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IMBALANCES AND DIVERGENCE IN EMPLOYMENT: EU AND UKRAINE'S APPROACHES TO OVERCOME IT¹

Recent years have shown that trends in globalization, digitization, demographic change, migration, and others have exacerbated the problem of employment imbalances, which have a serious impact on global and national labour markets. It is noted that this problem will be exacerbated in the nearest future by the shock effect of the COVID-19 pandemic announced by WHO in March 2020. It has been stated that for national governments, this necessitates a focus on addressing the problem of imbalances in the internal labour markets through public policy instruments. For Ukraine, this is also important in the context of achieving the objectives of the Association Agreement with the EU, since imbalances in employment are one of the causes of the socio-economic divergence between them, which has been observed since 2014. The main types of imbalances in the labour markets of Ukraine and the European Union are shown. The dynamics of convergence and divergence processes at the EU-Ukraine level in the employment sector are evaluated, and the potential consequences of these processes are identified. The EU's current approaches and programmatic tools to tackle imbalances and divergence in employment are comprehensively described. Based on a critical approach, a general description of the current state of the labour market of Ukraine and its state policy in the sphere of labour and protection of social and labour rights of people is given. The most urgent problems in terms of employment, quantity and quality of jobs, dynamics of labour migration, etc., which have resulted from fragmentation and neglect of such policy are identified. A number of recommendations have been developed on the first steps of Ukraine's public policy aimed at balancing national and regional labour markets and overcoming divergence with the European Union in the field of employment. It is stated that the relevant state policy should be implemented in two stages. Firstly, in the near future, due to the spread of the pandemic coronavirus infection, it is necessary to adopt and urgently implement the Crisis Measures Program, developed based on the OECD Recommendations on urgent employment and social policy actions needed to support the population and business in supporting the population and business with the COVID-19 pandemic. During the second stage - in the period after the cessation of the pandemic of the coronavirus and the abolition of the quarantine regime, the first steps should be the adoption of new labour legislation of Ukraine, comprehensive programs for preserving existing and creating new jobs, strengthening the institutional role of the State Employment Service, improving the domestic remuneration system and other activities.

Keywords: employment, labor market, imbalances, divergence, state employment policy, Ukraine, European Union.

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ДИСБАЛАНСИ І ДИВЕРГЕНЦІЯ У СФЕРІ ЗАЙНЯТОСТІ: ПІДХОДИ ЄС ТА УКРАЇНИ ДО ЇХ ПОДОЛАННЯ

Показано, що останніми роками тренди глобалізації, цифровізації, демографічних змін, міграції тощо посилюють актуальність проблеми дисбалансів у сфері зайнятості, що має серйозний вплив на глобальний і національні ринки праці. Зазначено, що найближчим часом ця проблема надзвичайно загостриться внаслідок шокової дії пандемії COVID-19, оголошеної ВООЗ у березні 2020 р. Визначено, що для національних урядів згадане обумовлює необхідність сфокусувати увагу на вирішенні проблеми розбалансувань внутрішніх ринків праці за допомогою інструментів державної політики. Для України це важливо також і в контексті досягнення цілей Угоди про асоціацію з ЄС, оскільки дисбаланси у сфері зайнятості є однією з причин соціально-економічної дивергенції між ними, яка спостерігається з 2014 р. Показано основні види розбалансувань на ринках праці України та Європейського Союзу. Оцінено динаміку процесів конвергенції та дивергенції на рівні Україна – ЄС у сфері зайнятості, означено потенційні наслідки цих процесів. Комплексно охарактеризовано сучасні підходи та програмні інструменти Євросоюзу до подолання розбалансувань і дивергенції у сфері зайнятості. На основі критичного підходу надано загальну характеристику стану нинішнього ринку праці України та її державної політики у сфері праці й захисту соціально-трудоових прав людей. Виявлено найактуальніші проблеми щодо зайнятості, кількості й якості робочих місць, динаміки трудової міграції тощо, які стали наслідком фрагментованості та невиваженості такої політики. Надано низку рекомендацій щодо першочергових кроків державної політики України, спрямованої на збалансування національного та регіональних ринків праці й подолання дивергенції з Європейським Союзом у сфері зайнятості. Зазначено, що відповідна політика держави має реалізуватись у два етапи. На першому – у найближчий період, у зв'язку з поширенням пандемії коронавірусної інфекції необхідним є ухвалення та невідкладне впровадження Програми антикризових заходів, розробленої на основі Рекомендацій ОЕСР щодо невідкладних дій політики зайнятості та соціальної політики, необхідних для підтримки населення та бізнесу у зв'язку з пандемією COVID-19. На другому етапі – у період після зупинення пандемії коронавірусу та відміни карантинного режиму, першочерговими кроками мають стати ухвалення нового трудового законодавства України, комплексних програм збереження існуючих і створення нових робочих місць, посилення інституційної ролі державної служби зайнятості, удосконалення вітчизняної системи оплати праці та інші заходи.

Ключові слова: зайнятість, ринок праці, дисбаланси, дивергенція, державна політика зайнятості, Україна, Євросоюз.

Employment imbalances, in particular labour market imbalances, traditionally have been the focus of national governments and international structures as one of the key determinants of socio-economic development and a multidimensional problem of government regulation. Under the influence of current trends of globalization, digitization, demographic changes, migration, etc., the urgency of this problem has increased in recent years, which has had a significant impact on the world and national labour markets. According to this year's estimate of the International Labour Organization (ILO) given even before the

announcement of COVID-19 pandemic in March 2020², over 470 million able-bodied people in the world did not have full access to full-time employment or paid work whatsoever due to imbalances in the global labour market; more than 630 million workers or 20% of the world's workforce were suffering from labour poverty (they are working poor); 267 million young people aged 15–24 (two thirds of whom are young women) were out of employment, education or professional training; the global unemployment rate has already reached 188 million and will increase by another 2.5 million in 2020 [1, pp. 12–14, 20].

It is obvious that, as a result of the spread of coronavirus infection pandemic, which, for a considerable time (according to various expert estimates, from two months to half a year), has paralyzed the economies and labour markets of vast majority of European, North American, Eastern and Central Asian countries, and therefore, the imbalances in the global sphere of employment will greatly increase. According to the ILO's forecast, depending on scenarios different in the magnitude of impact of COVID-19 pandemic on the dynamics of global GDP, by the end of 2020, the global unemployment may rise from 5.3 million (the “soft” option) to 24.7 million (the “hard” option) persons; the total loss of labour income for employees will potentially range from \$860 billion to \$3.4 trillion; the increase in the number of working poor can reach between 8.8 and 35.0 million people, although it has been planned to reduce it by 14.0 million people until recently³. The significant variation in ILO estimates is explained by the inability to determine exactly when the COVID-19 pandemic will be stopped (as of late March 2020, it was rapidly spreading over Eurasia) to begin resuscitating the rigidly quarantined (and hence completely disabled) spheres of production and employment.

ILO experts also note the growing worldwide imbalance between the skills demanded by employers and the qualification of applicants, which contributes to an increase in imbalances such as job polarization and inequality in the distribution of workers' income [2, p. 23]. The Organization for Economic Co-operation and Development (OECD) also calls attention to the global tendency of increasing imbalances in the sphere of remuneration and labour income, calling among its main factors technological changes, globalization and migration processes, gender inequality, insufficient educational opportunities of people as well as the existing gaps in the levels of protection of social and labour rights of the employed, in particular, of those working under temporary and permanent employment contracts [3, p. 1].

Due to objective reasons (market disequilibrium, shock and cyclical effects, state regulatory intervention, etc.), imbalances in employment are characteristics of almost all national economies today. The economic systems of the European Union countries are no

² The Coronavirus Pandemic (COVID-19) was officially announced by the World Health Organization on March 11, 2020 (see: WHO announces COVID-19 outbreak a pandemic. World Health Organization Regional Office for Europe. 12.03.2020. URL: <http://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/3/who-announces-covid-19-outbreak-a-pandemic>).

