

THE MAIN TRENDS IN THE LABOR MARKET AND THEIR INFLUENCE ON THE STAFF POLICY OF ENTERPRISES IN UKRAINE

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The Main Trends in the Labor Market and their Influence on the Staff Policy of Enterprises in Ukraine

The importance of a quick response to changes taking place in the labor market, adaptation to them of the staff policy of enterprises is determined by the need to maintain their competitiveness in the labor market. It is reasonable to monitor main trends in the labor market with a view to adapting the staff policy to changes in order to strengthen the competitive position and attract competent specialists. The aim of the article is to identify the main trends in the labor market and estimate their impact on the staff policy of enterprises in Ukraine. It is determined that the decrease in the number of economically active population, reduction in the supply of workplaces and increase in unemployment are characteristics of the Ukrainian modern labor market. At the same time, there observed a disproportionality between the supply of and demand for representatives of different professional categories. It is determined that the high turnover indices negatively characterize the staff policy and demonstrate that employers neither pay due attention to the issues of forming the employees' engagement, loyalty nor create appropriate conditions for the fulfillment of their labor potential. The revealed trends lead to increased competition among employers in the labor market for competent specialists, which finally stimulates them to use various instruments for enhancing the enterprises' attractiveness and the formation of a positive employer brand.

Keywords: labor market, staff policy, employment, unemployment, competitiveness.

Fig.: 4. **Tbl.:** 4. **Bibl.:** 8.

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Цимбалюк С. О. Основні тенденції на ринку праці та їх вплив на кадрову політику підприємств в Україні

Важливість швидкого реагування на зміни, що відбуваються на ринку праці, адаптації кадрової політики підприємства до них обумовлена необхідністю забезпечення конкурентоспроможності на ринку праці. Доцільним є відстеження основних тенденцій на ринку праці з метою адаптації кадрової політики до змін задля посилення конкурентних позицій та залучення компетентних фахівців. Метою статті є виявлення основних тенденцій на ринку праці та оцінка їх впливу на кадрову політику підприємств в Україні. Визначено, що для сучасного ринку праці України характерними є зменшення чисельності зайнятого населення, скорочення пропозиції робочих місць і зростання рівня безробіття. Поряд із цим простежується невідповідність попиту та пропозиції на представників різних категорій і професійних груп. Встановлено, що високі показники плинності негативно характеризують кадрову політику й вказують на те, що роботодавці не приділяють належної уваги питанням формування у працівників причетності, лояльності, не створюють належних умов для реалізації ними трудового потенціалу. Виявлені тенденції призводять до посилення конкуренції між роботодавцями на ринку праці за компетентних фахівців, що зрештою спонукає їх використовувати різноманітні важелі підвищення привабливості компанії та формування позитивного бранда роботодавця.

Ключові слова: ринок праці, кадрова політика, зайнятість, безробіття, конкурентоспроможність.

Рис.: 4. **Табл.:** 4. **Бібл.:** 8.

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Цимбалюк С. А. Основные тенденции на рынке труда и их влияние на кадровую политику предприятий в Украине

Важность быстрого реагирования на изменения, происходящие на рынке труда, адаптации кадровой политики предприятия к ним обусловлена необходимостью обеспечения конкурентоспособности на рынке труда. Целесообразным является отслеживание основных тенденций на рынке труда с целью адаптации кадровой политики к изменениям для усиления конкурентных позиций и привлечения компетентных специалистов. Целью статьи является выявление основных тенденций на рынке труда и оценка их влияния на кадровую политику предприятий в Украине. Определено, что для современного рынка труда Украины характерны уменьшение численности занятого населения, сокращение предложения рабочих мест и рост уровня безработицы. Наряду с этим прослеживается несоответствие спроса и предложения на представителей различных категорий и профессиональных групп. Установлено, что высокие показатели текучести негативно характеризуют кадровую политику и указывают на то, что работодатели не уделяют должного внимания вопросам формирования у работников причастности, лояльности, не создают условий для реализации ими трудового потенциала. Выявленные тенденции приводят к усилению конкуренции между работодателями на рынке труда за компетентных специалистов, что в конечном итоге побуждает их использовать различные способы повышения привлекательности компании и формирования положительного бранда работодателя.

