Institutional particularities of development of socio-labour relations and life level in the Russian Federation

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Abstract. Development of socio-labour relations is a key lever of efficiency of market economy. The state of the sphere of socio-labour relations and its institutions depends on key factors of development of national economy. Socio-labour relations suggest availability of regulatory framework, realized regulatory acts which determine formation of socio-labour relations.


Keywords: institutional particularities, level of life, socio-labour relations, wages, population’s incomes, Russia, the Russian Federation.

The sphere of socio-labour relations is being constantly improved in the Russian Federation’s economy, democratic transformations are actively implemented intended for coordination of state and corporative policy. In the same time, the prioritized task is development of socio-labour relations on the base of mutual coordination of the interests of the state, employees and entrepreneurs.

Socio-labour relations characterize economic, psychological and regulatory aspects of interdependencies between individuals and social groups in the processes related to labour activity [1].

One of the first works devoted to essence and conditions of social consent is "Public agreement" of J.J. Russo. In this tractate published in 1762 the author depicts society based on laws obligatory for everybody but in the same time allowing to keep private freedom of every citizen. The key condition of functioning of public agreement is high level of civil consciousness of population.

For example, in his critics of apologists of civilization Ch. Fourier formulates an idea about decisive factor of right to work in the system of human rights in a society. He argues that these apologists while talking about human rights forget about one of the key principles - right to work which is indeed impossible in conditions of civilization but without which all other rights are worthless.

His ideal - peaceful cooperation of all classes, peaceful transformation of existing non-rational unjust structure of civilization into fair structure where social harmony governs on the base of friendly union of all social groups in the frameworks of production associations (so called phalanges) [2].

He believed that society of future must consist of associations formed without compulsion with the purpose of full satisfaction of human needs [3].

A. de Sen-Simon, Ch. Fourier and R. Owen wanted to emphasize social aspects: new ideas, new forms and groups, broadening of their industrial-production potential. It involved the investigation of such potential with due regard to future scenarios of development. But they underestimated the role of state and political institutions.

This model of views of socialists-utopists influenced greatly the works of a prominent ideologist – G. Mill. More perspective model of cooperation and capital suggested refusal from the notion that society is a set of individuals chasing their own interests.

In the course of his studies G. Mill got a variant of social relations known as theory of “social progress related to development of institutions which inculcate in society its social features” [4]. It is directly related to the term “partnership” in the context of social relations. G. Mill arrives at conclusion that “relations between employer and workers will be gradually replaced by partnership in one of 2 forms: in some cases workers will unite themselves with capitalists, in other - union of worker with each other.

In Marshall’s opinion in the course of broadening of social and socio-economic rights the foundations of “social equity” are established and the formation of social activity of a state must provide such circumstances when all citizens can claim minimum standard of well-being as their legal right. Relying upon activity of institutions of civil society, the state is a guarantor of realization of such right [5].

Noble Prize Winner M. Alle emphasizes that “economy of markets is undetachable from institutional frameworks in which it operates”. And this is really so because some particular institutional structure forms “supporting construction” of socio-economic relations. Institutional building allows to prevent transformation of liberalization into anarchy and social indifference [6].
That is why further debates are possible in terms of institutional approach (institutional-resource approach). Principal difference of labour market and the market of labour resources is in that the latter is a broader notion which includes labour reserve side by side with functioning working force (active population and people above active age, labour migrants etc.). That is why we consider labour-resource market as a system socio-economic institution of national economy, it is of complementary character, i.e. it has norm of formation of socio-labour relations on the one hand, and norm of labour-resources formation on the other, it regulates the processes of institutional training, employment, re-distribution and use of workforce.

In the same time labour-resource market represents socio-labour and economic relations formed in regard to stable, regular processes of buying and selling of labour services as a result of motion of economically active part of population which wants work (but has not found it yet) and free jobs on the base of information about labour price. Functioning of labour-resource market allows to provide mobilization of labour-resource and competitive re-distribution between enterprises, branches and territories of the country.

In our opinion, the mechanism of labour-resource market has some structure and includes the following elements: labour price, supply of jobs, demand for free jobs (active labour consumers); level of competitiveness among economically active part of population with obligatory availability of socio-labour relations.