³ The COVID-19 pandemic could result in the loss of nearly 25 million jobs in the world, the ILO warns. The International Labour Organization. Eastern Europe and Central Asia. 18.03.2020. URL: https://www.ilo.org/moscow/news/WCMS_739003/lang--ru/index.htm [in Russian]

exception [4–6]. However, the problem is that labour market imbalance not only slows down economic growth and human capital formation, but also slows down the processes of inter-country and interregional convergence (convergence by key parameters of socio-economic development), causes divergent processes of the correspondent level (the divergence of these parameters). Thus, in the IMF report "Prospects for the Development of the World Economy" for 2019, it is argued that an influential factor in enhancing the inter-regional divergence of labour markets in developed countries is imbalance between the professional skills of workers and the requirements of employers due to the processes of automation of production; and overcoming the negative trends requires conducting reforms that increase the level of human capital and the flexibility of labour markets [7, pp. 65–79].

European researchers rightly link the existing imbalances in the field of employment of the EU Member States both to the slowdown of processes of their overall socio-economic convergence – especially between the countries of integration nucleus and the countries integrated in 2004–2013 – and to the strengthening of inter-country differences of labour markets of the European Union [8–10]. In this context, significant imbalances and divergent processes in the field of employment of the EU should be seen as one of the major challenges to the European integration project, which should be adequately considered in public policy by both the European Union itself and the countries seeking membership in the Union.

This task also seems urgent for Ukraine, which, in an effort to bring its own European integration perspectives closer, ratified in 2014 the Association Agreement with the European Union⁴. According to Art. 424 of the said Agreement, Ukraine undertook to ensure a gradual approximation to the EU law, standards and practices in the field of employment, social policy and equal opportunities. As a result, it should promote convergence of the labour markets of Ukraine and the EU, but the analysis of situation testifies to their structural divergence (based on the evaluation of structural indicators of labour markets) [11, p. 41–43], which generates correspondent risks for the attainment of socio-economic goals of mentioned Agreement as well as for the domestic employment policy and reforms of the national labour market.

In view of the above, **the purpose of this article** is to study the imbalances and processes of convergence (divergence) of labour markets of Ukraine and the EU and to develop, based on the study results, recommendations for the formation of Ukrainian state policy aimed at promoting its rapprochement with the European Union, in particular, in the field of employment and social and labour relations. It is possible to achieve this goal if several *tasks* are accomplished: determining the existence of processes of structural convergence/divergence of labour markets of Ukraine and the EU; finding out the main imbalances of domestic labour market that cause its structural differences with the labour market of united Europe; assessing the current approaches of the European Union and Ukraine to overcoming imbalances and divergence in the field of employment.

⁴ Law of Ukraine "On Ratification of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part" of 16.09.2014, No. 1678-VII. URL: <https://zakon.rada.gov.ua/laws/show/1678-18> [in Ukrainian]

Assessment of the processes of convergence/divergence of labour markets of Ukraine and the EU. In their work [11], the authors substantiated the presence of structural divergence of the labour markets of Ukraine and the EU over 2013–2018 and predicted its preservation in the coming years. Updating data for 2019 confirmed the accuracy of this forecast.

Data of the State Statistics and Eurostat on a number of key indicators characterizing the sectoral, professional-qualification, age, education and gender structures of labour markets of Ukraine and the EU for 2013 – the III quarter of 2019 necessary for the analysis are given in Table 1. The assessment based on the absolute values of differences of indicators presented in Table 14 shows that during this period, structural convergence took place only by three parameters, namely unemployment rates: the population of working age, young people aged 15–24, women of working age. Given the traditionally high average unemployment rates in united Europe, such convergence has a negative potential for Ukraine. The same holds for the rapprochement with the EU in terms of the share of the employed in the industry, which is caused by the processes of de-industrialization of the Ukrainian economy accelerated in recent years and its restructuring toward low value-added industries, first of all, agriculture.

All other indicators in the Table 1 demonstrate the existence of structural divergence processes (differences in parameters of the labour markets of Ukraine and the EU-28), a characteristic feature of which is the trends divergence in the dynamics of their respective indicators.

Thus, over 2013 – the III quarter of 2019, structural population employment indicators, with the exception of share of those employed in the agriculture, forestry and fisheries, which have more than tripled rapidly⁵, declined in Ukraine, while in the EU-28 they have increased (Table 1). Obviously, by this criterion, the domestic and pan-European labour markets are drifting in opposite directions, i.e., diverging.

It should be noted that *the processes of structural divergence by conventionally “positive” parameters* (the employment and remuneration levels) *and of convergence by conventionally “negative” parameters* (the unemployment levels) of the labour markets of Ukraine and the EU-28 *have significant disintegration potential* and, as noted, should become one of the paramount objects of domestic state regulation.

Characteristic imbalances of the domestic labour market, which determine its divergence with the EU labour market. In our view, *one of the determining factors* of described *structural divergence is the imbalance of labour markets* in both Ukraine and the European Union. Problematic issues related to employment imbalances have been comprehensively studied in the works of domestic [12–14] and foreign scholars [4–6; 9].

⁵ The authors note that, in the macroeconomic sense, such augmentation of employment in the agrarian sphere is relative, since, according to the methodology of the State Statistics Service of Ukraine, persons employed include persons who *worked free of charge* on their personal plot of lands and at farming enterprises for the purpose of selling products produced by them. Under these conditions, such persons are represented by members of the families of owners of personal peasant households and farms. Thus, according to the results of 2018, of the total number of 2 million 937.6 thousand people employed in the agriculture, forestry and fisheries, only 540.5 thousand persons had the status of employed ones.

Table 1

Selected Structural Characteristics of the Labour Markets of Ukraine and the EU-28 based on the Results of 2013 and the IIIrd quarter of 2019

No.	Indicator, %	Ukraine		EU-28		Difference in indicators between Ukraine and the EU, pp (in abs. val.)		Convergence/divergence of indicators
		2013	III Q 2019	2013	III Q 2019	2013	III Q 2019	
1	Employment rate of the population aged 15–59 years	67,3	69,0	67,1	77,1	0,2	8,1	Divergence
2	Employment rate of the population aged 15–24 years	32,5	30,7	32,2	42,8	0,3	12,1	Divergence
3	Employment rate of women aged 15–59 years	63,7	64,0	62,1	71,9	1,6	7,9	Divergence
4	Proportion of population employed in industry*	24,1	14,9**	15,4	15,4**	8,7	0,5**	Convergence
5	Proportion of population engaged in agriculture, forestry and fisheries*	5,7	17,8**	4,7	4,0**	1,0	13,8**	Divergence
6	The share of specialists in the total number of employees*	11,3	11,1**	15,8	16,1**	4,5	5,0**	Divergence
7	Employment rate of the population with complete higher education*	73,3	71,5**	76,3	78,2**	3,0	6,6**	Divergence
8	Employment rate of the population who has primary education or no education*	12,0	4,4**	36,5	38,5**	24,5	34,1**	Divergence
9	Unemployment rate of the population aged 15–59 years	7,7	7,6	11,2	6,4	3,5	1,2	Convergence
10	Unemployment rate of the population aged 15–24 years	17,4	15,4	23,7	14,5	6,3	0,9	Convergence
11	Unemployment rate of women aged 15–59 years	6,9	7,5	11,2	6,6	4,3	0,9	Convergence
12	Unemployment rate of the population with complete higher education*	6,6	7,8**	6,4	4,1**	0,2	3,7**	Divergence
13	Share of specialists in the total number of unemployed*	9,6	11,5**	6,5	5,9**	3,1	5,6**	Divergence
14	Pay gap for men and women***	22,8	22,3**	16,8	15,7**	6,0	6,6**	Divergence

* The data for Ukraine covers the population aged 15–70 years, for the EU-28 – aged 15–74 years.

** Data for 2018.

*** The data for Ukraine covers the entire economy, and for the EU-28 – only the industry, construction and services (except the government, military defence, compulsory social security).

Note: the statistics for Ukraine for 2018–2019 do not include data on the temporarily occupied territories of the Autonomous Republic of Crimea and individual regions of Donetsk and Luhansk Oblasts.

