



# INNOVATIVE FORMS OF EMPLOYMENT IN THE PROCESS OF GLOBALIZATION AND THEIR IMPACT ON THE LABOR MARKET

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**ABSTRACT**                      DOI No: 10.36713/epra13543                      Article DOI: <https://doi.org/10.36713/epra13543>

*This article discusses the latest trends in transformation of employment in the context of transition to innovative technologies in the modern world. Unlike traditional employment, innovative employment involves "flexible" working conditions to satisfy a variety of customers, part time employment, a shift in the employee's interests towards self-expression and stimulation of creative thinking. The innovative development of the economy involves the emergence of new non-standard forms of employment, each of which has its own characteristics and rationality of application. An influence of the innovative economy on the labor market is considered. The tendencies and challenges of the employment transformation are assessed.*

**KEYWORDS:** *informal employment, automation, innovative forms of labor, artificial intelligence, labor transformation, precarization, human capital, innovative economy*

## INTRODUCTION

The rapid growth of digital technologies and their active introduction into our daily lives is becoming not an innovation today, but a familiar reality. All areas of our activity are changing and transforming into new types of activity.

An era of technological innovation in the coming decades will lead to a dramatic increase in productivity, as well as incredible leaps in material well-being and living standards of the population, as automation replaces or expands human labor.

Analyzing many scientists, economists consider employment as a socio-economic category that expresses relations regarding the formation, distribution and connection of the labor force with the means of production in order to best meet personal and social needs. Employment management is considered by many scientists as a regulatory impact on the part of the state and individual subjects on the structure and

dynamics of social relations in the field of formation, distribution and connection of labor force with the means of production in order to best meet personal and social needs in a given economy[1].

Studies of the role of human capital in the innovative development of the economy were devoted to the work of scientists from the CIS countries and Uzbekistan, such as Virolainen A.O., Ignatushchenko E.I., Melnikova I.A., Nechaev A.S., Rodionov I.I., Ryumina Yu. A., Tumina T.A., Fatkhutdinov R.A., Abdurakhmanova K.Kh. and others.

Taking into account the fact that the qualitative transformation of labor resources for their efficient use is extremely important in raising the economy of New Uzbekistan to a new technological level. Such leading scientists as academician K.Kh. Abdurakhmonov, the founder of the scientific school of labor economics, N.K.Zokirova, Sh.D.Kudbiev, G.K.

Abdurakhmonova, N.U.Arabov, N.Kh.Rakhimova, Z.Ya.Khudaiberdiev, G.Sh.Karabaeva<sup>1</sup> conducted extensive research in this area. Domestic scientist, founder of the scientific school of Labor Economics, academician. In general, these changes require the widespread introduction of rapidly and continuously updated knowledge, the highly effective use of the mind and human creativity in performing obsolete operations using technical and technological innovations. As a result, along with traditional labor relations in production, a new, non-standard system of labor relations is being formed" [2].

*The object* of the research is labor resources in the conditions of innovative development.

*The subject* of the study is the socio-economic relations that arise in the process of transformation of labor resources and the study of forms and methods of organizing employment of the population, optimization of the work of workers.

*The purpose of the study* is to characterize the essence of the transformation of labor resources, to identify its trends, as well as to development of recommendations to improve the efficiency of transformational processes of labor resources in the context of innovative development.

**Research Methodology** based on method of comparison and generalization of information; system data analysis.

## RESULTS AND DISCUSSION

According to many well-known scientists and economists, "world experience shows that transnational corporations have transferred or are transferring all work with personnel to digital technologies, and the emphasis in this work is on combining talents" [3].

The rise of automation has affected the global economy throughout history. Agricultural automation allowed farmers to migrate to factories, and industrial automation allowed factory workers to move into the service sector. Each time, the impact of automation on workers manifested itself in three stages. First, by increasing productivity, automation has reduced the need for workers in the sector. Secondly, the relative

cost of goods produced by automation has decreased, which has increased the overall material standard of living. Third, as automation reduced the resources needed to produce one set of goods, those resources migrated to other places, increasing the production of other goods. This scenario was repeated many times, including when moving from farm to factory and when automating bank tellers using ATMs.

