

LABOR MARKET IN UKRAINE: CURRENT SITUATION AND DEVELOPMENT PROSPECT

©2022 DMYTRYSHYN L. I., ROMANCHUKEVYCH M. Y.

UDC 331.5.024.52
JEL Classification: O15; O33

Dmytryshyn L. I., Romanchukévych M. Y.

Labor Market in Ukraine: Current Situation and Development Prospect

The labor market is one of the main and most complex elements of a market economy. It is a system of organization of wage labor based on market laws, which includes employers who demand labor, employees who form the supply of labor in this market, as well as mechanisms and institutions to reconcile the interests of workers and employers. The purpose of the article is a statistical and expert analysis of the labor market in Ukraine and the formation of promising areas of its development in terms of postwar expectations and the impact of global processes. Statistical analysis of the main indicators of the labor market showed that the share of employees and the wage fund by type of economic activity are approximately the same. While the level of average wages in Ukraine differs significantly from them by type of economic activity. This is the reason for the formation of demand for the relevant professions. Based on expert analysis, it is established that the most popular in Ukraine are specialties in the field of services. There are significant differences in the expectations of employers and the wishes of job seekers. There is a shortage of staff and a gradual alleviation of the problem of ageism. Globalization processes have shifted the importance of the profession towards the acquired skills. On the one hand, the acceleration of automation and the growth of cyber risks have increased the interest of employers in such new specialties related to artificial intelligence. On the other hand, skills such as critical thinking, the ability to analyze, the ability to solve problems, the ability to learn, endurance, resilience to stress, flexibility become more relevant. Russia's military aggression has changed the list of professions that will be most in demand in the postwar period. The main professional directions for the reconstruction of the country's economy are analyzed. These include both highly intelligent (engineers, architects, doctors, lawyers, psychologists, programmers, managers and marketers) and working professions.

Keywords: labor market, profession, skills, wages, military aggression, globalization.

DOI: <https://doi.org/10.32983/2222-0712-2022-2-39-46>

Fig.: 7. **Bibl.:** 9.

Dmytryshyn Lesia I. – Doctor of Sciences (Economics), Professor, Head of the Department of Economic Cybernetics, Vasyl Stefanyk Precarpathian National University (57 Shevchenko Str., Ivano-Frankivsk, 76018, Ukraine)

E-mail: lesia.dmytryshyn@pnu.edu.ua

ORCID: <https://orcid.org/0000-0003-1842-8112>

Researcher ID: <https://publons.com/researcher/2031929/lesia-dmytryshyn/>

Scopus Author ID: <https://www.scopus.com/authid/detail.uri?authorId=56607390700>

Romanchukévych Maryana Yo. – Candidate of Sciences (Economics), Associate Professor, Associate Professor of the Department of International Economics, Marketing and Management, Ivano-Frankivsk Scientific and Training Institute of Management West Ukrainian National University (32 Dnistrovka Str., Ivano-Frankivsk, 76015, Ukraine)

E-mail: romanmr42@gmail.com

ORCID: <http://orcid.org/0000-0002-8369-4495>

Researcher ID: <http://www.researcherid.com/G-3268-2019>

УДК 331.5.024.52
JEL Classification: J31; J 40

Дмитришин Л. І., Романчукевич М. Й. Ринок праці в Україні: поточна ситуація та перспектива розвитку

Ринок праці є одним із основних і найскладніших елементів ринкової економіки. Це система організації найманої праці, заснована на ринкових законах, яка функціонує включно з роботодавцями, що потребують винайму робочої сили, працівниками, які формують пропозицію робочої сили на цьому ринку, а також з механізмами та інститутами, що діють задля узгодження інтересів працівників і роботодавців. Метою статті є статистичний та експертний аналіз ринку праці в Україні, формування перспективних напрямів його розвитку з погляду повоєнних очікувань і впливу глобальних процесів. Статистичний аналіз основних показників ринку праці показав, що частка працівників і фонду заробітної плати за видами економічної діяльності приблизно однакові. Тоді як рівень середньої заробітної плати в Україні суттєво відрізняється від таких показників за видами економічної

* The work was performed within the framework of the scholarship program of the fund "Excellence Initiative – Research University", University of Lodz, Poland (Agreement No. 12/IDUB/SNU/2022)

діяльності. Це і є причиною формування попиту на відповідні професії. На основі експертного аналізу встановлено, що найбільш затребуваними в Україні є спеціальності у сфері послуг. Існують істотні відмінності в очікуваннях роботодавців і побажаннях шукачів роботи. Спостерігається дефіцит кадрів і поступове полегшення проблеми ейджизму. Глобалізаційні процеси змінили акцент щодо важливих професійних якостей в напрямку набутих навичок. З одного боку, прискорення автоматизації та зростання кіберризиків підвищили інтерес роботодавців до нових спеціальностей, пов'язаних зі штучним інтелектом. З іншого боку, більш актуальними стають такі навички, як критичне мислення, вміння аналізувати, вміння вирішувати проблеми, здатність до навчання, витривалість, стійкість до стресів, гнучкість. Військова агресія Росії вплинула на перелік професій, які будуть найбільш затребувані в післявоєнний період. Проаналізовано основні професійні напрями відбудови економіки країни. Мова йде як про високоінтелектуальні (інженери, архітектори, лікарі, юристи, психологи, програмісти, менеджери та маркетологи), так і про робітничі професії.