Source: Economic activity of the population of Ukraine. Statistics for 2013–2019. State Statistics Service of Ukraine, 2020. URL: <http://www.ukrstat.gov.ua/> [in Ukrainian]; Eurostat Database. Eurostat, 2020. URL: <https://ec.europa.eu/eurostat/data/database>

Considering the results of these studies, *internal imbalances* of the following types can currently be distinguished *in the labour markets of Ukraine and the European Union*:

- of labour supply and demand;
- of gender, educational and regional parameters of employment, unemployment and remuneration;
- of professional-qualification structure of employment;
- of polarization of jobs by the level of remuneration;
- of correspondence of the acquired educational-professional level, professional skills of employees to the jobs they have as well as to the needs of labour market;
- imbalances due to unreasonable spread of atypical forms of employment;
- of ensuring social protection for the officially and informally employed;
- of institutional development of the sphere of social and labour relations, etc.

The current labour markets of Ukraine and the European Union have conceptually similar imbalance points as well as the underlying causes that call them forth – demographic, macrostructural, institutional ones (the said shock impact of the COVID-19 pandemic will surely be a key global cause of an increase in employment imbalances at least through 2020–2021, but by its very nature it is purely force majeure). At the same time, *the states differ significantly in the depth of imbalances* (Table 2) *and the approaches of public policy to overcome them*.

An analytical assessment of the situation at the beginning of 2020 gave reason to conclude that *in the coming years, imbalances in the employment sector of Ukraine will grow, while those in the EU will be reduced, and to a large extent at the expense of the Ukrainian factor*. This development is conditioned by three key factors: 1) labour migration; 2) demographic changes; 3) quality (degree of development) of labour market institutions. Here are some descriptions and considerations concerning the manifestation of influence of these factors.

1. The imbalances of labour supply and demand in the Ukrainian and common European labour markets are closely linked, which determines to a large extent *the phenomenon of large-scale labour migration from Ukraine*. According to various expert estimates, today, from 4 to 10 million Ukrainians work abroad (which makes 24–59% of the economically active population of working age recorded by the State Statistics Service of Ukraine). The vast majority of them are in Europe and mainly in labour-intensive industries. It is reasonable to assume that it is precisely such a hypertrophied scale of the Ukrainian labour migration that led the IMF leadership in July 2019 to say that Ukraine needs a new business model which "should be about supplying goods, not people to Europe", and the implementation of which is impossible without overcoming the corruption and inadequacy of institutions⁶.

⁶ Ukraine needs a new business model if it wants to catch up with the world – the IMF. 02.07.2019. URL: <https://www.ukrinform.ua/rubric-economy/2732314-ukraini-potribna-nova-biznesmodel-akso-vona-hoce-nazdognati-svit-mvf.html> [in Ukrainian]

Table 2

**Selected Indicators of Imbalances in the Labour Markets in Ukraine
and the EU-28 based on the Results of 2018**

Ukraine	The EU-28
<i>Imbalances in labour supply and demand at the macro level</i>	
Labour supply (unemployed + potential workforce aged 15–70 years) = 1 million 720.3 thousand people. Labour demand (number of vacancies) = 58.4 thousand units	Average annual change in labour supply (unemployed + potential workforce aged 15–74) in 2014–2018 = –6.7%. Average annual change in labour demand (vacancy rate) in 2014–2018 = +1.8%
<i>Gender and age imbalances in employment</i>	
Employment rate of the population aged 15–70: men = 62.1%; women = 52.5%. Employment rate of the population: aged 15–24 = 27.6%; 40–49 = 79.4%	Employment rate of the population aged 15–74: men = 79.2%; women = 68.3%. Employment rate of the population: aged 15–24 = 35.4%; 40–59 = 79.3%
<i>Gender and age imbalances of unemployment</i>	
Unemployment rate of the population aged 15–70: men = 10.0%; women = 7.4%. Unemployment rate of the population: aged 15–24 = 17.9%; 40–49 = 7.7%	Unemployment rate of the population aged 15–74: men = 6.6%; women = 7.1%. Unemployment rate of the population: aged 15–24 = 15.2%; 40–59 = 5.1%
<i>Regional (for the EU – inter-country) imbalances of employment and unemployment</i>	
Employment rate of the population: Kyiv = 62.6%; Volyn Oblast = 49.5%. Unemployment rate of the population: Luhansk Oblast = 15.1%; Kyiv = 6,1%	Employment rate of the population: Sweden = 68.5%; Greece = 47.95%. Unemployment rate of the population: Greece = 19.3%; Czech Republic = 2.2%
<i>Gender and regional (for the EU – inter-country) remuneration imbalances</i>	
Average monthly wages (gross) of full-time employees: in Kyiv = 13 542 UAH; in Chernivtsi Oblast = 6991 UAH. Average monthly wages (gross) of full-time employees: men = 10 083 UAH; women = 7830 UAH. Gender gap in wages of men and women = 22.3%	Minimum wage: Luxembourg = 1998.6 EUROS; Bulgaria = 260.8 euros. Gender gap in wages of men and women = 15.7%

Source: Economic activity of the population of Ukraine. Statistics for 2013–2019. State Statistics Service of Ukraine, 2020. URL: <http://www.ukrstat.gov.ua/> [in Ukrainian]; Eurostat Database. Eurostat, 2020. URL: <https://ec.europa.eu/eurostat/data/database>

Already now, a number of the European Union countries are experiencing a significant labour shortage that they plan to close, in particular, through the involvement of migrant workers from Ukraine. Thus, according to expert estimates⁷, in Germany, the number of labour force in 2025 will decrease compared to 2010 by 6.5 million people. In this case, the total deficit of specialists in the German economy will reach 2.0 million people in 2020 and 5.2 million in 2030 [15, pp. 7–8].

⁷ These forecasts were given before the emergence of coronavirus pandemic, whose quantitative impact on labor markets will only be quantifiable upon its termination.

In order to balance the internal labour market at the end of 2018, the German Federal Government adopted a law simplifying access to the internal labour market from 2020 for migrant workers from outside the EU who have a certain professional qualification and are fluent in German. These measures have provoked a response from other EU countries, which also need to address labour shortages. In particular, the National Bank of Poland called for increased competition for Ukrainian workers (whose annual contribution to the GDP growth is estimated at 0.3–0.9%) with the Czech Republic, Hungary and Slovakia, where they are offered higher wages and simplified employment⁸.

Due to force majeure – the spread of COVID-19 pandemic – as of mid-March this year, in almost all EU countries, in strict quarantine mode, production and service establishments were stopped, trade was stopped and borders were closed, which caused tens (by some estimates, up to four hundred) thousands of migrant workers who have temporarily or permanently lost their jobs in Europe to return to Ukraine. On the one hand, given the total number (several millions) of Ukrainian workers, this figure does not seem significant and varies depending on the country of their employment. Thus, Polish experts estimate that only about 4% of Ukrainians working in Poland have left the country since the border closure announcement⁹ (the NSDC decision of March 17, 2020 closed the border crossing points for passenger traffic for two weeks¹⁰). On the other hand, the number of Ukrainians working in Europe may be significantly reduced after the cessation of coronavirus pandemic as a result of the crisis economic and labour market crashes in the EU caused by it. This will further unbalance the domestic labour market, which will also suffer from the crisis and will objectively not be able to offer jobs to those migrants who will return home after losing their jobs abroad.

In the macroeconomic context, it should be emphasized that the hypertrophied scale of labour migration from Ukraine causes not only a significant loss of its potential GDP, but also the degradation of internal labour market and a gradual reorientation of the national higher and vocational-technical education system to the needs of European countries – recipients of Ukrainian labour resources, which is strategically unacceptable to our state.

