

Current Trends in the Development of the Ukrainian Labour Market

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Abstract

The results of this study substantiate and compare the trends observed in the global labour market and the corresponding trends in the Ukrainian labour market in 2017–2022. With regard to the annual trend specification, this study has established the extent to which the Ukrainian labour market participants focus on the key areas of its development and has identified the problematic aspects that hinder the socio-economic recovery of the country. These findings have important implications for substantiating the course for the strategic development of the Ukrainian labour market, which should form the base for enhancing both life quality for the population and the socio-economic growth of the country.

Keywords

Ukraine, labour market, development trends, directions of strategic development

Introduction

The current stage of the labour market development and the trends observed in its evolution over time are the most prominent indicators that determine the prospects for socio-economic progress in the country. Analysing the development trends achieved by the country's labour market enables us to form professional predictive conclusions concerning the rate and speed of the positive changes going to occur in the most important sphere of the country, namely the socio-economic sphere, in the coming years. Therefore, this opportunity may become especially relevant to those countries whose economies experience a severe crisis. A timely and comprehensive identification of labour market trends will offer adjustments to strategic managerial decisions adopted at the highest level, thus contributing to the recovery of the national economy and achieving the major objective of the state, i.e. a comprehensive and most complete provision for the citizens' needs.

After gaining independence in 1991, Ukraine entered a grave crisis phase, which has been gradually exacerbating until today and which, in socio-economic terms, is manifested through three main crisis parameters (Zakharova 2020; Czapliński 2019; Dluhopolskyi 2019; Pirozhkov 2017):

demographic – annual reduction of the country's population due to falling birth rates and excessive mortality; overall population ageing due to decreasing youth and children share and simultaneous increase in the share of the elderly;

socio-economic – disparate levels of economic development in the country's regions, which causes notable territorial deformation of the labour market; a decreasing number of jobs along with aggravating unemployment; imbalanced occupation supply as a result of a mismatch between

vocational training provided by educational institutions and the demand for occupations in the labour market; high occurrence of informal employment and mismatch by field, accompanied by over-qualification; low labour costs and unsatisfactory working conditions; a growing flow of labour emigrants who, in the first place, include talented young specialists and professions that contribute most to the society's well-being;

socio-political – the events of 2014 initiated population resettlement from the Crimean Autonomous Republic and from the temporarily occupied territories of Donetsk and Luhansk *oblasts*; a significant share of the population remained in the occupied regions and became temporarily unavailable for the official statistics of the overall country's population.

The causes and consequences of the crisis enlisted above have constructed the architecture of the Ukrainian labour market. Its dynamics are reflected in the key indicators, namely the labour force and unemployment rates, as illustrated in Figure 1.

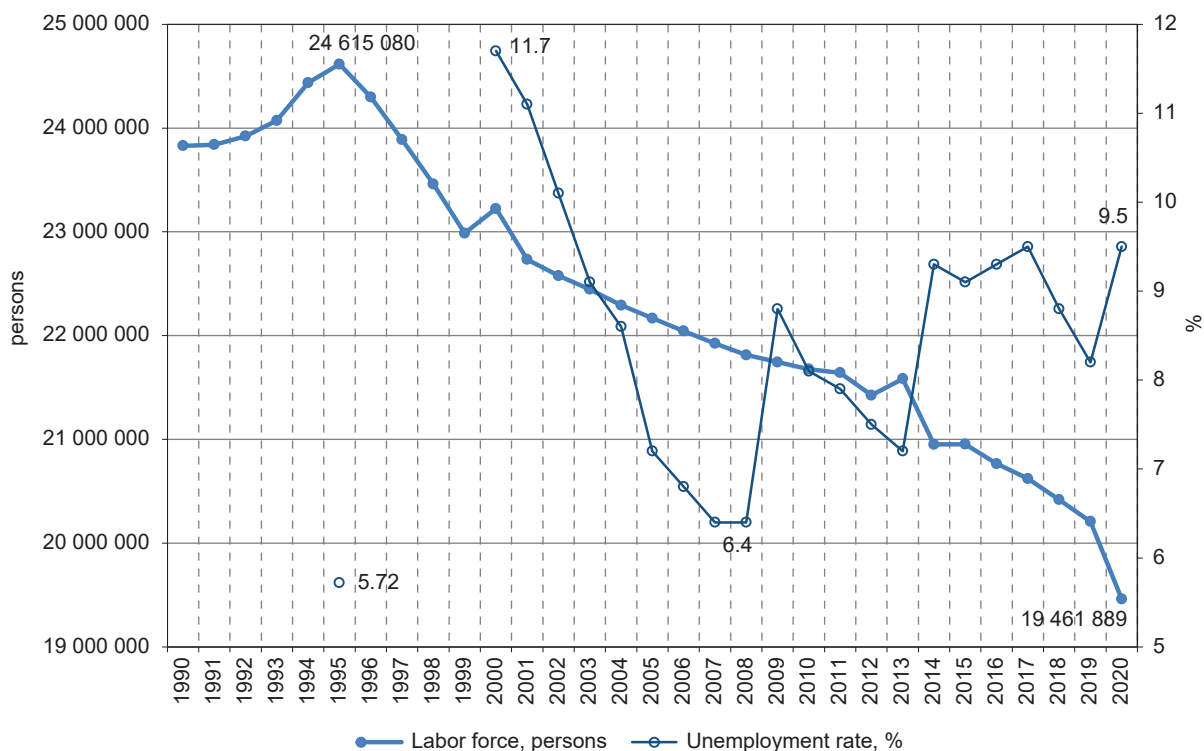


Figure 1. The dynamics of the labour force and unemployment rates in Ukraine in 1990–2020

Source: Labour force, 2021; Unemployed 2021.

