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# **Individual labor mobility: categorical definitions and priorities of state regulation in Ukraine**

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**ABSTRACT.** The purpose of the article to determine the category of "individual labor mobility", to reveal its methodological foundations of research and justify the need for it and the direction of government regulation. On the basis of official statistical data have been identified and analyzed the socio-economic factors, which have now negative impact on the individual labor mobility in Ukraine (unsatisfactory dynamics and structure of incomes of the population, a significant social inequalities and lack of a strong middle class, lack of labor market flexibilisation, deformed economic system of the country). Based on the analysis set forth the priorities of state regulation of individual labor mobility in Ukraine.

## **1. INTRODUCTION**

The choice of this topic is not accidental. The foundation of most dramatic positive changes that are taking place within any of the national economy and in which Ukraine badly needs in conditions of prolonged economic and political crisis, advocates individual labor mobility. Its state vector and leads not only to the size and structure of labor resources of each State, but also the prospects for increasing the efficiency of production and living standards.

In our state is now dominated by negative trends in individual labor mobility, it is accompanied by the impoverishment of the people, folding businesses and innovative initiatives protracted economic downturn and the degradation of society as a whole. Such mobility is predominantly forced and destructive as deteriorating conditions for the free choice of its forms and directions, substantially shifted its priorities because of the predominance of negative motivation. Such consequences mobility is difficult to overestimate, because it not only prevents the formation of a powerful middle class in the society, but also makes it impossible for national economic growth.

And this at a time when, in the face of constant changes in the labor market, the formation of the modified forms of employment there is a need in the emergence of innovative channels of mobility, adequate to modern realities and demands, awareness of the need for greater investment in human capital, intensify essential powers and overcoming passive consciousness the population of our country.

So acute need to identify opportunities to promote mobility to accelerate the speed of response and adaptation of people with current changes in society, the growth of employment and economic activity, increasing flexibilisation of the labor market, maintaining workers striving to improve educational and qualification level, encouraging the development of self-employment, forming a basis for the positive the dynamics of social production. After chaotic individual labor mobility is not conducive to the efficient reallocation of labor across sectors of the economy and the rapid adaptation of workers, and immigration as one of the channels of mobility can lead to the loss of essential human resources. Accordingly, these processes require control and, above all, the public. It becomes important review of priorities for the rational use of the labor potential of Ukraine, socio-economic and educational policies.

## 2. RESEARCH THEORETICAL LITERATURE

Scientific research base mobility can be considered works of such well-known scientists as B. Barber, T. Veblen, M. Weber, G. Hegel, G. Keynes, K. Marx, D. North, P. Sorokin, F. Engels, who have made a significant contribution to the development of preconditions and factors of mobility and change activity. Modern researchers also focus on this topic - B. Anurin, O. Balakirev, L. Belyaeva, T. Bogomolova, T. Zaslavskaya, Makarov, I. Popova, O. Revnivitseva, but mainly in the sociological context. A significant contribution to the development of economic theory change operations made V. Lebedeva.

Despite the fact that the problems outlined at the meeting point of several sciences, and its methodological apparatus requires the inclusion, in particular, and interdisciplinary approaches, modern political economy can not leave it unattended. Thus, the subject of study are theoretical and methodological foundations individualnoy labor mobility and the priorities of its state regulation in Ukraine.

## 3. RESEARCH RESULTS

### **Categorical definitions of individual labor mobility.**

For the definition of individual labor mobility should first consider the related concepts of the category and, above all, such as the "movement", "development", "activity".

In the most general sense, a philosophical movement - a definition that represents any change and transformation [1], the change in position of the object takes place in time and space [2]. Particular attention should be paid to the European tradition of the definition of "movement", where, in contrast to the Eastern cultures, it is semantically differentiated and can be "general movement" being with such categories as "space", "time" or "energy"; speak mechanical movement; have a direction; show a qualitative change, development (progress or regress). A variety of forms of motion of matter as an attribute determines the diversity of forms of organization of matter. F. Engels at various levels of the system of organization of matter singled out a few basic forms of movement, including the special place occupied social. F. Engels also pointed to the continuity between all forms of matter in motion: the higher forms can not be reduced to the lowest, but be sure to include them.