Ключові слова: ринок праці, професія, навички, заробітна плата, військова агресія, глобалізація.

Рис.: 7. Бібл.: 9.

Дмитришин Леся Ігорівна – доктор економічних наук, професор, завідувач кафедри економічної кібернетики, Прикарпатський національний університет ім. В. Стефаника (вул. Шевченка, 57, Івано-Франківськ, 76018, Україна)

E-mail: lesia.dmytryshyn@pnu.edu.ua

ORCID: <https://orcid.org/0000-0003-1842-8112>

Researcher ID: <https://publons.com/researcher/2031929/lesia-dmytryshyn/>

Scopus Author ID: <https://www.scopus.com/authid/detail.uri?authorid=56607390700>

Романчукевич Мар'яна Йосипівна – кандидат економічних наук, доцент, доцент кафедри міжнародної економіки, маркетингу та менеджменту, Івано-Франківський навчально-науковий інститут менеджменту Західноукраїнського національного університету (вул. Дністровська, 32, Івано-Франківськ, 76015, Україна)

E-mail: romanmr42@gmail.com

ORCID: <http://orcid.org/0000-0002-8369-4495>

Researcher ID: <http://www.researcherid.com/G-3268-2019>

Introduction. The labor market is one of the main and most complex elements of a market economy. It is also one of the fundamental subjects of labor economics research. It is a system of organization of hired labor based on market laws, which includes employers who demand labor, employees who form the labor supply in this market, as well as mechanisms and institutions to reconcile the interests of workers and employers.

It is through the labor market that human capital is distributed by regions of the country, industries and types of production, professions and enterprises. It is through the labor market that workers find the right job for themselves, and employers find the right workers. It is in the labor market that the level of wages is determined, which is the financial basis for the well-being of the majority of the population.

Analysis of recent research and publications. Many scientific works are devoted to the problem of the Ukrainian labor market's functioning, including the works of S. Kozhemyakina, S. Kalinina [1], I. Petrova, V. Blyzniuk [2], O. Shavurska [3], M. Naumova [4]. In particular, some works are devoted to the impact of the COVID-19 pandemic on the labor market [3] and the impact of global factors on the labor market's functioning [4]. However, Russia's military aggression, which has caused a large number of people living in the war zone to lose their jobs or be unable to work, and growing global changes make it relevant to study the current state of the labor market in Ukraine.

The purpose of the article is a statistical and expert analysis of the labor market in Ukraine and the formation of promising areas of its development in terms of postwar expectations and the impact of global processes.

Presentation of the main material. The main indicators of the labor market of Ukraine show that from 2010 to 2019 the

employment rate varied from 64 to 68 %, and the unemployment rate – from 7 to almost 10% (Fig. 1) [5]. These indicators are calculated for the working age population, i.e. the age of 15–64 years. The population of this age in Ukraine was about less than half of the total population.

Regarding the number of employees by type of economic activity, as of 2021 (Fig. 2): 28 % of employees involved in education and medicine, 25 % of employees engaged in industry, 11 % – in trade, 8 % – in transport and defense [5]. Only 5 % of employees engaged in agriculture. And 3 % – in construction, finance, insurance and business with real estate, scientific activities.

What is the reason for this? First of all, it is level wages by type of economic activities.

According to the wage fund in 2021, the proportion is approximately the same with the average number of employees by type of economic activity. This can be seen from Fig. 3. Most share of the wage fund accounts for industry (26 %) and budget sphere (education and medicine – 24 %). 11 % was for defense and 10 % for trade. Agriculture accounted for 5 % of the wage fund [5].

As for the average wages, then here is another situation. Fig. 4 shows that the highest wages are in the IT-industry (an average of 959 euro per month). Next is financial sector – 828 euro, scientific activity - 809 euro, state management and defense complex – 721 euro. The lowest wage in construction is 423 euro and, regrettably, in education and medicine – 473 euro. Wages in industry (571 euro), agriculture (513 euro), trade (504 euro) do not reach the average wage in Ukraine (616 euro)

From here results the demand for appropriate profession. In 2021, specialties in the service sector became the most popular in Ukraine. This was established on the basis of a study

