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STATISTICAL MANAGEMENT OF REGIONAL LABOR MARKET ANALYSIS

Abstract

Methodological principles of complex statistical analysis of the national and regional market of labor market development are discussed. The results of analysis aimed at development of effective administrative decision-making for public regional policy are presented, with a focus on stabilization of regional employment.

Keywords: labor market analysis; employment; regional policy

JEL classification: J21; J4; R31

1.1. Introduction

With deepening of economic and social transformations, all the issues of regional policy are gaining importance, being aimed at economic development and social stability. Insufficient information on such socio-economic factors of regional development, as education-employment relationship, skill match or structure of unemployment, implies certain difficulties for effective regional level decision-making. Regional labor market policies should promote productive employment, thus contributing to labor efficiency across all sectors of the economy and a decrease in the unemployment rate. Principles and methods of labor market regional policy are strategically important for continuation of socio-economic reforms and achievement of higher GDP growth rate.

As regional labor markets reflect interaction of market mechanisms, there are quite a lot of new methodological problems. In this context, it is very important to prepare the reliable data set for the analysis of regional labor markets. Among other things, it forms a basis for budgetary process in order to deal with labor market problems and avoid undesirable risks.

1.2. Research results

The mechanism of the labor market adjustment should be flexible in order to react to abrupt changes in general economic situation (Бандур і Кучинська 2005, с.135—138). On the stage of forming of regional labor market policy, it is important to foresee possible changes in the mechanism of labor force job search, caused by changes in the structure of economy and management approaches. Based on the results of modern applied researches, it is possible to define several limitations regarding regional labor market (Бараник 2007; Васильченко 2005):

- as a result of imperfect data on different categories of employees, it is difficult to assess capacity and structure of official labor market, not to mention informal one;

- labor force mobility in Ukraine is determined mainly by reorganization of production processes, changes in ownership or cyclical trends, not internal developments on the workplaces;

- regional labor markets suffer from the lack of modern management practices;

- taking into account a tense socio-economic situation on the regional level in Ukraine, it should be admitted that existing methods of labor market development, as social works, quotas of certain categories of workers, retraining programs etc., are not able to improve the situation in a radical way, leading to an increase of labor demand across all sectors of economy.

Consequently, elaboration of basic principles and applied methods of regional labor market regulation under continuing market transformations is of great importance.

1.2.1. Principles of effective regional management of labor market

On the basis of generalization of present methodological approaches, it is possible to conclude that an effective regional management of labor market should conform with such principles as follows:

1. *Systemic framework*. This principle is foreseen by determination of basic tasks, methods, directions and forms of development and realization of regional policy taking into account changes which take place at the labor market in connection with system transformations and macroeconomic changes;

2. *Unity and submission*. This principle consists of accurate subordination of aims, tasks, and levers of adjusting of regional labor market on the different levels of management, their integrating on state, regional and local levels, with the purpose of forming structurally of integral and non-conflicting mechanism of realization;

3. *Transparency, sequence and predictability*. Transparency, sequence and predictability of decisions of state administration imply implementation of programs in relation to the regional policy on labor market issues and adoption of effective measures to promote productive labor activities;

4. *Priority*. Decisions on regional labor market should answer urgent needs of local population in providing them with workplaces and decent earnings;

5. *Regional flexibility*. It implies adjustment to all kind of shocks and implementation of policy measures within a wider framework of regional market;

6. *Co-ordination*. Efforts of all regional labor market participants, as well of enforcement authority and local self-government, should be aimed at balancing of demand and supply for labor and alleviation of social tensions;

7. *Orientation*. There should be harmony of all structural elements of public regional policy aimed at achieving balance of interests on the labor market, with a focus on local needs;

8. *Control and correction*. There should be permanent monitoring of regional labor markets with the purpose of timely reacting to major tendencies and forecasting of possible social consequences of the decisions undertaken.

In our view, combination of all abovementioned principles allows for high efficiency of management processes at the regional labor market. The system of principles and methods should be acceptable at all regional labor markets, being well adjusted to planning, monitoring and control procedures. No less important are other aspects, as

study of labor market needs. Most important tasks are those of job creation, professional training and retraining, social works, assistance in establishing of small business etc. Local governments should pursue more active policies in respect to the labor market, especially in respect to differentiation and individualization of labor activity, expansion of labor market and growth of territorial mobility of labor force within local segments.

