

# THE DEVELOPMENT OF INTERNAL LABOUR MARKETS IN BELARUS

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The analysis of condition and development of internal labour markets (ILM) of Byelorussian enterprises during last 15 years allows defining the following stages and chronology of this development.

Stage 1 (1991-1993) – the period of comprehension and initial adaptation to new rules and values of market economy. Internal labour market and human resource management in general were the shadow of economic strategy at most enterprises. The administration of enterprises was solicitous about searching for the ways of development under the conditions of lost economic connections after the break-up of the Soviet Union. Thus, the problems of internal labour market development and regulation seemed irrelevant. But it was this state when internal labour markets of Byelorussian enterprises conducted the most massive discharge of workers because of the reduction of the staff 1991 г. – 48,7%, 1992 г. – 55,4%. Such behaviour of the employers was the objective market reaction to the conditions of socio-economic instability.

Stage 2 (1994-1996). This period is characterized by the formation of excessive employment shed at internal labour markets. This can be proved, first, by the fact that GDP in 1995-1996 declined for 7% and the number of the employed – less that for 3,2%. Second, growing number of both part-time employed (1994 – 13,2%, 1995 – 19,8% from the average number of ILM staff), and the employees recorded

as on administrative leave (1994 – 24,8%, 1995 – 36,4% from the average number of ILM staff). There began a “washing-out” of young and mobile workers in ILM, the renewal and professional growth of workers stopped. This was due to inability of the employers to create new working places and, thus, provide their full employment because of the decrease of investment in fixed capital that occurred in 1995 and 1996 (1995 г. – 69%, 1996 г. – 95, in comparison to the previous year).

Stage 3 (1997-2000). Excessive employment in ILM continued (e.g. 41% of Mogilev industrial enterprises had excessive employment in 1997-1998). Excessive employment in ILM, in its turn, determines low level of unemployment in external labour market (1995г. – 2,9%, 1999г. – 2,1%). The methods of functional adaptation of quantitative number of staff: the transfer of the employees to a half day regime, widening practice of administrative leaves, backpays, increasing differentiation in wages, broadening sphere of informal relations between administration and the employees (e.g., according to author’s observations, such instrument was used in 50% of Mogilev industrial enterprises) became major instruments of ILM regulation. The amount of remuneration of workers in ILM decreased to 78% to 1990 level what testifies to negative trends in correlation of the demand and the supply of human capital in ILM. Social and economic problems of ILM functioning in Belarus became one of the reasons why the insolvent (1997 – 17,3%) and unprofitable (1998 - 14,2%) enterprises appeared.

Stage 4 (2001-2003). The period of quantitative optimization of ILM personnel. The following indices testify of the optimization trends in ILM: the dynamics of unemployment in Belarus (2001 - 2,3%, 2002 – 3%, 2003 – 3,1%); the coefficient of workers’ turnover because of releases (2002 – 23%, in comparison to 1995 – 19,3%); the period of optimization was the period of the lowest need of ILM for workers (2002 – 24,4 thousand people and 2003 – 31,7 thousand) in the whole period observed (1997-2003) – e.g. the same index was 37,8 thousand people in 1999. This proved the fact that the employers didn’t want to activate the demand for human capital in external labour market, but preferred to solve the problems of the ILM on the account of the workers they had. Such optimization process was necessary for Byelorussian enterprises in order to survive.

Stage 5 (2004 – current time). This stage is still formed. The author's observations allow only taking stock of the trends formed without making any deep social and economic analysis of them because the time lag is insignificant, and the manifestation of these trends is unstable.