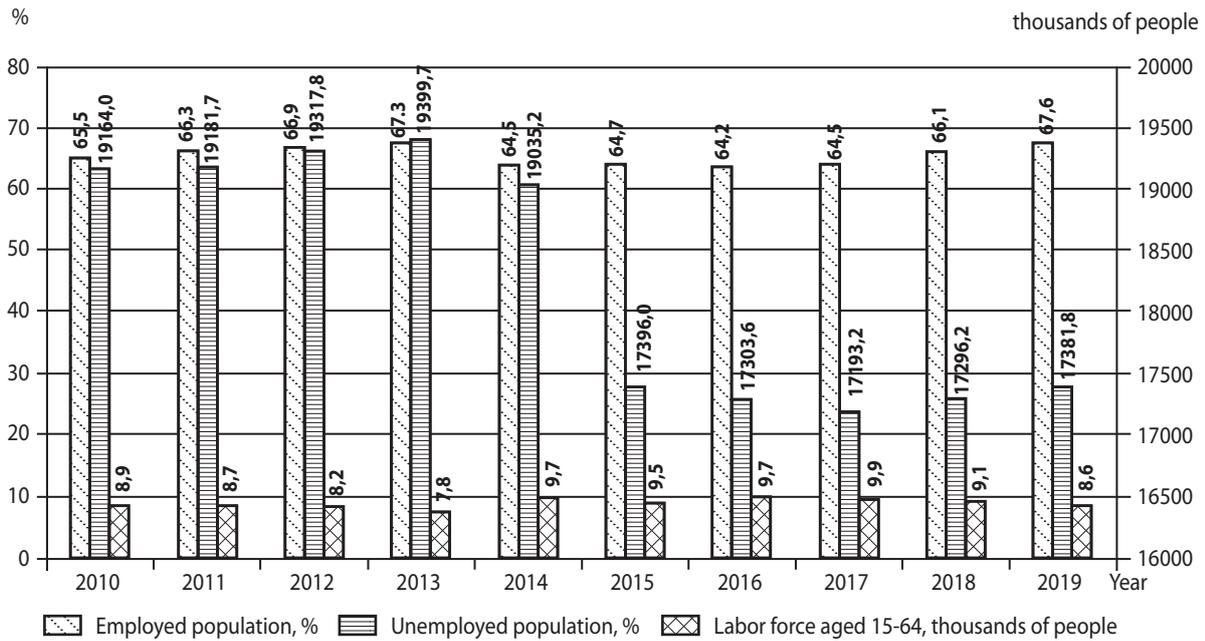


Fig. 1. The main indicators of the labor market of Ukraine

Source: developed on the basis of [5]

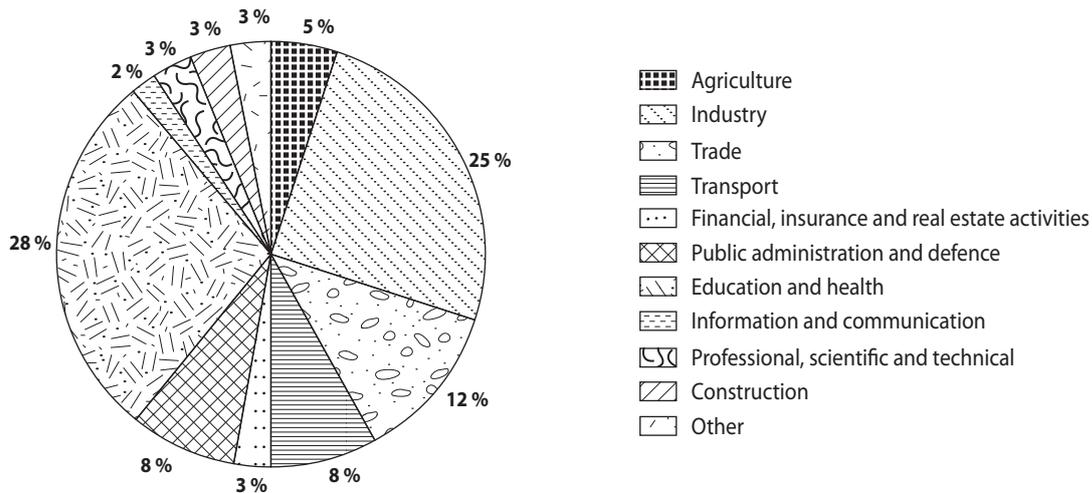


Fig. 2. The share of employees by type of economic activity in Ukraine in 2021

Source: developed on the basis of [5]

of the Rating of Employers of Ukraine among the young audience – students. 52 % of young people see themselves in the IT-industry (Fig. 5). In the second place – finance, banks, investment (33 %), media, PR (28 %), consulting and auditing (18 %), e-commerce (13 %) [6]. Among young people the lowest figure was in agriculture.

Thus, the main need of young people is to have a competitive salary. Interestingly, this figure rose to 82 %.

Also, for young people important are [6]:

- the company's stability in the market (40 %);
- the possibility of official employment (36 %);
- the company's financial capacity (31 %);
- corporate culture and company values (31 %).

Less important for young people are the identity of the owner, place in business rankings and brand popularity.

Young people call some difficulties in employment (Fig. 6):

- complaints of employers about the lack of experience of candidates (66 %);
- inconsistency of information in vacancies (37 %);
- lack of feedback from the employer (33 %) [6].