Given the advantage of active labor market policies, it is possible to increase competitiveness at the Ukraine's labor market. The arsenal of modern methods for targeting of regional labor market must be expanded by new socio-economic instruments aimed at diminishing of the hidden unemployment and expansion of jobs (*Основні напрями* 1999, с.1—3; Петрова 2005, с. 32—44). Active character of regional labor market policies must foresee not only different directions of influence on demand for labor but also take into account other factors. In this connection there is a problem of identification of these factors at the regional level of administration, consisting of legislative, economic, social, administrative and organizational measures.

In industrialized countries, labor market for new occupations is actively stimulated through either direct financing or removal of any administrative obstacles. At the same time, favorable conditions are formed for creation of new workplaces, especially in the field of small and middle enterprises. Implementation of such policy in Ukraine implies substantial increase in government expenditure on such programs.

The choice and possible mix of regional labor market policies in practice depends on a combination of labor market features, as demographic trends or investment activities in a region. Higher investments should be helpful in restructuring of the system of present workplaces and its adjustment to the structure of regional economy and increase of the level of development of small and middle businesses and their capacity to absorb local labor force. Among other tasks, improvements in the system of social benefits for the hired workers, harmonization between the amount of salaries and social transfers and measures for enhancement of the quality of labor force are worth attention.

In order to implement viable solutions for regional labor market problems, it is necessary to classify policy instruments and take into account their possible two-way causality with the labor market developments. Unlike existing approaches, we offer the extended classification of methods for regional labor market adjustment, which is based on better understanding of their essence as the structured aggregate of interconnected economic outcomes.

1.3.2. Groups of functional subsystems of regulating methods

Mechanisms of regional economic policy could be classified within four groups:

- I. Normative — legal.
- II. Socio-economic.
- III. Financial — cost.
- IV. Organizational — economic.

The subsystem of *normative* methods allows form legal space, friendly to align demand for labor and its supply and expansion of regional labor market. Legal, normative and instructional guidelines should create the flexible system of co-ordinated actions, having all effective tools for labor force management.

The *socio-economic* methods act through their effects of separate aspects of wage policy and investment incentives, forming mechanisms of labor and investor motivation. The construction of new social labor relations implies that the motivational mechanism of employment is complemented by necessary structural elements, related to participation of workers in distribution of profits, new methods of consumption funds utilization etc. The socio-economic methods are directed towards support of the economically efficient cost of labor. Its decline below some equilibrium level could result in a loss of acquired professional qualifications of labor force, low efficiency of economic activity, and the increase in regional unemployment rate.

Financial subsystem of methods engulfs the very wide spectrum of instruments (profit and income, interest rates, depreciation rate, investments procedures) which influence regional labor market in many ways. Having determined basic relationships of national and regional labor markets to a great extent, market financial regulation contribute to the increase of level of employment in regions and growth of welfare. Financial-cost incentives play a considerable role in the indirect adjusting of basic employment parameters and increase of the value of the labor force-related services on the regional level.

Organizational-economic methods deal with the issues of intercommunication and interconditionality between local government and private entities within the province of assistance in employment, promotion of skilled labor force and other fields. Organizational-economic methods are instrumental in co-operation between all subjects of labor market with the purpose of its effective functioning.

In connection with the changes of regional labor markets in Ukraine, the spectrum of basic government activities should be expanded and elaborated in quality terms. It is necessary to establish modern retraining programs for unemployed persons in order to decrease the scale of persistent unemployment on the regional level.

The methods of regional labor market regulation could be classified not only according to the instruments in use but also in respect to an object, direction and form of influence on the labor market and management level. Regional policy on labor market should target all population of the region or its separate categories, employed or unemployed population or its part, employees or employers. Besides that, separate elements of organization of the labor market, as wages, duration of working day, condition of workplace, should be counted for.

Modern approaches for labor market adjustment are characterized by extraordinarily high differentiation of methods, which are known but not structures within the integral structural system. This is the task to be resolved yet in Ukraine, as close functional intercommunication and co-ordination between principles, methods and forms of regional labor market adjustment should be developed, being directed at solving of urgent problems of socio-economic development of country and its regions (Рівак 2007, с. 20—23; *Статистика ринку праці* 2006).

1.4. Conclusions

The presence of social risks at the market, meaning unemployment, mismatch of educational and qualifying level of labor force, as well losses in well-being, require regulation of regional labor market, in connection with extra measures aimed at improvement of family life and provision of medical and social services. Active public policy should alleviate important distortions and improve competitive features of the labor market, without considerable divergences in wage levels, worsening of safety norms and social standards.

Generalization of the experience of other countries argues in favor of several policy implications, such as:

- evaluation of the relationship between regional and national labor markets;
- analysis of the individual features of regional labor market, with the focus on its exposure to various shocks;
- evaluation of national labor market developments to the European standards.

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