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Employment and Job Placement of Youth on the Labor Market in Ukraine

Abstract

The article is devoted to analysis the features of the modern youth labor market in Ukraine and to determine the factors that influence on it. In the paper the requirement of regulation of youth employment in the labor market of Ukraine is substantiated. It defined as a targeted influence on the behavior of the youth segment of the labor market in order to ensure the highest possible level of youth employment that will improve the quality of life and create the basis for sustainable economic development. The main problems of employment and social protection of youth in Ukraine were studied. The necessity of improving monitoring and forecasting of the youth labor market were grounded. The proposals to improve the competitiveness of young people in the labor market and encouraging employers to create new jobs are provided. The main directions of overcoming the imbalance of the youth labor market measures of state regulation were determined. The main priorities of regulation of youth employment in the labor market of Ukraine are: increasing of the competitiveness of young people on the labor market; development of competences for job placement; expansion of flexible forms of employment; stimulation of self-employment; balancing of labor markets and education services; improvement of information support of employment.

Key words: youth job placement; employment; youth labor market; labor market imbalance; vocational guidance; regulation of youth employment.

INTRODUCTION

Youth creates a special range of labor market, which is significantly different from the other components. On the one hand, young people have high mobility, they are open, ready for change and job search, on the other – they have lack of the relevant experience to be competitive in the labor market.

The imperfect legislative framework, deficiency of a clear state employment strategy of young people, the mismatch of educational services for training personnel to the real needs of the economy, and weak mechanisms for stimulating employers to employ young people make youth unemployment one of the most urgent socio-economic problems of modern Ukraine.

In the context of the socio-political crisis in Ukraine youth problems in social and labor sphere acquire certain specific features, observed serious and long lasting effects, and therefore, require in-depth analysis and regulation, develop a realistic, balanced, prudent policy towards youth employment.

ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

The problems of youth job placement and providing of youth effective employment are studied by Ukrainian and foreign researchers. Among Ukrainian scientists these issues covered in the works of D. Bohynya [1], O. Grishnova [2], E. Libanova [3], L. Lisogor [1, 3], V. Novikov [4], V. Onikiyenko [5], I. Petrova [6], B. Zaiats [7] and others. The different aspects of the formation and development of the youth labor market presented in the works of foreign scholars as R. Jackman, Layard R., K. McCann, D. Mortensen, T. Parsons, T. Rozzak, L. Rozenmayer, G. Stanley, H. Holzer and others.

Although a sufficient number of scientific researches on the state regulation of youth labor market in modern literature, not enough attention is paid to the complexity and practical orientation of measures elimination the imbalance between supply and demand of labor in the youth labor market, and formation of state order to educational institutions the required number of certain specialties professionals.

THE PURPOSE

The purpose of the article is to substantiate the need of coordination the market mechanism and the mechanism of state regulation of youth labor market, evaluation the impact of government influence on the level of youth employment and to develop the practical recommendations to overcome the imbalance in the youth labor market.

THE MAIN MATERIAL

Young, acting as the innovation potential of society, is one of the most vulnerable groups on the labor market because of their age, socio-psychological and profes-

sional features. They have the necessary potential to improve significantly the economic and social situation in society and revive the national and mental heritage of the Ukrainian people.

The problem of youth unemployment is a natural, albeit extremely negative phenomenon. On the one hand, young age contributes to high mobility in search of work, and on the other, young people lack employment and life experience. Quite common is the view that the problem of youth unemployment is a natural rather than a crisis, particularly in Ukraine, and the final overcoming youth unemployment objectively – is impossible. But the form and methods to solve this problem and its effectiveness depends primarily on specialized government agencies, as any State should care of youth.

In countries with developed the youth unemployment has excessive spreading. More than 1.2 billion people in the world are youth aged 15 to 24 years. According to the World Economic Forum 357 million of them have never studied and have never worked and this figure keeps growing [8].

British “The Guardian” published the data to assess the loss of the European economy on youth unemployment. This figure reached 153 billion euros per year. This situation leads to economic losses. These are social benefits and lost profits. Every week, these losses exceed 3 billion euros. [9]

Recently, the situation of youth employment in Ukraine is worsening. Due to the high social tension in the country for the period 2008-2016 years, gradually gaining strength negative trends in the youth labor market, because in this period there is a decline in economic activity and employment, and rising youth unemployment in all age groups (see Table 1).

According to the State Statistics Service of Ukraine in 2016, the employment rate among persons 25-29 years and 30-34 years was higher than the national average and amounted to 69.0% and 74.7% respectively. During the period of 2008-2016 years, the youth employment tended to decline in all age groups: 15-24 years – by 10.3%, 25-29 years – by 7.4%, 30-34 years – 5.6%. The lowest employment rate among people aged 15-24 is due to the fact that young people in this age enrolled and has a sustainable competitive advantage on the labor market.