Ключевые слова: рынок труда, кадровая политика, занятость, безработица, конкурентоспособность.

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Relevance of the research topic. The modern labor market is characterized by dynamism, development, change of the market conditions resulting from structural changes in society and economy, transformations in the labor content and nature, social and labor relations. The demographic situation, population aging, educational trends, labor mobility have an essential effect on the labor market. Thus, to ensure their competitiveness, enterprises have to respond quickly to changes, adapt their staff policy, and develop an appropriate HR strategy.

The questions of monitoring the main trends in the labor market with a view to adapting staff policy to the changes in order to strengthen the competitive positions and attract competent specialists have an important applied significance and require scientific research.

Analysis of recent researches and publications. The labor market in Ukraine has been studied by many scientists. The article of V. Blyzniuk [1] is devoted to peculiarities of the Ukrainian labor market development in historical retrospective.

I. Marchenko in the study [5] investigates the development trends, peculiarities of the formation and regulation mechanism of the labor market infrastructural support.

Yu. Marshavin in the paper [6] defines the theoretical and methodological problems and peculiarities of the Ukrainian labor market regulation.

The study [7] of E. Libanova, O. Tsybal, L. Lisohor, and others is devoted to the problems on the Ukrainian labor market, youth policy and promising areas in its improvement.

The authors of the monograph [8] analyze peculiarities of the Ukrainian realities through the prism of global challenges in the context of transformational changes in the labor market.

There is a lack of system research of changes taking place in the labor market. The questions of the impact of these changes on enterprises' HR strategy and staff policy remain insufficiently worked out.

The aim of the article is to identify the main trends in the labor market and estimate their impact on the staff policy of enterprises in Ukraine.

Presentation of basic material of the research. According to the data of the State Statistics Service of Ukraine, there observed a reduction in the *economically active population* in Ukraine (Tbl. 1).

Table 1

Economically active population in Ukraine, 2006-2016

	Economically active population			
	aged 15-70		those of working age	
	in average, ths pers	% of the total population in the respective age group	in average, ths pers	% of the total population in the respective age group
2006	22 245.4	62.2	20 545.9	71.2
2007	22 322.3	62.6	20 606.2	71.7
2008	22 397.4	63.3	20 675.7	72.3
2009	22 150.3	63.3	20 321.6	71.6
2010	22 051.6	63.7	20 220.7	72.0
2011	22 056.9	64.3	20 247.9	72.7
2012	22 011.5	64.6	20 393.5	73.0
2013	21 980.6	64.9	20 478.2	73.1
2014	19 920.9	65.0	19 035.2	71.4
2015	18 097.9	62.4	17 396.0	71.5
2016	17 955.1	62.2	17 303.6	71.1
2006	22 245.4	62.2	20 545.9	71.2
2008	22 397.4	63.3	20 675.7	72.3
2010	22 051.6	63.7	20 220.7	72.0
2012	22 011.5	64.6	20 393.5	73.0
2014	19 920.9	65.0	19 035.2	71.4
2016	17 955.1	62.2	17 303.6	71.1

Source: [4]

According to the data presented in Table 1, the number of economically active population in Ukraine has been decreasing during the last decade, although in percentage terms to the population of the corresponding age group the indicators remain stable. The decrease in the number of economically active population is most noticeable in 2014-2016. These trends are

primarily associated with the negative demographic situation, deep-seated economic and political crises, as well as the annexation of the Crimea and military operations in the eastern part of Ukraine. The decrease in the number of economically active population leads to a drop in labor supply that results in a shortage of competent employees.

Along with the decrease in the number of economically active population in Ukraine, there is a decline in the *number of employed people* (Tbl. 2).

A significant decrease in the number of employed population is due to the decline in both the labor supply and job offers as a result of financial and economic instability, development of information and communication technologies that leads to optimization of using different resources.

