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Insufficiently Competitive Population Groups in the Labour Market: The Risk of Unemployment

Abstract

Since 2013, Ukrainians have been increasingly at risk of becoming unemployed — due to the ongoing political and economic crisis along with the annexation of the Crimea and armed conflict in the east of the country. Furthermore, Ukraine's striving towards EU membership necessitates introducing and implementing the European employment strategy (EES). The purpose of this research paper is twofold: first, to analyse the risk of becoming unemployed among insufficiently competitive population groups in Ukraine, Poland and 28 EU member countries as a whole; second, using the results of comparative analysis, to formulate the national employment policy priorities in accordance with European requirements.

Keywords: *unemployment, labour market, risks, insufficiently competitive population groups, educational attainment, youth, female employees, older workers*

The lingering political and economic crisis together with the annexation of the Crimea and Russia's military intervention in Donbas have been the three major factors contributing to the rise of unemployment in Ukraine since 2013, particularly among insufficiently competitive population groups. On the other

hand, Ukraine's policy aimed at achieving EU membership involves introducing and implementing the European employment strategy. The authors have analysed the unemployment risks in regard to the population groups considered to be insufficiently competitive (young people, women, older workers, etc.) in Ukraine, Poland (as a country economically and culturally close to Ukraine) and 28 EU member states as a whole. The results of this comparative analysis have served as a basis for elaborating recommendations on the national employment policy measures pursuant to the EES requirements.

The phenomenon of unemployment has been studied in various economic theories such as classical, Marxist, Keynesian, neoclassical, monetarist, institutional, etc. **Classical economists** [Smith, 1776; Say, 1803; Ricardo, 1817; Petty, 1888, orig. pub. 1676; Mill, 1909, orig. pub. 1848] were probably the first to explain unemployment from a standpoint of a free market economy. According to this approach, equilibrium in the labour market (as well as in other markets) is established automatically; so, unemployment cannot be a serious economic problem. One of the earliest attempts to clarify the nature and causes of unemployment was made by Thomas Malthus [Malthus, 1798].

According to Karl Marx [Marx, 1867], unemployment is inherent in a free market economy. Labour-power (*Arbeitskraft*), or the worker's capacity to do work, becomes a commodity under capitalism. Labour-power creates a new value during the labour process and transmits the value of other resources to the product being made. As a commodity, labour-power is heavily affected by fluctuations in supply and demand. The **Marxian theory** of surplus population argues that "industrial reserve army", i. e. reserve army of labour, is formed due to the capitalist mode of production. The solution to this problem consists in changing the mode of production and repudiation of seeking profit as a primary goal.

John Maynard Keynes [Keynes, 1936] maintained that unemployment results from an insufficient demand for goods and thus for workers who produce these goods. Fall in demand, in its turn, may be caused by a rise in precautionary savings (i. e. people looking for security). In contradistinction to classical economics, **Keynesian theory** asserts that free markets have no self-balancing mechanisms to cope with employment. Government is supposed to be a principal regulator of the labour market by stimulating the aggregate demand for goods, services and labour. Proponents of **neoclassical economics** [Marshall, 1920, orig. pub. 1890; Pigou, 1933; Hall, 1970] underscore the role of wage in the labour market, as it can optimise workforce supply and demand. As Hall noted, a person is unemployed if he offers his labour at a market price but is unable to find a buyer [Hall, 1970: p. 371].

The **theory of human capital** (mainly represented by Gary S. Becker and Jacob Mincer) pays special attention to human behaviour and analyses from this perspective such phenomena as family planning due to economic reasons, labour supply and demand in the long run, labour market structure, unemployment, the role of trade unions and state in the labour market regulation. This theory challenges the assumption of homogeneous character of labour, which prevailed in classical economics. It also looks into the nature of social institutions (family, education, etc.) and non-market activities (e. g., care for children or elderly people) from an economic standpoint.

The modern theory of human capital emerged within the framework of neoclassical theory a few decades ago; however, the idea of human capital can be

traced back to the 17th century. The previously mentioned English political economist Sir William Petty (1623–1687) tried to measure the monetary value of products made by individual workers. The first social security mechanisms (compensation for involuntary unemployment, sickness and workplace injury, etc.) were devised at the turn of the 19th century. They also contributed to the further development of methods for assessing human capital.