As the graph shows, over the past 25 years in Ukraine, except for 2000 and 2013, a significant reduction in the workforce occurred every year, which amounted to 20.9% over the period under study. With other things being equal, such tendencies could have reduced or even prevented unemployment. The reality, unfortunately, demonstrated the opposite trend. Since 1995 – which was the starting point for calculating the unemployment rates for Ukraine according to the International Labour Organization's (ILO) methodology, when the indicator was at its lowest over the entire calculation period and constituted 5.7% – we have observed significant fluctuations in its value with a clear negative impact in times of the external (2008) and internal (2014) crises. Even the periods of relatively stable employment in the country (2007–2008, 2013, 2019) did not bring unemployment to the previous lowest rate, which indicates a deterioration in the real sector of the economy and a simultaneous reduction in jobs, which negatively affects both the life quality and the living standards of Ukrainians.

The ILO's professional conclusions outlined the consequences of the deep socio-economic crisis and a significant deformation of the Ukrainian labour market, the discussion of which initiated the project UKR/17/01/DNK, which the ILO is implementing with financial support from the Danish

government (Hodzic 2017). The implementation period for the project is five years (December 1, 2017 – December 1, 2022), with a budget of 8,664.955 USD. The project seeks to solve three problematic aspects that are hindering the strategic development of the Ukrainian labour market: modernising the Ukrainian state employment service; matching the candidates' skills to the employers' demands in the primary labour market; and devising a social dialogue mechanism to solve the most acute social problems. Although our research is not directly related to the project and presents an independent work, we have found that the positive changes the project aims to achieve underlie further improvements in all components of social and labour relations in Ukraine which we endeavour to substantiate in our study.

In the final year of the project's implementation, an accurate assessment of its efficiency is only possible after an in-depth study of trends manifested in the Ukrainian labour market throughout the project period. The rationale behind the project also explains the relevancy of our research topic both for Ukraine and for the international community, as well as for the ILO experts.

The purpose of this study is to establish the degree to which the development trends in the Ukrainian labour market have progressed based on a comparison with global trends manifested in the labour market over the past five years. We intend to use the obtained conclusions to formulate the strategic directions for the labour market development in Ukraine, which will enhance social and labour relations in the country. The strategic directions we have formulated in this research should prolong and scale the positive trends achieved in the country while implementing the UKR/17/01/DNK project.

1. Information base and research methods

Objective research conclusions should be ensured by a reliable and exhaustive information base, especially while describing macro-level issues. This requirement is a deterrent factor for conducting such research in Ukraine, because official studies of population trends have not been initiated in the country for twenty years. In December 2001, the All-Ukrainian Census was conducted, which is the only census in the entire thirty-years' history of Ukraine's independence (State 2001). Nevertheless, especially given the strong impact of crisis phenomena listed above that are actively spreading over the country together with the evolving migration processes, we cannot rely solely on the data of natural population movement, which is what the official statistics are doing, although it is still possible to count on this data to a certain extent. We should be clear that the realistic data on key indicators for population and labour market statistics in Ukraine can differ significantly and tends to show worse values than the data officially stated on the State Statistics Service of Ukraine's website (State 2021). As for the trends in the social and labour relations observed in various sectors of the economy, these issues have received insufficient attention at the official level throughout Ukraine's independence period. That is why, in order to ensure the reliability of the conclusions, and to set the context for this work, we supplemented the official statistical information with the results and data provided by Deloitte Ukraine, the company that has been present in the Ukrainian market for 26 years and has provided expert services in various fields (Kulyk 2021). The high competence of the company's experts and the reliability of their reports are evidenced by the fact that the company has been included in the annual ranking of the best companies in various categories over the last five years, and in 2017–2018 it was recognised as one of the best audit companies by the Corporate INTL Global Awards Winner (Shamrytska 2021). The conclusions and forecasts made by Deloitte Ukraine on labour market trends were proved by monitor studies by the Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine (Libanova 2021), periodically published as analytical notes by the Institute's experts. In terms of methods used for processing the information base, the authors have applied the systemic approach, methods of logical generalisation, comparative analysis, and cognitive modelling.

2. Theoretical base of the research

In recent years, there has been an increasing amount of literature on global trends in labour markets. Since changes in the field of labour are permanent, they directly influence the level and quality of life for all categories of the population (both able-bodied and disabled), and result, as a rule, in creating improved working conditions and restored social justice. The first serious discussions and analyses on global trends in labour markets emerged about twenty-five years ago when researchers studied the effects of the wage gap and growing unemployment (Gundlach 1997), and assessed the general social, economic, and demographic trends affecting the development of the national labour markets at different periods in different countries (Demekas 1995; Ljungqvist 1998; Lerman 1999; Toossi 2002; Prescott 2004; Schindler 2009).

More recent attention has focused on forecasting trends in the world labour market following the expected labour supply in the global economy (Mykhailyshyn 2020); assessing the condition of national labour markets depending on the country's development and income, opportunities, and access to social security systems; employment security; collective negotiation; and respect for labour rights (Kühn 2019); determining how innovative changes impact labour market and employment (Pasięka 2019); describing the transformational effects that modern life imposes on jobs and the labour market (Shanti 2019); and specifying current problems in the field of social and labour relations in order to obtain instruments to predict upcoming trends in the labour market (Onyusheva 2018).