The trend concerning the decline in the labor supply on the market is also confirmed by the *data on the number of grad-*

uates of higher education institutions. In the last decade, there observed a decrease in the number of graduates of vocational schools (almost by twice) and higher education institutions (almost by 1.4 times). As to the number of graduates of higher education institutions of III and IV accreditation levels, till 2009 their number was increasing (first of all, due to increasing the availability of higher education and changing the priorities of youth) and from 2009 their number began decreasing. In 2016 in comparison with 2009 the number of specialists who graduated from higher education institutions declined by 65.4 % [4].

Table 2

Employed population by economic activities in Ukraine in 2006–2016, ths pers

	2006	2009	2012	2015	2016
Total employed	20730.4	20191.5	19261.4	16443.2	16276.9
Agriculture, forestry and fishing	3652.6	3152.2	3308.5	2870.6	2866.5
Industry	4036.9	3546.9	3236.7	2573.9	2494.8
Construction	987.1	966.2	836.4	642.1	644.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	4403.9	4729.1	4160.2	3510.7	3516.2
Transportation, storage/warehousing, postal and courier activities	1428.3	1387.9	1150.9	998	997.2
Financial and insurance activities	283.9	351.4	315.8	243.6	225.6
Public administration and defence, compulsory social security	1033.7	1078.6	1003.62	974.52	973.1
Education	1690.5	1698.4	1633.2	1496.5	1441.4
Human health and social work activities/ Health care and social assistance	1356.7	1348.1	1181.4	1040.7	1030.4

Source: [4]

The decrease in the number of graduates of higher education institutions is the result of a negative demographic trend and increase in the number of youth leaving the country to study abroad. Usually the most ambitious young people go abroad and after graduating they stay there to work. As a result the country is losing human capital, in particular its intellectual component.

Consequently, the decrease in the number of graduates of education institutions is leading to a decline in the supply of both skilled workers and specialists with higher education, which causes an increase in the competition among employers in the labor market.

The *unemployment rate* by age group in Ukraine in 2006-2016 (calculated under International Labor Organization methodology) is shown in Table 3.

According to the data of Table 3, the dynamics of unemployment is a reflection of the economic situation. The rise in unemployment rate takes place during exacerbation of the crisis: 2008-2009 and 2014-2016. The highest unemployment rate is observed among young people at the age of 15-24. In terms of rate of unemployment growth young people at the age of 15-29 and representatives of the senior age group of 50-59 rank first.

This indicates that in searching for candidates for vacant positions and jobs employers focus on experienced employees at the age of 30-49. On this basis it is possible to draw some conclusions about enterprises' staff policy. Employers have no desire to employ representatives of the senior age groups for various reasons. They don't want to spend time and invest in

Table 3

Unemployment rate by age group in Ukraine in 2006-2016 (calculated under International Labor Organization methodology), on average for the period, in % to the number of economically active population in the corresponding age group

Age group	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	6.8	6.4	6.4	8.8	8.1	7.9	7.5	7.2	9.3	9.1	9.3
15-24	14.1	12.5	13.3	17.8	17.4	18.6	17.3	17.4	23.1	22.4	23.0
25-29	7.3	6.9	7	10.4	9.9	9.2	9.5	8.7	11.1	11.2	11.7
30-34	6.2	5.8	5.3	8.2	7.8	7.3	6.7	6.4	9.3	9.7	8.9
35-39									8.1	7.2	8.0
40-49	6	5.7	6.1	8	6.8	6.4	6.2	6.2	7.3	7.6	7.7
50-59	4.7	4.7	4	5.8	5.3	5.1	5.3	5.1	6	6.3	7.3
60-70	0.1	0	0	0.1	0	0.1	0.1	-	0.1	0.1	0.1

Source: [4]

training young specialists as well. There are several reasons for this situation.

First, enterprises, especially small and medium-sized ones, often do not have the necessary staff, who could act as mentors and teach young specialists.

Secondly, there is a common practice at enterprises, when new employees have to take up their duties and functions as soon as possible because other employees do not have the necessary competencies for carrying out certain work, or they should fulfill their own responsibilities. As a result, there is no time and possibility to wait for employees' becoming fully acquainted with their functional duties.

