Basis of Functioning Regional Labor Markets

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Abstract

Status of national, regional and local labor markets is determined by the ratio of two main components: labor supply (the number of economically active population) (ILO classification of economically active population is the population of aged 15-72 that participating in economy and looking for unemployed-work), their education, age and vocational structure, spatial location and mobility), and demand for labor, i.e., existing number of work places. In addition, the demand for labor, as well as its offer is depends on the achieved level of remuneration. In countries and regions with a "cheap" labor costs are lower than the creation of new jobs and therefore often placed new labor-intensive production.

Keywords :national, regional and local labor markets, labor supply.

1 Introduction

Status of national, regional and local labor markets is determined by the ratio of two main components: labor supply and labor demand. Demand for labor depends primarily on macroeconomic trends. These include dynamics of economic development and investment activities that directly affect the number of work places: they increase in economy growth more number of jobs falls in a period of crisis or recession. In addition, the demand for labor, as well as its offer is dependent on the achieved level of remuneration. In countries and regions with a "cheap" labor costs are lower than the creation of new jobs and therefore often placed new labor-intensive production.

For regional and local labor markets a significant role in formation the structure of demand plays their economy, including ratio of labor-intensive and not labor sectors. In today's economy the most labor-intensive service industry, so in large cities, where service sector developing rapidly, offering more jobs, which contributes to a better state of labor markets. In smaller cities monofunctional labor markets depend on the position of city-forming enterprise and therefore they are the most vulnerable and unstable.

2 Research Method

The main attention is paid to the study, what place among other problems is taken by conflicts among generations in the employment and whether there are regional differences in the labour market (regional inequality in the labour supply and demand). There are two main risk groups indicated in the labour market: young people at the different ages and the preretirement persons. The recruiting of the labour force in the age groups is affected by education and retraining opportunities or readiness for retraining.

3 Result and Discussion

The labour market that directly affects most people and firms is local in scope and, therefore, a clear understanding of subnational labour markets is important for the design and implementation of effective employment policies. Another factor in demand for labor is the state policy in the sphere of employment. First, it is the role of state as a regulator of labor market, which determines “rules of game” - employees hiring and firing, employee’s social security and social insurance. Institutional rules have a significant impact on labor market. With more stringent regulation and high level of social protection of employees, typical of western European countries, employers usually seek to minimize the risk of additional costs and restrict workers hiring which leads to higher unemployment. A specific regional dimension of the unemployment problem clearly exists in some countries. That is, the age, gender and
skill composition of regional populations account for only a fraction of the variation in unemployment. The regional dimension is less important in explaining variation in earnings, once account is taken of some personal characteristics of workers and the industry mix in each region. The countries for which the regional dimension explains some of the variation in earnings do not always correspond to those where the regional dimension explains variation in unemployment. Changes in the pattern of unemployment rate differentials across regions are related to differences in labour supply pressures stemming from demographic or participation rate changes as well as to the different capacity of regions to generate employment. The industry mix can explain differences in employment performance across regions only to a limited extent.

Second, the state affects labor market as largest employer in budgetary sector, social services, defense and public order, public administration and others. Public authorities determine the necessary size and structure of employees, salary in these sectors of economy. State policy on wages in the public sector industries affects employment as well. If the pay rise is not accompanied by measures to reduce inefficient employment, the result usually is growth in the number of public sector employees. In regions with underdeveloped economy, especially the highly subsidized, the budget sector is leading in number of employees and job growth in it. The rapid development of a global economy over the past decades does not seem to have been accompanied by increased specialization in regional employment, at least in comparison with the structure of the national workforce. Furthermore, there does not seem to be a close relationship between the degree of regional specialization and the pace of employment growth, relative to national developments.

Supply of labor depends on dynamics of populations and age-related composition. Problems of employment are acute in regions with incomplete demographic transition and growing population. They are caused by quantitative disproportion between the age cohort of young people entering labor market, and smaller, age-cohort of retirees.

The disparity can be not quantitative but structural, when demand for labor is not the same as proposal by gender, occupational structure, level of education and level of proficiency. If you do not match structure of demand and professional qualification of job seekers employment service with retraining unemployed. For the state, such an active employment policy is very costly. Regional and local labor markets have the potential of self-regulation. Quantitative and structural imbalances of supply and demand can flatten the territorial mobility of the economically active population: the move to a new residence or commuting in regions and cities with a greater supply of jobs. However, against background of the countries with developed labor market territorial mobility of population, for example, in the CIS countries is still small. The main reason for the low mobility is a rare network of cities and underdeveloped transport infrastructure, which prevents commuting, huge swings in prices on the local housing market and high cost of changing residence, unaffordable for most households.

Labour market regulation corresponds with special form and sphere of the regulatory impact of the state on social and economic processes. State regulation of labor market aimed at achieving sustainable social and economic conditions in specific level of employment, occupational structure best suit the busy professional structure occupied jobs, mitigate unemployment.

Government measures affecting the size and structure of labor demand is creating new jobs through the reduction of working hours for existing jobs.

Administrative measures of overall direction come to regulation of work and rest routine. As a rule public bodies legally establish maximum length of the working week. This value directly affects the number of jobs: reducing maximum length of working week will lead to the creation of additional jobs. The most appropriate spatial framework depends on the purpose of the analysis that will be conducted with it. In the literature, definitions about what constitutes a spatial or local labour market vary considerably. Two main approaches can be distinguished. In one, the labour market is defined as a homogenous area sharing common labour market characteristics. Cluster analysis is the technique most often used to identify such areas. In the other approach, the local labour market is defined as a nodal area, the boundaries of which are traced with the goal of containing the inter-relations between its constituent entities. A typical application of this approach is the mapping of functional labour markets on the basis of the commuting patterns of workers. The latter approach has prevailed in the attempts made by national statistical agencies to define functional labour markets.

Among specialized administrative regulatory measures, spreading its impact on certain groups of population should be allocated to job quotas for the disabled. Of course this measure is the negative attitude of employers, as obliges them to hire persons lacking the necessary skills and experience or have restrictions for health reasons. Therefore, such a protective administrative measure is usually supplemented with the economic impact of the incentive on employers providing work to these groups of people.
4 Conclusion and Suggestion

It is necessary to mention a few non-traditional administrative actions to protect the interests of young people by reducing, oddly enough, in certain cases, the retirement age for old age. Such measures have the effect in Sweden, Germany and Spain.

Among general economic policies of government regulation should be made to help start-ups, government subsidies for the expansion of production, the opening of new state-owned enterprises, the provision of public contracts in the industry during the downturn, the organization of public works.

When one's own business service employment of labor actively assist in the provision of material and advisory assistance, and assistance in the preparation and selection of staff for newly created firms. This state aid is not only the working age population in employment, but also in their own businesses and the creation of new jobs. Basically, this measure can protect the rights of the unemployed.

State regulation of the labor market has all the economic resources and the supply of labor through tax levers. The main measure of economic regulation of this structure is the retraining of the working age population from the fund employment of labor. Financing of training is carried out from corporate funds. This measure is not only economic in nature, but is a specialized, allowing ease the employment of the working population without sustainable workplace. Thus, these control measures will improve the wages of workers, create new jobs and develop business activities, organize the process of retraining and unemployment benefits.

References