Because modern living conditions intensify the impact of economic, social, and pandemic consequences on the development of national and global labour markets, there is a need for deeper insight and comparison of labour market trends in Ukraine and around the globe.

3. Sequential comparative analysis of labour market development trends in Ukraine over the period 2017–2022

The last five years serve as the timespan for the research, because 2017 can be considered the starting point when the socio-economic development trends in Ukraine began to stabilise. The above does not necessarily mean that the country's economy started to recover after the socio-political crisis of 2014. Instead, the economy manifested initial signs of the so-called "habituation" to the current situation in the country, which brought forth the first positive signs of growth; during 2017–2019, there was a positive change within the percentage range of 2.5–4.0% of GDP against the previous year in prices of 2016 (State 2021). That is why it might be practical to trace the annual trends manifested in the country's labour market, which should serve as a "litmus test" indicating the overall socio-economic growth of Ukraine's economy. With this aim in mind, in order to obtain reliable conclusions, we will analyse the trends in the Ukrainian labour market through a comparison with the relevant global trends and separately for each year included in the timespan for this research.

In 2017, the world's leading companies focused on three socially-important areas: ensuring that all the age groups are represented in the staff structure with preferences given to candidates aged 25–40 to be selected for vacant management positions and concurrently maintaining employment opportunities for experienced and highly-qualified older employees; complying with the requirements of gender equality as well as providing transparent and equal employment opportunities for representatives of various minority groups and immigrants, with the management's efforts directed at achieving complete integration into the company's internal corporate culture for such individuals; and ensuring information security for the company and every employee (Table 1).

The Ukrainian labour market is retarded in comparison with the global development trends. It was only in 2017 that the labour market took its first steps towards strategic transformations and started integrating the improvements previously implemented in the global expanse of social and labour relations. The crisis consequences manifesting in the country's economy have forced the enterprises' management to reconsider the wages policy towards comprehensive retrenchment. Therefore, primarily intangible methods and incentives are selected as a tool for motivating staff. When a need arises for an employer to recruit any new staff, they often prefer recent graduates or

candidates with little experience, whose “value” in the labour market is low and, therefore, they are able to reduce the enterprise costs to the minimum.

Table 1. Comparative analysis of global and Ukrainian trends in the labour market in 2017

Trend	Global trend	Ukrainian trend
1. Multigenerational workforce	The company's staff embraces several generations. Millennials occupy key positions in the management structure of companies. Retirement is not mandatory and employees continue to work.	The overall trend for reducing labour costs can be observed. Companies save funds by selecting talented young people through the mechanism of short-term internships. Low income prevents retirement-age workers from retiring.
2. Diversity	The digital revolution allows labour to become remote and inclusive.	86% of enterprises do not have a strategy to ensure equal opportunities for men and women, migrants, and resettled population, and do not build an inclusive culture.
3. Digital tech	a company's comprehensive information security	About 50% of the companies store information on paper and in Excel files.
4. The social contract	Employees seek to improve their living standards and are, therefore, in constant search.	The visa-free regime is introduced, which expands the opportunities and thus reinforces labour migration flows.
5. Organisational design	the transition from traditional vertical control systems to flat and democratic models, as well as focus on highly interactive teams	Businesses are limited in their ability to benefit from the new alternative forms of hiring personnel because of their absence in the labour legislation.

Source: Poepsel 2017; Bondarenko 2017.

An exception is the IT sector, where wages tend to rise and are quite high; however, most of the country's professionals work either remotely or as freelancers for companies abroad, which can be indirectly considered a temporary “brain drain” factor.

On January 1, 2017, Ukrainian legislation doubled the minimum wage, which at that time remunerated 120.3 USD. The measure reduced absolute poverty in the country, although the poorest population did not experience sufficiently positive results in their quality of life due to rising consumer prices. Indeed, there was an annual rise in the value of the consumer price index in Ukraine (Consumer Price 2021): over the period from 1993 to 2020, the decrease in consumer price index when compared to the previous year occurred once only, i.e. in 2013, and amounted to as much as 0.3%. In 2017, the growth of the consumer price index over the past ten years hit a record of 14.4%, with the maximum value for this period being 148.7%. The described dynamics led to the commensurate deterioration in the quality and standards of life, which, in its turn, induced people to prolong employment and *the period of work activity* even after reaching the retirement age. Also, this dynamics launched the trend of increasing *informal employment*. Thus, in 2017, 13.9% of the population aged above working age was employed (Population Employment 2017); yet, the rate of informally employed population was 22.9% of the total employed population aged 15–70 (Libanova 2021).

In June 2017, the European Union institutionalised a visa-free regime for Ukraine, which expanded the opportunities for international labour migration of the Ukrainian population, the volume of which tripled compared to the previous year (Population Migration 2021). The main motivation for Ukrainians to search for employment abroad included low wages offered by home employers as well as unsatisfactory working conditions in Ukrainian enterprises.

The majority of *labour transactions* in the country are documented and stored both in paper and in Excel formats, which is due to the following factors: enterprises' owners and managers lacking sufficient funds to convert information flows into a digital format rapidly and completely; difficulties that the personnel faces in mastering new accounting systems and information management; an insufficient supply of specialists in the field of digital technologies; and low trust in modern systems of storing and processing information and knowledge. Consequently, the employers faced serious

issues regarding enterprises' information security as well as difficulties with transitioning to utilising latest digital technologies in the field of HR.