Artificial intelligence, including humanoid robots, collaborative robots (cobots), drones, machine learning is now becoming commonplace not only in manufacturing, industry, military technology, space development, medicine, but also in the service and management sectors. Digitalization and the growth of digital technologies have a direct impact on the global economy, which in turn affects the labor market. For example, chatbots facilitate the recruiting process, robots conduct individual interviews with candidates using built-in facial and emotion recognition algorithms, analyze eye position and potential deception attempts, and, based on the processed information, can change the course of the interview in the right direction. Intelligent assistants today replace couriers, waiters, delivering customer orders accurately and quickly, leaving consumers amazed and delighted. A set of robotic arms can fully stock a bar and mix drinks to specification on a cruise ship full of thirsty guests. Highly agile service robotics are already being piloted in settings ranging from food preparation to hospital and nursing home care. Even less nimble robots and drones are being used as messengers in hotels to escort guests to their rooms, as waiters delivering food to tables and even delivering hot pizza to customers' doorsteps.

Cobots that work alongside humans to improve manufacturing productivity are an example of companies closing the cost gap. These helper robots cost less than one-quarter the cost of traditional robots, and by 2013 they were already cheaper than human resources in all advanced economies and most developing countries.

Humanoid robots are likely to achieve commercialization early in the next decade, primarily due to the rapidly declining cost of robotic dexterity for service applications, which is a major barrier to adoption today. Replicating the dexterity and precision of human hands is relatively expensive. In

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2011, Honda's Asimo robot amazed the public by being able to take a thermos, unscrew the lid, and pour tea into a paper cup without spilling or crushing the glass. The action was impressive, though slow, hardly matched by the agility and speed of most five-year-olds.

AI assistants can read and write emails and schedule appointments. Others can use sports data and write natural-sounding articles for websites, doing at least low-level creative work and freeing up human writers to write more complex and interesting stories.

Automation could also lead to the loss of some well-paid service jobs. Law firms are already implementing algorithms to scan legal documents in place of highly educated and highly paid junior lawyers. In the financial services industry, startups are focusing on automating time-consuming and therefore costly tasks like processing mortgages.

The transition to e-commerce is just a retail service automation – replacing a whole set of human functions from a salesperson on a trading floor or a cashier with a web storefront and a payment processing application[4]. In fact, there is a gradual replacement of “real” employment mechanisms and practices with virtual counterparts[5].

There are a great many such examples, but the justified fear of rising unemployment in the labor market due to the replacement of human resources with technological developments becomes the cornerstone here. While higher productivity is generally positive — it allows companies and the economy to earn, more with less—any significant productivity spike can be very damaging and could have a serious impact on employment at first. Another obstacle may be the issue of confidentiality and security of information, i. growing threat of cybercrime.

The full impact of automation is likely to come into play only after 2030 as cheap labor will still be available in some sectors and some businesses will be slower to adopt automation. However, in some sectors, automation can lead to wage cuts long before workers are fired. For example, the introduction of self-service kiosks and smart phone ordering technology in fast food restaurants is likely to set a pay cap for order takers at a point where automation becomes cheaper than hiring a human order taker. As long as wages remain below this point, automation will not affect employment rates, but wages will be severely capped.

According to forecasts Bain & Company, an international strategy consulting firm, estimated that approximately 80% of all workers in the coming decades will be affected by some level of wage stagnation, layoffs, or a combination of the two. Many jobs have survived automation despite predictions that they will disappear. For example, banks still employ bank tellers, although their roles have been changed and they are no longer just counting cash and checks.

Employment transformation implies factors such as the introduction of new job categories. A social media marketing manager, for example, was hardly a profession 10 years ago; today it is one of the fastest growing areas. Automation, of course, will create several new professions, specialists in the management and repair of technological innovations will certainly become the most in demand.

A large-scale transformation, unfolding at a moderate pace, will give the economy time to adjust and grow to bring the unemployed back into the labor force. In this scenario, the natural demographic cycle in the labor market – the arrival of young workers and the departure of retirees – also helps to balance the workforce towards new roles rather than declining occupations. It should be noted here that an aging workforce has fewer opportunities to learn new skills and find jobs.

Addressing the massive job loss due to automation, including eliminating some jobs that will not be replaced in the future, will be a major macroeconomic and social challenge for most countries. The main trend in the transformation of the labor force in both developed and developing countries is the disappearance of professions that provide standardized services. As examples, The Future of Jobs Reports 2018 cites such professions as accountants and auditors, tax inspectors, postal workers, bank employees, financial analysts, sales agents and resellers, recruiters, brokers, cashiers, assembly line workers, car drivers and vans, salespeople, service and tourism workers, statisticians, finance and insurance specialists, lawyers, etc.