2. *The negative demographic trends* of low birth rates and population aging are common to both Ukraine and the vast majority of EU Member States. However, these countries differ significantly in the level of effectiveness of national demographic and social policies, which, in particular, affects the population dynamics. Thus, in the last five years alone, the total population of the EU-28 has increased by 1.1% – from 508.5 million people in early 2015 to

⁸ A quarter of Ukrainian labor migrants in Poland can move to Germany in 2020 – the National Bank of Poland. 11.06.2019. URL: <https://hromadske.ua/ru/posts/chetvert-ukrainskih-trudovyh-migrantov-v-polshe-mogut-pereehat-v-germaniyu-v-2020-godu-nacbank-polshi> [in Russian]

⁹ Nearly 4% of Ukrainian workers were flattered Poland. *Economichna pravda*. 17.03.2020. URL: <https://www.epravda.com.ua/news/2020/03/17/658211/> [in Ukrainian]

¹⁰ Decision of the Council of National Security and Defense of Ukraine of March 13, 2020 "On urgent measures to ensure national security in the outbreak of acute respiratory illness COVID-19 caused by the coronavirus SARS-CoV-2", entered into force by Decree of the President of Ukraine of 13.03.2020 No. 87/2020. URL: <https://www.rnbo.gov.ua/ua/Diialnist/4582.html> [in Ukrainian]

514.3 million in early 2020¹¹, while in Ukraine, it has decreased by 2.3% – from 42.9 to 41.9 million respectively¹². For Ukraine, the aforementioned steady decline in population, all other things being equal, means an inevitable aggravation of the problem of reproduction of labour resources, the rates of which directly correlate with the rates of economic growth [16, p. 39–40].

At the same time, the slowdown of dynamics of Ukraine's GDP can lead to the deepening of imbalances in the domestic labour market and thus contributes to its divergence with the labour market of united Europe. Therefore, there is an urgent need for the Ukrainian Government to take appropriate precautionary measures, as the probability of realization of aforementioned negative scenario is high: according to IMF representatives, in 2018–2030, Ukraine expects an annual reduction of the working population by 1.2% (*auth. – for the whole forecast period, Ukraine will lose 15.6% or almost a sixth share of its labour resources*) and without significant growth in labour productivity, it will be almost impossible to ensure an economy growth rate above 2.5% per annum, whereas to achieve the present level of Poland, Ukraine's GDP should grow over 20 years by at least 6% annually¹³.

3. *Labour market institutions are critically important* in overcoming imbalances in employment – this is proved by both the world [17] and, in particular, the European experience [4; 8]. Today, the national state policy requires reflection and appropriate adaptation of such experience, as, in recent years, significant conceptual and practical differences between the institutional approaches to the development of sphere of labour and social and labour relations applied by Ukraine and the European Union have been observed.

Current approaches of the European Union and Ukraine to solving problems of imbalances and divergence in employment. Unlike Ukraine, the current EU policy agenda is built in the paradigm of the Fourth Industrial Revolution (national programs "Industry 4.0", "Employment 4.0", etc.), digitalization, knowledge society and social inclusion. At the same time, the latest EU policy is clearly focused on the "people-centred" approaches developed by the Global Commission on the Future of Labour, which envisage increasing investment in the development of human and work institution capacity, in adequate and stable employment [17, p. 11–15]. During the term of the European Commission under the direction of J.-K. Juncker alone (2014–2019), within the framework of the 2017 European Pillar of Social Rights, the European Labour Authority was established, the development of procedure, common for all EU countries, for monitoring and regulating social and labour imbalances was launched, a single European Unemployment Benefit Scheme started to be developed, and the policy of supporting social investment and innovation was enhanced [4, pp. 22–23].

On the basis of continuity of European policy to stimulate the development of employment and strengthen the social protection of workers, the relevant priorities are

¹¹ Population on 1 January by age and sex. Eurostat, 2020. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en

¹² Population and average population for periods of the year. Kyiv: State Statistics Service of Ukraine, 2020. URL: <http://www.ukrstat.gov.ua/> [in Ukrainian]

¹³ Ukraine needs to grow 20 years at 6% per year to reach the current level of Poland – IMF representative. 19.02.2020. URL: <https://interfax.com.ua/news/economic/642235.html> [in Russian]

enshrined in political directives¹⁴ of the current European Commission (2019–2024) headed by U. von der Leyen. In January 2020, following the implementation of these directives, the European Commission published a general program of action, "A Strong Social Europe for Just Transitions" [18], in which five chapters out of six focus on the functioning and balance of labour markets. The plan also identifies relevant tasks for the coming years, the implementation of which will potentially contribute to overcoming the EU employment imbalances, considering the structural, foreign trade, gender, educational, demographic and other aspects (Table 3).

Table 3

**Contemporary Approaches of the European Commission (2019–2024)
in Regulating the Sphere of Employment and Social and Labour Relations Outlined
in the Action Program "A Strong Social Europe for Just Transitions"**

Program background / typical problems	Tasks and deadlines	Potential results
<i>European Commission Action Program Chapter: 1. "Reinforcing Social Europe"</i>		
The European Green Deal introduced by the European Commission at the end of 2019 is the EU's new growth strategy for the next decade, which sets out to create new businesses, jobs and attract investment with the aim of transforming Europe into the first climatically neutral continent by 2050. Digital economy shapes a "new world of work" that carries the risks of job cuts, new skills requirements and new opportunities for employment expansion and flexibility. The European Pillar of Social Rights is at the heart of the EU's social strategy, which should ensure that the transformations related to climate neutrality, digitalization and demographic changes are socially fair and justified	The development and wide-ranging discussion of <i>the Action Plan on the Implementation of the European Pillar of Social Rights</i> , containing EC initiatives for implementation at the pan-European, national, regional and local levels (early 2021)	Reducing various types of imbalances in employment and social support for workers and the unemployed
<i>European Commission Action Program Chapter: 2. "Equal Opportunities and Jobs for All"</i>		
The EU economy has continued to grow for the seventh consecutive year. The economy is expected to continue to expand in 2020–2021, although the growth prospects have diminished. The labour markets remain strong, and the unemployment continues to decline, albeit at a slower pace. In the age of digitalization, united Europe needs a strong industrial base to ensure the functioning of a social market economy, in which the number and quality of jobs will continue to grow in the coming years	Developing <i>the EU Industrial Strategy</i> . Developing <i>the Sustainable Europe Investment Plan</i> (an investment plan for the implementation of the European Green Deal). Establishing <i>the Socially Just Transition Fund</i> (1st quarter of 2020)	Reducing imbalances: between labour supply and demand; by the qualification levels of employees; in the professional-sectoral structure of employment

¹⁴ Von der Leyen U. Union that strives for more. My agenda for Europe: Political Guidelines for the next European Commission 2019–2024. P. 7–11. URL: https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

Table 3 (continued)

Program background / typical problems	Tasks and deadlines	Potential results
<p>Under the influence of digitalization, half of the existing workforce will need to upgrade their skills over the next five years. However, too many workers in the EU, including young people, lack basic and digital skills.</p> <p>The employment level gap for low- and highly-skilled workers in the EU is 28 pp.</p> <p>Only 1 in 25 low-skilled workers in the EU is involved in lifelong learning systems.</p> <p>Investment in the digital transformation of Europe's economy is hampered by lack of appropriate skills in the workforce and a shortage of workers in certain professions.</p> <p>Today, there are 1 million jobs available in the EU for ICT professionals</p>	<p>Updating <i>the Agenda for Europe on skills</i>, including recommendations for the EU vocational education and training system (1st quarter 2020)</p>	<p>Reducing imbalances: by the qualification levels of employees; by age-based employment and unemployment; in the professional and educational structure of employment</p>
<p>Too many young people in the EU have low wages, temporary and non-standard employment, which is why they cannot develop their talents and plan for their future.</p> <p>The level of youth unemployment varies between EU regions from 4% to 62%. Thanks to the EU Youth Guarantee Program approved in 2013, 3.5 million young Europeans are covered every year by education, training or employment</p>	<p>Presenting the <i>enlarged EU Youth Guarantee Program</i> (2nd quarter 2020)</p>	<p>Reducing age-related imbalances in employment and unemployment</p>
<p>SMEs account for 85% of new jobs created in the EU over the last five years. Encouraging innovation, securing funding and removing bureaucratic obstacles for small and medium-sized businesses is crucial to boosting employment in Europe</p>	<p>Developing <i>the EU SME Support Strategy</i> (1st quarter 2020)</p>	<p>Reducing imbalances: between labour supply and demand; in the sectoral structure of employment</p>
<p>The gender pay gap in the EU is 16%, in the amount of pensions – 35%</p>	<p>Developing <i>the European Strategy for Gender Equality</i> (1st quarter 2020)</p>	<p>Reducing gender imbalances</p>
<p>More than 13.6 million Europeans work in various socially-oriented sectors of the economy, such as education, healthcare, social services, etc. The European economy needs to stimulate social investment and innovation as well as to increase the capacity of social enterprises to create jobs</p>	<p>Developing <i>the Social Economy Action Plan</i> (2021)</p>	<p>Reducing imbalances in the professional-sectoral structure of employment</p>
<p>The implementation of the European Disability Strategy for 2010–2020 requires an appropriate assessment of the results, which will provide a basis for the continuation of the Strategy.</p> <p>Only 50% of Europeans with disabilities who can and want to work have jobs</p>	<p>Prolonging and strengthening <i>the European Disability Strategy</i> (2021)</p>	<p>Reducing imbalances between labour supply and demand</p>