In 2018, the three main global trends in the labour market were as follows: building a highly effective team capable of obtaining a synergistic effect in their activities even under the conditions of limited resources and opportunities; active use of the latest forms of employment, where the employee comes from outside the company staff (freelancing, outsourcing, out-staffing, leasing, etc.) in order to achieve high rates of productivity growth and to boost innovation through using the employee's highly-professional experience accumulated while solving similar tasks for other businesses, and also through new technologies and knowledge that the employee is able to bring to the company; radical updates in the employees' motivation to promote highly-efficient and innovative work through introducing individual, flexible, and comprehensive systems of remuneration and incentives (Table 2).

In 2018, the most prominent characteristic of the Ukrainian labour market was a sharp rise in the growth rate of migration flows, namely by 41.9% compared to the previous year (Population Migration 2021). Moreover, in 2018, interstate migration of the population reached the highest level since 2007. The outflow of specialists employed outside the country led to a notable staff shortage inside the country (including both experienced workers and highly-qualified professionals), which only *pay rise* could subdue. The average annual salary in the country in 2018 compared to 2017 increased by 24.8% in UAH and by 22.0% in USD, amounting to 326 USD. At the same time, there was a significant differentiation in wages by region: while in Kyiv the average wages were at the level of 498 USD, in the Ternopil region the value of this indicator constituted only 270 USD. Subsequently, real wages in Ukraine increased by 12.5% in 2018 when compared to the previous year, when the corresponding growth was 19.1% (Rate of Growth 2021).

Table 2. Comparative analysis of global and Ukrainian trends in the labour market in 2018

Trend	Global trend	Ukrainian trend
1. The symphonic c-suite: Teams leading teams	Building a team organisation. To achieve this, managers must step outside and beyond their role, and function as a single team within a flexible network.	42% of the respondents express the opinion that top managers perform their functions independently and cooperate only when it is necessary to share ideas or solve problems.
2. The workforce ecosystem: Managing beyond the enterprise	Alternative forms of labour are actively employed to achieve higher growth rates and to best meet customer needs.	The company staff mostly consists of full-time employees. However, there are expectations in the labour market that freelancers will be employed in the coming years.
3. New rewards: Personalised, agile, and holistic	Individual, flexible, and complex systems of employee remuneration are implemented, which significantly raises motivation for highly productive work.	48% of the respondents consider the system of remuneration in the enterprise to be typical of this industry.
4. From careers to experiences: New pathways	applying modern digital technologies in order to create and implement an effective system of continuous professional training	Career advancement relies both on organisational goals and the employees' interests.
5. The longevity dividend: Work in an era of 100-year lives	20% of companies employ retirement-age staff, and programmes are implemented to prevent biased attitudes towards older workers.	55% of the respondents think that their employees successfully manage their careers within the existing model of work.

Source: Lahiri 2018; Tutovska 2018.

Ukrainian industrial giants, such as DTEK, Metinvest, ArcelorMittal Kryvyi Rih, or NNEGC "ENERGOATOM" (DTEK 2021; ArcelorMittal 2021; NNEGC "ENERGOATOM" 2021; Metinvest 2021) introduced unique strategies of social responsibility and implemented them for several years. These programmes included the following aspects: saving natural resources; environmental protection and environmental safety; enhancing energy efficiency for production and utility sectors; creating favourable conditions for small and medium-sized businesses; creating new jobs and opportunities for entrepreneurship; improving the quality and accessibility of educational and social services; enhancing leisure, culture, and sports facilities; involving the population into solving problems and building local communities; designing educational programmes for continuous

professional development and retraining for all categories and workers; providing ample opportunities for career growth; supporting former employees, etc.

Personal messengers come to the forefront among the *professional communication tools* and HR management. Therefore, to ensure information security, enterprises started designing up-to-date corporate communication platforms. This strategy does not become widespread, though, and is only implemented in large enterprises, because the majority of economic entities have limited financial capabilities. Medium-sized and small businesses use time-tested tools, namely e-mail and telephone, as the most popular communication channels.

The development of the labour market in 2019 is characterised by three global trends: widespread freelancing in the process of finding and attracting talent into businesses, which demands introducing efficient systems of motivation to achieve highly-productive work, as well as measures to improve the employer's brand for the company; directing efforts towards motivating companies to use artificial intelligence, cognitive technologies, and robotics, which significantly boosts the efficiency of production and economic activities, facilitates human labour, and saves working time for innovative progress and refining working methods and techniques; transforming the nature of leadership with extending responsibility for making managerial decisions under conditions of rapid and permanent change and uncertainty (Table 3).

Table 3. Comparative analysis of global and Ukrainian trends in the labour market in 2019

Trend	Global trend	Ukrainian trend
1. The alternative workforce: It is now mainstream	Freelance as a segment of the workforce has increased in weight and become widespread, especially in the talent markets; tools for accessing talent are being designed.	90% of Ukraine's IT services are outsourced to other countries. Globally, the growth rate of this segment makes Ukraine second only to India.
2. From jobs to superjobs	In business, the use of artificial intelligence, cognitive technology, and robotics is expanding.	rethinking the existing personnel management technology at the enterprise; considering cloud technologies as a foundation for introducing innovative tools
3. Leadership for the 21st century: The intersection of the traditional and the new	Transition to teamwork requires leaders to acquire new competencies that would allow them to deal effectively with a growing uncertainty.	Forms of employment are transforming: flexible schedules, project work, remote work, part-time work for several companies.
4. From employee experience to human experience: Putting meaning back into work	The desire of businesses to improve the "employee experience." The boundaries of experience are expanded by the "human experience".	Increasing attention to building long-term relationships, lifelong learning, and individual approach to each employee will create a positive staff experience.
5. Organisational performance: It is a team sport	The transition from hierarchy to teams is in progress. Many leaders do not yet know how to work in teams and have not yet adopted a team model for interaction.	The open market and migration determine the need to transform the corporate culture.