The *monetarist theory*, largely attributed to the works of an American economist Milton Friedman (1912–2006), contends that changes in the money supply are the most significant determinants of the rate of economic growth and the behaviour of the business cycle. Monetarists speak of the “natural” rate of unemployment as part of any economy and are opposed to government intervention in the economy. Trade unions, in their view, are also economically undesirable. Advocates of monetary theory regard market economy as self-stabilising, since it rests upon competition and flexible prices. Monetary policy tools (discount rate, reserve requirements and open market operations) are used to ensure stability in financial markets.

The nature of *institutions* in economy was thoroughly studied by Friedrich August von Hayek [Hayek, 1979], a renowned economist and supporter of classical liberalism. Hayek believed that social institutions are the product of human action, but not of human design. They arise and take their shape not from conscious human invention, but through evolution as the product of countless human interactions, each aimed at some more immediate, private end [The Encyclopedia of Libertarianism, 2008]. Some basic points of Hayek’s theory are in line with the concept of social market economy.

As one of the representatives of the Austrian school of economics, which study what happens at the *microeconomic* level, Hayek did not agree with the idea of “general equilibrium”. In his view, economic decisions are driven by subjective factors like an individual’s preference to buy or not to buy a particular good. In contrast to Keynes, Hayek argued that the role of government in the economy should be minimised and confined to ensuring the market’s “proper functioning”.

Hayek ascribed unemployment to the discrepancy in the “distribution of labour between industries and the distribution of demand among their products”, which is influenced “by a distortion of the system of relative prices and wages” and can be corrected “by the establishment in each sector of the economy of those prices and wages at which supply will equal demand” [Hayek, 1975]. He was a strict opponent of trade unions, seeing them as “the prime source of unemployment” [Hayek, 1991: p. 344]. Economic inequality, in Hayek’s opinion, is fundamental to a society’s progress.

For a long period, Hayek’s social and economic philosophy was considered controversial. The crisis of Keynesianism in the 1970s and the collapse of Marxism in the 1980s–90s entailed the rise of neoliberalism and revival of interest in the *institutional economics*.

Political, economic and social processes occurring today put forward new requirements for development strategies that countries ought to carry out in response to many existing and emerging challenges such as excessive income inequality, worldwide crisis in the welfare state, injustice in the global economy, armed conflicts, disruption of ecological balance, etc. These major problems directly affect the quality and availability of *employment prospects* for people around the world.

As noted above, the authors will try to analyse unemployment risks in Ukraine, Poland and 28 EU countries as a whole (hereafter referred to as the EU 28) with respect to insufficiently competitive population groups (labour market entrants, women, low-skilled workers, etc.) and then outline some recommendations on the national employment policy measures for these groups.

The risk of becoming unemployed is associated with an individual's life cycle and determined by biological, psychological and social nature of human beings. For instance, young graduates entering the labour market find it difficult to get a job because they do not have necessary skills and work experience. Older workers, despite having long experience, may not possess the qualifications necessary to do the job either – if they have not been retrained or upskilled, their experience is unlikely to match today's job requirements. Besides, they might have some age-related health problems which considerably affect their chances of getting hired. Women usually have to slow down their careers for family – they either lose their jobs while on maternity leave or face multiple challenges returning to the workforce because of having to “juggle” full-time employment and parenting. In addition, women generally encounter more obstacles than men when looking for a new job – employers are often reluctant to hire women who have children (or are of child-bearing age). On the other hand, female participation in the labour market have risen substantially in recent decades: more and more women are unwilling to give up their careers and become stay-at-home wives; besides, their earnings often contribute significantly to joint household income.

The irony is that practically nobody can secure themselves against the risk of falling (permanently or temporarily) into the category of insufficiently competitive job applicants. This especially applies to people living in poorer countries or regions where the number of unemployed is significantly larger. Table 1 features the main risks that an individual may face throughout their life cycle and how these risks can be prevented or reduced.