Referring to the specification the term "development", it is worth noting that, as stated in the Great Soviet Encyclopedia, it embodies the process towards change and transformation of material and spiritual objects in order to improve them. Under development also understands that the increase in complexity of the system; improved adaptation to specific environmental conditions; increase the scale of the phenomenon; the quantitative growth and qualitative improvement of its structure; social progress. The development always leads to the appearance (disappearance) of new elements or objects - quantitative conversion, as well as the transition from one state to another (visual-active, visual-figurative, abstract and logical) - qualitative transformation. Thus, progress and regress, in turn, are a kind of development that is progress - progress forward, for better condition, and setbacks, on the contrary, is the complete opposite.

As for the term "activity" that F. Engels argued that the activity - it is inherent in the body's ability to "self-reaction force." In Hegel's philosophy of activity was seen as immanent free form and a way of expression of the subject. In contemporary philosophical literature activity is interpreted as a general attitude to the world, like any activity of the subject, which is transforming the nature: from the development of the world revolution and ending child [3].

The action as a unit of activity taken in its psychological sense - is an act that comes out of certain motives and directed at a specific target. Given the conditions in which this goal is achieved, the effect acts as a solution to the problem, which appeared before the individual [4]. It is recalled that human action was formed in the work as an act of work. The set of actions performed by a specific social function, make career - activities aimed at the production of a specific product.

Thus, a specific feature of human activity is that it is a conscious and purposeful, that is focused on results [4, p. 436]. One can agree with the position of S. Rubinstein, who emphasized the fact that the activities - is a public act, attitude towards people and society as a whole, which generates a man. It is especially important in the work is its social meaning - more precisely related to ideology, the rule of law, as well as its motives. Meaning that the results of human actions aimed at a particular purpose, bought for her socially organized life, built on the division of labor depends on their value to society [5]. To influence this process, respectively, may, in the person through the tools of his self-motivation, the state, the market, business and civic organizations.

Consideration of the etymology of the word "mobility" showed that the term of foreign origin:

- its origins are primarily observed in Latin. language the word "mobilitas" - mobility, ease of movement, speed, agility, volatility, inconstancy, unsteadiness, which emerged, in turn, on "motus"
- movement activities as well as "motum", "moveo" - moving, "motorium" - the ability to move;
- in English language - "mobility" - impermanence, mobility, derived from the "move" - movement, action, action, course;
- in German language - "mobilität" - mobility;
- in French language - "mobilité" - mobility comes from "mobiles" - mobile troops.

The term "mobile" first appeared in Russian in 1952 in the S. Ozhegov's dictionary and had the meaning of "assigned to mobile, mobile, consisting of mobiles". "Mobil" was meant as a military guard mobility (from the French garde mobil - "mobile guard", which appeared in France in 1848). The term "mobility" had spread in the Russian language, while the adjective "mobile" continued to be used, extending the value of the "mobile unit" to "mobile units" and to "mobile person" were also the existence and the terms "mobilizing", "mobility".

In the traditional semantics of mobility means mobility; the ability for rapid movement, change of state or position; capacity for change, action and interaction; readiness for rapid response, rapid inclusion in the activity; any transition individual or social object, the value created or modified by human activity, from the same position (eg, social) to another.

In fact, the term refers to the concept of motion. This can be, literally, the physical movement of the stimulus, object or organism; and metaphorically - a movement through areas that may be social, professional or educational.

Because of the widespread use of the term is usually accompanied by a qualifying word, explains what the term applies in this case.

Thus, specific features are speed mobility, the presence of motives, incentives and activities, transferability, intention (vector), filiation (the development of something in the genetic connection, depending).

Specialization category "mobility" in economics includes the following elements: a) labor mobility (professional and geographic) - readiness to successfully switch to another activity or change the type of work (occupation), to develop new techniques and technologies, to change their place of work and residence for the purpose of a better job; b) social mobility - changing individual or group of seats in the social structure of society, moving from one social class (class layer, cluster) to another (vertical mobility) or within the same social class (horizontal mobility).

In our study, we will use the category of individual labor mobility. It is a conscious and deliberate legitimate need, temporal transformation of motivation, contents and process components activities, professional and human geografichnih position, which is implemented as a result of the revitalization and development of the essential powers of the individual, and responding to the impact of regulatory institutional mechanism through the choice of forms and directions of mobility.

