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THE PROBLEMS AND CHALLENGES OF YOUTH UNEMPLOYMENT GROWTH FOR UKRAINE AND EU COUNTRIES

It is proved that phenomenon of youth unemployment is becoming a challenge not only for individual countries but for the whole world community. The main reasons for the growth of unemployment among young people in the different countries, including Ukraine are investigated. The statistics that quantitatively reflect migration flows from Ukraine are analyzed and the possible consequences of this process, both for Ukraine and for the EU are defined. The ways of solving the problem of youth unemployment in Ukraine are proposed.

Key words: *labor migration, youth unemployment, military-political conflict, macroeconomic crisis.*

Problem statement. In 2015 Europe has faced with an unprecedented influx of migrants. It was caused by a prolonged military and political crisis in Africa and the Middle East and economic crisis that unfolded on its background. According to different data the number of those who came to Europe during 2015, seeking asylum and work has already exceeded last year's figures in 2-4 times and as of October is about 600 thousand people [1]. This situation has forced European governments to resort to unpopular measures (closing borders, prohibition of entry, and denial in visas), endure significant expenses and losses. As a result of these events the tension on the EU labor market aggravates. Against the background of the general economic crisis in the Euro zone the situation deteriorates significantly.

Since the end of 2014 Ukraine is going through an extremely difficult stage of economic development, which is deteriorating rapidly due to the annexation of the Crimea and lasting political and military conflict in the Donbass. The pace of GDP decline amounted to a record 6% in 2014, 17.2% in 1st quarter and 14.6% in 2nd quarter of 2015 [2]. In such circumstances, the unemployment rate continues to rise. It should be noted that the share of young people among the unemployed in Ukraine in 2015 has become unprecedentedly high and is comparable to the corresponding figures of EU countries experiencing the most profound unemployment crisis. Today intentions to migrate are growing not only among businesses, but also among citizen. They force people to look for job opportunities (and sometimes even for the withdrawal of capital and entrepreneurship to neighboring countries) abroad.

The studies of this situation causes indicate that internal economic, social and political problems that had been accumulating for a long time and have not found an effective solution even after the regime change in 2014 require an immediate resolution.

Analysis of recent researches and publications. The problems of competitiveness and employment of young professionals in the labor market are funda-

mentally analyzed by O. Grishnova [3]; the transformation of employment institute as part of global changes in the social and labor sphere is investigated by A. Kolot [4]; the labour market transitions of young women and men in Ukraine are studied by E. Libanova [5]. Considering the urgency of this problem, detailed analyzes are made by international organizations: International Organization for Migration [1], International Labour Organization [6], United Nations [13], and Ukrainian institutions: State Employment Service of Ukraine [7, 10], State Migration Service of Ukraine [15]. The analysis of recent researches and publications on this subject indicates that the problem of youth unemployment growth is actual, but only partly studied. Taking into account the demographic trends in the European and Ukrainian labor market, it is necessary to identify the main reasons of youth unemployment growth in these markets and ways of solving this problem.

Aim of the article is to analyze the problem of unemployment growth in Ukraine in the manifestation of the negative consequences of this process for the national economy and to identify potential threats to the European Union countries, associated with it.

Presentation of the basic research data. According to the latest International Labour Organization report [6] by 2019 the number of unemployed in the world will grow to 212 million people from the current 201 million. This is 31 million people more than before the global financial crisis in 2008. According to the authors of the report it is conditioned by a combination of factors: slowdown in world economic growth, an increase in income inequality and rising instability globally.

The Global employment gap (number of jobs lost since the crisis) is 61 million, and if you take into account those who will lose job over the next five years, we can conclude that by 2019 create 280 million jobs will have to be created [6].

According to the State Statistics Service of Ukraine, market situation remains tense and is accompanied by a reduction in labor demand. The unemployment level also remains to be high – 1.7 million or 9.2 % according to the ILO methodology. The unemployment rate among the people of working age is 9.6% of the economically active population [7]. The demand for workers is declining in almost all economic activities and on major sections Occupational Classification. The imbalance between demand and supply of labor remains significant.

