UNEMPLOYMENT AND POVERTY IN UKRAINE: CURRENT PROBLEMS AND SOLUTIONS

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The world economy often faces challenges that slow down and sometimes even destroy the results of economic growth. Unemployment and related problems, such as poverty, are serious challenges. These phenomena increase the level of social tension, reduce the level of social trust and protection. Given the current situation in our country, unemployment and poverty are the most acute problems facing the population of Ukraine. This topic will remain relevant as the natural rate of unemployment is inevitable, so the problem cannot be solved definitively.

Analysis of recent research and publications

Issues related to the very phenomena of unemployment and poverty and their consequences have always been the focus of scientists. Among the studies on these issues, it should be noted the scientific works of L.O. Absava [1], A.Yu. Grinenko [2], O.V. Poluyaktova [3], A.O. Boryschuk [4], N.O. Ilyenko [5], L.L. Klevchik [6], O.O. Komarova [7], E.V. Talavirova [8], I.T. Pavlyuk [9]. They not only theoretically substantiated the main socio-economic problems of the stages of economic development, but also made specific proposals to reduce unemployment and poverty to a minimum favorable for the normal and efficient functioning of the economy.

Unsolved aspects of the problem

The problem of poverty and unemployment both at the national level and in the global dimension are subjects of constant scientific interest and issues of discussion. Despite the large number of studies on unemployment and
poverty in Ukraine, a significant level of relevance and importance of these issues requires further identification and further development of mechanisms for assessing unemployment and poverty, analysis of the causes and overcoming the negative consequences of these phenomena. Thus, a number of issues related to the specifics of unemployment and poverty in Ukraine currently need constant study and analysis.

The purpose of the article is to reveal the content and essence of the concepts of "unemployment" and "poverty", as well as to get acquainted with the positive and negative consequences of these phenomena. In addition, the article aims to assess the current state of unemployment and poverty in Ukraine, analyze the dynamics of changes in indicators for the period 2010-2020, as well as compare the results with international standards and provide promising ways to overcome these negative phenomena.

The main part

Let's reveal the economic meaning and essence of the concept of "unemployment". The term "unemployment" is widely used in both everyday and scientific discourse. Analyzing research and scientific work, we can determine that there is no single approach to the interpretation of this phenomenon. In summary, we propose such an understanding of the concept.

Unemployment is a complex and multifactorial phenomenon that is interpreted as an economic category that reflects economic relations in relation to forced unemployment of the working population. According to the Law of Ukraine "On Employment", unemployed are able-bodied citizens of working age who due to lack of work have no earnings or other statutory income and are registered with the state employment service as job seekers, ready and able to start suitable work. Disabled people who have not reached retirement age, do not work and are registered as job seekers are also considered unemployed [10].

That is, unemployment is a social situation that occurs due to economic, political and social factors, in which a certain part of the population cannot realize their labor potential due to insufficient jobs or due to their inability to compete in the labor market. If we consider the concept of "unemployment" from an economic point of view, it is a low level of demand for labor compared to the level of labor supply, in other words it is an indicator of imbalance between labor supply and demand in the labor market. In other words, unemployment is a phenomenon caused by the socio-economic development of society and the state as a whole [11].

It is an integral part of the process of improving production, as it indicates the level and pace of economic development of the country. That is why unemployment is present in all countries today, but in different amounts, different forms and different durations. It would be logical to consider the concept of "natural rate of unemployment".

The natural rate of unemployment is the lowest level of unemployment that can be achieved by a country under the existing institutional structure and which does not accelerate inflation. This figure is calculated for each country individually.

For example, in Japan this figure is about 1%, for the United States the natural rate of unemployment is about 6%, for the leading EU countries – about 8%. The existing difference in indicators is caused by the characteristic features of a particular society, such as: the demographic situation, the level of mobility of the population, the state of the system of vocational retraining of the unemployed and the efficiency of informing the population about vacancies. According to the concept of the natural rate of unemployment, the government should not fight unemployment at all, but rather the excess unemployment that occurs during economic crises and is often forced, often massive [12; 18]. At present, the natural rate of unemployment in Ukraine is not calculated due to the insufficient number of criteria for distinguishing between types of voluntary and structural unemployment.

