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## Digitization of Labor Relations

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**Abstract.** In the context of digitalization, it is important to determine the characteristics of the labor market. This is because identifying the impact of digitalization on the labor market, highlighting its pros and cons, and eliminating the risk to labor relations provide an opportunity to address the unemployment caused by digitalization.

**Keywords:** labor market, labor relations, digitization segment, employee, employer, artificial intelligence, robotics, digital economy.

### Introduction

The formation of the digital economy is not only the result of scientific and technological progress or the natural evolution of society, but also the phased implementation of "digitalization" programs in the public administration system of the world's leading countries. Leading countries are primarily focused on the digitalization of the labor market, since the digitalization of the economy determines the demand for the quantitative and qualitative composition of the labor force and regulates the supply and demand for it. Thus, in the context of digitalization, the labor market acts as an institution that regulates the supply and demand of workers and employees.

Currently, the views of researchers on the impact of digitalization of the economy on the labor market are different, they distinguish between positive and negative consequences of this process for the labor market.

Representatives of the Keynesian direction of modern economic theory paid more attention to the interdependence and interaction of labor and technology in terms of explaining the economic dynamics of employment and investment activity. In particular, J. M. Keynes recognized in his theory that a new industrial revolution, i.e., the expansion of mechanized production, would lead to an increase in technological unemployment. In their works, representatives of the Keynesian school K. Schwab and Florian A. Schmidt focused on the fact that information and communication technologies are a factor in the technological transformation of production and labor.

In assessing the "digital" segment of the labor market during the period of innovative changes in the economy, factors such as the availability of labor rights, their observance, and social security of employment may disappear. In addition, according to global expert agencies, as a result of the "digitization" of jobs, 47% of jobs are occupied by computer programs and robots. Also, as a result of digital technologies and robotization in developed countries, 5 million jobs will be lost. In our opinion, this situation creates a kind of socio-economic crisis in the labor market. These negative cases include:

- reduction of jobs, displacement of living labor force by machines, robots;
- Increasing digital divide between Internet users and non-Internet users;
- growth in employment, income stratification of the labor force, increased "digital" inequality, social stratification according to the criteria for access to digital technologies;
- The growth of technological unemployment as a result of automation, the growth of robotization, the introduction of artificial intelligence systems;
- reduction of social protection of workers and employees, reduction of the social protection system;

- the labor market, declining demand for labor;
- The complexity of forecasting and digitalization of the labor market, etc.

However, in addition to the above negative points, there are also positive aspects of the digitalization of the labor market, which include:

- increase in labor productivity, reduction of working hours;
- a uniform increase in the wages of highly skilled and low-skilled workers;
- increased demand for qualifications and qualifications of personnel as a result of an increase in the need for a highly skilled workforce;
- creation of new jobs with favorable and good working conditions, the emergence of new professions;
- increasing the flexibility of jobs, expanding employment in non-standard forms and, on its basis, reducing transaction costs in the labor market;
- reducing the time spent by employees looking for a new job, etc.

Based on a comparative analysis of the positive and negative aspects of the digitalization of the labor market, it can be concluded that there are positive aspects that eliminate every negative situation in the labor market, and secondly, the working conditions of labor subjects, skills, living standards and quality will improve.

As the “digitalization” of segments of the labor market becomes more and more complete, the nature of labor relations will also change and become more complex. In particular, the subjects of labor relations increase the risk in relations between individuals, employees and employers.

Most of the economic literature recognizes that risk is formed as a result of a lack of information about the result of knowledge. In our opinion, risk is the probability of economic losses in the activities of business entities and individuals. The greater the economic loss, damage or cost that differs from the intended purpose of the enterprise, the higher the level of risk. The risks of the employee and the employer in labor relations depend on the difference in the behavior of the subjects from the initial assumption. The stability or expediency of a particular type of behavior of subjects depends on the norms, rules, and traditions in force in the world of work.

The labor market distinguishes between internal and external types of risk.

External risk (risk) in the functioning of the labor market;

- ❖ political (ie the type of political system in place, current legislation, including labor law, social policy, labor management at the community level, the approach of the subjects of managerial control);
- ❖ economic (ie indicators of macroeconomic development and stability); economic policy (i.e. tax, budget, foreign, structural policy);
- ❖ natural and climatic (i.e. good or bad working conditions from an environmental point of view);
- ❖ social (ie the social value of labor activity, the quality and standard of living of the population);
- ❖ demographic (ie quantity of labor resources, quality of labor force);
- ❖ the market (ie the terms of the employment contract, the level of employment, the characteristics of supply and demand, market segments).