Table 1

Key risks faced by individuals throughout their life cycle and policy responses

<i>Age group</i>	<i>Risks</i>	<i>Measures to address</i>
0–5 years	Stunted development	Early childhood development programmes Preschool education
6–14 years	Poor education quality	Improving primary school quality
15–25 years	Lower-secondary school completion	Improving secondary school access/quality Scholarship/return to school incentive programmes
25–64 years	Low income (unemployment/underemployment)	Labour-intensive growth and labour market reforms Unemployment insurance
Over 65 years	Low income	Social security (contributory pensions) Non-contributory pensions (transfer income)
General population	Poor health care	Health insurance
	Poor housing quality	Housing subsidies Mortgage facilities Infrastructure investment

Source: Managing Social Risks in Argentina (World Bank, 2000) (as cited in [Holzmann, 2001: p. 21]).

Comparing unemployment figures for the countries under study, we see that unemployment rate in the EU 28 and Poland rose during 2011–2013 and then began to fall. For Ukraine, the picture is quite the reverse: a gradual drop in the first three years followed by a noticeable increase (see Table 2). As stated above, that is a consequence of the protracted political and economic crisis coupled with the annexation of the Crimea and Russia’s military intervention in eastern Ukraine.

Table 2

Unemployment dynamics in the EU 28, Poland and Ukraine

Country	Age	2011	2012	2013	2014	2015
EU 28	15–64	9.7	10.6	11.0	10.4	9.6
	15–24	21.7	23.2	23.6	22.2	20.4
	25–29	12.7	13.9	14.6	13.6	12.4
	50–59	7.0	7.5	7.9	7.6	7.2
	55–64	6.8	7.3	7.7	7.4	7.0
Poland	15–64	9.8	10.2	10.5	9.1	7.6
	15–24	25.8	26.5	27.3	23.9	20.8
	25–29	12.0	13.1	13.6	11.8	10.1
	50–59	7.6	7.9	7.9	7.2	6.0
	55–64	6.9	7.4	7.7	6.8	5.4
Ukraine	15–64	8.0	7.7	7.3	9.4	9.2
	15–24	18.6	17.3	17.4	23.1	22.4
	25–29	9.2	9.5	8.7	11.1	11.2
	50–59	5.1	5.3	5.1	6.0	6.3

Sources: the data of International Labour Organisation (ILO), Eurostat and Labour Force Survey (LFS) Ukraine.

The *unemployment risk* is statistically represented by (and directly correlated to) an unemployment rate: the higher it is, the more an individual is likely to be jobless. According to the data of a social survey conducted in 2015 by the Institute of Sociology of Ukraine’s National Academy of Sciences (within the framework of the project “Ukrainian Society: Monitoring of Social Changes”), 11.7% of respondents¹ had experienced involuntary unemployment at least once over the previous 12 months [Ukrainian Society, 2015]. Just under half of those who had been made redundant over that period, were aged 18–39 years: 21.8% belonged to the age group of 18–29 and 27.7% – to the age group of 30–39. Every fifth respondent was between 50 and 59 years old. As far as the educational attainment of respondents is concerned, 40.8% of laid-off employees had graduated from college or vocational school and 32.0% had a university degree.

By contrast, in the EU 28 and Poland (over the 2012–2015 period) the highest probability of dropping out of the labour force was recorded among people

¹ A total of 1,800 respondents aged 18 and over were surveyed across Ukraine (excluding the occupied territories of Donetsk and Luhansk regions, Crimea and the city of Sevastopol).

with lower educational attainment: less than primary, primary and lower secondary, which are classified as ISCED 0–2 (see Table 3).

Table 3

**Unemployment risks among people with low educational levels
(ISCED 0–2) in the EU 28 and Poland, 2012–2015, %**

<i>Age group</i>	<i>Country</i>	<i>Year</i>	<i>Sex</i>	<i>Unemployment risk</i>
15–64 years	EU 28	2013	Male	19.9
		2015	Female	18.0
	Poland	2013	Female	22.5
		2015	Female	17.9
15–24 years	EU 28	2013	Female	31.6
		2015	Female	28.1
	Poland	2012	Female	39.5
		2015	Female	33.2
25–29 years	EU 28	2013	Female	30.1
		2015	Female	28.8
	Poland	2013	Female	45.8
		2015	Male	26.3
50–59 years	EU 28	2013	Male	15.2
		2015	Male	14.2
	Poland	2013	Male	16.4
		2015	Male	13.6
55–64 years	EU 28	2013	Male	14.3
		2015	Male	13.7
	Poland	2014	Male	14.1
		2015	Male	12.1

Sources: the data of ILO, Eurostat. Only the data for years and population groups with relatively higher unemployment rates are highlighted.