The key sources of information retrieval for students are [6]:

- the company's website (49 %);
- recommendations from friends (48 %);
- employee feedback site (42 %);
- job sites (42 %).

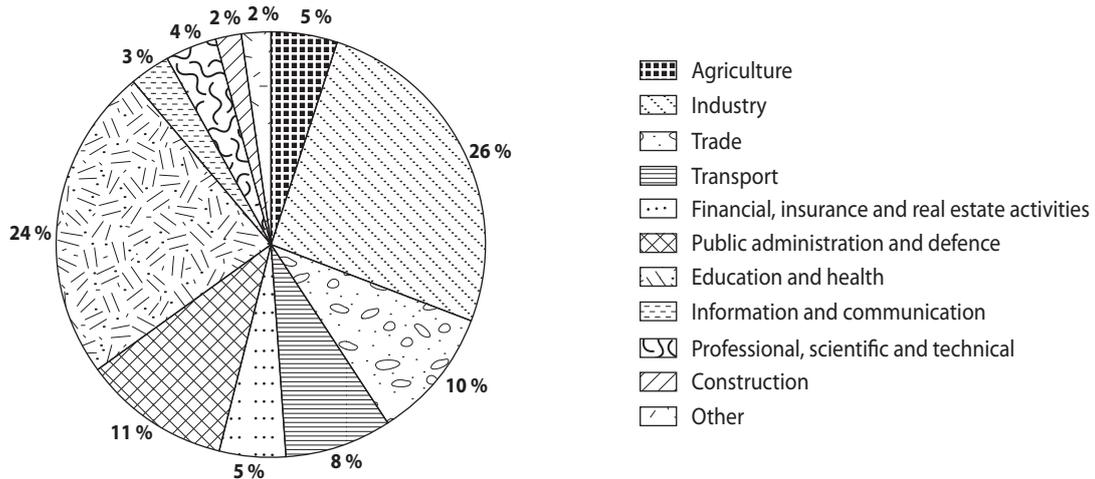


Fig. 3. Remuneration Fund in 2021 by type of economic activity

Source: developed on the basis of [5]

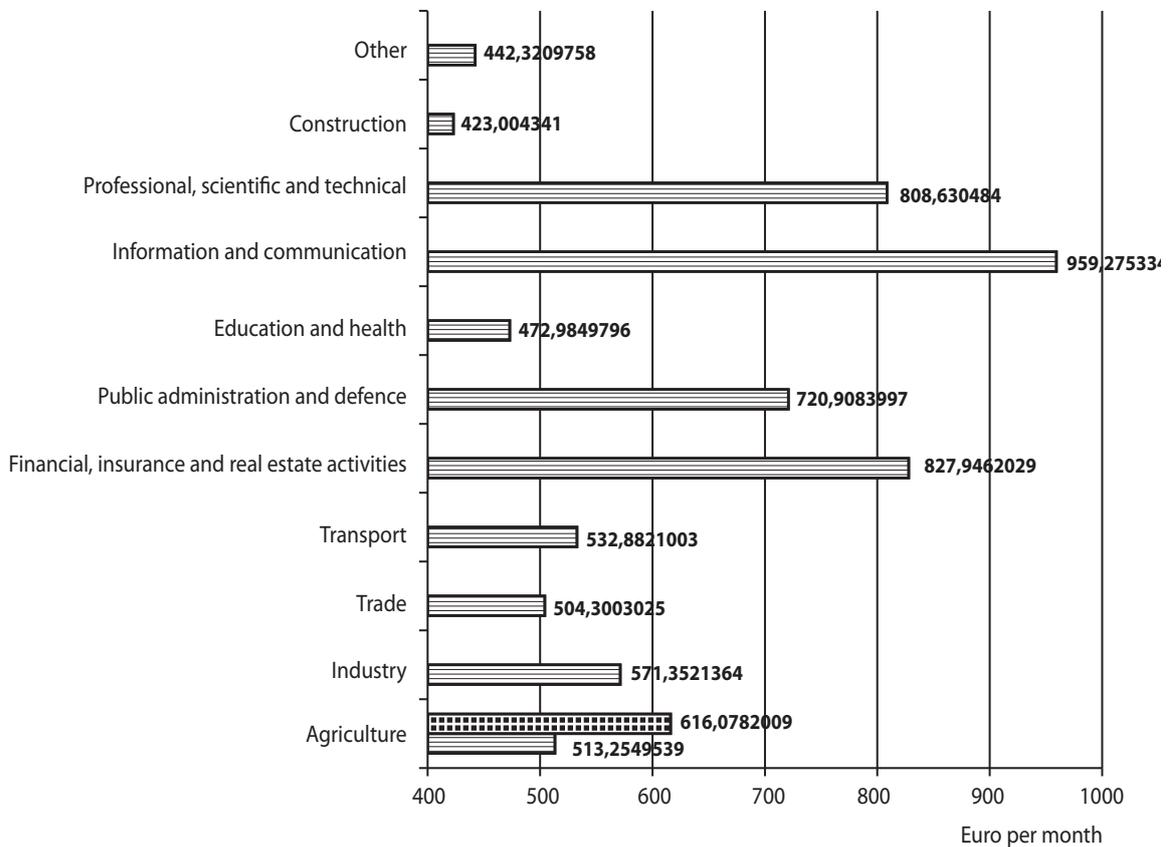


Fig. 4. The level of average wages in Ukraine in 2021 by type of economic activity

