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INSTITUTIONAL COMPONENTS OF PUBLIC LABOR POTENTIAL

Labor potential of a society is a complex system of elements such as a labor potential of demographic system and an institutional capacity of a social system. An institutional element provides a labor division and human's integration in the process of public production. The paper presents an analytical approach to the problem of alienation through public division of labor taking into account the social costs of this process.

Keywords: Society, labor potential, work force, division of labor, alienation, system integration

The problem

Labor is a process originally feasible due to an innate human capacity for creative transformation a subjects of nature. Human alienation from nature is the basic premise of labor as a certain relationship with this active medium. Whether the processes of animal's vital activity that are regulated by nature's laws, or the processes of machines' functioning that are determined by human, either of them are externally driven. That is their main difference from the labor process.

In this perspective, if a human activity is regulated from the outside, this is, in fact, not labor but work. It seems to be reasonable to consider a human activity as labor to the extent of an individual comprehension and acceptance of ultimate goal, of aspiration to achieve this goal and creative energies in a process of attaining this goal. Thus, increasing human alienation from a result and a process of his activity leads to its degeneration into work, and this strongly requires a formulation of a new methodological approach to the phenomenon of "labor potential" in all its complexity and diversity.

Researches and publications

Current methodological approach to analysis and estimating a labor potential of a company, or region, or a whole society is characterized by clear tendency towards simplification and over-generalization the cause of which is lack of clarity in the definitions of such concepts as "labor", "work" and "potential". Traditionally, a labor potential is considered either as a total capacity of a population to produce a certain amount of wealth or as a number of man-hours of work, or in terms of a number of human resources, their health and educational level. This means that virtually all cases it is about the assessments of amount and quality of a workforce.

The purpose of this paper is to elaborate a new methodological approach to the concept of public labor potential by means of elucidating the gist of its institutional components.

Results

Labor potential is an ability of a person, group or society for creative and purposeful transformation a surrounding world to gain qualitatively new benefits to meet the needs of a human community. But this definition is incomplete without focus on a specific human striving for a personal development which can be exclusively implemented through the labor. A degree of implementation of this striving is a measure of a social progress, on the one hand, as well as an dynamics indicator of public labor potential, on the other.

Methodology of economic determinism exaggerates excessively a value of material gain and ignores an influence of socially significant factors [1, 9, 10]. More exactly, it is about a substitution of socially essential factors inasmuch as human's self-actualization as a social entity is not how to get as much benefits but the ability to make a contribution; his social concernment should be measured by

his usefulness to society. Thus, a social essence of a human is determined by domination one of the two principles: "to receive" or "to give". In this sense, the methodology of economic determinism describes an anti-social human. It seems absurd to claim that greed is the only way to self-actualization of an individual as a social being and his evolution as a creative person. Moreover, a main social function of a human is labor, which is a process of self-dedication, on the one hand, and personal evolution, on the other. It is about the labor as a human need, not his duty or commodity [1, 9, 10]; it is about the labor which puts human over the nature, provides a person self-dignity, self-worth and self-awareness in the structure of being; about the labor as a basis for self-esteem and a prerequisite for social approval. In labor process a human not only gets an idea of his labor potential, but increases it.

Thus, a labor potential of an individual is determined, firstly, by his motivation for self-actualization through labor¹, and secondly, by his abilities to consciously and creatively transform a subject of labor, to implement goal-setting and to chose the ways to achieve the goals. In fact, human's labor potential is a capacity of his self-development, whereas his workforce is determined by his state of health, physical development and by presence of certain competencies. The higher degree of human's self-determination in a process of activities and closer link with the end result, the more this activity is labor. In this case, a purpose of activity should be product of labor, not the remuneration for the performance of working functions.

In this sense, motivation to labor is strictly different from a motivation to work. Latter means that individual receives some benefits in return for his activity (career growth, increasing in income, etc.), ie, it's a striving "to take", while a motivation to labor, as mentioned earlier, is a desire "to give back".

