

UDC 331.556.4**JEL Classification: J61, J64, J71****DOI 10.35433/ISSN2410-3748-2021-1(28)-1**

**Dr hab. Burzyńska Dorota
Stefan Batory State University, Skierniewice, Poland**

**Botsian Tetiana
PhD, Associated professor
Department of Economics, Management, Marketing
and Hotel-Restaurant Business
Zhytomyr, Ukraine**

**Klimova Inna
Ph. D, Associate Professor
Department of Economics, Management, Marketing
and Hotel-Restaurant Business
Zhytomyr, Ukraine**

**Shevchuk Anna
Master
Department of Economics, Management, Marketing
and Hotel-Restaurant Business
Ivan Franko Zhytomyr State University
Zhytomyr, Ukraine**

ANALYSIS OF INTERNATIONAL LABOR MARKET FUNCTIONING: STATE, PROBLEMS, AND AREAS FOR IMPROVEMENT

The labor market occupies an important place in the conditions of modern development of economic relations. It is an element of the economic system and the welfare of the nation, social stability and effectiveness of social and economic transformations depend on the results of its functioning. The problems of labor market functioning, employment and unemployment are among the most important socio-economic problems. Insufficient theoretical study of the problem and its huge practical importance determined the relevance of the research.

The article analyzes scientific and methodological approaches to the formation of the mechanisms of labor market functioning in the world. The article considers its particularity as a market, where a special commodity – workforce – is sold and bought. The role of the state in the creation and regulation of the labor market is researched. The great opportunities and prospects for fuller human self-realization, which the labor market provides, with the application of the new system of recruitment, are shown.

To achieve the goal of the study, the following tasks were set and solved: the basic concepts of the international labor market were examined; the description of the international labor market with the history of its issue was given; the principles of its functioning were formulated; the system

of basic indicators of the population's economic activity, labor supply and demand, as well as the international labor market conditions were formed; the issues of statistical monitoring of international labor market functioning were reviewed; the main trends in the development of the international labor market were identified and the degree of individual factors' influence on them was determined by regression analysis models.

Keywords: labor market, workforce, employment, unemployment, competition, government regulation, recruitment system, wages.

АНАЛІЗ ФУНКЦІОНУВАННЯ МІЖНАРОДНОГО РИНКУ ПРАЦІ: СТАН, ПРОБЛЕМИ, НАПРЯМИ ВДОСКОНАЛЕННЯ

Ринок праці займає важливе місце в умовах сучасного розвитку економічних відносин. Він виступає елементом економічної системи і від результатів його функціонування залежать добробут нації, суспільна стабільність і результативність соціально - економічних перетворень. Проблеми функціонування ринку праці, зайнятості та безробіття є одними з найважливіших соціально-економічних проблем. Недостатня теоретична вивченість проблеми і величезна практична значимість визначили актуальність дослідження.

У статті проаналізовано науково-методичні підходи до формування механізмів функціонування ринку праці у світі. Розглянуто його специфіку як ринку, де продається і купується особливий товар – робоча сила. Досліджено роль держави у створенні та регулюванні ринку праці. Показано широкі можливості та перспективи для більш повної самореалізації людини, які дає ринок праці, під час застосування нової системи найму.

Для досягнення мети дослідження в роботі поставлені і вирішені наступні завдання: розглянуті основні поняття міжнародного ринку праці; дана характеристика міжнародного ринку праці з викладом історії питання; сформульовані принципи його функціонування; сформовано систему основних показників економічної активності населення; пропозиції робочої сили, попиту на неї та кон'юнктури міжнародного ринку праці; розглянуто питання організації статистичного спостереження за функціонуванням міжнародного ринку праці; виявлено основні тенденції розвитку міжнародного ринку праці та визначено ступінь впливу на них окремих факторів за допомогою моделей регресійного аналізу.

Ключові слова: ринок праці, робоча сила, зайнятість, безробіття, конкуренція, державне регулювання, система найму, заробітна плата.