The level of educational attainment is defined according to the International Standard Classification of Education (ISCED). Basically, there are three categories: less than primary, primary and lower secondary education (ISCED 2011 levels 0–2); upper secondary and post-secondary non-tertiary education (ISCED 2011 levels 3 and 4); tertiary education (ISCED 2011 levels 5–8). Comparative classification of educational attainment levels in the EU 28 and Ukraine is given in Table 4.

As can be seen from Table 3, the maximum risk of becoming unemployed (45.8%) was borne in 2013 by Polish women aged 25–29 years with ISCED levels 0–2. In this country, low-educated women belonging to the age groups of 15–24 and 15–64 are also most likely to be jobless. As for Polish men with lower educational attainment, those aged 25–29 (in 2015) and 50–59 (in 2013) were more at risk of becoming unemployed. In the EU 28, women aged 15–24 and 25–29 together with men from older age groups (50–59 and 55–64) were more likely to take the brunt of unemployment.

Table 4

**Comparative classification of educational attainment levels
in the EU 28 and Ukraine**

<i>Educational levels</i>	<i>EU 28</i>	<i>Ukraine</i>
ISCED 0–2	Less than primary, primary and lower secondary education	Less than primary education or without formal education
		Basic general secondary education
ISCED 3–4	Upper secondary and post-secondary non-tertiary education	Complete general secondary education
		Vocational education
ISCED 5–8	Tertiary education	Incomplete higher education
		Basic higher education
		Complete higher education

Sources: International Standard Classification of Education ISCED 2011 : UNESCO Institute for Statistics, 2012. Available at: <http://uis.unesco.org/sites/default/files/documents/international-standard-classification-of-education-isced-2011-en.pdf>
Education in Ukraine // Ukraine Channel. Available at: <http://www.ukraine.com/education/>

In Ukraine, data on unemployment risks with regard to educational attainment are open to the public only for the age groups of 15–24 and 15–64. Among 15 to 24 year olds, men with ISCED levels 0–2 in 2014 and 5–8 in 2015 had the highest likelihood of being out of work: 25.2% and 24.6% respectively.

As we can notice in Table 5, Polish women (especially those between the ages of 15 and 24 years) had the highest likelihood of being unemployed in 2011–2013. However, the situation changed during the next two years: in 2015, unemployment risks among women in Poland were lower than in the EU 28 and Ukraine, except for the age group of 15–24 whose probability of being out of a job was a bit higher (20.9%) than that of the EU (19.5%).

For Ukraine, the picture was quite different. In the first three years, Ukrainian women were not as much at risk of becoming unemployed as in the EU 28 and Poland. In 2014, women belonging to the age group of 15–24 were more at risk of becoming unemployed in Ukraine (22.4%) than in the EU (21.4%), but less than in Poland (25.5%). In 2015, 15- to 24-year-old women had a higher probability of becoming unemployed in Ukraine (21.9%) than in the EU 28 and Poland; in 2015, Ukrainian women aged 25–29 years had a higher likelihood of being out of a job (10.8%) than their Polish (9.8%) but lower than their EU 28 counterparts (12.3%). As for 50 to 59 year olds, they had a low probability of being unemployed during the entire period under study (2011–2015) in Ukraine compared to the EU 28 and Poland.

Taking a closer look at the unemployment figures for all age groups, we can see that younger respondents (15 to 24 year olds) are most likely to be out of work, regardless of where they live and when they were surveyed. So, finding a job after school, college or university is fairly tough.

