



## UNEMPLOYMENT PROBLEMS IN THE CONTEXT OF DIGITIZATION

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### Abstract:

The author of the article analyzes the impact of the formation of the digital economy on labour relations and social security relations from the point of view of the impact of digitization on employment. The article concludes that this process has both positive (possibility to combine work and family obligations, development of remote work) and negative (reduction in number/number of employees, problems of employing the elderly) sides. The digitalization of the economy occurs as a result of scientific and technological progress and the fourth industrial revolution, influencing business processes and markets. An analysis of the labour market showed a decrease in the unemployment rate, which is currently within its natural norm. The ratio of the growth in the number of unemployed and employed to GDP growth rates reflects the weak reaction of the labour market to shocks in the economic environment. Employment is inelastic. It has been established that new technologies contribute not so much to the transformation of the employment structure as to the content of the operations performed and the functionality of professions.

**Keywords:** digital economy, labour productivity, competitiveness, production, poverty, social inequality, market "game", consumer, the concept of unemployment, an international labour organization.

### INTRODUCTION

Recently, the concept of "digital economy" has been used a lot. In fact, in many developed countries, the digital economy has significantly influenced their development factors. The concept of the digital economy was defined relatively recently, in 1995 by Nicholas Negroponte, an American scientist from the University of Massachusetts. The scientist mentioned what changes may occur in the transition from the old economy to the new economy after the intensive development of information and communication technologies. The digital economy is an economic activity in which the main factor in production and service is information in the form of numbers, with the help of processing a large amount of information and analyzing the result of this processing. It is to implement more effective solutions than the previous system in production, service, technologies, devices, storage, and product delivery. In other words, the digital economy is an activity connected with the development of digital computer technologies in the provision of online services, electronic payments, Internet trade, crowdfunding and other types of industries.

### LITERATURE REVIVE

Many fundamental works of both domestic and foreign scientists are devoted to the study of the digital economy. It is believed that the digital economy characterizes the current stage of the progress of the information society, which came in connection with the fourth industrial revolution. This stage of development is described in the publication of the founder and President of the World Economic Forum K. Schwab. The author rightly argues that the fourth industrial revolution is determined not only by the progress of technology and automation; breakthroughs are emerging in information processing, renewable energy, quantum computing and bioengineering. The interaction of new technologies creates a synergistic effect and allows you to identify a new digital economy [1].

Quantitative and qualitative analysis of business activities in the context of digital transformation was carried out in the report of the Oxford Academy of Economics "The New Digital Economy. How it transforms business" (The New Digital Economy. How it will transform business) [2], as well as the reports of



the OECD Committee on Digital Policy "Digital Economy Perspectives". The conceptual foundations for the formation and stimulation of the development of the digital economy are presented in numerous works of foreign and domestic authors: Vial G. [3] (Vial, 2019), Gong I., Yang Zh., Shi K. [4] (Gong, Yang, Shi, 2020), Bukit R., Hicks R. [5] (Bukht, Khiks, 2018), Goshal S., Drucker P., Christensen K., Mintzberg G., Tapscott D., Freeman K., Babkin A., Galitsy I., Goncharova N., Kokha L., Milner B., etc.

### MATERIALS AND METHODS

The convenience of the digital economy. Of course, the development of information and communication technologies, and the application of modern technologies to our lives can provide many positive opportunities in the life of every person. Following the development of digital technologies, a person can use the service he needs faster and save a lot of money by buying the products he needs cheaply through the Internet. For example, buying a book in electronic form It may cost you much less to buy the same book in printed form. Otherwise, an ordinary consumer can become an entrepreneur himself and engage in online sales without leaving his home.

Other advantages of the development of the digital economy can be as follows:

- increase labour productivity in production;
- increasing the competitiveness of companies;
- reduction of production costs;
- creation of new jobs;
- the emergence of new modern professions;
- overcoming poverty and social inequality.

These are just a few benefits of the digital economy. The development of the digital economy has a positive impact on our daily life, provides many additional opportunities to the average user, and can also ensure the growth and development of the market.