Russian economist Yu. Kokin argues that labour market is a resource market. The key subjects of buying and selling are: the employer - buyer of labour - and legally free and protected owner - salesman of labour-resource. The latter is keeper and owner of workforce or combination of his capabilities for some kinds of labour activity. This is a special resource, specifics of which is determined by its physical non-separation from the owner. Mentioned specifics influences the character of buying and selling object, labour market. Here the object of market deal is the right to use labour-resource unit of some quality in specific conditions and in specific time [7].

But today this theory is criticized since the subject can not be buyer of labour and the right to the use of labour-resource unit in the same time. It is necessary to point out that in the process of labour a specific product is made (service, work, etc.) in some specific physical and price (monetary) form. We agree with Yu. Kokin and P. Shlender who argue that object of market deal is the right to use labour-resource unit. However labour can not be an object of buying and selling because at the moment of buying and selling a product (which must be produced by workers) does not acquire physical or price form. It is evident that in the market of labour-resource – “alive keepers of physical and intellectual abilities for labour process” [8] - some right to use labour-resource unit is sold but not the individualized resource of a man. This resource is very specific, it has professional-qualification and competence foundation. For a separate man in the market not absolute but relative labour-resource is important which is sold in specific time and in specific conditions.

In the same time economic categories “labour-resource”, “workforce” and “labour potential” in fact are not aimed for study of individual features of a man as a worker and personality. That is why more natural notion is a “man of labour” - individualized element of labour-resource, owner of workforce, keeper of labour potential [9].

Functioning of labour-resources and their efficient use depends on the type of socio-labour relations realized in the process of labour activity. In turn it influences not only the character of interrelations in a team but produces preconditions for improvement of the life level of society.

We emphasized earlier the market of labour-resource sells a kind of right to the use of labour-resource unit which “has professional-qualification and competence foundation”. That is why socio-labour relations in the process of use of labour resources can be realized in different stages: a) at the stage of learning (for example: working youth under 16); b) during labour activity (for example: relations of employment and dismissal of persons at active age); c) after active period of life (for example: working people above active age).

Completed system of market institutions, in combination with corporative regulation determined significant transformation of socio-labour relations in regard to use labour-resource and increase in life quality: by formation of personnel's income, social adaptation, professional training, creation and keeping of jobs, improvement of qualification, social support, labour conditions etc.

In regard to character of influence on the results of economic activity and life quality all socio-labour relations originated in the process of labour-resources use are divided into: 1) constructive, facilitating successful activity of enterprises and society (they are characterized by high income, interaction through authority of the director, rational style of leadership etc.); 2) destructive, hindering efficient activity of an enterprise and society [10].
That is why the quality of life will depend on the availability and development of socio-labour relations realized in specific enterprise.

Provision of the quality of workforce in the market of labour-resources is related to development of SLR-programs (socio-labour relations) which influence population life quality. Inequality and socio-property stratification influence the strategy of economic behaviour of labour subjects in employment sphere - i.e. it changes monetary incomes formed on the base of individualized labour.

Analysis of structure of per-head monetary incomes of population in 2005-2012 shows steady growth. In general, population incomes raised by 2,7 times. In the same time real monetary incomes changed with rather slow speed. Real incomes significantly fell in 2008 and in 2011 in comparison with previous period. For example, in 2011 rather low growth of real monetary incomes in comparison with 2010 is observed (increment in 0.1% only).

In the same time large part of active population lives below poverty limit. There were 17,9 million of people whose incomes were below minimum cost of living (12,6%) in 2010. Analysis of the structure of monetary income of population (its elements) in 2007-2012 showed reduction of incomes from entrepreneurial activity by 1,4 percentage points (steady reducing dynamics), significant reduction of incomes from property - from 10,3% in 2005 to 5,2% in 2012.

However there are still unsolved problems of wages. Prolonged (delayed) payment of wages in 2010 was observed in the following spheres: processing production, building, transport, agriculture, hunt and timber-logging etc.

In spite of reduction of debt in payments of wages in 2008-2010 - almost by 2,0 times, general debt is very significant - 2400 million roubles. January 2014, data obtained from the companies showed that total debt in payment of wages is 1949 million roubles and in comparison with December of 2013 it has reduced by 944 million roubles (by 32,6%). The main problem is large-scale of debt to working population which is equal to 110,5 thousand people because of absence of money at the enterprises and untimely getting of money from budgets of different levels.