Source: Schwartz 2019; Pedash 2019; Ross 2019.

In the Ukrainian labour market, 2019 was a turning point when the HR managers' views on the *role of an individual* in achieving competitive advantages for the company in regional and national markets shifted. The companies' managers demonstrated a preference for up-to-date qualities when selecting personnel, which later, while performing further professional activities, enables a transition to flexible and remote forms of work organisation to ensure meeting deadlines when implementing projects and work orders. However, we would also like to point out that in 2019, 26% of enterprises in the country suffered a pre-tax loss and, therefore, could not initiate these processes (The Share of Enterprises 2021).

Amongst all sectors of the economy, significant positive changes and improvements are taking place in the IT services sector, and in all areas of its activity synchronously. The IT sector in Ukraine functions primarily as outsourcing and ranks second in the country after the transport industry in the volume of provided services. Every year, the industry grows by 20–26% and in the dynamics of Ukraine's balance of payments, the export of computer services in 2019 increased by 30.2%

when compared to the previous year, amounting to 4.17 billion USD (Vasyuk 2020). In 2019, there were more than 190,000 specialists in Ukraine, 63% of which were young people aged 21–30 (Zatsarynna 2019). More than 80% of Ukrainian IT professionals hold higher education degrees and are fluent in English, which multiplies their chances of entering the global IT market through outsourcing. The incentive for the IT professionals to enter the world market is a high rate of average wages approximating 2,000 USD, which is unattainably high for the domestic market.

With all this in mind, another factor that we would like to discuss here is *wages*, which is a predominant factor in ensuring appropriate standards and quality of life for the population. In 2019, wages constituted 83% of the structure of enterprise costs (Personnel Costs 2021). Consequently, the trend of rising wages for various staff categories was shaping. Subsequently, the processes of cardinal differentiation by territorial and branch affiliation were shaping. Thus, in December 2019, the average monthly salary in the country reached 475 USD, whereas its highest level was observed in Kyiv (730 USD), while the lowest wages were in the Chernihiv region (343 USD) (Rate of Growth 2021). The difference of more than two times intensified the internal migration flows, especially amongst young people, which affected the labour supply in most regions and caused a shortage of representatives in various professions.

Regarding sectoral wages differentiation, in 2019, the highest average monthly pay was typical of air transport (1056 USD), while its lowest level was observed in healthcare and social security (272 USD) (Rate of Growth 2021). Nonetheless, the wages in the IT industry are quite high, although most of the revenues remain beyond the state statistical accounting.

Global challenges brought about by the events of 2020 transformed all business management systems radically, while HR technology faced the necessity to deal with the changes earlier than other spheres. To ensure at least the minimum allowable level of business stability in the market, the personnel management system of the world's leading companies had to shift rapidly towards more complex and technological solutions, which could optimise personnel management costs and simultaneously increase efficiency and productivity of labour allocation (Table 4).

Table 4. Comparative analysis of global and Ukrainian trends in the labour market in 2020

Trend	Global trend	Ukrainian trend
1. Holistic HR	HR is shifting to a more holistic approach through engaging advanced technologies, adding value to all stakeholders.	The need to focus on the individual has raised the employee's welfare to the level of priority issues and has made the sense of belonging one of the principal areas of working with staff.
2. Less focus on process improvement	Solutions and programmes are still biased towards improving processes. However, they have become more complex and standardised.	Only 4% of the respondents intend to significantly enlarge investment into developing fresh staff's skills over the next three years.
3. Be kind!	HR acquires the role of a custodian and is an important driving force for the value of kindness.	Businesses continue to save on salaries and, therefore, most often rely on intangible motivation.
4. More appreciation of complexity	Understanding what is more advisable – either to retain employees or to find them elsewhere – depends on both work specifics and economic calculations.	Ukrainian managers are less likely – when compared with their colleagues abroad – to take into account the specifics of generations while devising and implementing personnel management programmes.
5. Adaptive systems	Close communication with stakeholders allows communication systems to become more adaptable, direct, and understandable.	35% of the respondents believe that the purpose of their organisation is expanding significantly, embracing all stakeholders and the society as a whole.

Source: Haak 2019; Schwartz 2020.

In 2020, the Ukrainian labour market, similarly to the labour markets in every country of the world, faced the COVID-19 challenge and was forced to adapt to the lockdown requirements, which were introduced in Ukraine for 108 days. This period notably altered the effectiveness of enterprises representing diverse types of economic activity. Hence, significant growth in consumer demand has occurred in the areas of IT services, pharmaceuticals, courier services, gaming services,

logistics, and domestic tourism, which increased the demand for staff, but mostly in working professions. Instead, the hotel and restaurant industry, beauty and sports industry, and small businesses, in general, suffered a sharp decline and loss. To cut down on costs and survive in the market, they were compelled either to downsize or to shut down.

Despite the positive trends observed in several areas of economic activity, the overall development of the economy underwent negative changes due to the lockdown: Ukraine's GDP decreased by 4% when compared to the previous year, with the greatest negative impact observed in temporary accommodation and catering, where the decline was 28.5% (The Change of Gross 2020). Also, the rate of the employed population decreased by 4% per year, and the unemployment rate, by contrast, increased from 8.2% in 2019 to 9.5% in 2020 (see Figure 1) (Unemployed 2021).