A possible solution here may be to rethink the formation and development of human capital. In other words, it is necessary to develop human capital with a focus on increasing computer and information literacy in children from an early age of education. Efforts aimed at strengthening the intellectual potential in cyber reality, the development of “flexible” information technology management skills can prepare a new workforce that is fully adapted to the realities of our time. The formed labor resources should be retrained in accordance with the growing need for IT specialists.

In this regard, the President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted that “for sustainable development, we must deeply master digital knowledge and information technologies, which will give us the opportunity to follow the shortest path to achieve comprehensive progress. In the modern world, digital technologies play a decisive role in all areas. We are well aware that the formation of a digital economy will require appropriate infrastructure, huge funds and labor resources. However, no matter how difficult it is, we must definitely start this work today, otherwise it will be too late tomorrow. Therefore, an accelerated transition to a digital economy will be our priority for the next five

years. In order to create broad opportunities for training young people who want to acquire modern knowledge and professions in demand on the labor market, to stimulate and support the aspirations of the younger generation to develop intellectual and professional skills, to implement new initiatives and ideas, a Presidential Decree No. No. PP-350 "On additional measures to expand opportunities for mastering modern knowledge and professions", which emphasizes the importance and necessity of developing human capital in the direction of innovative forms of labor[7][8].

Speaking about innovative forms of work, it is necessary to give the ILO definition of non-standard forms of employment as a term that includes forms of employment that differ from the standard in at least one of several criteria. These include temporary (fixed-term) employment, part-time work, temporary agency work and other multilateral labor relations, as well as disguised labor relations and dependent self-employment [9].

Non-standard forms of employment affect virtually every aspect of working conditions, including employment, earnings, work schedules, occupational safety and health, social security coverage, education, vocational training, representation and other fundamental principles and rights at work. It must be remembered that deficits in quality working conditions in these areas can also be present in standard labor relations, but they are less significant compared to the deficits observed in various forms of non-standard employment.

According to Karabayeva G. Sh., an "innovative" worker is distinguished by a higher level of education, responsibility and competence, a broad general cultural outlook, new values, an orientation towards professionalism, innovation, creativity and self-development in work, this is a collectively and individually developed personality. Currently, before the specialists - the new generation Z there is a choice where to work - in the public or private sector, as an employee or an individual entrepreneur? In most cases, the choice remains for private business, where there is more freedom for self-expression and higher incomes. A society is being formed in which independence, mobility and entrepreneurship become the main values that determine the future of the younger generation" [10].

According to the definition of Sh.D. Kudbiev, innovative transformation is a sequential process of replacing each other with different generations of innovations, technologies, managerial and organizational methods [11][12].

The innovative development of the economy involves the emergence of new non-standard forms of employment, each of which has its own characteristics and rationality of application. Traditional labor relations are institutionalized, that is, they have a legal basis, while the new ones, from a legal point of view,

have not been formalized and have not yet become a generally accepted practice[ 13]. Therefore, they are called non-standard labor relations. In the 1980s, this type of employment was called "precariat" (lat. "unstable", "not guaranteed") - a social community that is forced to take on casual, unreliable work without stable pay. Precarious workers are deprived of guarantees of their labor rights, which negatively affects their professional success [13].

Russian scientists Z. T. Golenkova, Yu. V. Goliusova classify the following population categories as precariae: [14]

- working individuals who do not have a stable legal relationship with the employer (temporary workers, part-time workers who have not concluded an employment contract with the employer);

- employees who, at the will of the employer, are taken out of the state and leased to another organization (outstaffing, outsourcing);

- working part-time at the initiative of the employer, by agreement between the employer and the employee for reasons beyond the control of the employer and the employee or through the fault of the employer;

- forced unemployed;
- desperate to find a job.