Rates of growth of monthly nominal calculated wages are higher than rates of real calculated wages. Average calculated wages grow up. So the size of calculated average monthly wages for the period of 2008-2010 has raised by 121,1% and by 2013 in comparison with 2011 - by 1,24 times.

For example, in 2006 nominal calculated wages increased by 24,3% in comparison with 2005 (increment in real wages - 13,3%). Economic crisis started in 2008 influenced the incomes of economically-active population. Main crisis effect in this year was deterioration of real level of life of working population. In comparison with 2007 nominal calculated wages increased by 7,8%, and real calculated wages reduced by 3,0%. In 2011 nominal calculated wages increased only by 13% in comparison with 2010 (real increment - 4%). In the same time in 2012 nominal wages increased by 14,7% in comparison with 2011, i.e they gradually grew with the same speed as in 2010-2011.

It is worth mentioning that decisive role in improvement of life quality of active population will be played by increment in GDP and national income, and by availability of social partnership programs. Such processes allow to vary (increase or reduce) minimum monthly wages, increase spendings on the programs of social support or change the volume of social transfers etc.

So, the ratio of minimum monthly wages to minimum costs of living was: in 2007 - 59,7%, in 2009 - 84%, in 2011 - 67,8%, in 2012 - 70,8%, in 2013 - 71,3% (significantly lower than in 2009) [11].

Data testify that minimum monthly wages still does not provide reproduction function of employees, in particular in use of low-qualified labour.

For the last 5 years significant gap in average monthly wages and reduction of its growth rates (in particular, in 2009-2011). For example, in 2011 growth rate of wages was 113,0% (in comparison with 2010) while in 2007 growth rate was 127,8% (in comparison with 2006). It is interesting that already by 1st half of 2011 it was 22277 roubles, i.e. increased in comparison with previous period of 2010 by 11,8% and in 2012 - by 14%, in comparison with 2011 [12].

I.e. such positive dynamics demonstrates availability of socio-labour relations which are one of the factors of improvement of the quality of economic, regulatory, and socio-labour sphere at separate enterprises and in the economy as a whole where implemented monetary policy facilitates growth of wages.

It is worth mentioning that the highest level of wages is observed in the oil-and gas extraction and financial sector. Gap between wages in these industries and the average wages in economy is 2-2,4 times. However it is necessary to take into account that proportion of all workers in high-profit industries (minerals extraction, production of coke and oil and gas, financial sector) is about 18,4% of all employed in the economy.

The lowest wages are in agriculture, hunt and forest economy, and in textile and clothing industry - it was about 50% and 47% of average level in the country. Calculations show that average monthly wage for most part of economically-active population
in 2011 (excluding high-profit kinds of economic activity) was 20267 roubles (690 American dollars), while for 17.5% of working population in 2013 calculated wage was 10 000 roubles (314 US dollars). In other words, there are still a lot of enterprises where there are no conditions for creation of high-profit jobs and development of socio-labour relations [12].

In Russia mixed economy is being formed which must provide high productivity of labour of working population. So, in 2009 ratio of growth rates of average monthly wage to the growth rates of labour productivity is 1,12, while in 2011 this indicator reduced to 1,09. The forecast is that in 2012-2015 this indicator will be in the range 1,02-1,05, and in medium term this will strive for 1. That is why it is necessary to produce efficient mechanisms of social interaction (labour conditions, system of stimulating pay-offs, guaranteed employment etc.) which will provide balance of interests between employees, employers, governmental bodies and local government with the purpose of steady growth of labour productivity [13].

Analysis shows that in 2007 Gini coefficient for wages exceeded Gini coefficient of monetary incomes of population by 1,05 times, but in 2011 this ratio was 1,02. Index of wage concentration in 2009-2011 increased by 1,01 times (from 0,418 to 0,425), in 2013 it was 0,417 [14].

In 2000-2009 economic inequity was slightly reduced (in terms of wages) - from 0,483 to 0,418, but by 2011 this indicator continued its growth to 0,425. It is obvious that such trend points out to flowing character of non-evenness in distribution of wages among working people, i.e. - the polarization of society is oncoming. Therefore the conditions for growth of black wages, especially in private sector of economy. In the same time entrepreneurs are interested in establishing of minimum limits of wages, the payments under the table, reduction of obligatory insurance payments. The problems can be solved through strengthening of social justice on the base of development of socio-labour relations, increase in population's incomes, realization of efficient programs and investments into labour-resource of the country.

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