**The role of the state in the digital economy.** As a result of the study of the world experience, it became clear that in countries with a developed digital economy, the state (government) determines the rules of the market "game" in the digital economy for all participants of the game, and in this, the most important task of the state is for the participants of the game. creation of different, equal rights and opportunity conditions. That is, whether it is a large company or a small business in the market, they are equal. They are given the same opportunities. It ensures that government regulations are followed and that, ultimately, the average consumer receives a quality, up-to-date service or product. Therefore, for the development of the digital economy, the state should create equal conditions for everyone, and market rules, laws, and contracts should be as

transparent as possible. Laws should provide freedom for game participants based on market demand (that is, they should be able to determine market development trends in advance and adopt the necessary regulatory documents). It is difficult to imagine the concepts of the labour market and social labour relations without adequate research on the problems of unemployment. Unemployment is an integral feature of the market economy. The main goal of studying the problem of unemployment is to develop measures related to the expansion of the country's production and the further improvement of the living standards of the population by increasing the employment of labour resources. it is necessary to be able to determine in advance the development trends in the market and adopt the necessary regulatory documents) to give freedom to the participants of the game. It is difficult to imagine the concepts of the labour market and social labour relations without adequate research into the problems of unemployment. Unemployment is an integral feature of the market economy. The main goal of studying the problem of unemployment is to develop measures related to the expansion of the country's production and the further improvement of the living standards of the population by increasing the employment of labour resources. it is necessary to be able to determine in advance the development trends in the market and adopt the necessary regulatory documents) to give freedom to the participants of the game. It is difficult to imagine the concepts of the labour market and social labour relations without adequate research on the problems of unemployment. Unemployment is an integral feature of the market economy. The main goal of studying the problem of unemployment is to develop measures related to the expansion of the country's production and the further improvement of the living standards of the population by increasing the employment of labour resources.

Usually, countries of the world develop the concept of unemployment according to the requirements of the UN, International Labour Organization (ILO), and Economic Cooperation and Development Society. According to the definition of the 13th Convention of the International Labour Organization, "unemployed persons" means citizens who do not have jobs, are ready to work and are looking for work. For example, in the US, you have not been employed in the last week, you have tried to get a job (directly to an employer or by applying to the state employment service) in the last four weeks, you have the ability to work. citizens are considered unemployed. In Japan, an unemployed person is defined as a person who has not worked for an hour during the last week, and in Great Britain, a person who has not worked during the last week, who has been looking for work during this



period, or who has not been able to look for work due to illness. According to the laws of some countries, the unemployed are considered to be those who have been dismissed from work and have a long term of work. To be recognized as an unemployed person, the following conditions must be met.

The first condition is that the citizen must be able to work and not have the right to pension according to the current legal documents. According to Article 77 of the "Labour Code", the minimum level of working ability is defined as 16 years;

The second condition is that the citizen should not have a job and salary (labour income);

The third condition is that the citizen must be ready to work. A citizen's willingness to work is confirmed by his official application to the local labour body looking for a job, re-registration at the labour body within the specified period, and acceptance of an acceptable job offered by the labour body;

The fourth condition is that a citizen must register as a job seeker at the local labour authority, providing all relevant documents.

Clarifying the concept of unemployment, it should be noted that the unemployed are people who actively offer their services in the labour market, look for work, and this should be taken into account by the state in regulating the economic relations of employment. Sometimes the broad interpretation of the concept of "unemployed" in the economy as those who can work without a job is not acceptable, because it includes both those who are actively looking for work and those who are not looking for work, as well as those who are not looking for a paid job. Those who are working, but who do not help him to be suitable in terms of his profession, health, and internal organization, were also included. According to ILO standards, among unemployed persons who have reached a certain age, those who are unemployed during the reporting period and are ready to start work immediately and are actively looking for work are included. Thus, in countries based on a market economy, a person with the status of unemployed must meet the following criteria:

- the unemployed must be registered as jobseekers at the employment service offices;
- to be considered unemployed, a citizen must be actively looking for work (usually one to four weeks before contacting the service of the employment assistance body);
- the status of unemployed and the right to receive unemployment benefits are granted only to previously employed persons;
- unemployment should not start voluntarily;
- an unemployed citizen should not refuse a job offer that the employment service considers "suitable" for him;

- the unemployed should not have other sources of income;
- an unemployed citizen receives unemployment benefits for certain months, after which the amount of the benefit is reduced or its payment is completely stopped [2].

The unemployment rate is the main indicator that gives an idea of the current state of the labour market and changes in it over a certain period. The unemployment rate (N) is defined as the ratio of the number of people with the status of unemployment (I) to the number of economically active labour resources (F) on that date according to the situation at the beginning (or end) of the period (1):

$$N = I / F * 100\% \quad (1)$$

The level of unemployment is considered one of the most important social factors of economic development in most countries.