¹ Motivation comes first, inasmuch as in the absence of motivation to self-actualization (the desire to "give") human's labor potential is equal to zero; in the presence of such motivation it is always greater than zero, since there are no people, completely devoid of the ability to self-realization through a particular type of labor activity. Motivation to labor is a reflection of the mental and social health of the individual

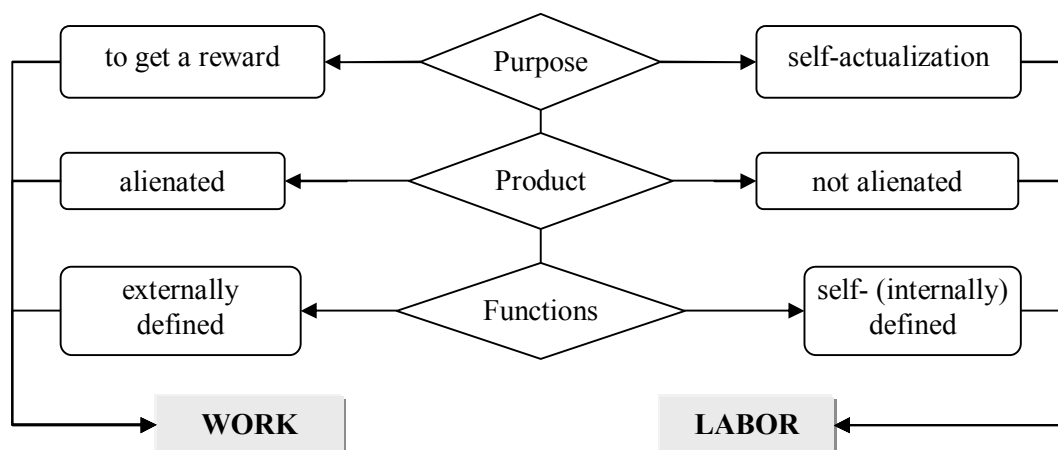


Fig. 1. Distinction between concepts "labor" and "work"

In any society it's impossible to attain complete human's self-determination in a labor process due to a complexity of a process of public production and strict necessity of labor division with its inevitable degeneracy into a set of externally determined working functions for the majority of participants. Thus, labor potential of a society in general increases to a great extent due to denial of the majority from a development of their labor potential and their participation in social production as the performers of someone else's creative will. The «intelligent» functions detach from the «mechanical»; the functions of decision-making from the executive functions; a function of goal-setting stands out; thus, society takes shape of organism with a certain function's differentiation of its parts [6].

Thus, social organism is evolving owing to a differentiation of functions and their alienation from a human [11]. At that case in varying degrees, personal degradation is inevitable, but if a human perceives a gain of society as his own benefit, then he exchanges alienated functions for a qualitatively new social conditions (social environment, attitudes) and opportunities of a personal development (if not for himself, then for his descendants). However that may be, if a human's goal is his personal contribution to a development of society as a social environment of his "habitat", he is motivated to "give" that mitigates a problem of deformation of an identity (to avoid frustration). However, an issue of private ownership of the production means becomes an insuperable obstacle here: a human may not perceive himself as "useful" to a society if he works for an employer

whose interests are dissonant with the goals of society. Human may consider his activity as labor when the end purpose of this activity is a development of society since there is no alienation of a result. Human's creative component of activity may be implemented through his self-actualization in society, his understanding and acceptance of ultimate goals and value system of society. Obviously, if a value system of society is based on an individualism and a principle of maximization of personal gain then human's adoption of these "values" excludes the possibility of labor in the above sense. This means that a labor potential of a society depends on its ideology or value system.

Thus, labor potential of a society represents an aggregation, not a mechanical sum of the people's capacities. Current public division of labor makes it impossible to evaluate a labor potential of a society through a value added that can be created with the full employment. But it is equally difficult to determine a public labor potential through summarizing the individual's capacities since in a process of their integration for a public production a value added can grow owing to transfer of purely mechanical functions from the more to less creative individuals; but it can also decrease due to a lack of clarity in estimating of creative abilities, a subjectivity of estimations and, consequently, a misallocation of a public expenditure for a human development and suboptimal utilizing human potential in public production.