Thirdly, young people are characterized by a high level of dynamism and mobility. Thus, employers and managers do not risk to invest in the training and development of young employees, since they are not sure that the latter will work for the enterprise for a long period of time, which will allow taking returns on investments.

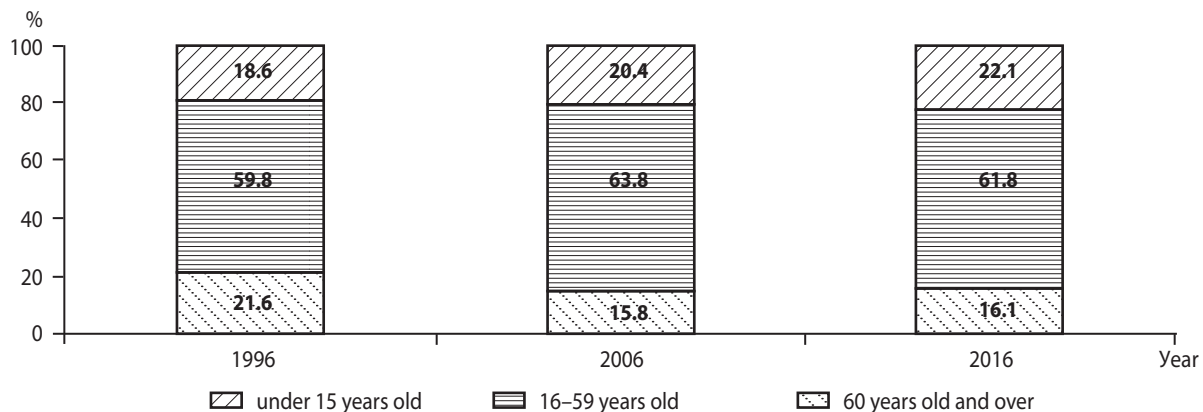


Fig. 1. The age structure of the population in Ukraine, 1996–2016

Source: [4]

The demand of employers for labor force to fill the vacancies in 2016 compared with 2006 decreased by 4.7 times. Over the analyzed period the demand for skilled workers, plant and machine operators and assemblers decreased most (by 6 times) (Fig. 2). Nevertheless, the demand for skilled workers remains the highest in comparison with other staff.

There are the following possible reasons for decreasing the demand for labor force:

- financial and economic instability, which leads to reduction in the range of activity;
- decrease in labor supply due to decline in the number of economically active population;
- development of information and communication technologies, which leads to optimization of the staff number, etc.

Moreover, the statistics contain information on the demand for labor force in accordance with enterprises' appeals to the State Employment Agency in case of vacancies. The represented data do not reflect the real demand for labor force because not all employers provide information on vacancies to the State Employment Agency and fill vacancies using other sources. The State Statistics Service of Ukraine does not publish information on the sources used by the employers for applicants' attraction but the official website contains information on the methods used by the unemployed for job search (Fig. 3).

The situation in the labor market and, accordingly, enterprises' staff policy depend on changes in the *age structure of the population*. The age structure of the population in Ukraine in 1996–2016 is shown in Figure 1.

According to data of the State Statistics Service of Ukraine, the percentage of people at the age of 60 and over in the population structure in 2016 in comparison with 1996 increased significantly (by 18.8 %), while the percentage of people at the age of under 15 years old decreased (by 34, 2 %). The change in the population age structure indicates that the supply of work force on the labor market will be decreasing every year, and, consequently, the competition among employers for qualified and competent specialists will be increasing. Such situation may lead to a long-term failure to fill vacancies, in view of the propensity of employers and managers to focus on experienced middle-aged employees in case of the need to fill vacancies.

In 2016 35.3 % of the unemployed used personal relations, 26.6 % – used the services of the State Employment Agency, 15.8 % – used the Internet, 13.1 % – used the media (advertising) and 7.5 % – applied directly to the administration.

The dynamics of indices characterizing *staff rotation* in Ukraine in 2006–2016 is shown in Table 4.