The problem of unemployment in Ukraine is very complicated and multifaceted. It constantly escalates due to the following reasons:

- the government's failure to adopt and implement effective decisions to restore the macroeconomic growth, as well as implement the structural reforms to achieve it;

- constantly growing number of internally displaced persons, who unsuccessfully trying to employ in different regions of Ukraine. The report of United Nations High Commissioner for Refugees (UNHCR) shows that 19.5 million refugees and 38.2 million persons were displaced within their own countries worldwide. Among them there are 1.3 million of Ukrainians, who had to leave their homes after the annexation of the Crimea and the deployment of the armed conflict in eastern Ukraine, and have become displaced. By this indicator Ukraine ranks 9th position in the world. More than half of displaced (51%) – come from Donetsk and Lugansk regions; 60% of internally displaced persons (IDP) are retired people, 12% – children, 4% have physically limited capacities [8];

- high unemployment among graduates of higher and professional educational establishments (for the reasons that will be discussed below);
- growth of the informal (shadow) economy sector (on preliminary calculations of the Ministry of Economic Development [9] in 1st quarter of 2015 compared to the corresponding period of 2014 it increased by 5 percentage points to 47 % of official GDP);
- an increase in the economically active population number, of which more than half – retired people, one-fifth is maintained or perform other family responsibilities [10];
- other reasons.

According to our previous studies [11], the existence of youth unemployment can be traced in all periods of social development, but a new trend is a global scale and rapid pace of its growth during the recovery of many economies in the world against the background of 2008 global financial crisis unresolved problems.

The main reasons of rising unemployment among young people are: mismatch between education received and demands of employers; lack of experience of youth; sometimes overestimated expectations on wages and career prospects; limited access of young people to the capital market for creating their own business; apathy and loss of hope to employ [11].

Youth, especially young women, continue to be disproportionately affected by unemployment. Almost 74 million young people (aged 15-24) were looking for work in 2014. The youth unemployment rate is practically three times higher than is the case for their adult counterparts. The heightened youth unemployment situation is common to all regions and is occurring despite the trend improvement in educational attainment, thereby fuelling social discontent.

The employment situation is improving in some advanced economies, while remaining difficult in much of Europe and is deteriorating in emerging and developing economies [6].

In Ukraine according to the State Statistics Service, among young people under the age of 25, unemployment rate remains to be more than twice higher than the national average – 21.3% of economically active population. By the ILO methodology, the unemployment rate for persons aged between 25 and 29 was 12 %, and among young people under 25 – 21% of the economically active population of the relevant age. To compare it should be noted that 40% of unemployed people were aged between 15 and 29, each fifth unemployed was aged between 40 and 49, and each fourth – between 30 and 39. Among IDP having the relevant statement, the share of unemployed aged between 15 and 24 constituted 9.5%, aged between 15 and 29 – 18.2 %, and aged between 30 and 34 constituted 20.4% [10]. The unemployment rates in Ukraine do not differ significantly from the average in the European Union (fig. 1) [10].

For example, among people of all age groups unemployment rate in the EU was 9.6% on average, in particular among young people under 25 years – 20.6%. The highest unemployment rate was in Slovakia, Spain, Portugal, Cyprus, Croatia and Greece. The relatively low (6 %) unemployment rate [7] is in Austria, Luxembourg, Malta, the Czech Republic and Germany.

To many reasons the phenomenon of youth unemployment is a challenge not only for individual countries but for the entire world community. It should be not-

ed in particular, that at a time of globalization, economic openness and high intensity of persons' cross-border movement, unemployed youth is among the first of those, who is about to become a migrant worker. This is the main trend to consider while investigating and predicting challenges of youth unemployment in Ukraine for Europe today.