This means that systems integration is a constitutive component of a public labor potential. A method of people's integration in a process of joint activities to generate value added profoundly influences the aggregate value of a labor potential².

As an object of analysis, a labor potential of people's community is a complex system whose elements are both cumulative labor potential of demographic system [8] and institutional potential as a way of public labor division and people's integration in a process of public production (fig. 2).

² This brings to the fore the issues of organization and management, strategic planning, and basic scientific research; all that allows to integrate disparate efforts and improve their performance

In an aspect of labor potential's estimates, i.e. value added that a community can produce, an institutional component which determines the roles, statuses, and a way to integrate the participants in a social production has a particular significance, as well as a value system of society that determines a people's motivation to work. But equally important institutional component of a public labor potential is a way of income distribution which is regulated by property institute.

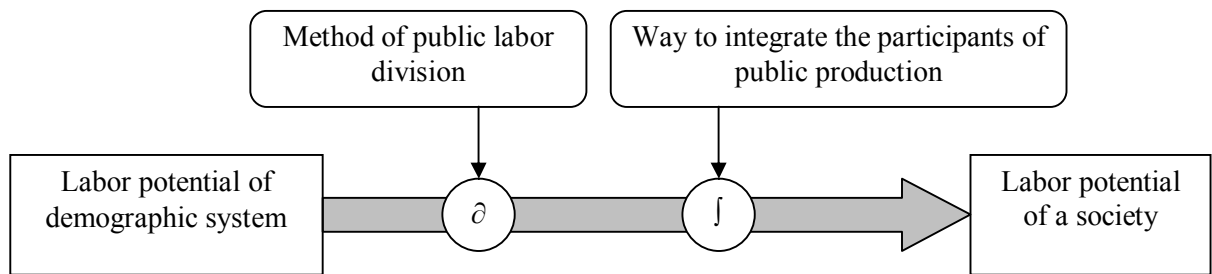


Fig. 2. Generating a labor potential of a social system

Describing a subject area of analysis it is necessary to determine an interrelation between demographic and institutional components that impacts on systemic labor potential of society and its dynamics. In this sense, an institutional component executes two opposite functions: separation and integration, and an implementation of these functions is associated with an alienation of working functions of individuals. Alienation is here the basic relation that provides the forming of manpower as a set of alienated functions.

Thus, as a result of an institutional component's functioning there occurs a separation of a constructive potential of demographic system on two parts: on labor potential (Ψ) directly and work force (L) which is not a part of labor potential but provides more efficient it's utilization.

Suppose there is a demographic system of N entities with a cumulative labor potential $\Psi(N)$:

$$\Psi(N) = \sum_{i=1}^N \psi_i ,$$

where ψ_i – individual labor potential of a person i . In the process of labor division (alienation of working functions) labor potential of M persons ($M < N$) stays unrealized; and work force is formed from among of these persons:

$$L(M) = \sum_{j=1}^M l_j ,$$

where l_j – manpower as a result of alienating a working functions of person j .

Then it is clear that a compliance with the following conditions characterizes an institutional component of a public labor potential:

$$\Psi = \Psi(N) - \Psi(M) + L(M) \rightarrow \max .$$

From the point of society, a human's labor potential is characterized by its ability to create values without alienating functions, ie in the process of self-actualization through labor. But there is a difference between a creation of values and producing a surplus value since the concept of value is subjective. In the process of self-actualization a human can create values that will not have a price. Should we consider the lack of demand for human's labor potential as its absence, ie consider the corresponding summand as equal to zero $\psi_i = 0$, or a human's very ability to creative transforming activity should be seen as a positive labor potential which could not be implemented due to prevailing socio-economic conditions? Obviously, in a market economy unequivocally the first option is accepted, but the social aspect of the non-recognition of a human's creative nature means actually that society underestimates him, ie his partial exclusion from a systems of social links.

Actually the need of society namely appraises the value of human's labor potential. If this value is too low ($\psi_k \rightarrow 0$), then this potential may be ignored by society without much loss (at least at first glance); at that case an alienation of functions will be sensible just so far as a work force as a result of this alienation will be more "productive" in terms of value added: $l_k > \psi_k$.