According to the data in Table 4, the number of the retired exceeded the number of the recruited employees, which corresponds to the general trends regarding dynamics of the employed population. Despite the high level of unemployment in Ukraine, the staff turnover indices are very high.

As for staff turnover indices by economic activities, in 2016 more than half of employees quit their jobs at enterprises carrying out accommodation and food service activities, administrative and support service activities, and wholesale and retail trade, repair of motor vehicles and motorcycles (Fig. 4).

The high indices of staff turnover negatively characterize the enterprises' staff policy and their employer brand. Obviously, employers and managers do not pay due attention to the issues of staff retention, engagement, and loyalty, do not create the appropriate conditions for the employees to realize their potential, do not encourage their professional development. Employers and managers still do not understand the significance of human resources for ensuring the enterprises' competitiveness in the market. In addition, the high level of

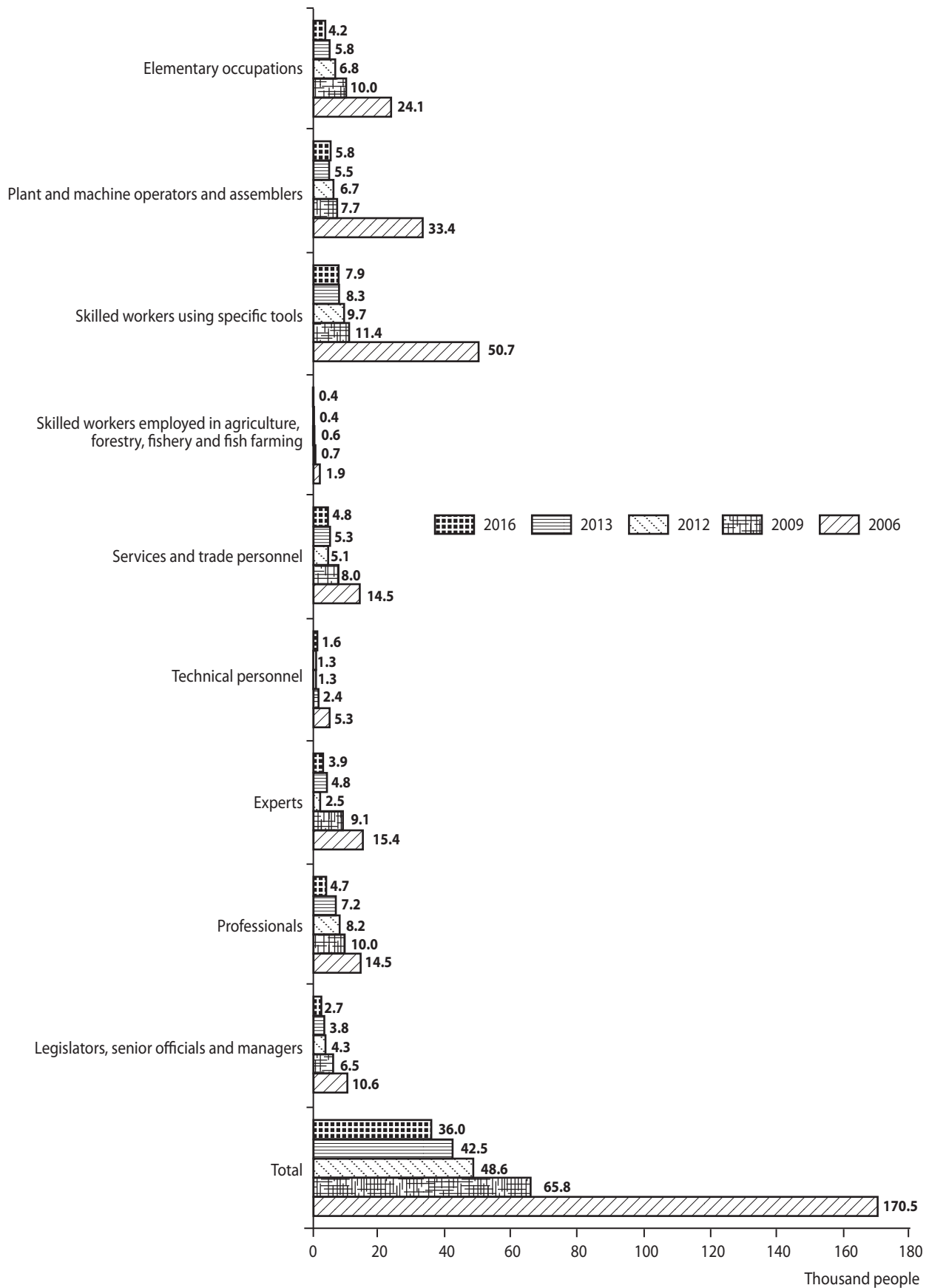


Fig. 2. The demand of employers for labor force to fill the vacancies in Ukraine, 2006–2016

Source: [4]

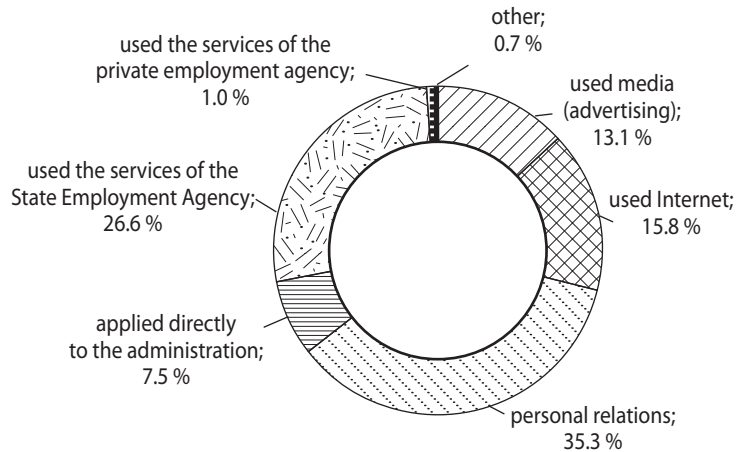


Fig. 3. Methods used by the unemployed for job search in 2016

Source: [4]

Table 4

Dynamics of indices characterizing staff rotation in Ukraine in 2006-2016, in % of average number of employees

Index	2006	2009	2012	2013	2015	2016
Recruited	28.2	22.5	26.4	26.9	24.0	26.1
Retired	29.9	28.7	30.3	30.6	30.2	29.2
Including resulting from staff reduction	1.2	1.6	1.9	2.2	2.2	1.6
Staff turnover	25.8	23.9	26.3	26.0	25.9	25.3

Source [4]

staff turnover inflicts substantial losses to the enterprises, and, therefore, negatively affects their income level.