Table 5

**Unemployment risks among the age groups of 15–24,
25–29 and 25–59 years old in the EU 28, Poland and Ukraine**

Country	Age group	Sex	2011	2012	2013	2014	2015
EU 28	15–24	Female	21.0	22.4	22.9	21.4	19.5
		Male	22.3	23.9	24.3	22.8	21.0
	25–29	Female	12.8	13.9	14.5	13.7	12.3
		Male	12.6	13.9	14.6	13.6	12.5
	25–59	Female	8.7	9.5	9.9	9.5	8.8
		Male	8.3	9.1	9.6	9.0	8.3
Poland	15–24	Female	28.8	30.0	30.1	25.5	20.9
		Male	23.6	24.1	25.4	22.7	20.7
	25–29	Female	13.7	15.4	15.6	12.8	9.8
		Male	10.7	11.3	11.9	11.0	10.2
	25–59	Female	8.9	9.5	9.8	8.5	6.9
		Male	7.5	8.0	8.2	7.2	6.2
Ukraine	15–24	Female	18.7	16.1	16.3	22.4	21.9
		Male	18.6	18.1	18.2	23.7	22.7
	25–29	Female	8.2	8.0	7.4	9.7	10.8
		Male	9.9	10.6	9.6	12.2	11.4
	25–59	Female	5.8	5.8	5.6	6.4	7.2
		Male	7.7	7.6	7.1	9.6	9.1

Sources: the data of ILO, Eurostat, LFS Ukraine.

An individual's educational attainment is usually positively correlated to their chances to get a job: more educated job seekers are expected to succeed at a job interview. This is true for the EU 28 and Poland, but not for Ukraine, where 15 to 24 year olds with lower educational attainment (ISCED levels 0–2) have lower odds of getting hired than their more educated counterparts. Surprisingly, young people who have attained higher education (ISCED 5–8) are least likely to be employed (see Figure 1).

This graph also highlights unemployment risks among young men and women with different educational attainments in the countries under study. In Ukraine, males aged 15–24 years have fewer chances of getting hired than their female counterparts, irrespective of their educational level; the same goes for the EU 28 (except for those with ISCED levels 0–2, where men and women have almost equal probability of being out of a job). In Poland, by contrast, 15- to 24-year old females (apart from those with ISCED levels 5–8) are more at risk of becoming unemployed than their male counterparts. Moreover, Polish young men and women with ISCED levels 0–2 have the highest likelihood of being unemployed (among all countries under study)¹.

¹ Only 2015 data are presented here.

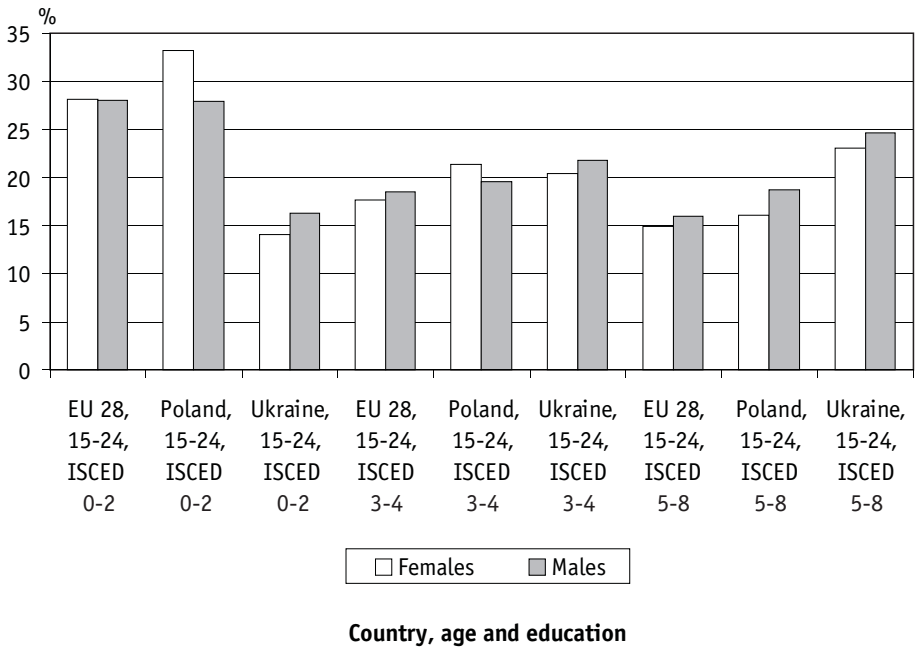


Fig. 1. Unemployment risks among 15- to 24-year old men and women depending on their educational levels in the EU 28, Poland and Ukraine.