Structural and logical chain of categories related to the category of "individual labor mobility", is shown in Figure 1.

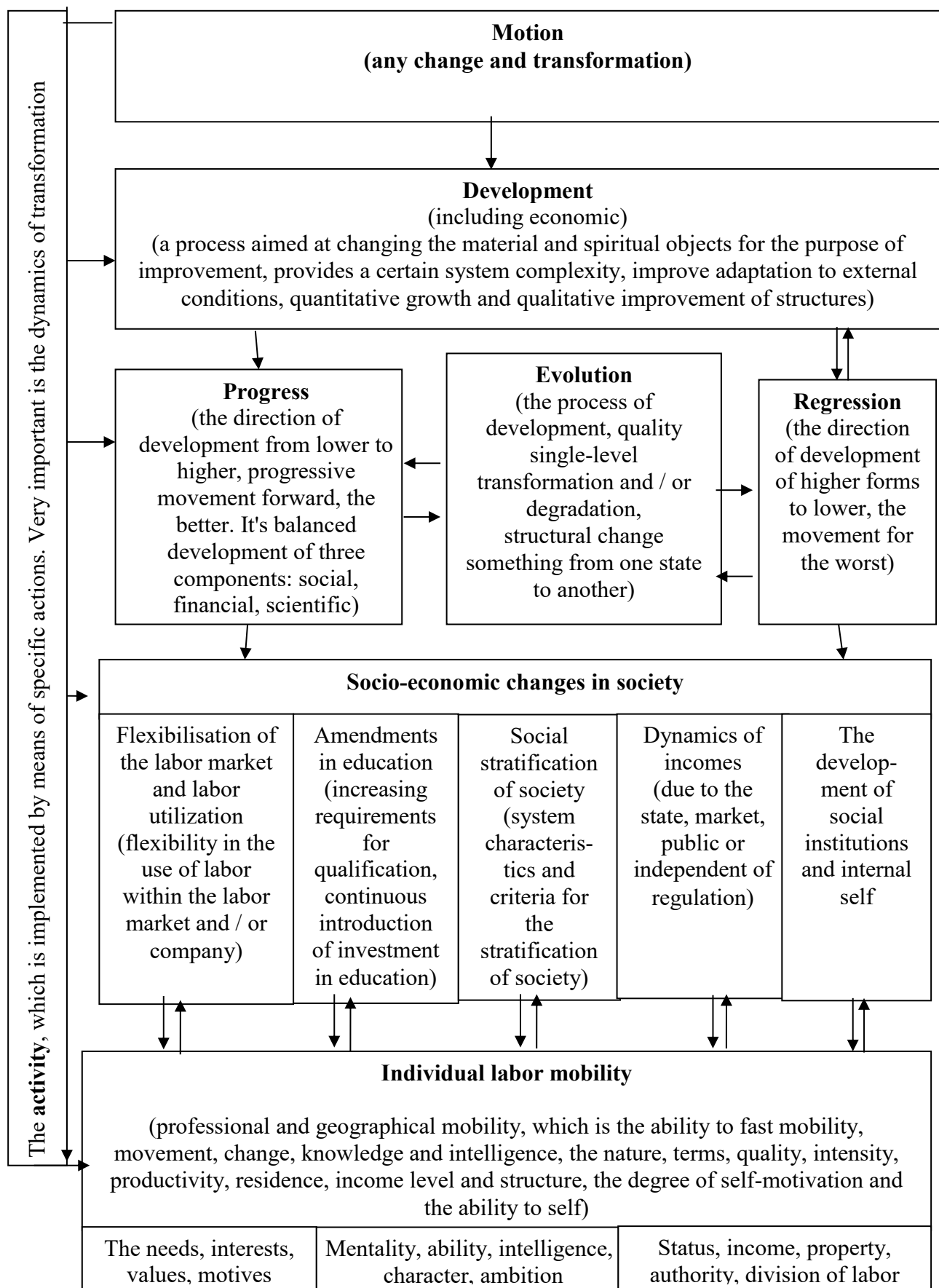


Figure 1. Structural and logical chain of categories related to the category of "individual labor mobility"

### **Methodological principles and priority areas for the regulation of individual labor mobility.**

The methodological base for the study of individual labor mobility serves institutionalism, rather some segments of the traditional social-psychological direction, T. Veblen developed in part gains new institutionalism within D. Hodgson and R. Nelson, new institutionalism - french L. Teveno, L. Boltyanski, neo institutionalism - theory of institutional change and economic principles of cognitive D. North.