Statement of the problem. An important consequence of the globalization of production and markets has been, through the diffusion of knowledge, the formation of an international reserve of skilled labor in less developed countries. This has affected the growing emigration sentiments of the economically active population of these countries and has led to the formation of international labor migration corridors. The simulation of systemic transformation process of command economy in the post-Soviet camp added to the dynamics of international labor migration flows. Attempts to adapt to the market environment, without a systemic reform of political economy resulted in the loss of positions achieved in industry. Reverse deindustrialization led

to the formation of a large army of highly qualified unemployed people and the education system that produced specialists, the number and "quality" of which exceeded the current needs of the national economy.

At the same time, it should be acknowledged that an international labor market by analogy with international loan capital markets or world stock exchanges that trade online does not exist yet. In addition, the tectonic shifts in the world economy of the early XXI century significantly alter the mechanism of employment, giving rise to the problems of formation and effective functioning of the international labor market, the solution of which requires new theoretical and methodological approaches to the sphere of international labor relations. It is worth noting that in an innovative economy, the factor of production – the workforce, undergoing transformation, is increasingly acquiring the features inherent in capital. In these systems, qualifications that require a combination of muscular and mental skills are steadily coming to a halt. We must also admit that the adoption of market relations within the employment in domestic post socialist economic thinking has not led to a significant refinement, synthesis of analysis of this phenomenon.

Analysis of previous studies and publications. Many respected foreign and domestic scientists such as M. Allais, P. Diamond, D. Mortensen, C. Pissarides, O. Amosha, M. Dolishny, I. Maslova, A. Rophé, V. Brych, V. Petyukh, G. Kupalova, E. Libanova, S. Mocherny, E. Sarukhanov and others devoted their scientific work to the research of markets connected with labor turnover. However, according to the directions of their own studies, they considered national labor markets without taking into account the influence of labor migrants having arrived in the country for the purpose of employment. Consequently, there is a need for theoretical comprehension of the synergistic effect, which now occurs in the global labor market. The urge to overcome the negative socio-economic phenomena of the beginning of international labor market formation caused the necessity to research the theoretical foundations established in the modern market economic theory.

The purpose of the article is to define new requirements for the international labor market, its main characteristics and regulation mechanisms.

Presenting the main material. One of the significant elements of the global economic system, into which the world has evolved at the end of the second millennium, is the international labor market with its unified scale of criteria of labor resources quality, new forms of employment, flexibility and outstanding mobility of the total labor force [1]. International labor market, which unites more than 1.3 billion people of working age all over the world, requires the formation of regulatory and coordination mechanisms to correlate the supply and demand of world labor resources, their redistribution between different countries, regions, sectors of the world economy and effective use, expands the opportunities for exchanging knowledge, information and experience between the nations.

The world (international) labor market is a system of relations emerging between states regarding the coordination of supply and demand of the world labor resources, conditions of workforce formation, remuneration and social protection. These relations were formed due to inequality of manpower distribution among the countries and difference in its execution at the national level. With the globalization of production, the rise of interdependence in the modern world national labor markets are gradually losing their insularity and solitude. Transnational labor flows emerge between them, which are acquiring a permanent, systematic character. Thus, along with the international market of goods, services and capital, the international labor market, which is not just the sum of national markets, but a system based on their interconnections and mutual complementarity, is now obtaining a significant scale. The formation and development of the international labor market is the result of the growing international mobility of the two main factors of production - capital and labor. The increase in the international mobility of capital in social terms means that it now demands not only the labor force of its home country, but also foreign labor, which often has certain advantages over the national one (more disciplined, less costly etc.). The demand for foreign labor began to grow noticeably when a massive