Source: calculated on the basis of [5]

Alarming challenge of present is labor migration [7]:

- 5 people migrate from Ukraine every minute;
- 40 % of the working population feel ready to leave the country as soon as possible;
- 57 % of young people are considering a job offer abroad.

What trends in the labor market will be observed in Ukraine in the future? In our opinion, the trends should be divided into two parts:

- 1) expectations in 2022 before the war between Russia and Ukraine;
- 2) postwar expectations associated with the reconstruction of the country.

So, expectations in 2022 before the war. According to data grc.ua half of the companies (45 %) at the beginning of 2022 say that they have managed to cope with the tests of the pandemic COVID-19 [7].

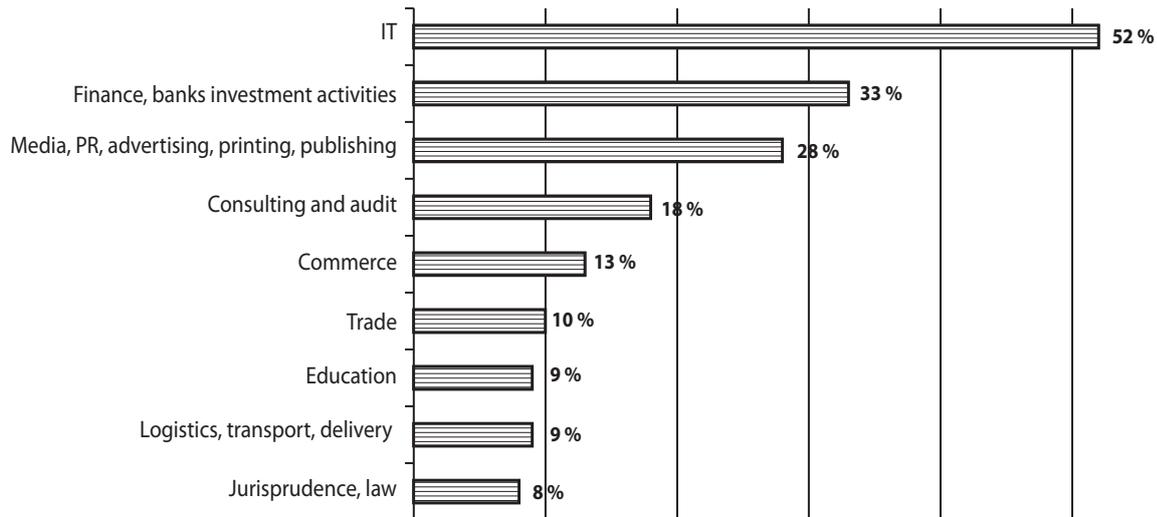


Fig. 5. Demand for the profession among young audiences

Source: developed on the basis of [6]