Unemployment is one of the main socio-economic problems of modern economic development. The main factors of such a phenomenon may be:

— seasonal nature of work;
— voluntary dismissal in order to find better working conditions;
— insufficient mobility of employees;
— reducing the level of popularity of a number of professions, respectively, reducing the demand for them;
— changes in production related to the introduction of new technologies;
— insufficient level of professional training;
— search for new jobs by employees in order to obtain higher wages, more meaningful and profitable work;
— closure of technically backward enterprises;
— limited demand for goods and services;
— insufficiently perfect labor legislation;
— inflation.

Unemployment is both considered a necessary stimulus and a method of motivating the working population, but still in the economic sense it is a social misfortune. It causes the negative consequences, which are shown in fig. 1.

According to the information provided in figure 1, we see that unemployment has a negative impact on the country's GDP and living standards in general, as well as enhances social differentiation and increases social tensions.
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Figure 1. Negative effects of unemployment
Source: compiled by the authors on materials [13].

But it is necessary to note in addition to the negative socio-economic consequences and a number of positive characteristics that create the need to improve the discipline and efficiency of employees, as well as motivate the emergence of new enterprises (fig. 2).

Figure 2. Positive effects of unemployment
Source: compiled by the authors on materials [13].

Consider the dynamics of the number of unemployed and the unemployment rate, the percentage of the number of unemployed to the total economically active working population in Ukraine for the period 2010-2020 (table 1).

Table 1. Dynamics of the number of unemployed and the unemployment rate in Ukraine

<table>
<thead>
<tr>
<th>Years</th>
<th>Total population, thousand people</th>
<th>Economically active population, thousand people</th>
<th>Unemployed population, thousand people</th>
<th>Unemployment rate, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>45 778.5</td>
<td>20 220.7</td>
<td>1 784.2</td>
<td>8.8</td>
</tr>
<tr>
<td>2011</td>
<td>45 633.6</td>
<td>20 247.9</td>
<td>1 731.7</td>
<td>8.6</td>
</tr>
<tr>
<td>2012</td>
<td>45 553.0</td>
<td>20 393.5</td>
<td>1 656.6</td>
<td>8.1</td>
</tr>
<tr>
<td>2013</td>
<td>45 426.2</td>
<td>20 478.2</td>
<td>1 576.4</td>
<td>7.7</td>
</tr>
<tr>
<td>2014</td>
<td>42 928.9</td>
<td>19 035.2</td>
<td>1 847.1</td>
<td>9.7</td>
</tr>
<tr>
<td>2015</td>
<td>42 760.5</td>
<td>17 396.0</td>
<td>1 654.0</td>
<td>9.5</td>
</tr>
<tr>
<td>2016</td>
<td>42 584.5</td>
<td>17 303.6</td>
<td>1 677.5</td>
<td>9.7</td>
</tr>
<tr>
<td>2017</td>
<td>42 386.4</td>
<td>17 193.2</td>
<td>1 697.3</td>
<td>9.9</td>
</tr>
<tr>
<td>2018</td>
<td>42 153.2</td>
<td>17 296.2</td>
<td>1 577.6</td>
<td>9.1</td>
</tr>
<tr>
<td>2019</td>
<td>41 902.4</td>
<td>17 381.8</td>
<td>1 486.9</td>
<td>8.6</td>
</tr>
<tr>
<td>2020</td>
<td>41 588.4</td>
<td>16 917.8</td>
<td>1 673.3</td>
<td>9.9</td>
</tr>
</tbody>
</table>

Source: compiled by the authors on materials [14].
Analyzing the statistics of table 1, we see that by 2013 the unemployment rate in Ukraine was declining. But in 2014, compared to 2013, the unemployment rate rose sharply, as the number of unemployed increased by 270.7 people. The period from 2014 to 2018 is characterized by instability of the unemployment rate: in 2015, compared to 2014, the indicator decreased by 0.2%; in 2016, compared to 2015, the figure increased by 0.2%; in 2017, compared to 2016, the figure increased by 0.2%; in 2018 compared to 2017 decreased by 0.8%. In 2019, the figure decreased significantly compared to 2018 and amounted to 8.6%, which is 1.3% less. But in 2020, the unemployment rate has risen sharply and reached a maximum of 9.9%. This is probably due to instability, the economic crisis in Ukraine, in particular the COVID-19 pandemic. Thus, due to the analysis, we see that a clear trend of change in the population of Ukraine is not currently observed.