All of them have a positive or negative impact on its participants in the labor market, that is, on the activities of workers and employers.

Internal risk is associated with the functioning of the labor market (labor relations) between enterprises, organizations or firms and arises from the uncertainty of economic conditions and processes. In particular, the presence of emergencies in the activities of business entities, interruptions in supplies, violation of the terms of contracts, the inefficiency of the system of material incentives, the effectiveness of decisions made in relation to employees, etc. increase the level of internal risk.

Risks (risks) arising in the labor market as a result of digitalization can be divided into: risk or risk of employers, employees; expected or unforeseen hazard or risk; clear and hidden danger; the subject of labor relations, i.e. labor conditions and safety, remuneration and labor incentives, organization and regulation of labor, etc. In our opinion, professional risks associated with causing harm to the health of an employee (employee) as a result of the performance of his professional duties, are allocated in a separate group, since as a result of such a risk, the employee completely loses his ability to work.

In the context of digitalization, the risk of employers in labor relations is determined by the selection of specialists and the conclusion of employment contracts. Risks (risks) in the domestic labor market increase due to the numbering of documents by the employer, which initially contain information about the quality of the workforce, the potential of the future employee.

In the process of implementing labor relations, the level of risk increases due to the low productivity of the employer, failure to fulfill work duties, and difficulties in monitoring its implementation, especially when monitoring remotely employed workers.

As a result of the circumstances recognized above, employers will face increased labor costs. As a result, the value of the marginal product of labor is lower than the average productivity of labor. It is advisable for employers to use the following methods to minimize the risks associated with the use of labor. 1) Reducing the amount of human labor due to the introduction of new equipment and technologies into production, strengthening the personnel policy. 2) Transplantation of risks, i.e. their transfer to the labor force or society. 3) By redistributing the risk, for example, by rationalizing the system of motivation and incentives for employees by the employer, the risk of their opportunistic behavior becomes a lower risk, in other words, in the digital labor market, the employer constantly expands the choice of labor, is interested in being redundant in the labor market.

The employee's risk is more related to the employer's failure to fulfill contractual obligations or the termination of formal labor relations, when the employer transfers part of the employee's expenses to the enterprise or the employee (employee) in violation of labor laws. For example, the employer is obliged to direct the income of the employee when concluding contracts for resolving issues related to the health or professional development of the employee. This is even more evident in informal labor relations. At the same time, in our opinion, violation of the rights of workers increases the risk of reducing the reputation of the employer and increases the informality of labor relations.

In today's labor market, unemployment is a serious threat to labor resources. At the same time, the risk of workers under the influence of digitalization and information and communication technologies increases. In particular, as a result of changes in the requirements for the competence of workers, the risk of loss of income or loss of work increases.

In the context of the digitalization of the labor market, employers are focused on attracting a workforce with high intellectual potential, which is more profitable, which corresponds to the level of development of digital technologies. This situation is becoming a feature not only of the external labor market, but also of the internal labor market. As a result, in the conditions of a digital subject of the labor market, the employer focuses on a number of components of human capital, i.e., components that quickly adapt to production conditions and have high retrainability, i.e.

From this, we can conclude that with the digitalization of the labor market, such aspects as the flexibility of the workforce into a team, the predominant division of corporate values, commitment to work duties, the priority of communicative and social capital ensure their competitiveness in the labor market.

The specificity of human capital (from an intellectual point of view) is a key factor determining its competitiveness in the labor market. Also, in the digital economy, the share of



informal labor relations between employers and job seekers is increasing. will decrease, and the role of the self-regulatory mechanism of the labor market in the interdependent movement of supply and demand will increase. The higher the competition among applicants, the higher the risk of unemployment or job loss, the higher the level of competition, especially in the low-skilled segment of the labor market, the higher the risk.

We must also recognize that having digital, computer and communication skills in line with the requirements of employers, the ability of an employee to quickly adapt to communication and production processes, reduces their risk in the labor market. But it doesn't completely eliminate it.

As various requirements for the quality of the labor force of production organizers increase, so does its individualization. This is regulated by an employment contract between the employer and the employee.

Increasing the individualization of the labor market carries risks with deeper socio-economic consequences. In the context of digitalization, socio-economic risks increase under the influence of such conditions as remote work, remote employment and the loss of social ties. Such conditions are created by hired workers.

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