Enterprises in various industries, whenever their production technology allowed it, transferred staff to *remote work*, which forced employees to work under non-conventional conditions characterised, with prolonged stress and overload. At the first stage, this condition was associated with overcoming technical and domestic problems that arose during daily working from home.

Under the conditions of a considerable economic downturn and intensifying crisis phenomena, enterprises increasingly used *intangible methods of motivation*.

Remote forms of work contributed to the growth of IT departments in enterprises, which had to ensure a sufficient level of information security and provide staff with knowledge and access to new communication channels.

In 2021, psychological pressure on a person aggravated due to the growing impact of COVID-19, which provoked an exacerbation of negative psychological states such as stress, apathy, fear, and anxiety, which could protract and transmute into depression with a destructive impact on the individual. Consequently, HR managers of the world's leading companies directed sufficient attention to stabilising the psychological health of the staff and investing more funds in this sphere (Table 5).

Table 5. Comparative analysis of global and Ukrainian trends in the labour market in 2021

Trend	Global trend	Ukrainian trend
1. Employee Well-being and Mental Health	The business focuses on the mental health of the staff impacted by uncertainty, anxiety, and depression caused by COVID-19.	Under the conditions of the pandemic and lockdown, businesses have been faced with new challenges: stress, exhaustion and uncertainty, transition from the offline to the online, daily variations in the world, and information congestion.
2. Remote Work & Learning	Almost 50% of employees worked remotely on a permanent basis during the pandemic (before the pandemic, the percentage had constituted 30%).	The transfer of employees to a remote work format was enforced.
3. Diversity, Equity, and Inclusion	finding creative ways to unite remote teams and create an inclusive culture, gender, and racial equality	Some companies implement staff development programmes; however, funding and management support is insufficient.
4. The Great Skill Shift	Technological knowledge, programming, and digital skills are in demand.	The rapid change of technology has led to a focus on developing non-transferable skills and managerial talents.
5. Employee Experience	Employee experience is a priority. Consequently, innovative approaches to training are implemented, aimed at building the staff's individual skills and qualities.	In the labour market, the supply of employment opportunities decreased, while average wages reduced, which led to an increasing rate of the unemployed.

Source: Mackenzie 2020; Konstant 2020.

In 2021, the Ukrainian labour market remained in crisis due to the continuous declining trend in socio-economic development indicators. The crisis was initiated by the increasing incidence of COVID-19 and the higher severity of new cases caused by more aggressive virus strains. Therefore, the spread of progressive tendencies in the social and labour spheres in the country was significantly inhibited. Hence, from January to September 2021, the physical volume of agricultural products sold by enterprises decreased by 13.8% when compared to the corresponding period of 2020; still, there was a rise in consumer prices for goods and services by 9% (Indices of Physical

2021). In addition, in the first quarter of 2021, the unemployment rate of the population aged 15–70 hit the record 10.5% over the entire period of the study (State Statistics 2021). Nonetheless, after a year and a half, the country managed to “adjust” to difficult living conditions and gradually demonstrated the first symptoms of adaptation to the new reality and positive manifestations when compared to the previous year, which showed a significant economic decline. Thus, over the same period, i.e. January–September 2021, when compared to the corresponding period of 2020, the index of industrial production constituted 101.4%, the index of construction products was 101.8%, freight turnover – 101.5%, passenger turnover – 126.6%, and the index of the physical volume of retail trade turnover – 112.2% (State Statistics 2021). In addition, in the second quarter of 2021, the services provided by enterprises in the sphere of consumer services increased by 22.9% compared to the corresponding quarter of 2020, while services provided to the population during this period accelerated from 16.0% to 21, 2% of the total services (State Statistics 2021). The positive changes in Ukraine’s economy were explained by a shorter lockdown duration together with the permission to use offline modes of work.

Despite the positive changes occurring in certain economic activities, the unfavourable economic situation in the country, together with rocketing fuel prices induced by rising world prices for oil, were forcing companies to prolong *optimising expenditure policies*. In this context, the optimisation included the enterprises’ personnel as well in order to only retain those employees who possessed high growth potential and could generate profits. Other functions, if their preservation was necessary, were being outsourced. It should also be noted that total retrenchment strategies manifested in the *reduction of tangible motivation*.

Rising unemployment rates created a subsequent trend of *increasing competition in the labour market*. Thus, the average number of resumes submitted per vacancy increased from two to three times when compared to the previous year. Given the fact that, in the first place, the reduction involved narrow and single-skilled specialists in the areas of HR management, marketing, IT, HoReCa, administrative staff, and sales professionals, the professional level of the unemployed in the country has risen (Salo 2021).

The *overall condition of the labour market* in 2021 is characterised by uncertainty, rapid change, and fluctuation in the employers’ demand for representatives of various professions, even though the overall demand is low.