Table 3 (continued)

Program background / typical problems	Tasks and deadlines	Potential results
<i>European Commission Action Program Chapter: 3. "Fair Working Conditions"</i>		
Workers in Europe should have fair minimum wages that ensure decent living. This does not mean setting the same minimum wage for every worker in the EU. The minimum wage should be set in accordance with the state of the national economy and through collective agreements. Every 10th worker in the EU is at risk of poverty	Carrying out the first stage of consultations with the social partners on the legislative <i>setting of the minimum wage</i> (1st quarter of 2020)	Reducing job polarization and job poverty
A steady growth of platform economy in the EU requires improved working conditions for its employees as well as legislative regulation of their employment status, working conditions, access to social protection and collective representation and negotiations. The development of the EU's Digital Single Market requires the legislation to be improved in terms of the existing rules for the control and security of digital platforms, digital services and products	Holding a <i>Platform Employment Summit</i> for social dialogue participants (3rd quarter 2020)	Reducing imbalances in the professional-sectoral and educational structure of employment
	Developing a <i>new Digital Services Act</i> (4th quarter 2020)	
Over 17.5 million European citizens live or work in other EU Member States. This complicates the issues of labour migration and labour protection, official travel payment, pension support as well as influences the phenomena of social dumping, informal employment and fraud in the field of employment abroad	Supporting the activities of <i>the European Employment Agency</i> (2020–2021)	Reducing imbalances related to labour migration, non-standard and informal employment
<i>European Commission Action Program Chapter: 4. "Social Protection and Inclusion"</i>		
In order to support social cohesion in European society, it is necessary to strengthen the support of people who lose their jobs due to socio-economic and digital changes, who need to be retrained and reintegrated into the labour market. Only 1 in 3 Europeans in short-term unemployment gets unemployment benefits	Presenting a single <i>European scheme of secondary insurance (reinsurance)¹⁵ in case of unemployment</i> (4th quarter of 2020)	Reducing imbalances in the field of social support for workers and the unemployed
Demographic problems (in particular, population aging and migration) have a negative impact on the sustainability of EU labour markets, pension and social protection systems. Today, in the EU, the ratio of pensioners to workers is 1:3. Without public policy adjustments, this ratio will be reduced to 1:2 in 2050, which will put significant additional pressure on the EU's social and pension systems	<i>Providing a Report on the Impact of Demographic Changes</i> on the EU Development (1st quarter 2020)	Reducing age-related imbalances in employment and unemployment
	Presenting <i>the Green Paper on the EU Population Aging</i> (4th quarter 2020)	

¹⁵ Reinsurance is a form of insurance that involves the redistribution of financial risks between several insurance companies.

Table 3 (continued)

Program background / typical problems	Tasks and deadlines	Potential results
<i>European Commission Action Program Chapter: 5. "Promoting European Values in the World"</i>		
Europe, in the interest of sustainable development, should take a firm stance on the implementation of existing and the conclusion of new treaties or trade agreements in order to promote and protect internationally agreed standards of social and labour rights, with zero tolerance for child labour	Appointing, at EU level, <i>Chief Trade Enforcement Officer</i> (during the period)	Reducing imbalances by the professional (sectoral) employment structure
Within the framework of deepening European integration processes, there is a need for support on the part of the EU of the implementation by the candidate countries of the European Pillar of Social Rights	Strengthening <i>the dialogue with the Western Balkan countries</i> on the implementation of the European Pillar of Social Rights (during the period)	Reducing imbalances caused by European integration processes

Source: A strong social Europe for just transitions. COM (2020) 14 final. Brussels, European Commission, 14.01.2020. P. 1–11, 15. URL: https://www.eapn.eu/wp-content/uploads/2020/01/EAPN-Strong_Social_Europe_Communication_and_Annex-4034.pdf

According to Table 3, current EU approaches to stimulating employment development and balancing European labour markets are quite systemic and correlated with both the global Sustainable Development Goals and the challenges initiated by the processes of digitalization, migration, demographic changes, European integration and the like.

The drawbacks of these approaches implemented by the European Union include the weakening of public policy emphasis on the unshadowing of employment and remuneration. This problem is urgent and quite widespread for the European Union – according to the Eurobarometer (the European Commission Sociological Service), according to a survey of EU-28 citizens in September 2019, every tenth European in the last year purchased undeclared goods or services, most often home improvement or repair services (30%), hairdressing and cosmetic manipulations (27%), various types of repair work (19%). A third of the Europeans surveyed say they know persons who work and do not declare income at tax authorities (the proportion of such respondents varies from 59% in Greece, 55% in Denmark and the Netherlands to 13% in the UK). Every tenth respondent from the EU-28 admitted to receiving undeclared cash payments from their employer in small amounts [19, pp. 7–10]. According to recent data on the spread of informal employment in the EU, this problem is far from being resolved and should be in the area of increased attention of European politicians.

Advantages of the new EU management approaches that help to balance the labour markets lie in their clear social orientation; besides the employment problems themselves, the problems of population incomes and the fairness of their distribution, of overcoming poverty including working one, of securing a decent life for the people are addressed. An example is conducting broad consultations, within the framework of social dialogue, on the legislative establishment of a fair minimum wage in the EU Member States (Table 3). In the first phase, the European Commission published a consultation paper proposing a legislative

setting by 2024 an adequate and socially just minimum wage (conducive to social cohesion, preventing working poverty and ensuring a decent standard of living) of 60% of the national average (median) full-time wage (gross)¹⁶.

European experts, while acknowledging the social importance of this proposal by the European Commission, at the same time make substantial comments on it. *First*, a number of European countries (Poland, Slovakia, Croatia, the United Kingdom) have been raising, on the back of economic recovery, the minimum wage in recent years and have already reached or even crossed 60% of the national average wage. *Secondly*, determining the minimum wage using human need-based approaches (estimating the minimum amount of money needed to provide workers and their families with a decent standard of living and social participation) is closely linked to the concept of “subsistence level.” However, today, the national standard of subsistence level is applied, on a voluntary basis and in addition to the statutory minimum wage at that, only in Ireland and the United Kingdom [20]. *Third*, in EU countries with a high proportion of low-income workers, a minimum wage of 60% of the national average one may not be sufficient to ensure a decent standard of living. *Fourth*, the European Commission's proposal does not consider the positions of national labour unions, which initiate (negotiate collectively) raising the minimum wage to a level exceeding 60% of the national average wage. For example, the respective initiatives have been put forward by the labour unions of Belgium and the Netherlands, which demand a minimum wage increase of 45% and 38% respectively in their respective countries. In other countries, such as the Czech Republic, France, Germany, the United Kingdom, Ireland, Luxembourg, Portugal, Slovakia and Spain, labour union demands for a minimum wage increase are also high and range from 10% to 30% [21, p. 5].

Particularly noteworthy are the European Union policy approaches that have been applied since March of this year to prevent the devastating socio-economic impact of spread of coronavirus pandemic, among which four can be singled out.

The first one: on March 13, 2020, the European Commission promptly approved the Coronavirus Response Investment Initiative¹⁷, which plans to dole out nearly €37 billion for fighting the COVID-19 outbreak. The primary focus of this Initiative will be on supporting the health systems, labour markets, small and medium-sized businesses as well as other vulnerable sectors of the European economy.