export of private productive capital took place and the creation of enterprises in all countries using local labor began [2]. Capital typically flowed to places where manpower was concentrated, where it was much cheaper than in the exporting country. Even in the "newly industrialized countries" wage rates for industrial workers in the 1980s were 5-10 times lower than in the developed countries of the West. The practical limitlessness of cheap labor resources at the periphery of the world economy contributes to their wide inclusion in the orbit of productive capital in economically developed countries, primarily on the basis of manufactory forms of labor organization and their advancement. There are two significant segments in the structure of the international labor market. The first segment includes the workforce, which is characterized by relatively permanent employment, stable job skills, a high level of qualifications and salaries and a fairly clear hierarchy of competencies. It is basically a privileged group of workers from developed countries, as well as from countries with a medium level of development (Singapore, Taiwan, Hong Kong). It is also necessary to mention another, though not numerous, layer of those employed in various international organizations (UN, specialized UN bodies, International Monetary Fund, WTO, UNESCO, etc.) [4]. The recruitment of workers in such organizations takes place on a purely international basis and, as a rule, on the grounds of professional suitability only. This labor market has a certain tendency to expand with regard to the growth of international ties and aggravation of global problems. The second rather large segment of the international labor market is the workforce that originates from areas with a relatively low level of economic development. Among these workers, one must point out a specific group of so-called illegal workers, whose considerable flows are headed to industrialized countries, in particular the United States. This category of workers may also include "environmental refugees," who are forced by disastrous natural conditions (such as drought) to leave their homes and seek employment in other countries and regions. Employees who move between countries illegally have, in fact, no legal or political rights. If necessary, private corporations can easily remove them by resorting to

deportation. The economic function of the illegal labor market is mostly to serve the needs of various small and medium-sized enterprises in industrialized countries, which, unlike large enterprises, can use expensive technology on a vast scale. Nor can these enterprises transfer their capital to countries with cheap labor when needed, as giant MNCs often do. The state usually tacitly encourages the use of illegal labor. Even smaller segments of the labor market can be distinguished, classifying the workforce according to age and professional characteristics, cultural traits, traditions, and national, racial, and gender features. This division is due to the activities of MNCs, which have a demand for clearly defined categories of manpower. This way, affiliates of Western companies in developing countries (particularly in "free trade zones") tend to employ primarily young unmarried women, who do not have high wage demands and are at the same time docile, reliable, nimble in their work, etc. Female workforce has become an important segment of today's global labor market, especially in developing countries. The modern structure of the world labor market is characterized primarily by the formation of such a new and particular segment of it, which is associated with the use of highly qualified specialists (scientists, engineers, systems analysts, etc.), as well as IT specialists and managers. The development of this segment of the workforce market is largely caused by the rapid growth of global trade in services. The specifics of this sector lie in the fact that because of advanced network of telecommunications, a certain part of the intellectual workforce is able to participate in the production process, which is carried out at any distance from their place of residence.

Following the information revolution in the global economy, a new environment is emerging. The habitual nature of competition is shifting. Along with the traditional hunt for markets, now there is an intense interest in finding valuable resources, first of which are information resources and their carriers – people. Companies in high-tech industries are looking for intellectual assets. Without them, it is no longer possible to survive in a competitive scenario. Therefore, the demand arises for well-trained specialists who can assimilate large amounts of information

and have the ability to process it. In the meantime, the demand for other categories of workers (specialists in communications, finance, education, science) is also growing.

The internationalization of the reserve army of labor goes hand in hand with the globalization of production and the development of the world market for goods and capital. The labor market has become an indispensable component of the world market.

The process of extended capital implementation now happens not only within national borders, but also in collaboration with implemented processes of other countries, meaning it is expanding on a global scale (the so-called open type of implementation process). One of the regulators of this process is the internationalization of the manufacturing cycle. Along with trade and circulation of capital, the international flow of workforce becomes an essential element that ensures the formation of a unified global cycle. The movement of workers between countries and the resulting flows of considerable funds in the form of payrolls make profound adjustments in the shaping of the economic situation in individual countries. The immediate initiators of cyclical fluctuations are often wage transfers from one country to another. Simultaneously, workforce migration affects (worsens or improves) the living conditions of workers in labor-exporting and labor-importing countries. Since the internationalization of manufacturing has brought millions of people from least developed countries into almost direct rivalry with employees working in developed countries. The key role in these processes is played by MNCs, which always have the possibility to relocate their production to other countries (especially the "newly industrialized states" – South Korea, Singapore, Brazil, Nigeria), thereby reducing the cost of manpower. In the 70-80s of the 20th century, it was a common practice to relocate a number of factories (especially in electronics and light industry) to the peripheral parts of the world, beyond the borders of developed countries. In this case, it wasn't the workforce that headed for capital, but vice versa, capital flowed to places where cheap manpower was accumulated. Along with this, the opposite process unfolded: the workforce from less-developed regions