Both positive and problematic trends specifying several preceding years in the Ukrainian labour market, the whole bulk of the experience accumulated by the participants in social and labour relations, as well as every possible prospect for recovery of the Ukrainian economy through stabilisation in the social sphere became irrelevant on February 24, 2022. Due to the military assault by the Russian Federation, Ukraine, for the first time in the last seventy-seven years, found itself forced to conduct large-scale hostilities to defend its territory, suffering from losses caused by missile strikes and the occupation of critical infrastructure, housing, and production facilities of large industrial enterprises. However, the greatest catastrophe is the loss of human lives, vast numbers of military and civilian deaths, and numerous casualties among children. Loss of human lives will never be compensated, and it causes immense pain to each and every Ukrainian. In addition, the war launched massive population resettlement processes. Thus, following the first hours of military aggression on Ukraine, a forced population relocation commenced from the attacked and bombed territories to the central and western regions of the country. At the same time, in order to ensure safe living conditions, large numbers of women, children, and the elderly left dangerous areas and headed to safer countries all around the globe. People from all regions of Ukraine have joined the territorial defence divisions or are engaged in diverse types of volunteering. The above-mentioned tendencies significantly influenced and radically changed the Ukrainian labour market, which came to a standstill in the first two or three weeks of the war, thus provoking a deep economic crisis in the country. Only after the Verkhovna Rada of Ukraine adopted a number of favourable legislative acts and after the state representatives and regional authorities issued a series of recommendations and incentives, did the businesses gradually relaunch in the regions located in the rear to the front line. In this regard, it should be noted that the functioning of the Ukrainian labour market today is characterised by a set of features that are worth a careful study when adopting multilevel

managerial decisions to stabilise the economic situation in the regions and in the country both during the war and in the post-war period.

First, radical changes have occurred in the qualitative and territorial structure of the business environment. A number of enterprises have been temporarily excluded from the economy, since they have shut down and exited the labour market. These are enterprises located in the combat areas, those damaged by missiles in relatively safe regions, and those under occupation, because their production facilities could not relocate to safer regions due to their technological features. Given that these enterprises are mainly large industrial enterprises of city-forming significance, we can conclude that losing these enterprises has caused irreparable damage to the Ukrainian economy. A significant share of the owners of enterprises that have ceased their activities continues to pay salaries, at least partially, to the staff (provided they have sufficient financial resources), which can be considered a tool for retaining staff and one of the best examples of socially-responsible business behaviour. Subsequently, a certain number of small and medium-sized businesses relocated their activities to safe areas and regions whenever the management was able to accomplish this task. However, only a small number of enterprises managed to relocate their facilities.

Secondly, we can observe a trend of the forced optimisation of enterprises' operational activities. Logistics chains being disrupted, the businesses that operate during the war are experiencing significant problems with raw materials and components supplies, as well as issues with marketing of the finished products, which inevitably affects the final results of their activities. The employers are forced to reduce staff to survive in the market, offer unpaid leaves, or reduce employee compensations, which further impairs the socio-economic standard of living in the country. In addition, under conditions of the war and the acting martial law in Ukraine, the procedures of creating new jobs have been virtually frozen due to high risks associated with overall uncertainty and a high probability of losing the business.

Third, we can distinguish qualitative changes in the workforce. External and internal population resettlement has led to the situation when some of the jobs have become vacant in those enterprises that are still functioning. However, given the trend of optimising operational activities, the employers were forced to close such vacancies. The number of vacancies decreased compared to the corresponding pre-war period, which was accompanied by a significant increase in labour supply to the labour market. That means intense competition for vacancies, increasing unemployment, and the willingness of qualified personnel to perform jobs in other professions with lower qualifications. The war has not brought any significant transformations only to those economic entities, whose technological operation processes can be performed remotely and without losing quality or productivity. In addition, all acting companies, without exception, are interested in retaining as many qualified staff as possible, recognising their social responsibility and providing employment to internally-displaced persons.

Quite contrary to the transformations that have occurred in the Ukrainian labour market during the war, we would like to highlight several more features related to high morale of the nation, unprecedented unity among Ukrainians, and qualities such as empathy, optimism, willingness to help, and openness, which are becoming more and more prominent. This unity, supported by the assistance from the friendly countries, enables Ukrainians to believe in the imminent victory of Ukraine over the aggressor. Therefore, at present, it is necessary to anticipate the measures that will quickly stabilise and enhance the country's labour market in the post-war period.

4. An optimistic view into the future

The grave socio-economic crisis in which Ukraine has been since gaining independence in 1991 has been demonstrating a trend to aggravate every year due to additional negative factors, such as the military conflict, global financial crises, the instability of the national currency, limited strategic resources, political instability, and the pandemic. All of the above impacts negatively the functioning of the domestic labour market, significantly limiting opportunities for its long-term growth, which otherwise could consequently improve the standard and quality of life for Ukrainians. The approaches to managing the financial capabilities of business entities and human capital that are being implemented in Ukraine at the moment are not able to provide instruments to overcome this

gap in a short-term perspective. Taking into account the leading experience of highly-developed countries, which demonstrates efficiency and positive impact of advanced HR technologies on all areas of business, we would like to point out that gradual introduction into practice of up-to-date personnel management approaches by Ukrainian enterprises is able to result in a general improvement of the business environment in the country's regions. It is, therefore, necessary to specify the strategic course for Ukrainian social and labour relations, focusing on those which will provide an impetus for stabilising the situation in the labour market.

A detailed study of global trends in the labour market over the past five years has allowed us to formulate the main strategic directions for the labour market in Ukraine, which we have summarised in Figure 2. Below we identify the below development vectors, assuming that the Ukrainian government will realise the goals announced in the project UKR/17/01/DNK at least at the minimal level by the end of 2022.