As you know, the essence of the institutional approach is to include in the analysis of economic processes the entire system of institutions to consider non-economic factors. It combines the methodology of scientific knowledge and practice that considers the mechanisms of interaction and communication of public relations, evaluates their behavior in the performance of norms (formal and informal) and assesses the effectiveness of structures (institutions).

The institutional approach is a promising methodological approaches, as it explains the reasons for the institutional inertia that occurs during purposeful change, and points to the extended warehouse management entities that legitimize these changes.

The institutes form the institutional framework of a society and economy. Thus, institutes, by D. North definition, create basic elements by which people throughout history have achieved order and thus reduced the level of its uncertainty. Institutes for D. North - a "game rules" in a society or man-limit beyond which organize the relationship between people [6]. D. North distinguishes three main components of the institute: formal rules (laws, constitution, law, etc.); informal constraints (customs, traditions, understandings, agreements, etc.); enforcement mechanisms that ensure compliance with the rules (police, courts, etc.).

A. Shastitko defines institute as "some rules that function limits the behavior of economic agents and organizes interaction between them, as well as appropriate mechanisms to monitor compliance with these rules" [7]. Thus, each institution has a mechanism of coercion created by people to perform defined "basic" rules within the institute.

Thus, in a broad sense, the institute - a highly organized system formed entity which combines the activities of people for a particular public purpose (subjective approach). In a narrow sense, the institute - a set of ideas, rules, norms, mechanisms that shape and develop specific organization (object approach). Thus, according subjective approach is to provide these institutions, regulators, public authorities, organizations and businesses, and more. In terms of object-oriented approach - is the embodiment institutions set the rules, regulations, laws, tools, behaviors, customs, values, sanctions, incentives and more. These forms of institutes form a complex hierarchy of study which is necessary for an in-depth understanding of the specific institutional customs.

Institutional limits (institutional matrix) states:

- 1) size of transaction costs (a set of institutions that ensure the lowest possible transaction costs, ineffective market);
- 2) system of incentives to a particular type of economic activity.

We agree with the opinion of A. Tkach [8], which defines institutionalization as converting intentions to normal social and economic formation of rules of communication through implementation using government institutions (unwritten rules or legal action) on the basis of legal, economic and political regulation.

Generally, the term "institutionalization" in various fields used usually to characterize the processes of streamlining this activity through the formation and consolidation of relevant institutions, with the institution permanently develops on the background of institutional change.

Under the institutional mechanism for regulating individual labor mobility should understand the totality of relationships between formal and informal institutes, accompanied by a gradual evolutionary development of rules and procedures, sanctions and incentives, ensure coordination and adjustment of interests of different members of society in the production, distribution, exchange and consumption, coordinate directions and forms of individual labor mobility towards achieving the objectives of the economic system of the state.

Any qualitative transformation of institutes governing the individual labor mobility, and certain costs related to these changes, which in turn requires justification boundaries and find a rational transition from the current system to prospective institutions. Possibilities and limits of state regulation even individual labor mobility still need clarification.

As part of the methodology outlined priority must take the tools of state regulation. The fact that the most significant factors that have a negative impact on the individual labor mobility should be regarded as social and economic.

Among these factors is advisable identified: a) unsatisfactory dynamics and structure of income; b) a significant social inequalities and lack of a strong middle class, stratification of society; c) lack of labor market flexibilisation; d) deformed economic system of the country.

The most significant of the factors in Ukraine should consider the dynamics of income. Thus, the decline in incomes and deterioration of their structure appears in the growth of poverty aggravation of social inequality, shadow incomes, the need to simultaneously acquire several professions to improve income, accelerated migration from the country, and in some segments of the population is formed depressed marginal and paternalism, accompanied mostly individual labor mobility. The latter is a reflection of blocking conditions for productivity growth, there are serious obstacles to the realization of human potential, the development of its essential powers. If you do not break this trend, it will exacerbate further negative changes in society and will slow economic development.