There can be many reasons for unemployment. In analyzing unemployment, an important step is their consideration. Figure 3 shows data on the causes of unemployment in 2020.

![Figure 3. The structure of the unemployed population of Ukraine by reasons of unemployment in 2020, %](source: compiled by authors on the materials [14].)

Analyzing the structure of the unemployed population of Ukraine by reasons of unemployment based on data from the State Statistics Service of Ukraine, it can be argued that in 2020 most often the population of Ukraine became unemployed due to voluntary redundancy – 34% of the total unemployed, the following reasons were: dismissal for economic reasons (23%), dismissal due to the expiration of the contract or employment contract (10%), seasonal nature of work (10%), inability to find employment after graduation (9%), other individual reasons (7%), non-employment due to domestic duties and dismissal for health reasons (3% each), and only 1% of the unemployed were demobilized from military service.

However, it should be noted that the above data cover only the officially registered unemployed and, accordingly, do not always correspond to reality. That is, the real level of unemployment in Ukraine may be much higher, because it is the data of accounting in local employment centers and is the basis for calculating the official unemployment rate. This gives grounds to claim that the actual unemployment rate exceeds 10%. That is, unfortunately, the exact percentage of the unemployed population in Ukraine remains unknown due to the impossibility of a perfect calculation.

Along with the concept of "unemployment", it is necessary to consider the directly related concept of "poverty". Poverty - a condition in which an individual suffers from a lack of their own accumulated wealth, current income and available credit resources sufficient to meet his physiological needs - can affect almost anyone, but the likelihood depends on lifestyle and skills use the existing social status, education, professional skills, etc. in certain life circumstances [15]. Poverty as well as unemployment characterizes the level of socio-economic development of the country, and is also a major source of social instability. Moreover, economic instability has a steady effect on the level of wages, the increase in arrears of payments, thus leading to lower incomes and an increase in the share of the poor.

From the point of view of poverty, it is important not only the number of unemployed, but also the duration of unemployment and, it should be emphasized, the concentration of the probability of unemployment among certain categories of the population. As a result, it not only creates temporary poverty, but also contributes to the consolidation of poverty as a model of life, thus forming marginal cells and hereditary poverty.

Poverty in Ukraine has the following defining characteristics:
- low standard of living of the population as a whole;
- the spread of poverty among working citizens;
- significant property stratification of the population;
- high proportion of people who consider themselves poor [15].

According to research [16;19], in 2010, 28% of Ukrainian citizens lived below the poverty line. About 3% of them had to survive on less than one US dollar per day, and 48% – on 2 US dollars.
Unfortunately, in ten years the indicators not only did not improve, but also increased. This level of poverty significantly exceeds international standards and significantly slows down the country's economic and social growth. Thus, overcoming the problem of poverty will not only significantly change the social status of Ukrainian citizens and contribute to improving the welfare of the population, but also affect the positive dynamics of economic growth.

There is an international UN classification on the poverty line and today the level of human income is less than $5 per day, at the current exchange rate in Ukraine (1 $ = 26.1 UAH) it is 391.54 UAH ($150 per month – 3915.41 UAH) [17]. Consider the dynamics of the subsistence level in Ukraine from 2010 to 2020 (fig. 4).

Based on the provided statistics, we see that during the study period there is a positive dynamic of the subsistence level, i.e., the value of the consumer basket, which contains the minimum sets of food, non-food goods and services necessary to maintain human health and livelihood. But even despite the increase in the level of indicators, as of 2020 in Ukraine the subsistence level is about 2189 UAH (at the current rate is 83.86 $), which is 1726.41 UAH (66.14 $), less than the international classification UN.