was hired (often illegally) for unskilled and low-skilled jobs in the developed centers of the West. The 1990s were associated with the creation of qualitatively new features of the international labor market: firstly, there was a significant increase in the lag between the economies of industrialized countries below the crisis point and the beginning of improvement in the labor market situation. This rupture for the United States in the last cycle of the first half of the 1990s lasted eleven months, whereas during the 1974-1975 and 1980-1982 crises the reduction in unemployment followed the improvement of economic conditions; secondly, waning declines in such measures of workforce utilization as the number of those forced to work part-time and those who claim jobs but have stopped actively seeking employment is atypical for the recovery period. In previous cycles, the number of these categories of workers declined rapidly as the economy was recovering from the crisis; thirdly, the labor market situation over the past decade has been characterized by a sharp narrowing of opportunities for fired workers to return to their previous jobs [3].

The cyclical crisis not only directly impacts the dynamics of employment, but also catalyzes structural transformations in this field, on which the functioning of the labor market increasingly relies. The most fundamental of these changes is the introduction of a new workforce strategy by the world's leading corporations. Now it is the objective in the center of intrafirm strategy to reduce labor expenses, which constitute a significant and, most importantly, an expanding element of production costs. One of the leading methods of lowering this type of expense is perceived by entrepreneurs as obtaining a raise in the wages of their staff. In the mid-1990s in the U.S., for instance, the wages of 18 percent of workers were below the official poverty level. In addition, entrepreneurs sought to reduce labor costs by increasing the work week duration. In the U.S., the average at that time was 41.7 hours, and overtime was 4.4 hours. Such a high rate was registered only in the first postwar years, under the circumstances of manpower shortage. Intensive redistribution of workplaces in favor of more qualified labor is common in Western countries, while at the same time low-skilled workers are being excluded. According to OECD experts, 10-15% of all jobs

in these countries are renewed annually. Hence, managers and qualified specialists account for 50-60% of all openings. Besides, expectations for the workforce are getting stricter not only in material production, where the share of qualified employees is traditionally greater, but also in the customer service sector. These are primarily "intellectual" fields (e.g., finance and banking), as well as trade and customer service. Therefore, the service sector cannot serve as a haven for unskilled personnel, which is being ejected from other sectors of the economy, as was the case back in the mid-1980s. Leaders of Western countries associate the solution of unemployment with an increase in labor market flexibility, which entails broader rights of entrepreneurs in matters of hiring and firing of employees. An entrepreneur who has the opportunity to let excess manpower go at any time will be more willing to hire additional workers when the first signs of an ameliorating economic situation appear. In contrast to the cyclical factor, which stimulates the demand for additional workforce, the influence of various long-term factors, such as the introduction of new information technologies, structural changes in the economy, and increased interstate and intercompany competition, is more contradictory. Rationalization and technical modernization of production result in the fact that economic development is achieved mainly by improving labor productivity, thereby narrowing the possibilities of using auxiliary workforce. This is demonstrated, in particular, by the fact that the growth rate of employment in the last period during the upswing phase is lower than in previous cycles.