The situation in the labor market is influenced by the enterprises' policy of staff training. The modern stage of development of society and economy is characterized by high dynamism and growth of technology. This requires a constant training of employees. When an enterprise needs modern knowledge, it can organize the training by itself or search for specialists who already have the necessary competencies. If companies prefer the second way of meeting the need for new knowledge, this leads to an increase in the demand for representatives of certain professional categories, specialists with specific knowledge and skills, and increase in the competition among employers. This prompts employers to increase wages, develop benefits package and improve work conditions. Such activities compensate to some extent underinvestment in human capital development.

According to the data of the State Statistics Service of Ukraine, the enterprises' average annual costs on professional training per one employee in 2014 were UAH72. Compared to 2010, this index did not change in absolute terms. However, as for the percentage of enterprises' total labor costs, this figure dropped from 0.16 % in 2010 to 0.11 % in 2014 [2; 3]. In addition, taking into account the inflationary tendency, the enterprises' costs on professional training of employees decreased significantly.

Conclusions. Enterprises should develop their staff policy in accordance with changes taking place in the external environment, in particular in the labor market. The Ukrainian modern labor market is characterized by a decrease in the

number of economically active population, decline in supply of workplaces and increase in unemployment. At the same time, a disproportionality between supply and demand for representatives of different professional categories has been observed. The high turnover indices negatively characterize the staff policy and reveal that employers do not pay due attention to the issues of forming the employees' engagement, loyalty. The revealed trends lead to increased competition among employers in the labor market for competent specialists, that finally stimulate them to use various instruments for enhancing the enterprise's attractiveness and forming a positive employer brand.