In Ukraine, the beginning of market economic reform amount of real household income dropped significantly, and their structure has deteriorated markedly. A significant part of household income Ukraine today are in the informal economy. In fact, during the period of economic stability (from the beginning of 2000 until the end of 2008) the average annual WFP in Ukraine grew by 6.9%, average real income - 13.4%, average real wages - 14.8%, average real pension - 20.0%. However, the faster growth of annual incomes by an average of 6.5% compared to the GDP growth was insufficient to citizens of Ukraine to accumulate sufficient financial reserves in case of crisis, so in 2009 the real incomes declined YoY by 10% [9] (Table 1).

Table 1. Indices of GDP growth, incomes and living wage in Ukraine in the years 2000-2013, %

year	indices				
	gross domestic product	real household incomes	real wages	real pensions	living wage
2000	105,9	104,1	99,1	96,6	181,5
2001	109,2	110,0	119,3	137,9	108,6
2002	105,2	118,0	118,2	112,2	110,5
2003	109,6	109,1	115,2	123,9	92,4
2004	112,1	119,6	123,8	154,5	94,3
2005	102,7	123,9	120,3	116,6	105,0
2006	107,3	111,8	118,	105,4	100,0
2007	107,9	114,8	112,5	134,7	96,7
2008	102,3	107,6	106,3	97,8	96,2
2009	85,3	90,0	90,8	99,2	99,7
2010	104,1	117,1	110,2	102,9	114,4
2011	105,2	106,1	108,7	104,0	104,1
2012	100,3	113,9	114,4	105,2	114,9
2013	100,0	101,9	108,2	106,1	107,4

Insufficient attention to the management of public institutions dynamics of income, and hence living standards evidenced by the fact that six of the fourteen years studied real living wage in Ukraine decreased. Note that in December 2013 cost of living in Ukraine, according to the Ministry

of Finance, has increased an average of 7.4% and is 1,176 USD. However, according to statistics, by the end of 2013 of 3.7% of citizens lived in Ukraine below this level [3]. The most numerous in 2013 was a group of citizens who receive from 1200 to 1560-1920 UAH. month - 22.1%. More than 3,700 USD. month receive only 5.1% of the population of Ukraine.

The analysis of monthly incomes Ukraine according to the State Statistics Service of Ukraine showed that wages generates half of the revenues (end of 2013 - 50.8%), in addition to its share for the biennium 2000-2013. Increased by 5.9% . The share of social assistance, current transfers for the period increased to 27.2%, or 1.5 times. The growth rate of all other sources of income declined. The low share of income from business (at the end of 2013 - 4.0%) shows the lack of innovation in business, lack of desire in the population risk. The main risk factors for loss of income in Ukraine is worsening business conditions, inefficiency of markets for goods, labor, capital, failures in social and economic policy.

We note that Russia and Belarus incomes structure very similar to the Ukrainian structure. But in Germany and the US another model - about 30% in the structure of the population occupying investment income (meaning bank deposits and dividends), and about 15-20% are income from immovable property. In Ukraine, the share of personal income from the investment is only 10% as the main source of income from investments - is primarily interest on deposits.

So in general we can say irrational structure of revenues and the behavior of Ukraine's population, the low level of economic activity and individual labor mobility in general, significant influence over the financial decisions of macroeconomic factors. It should be mentioned low propensity to save, which has a negative impact on their investment potential.

I should add that labor costs in Ukraine one of the cheapest in Europe and every year all Ukrainian earn less. At the beginning of the 90s the share of wages in production costs averaged about 33%, while in the West during the same period, the figure was 40-45% (now in high-tech industries - up to 60%). At the end of 2013 the share of wages in production costs on average not exceed 10-12%. Today one hour of EU costs on average 23 euros (244 USD.), which is 16 times more than earns Ukrainian. Emphasize that wages not only affects the amount of household income, it is, as noted by Yu. Zviahlsky, an indicator of the efficiency of the economic reform program [10].

The second degree of influence on the socio-economic mobility is a significant social inequality and the current state of social stratification in society. The formation and development of middle class society hinders the problem of uneven distribution of income. According to economic studies [11] with a significant margin formed group of very wealthy people (5% of the population) who are getting rich at the expense of others, and only 17.6% of citizens consider their salaries sufficient, relating themselves with the middle class. Polls module "Social inequality" in the framework of international social research involving the Institute of Sociology of NAS of Ukraine confirmed the excessive income gap between rich and poor (25-45 times) in Ukraine and increase social and economic inequalities that stated 95% of respondents [12]. As a result, social inequality in Ukraine is one of the largest in the world, because in developed countries the gap in incomes more than 10 times generally considered socially dangerous.