In general, the market for youth work can be divided into two categories: a youth that never learns and tries to find a job right after school, and youth who gets a job after university. In the context of these two categories another group can be identified: a youth who is trying to combine and education, and work, but the total mass of very little

What are the main difficulties which they face when looking for work? The first group, the applicants without education, mostly arranged for unskilled work, with very low wages and poor prospects for further career growth (depending in particular on the personal qualities). However, this group of applicants has serious competitors: adult unskilled workers and elderly people. Thus employers often do not want to hire young workers because of their incompetence and possible irresponsibility.

Table 1. Changes in the number and proportion of young people in the economically active population of Ukraine

Indicator	2008	2009	2010	2011	2012	2013	2014*	2015*	2016*	2016 to 2008, +/-	2016 to 2015, +/-
The economically active population aged 15-70, thsd.	22397,4	22150,3	22051,6	22056,9	22011,5	21980,6	19920,9	18097,7	17955,1	-4442,3	-142,6
Economic activity rate, %	63,3	63,3	63,7	64,3	64,6	65,0	62,4	62,4	62,2	-1,1	-0,2
Employment rate, %	59,3	57,7	58,5	59,2	59,7	60,3	56,6	56,7	56,3	-3,0	-0,4
Unemployment rate, %	6,4	8,8	8,1	7,9	7,5	7,2	9,3	9,1	9,3	+2,9	+0,2
including age groups of young people											
Youth aged 15-24 years, thsd.	3147,2	2864,6	2648,7	2605,4	2412,9	2216,8	1952,1	1615,7	1484,3	-1662,9	-131,4
Economic activity rate, %	43,0	41,9	40,5	41,7	40,7	39,3	38,4	36,3	35,1	-7,9	-1,2
Employment rate, %	37,3	34,5	33,5	33,9	33,7	32,5	29,5	28,2	27,0	-10,3	-1,2
Unemployment rate, %	13,3	17,8	17,4	18,6	17,3	17,4	23,1	22,4	23,0	+9,7	+0,6
Youth aged 25-29 years, thsd.	2887,0	2921,1	2973,7	3001,9	3137,4	3124,7	2882,6	2563,8	2433,5	-453,5	-130,3
Economic activity rate, %	82,2	80,6	79,9	79,7	81,5	80,8	80,5	80,8	79,0	-3,2	-1,8
Employment rate, %	76,4	72,2	72,0	72,4	73,8	73,8	71,6	71,8	69,0	-7,4	-2,8
Unemployment rate, %	7,0	10,4	9,9	9,2	9,5	8,7	11,1	11,2	11,7	+4,7	+0,5
Youth aged 30-34 years, thsd.	2787,2	2798,6	2801,3	2818,6	2836,9	2917,4	2819,9	2609,6	2633,1	-154,1	+23,5
Economic activity rate, %	85,0	83,6	83,4	83,0	83,3	83,9	82,6	82,3	82,0	-3,0	-0,3
Employment rate, %	80,3	76,5	76,8	76,9	77,5	78,4	74,9	74,3	74,7	-5,6	+0,4
Unemployment rate, %	5,4	8,5	7,9	7,4	7,0	6,6	9,3	9,7	8,9	+3,5	-0,8

* excluding the temporarily occupied territory of Crimea, m. Sevastopol and area of ATO

Source: Economically active population Ukraine: Statistical Yearbook / State Statistics Service of Ukraine. – Access mode: <http://ukrstat.gov.ua>

The second group of young applicants is graduates of universities and colleges. Since independence, Ukraine radically changed the environment in which educational system functioning, but the system itself is basically remained unchanged, including educational administration and educational content. During this period, the country made some adjustments to the education system, however, the main institutions, including defining professional standards, evaluating the quality of education, development and distribution of state order saved. Moreover, the content of education has ceased to meet the demands of a competitive market. Under current conditions, the lack of ties between educational institutions and institutions of the labor market creates a situation where less than 40 percent of graduates find work in that area of expertise, for which they trained [10].

In Ukraine there is imperfect system of training young professionals that is not adapted to the current conditions of the economy. After graduation the youth have a problem to find skilled jobs with decent wages and the prospect of their careers. However, the requirements of the employer to his future employee include not only professional education, but also work experience, which graduates do not have. So, many graduates are facing serious difficulties in finding a job by the specialty and eventually begin to look for any job. Thus, the Ukrainian schools annually produce more than 500 thousand of young professionals, most of which do not find work by specialty or cannot meet their demands on wages [11].