Similarly, in the EU 28, young people aged 15–24 and 25–29 years with ISCED levels 0–2 have the lowest probability of being employed; this particularly applies to women (see Fig. 2). Thus, lack of education and skills dramatically lowers a person’s chances to find a job (at best, they will end up doing casual work) and deprives them of any reliable sources of income. Less educated people not only have limited access to the labour market [Kirnos, 2011], they are also more exposed to the risk of poverty and social exclusion. Poverty, in turn, entails lack of opportunity [Sen, 2009].

Table 6 gives a general picture of unemployment risks among men and women from different age groups in the countries under study. Since we have already analysed unemployment figures for younger groups, it would be advisable to consider older adults. We can see that, over the period 2011–2015, the likelihood of being out of work among 50 to 59 and 55 to 64 year olds slightly increased in the EU 28, but decreased in Poland. In Ukraine, both men and women aged between 50 and 59 were less at risk of being out of a job in 2011 than in 2015 – due to the unfavourable socio-economic situation. Even so, women had more chances of being employed than men. This can be explained by two reasons. First, in Ukraine women outnumber men: according to the 2001 census, the sex ratio for Ukraine’s population was 862 males per 1,000 females. Sex imbalance is particularly noticeable in older age groups because of high mortality among working-age men in this country. Second, around one-third of Ukraine’s rural population are self-employed; most of them (women in particular) are involved in subsistence farming where they can always be “in work”, even if they are not paid for their labour.

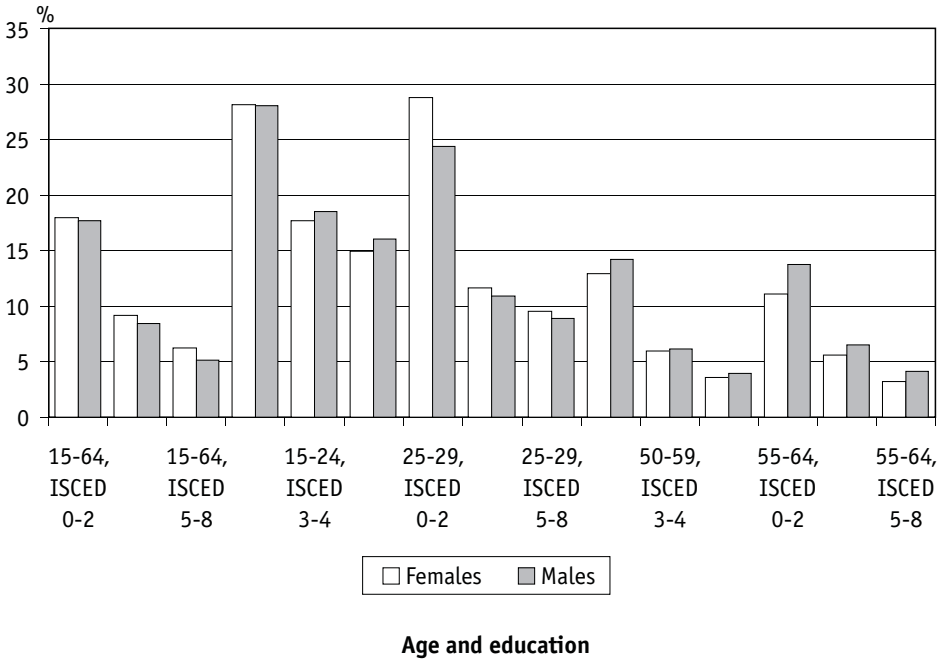


Fig. 2. Unemployment risks by educational attainment level, sex and age in the EU 28, 2015, %

Table 6

Unemployment risks among males and females from different age groups in the EU 28, Poland and Ukraine

Age group	2011		2012		2013		2014		2015	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
EU 28										
15-64	9.8	9.7	10.6	10.6	11.0	11.0	10.5	10.3	9.6	9.5
15-24	21.0	22.3	22.4	23.9	22.9	24.3	21.4	22.8	19.5	21.0
25-29	12.8	12.6	13.9	13.9	14.5	14.6	13.7	13.6	12.3	12.5
50-59	6.7	7.3	7.1	7.9	7.5	8.3	7.3	7.9	6.8	7.5
55-64	6.1	7.3	6.6	7.8	6.9	8.3	6.7	7.9	6.3	7.5
Poland										
15-64	10.5	9.1	11.0	9.5	11.2	9.8	9.7	8.6	7.8	7.4
15-24	28.8	23.6	30.0	24.1	30.1	25.4	25.5	22.7	20.9	20.7
25-29	13.7	10.7	15.4	11.3	15.6	11.9	12.8	11.0	9.8	10.2
50-59	7.6	7.7	7.8	8.0	7.9	8.0	7.1	7.3	5.9	6.0
55-64	6.2	7.4	6.6	8.0	6.9	8.3	6.4	7.1	4.8	5.9

