під час узгодження власних інтересів на ринку праці сприяють його розвитку та інституціоналізації, доведено, що порушення їх взаємодії викликає деформацію інституційної структури ринку праці, виводить систему з рівноваги та призводить до формування ризиків і загроз у сфері прикладання праці та соціально-економічній сфері загалом. Оскільки еталонних інститутів в чистому вигляді не існує, суперечливе поєднання функцій, норм та логіки визначає функціонування гібридів інклюзивних та екстрактивних інститутів. Таким чином, ринок праці можна розглядати у вигляді конгломерату інститутів із набором інклюзивних та екстрактивних ознак.

У дослідженні визначено, що системні проблеми ринку праці полягають в інституційних проблемах: недосконалої та неузгодженості правил реалізації різних складових економічної політики: монетарної, бюджетної, податкової, боргової, зайнятості тощо. Сценарій виходу із кризового стану також базується на запровадженні заходів інституційного характеру: ухвалення законодавчих рішень і норм, що формують інституційне поле мінімізації екстрактивних ознак інституційної структури та формування інклюзивного ринку праці.

Автором обґрунтовано напрями забезпечення інклюзивності розвитку ринку праці у вигляді теоретичного конструкту, де визначено фактори впливу, конкретизовано інструменти та механізми запровадження інноваційних методів державного регулювання у сфері зайнятості населення.

Ключові слова: *інклюзивність ринку праці, інституційні суб'єкти, екстрактивні, інклюзивні інститути, інклюзивні та екстрактивні ознаки, інституційна структура ринку праці*

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