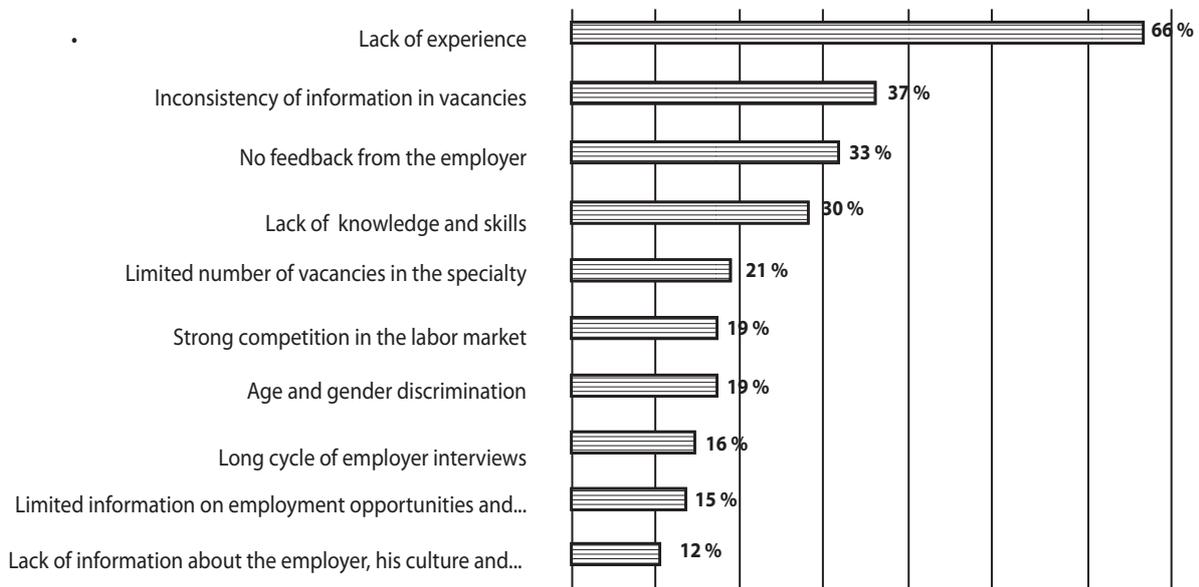


Fig. 6. Difficulties in employment

Source: developed on the basis of [6]

Another 15% of companies in Ukraine had stable business operation. Companies are becoming more flexible, businesses are massively implementing hybrid workspaces. Only 59% of searchers agree to work full-time in the office (Fig. 7) [6]. In large cities, employees are more likely to look for work near their homes, and companies offer coworking spaces for employees in a convenient location to their place of residence.

Gallup poll Analytics (USA) showed that 54% of office workers would prefer a company that offers flexible work schedules and the ability to work from home [6].

There is a shortage of staff and a gradual alleviation of the problem of ageism. The further aging of the nation, the increase in the retirement age, labor emigration and the demographic crisis of the 1990s, the repercussions of which have already begun to be felt by employers, will push companies to demand for specialists aged 45+ and older.

The global trend of the labor market is a wide geography of recruitment in the conditions of remote work. Most job seekers, consider remote work as an option, in the regions: Kyiv, Donetsk, Dnipro, Kharkiv, Odesa, and Luhansk.

There is a change in values. According to the survey, the most important factors when choosing an employer company in New Normal times are [6]:

- the company's stability in the market (69%);
- the company's financial capacity (60%);
- corporate culture (38 %).

Yet from 2018, there is a growing demand for data analysts, machine learning and artificial intelligence specialists, robotics specialists, software developers and digital transformation specialists [8].

However, acceleration of automation and growth of cyber risks raised interest of employers to such new specialties as

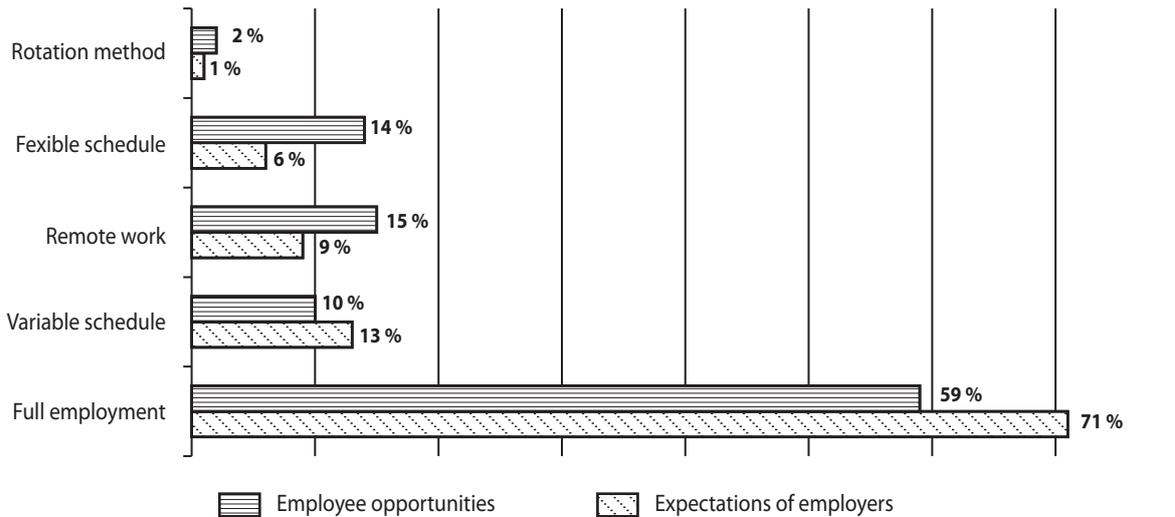


Fig. 7. Expectations of employers and wishes for job seekers

Source: developed on the basis of [6]

process automation specialists, analysts information security, specialists of internet management devices. Instead, operators of computers, administrative assistants, clerks, data entry operators, cashiers (in accounting) will gradually leave the labor market. All these specialties are becoming unnecessary due to the development of technology and automation.

However, not only professions are important, but also skills. Since 2016, the popularity among employers enjoy critical thinking and the ability to analyze, the ability to solve problems, too.

Recently, they have been joined by the ability to learn, endurance, resilience to stress, flexibility.

So leading companies implement programs reskilling and upskilling - retraining and acquiring new knowledge and skills by employees. From here another labor market trend of the future is lifelong learning. Five companies expect their employees to undergo some retraining in the next six months. Almost all - 94% - expect their employees to acquire new knowledge and skills, even if they remain in the same positions [8]. It is a significant jump, compared to what was only a couple of years ago. In 2018, 65% of employers thought so [8].

