

LABOUR MARKET IN UKRAINE

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Being historically well supplied with native born low paid skilled labour force Ukraine now faces new challenges in this sphere. Employers claim shortage of specialists in certain industries and overall deficit of competitive labour for reasonable price. This may lead to mistakes in project analyses and failures in realization of some projects due to reduced output and increased labour cost.

In this paper we are trying to summarize basic factors, influencing labour market in the country nowadays.

Labour market is a very competitive one both from the demand and supply side. Two types of competition exist on the labour market: firstly employers are competing for the workers with certain skills and qualifications and secondly potential employees are compete for the most promising work places, taking into consideration nonpecuniary factors—such as work environment, risk of injury, personalities of managers, perceptions of fair treatment, and flexibility of work hours. [1] Both of them affect the price of labour.

Supply of labour is determined by the objective factors such as population and their desire to participate in the labour market. Latest fully depends on the difference between the people's reservation wage and wage offered by the companies. When the wage is high, opportunity cost of labour time grows, stimulating people to offer their workforce on the market. [2]

According to the recent data number of economically active population in Ukraine has gradually dropped to 17 939,5 mln people with a small increase in 2018 by 0.5% with similar tendency in the Number of employed.

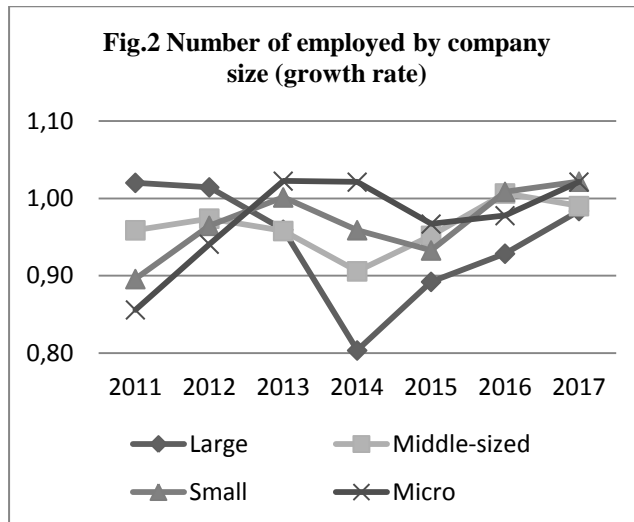
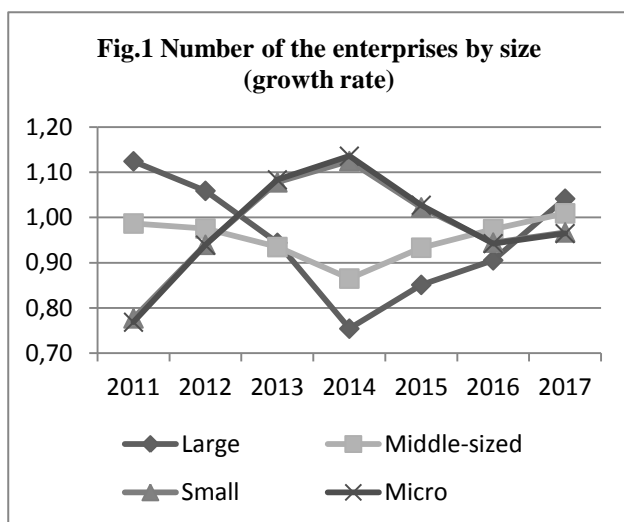
Number of unemployed attained the maximum in 2014 and since that time was merely stable with a 7% drop in 2018 which resulted in a drop of unemployment rate to the level of 8.8%. [3]

Ukrainian labour force demonstrates relatively stable participation rate at the level of 62%. Reduction of workers happens both due to natural reasons (negative population growth rates) and economic migration.

Despite official claiming positive net migration rates, Ukrainian labour force steadily leaves the country, not always following the official procedure and without informing government bodies. [4] Development of modern technologies provides easy communication with the potential employer, facilitating less costly employment process together with reduced risks of moving abroad.

Information technologies extend possibilities for remote work and leads to the essential growth of the number of self employed simultaneously reducing proposition of labour at the local labour market.

Demand for labour is formed by the companies of the different sizes. Fig.1 demonstrates changes in the total number of the enterprises in economy, and changes in the total number of employed is shown in Fig.2



According to the statistical data number of large (with more than 250 employees) and middle-sized (50-249 employees) companies has gradually grown but they present growth rate below 1 for the number of employed whereas small and micro enterprises became fewer, but showed some increase in the number of personnel.

More people are employed by small companies ranging from 10 to 49 employees.

Considering that increased number of bigger enterprises did not lead to the increase of the number of personnel hired by them we may speak of the corporate downsizing. This is accompanied with a growth of average wage by more than 10% each year and makes big companies economize through the layoffs.

Micro companies still providing employment for 26% of the labour force make just 5% in the official volume of labour cost which is now under the careful attention by the government.

In conclusion we may say that supply of labour remains relatively stable in Ukraine as well as the number of employed and unemployment is gradually reducing. Despite reduced number of small and micro enterprises they still employ 66% of the labour force officially spending on them less than 23% of all companies' expenses for labour.

Both 10% annual increase in average salary together with increased employment indicates growing demand for labour and more severe competition on the labour market among the companies.

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