As for the countries with economies in transition, the problem of long-term unemployment is even more acute than for developed countries. The situation with women's employment is especially severe. Other groups that have been struck by unemployment include low-skilled workers and young people, including those with primary education. Escalating unemployment alongside collapsing production and high rates of inflation caused a drastic drop of actual wages in all of these countries throughout the 1990s. The formation of the international labor market embodied such distinctive aspects of the present stage of human civilization development as

intensification of social orientation of the world economy, democratization of labor relations, internationalization of requirements to workforce implementation, standardization of living and working conditions in different parts of the planet, development and personal evolution on the basis of universal human values. Apart from that, unification of national labor markets into one – global – substantially affects macroeconomic policy of individual states in social and labor relations, eliminating restrictions caused by national specifics and giving it a more universal nature. The development of the international labor market materializes in the scale growth and intensification of international migration processes, which are becoming more and more universal, engaging the absolute majority of the world population. The aggravation of the scientific and technological revolution, drastic changes on the political map of the world and structural transformations in the international economy have determined the creation of new features and specifics of international labor migration and the modification of its regularities and patterns. These alterations relate to the directions of international migration flows, the amount and geography of relocation movements, the professional and qualification composition of migrants, and their role in economic processes. Currently, several regional labor markets (South and North America, Europe, the Middle East, Africa) have emerged and are actively functioning. They represent an arena of mass migration processes, stable interstate exchange of labor resources. Based on the international statistics, by the end of the 20th century there were about 25 million migrant workers in the world, and if we include their family members, seasonal migrants and illegal migrants, this figure multiplies by 4-5 times and totals more than 120 million people [5]. The traditional reasons and incentives for international labor migration are the following: differences in the levels of economic development in individual countries; irregularity in the rates and amounts of capital accumulation in different sectors of the world economy; national differences in remuneration; the operations of MNCs and associated international capital mobility; mass chronic unemployment in less developed countries. To these factors in the last decade have been added: political and economic

crises of the former socialist system; aggravation of regional and global economic integration; rise in demand from leaders of the world economy for intellectual workforce; rapid development of modern means of telecommunications and transport; information factor, as well as factors of non-economic nature: military and religious conflicts, collapse of federal states, national, family and ethnic problems.

Conclusions. Taking everything into account, the analysis of the current state of the international labor market has led to the conclusion that it is in an unsatisfactory condition. In the first place among the negative tendencies that restrain economic development in the world is a major decrease in employment and an increase in unemployment. Therefore, only active employment policy, adoption of non-standard forms of employment and creation of new vacancies are prerequisites for declining unemployment rate and rising economic activity of manpower.

REFERENCES

1. Smaliichuk, A.V. (2015). Intelektualna mihratsiia v konteksti transformatsii rynku pratsi Ukrainy: pidkhody do rehuliuвання [Intellectual migration in the context of labor market transformation in Ukraine: approaches to regulation]. *Sotsialno-trudovi vidnosyny: teoriia ta praktyka – Social and labor relations: theory and practice*, № 1, 259-265. Retrieved from: http://nbuv.gov.ua/UJRN/stvttp_2015_1_31 [in Ukrainian].
2. Baizholova, R. (2012). Povysheniie effektivnosti gosudarstvennogo regulirovaniia natsionalnogo rynku truda v usloviikh globalizatsii [Increasing the efficiency of state regulation of the national labor market in the context of globalization]. *Aktualni problemy ekonomiky – Current economic problems*, №10 (136), 344-352 [in Russian].
3. Matviienko, V.M., Skorokhod, Yu.S., Sapsai, A.P., Petiur, R.K., Yakovenko, N.L., Kuznietsova, O.I. et al. (2015). *Mizhnarodni orhanizatsii [International organizations]*. Kyiv: Vydannia DAK [in Ukrainian].

4. Tsyhankova, T.M., & Hordieieva, T.F. (2011). *Mizhnarodni orhanizatsii [International organizations]*. Kyiv: KNEU [in Ukrainian].
5. Kovalevskyi, V.V., Kozak, Yu.H., & Hryshchenko, S.H. (2013). *Mizhnarodni orhanizatsii [International organizations]*. Kyiv: CUL [in Ukrainian].

Стаття надійшла до редакції 21.04.2021