The number of independent searches for online learning programs has increased 4 times. And the number of training programs, offered to their employees by employers, has increased 5 times. Key skills requirements for employees will change by 40%, even if they remain in the same position. About half of the workforce will need retraining. In total, about 70% of employers by 2025 plan to offer their employees the opportunity to improve or change their skills.

As result of Russian invasion, thousands of Ukrainians lost their jobs, and many had to retrain. After the war, the situation on the labor market will change even more. Some of the popular professions will lose their relevance, and the most in demand will be specialists in the country's reconstruction.

According to [9] a list of professions that will be relevant after the end of the war in Ukraine is compiled.

The infrastructure of many Ukrainian cities was severely damaged by attacks by Russian troops, a large number of resi-

dential buildings, office buildings, roads, and communications were destroyed. Therefore, after the end of hostilities, the greatest need will be for specialists in the construction industry. Architects, designers, technologists and designers will be involved in the construction and reconstruction of the facilities.

Workers' specialties will also be relevant: welders, carpenters, masons, painters, locksmiths, electricity, facing, landscaping specialists.

To restore factories, plants, mills will need engineers in the field of construction, mechanical engineering. Experts believe that after the war the **defense industry will be actively developed**, which will require qualified engineers in this field.

After the war, the demand for logistics professions will increase, from **drivers, transport operators to port workers and transport terminals**. This is due to the fact that after the closure of connections with Russia and Belarus, Ukraine can successfully join the international transport corridors. Drivers will also be much in demand when rebuilding urban infrastructure, on construction sites, and in the agro-industrial sector.

Previously popular professions of marketing and sales manager will remain in the labor market after the war, but consumer demand is expected to shift. Construction goods and repair services will become relevant. Therefore, more specialists with knowledge in this field will be needed.

Energy independence will be one of the main tasks in Europe and in our country after the war. Development of alternative energy, development of own fields, development of energy distribution infrastructure will cause demand in the labor market for energy professionals.

The IT sphere in Ukraine will continue to develop. After the war, we will need programmers who specialize in digitalization of the economy, digital security. Because it is assumed that Ukrainian business will switch to digital products to minimize possible losses in the event of new dangers.

The war left a heavy imprint on the lives of every Ukrainian. For many, the shocks of recent months have had an adverse effect on health in the form of panic attacks, neuroses and others. Psychological support during and after the war will

be very important for both the military and civilians. Psychologists and psychotherapists, including child psychologists, will be in demand.

Police officers in the postwar period will be in demand for enhanced protection of law and order in possible cases of looting and theft.

Medical professionals are needed at all times. But after the war, the most relevant professions will be a surgeon, cardiologist, rehabilitation specialist, physiotherapist, massage therapist.

What is the future of work and what is the work of the future in the world? The future is becoming more predictable in a crisis. On the one hand, we are «stormed», and on the other - all the trends before the crisis are becoming more obvious. And we can look at them and see the future. Key trends [6]:

- Digitization: a new freedom;
- Automation: new unemployment;
- Industry 4.0: new professions;
- Millennials: new people;
- Flexibility: a new culture;
- Again and again: new education;
- Party: a new workspace.

Cloud programming, big data processing and e-commerce are in the top three. To some extent, by 2025, they will be used by almost all companies. For example, artificial intelligence is expected to be particularly in demand in digital information and communications, financial services, health and transport [8]. Big data and robotics – in mining and metallurgy. But the public administration is very interested in encoding and encrypting data.

Yet people will retain their advantages over machines and computers in areas such as management, decision making, analysis, communication and interaction. No machine or digital technology will abolish manual labor, although its share will decrease. New areas, such as the green economy and traditional ones, such as caring for the sick or elderly, will be promising in terms of job search, and the demand for such workers is growing.

Conclusions. Thus, the article analyzes the state of the labor market in Ukraine in terms of the most popular professions and the level of wages in various sectors of economic activity. Statistical analysis of the main indicators of the labor market showed that the share of employees and the wage fund by type of economic activity are approximately the same. While the level of average wages in Ukraine differs significantly from them by type of economic activity. This is the reason for the formation of demand for the relevant professions. Based on expert analysis, it is established that the most popular in Ukraine are specialties in the field of services. There are significant differences in the expectations of employers and the wishes of job seekers. There is a shortage of staff and a gradual alleviation of the problem of ageism.

Perspective directions of development of the Ukrainian labor market are considered in two directions: pre-war expectations and changes of these expectations for the postwar state. Russia's military aggression has changed the list of professions that will be much in demand in the postwar period. The main professional directions for the reconstruction of the country's economy are analyzed. These include both highly

intelligent (engineers, architects, doctors, lawyers, psychologists, programmers, managers and marketers) and working professions.