The main characteristics of employment in a socially oriented market economy:

- balancing full and productive employment;
- the equal responsibility of the citizen and the state for the voluntary nature of work and the harmonization of human rights and duties in the field of work, the elimination of social dependency of employees, and the opportunity to find a job that provides a decent living;
- free movement of labour force between industries, sectors, professions and regions of its use in order to increase labour efficiency;
- a new reason for work, entrepreneurship and a strong interest of employees in high-performance work;
- mitigating the negative consequences of the market economy for the benefit of workers with a specific goal.

These characteristics determine the new qualitative characteristics of employment, and the quality of employment related to their formation should correspond. In this case, the goals of the employment policy should reflect the normative state of employment, which can be achieved by solving the current problems.

Democratization of the employment sector and emancipation of the working person means abandoning the strictly regulated conditions of employment and balancing professional opportunities with the personal interests of different groups of the working-age population. Entrepreneurship or executive activity, favouring public service or one's commercial work, working during the entire working-age period or at some of its stages, diversity of the labour regime - all this is necessary to satisfy the various professional interests of citizens. Therefore, the more actively the



transition to the diversity of employment conditions is carried out, the faster a new cause of labour of highly productive work will appear and the opportunity to ensure full employment will expand. Central to the problem of flexibility of employment is the freedom of choice and the organization of labour in such a way as to enable one to work in less time and earn a fair wage. As the market tools have not yet been fully operational, it will be necessary to strengthen the state's support for the development of alternative labour regimes. A well-thought-out income policy and the regulation of their level by the tax system are necessary for the effective movement of labour between enterprises and different forms of ownership and management of labour regimes. The removal of restrictions on wage growth from business entities should be combined with well-thought-out measures of financial incentives for employees of organizations funded from the budget. To a certain extent, this is related to the stimulation of intellectual work (science, education, medicine, culture).

One of the most acute problems of reforming the entire economy and creating a qualitatively new state of employment is the cause of labour. The reason for work depends on the general set of working conditions and human life, in particular, the ability of a person to work more efficiently than he is currently working. Therefore, in addition to reforming the ownership and management forms, remuneration and the entire distribution policy, encouraging the employee to work well, the ability to work intensively and more efficiently is stable only in the conditions of sufficiently high professional qualifications and developed workability. Conditions for restoring human health and his ability to work are also important to a certain extent. In the conditions of the market economy, the requirements for the quality of the labour force from the point of view of the health of production increase.

In addition, today, in the conditions of deep restructuring of socio-economic relations, the social mood of citizens is given the first place in the reasons for work, and this mood does not mean the actual improvement of living conditions at the moment, but the inevitability of positive changes, the correctness of the chosen reform path. , it is also understood that there is a belief in the fairness of the social protection implemented by the state. Currently, there is a lot of talk about social protection, but it is often understood in a narrow sense, as state assistance to the unemployed, especially the most socially vulnerable part of the population. However, preventing mass unemployment and taking care of the system of its prevention is one the important aspects for society.

The most important of these measures is the state's comprehensive support for each member of the society to truly freely choose their place in the field of

employment, to increase the social and professional mobility of the workforce, and to form its high competitiveness. All this requires the development of social and economic processes that lead to the democratization of the employment sector.

First of all, it is necessary to: increase the freedom of moving around the territory, people's confidence that it is possible to change the profession, and the prestige of work in the field of intellectual work and service provision; development of alternative labour regimes, etc. is required.

### CONCLUSION

The overall employment situation in a market with limited resources is determined by the labour shortage. Labour shortages affect the entire composition of labour supply while determining the direction of long-term causality. This feature of the resource-limited market favours sustainable processes of job allocation even at the sub-micro level. This does not mean factory unemployment. It is considered a productive factor of scarcity and is determined by the need of enterprises (buyers of labour) to provide themselves with internal labour reserves. The faster its shortage appears and the more intensive it is, the greater the internal labour shortage, which means factory unemployment.

The impact of digitalization, the accelerated development of information, computer and communication technologies on the distribution of labour resources is not so much in the transformation of the employment structure, the displacement of certain professions and specialities from the labour market, but in the transformation of the content of certain types of activities. There is a reduction in the number of algorithmic, standard functions and routine operations performed by employees, which are moving into the sphere of machine competencies. Scientific and technological progress (STP) and the fourth industrial revolution create a demand for improving ICT skills and mastering the digital environment and digital consumer culture. Business processes are being transformed – the nature of production and labour.

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