End of Table 6

Age group	2011		2012		2013		2014		2015	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
Ukraine										
15–64	7.0	8.9	6.6	8.6	6.3	8.2	7.6	10.9	8.2	10.2
15–24	18.7	18.6	16.1	18.1	16.3	18.2	22.4	23.7	21.9	22.7
25–29	8.2	9.9	8.0	10.6	7.4	9.6	9.7	12.2	10.8	11.4
50–59	4.2	6.0	4.1	6.5	4.4	5.7	4.4	7.6	4.6	7.9

Sources: the data of ILO, Eurostat, LFS Ukraine.

The bottom line is that labour market risks are unevenly distributed among different social, age and sex groups. Much of the burden of unemployment falls on new entrants, low-skilled workers and young women. As a rule, people face the risk of being out of work (hence, living without a steady income) more than once during their lifetimes. In traditional societies, family is supposed to alleviate this type of risk as there is no clear separation between work and family domains. In modern societies, social security mechanisms can somehow reduce the impact of unemployment and economic hardships. However, post-industrial labour market is generating new risks [Bonoli, 2005] that are not very likely to be dampened by government policies or family.

One of the purposes of *risk analysis* is to identify the most appropriate mix of risk management strategies (prevention, mitigation, coping, etc.) and arrangements (informal, market-based, publicly provided or mandated). Some of them are presented in Table 7.

The following things should be considered while choosing the most suitable strategy: what type of risk is going to be addressed, who are the target groups (those whose current situation poses a problem to be dealt with; e. g., formal/informal sector workers, people living in persistent poverty, etc.), what tools will be needed to handle the risk and how efficient they are, what social actors (families, communities, governmental agencies, non-governmental organisations, market institutions, etc.) are expected to be involved. A good risk management strategy is typically multi-sectoral and not confined to social protection.

In the case of Ukraine, for example, tackling youth unemployment requires improving quality of education, particularly of vocational training — in order to provide graduates with the knowledge and skills needed in the labour market. Person-centred recruitment, employer engagement (aimed at enhancing the employability of students) and community engagement are seen as effective solutions to this problem; they are also in line with the European employment strategy. In the context of community engagement, special attention should be paid to trade unions (as a civil society organisation) that are supposed to help insufficiently competitive job seekers start or go back to work. Improving transport and communications is also high on the agenda as it ensures better access to the labour market.

Table 7

Examples of strategies and arrangements for social risk management

<i>Arrangements/ strategies</i>	<i>Informal</i>	<i>Market-based</i>	<i>Public</i>
<i>Risk reduction</i>			
	Less risky production Migration Proper feeding and weaning practices Engaging in hygiene and other disease-preventing activities	In-service training Financial literacy Company-based and market-driven labour standards	Labour standards Pre-service training Labour market policies Child labour reduction interventions Disability policies Good macroeconomic policies AIDS and other disease prevention
<i>Risk mitigation</i>			
Portfolio	Multiple jobs Investment in human and physical assets Investment in social capital (rituals, reciprocal gift giving)	Investment in multiple financial assets Microfinance	Multi-pillar pension systems Asset transfers Protection of property rights (especially for women) Support for extending financial markets to the poor
Insurance	Marriage/family Community arrangements Share tenancy Tied labour	Old-age annuities Disability, accident and other personal insurance Crop, fire and other damage insurance	Mandated/provided insurance for unemployment, old age, disability, survivorship, sickness, etc.
<i>Risk coping</i>			
	Selling real assets Borrowing from neighbours Intra-community transfers/charity Sending children to work Dis-saving in human capital	Selling financial assets Borrowing from banks	Transfers/social assistance Subsidies Public works

Source: [Holzmann, 2001: p. 9].

