

INSTITUTIONALISM IN LABOR ECONOMICS

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Labor economics is the science which analyzes labor market, labor resources and employment, long-term analysis of labor relations, explores the revenue of workers and labor costs, investigates the problems of labor productivity and efficiency, develops the methods of explanation the number of employees, as well as explains the concept of human capital. Also, labor economics studies the processes of reproduction of labor power and interaction of employees, means and objects of labor.

There are several economic approaches to the study of labor economics: neoclassical, Keynesian, the marginal, the Marxist, technocratic. In the middle of the twentieth century the narrowness of these approaches, one-sidedness, the lack of breadth in the labor science development in accordance with the needs of society were understood. In these circumstances, the need for science was the need to explain the situation, systematize views on this issue, make a new model of regulation of social and labor relations, re-describe labor as a social and economic process, consider labor activity (the concept and the characteristics of its basic forms: employment, craft, professional work, professional activity), the socio-economic structure of labor economics and the system of economic institutions, their socio-labor content, the relationship of economic, legal and social development, and so on [1].

Today social and labor relations are the subject of a number of works of economists. As A.V. Karpushkina notes, more and more often in the sphere of economic analysis, including labor economics, the institutions of social and labor relations are mentioned. It is caused by aspiration to find in institutional methodology source of new solutions in the direction of reforming the economy. Any kind of economic activities is institutionalized, i.e. made within a set of rules and restrictions. Therefore, you should agree with the economists' assertions that the social and labor relations can exist only within stable rules, regulations, procedures, lines of behavior and interaction between employees, employers and authorities [2].

Institutional approach to labor economics and the study of the labor market has been defined by J. Dunlop. The focus of the approach is given to the analysis of occupational and sectoral differences in the labor force and the corresponding wage levels; traced a departure from the macro-economic analysis, and an attempt to explain the nature of the market by characteristics of the dynamics of individual industries, professional and demographic groups is made [3].

The institutional approach characterizes the internal labor market as a social and institutional system, in which in a certain way is ordered joint labor activity and takes place savings on transaction costs. Institutionalism offers a theory, which studies human behavior, forms of achievement of a market consent and the employer and the employee seek for harmonization of relations on the basis of the regulation of its activity by means of intercompany mechanisms [4].

One of the main directions of institutional approach to labor economics is the introduction of the quantitative analysis in the research process of institutional change in the labor sphere, which involves a process description and prediction of institutional effectiveness. The object of study of institutional change can be the fact of the changes, its causes and consequences. Tasks of prediction of institutional changes are to determine which of the described institutional alternatives would be most effective in the specific economic conditions, what the quantitative parameters of similar efficiency are and what the properties of this or that institution replacing earlier existing one are. [1]

In the Republic of Belarus during the last decades there has been a transition from neoclassical to the institutional approach to labor economics. It is caused by specifics of the social and economic system created in Belarus, badly corresponding classical macroeconomic model, which assumes equal treatment of economic entities and their activities proceeding from the principle of economic expediency. Learning the specifics of the economic policy in Belarus forced to turn to the institutional methodology, which is in contrast to the classical approach, considers economic problems under wider point of view, without absolutizing the principle of economic feasibility and often focusing on other institutional settings.

In Belarus in recent years, the development of institutional direction has been fast enough. Among the publications there are a large number of articles in the collections of conference papers, monographs, textbooks, articles in economic journals. Translations of articles by foreign economists, which have influenced the development of institutional economics (D. North, J. Stiglitz) are published, as well as the articles of national institutionalists in «ECOWEST» magazine, published by the Research Center of the Institute of Privatization and Management. At the same time Belarusian scientists actively use the Internet features. Among the

Belarusian scientists, using the methodology of institutionalism in their research, V.F. Bayneva, Y.V. Valevicha, E.B. Dorin, P.S. Lemeshenko, A.I. Luchenok, E.J. Morozov, P.G. Nikitenko, S.S. Osmolovets, I.A. Rudenkova can be identified. Modern institutionalism has quite a wide range of areas, different methodologies of analysis and research program. With a sufficient degree of conditionality, the main directions of development of institutionalism in Belarus can be divided into a theoretical institutionalism, new institutional theory, practical neoinstitutionalism [5].

Considering tasks of modernization of the Belarusian economy to increase its competitiveness a number of measures for debureaucratization of public authorities, the simplification of taxation and rules of entrepreneurship, liberalization of the labor market and development of system of motivation of workers are undertaken now. To determine the directions and extent of liberalization of the labor market, it is necessary to evaluate as far as it is rigid and regulated now, and also to establish a proportion between its flexibility and rigidity.

Flexibility of the labor market depends on its institutional structure. Currently, experts are unanimous in their opinion that the qualitative differences in the results of the labor market functioning and its effectiveness is largely determined by its institutional framework. Therefore, studying of an institutional structure of the labor market, assessment of its institutional flexibility (rigidity) and reasons for the directions of liberalization for increase economic efficiency have become important theoretical and applied tasks.

From a theoretical point of view, it is interesting how the institutional intervention can enhance the effectiveness and changing market forces in the field of labor relations. Institutions transform labor relations in view of the current situation really trying to eliminate information asymmetry, to take into account the heterogeneity of workers and workplaces by means intervention in wage formation mechanism to minimize transaction costs.

From a practical point of view, not only the development of indicators by which it is possible to diagnose and monitor the institutional structure of the labor market is of interest. Allocation of those players on it (employee groups and employers) which win (and lose) in case of changing the degree of institutional intervention in the mechanism of the labor market functioning is also of interest. Knowledge of nature, the dynamics of the institutional structure of the labor market and the consequences of change is one of the fundamental elements of the stability of the national economy.

The institutionalization of the labor market – is the creation of sustainable complex of formal and informal rules, principles, norms, attitudes and organizations regulating labor relations. All its structural divisions, the organizations of subjects, standard and legal instructions, the value system acquired by a general population, standards of behavior, installations and a mentality treat institutes in the labor market [6].

Institutes of the labor market are understood, first, as the "rules of the game" set out in the laws, regulations, the principles, social norms, secondly, as institutions and organizations creating labor market infrastructure which criterion function is optimization of behavior of participants of the social and labor relations, thirdly, as the mechanisms regulating the functioning of the labor market and its development. The system approach to institutes of the labor market undertaken in work also includes the analysis of their structure and the carried-out functions. The structure of institutes of the labor market differentiates the formal and informal institutes regulating interaction of individuals and groups in the social and labor sphere.

The institutionalization of the labor market is a necessary attribute of human activity and economic factor in the development of the national economy. Actions in the labor market, carried out in an institutional form, create an orderly economic process, which can be regulated, controlled, structured, providing normal functioning of the labor market and its structural elements. Effective institutional arrangements harmonize interests of the employee, the employer, the state [7].

The institutional approach is the most actual among the existing approaches to market research. Its use makes it possible to understand and analyze the nature of the institutional changes, as well as the behavior of organizations and individuals in the labor market. In the conditions of ongoing processes of globalization in the world, studying the institutional and organizational structure of the labor market has special scientific importance for the further development of economic theory; it plays an important practical role in terms of institutional change management and reduces transaction costs [8].

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