The second one: the European Union has temporarily abolished all budgetary austerity measures as well as effective strict rules of providing state aid for European companies, so that the national governments of EU countries can “inject into the economy” the necessary

¹⁶ First phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages. C (2020) 83 final. Brussels, European Commission, 14.01.2020. 14 p. URL: <https://ec.europa.eu/social/main.jsp?catId=522&langId=en&moreDocuments=yes>

¹⁷ Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013, Regulation (EU) No 1301/2013 and Regulation (EU) No 508/2014 as regards specific measures to mobilize investments in the health care systems of the Member States and in other sectors of their economies in response to the COVID-19 outbreak [Coronavirus Response Investment Initiative]. COM (2020) 113 final. European Commission, 13.03.2020. URL: https://ec.europa.eu/info/sites/info/files/regulation-coronavirus-response-investment-initiative-march-2020_en.pdf

amount of money. European Commission chief U. von der Leyen said, in particular, that under the Investment Initiative, €11 billion would be unfrozen as an aid package for Italy, which would be able to decide for itself where to direct this money – for example, to support the labour market¹⁸.

The third one: on March 19, 2020, the European Commission adopted for the EU Member States a Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak¹⁹, which provides for five types of assistance:

1) *direct grants, selective tax breaks and advance payments:* in this form, EU countries will be able to provide companies with up to €800,000 in liquidity support (in total, €8 billion is intended to be allocated for 100,000 European small and medium-sized enterprises);

2) *state guarantees when extending bank loans to companies;*

3) *subsidized government loans to companies:* the Member States will be able to extend loans to companies at favourable interest rates to cover their pressing needs for working capital and investment;

4) *state guarantees for banks lending to enterprises of the real sector of economy, first of all, small and medium ones;*

5) *short-term state export loan insurance.*

State aid measures will be financed mainly from the national budgets of the European Union countries.

The fourth one: the European Union suspended *the Stability and Growth Pact* for the first time in its history in order to provide mechanisms for implementing the above-mentioned Temporary Framework for State aid measures, abolishing the principle of budgetary discipline according to which, for both the eurozone and the EU countries in general, the state budget deficit is set at 3% of GDP, and the national debt limit – at 60% of GDP. Suspension of the Pact should allow the national governments of participating States, without limitation and penalties, to attract loans to assist the business in dealing with the coronary pandemic, raising in this case the budget deficit more than is required by the document²⁰.

At the same time, the European Commission has approved anti-crisis employment initiatives²¹ aimed at protecting the workers from unemployment and loss of working income, including through active introduction of short-term work schemes as well as training

¹⁸ COVID-19: EU abolishes fiscal austerity measures. *Euronews*. 20.03.2020. https://ru.euronews.com/2020/03/20/ec-economic-support-to-italy-covid19?fbclid=IwAR3kiO_3EYocONH5hnVa5gd-d9vWjcC17WUVMd2n5OKLtZPq96lZNF99XA [in Russian]

¹⁹ State aid: Commission adopts Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak. European Commission, 19 March 2020. URL: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_496

²⁰ The EU for the first time in history has suspended the core document of the eurozone. *Vzglyad*. 23.03.2020. URL: <https://vz.ru/news/2020/3/23/1030412.html> [in Russian]

²¹ COVID-19: Commission sets out European coordinated response to counter the economic impact of the Coronavirus. European Commission, 13 March 2020. URL: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_459

and retraining programs – tools, the effectiveness of which have already been proven by previous experience of the EU. According to Vice-President of the European Commission V. Dombrovskis, against the backdrop of threat of economic crisis, the European Union aims to guarantee to ensure the support of vulnerable sections of population, to prevent the risks of unemployment and to guarantee incomes in case of loss of work by European citizens²².

In addition, the European Commission will accelerate the preparation of a legislative proposal to introduce a single European secondary insurance scheme (reinsurance) in the case of unemployment, aimed at supporting the policy of the EU Member States to preserve the jobs and professional skills of workers. At the same time, it is planned to raise funds from the European Social Fund and the European Globalization Adjustment Fund (€179 million) for the social protection of dismissed workers.

Due to the spread of coronavirus pandemic, the national employment agencies of the EU Member States have adjusted the format of their activities so that, even in the harsh conditions of quarantine regime, they do not stop providing services to their clients (Table 4).

Table 4

Measures Taken by the Public Employment Services (Agencies, Bureaus, Centres) in Individual EU Countries as a Result of the Coronavirus Pandemic, March 2020

EU countries	Measures
Germany	<p>COVID-19 danger reminder to the clients. Minimizing and suspending customer service at employment agencies offices and job centres face-to-face. Refocusing the clients to registering the unemployed and the communication of the latter with employment agencies through e-accounts, e-mail and telephone lines.</p> <p>Concentration of work of employment service bodies on the processing of applications and the approval of cash payments for persons with unemployment status.</p> <p>Cancellation of penalties for the unemployed for failing to meet with experts from employment agencies and job centres.</p> <p>Providing the unemployed and employers with information on short-term employment job opportunities. Introducing paying compensation through federal employment agencies to employers for paying wages to the workers with partial unemployment (up to 12 months) in connection with the pandemic</p>
Austria, France	<p>COVID-19 danger reminder to the clients. Minimizing customer service at employment agencies offices and job centres face-to-face. Refocusing the clients to the communication with employment agencies through e-accounts, e-mail and telephone lines.</p> <p>Suspension of professional training courses for the clients.</p> <p>Cessation by the employment services of monitoring the search for jobs by registered unemployed persons for the entire period of quarantine and non-application of penalties to them.</p> <p>Implementation of the mechanism of part-time employment (part-time unemployment) of workers, within the framework of which the employment services will pay employers compensation to pay to part-time employed (unemployed) workers:</p>

²² EU must minimize risk of unemployment due to coronavirus among population – EC. 19.03.2020. URL: <https://nangs.org/news/society/evrosoyuz-dolzhen-minimizirovaty-risk-bezrobotitsy-iz-za-koronavirusa-sredi-naseleniya-ek> [in Russian]

EU countries	Measures
	<p>– in France: 70% of their hourly gross wages, which equals about 84% of hourly net wages);</p> <p>– in Austria: depending on the amount of the gross wage that an employee received before the introduction of mechanism of his/her part-time employment (unemployment):</p> <p>up to 1,700 EUROS – the employee receives 90% of the previous net wage;</p> <p>up to 2,685 EUROS – the employee receives 85% of the previous net wage;</p> <p>up to 5,370 EUROS – the employee receives 80% of the previous net wage;</p> <p>occupation training students receive 100% of the previous maintenance allowances (on job training payments)</p>
The Czech Republic	<p>COVID-19 danger reminder to the clients. Minimizing customer service at employment agencies offices and job centres face-to-face. Refocusing the clients to the communication with employment agencies through e-accounts, e-mail and telephone lines.</p> <p>The Czech government approved, on 19.03.2020, the Anti-Virus Employment Protection Program that was developed by the National Labour Office and provides for financial compensation to the employers so that they do not resort to layoffs – for the period of duration of COVID-19 pandemic and overcoming its consequences.</p> <p>Under the Program, temporarily (partially) non-employed workers, depending on their type and mode of employment, will be able to receive between 60% and 100% of their wages at the expense of compensation received by the employers from the Labour Office.</p> <p>Depending on the type and specificity of business, the employer will be compensated from 50% to 100% of the amount it will spend to pay to temporary (partially) non-working employees. That is, in some cases, the employer will be required to pay to such workers 100% of their wages, but the Labour Office will only compensate him/her, for example, 80% of their wages.</p> <p>Authorization of self-employed persons for 6 months not to pay social security contributions while maintaining their length of service</p>
Estonia, Bulgaria	<p>COVID-19 danger reminder to the clients. Minimizing customer service at employment agencies offices and job centres face-to-face. Refocusing the clients to the communication with employment agencies through e-accounts, e-mail and telephone lines.</p> <p>Suspension of professional training courses for the clients.</p> <p>In Estonia, part of the training courses are transferred to e-learning, distance learning or unsupervised learning without additional financial costs for the clients.</p> <p>In Bulgaria, the financing of educational vouchers for the unemployed has been discontinued during the quarantine period (in order to prevent abuse that could occur when providing educational services to the unemployed remotely)</p>
Finland	<p>COVID-19 danger reminder to the clients. Minimizing customer service at employment agencies offices and job centres face-to-face.</p> <p>Refocusing the clients to the communication with employment agencies through e-accounts, e-mail and telephone lines.</p> <p>The main tool is to provide the clients with online telephone services, to enhance the function of "requesting a call from employment service professionals"</p>
Portugal	<p>COVID-19 danger reminder to the clients. Minimizing customer service at employment agencies offices and job centres face-to-face.</p> <p>Suspension of professional training courses for the clients.</p>

EU countries	Measures
	Notification of suspension of duty of those receiving unemployment allowances to actively seek for employment and abolition of appropriate sanctions against them
Hungary	In addition to transferring the clients to remote access to register as unemployed and to communicate with specialists, the issue of permits for employment of foreigners in Hungary for the period of the pandemic and until a new decision on this question is made is suspended

Source: Official websites of public employment services (labour offices, centres, institutes, unemployment insurance funds, etc.) of EU Member States.