The influence of global processes on the formation of the modern labor market in Ukraine is also considered. Globalization processes have shifted the importance of the profession towards the acquired skills. On the one hand, the acceleration of automation and the growth of cyber risks have increased the interest of employers in such new specialties related to artificial intelligence. On the other hand, skills such as critical thinking, the ability to analyze, the ability to solve problems, the ability to learn, endurance, resilience to stress, flexibility become important.

LITERATURE

1. Ринок праці та зайнятість населення в Україні: реалії та перспективи : кол. моногр. / за ред. С. Кожемякіна, С. Калініна. Київ : ІПК ДСЗУ, 2018. 424 с.

2. Український ринок праці: імперативи та можливості змін : монографія / за ред. І. Л. Петрової, В. В. Близнюк. Київ, 2018. 356 с. URL: <http://ief.org.ua/docs/mg/306.pdf>

3. Шавурська О. В. Вплив пандемії Covid-19 на стан ринку праці в Україні. *Бізнес Інформ*. 2022. № 1. С. 244–251. DOI: 10.32983/2222-4459-2022-1-244-251

4. Наумова М. А. Вплив глобальних викликів на функціонування ринку праці. *Бізнес Інформ*. 2019. № 1. Р. 40–49. URL: http://www.business-inform.net/export_pdf/business-inform-2019-1_0-pages-40_49.pdf

5. Державна служба статистики України. URL: <http://www.ukrstat.gov.ua/>

6. Ринок праці України: сьогодення і тенденції майбутнього. URL: <https://eba.com.ua/rynok-pratsi-ukrayiny-sogodennya-i-tendentsiyi-majbutnogo/>

7. Гібридний формат, well-being програми та діджиталізація. Основні тенденції на ринку праці у 2021 році. URL: <https://retailers.ua/uk/news/mneniya/13068-gibridnyiy-format-well-being-programmyi-i-didjitalizatsiya-osnovnyie-tendentsii-naryinke-truda-v-2021-godu>

8. Рейтинг професій майбутнього: кого замінять, а кого не зможуть. URL: <https://cybercalm.org/novyny/rejtyng-profesij-majbutnogo-kogo-zaminyat-a-kogo-ne-zmozhut/>

9. Ці професії будуть актуальними в Україні після війни. URL: <https://www.rbc.ua/ukr/styler/professii-budut-aktualny-ukraine-voyny-1649700587.html>

REFERENCES

Derzhavna sluzhba statystyky Ukrainy. <http://www.ukrstat.gov.ua/>

“Hibrydnyi format, well-being prohramy ta didzhytalizatsiia. Osnovni tendentsii na rynku pratsi u 2021 rotsi” [Hybrid Format, Well-being Programs and Digitization. The Main Trends in the Labor Market in 2021]. <https://retailers.ua/uk/news/mneniya/13068-gibridnyiy-format-well-being-programmyi-i-didjitalizatsiya-osnovnyie-tendentsii-naryinke-truda-v-2021-godu>

Naumova, M. A. “Vplyv hlobalnykh vyklykiv na funktsionuvannia rynku pratsi” [The Impact of Global Challenges on the Functioning of Labor Market]. *Biznes Inform*. 2019. <http://www.>

business-inform.net/export_pdf/business-inform-2019-1_0-pages-40_49.pdf

"Reitynh profesii maibutnyoho: koho zaminiat, a koho ne zmozhut" [Rating of Professions of the Future: Who Will Be Replaced and Who Will Not Be Able to]. <https://cybercalm.org/novyny/rejtyng-profesij-majbutnogo-kogo-zaminyat-a-kogo-ne-zmozhut/>

"Rynok pratsi Ukrainy: syohodennia i tendentsii maibutnyoho" [Labor Market of Ukraine: Present and Future Trends]. <https://eba.com.ua/rynok-pratsi-ukrayiny-sogodennya-i-tendentsiyi-majbutnogo/>

Rynok pratsi ta zainiatist naseleattia v Ukraini: realii ta perspektyvy [Labor Market and Population Employment in Ukraine: Realities and Prospects]. Kyiv: IPK DSZU, 2018.

Shavurska, O. V. "Vplyv pandemii Covid-19 na stan rynku pratsi v Ukraini" [The Impact of the COVID-19 Pandemic on the

State of the Labor Market in Ukraine]. *Biznes Inform*, no. 1 (2022): 244-251.

DOI: 10.32983/2222-4459-2022-1-244-251

"Tsi profesii budut aktualnymy v Ukraini pislia viiny" [These Professions Will Be Relevant in Ukraine after the War]. <https://www.rbc.ua/ukr/styler/professii-budut-aktualny-ukraine-voyny-1649700587.html>

"Ukrainskyi rynek pratsi: imperatyvy ta mozhlyvosti zmin" [Ukrainian Labor Market: Imperatives and Opportunities for Change]. Kyiv, 2018. <http://ief.org.ua/docs/mg/306.pdf>

Стаття надійшла до редакції 24.04.2022 р.