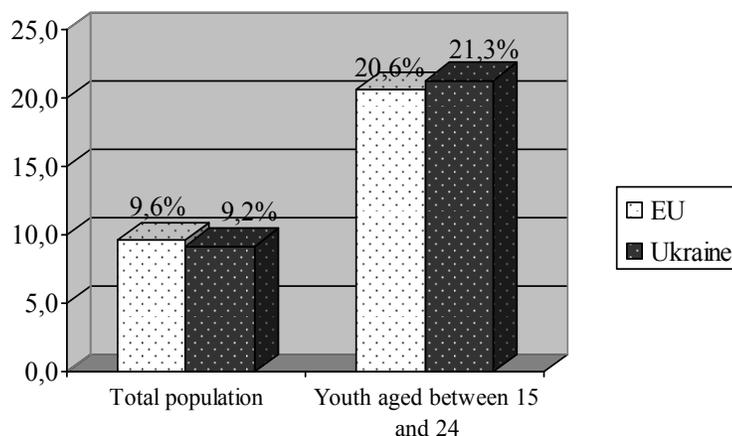


Fig. 1. The unemployment rate in European Union countries and Ukraine in the 1st half of 2015

Source: [10].

Research and analysis of the causes of youth unemployment in Ukraine indicates that in current socio-economic and military-political conditions they see no prospects for employment and the satisfaction of basic needs (housing, a job that matches the qualification required, salary, social welfare, etc.). If we consider this issue in detail, we can identify the following causes of youth unemployment in Ukraine:

- low real wages due to inability of national economy in its present state of development to provide its decent level;
- mismatch between skills, practical training and the requirements put forward by employers to graduates, is essentially a result of communication gap between educational institutions and labor market;
- absence of actual government support in matters of promoting youth entrepreneurship;
- the absence of career prospects for young scientists, particularly for those of them who produce breakthrough innovations in new to the Ukrainian economy industries;
- a high level of social vulnerability of young disabled people, young people from socially disadvantaged groups, who do not have access to higher and sometimes even to professional education;
- attempts to lie low from conscription or mobilization to the Anti-terrorist Operation zone in Donbass (causes massive layoffs of young males);
- other causes.

For many reasons it is difficult to assess the consequences of youth unemployment in Ukraine unambiguously. On one side, the informal employment is growing as the shadow economy share increases (for example, also because young men are looking for ways to leave the official place of work). On the other side, those young people, who are highly educated and skilled enough, but not satisfied with the salary, lack of career prospects, try to go abroad (if they have a real prospect of employment by profession). Given the lack of real structural reforms in the national economy, young people do not see prospects (and also often has no possibilities) in retraining, on which the vast majority of Employment Center's programs are aimed at. That's why, seeking for other employment opportunities, real market of youth work force moves into a virtual economic environment. According to the Annual Impact Report of "Elance-oDesk" (now "Upwork") [12], following the 2nd quarter of 2014 results Ukraine was ranked 4th among countries with the largest earnings from freelance, and following the 2014 results – the 8th.

Under abovementioned conditions, negative trend of powerful migration wave is being spread within the Ukrainian society. According to statistics, this wave has already started its movement toward the most attractive labor market – the European Union. According to the International Organization for Migration (IOM) on irregular migration and trafficking threat, the share of Ukrainian citizens working abroad informally, rapidly increased from 28% in 2011 to almost 41% [13]. This situation is a direct consequence of the economic crisis in the country and the military conflict on the migration attitudes in society. A survey conducted by «GfK Ukraine» in February and March 2015 showed that 8% of the population is going to leave the country in the nearest future. The three most attractive countries included Poland, Germany and Italy.

According to Eurostat in 2014 over 300 thousand of Ukrainians have received residence permission to live in the EU. The main reasons for migration were job (68% of migrants), education and family circumstances (14.5% migrants). Today in Poland stay 247 thousand Ukrainians, in Czech Republic – more than 12 thousand, in Slovak Republic – 1.6 thousand people [14].

The data of Ukraine's migration profile for 2010-2014 shows that in 2014 priority vectors in visiting countries changed direction from the former Soviet republics to the EU Member States [15, p. 45]. In 2014 8,932 permits to move abroad for permanent residence were issued for citizens of Ukraine (in 592 less than in 2013) [15, p. 53]. In general, since independence the natural population decline beginning from 1991 to 2013 according to the State Statistics Service constituted 5 million 953,6 thousand people, migration population decline at the same period of time constituted 458,7 thousand people. As a result the total population losses in Ukraine constituted at the beginning of 2014 6 million 412,3 thousand people [15, p. 71]. The significant factor that influenced the reduction of the population was the mass exodus of an able-bodied population abroad.