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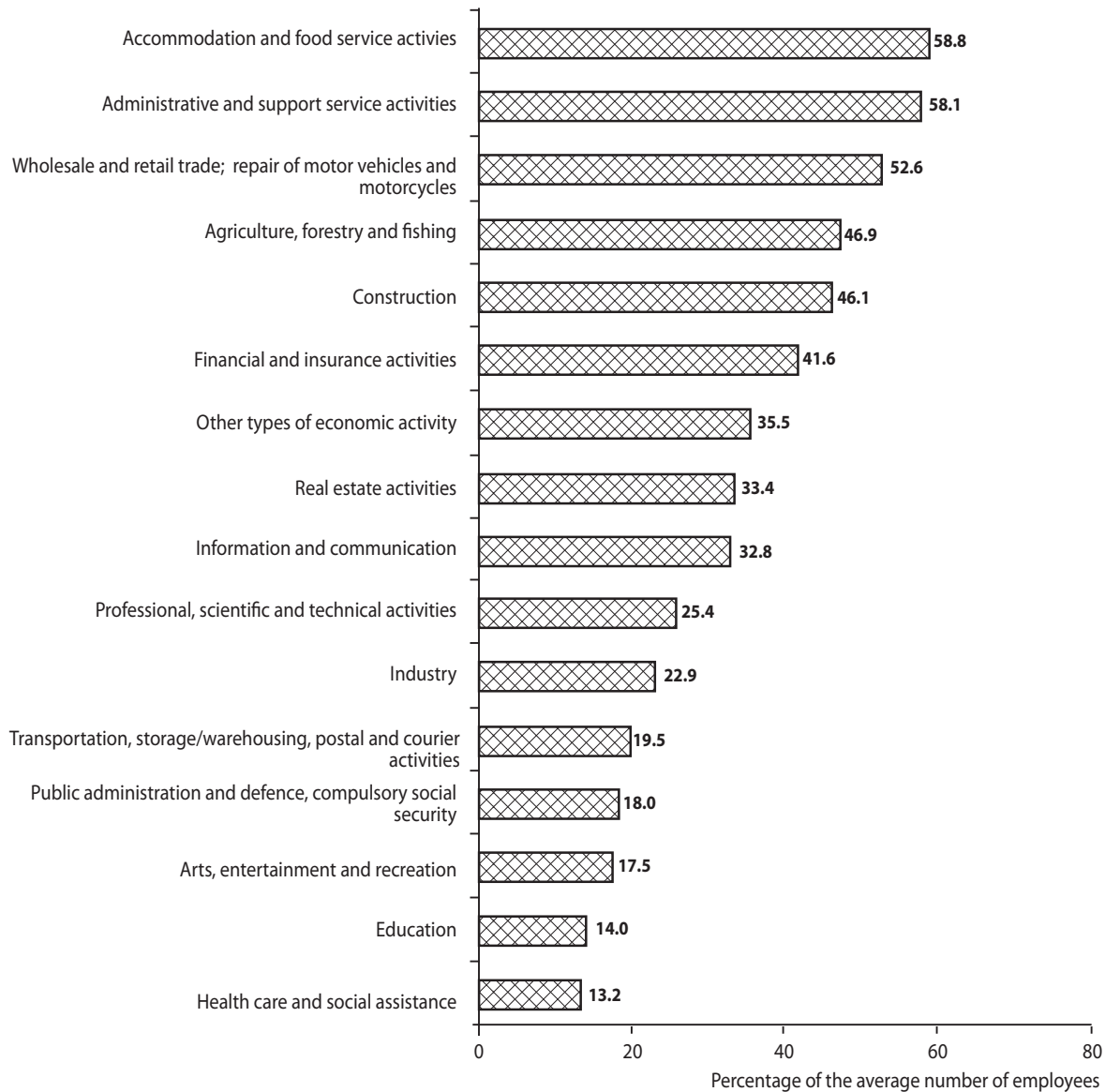


Fig. 4. Staff turnover indices by economic activities

Source: [4]

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