To date, there are the following types of informal employment:

- 1 Agency work - "borrowing" labor under an agreement with a private recruitment agency and "loaning" it to an employer based on a fixed-term employment contract.
- 2 Remote employment (remote employment, "telework", "telecommuting")—the performance of a labor function determined by an employment contract outside the location of the employer, a separate division of the organization (including those located in another area), outside a stationary workplace, territory or object, directly or indirectly under control employer, provided that for the performance of this labor function and for the interaction between the employer and the employee on issues related to its implementation, information and telecommunication networks, including the worldwide information network Internet.
- 3 Outstaffing (eng. " out staffing " - "out of state") - registration of employees in the staff of another organization, the withdrawal of personnel from the staff in order to reduce administrative risks and costs associated with personnel.
- 4 Outsourcing (eng. " outsourcing " - "use of an external source and / or resource) - the transfer by an organization on the basis of an agreement of certain types or functions of production business activities to another company. In other words, the involvement of

- external performers to perform some of the company's business processes.
- 5 Freelancing (eng. "freelance" - "free") is a type of employment that allows you to cooperate with different employers (even simultaneously) without permanent employment in any organization.
  - 6 Coworking (eng. "Co-working" - "collaboration") - an approach to organizing the work of people with different employment in a common space; a community of free and independent people of various professions who come together in the same room to do a certain job.
  - 7 Crowdsourcing (eng. "crowdsourcing, crowd" - "crowd", "sourcing" - "use or attraction of resources") - involvement in the solution of certain problems of innovative production activities of a wide range of people to use their creative abilities, knowledge and experience by type subcontract work without concluding an employment contract on a voluntary basis with the use of information technology.
  - 8 Home work (family business)– work carried out by an individual (homeworker) for the production of goods or the provision of services on the orders of the employer in accordance with the employment contract at the place of his residence or in other premises owned by the homeworker or members of his family, or rented by him.

The proliferation of non-standard forms of employment raises questions, as these forms of employment, compared to standard forms of employment, are more often associated with insecure workers. Also often underestimated are the serious implications for businesses, such as the management problems associated with an increase in the proportion of non-standard workers. At the same time, the benefit of an individual worker or enterprise in the short term can have negative consequences for the economy as a whole, such as insufficient investment in innovation, slowdown in labor productivity growth, threats to social security systems, high labor market volatility, low economic indicators. There are other social implications that require close attention.

## CONCLUSIONS

As noted above, the world of work is not static and constantly poses new challenges that require policy responses. There is a need to constantly amend existing regulations and adjust policies to achieve decent work for all. This is especially the case in industries and professions where regulatory oversight has traditionally been ineffective and participation in collective bargaining has been limited. In this regard, recommendations are proposed for taking measures that contribute to the effective implementation of existing norms in four main areas:

1) Improvement of the legal and legislative framework to comply with various kinds of guarantees provided to employees in non-standard forms of employment, with those provided to workers in standard forms of employment employed in similar types of work.

2) Strengthening collective bargaining systems, which can help reduce instability, but measures should be taken to build the capacity of trade unions to conclude such contracts, including measures aimed at organizing and representing precarious workers in trade unions. Collective bargaining agreements can be an effective means of protecting workers in non-standard forms of employment by equalizing the treatment of workers in different forms of employment. The subject of such agreements will be the provision of regular employment, guarantees of equal remuneration for work of equal value, regulation of work schedules (guaranteed minimum working hours for call workers), ensuring a safe working environment, ensuring maternity protection, as well as taking into account the special interests and needs of workers with non-standard forms of employment. As contracts are negotiated with the social partners, they are more likely to be enforced, as trade unions play an important role in ensuring social control and compliance.

3) Improving the social protection of workers engaged in informal labor. In some cases, extending the system to cover precarious workers may require changes to the existing social security system, for example by removing or lowering thresholds for minimum hours of work, wage levels or terms of employment, to ensure that precarious workers are not excluded, from the social security system. In addition, systems should become more flexible with regard to the contributions required to qualify for benefits, with the possibility of interruptions in the payment of contributions and retention of eligibility when moving from one social security system to another, as well as when changing employment status. For example, some countries have a universal pension for all older people that guarantees basic income and social security, and a contributory pension supplements this universal pension. Such a system could be beneficial to many precarious workers, especially women, whose employment may involve multiple breaks.

4) Socio-economic policy to manage social risks and facilitate the transition to standard employment. In addition to the risk of unemployment, precarious workers also face the risk of loss of income due to changes in income opportunities associated with the need to provide care for relatives or loss of skills. Thus, there is a need to develop policies to mitigate these risks and create opportunities for labor market transitions to other types of employment during working life. Policies to support workers who need leave to care for children or other family members, as well as laws that facilitate the transition

from full-time to part-time employment and vice versa, allow women and men to fulfill their family responsibilities without the risk of losing their earnings.

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