With regard to Ukraine, it should be recognized that it has *practically no effective policy of forecasting and regulating imbalances* in the last 5–6 years. Analysing the current state of Ukraine's labour market, the authors knowingly do not use the term "modern", considering that, over the last 10–15 years, this market has become increasingly backward (in terms of both the quality of its institutions and the quality parameters of jobs, employment, labour productivity, technological infrastructure), in fact, demonstrating a tendency for degradation during new, only paper-based reforms.

The current labour market in Ukraine can be characterized by the cyclical triad of "politics – pessimism – populism", which ultimately leads to the lack of motivation, in business, to create high-quality and official jobs, and in employees, especially potential ones, of motivation to enter the job market to find a job. Instead of real and effective reforms in the field of employment and the introduction of new active labour market policy measures by the state in cooperation with business, there is a search for the guilty and transferring all responsibility for the state of labour market to the public employment service as well as announcing almost every half a year some demands for its reform.

In fact, until recently, the authorities have not had any clear and balanced policy on securing employment in Ukraine, balancing supply and demand in the national and regional labour markets, stopping the quality deterioration and the reduction of jobs, their shadowing (according to data of the first half of 2019, 21% of Ukrainians aged 15–70 worked informally in the domestic market²³), as well as the large-scale outflow of workers abroad (according to expert estimates, it reaches from 4 to 10 million people).

Both the last and the previous governments failed to create conditions that, on an economic rather than a prescriptive basis, would have led to higher wages in the real and budgetary sectors of the economy as well as to solve the problem of wage arrears (primarily at state-owned enterprises), which, at the beginning of March 2020, reached UAH 3 billion 19.8 million, having increased four times in the last six years (as of the beginning of 2014, it amounted to UAH 753.0 million)²⁴.

Against this background, government officials' statements about attracting outside investors and even granting them concessions to schools, kindergartens, hospitals and public

²³ Informally employed population by type of economic activity in January–June 2019. Kyiv: State Statistics Service of Ukraine, 2020. URL: http://www.ukrstat.gov.ua/operativ/operativ2017/rp/eans/eans_u/arch_nzn_ved_u.htm [in Ukrainian]

²⁴ The amount of arrears of wages in the whole country in 2010–2020. Kyiv: State Statistics Service of Ukraine, 2020. URL: <http://www.ukrstat.gov.ua/> [in Ukrainian]

universities²⁵ are purely political and populist in nature, and in no way contribute to improving the labour market. On the contrary, due to amateur-populist approaches in the country's employment policy, serious risks of losing existing jobs, of the reduction of employment rates, of increased poverty, discrimination and inequality of Ukrainian citizens in access to education and decent employment independently of age, sex and state of health are created, which contradicts Ukraine's international commitments as defined by the ILO conventions ratified by it.

Another extremely serious challenge for the national businesses and employees is the fact that the government has effectively excluded the unions of employers and labour unions from tripartite consultations and negotiations not only on the development and preservation of human potential, but also on the labour market, economic and social policies. In fact, the institution of social dialogue is being dismantled, which, in the opinion of the International Trade Union Confederation, will have virtually irreversible consequences for the Ukrainian economy and society²⁶.

It so happens that, since 2009, neither the governments nor the parliament, which have been hastily rewriting economic programs, the fiscal, labour (in particular, with regard to remuneration) and social legislation, have scrutinized the risks and consequences for the national labour market and, in general, for maintaining the labour potential of state. Based on official statistics and expert estimates, the tax reforms in 2010–2011 have eliminated small and medium-sized business employment opportunities for nearly 3.0 million people in Ukraine, and the recent fiscal reforms have resulted in job losses of 1.9 million entrepreneurs and employees in 2019.

Not only financial markets but also labour markets are sensitive to political intentions and statements, as many foreign researchers have noted. For Ukraine, this is a particularly characteristic phenomenon. Numerous and careless statements by government officials and politicians about privatization of social insurance and security systems²⁷, introduction of paid admission of children to boarding schools²⁸, transfer of vocational rehabilitation centres for persons with disabilities to self-sufficiency, redirection of social due fees from the specialized funds of social and pension insurance to the state budget, etc. raise concerns (the authors consider such intentions as unacceptable attempts to “commercialize social policies” in Ukraine, which in general correspond to the ideology of social Darwinism).

²⁵ The Cabinet may transfer public universities to public universities and hospitals, – Milovanov. 17.02.2020. URL: <https://rubryka.com/2020/02/17/kabmin-mozhe-peredat-pryvatnym-investoram-derzhavni-universytety-ta-likarni-mylovanov/> [in Ukrainian]

²⁶ Ukraine's government puts oligarchs and multinational enterprises ahead of its own people. International Trade Union Confederation, 30.12.2019. URL: https://www.ituc-csi.org/ukraine-draft-law?fbclid=IwAR39sA7lNCt_GSXA7cZT0eyfY9YgYs5cpExkA2nNNp61oaB3gthgofOqrY&lang=en#.Xgn2aQ7TekQ.facebook

²⁷ The pension fund can go for liquidation, – Head of the Verkhovna Rada Committee on Social Policy. 24.02.2020. URL: <http://finbalance.com.ua/news/pensiyniy-fond-mozhe-piti-na-likvidatsiyu---hlava-komitet-vr-z-pitan-sotspolitiki> [in Ukrainian]

²⁸ Since 2020, placement of children in boarding schools in Ukraine will be paid – Ministry of Social Policy. 19.02.2020. URL: <https://life.pravda.com.ua/society/2020/02/19/239938/> [in Ukrainian]

Thus, in our country, the Labour Code that was adopted back in 1971 is still in force; it does not consider a number of modern challenges, in particular, regarding precarization, digitalization, shadowing, the spread of atypical forms of employment, etc. Therefore, the governments in recent years have intended, without conducting mandatory consultation with social partners, to "radically liberalize" the labour law, rather than making it sufficiently flexible and protective of employment for the benefit of employees and employers. With such uncoordinated approaches, it is not surprising that the labour bill brought in by the previous government²⁹ (scrapped in March of this year) caused serious dissatisfaction among workers, their labour unions as well as business representatives, exacerbating people's pessimism about the future, which in turn became an additional catalyst for loss of workers for the domestic labour market due to young people leaving for study and people of working age for working abroad.

The institutional weakness and actual unwillingness of the domestic employment policy to adequately respond to new challenges and extraordinary circumstances has been demonstrated by the situation with the spread of COVID-19 pandemic. As early as March 11, 2020, the Ukrainian government temporarily (until June 1, 2020) restricted the export of anti-epidemic supplies³⁰; from March 12, it imposed a three-week quarantine on all education institutions and placed restrictions on holding mass events³¹; and on March 17, the parliament passed a law³² on the implementation of a set of measures of socio-economic and administrative-legal nature that should have prevented the spread of coronavirus disease, averted administrative and criminal offenses during the period of quarantine regime imposed due to it as well as mitigated the negative social consequences of COVID-19 pandemic for the Ukrainian citizens. And from March 25 of this year, the Cabinet of Ministers of Ukraine, due to the coronavirus outbreak, introduced an emergency regime across the country until April 24, 2020³³.

All these and other circumstances indicate that one huge threat (the spread of coronavirus pandemic) creates another, equally important threat (Ukraine's entry into a period of deep and prolonged socio-economic crisis).