In general, higher and vocational and technical educations are factors that increase the chances of successful employment, although it does not guarantee it. Thus, in 2016 among people aged 15-70 with higher education the percentage of employees was significantly higher than in other education groups (70.8% vs. 56.3% of the population) and the unemployment rate – the lowest (8.0 % vs. 9.3%). Among the population with vocational and technical education the employment rate slightly lower (62.9%).

The demand for labor is relatively low in recent years and constantly decreasing. Thus, the number of vacant positions for employers at the end of 2016 was 36.0 thousand, which is by 39.0% higher than at the end of 2015. Increasing the demand for employees observed almost in all economic activity of the country (excluding public administration and agriculture). However, the situation with the employment of recent graduates is ambiguous. However, the situation of employment of recent graduates is unclear. Ukraine official statistics does not give a clear data of the share of graduates who cannot find work after graduating higher or vocational school.

According to employers opinion, the main causes of youth unemployment is the mismatch of amount and directions of vocational training to needs of the economy and the labor market, insufficient quality of training, poor working conditions offered by employers to young people in specific jobs. In particular, the imperfect functioning of the professional training of workers caused by lack of proper funding mechanism and formation of state order for training, qualification system of independent certification of graduates. Among other reasons are the lack of stable relationships between schools, employers and local authorities; lack of motivation for young people to master working professions; low professional adaptation of young workers in the workplace.

Despite the large number of young people who annually graduate of educational institutions in Ukraine, the situation in the labor market remains unbalanced. Due to the low prestige of vocational and technical education, the number of students attending vocational and technical institutions decreases every year (except 2013). This situation leads to structural imbalances in the Ukrainian labor market, where the ratio of people with a university degree and a diploma of professional education are about 70:30, while a similar ratio in the EU not to exceed 40:60 or even lower.

The opinion of graduates and employers on the main reasons why graduates without experience is difficult to find their first job differ significantly (see Fig. 1). The vast majority of graduates (70%) believe that employers refuse graduates through their lack of experience by the specialty. Instead, most employers note that barriers to hiring recent graduates often become low level of practical training (59%) and excessive demands on wages and inadequate career expectations of graduates (40%) and only then – experience (37%). Also, employers often complain about the low level of theoretical preparation of graduates' local schools (this is a barrier to hiring young professionals according to 36% of interviewed employers) and lack of skills essential for work (32%). Just over a tenth of employers (11-16%) indicated that an obstacle to employment of recent graduates are organizational difficulties during the adaptation of young specialists and the necessity of additional time and financial costs for training and adaptation of specialists without experience.

Figure 1. Barriers for youth employment.



Source: Barometer labor market – 2014. Retrieved from: www.hh.ua/article/15894 [in Ukrainian]

The problems of youth in the labor market caused by certain features of social status and employment behavior, namely the relatively high level of education; the presence of occupation or qualification; low adaptability and vulnerability on the

surrounding economic and social environment; increased requirements for employment (prestige, income), content, character and work conditions.

The main problem of employment of young graduates is finding work in the specialty. However, many companies hired the most successful graduates of higher education institutions and assess the level of knowledge acquired young professionals. Some employers see the advantage of hiring young specialists in financial savings on payment of workers.

The labor market of Ukraine has long been a problem of disparity of knowledge and skills obtained by graduates and employers demand. The main characteristics of the modern graduate student are ambition, initiative, activity, purposefulness and uncertainty. Thus, as defined in the study "Graduates of the Ukrainian universities by eyes of employers" there is serious obstacle in the absence (or lack of ability) of skills such as "communication skills, ability to present, negotiate, emotional control". Many employers are looking for young professionals with good solid theoretical knowledge, believing that experience better to get at the company, where a young specialist will work. Therefore, there is a problem increasing the efficacy of career development of graduates. Nevertheless, quite a significant problem for all graduates, regardless of their theoretical training, enterprises consider isolation of knowledge from practice unprepared to work in real business and a lack of understanding of how the business works. Thus it is necessary to orient the student during study in university according to requirements of the employer.

The third group – is young people who combining learning and work. Here the important aspect should be noted that the low level of scholarship can not a fully supported the young person. However beside there are a number of objective factors facing young people and cause those to search for job.

Consequently, this negative trend leads to decreasing demand for labor, and young people, in turn, loses the ability to have first job according to their in higher education profession. This is ground for the loss of skills because of youth people go to work not on a specialty. Considerable importance in this has the price of labor, set in Ukraine. All the time low wages forcing young professionals, firstly, to seek additional sources of income, and this forms the secondary employment market and increases the supply of labor; secondly, to work as unskilled, but with more or less high earnings.