In addition, the feature of poverty in Ukraine is working poverty, which is uncharacteristic for developed countries. The consequences of poverty in Ukraine is the low birth rate, deteriorating health, inability to obtain quality education. In addition, Ukraine begins to develop chronic poverty when the latter becomes a habit, transforming psychological perceptions of reality and generates marginal mood. And as a result - on the horizon because of the poverty of future generations are not able to receive proper vocational and educational training, and lead to their low competitiveness on the labor market and braking individual labor mobility.

The lack of labor market flexibilisation reduces demand for labor in Ukraine. One of the negative trends in Ukraine is to reduce the number of students enrolled in universities of the 3-4 levels and, consequently, the number of graduates [9]. And among them is dominated by representatives of the so-called "prestigious" professions - lawyers, economists, etc., and the necessary technical expertise is not enough. So, the need of enterprises for employees of industry at



the end of 2013 was the largest and accounted for 24.2% of the total demand, particularly in the processing industry it was 18.9%. Whereas in the financial and insurance activities need workers was only 1.6% respectively [9]. In turn, the lack of prospects for professional growth lead to a significant increase in the migration of citizens seeking work abroad. This affects not demographics, loss of intellectual capital and labor resources of the country [13, 14].

The current model of economic system of our country, combined with deindustrialization and degradation of the economy, in fact not only leads to inhibition of positive trends diyalnistnoyi individual labor mobility, but also causes, such as the collapse of Ukraine's public finances. The state budget deficit for the 2003-2013 increased from 1.0 bln. UAH. to 70 bln. UAH. [9]. However, the system of financing the state budget in which there is only an increase in tax pressure on business, it is difficult to achieve economic stability in the country. Annual external debt is increasing - a source of reducing the budget deficit in Ukraine. As evidenced by the world ranking, which is based on growth of borrowing, Ukraine ranked 13th in the world and 1st among the countries of Eastern Europe with volumes of financial assistance received from the IMF, the World Bank and the EU.

For impetus to the economic development of Ukraine and enhance individual labor mobility are necessary following state events: 1) review mechanism for the distribution of income, ensure a fair tax optimization, promote the middle class, the introduction of a progressive scale of taxation of corporate profits and personal income based on their social status, as proposed by K. Schwabiy [14]; 2) gradual improvement of standards of wages by accelerated growth of the minimum wage (with substantiation higher labor costs), a living wage and real income compared with GDP growth; 3) reform the system of allocation of intergovernmental equalization transfers based on common standards of social services to help reduce territorial differentiation in terms of poverty; 4) increasing the efficiency of state social support through its reorientation of assistance to all vulnerable to the most needy, providing better addressing the social assistance by improving the legal, methodological and technical support; 5) intensification of labor market through job creation, provision of reasonable training, retraining and advanced training of the working population, establishing an effective mechanism of interaction between the labor market and educational services, educational programs, content modification, the shift to public-private partnerships in financing projects for the development of the labor market; 6) formation of a new model of economic system that builds on the socialization of the economy, the development of high-tech, export-oriented sectors of production, increasing the share of state ownership and improving its role to stimulate the development and innovation in all sectors of the economy while improving investment climate in the country.

#### 4. CONCLUSION

As a result of the study should make the following conclusions:

1) category "individual labor mobility" requires in-depth study in the context of political economy given in the article the author's approach to its definition is the initial attempt to approach the disclosure of its contents and benefits;

2) negative impacts on individual labor mobility is irrational structure of revenues, low labor costs, social inequality, lack of labor market flexibilisation, the poor state of the budget system and the general degradation of the economy;

3) to overcome these manifestations based on government measures outlined are the most important goals of modern Ukraine, from the achievement of which depends largely on the success of further economic development;

4) the most urgent policy changes are needed in the regulation of incomes of a priority not to support socially vulnerable groups, and the stimulation of able-bodied citizens;

5) in further research is advisable to pay special attention to the characteristics of the basic forms and directions of individual labor mobility, assessing its level study of the impact on its market mechanism, civil organizations, employers and the individual.

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