In order to overcome the crisis of unemployment, which threatens to become a challenge for at least the whole Europe, it is necessary to establish conditions ensuring that people, especially young people, have real incentives to stay in Ukraine. We believe that this could be achieved through the implementation of the following actions:

1. Popularize the virtual employment and at the legislative level to create conditions for its development in Ukraine. The latest statistics as well as analytical research on labor economics strongly suggest that the modern labor market is being gradually virtualizing, that is, the amount of work performed remotely increases and therefore new forms of employment (for example freelance) are becoming prevalent. Virtual employment is a relatively new, but quite popular phenomenon on the Ukrainian labor market. Its potential and development prospects are extremely large, especially given the fact that the vast majority of unemployed people in Ukraine do not consider freelancing as a way to find job. On one hand it is because they do not know its real possibilities, on the other hand – due to the fact that Ukraine has not yet created the legal basis for its proper development.

2. Aim the reforms in education at strengthening productive relationship of science, education and production. A significant proportion of higher education institutions still train students in accordance to the old list of professions, which in fact does not meet the real needs of the labor market. Those of educational establishments that try to update the list of professions, are unable to provide continuous both theoretical and practical training. Relevant experience of developed countries shows deep interest of the real economy in young personnel. This approach has many manifestations: from contracts for mandatory internships for students at enterprises to partnerships for joint research and students' participation in production processes on a permanent basis. Educational Institutions in such countries are the centers of innovations, revolutionary technologies, breakthrough ideas, which in turn become the basis for the national economy development on a qualitatively new level.

3. Promote the institutionalization of migration at the governmental level. The EU-Ukraine Association Agreement signed in March 2015 greatly contributes to this action. In particular, it envisages development of programs of bilateral and multilateral cooperation between Ukraine and the EU in different areas, including providing various kinds of assistance based on of numerous funding mechanisms. Pupils and students already have the chance to feel the significant growth of opportunities to study and travel abroad within the framework of various projects, programs and plans. For example, “Erasmus+” – is the EU program for the period of 2014-2020, aiming to support the projects, partnerships, events and youth mobility in education, training and sport. In 2016 15 billion euro were granted to implement the projects through the mechanism this program only in Ukraine. Agreement on young graduates' internship abroad on returning back mandatory conditions is also a common practice of migration institutionalization. At one time it was successfully applied by newly industrialized countries of Asia as well as Georgia, Belarus, Kazakhstan.

Conclusions. Developed countries and international organizations constantly assist Ukraine to overcome the problems and challenges it faces since independence. This assistance is available in all possible forms – financial, advisory, in the form of technical assistance within the framework of international cooperation etc. A large share of these efforts is aimed at resolving issues related to the prevention of potential threats and their negative effects, which may relate to countries donating such assistance. Nowadays the flow such assistance does not decrease.

The realities of today convince that with no immediate action by the government of Ukraine in response to the challenges of the labor market, youth unemployment and intense labor emigration it provoked can be a threat for Europe, where in the nearest future significant streams of people can be directed. Against the background of the events that now take place in Croatia, Hungary, Macedonia, Greece and Italy, the situation can become critical.

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Обґрунтовано, що феномен молодіжного безробіття стає викликом не лише для окремо взятих країн, але і для всього світового співтовариства. Досліджено основні причини зростання чисельності безробітних серед молоді різних країн світу, в тому числі

України. Проаналізовано статистичні дані, які кількісно відображають міграційні потоки з України, та виокремлено можливі наслідки цього процесу як для України, так і для країн ЄС. Запропоновано шляхи вирішення проблеми молодіжного безробіття в Україні.

Ключові слова: *трудова міграція, безробіття серед молоді, військово-політичний конфлікт, макроекономічна криза.*

Обосновано, что феномен молодежной безработицы становится вызовом не только для отдельно взятых стран, но и для всего мирового сообщества. Исследованы основные причины роста численности безработных среди молодежи разных стран мира, в том числе Украины. Проанализированы статистические данные, которые количественно отражают миграционные потоки с Украины, и выделены возможные последствия этого процесса как для Украины, так и для стран ЕС. Предложены пути решения проблемы молодежной безработицы в Украине.

Ключевые слова: *трудовая миграция, безработица среди молодежи, военно-политический конфликт, макроэкономический кризис.*

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