²⁹ Draft Labor Law. Registration number 2708 dated 28.12.2019. URL: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=67833 [in Ukrainian]

³⁰ Resolution of the Cabinet of Ministers of Ukraine "On Amendments to Annex 1 to the Resolution of the Cabinet of Ministers of Ukraine of December 24, 2019 No. 1109" of March 11, 2020, No. 214. URL: <https://zakon.rada.gov.ua/laws/show/214-2020-%D0%BF> [in Ukrainian]

³¹ The Government has made a number of decisions to protect Ukrainians from COVID-19. *Government portal*. 11.03.2020. URL: <https://www.kmu.gov.ua/news/uryad-prijnyav-nizku-rishen-shcho-mayut-ubezpechiti-ukrayinciv-vid-covid-19-11-03-20> [in Ukrainian]

³² Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine aimed at Preventing the Occurrence and Dissemination of Coronavirus Disease (COVID-19)" dated 17.03.2020, No. 530-IX. URL: <https://zakon.rada.gov.ua/laws/show/530-20> [in Ukrainian]

³³ Ordinance of the Cabinet of Ministers of Ukraine "On Transformation of the Unified State Civil Protection System into the Emergency Situation" of 25.03.2020 No. 338-r. URL: <https://www.kmu.gov.ua/npas/pro-perevedennya-yedinoyi-derzhavnoyi-sistemi-civilnogo-zahistu-urezhim-nadzvichajnoyi-situaciyi-338250320> [in Ukrainian]

Already on March 20, 2020, that is, only three days after the introduction of national quarantine regime, the Chamber of Commerce and Industry of Ukraine announced that about 600–700 thousand entrepreneurs as well as small enterprises of the sphere of services and educational establishments, which employ 3.5–4.0 million Ukrainian citizens, stopped working due to the quarantine³⁴. According to the results of 2020, as predicted by domestic and international experts, the shocking impact of the COVID-19 pandemic can cause a rapid (from at least 5%³⁵ to 15%³⁶) decline in the real GDP of Ukraine.

Accordingly, the situation with the shock effect of coronavirus pandemic, its impact on all spheres of the economy and governance, the system of providing administrative and social services, etc., besides the obvious threat of social and economic crisis in Ukraine, will have serious consequences for the domestic labour market and the field of employment in general: first of all, a rapid increase in the unemployment rate due to an increase in the number of people who, in the conditions of the coronavirus pandemic, will have to quit their jobs for various reasons, including the lack of transport communication, the closure of SMEs for an indefinite period, the closure of large enterprises and organizations, the termination of seasonal work, etc.

All these factors must be adequately considered when developing a Program of Effective Anti-Crisis Measures in the Field of Employment and Social Protection. Unfortunately, by the end of March 2020, the relevant ministries and public services have not generated such a Program. In our opinion, the supporting structure for the development of the Program should be represented by the OECD Specialists' Recommendations on Urgent Actions of Employment and Social Policy Necessary to Support the Population and Business in Connection with the COVID-19 Pandemic³⁷.

Thus, it should be noted that the aforementioned examples of failures of the domestic employment policy and the settlement of imbalances in the labour market are not exhaustive, but it is much more important to offer alternative ways and approaches. We consider that the priority steps of state policy of Ukraine aimed at balancing the national and regional labour markets and overcoming divergence with the EU in the field of employment should be:

- 1) in the near term, due to the spread of coronavirus infection (COVID-19) pandemic:

³⁴ About 700,000 Ukrainian businesses have stopped production – the Chamber of Commerce and Industry. 20.03.2020. URL: <https://rubryka.com/2020/03/20/blyzko-700-tysyach-ukrayinskyh-biznesiv-zupynyly-vyrobnnytstvo-torgovo-promyslova-palata/> [in Ukrainian]

³⁵ Ukraine's GDP is expected to fall by 5%. And this is at best – the Office of the President. *STRANA.ua*. 23.03.2020. URL: <https://strana.ua/news/256744-u-zelenskoho-zhdut-padenija-vvp-na-5-iz-za-koronavirusa-pri-optimistichnom-stsenarii.html> [in Russian]

³⁶ Atlantic Council: Coronavirus may reduce GDP of Ukraine by 15%. *UNIAN*. 20.03.2020. URL: <https://www.unian.ua/economics/finance/10924694-atlantic-council-koronavirus-mozhe-skorotiti-vvp-ukrajini-na-15.html> [in Ukrainian]

³⁷ Supporting people and companies to deal with the Covid-19 virus: Options for an immediate employment and social-policy response. OECD. 20 March 2020. URL: https://oecd.dam-broadcast.com/pm_7379_119_119686-962r78x4do.pdf

– adoption and immediate implementation of the Crisis Action Program developed based on the OECD Recommendations on Urgent Employment and Social Policy Actions needed to support the population and business in the face of COVID-19 pandemic;

– introduction, for a period of 6 months, of a procedure for fixing by the State Employment Service the state of “partial unemployment” and paying allowances to the partially unemployed at the expense of the state unemployment insurance social fund and funds of the state budget;

– development and implementation of mechanisms for state support/partial compensation for employers who are forced to suspend production or provision of services in the context of the COVID-19 pandemic but have not dismissed workers and have paid them wages;

2) for the period after the cessation of coronavirus pandemic and the abolition of quarantine regime of economic, social, administrative and other activities:

– adoption of a new Labour Code or Labour Law, which will be in line with the interests of workers and harmonize the labour relations of the employee and the employer, the interaction of participants of social dialogue and also guarantee the observance of the ILO conventions ratified by Ukraine. An obligatory component of the new labour legislation should be the section on the regulation of social-labour relations and the support of various forms of employment in extraordinary conditions of public life, in particular, such as the spread of pandemics (epidemics) of dangerous diseases;

– implementation, including through public-private partnership mechanisms, of programs to preserve the existing jobs and create new ones, support youth employment, employ the Ukrainian migrant workers returning to the internal labour market;

– rethinking the institutional role and improving the efficiency of work of the State Employment Service: focusing its activities on active rather than passive measures of employment policy, providing a range of quality services to employers, enhancing its interaction with professional-educational institutions, achieving specific results within the available budget programs;

– formation of a competitive market for professional-educational services in Ukraine, in which workers including unemployed ones and employers will be able to choose for vocational training the most competitive institutions in terms of educational and production base, professionalism of teaching staff, quality and diversification of learning technologies;

– development and approval of a Program for Full Payment of Wage Arrears and Prevention of their Occurrence in the Future as well as creation of a mechanism for guaranteeing the payment of wages in case of employer insolvency (in accordance with ILO Convention No. 173 “On Protection of Workers' Claims in Case of Employer Insolvency”);

– adoption of the necessary legislation and regulation enactments to regulate the problem of establishment, for government officials, civil servants and the management of state corporate structures, institutions and organizations, of extremely high, absolutely economically unjustified levels of remuneration (wages, bonuses, etc.).

Conclusions. The current trends of globalization, digitalization, demographic changes, migration and other ones in recent years have increased the relevance of the problem of imbalances in employment, which has a serious impact on the global and national labour

markets. In the near future, this problem will be extremely exacerbated by the shock effect of the COVID-19 pandemic announced by WHO in March 2020.

For national governments, this implies the need to focus attention on addressing the problem of imbalances of domestic labour markets through public policy tools, considering the recommendations of the ILO and other relevant international structures. It is also important for Ukraine in the context of achieving the objectives of the Association Agreement with the EU, since imbalances in employment are one of the causes of socio-economic divergence between them, which has been observed since 2014.

The domestic policy on overcoming imbalances and divergence in the employment sphere should be shaped considering relevant EU experience and ILO recommendations, but the national interests of Ukraine and proper protection of social and labour rights of its citizens should be a priority. Today, a relevant state policy should be implemented in two stages.

At the first one (in the near future), due to the spread of coronavirus infection pandemic, it is advisable to adopt and urgently implement the Crisis Measures Program developed on the basis of the OECD Recommendations on Urgent Employment and Social Policy Actions needed to support the population and business in the face of COVID-19 pandemic. At the second stage (after the cessation of coronavirus pandemic and the abolition of quarantine regime), the first steps of state policy should be adopting new labour legislation of Ukraine, comprehensive programs for preserving the existing jobs and creating new ones, strengthening the institutional role of the State Employment Service, improving the system of labour remuneration, etc.

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