

The problem of unemployment IN Ukraine and the ways of its solving
ПРОБЛЕМА БЕЗРОБІТТЯ В УКРАЇНІ ТА ШЛЯХИ ЇЇ
ВИРІШЕННЯ

Гавінська Дар'я (м.Харків)

The article is devoted to the problem of unemployment in Ukraine. The definition of unemployment, its reasons and results in Ukraine are reviewed. The ways of the solution of the unemployment problem are highlighted. The effects of unemployment on the labor force are considered. The author draws a conclusion that the problem of employment should be dealt with at the national level by creating and implementing the employment programs.

Keywords: *unemployment , unemployment rate, employment.*

Стаття посвячена проблемі безробіття в Україні. В статті детально розглянуті поняття, причини, наслідки безробіття в Україні і шляхи вирішення цієї проблеми. Розкрито вплив безробіття на трудову силу. Сделан вывод о том, что проблема занятости должна решаться на национальном уровне путем создания и реализации программ в области занятости.

Ключевые слова: *безработица, уровень безработицы, занятость.*

Статтю присвячено проблемі безробіття в Україні. У статті детально розглянуті поняття, причини та наслідки безробіття в Україні та шляхи вирішення цієї проблеми. Розкрито вплив безробіття на трудову силу. Зроблено висновок про те, що проблема зайнятості повинна вирішуватися на національному рівні шляхом створення та реалізації програм в області зайнятості.

Ключові слова: *безробіття, рівень безробіття, зайнятість.*

Analysis of recent researches. The problem of unemployment was considered by W. Arulampalam, M.S. Stewart, S. Dex and A. McCulloch.

It is very important to study the problem of unemployment in Ukraine at the current stage of the development of the country and its transition to the market

economy, because the higher the unemployment rate is, the lower the level of economic and social development is. The problem of unemployment directly affects every working citizen who pays a certain amount of money from their salary to the compulsory state social insurance against unemployment.

The purpose of article is the description of the concept of unemployment and the search for solutions of the problem of unemployment in Ukraine.

Unemployment is an urgent problem for Ukraine. It is highly important that all the necessary measures discussed in this article should be taken as soon as possible.

Unemployment is an economic and social phenomenon, when on the labour market the supply of labour is bigger than the demand for it; thus, there are more applicants for a job than vacancies. In order to study the problem of unemployment, first of all, it is necessary to know the reasons for it. One of the main reasons for unemployment in Ukraine is the decline in domestic production and, as a result, the reduction in the number of jobs. Another problem is the fact that the economy suffers from cyclical downturn. The abrupt transition to the automation of technological processes of production may cause the growth of unemployment [3].

Vacant workforce means underutilization of economic potential of society and direct economic losses, having underproduction of GDP and other negative consequences as a result. The problem of unemployment is a major socio-economic problem of our time that occupies one of the first places in economists' research devoted to urgent issues of the present time. Researches rightfully note that unemployment is the most topical issue in countries with transformational economies, where no effective mechanisms of labor market regulation have been formed, and where no approaches to youth employment have been found [1].

It should be noted that Ukraine has been facing the problem of youth unemployment since the beginning of market reform (in 1990s). In the current global economic crisis this problem is especially severe, since there's a growth trend of youth unemployment. According to sociological surveys in recent years Ukraine confronted such problems of employment as the reducing number of

employees in the country, growth of labor mobility, increasing number of employees in the shadow sector, the emerging child labor markets, dismissal of layers of population which are rated by the Labor Law as the most unprotected ones (for example, youth). According to the State Employment service the number of unemployed people is growing, every day 9-12 thousand people join the ranks of people without a job. These are mainly active, dynamic and educated young people. By January 1, 2010 the total number of Ukrainian unemployed young people (up to 35 years) made up 31.4% [6]. It should be taken into account that in recent years the proportion of youth in our country's population's structure decreased significantly. High unemployment rate is evidence of instability in the economy and has its negative socio-economic consequences for the country.

According to the State Statistics Service of Ukraine, the unemployment rate in January 2013 increased by 8.37% compared to 2012. As of January 1, 2013, 564.5 thousand unemployed people were registered in the State Employment Service, while in January 2012 this number amounted to 520.9 thousand, the number of people receiving the financial aid increased by 9.38%. The average unemployment benefit per year increased by 18.76% [3].

The number of unemployed persons in Ukraine decreased to 341.50 thousand in September of 2016 from 355.70 thousand in August of 2016. Unemployed Persons in Ukraine averaged 606.06 thousand from 1992 until 2016, reaching an all time high of 1234 thousand in April of 2000 and a record low of 10 thousand in January, 1992. 23% of young adults are jobless, according to the Ministry of Social Policy of Ukraine [5].

Unemployment rate in Ukraine is expected to be 10.00 percent by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, Unemployment Rate in Ukraine to stand at 9.36 in 12 months time. In the long-term, the Ukraine Unemployment Rate is projected to trend around 8.20 percent in 2020, according to our econometric models [4].

Unemployment benefits in Ukraine are paid out by the State Social Security Fund in case of unemployment (a part of the Ministry of Social Policy of Ukraine)

and financed by employers. An insured person pays 0.6% of its wages to the State Social Security Fund in case of Unemployment. A self-employed can only voluntary contribute. The employer pays 1.6% of the total wage. To be able to receive unemployment benefits one must be registered at an employment office, be able and willing to work, and have income less than the minimum wage. The benefit may be reduced, suspended, or terminated after an discharge for violating work rules or for filing in a fraudulent claim. The benefit is based on 50% of average earnings for persons with a 2 to 6 year career, 55% of average earnings for persons with a 6 to 10 years 60% of average earnings and if one has worked more than 10 years he will receive 70% of average earnings. In the first 90 calendar days 100% of the benefit is paid, the next 90 calendar days 80% is paid and after that time period 70% [6].

The unemployment rate differs according to the region of Ukraine. The largest number of unemployed can be observed in Western regions of the country, i.e. in Volyn, Zakarpattia, Ivano-Frankivsk, Lviv, Ternopil and Zhytomyr regions. The lowest rate was recorded in Kherson region, as well as in the cities of Sevastopol and Kyiv.

Despite the fact that unemployment is an incentive for the working population, in general it is a negative phenomenon in the economic and social environment of the country. The main adverse effects are of social and economic character.

Social effects are as follows: increased social tension, decline in the labor activity, increase in the number of crimes, increase in the number of mental diseases, deepening of social differentiation.[3]

Economic effects are the following ones: reduction in tax revenues, decline in living standards, reduction in GNP and GDP, cutback in production, increased spending on unemployment allowance.

Thus, unemployment leads to severe economic and social consequences.

Conclusion. The problem of employment must be dealt with at the national level by creating and implementing the employment programs. Unemployment may

also be eliminated by providing additional jobs, establishing new businesses. The labor market must be analyzed and the conditions for retraining of professionals to meet the needs of today must be created. The development of small and medium-scale business, where owners create additional jobs, must be secured. Such companies must be given the benefits for the payroll fund allocation, thus, providing the business with attractive conditions for entrepreneurial activity.

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