Next, an individual may have a various capacities to create value added in different conditions; his performance can grow due to waiver of plain functions that will be transferred to the "work force" which labor potential is estimated by society as close to zero. If we'll enter a function of a labor potential's utilization efficiency: $y = f(\psi_n, l_n)$, which estimates a value added that a human can create at various combinations of his labor potential and work force, then from the aspect of economic efficiency there should be solved an optimization problem:

$$y_n = f(\psi_n, l_n) \rightarrow \max_{\psi:l} .$$

It is obvious that an individual's production function in this case will be a curve (Fig. 3) which displays a value added that can be created at various combinations of human's labor potential ψ_n and work force l_n . For both curves the point F corresponds to performance equal to the sum of the lengths of segments AF & FB , but at that much higher productivity for the first human is achieved at the point A' , and for a human whose curve of production function is represented by a dotted line, the alienation of functions corresponding to point B' will be much more effective. Indeed, the segment AA' is longer than the segment OB , and the length of the segment BB' is greater than the length of the segment FB . However, whereas at first case the maximum productivity is achieved at the same point as the maximum of social efficiency (A'), in second case, the point of maximum performance (B') is also the point of minimum social efficiency.

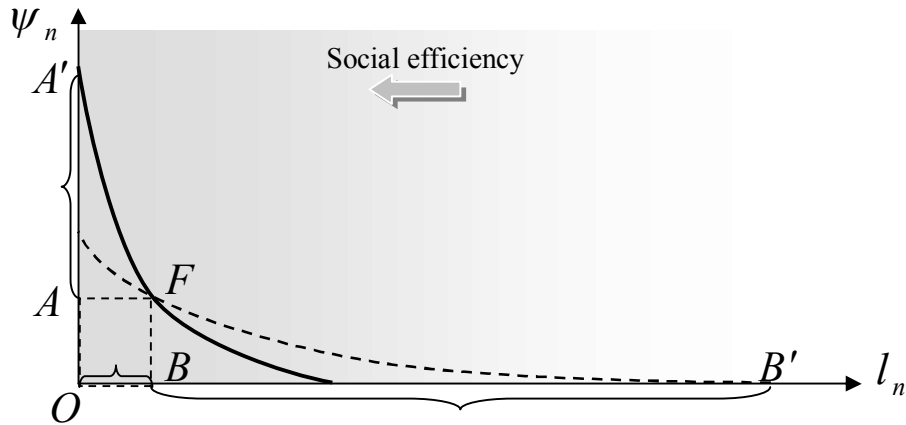


Fig. 3. The solution space for the optimization problem of labor division

Conclusions

Such a detailed consideration of rather obvious truths is necessary for a clearer differentiation of the concepts of "labor potential" and "work force." Both of these elements of public productive forces create a value added, ie from an economic point of view just a result has a significant meaning, but we should remember that a social efficiency will increase with $l_n \rightarrow \min$, $\psi_n \rightarrow \max$ (see Fig. 3). From this aspect an alienation of functions should only occur to the extent that is necessary to a public production. This means that the functions of labor market lose their meaning completely or should be modified significantly³, since in this case a labor supply will never exceed the demand, and a wage rate will not be determined by the market: it will be driven by social values of labor⁴ and imputed costs of workers. Here we mean the extension of the sphere of production of non-market goods, where each individual can take part on a voluntary basis and on his own choice. At present, there already exist non-state agencies and foundations that finance the activities of various non-market institutions who support individuals and groups having creative capacities in science, art, and in solving social

³ signaling function remains only (notification of the demand for labor)

⁴ Public value of labor is determined by the social costs of alienation that are manifested in human's aspect as employee's dissatisfaction with the quality of work life, and in aspect of society as a whole they are manifested in the reduction in civic engagement and social integrity, in decreasing in motivation to labor (work), etc.

problems. Even the term "fundraising" exists which means the attraction and accumulation of funds from various sources for non-commercial projects. Thus, it is not about utopia, but about actually existing and rapidly developing field of public activity attracting more and more attention of scientists.

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