Another way of increasing employment, especially in emerging economies (Ukraine also belongs to them), is creating jobs through participation in global supply chains (GSCs). GSCs jobs are suitable for low-educated women, youth

and migrants [World Employment and Social Outlook, 2015: p. 145], i. e. those who have difficulty finding regular employment. Nevertheless, global economic integration has a number of drawbacks: it has caused many countries and sectors to face major challenges of income inequality, continuing high levels of unemployment and poverty, vulnerability of economies to external shocks, and the growth of both unprotected work and the informal economy [ILO Declaration, 2008: p. 5]. Global changes have led to the rise of unemployment in advanced economies since manufacturing had shifted to emerging economies [Spence, 2011; Park et al., 2013].

One more major challenge to both Ukraine and the EU is population ageing. This means that ever more people will be in need of care and support. Responding to this challenge implies the development and provision of a broad range of services for older adults, as well as the rise of social entrepreneurship, “non-profit community” [Rifkin, 2014], which would generate additional employment opportunities.

Ukraine, being on the road to the EU membership, ought to address all of these pressing issues in the context of bringing national legislation and policies into compliance with the EU law.

The EU member states’ policies in the fields of social inclusion and employment are supported and complemented by the European Commission [Employment, Social Affairs and Inclusion, s.a.]. Smart, sustainable and inclusive growth¹ are the three key priorities defined by the “Europe 2020 Strategy”, adopted by the European Council on 17 June 2010. The Strategy encompasses five principal areas: a) employment; b) research and development (R&D); c) climate change and energy; d) education; e) poverty and social exclusion. Each of the EU member states has adopted its own national targets in each of these areas.

The “Europe 2020” aims to lift at least 20 million people out of poverty and social exclusion and to increase employment of the population aged 20–64 to 75%. The “Platform against Poverty and Social Exclusion” and the “Agenda for New Skills and Jobs” are some of the flagship initiatives within the framework of the “Europe 2020”, which should be able to support efforts to achieve these aims. The Strategy involves reducing the early school leaving rates in the EU to below 10% and increasing completion of tertiary or equivalent education to at least 40% by 2020.

Proposals for better job matching and more effective ways to analyse and predict which skills will be needed in tomorrow’s labour market are presented in the policy document “New Skills for New Jobs”. This set of measures launched in December 2008 should not only help to bridge the gap between education and employment but also facilitate the reintegration into the labour market of workers who have been made redundant — by organising retraining and skills upgrading programmes.

¹ Smart growth is defined as “developing an economy based on knowledge and innovation”; sustainable growth means “promoting a more resource-efficient, greener and more competitive economy; inclusive growth implies “fostering a high-employment economy delivering social and territorial cohesion” [Europe, 2010: p. 10].

In addition, the “New Skills for New Jobs” initiative stresses the need for modernisation of labour markets through flexicurity policies [New Skills for New Jobs, 2008: p. 15]. Here, flexicurity is to be understood as an integrated strategy for enhancing, at the same time, flexibility and security in the labour market. It attempts to reconcile employers' need for a flexible workforce with workers' need for security — confidence that they will not face long periods of unemployment.

Another effective tool for dealing with youth unemployment is the “Youth Employment Package” adopted on 5 December 2012. The Package includes a “Recommendation to Member States on Introducing the Youth Guarantee” to ensure that all young people up to age 25 receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. The proposed recommendation urges the EU member states to establish strong partnerships with stakeholders, ensure early intervention by employment services and other partners supporting young people, take supportive measures to enable labour integration, make full use of the European Social Fund and other structural funds to that end, assess and continuously improve the “Youth Guarantee” schemes and implement these schemes rapidly. To facilitate school-to-work-transitions, the Package also launched a consultation of European social partners on a “Quality Framework for Traineeships” (April 2012) so as to enable young people to acquire high-quality work experience under safe conditions. Furthermore, it announced a “European Alliance for Apprenticeships” (July 2013) to improve the quality and supply of apprenticeships available by spreading successful apprenticeship schemes across the EU member states and outlined ways to surmount obstacles to mobility for young people.

All things considered, further research will focus on the adaptation of national legislation and policy on employment to the EU law and, in particular, on the contribution that these measures can make to lowering unemployment risks among insufficiently competitive population groups in the labour market.

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