Thus, the main reasons for the low youth employment in Ukraine are:

- unwillingness of employers to hire inexperienced and unskilled young people. This applies particularly to young women, because there is a high probability that they will leave for child care and sick leave;
- the absence of effective incentives for employers in the employment of young people. In the process of work of an inexperienced young worker there are real risks of damage to the means of production or other financial losses, and their additional training in the absence of an effective system of state compensation causes unnecessary expenses;
- a significant gap between higher education programs and the needs of entrepreneurs. Mismatching the directions of training young specialists to the needs of the economy leads to a professional-qualification imbalance in the

labor market. Outdated educational programs and the material base of educational institutions do not facilitate the training of highly skilled specialists for work on modern equipment for innovative technologies;

- low official salaries for young workers offered in job vacancies, and, accordingly, reluctance of young people to fill them out.

In addition to this, it should be noted that young people do not have adequate experience, and therefore cannot compete on equal terms with experienced specialists in employment or passage competition.

Although the employment experience of young professionals in the United States and Japan shows the following: in Japan after graduation are employed 92% of young professionals, and in the US within a month after graduation – more than 84% of graduates of science and technical profiles and 38% humanities. To reduce the risk of youth unemployment created employment centers that operate at universities in Europe and the USA.

It should be noting that universities in developed countries that cannot guarantee the employment of more than 70% of graduates are deprived of state funding. In Ukraine, a way to solve the problem is also very appropriate. And to finally manifest itself as a country with market economy, today Ukraine faced the task of ensuring the workplace nearly everyone who is committed to this, particular young people.

There are several reasons that affect the labor market, namely:

- the general condition of the economy, where the number of jobs is not growing but rather decreases;
- the high tax burden on businesses and entrepreneurs;
- the absence of distribution system for jobs after graduation or during the study (so-called internships or practice);
- the imperfect development and unprofessional implementation of employment programs, retraining of young workers, at the state, municipal level and so on.

Determining the effectiveness of instruments of state regulation of youth labor market national economy, positive international experience in this field should be taken into account. Thus, in France the government encourages companies that employ young people without qualifications or profession, taking the costs of insurance against unemployment and illness for up to one year. In Spain, employers that hire or train young people pay reduced social security contributions, and the UK, Italy, Sweden, Poland, the government covering the expenses to 80.0% of the company for employment of young people aged 16-18 years with no secondary education. In Poland the graduates who have opened their own business, also exempt from paying some taxes for the year.

In Ukraine, is possible to construct the original model of the interaction of the youth labor market and the education system, taking into account experience of Germany. There young people begin production activities in small businesses as assistant masters. This scheme is very beneficial for the state as a low financial expenditure in terms of practical training. While there are some disadvantages of

the system – a narrow specialization, which creates obstacles for the professional and territorial labor mobility.

Therefore, improvement of youth policy in Ukraine in terms of improving the transition from school to stable work should include increasing the efficiency of institutions from coordinating their efforts with employers to ensure the internships of students and pupils, contracts of employment of graduates in their first job. Important areas of cooperation to ensure employers and educational institutions as defined in the Strategy of the state youth policy should be the formation of a joint educational programs, internships and practical training, involving employers in planning the educational process.

Reducing transaction costs at finding jobs for young people with the level of education can be achieved by improving career counseling, professional counseling and debugging of modern information work with the population. Society should realize not only the strategic nature of the choice of education and getting a decent first job for a full reproduction between generations, but also the fact that it is extremely important to provide training of active and responsible position of a young man, his focus on the growth of competence based on extensive knowledge in the chosen field knowledge, providing opportunities for self-development and flexibility of human labor market.

In order to harmonize qualitative component of the learning process and the requirements of the labor market should:

- finalize and adopt the integrity of the key elements of the national qualifications system;
- create permanent mechanisms to encourage employers to participate in the development of professional standards for all types of professional activity;
- introduce permanent and independent monitoring of the quality of education and employment outcomes for young professionals;
- simplify the mechanism for amendments to educational and training programs, taking into account the current needs of the economy; ensure the modernization mechanism of transition from one level of education to another as part of vocational training;
- improve the system of financing educational institutions mechanisms of formation labor remuneration fund of teachers and educational assets;
- improve the methodology of medium-term forecast demand for specialists and workforce in the labor market for the formation of state order for training.

CONCLUSIONS

Thus, the main priority areas of regulation of youth employment in the labor market Ukraine should be improving the competitiveness of youth in the labor market; development of competences for employment; expansion of flexible forms of employment; stimulating self-employment; balancing the

labor market and educational services, improving information support of employment, the development of collective-contractual regulation methods of youth employment. Practical implementation of the developed conceptual bases of regulation of youth employment in the labor market will increase the level of youth employment and quality of life of representatives of socio-demographic and will help to create the foundation for sustainable economic development.

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