Based on the above research, it should be noted that focusing on foreign experience, international standards and paying attention to risky trends in poverty and unemployment in Ukrainian society, public institutions should try to balance the situation through effective social policies aimed at reducing poverty, and lower unemployment. The task of this policy to reduce poverty in Ukraine should be:

— completion of the launched Poverty Reduction Strategy and implementation of new reforms;
— ensuring the implementation of state social standards;
— creating conditions for increasing incomes, financial capacity of households;
— raising the living standards of the population, namely ensuring the proper level of health of the population, which is significantly related not only to lifestyle but also to the availability of medical services;
— reduction of tax pressure and the formation of the middle class in business;
— increasing social protection of disabled citizens, people with disabilities and the desperate;
— solving the problem of balance between the purchasing power of wages and rising prices [1;15;17].

Ways to address the reduction of unemployment in Ukraine should have a number of measures, including:

— introduction of mechanisms to protect the internal labor market;
— promoting the competitiveness of the workforce by improving the level of education in the professions needed in the labor market;
— introduction of employment programs at the state and regional levels;
— development of a system of tax reduction for organizations, provided that existing jobs are preserved and an additional number of them is created;
— introduction of the mechanism of retraining of personnel through constant introduction of innovative technologies;
— creating more favorable conditions for the development of small business and entrepreneurial activity for the unemployed [9;11;13;20].

Conclusions

Unemployment and poverty are among the most serious socio-economic problems of Ukrainian society, a modern challenge that needs to be addressed by the state. Because in today's realities, unfortunately, society is particularly vulnerable to ineffective social policies, economic downturns and crises, in particular, now in conjunction with the COVID-19 pandemic. Only with the help of measures to solve the problems of unemployment and poverty will it be possible to establish the efficiency of the economy. An important guarantee of prevention and reduction of unemployment is the acquisition of quality education and further professional and cultural self-improvement, development of an effective mechanism to stimulate the participation of employers in training and employment, organization of student practice, support of educational institutions in educational and research
The world economy often faces challenges that slow down and sometimes even destroy the results of economic growth. Unemployment and related problems, such as poverty, are serious problems. That is why the issue of improving the welfare of the population is becoming more fundamental and relevant.

The aim of the article is to reveal the content and essence of the concepts of "unemployment" and "poverty", as well as to get acquainted with the positive and negative consequences of these phenomena. In addition, the purpose of the article is to assess the current state of unemployment and poverty in Ukraine, to analyze the dynamics of changes in indicators for the period 2010-2020, as well as to compare the results with international standards and provide promising ways to overcome these negative phenomena.

Unemployment is a phenomenon caused by the socio-economic development of society and the state as a whole. It is an integral part of the process of improving production, as it indicates the level and pace of economic development of the country. Therefore, unemployment is present today in all countries, but in different sizes, different forms and different durations. And, therefore, this topic will remain relevant, because the natural rate of unemployment is inevitable, so the problem cannot be solved permanently.

Poverty and unemployment characterize the level of socio-economic development of the country and are also the main source of social instability. In addition, economic instability has a steady effect on wages, increasing arrears, which leads to lower incomes and an increase in the share of the poor. The negative consequences of the studied phenomena are low living standards, declining GDP, property stratification, social tensions and low employment. In addition, it should be noted that the data presented in the article cover only the officially registered unemployed and, accordingly, do not always correspond to reality. That is, the real unemployment rate in Ukraine can be much higher, because this is the data of accounting in local employment centers and is the basis for calculating the official unemployment rate. This gives grounds to claim that the actual unemployment rate exceeds 10%. That is, unfortunately, the exact percentage of the unemployed in Ukraine remains unknown due to the impossibility of a perfect calculation.

Thus, currently paying attention to the risky trends of poverty and unemployment, the authorities need to implement programs and reforms to reduce unemployment and poverty to a minimum, which contributes to the normal and efficient functioning of the economy.

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