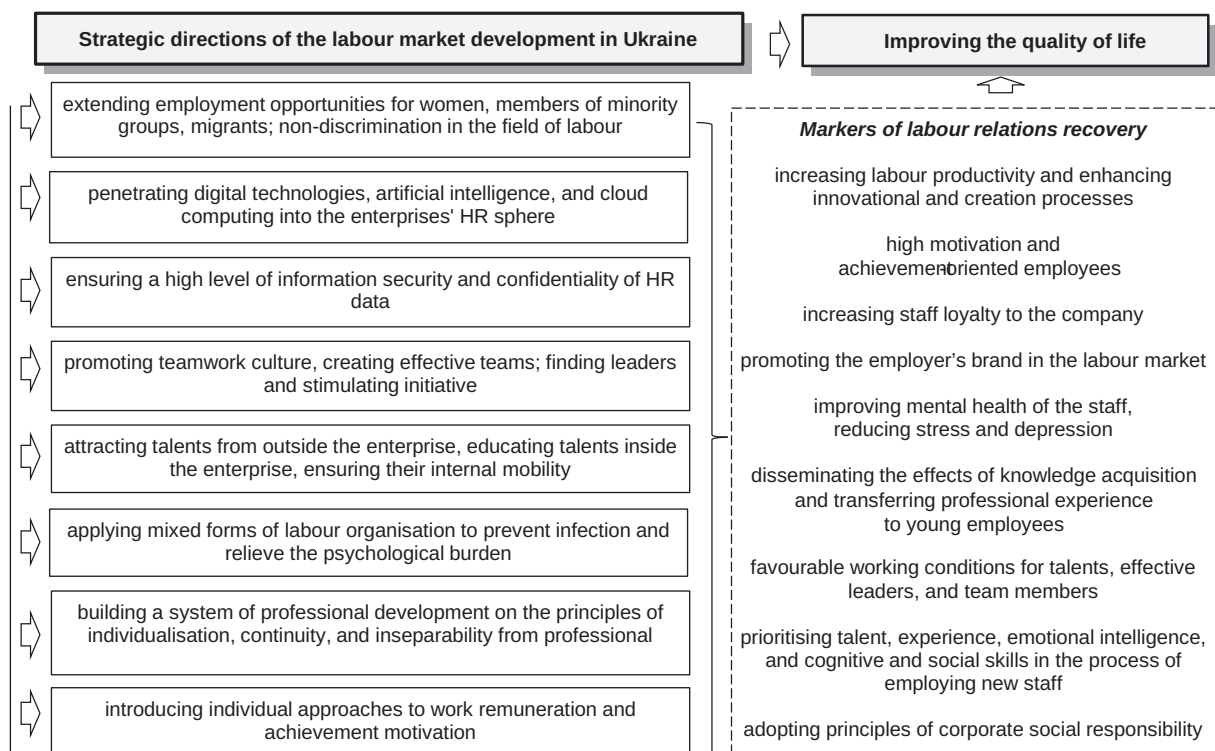


Figure 2. Strategic directions of the labour market development in Ukraine

Source: Own elaboration.

The focus on the above-mentioned areas while building own personnel policies and development strategies will structure approaches to personnel management in Ukrainian enterprises and achieve the expected markers of production recovery and economic activity, as well as improve competitiveness in the market. On this basis, it will become possible to form a trend of curtailing the migration flow outside the country, especially to prevent the highly professional staff and promising young employees from migrating, which is a necessary condition to saturate Ukrainian enterprises with talents that can upgrade their profitability. The replication of positive effects from implementing the strategies described in Figure 2 in the social and labour spheres will become the first step towards improving the demographic situation in the country and its gradual recovery from the financial and economic crisis. Since the quality and standards of living depend on the factors mentioned above, a reasonable strategic course of labour market development should be adopted as the basic principles for advancing the Ukrainian labour market in the next three years. On the other hand, it will become possible to implement all these strategic directions of labour market development only provided that the hostilities cease completely, martial law now in force is lifted, and those Ukrainians who have left the country in search of security return.

Conclusions and recommendations

The current study has revealed grave issues in the social and labour spheres, which hamper the Ukrainian labour market, preventing it from recovering with the global trends, and hence becoming the main factors entailing the catastrophic trends of population decline and deteriorating the standards and quality of life. Thus, while the world labour market demonstrates annual step-by-step progress towards strategic evolution and acquires new characteristics of advancement and achievement every year, the Ukrainian labour market, due to the lack of sufficient funds from employers, engages certain development tools exclusively as a means of responding to the urgent situation that has evolved in certain aspects of the employer–employee interaction. Naturally, such an approach cannot be considered progressive, nor will it ensure improving labour relations. In order to improve the situation in the country, the economic entities should initiate effective transformations in the social and labour spheres, which will allow the Ukrainian labour market to gradually demonstrate symptoms of recovery. At the same time, a mandatory condition for the social and labour sphere of Ukraine to acquire the first positive signs is achieving the goals announced under the framework of the UKR/17/01/DNK project.

The recommended measures fall into three groups: strategic measures (non-discriminatory access to work; filling key positions in an enterprise with talents, as well as providing talented staff with opportunities for continuous growth and mobility); organisational measures (high level of information security and confidentiality of HR-data; stimulating efficient teamwork and leadership; and introducing combined forms of labour organisation); and innovative measures (introducing the latest technologies in the HR-sphere; and introducing an individual approach to building a system of professional development, remuneration, and motivation). When implemented comprehensively, the above-mentioned measures will contribute to a stabilisation, recovery, and sustainable growth in the efficiency of labour relations in Ukraine. At the same time, when implementing these groups of measures after the guaranteed establishment of peaceful life in Ukraine and the liberation of all territories now occupied by the aggressor country, it will be necessary to consider the peculiarities of the military stage that the Ukrainian labour market has undergone.

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