



СОЦІАЛЬНА ПОЛІТИКА

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DIRECTIONS TO ENSURE THE IMPLEMENTATION OF THE STATE POLICY REFORMS IN THE SOCIAL SPHERE



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The article reveals critical socio-economic factors that influence a low level of the implementation of reforms and transformations in the social sphere and reduce the indirect effects of economic cooperation in the sphere of social protection of employees, migration and development of social infrastructure. The necessity to develop the directions of cooperation in the sphere of employment, social policy and equal opportunities for the population in order to confront social challenges and improve the quality of life, which is caused by a number of quantitative and qualitative changes, is substantiated. It is proved that solving the problem of the selection of skilled personnel in the Ukrainian labour market would help to improve employment opportunities for the Ukrainian workforce, including labour migrants and internally displaced people. The reforms of state policy in the social sphere should be primarily aimed at solving the social problem of late payment of salaries, the problem of widespread use of shadow pay schemes, which negatively affect the efficiency of management and social protection of workers.

The means of expanding cooperation that are aimed at improving the quality of life, confronting social challenges and realizing equal opportunities of the Ukrainian population, are suggested. The priority directions and means of intensifying the implementation of reforms and transformations in the social sphere are singled out. The proposed measures will promote the efficient implementation of the Conception on social policy of Ukraine until 2023 and the Strategy of overcoming poverty for the period up to 2020, help to maintain effective employment of the population and reduce the number of compulsory redundant workers, ensure efficient cooperation in the sphere of the social policy and equal opportunities for the population within the framework for the implementation of the economic component of the association agreement.

Keywords: social sphere, social infrastructure, social policy, state policy, social risks, reforms.

The low level of the implementation of the suggested reforms and changes in the social sphere is conditioned by the passivity and financial inability of the existing state social policy, an excessive number of goals and a small amount of means to achieve them. Today, real possibilities of reforming the regulation

policy of employment are absent, the influence of the state policy on raising the level of real incomes of the population and reforming the system of social protection of employees and labour migrants is limited, radical changes in the reorganization of social infrastructure do not take place.

Social problems of the labour market reproduction

Social problems of the labour market reproduction and the systemic defects of the policy of employment regulation of the population are exacerbated due to conjuncture changes in the labour market, structural imbalances between supply and demand for workforce by professions, the growth of the shadow and informal segment of the employed, the increase in nominal and shadow employment in Ukraine. This state of affairs shows that the means of state regulation are not consistent with the conditions envisaged by the strategy of reforming the social sphere.

As confirmation of this situation is the fact that from 2014 to 2016, one could observe negative trends in the formation of manpower surplus in the labour market conditions, the structural imbalance of the vacancy system and the growth of the shadow labour market. Thus, at the beginning of 2016, the need of enterprises for workforce to fill vacancies decreased by 25 % compared to 2015; while there was a 9.9 % reduction of vacancies announced by employers. In Ukraine, at the beginning of 2016, the loading of vacant positions per 1 job vacancy on average amounted to 16 people, which is 1.8 times more than in 2014 (in some regions, particularly, in Zaporizhia and Lviv oblasts – 42–75 people applied for one job vacancy) [1]

In addition, during 2015, there was a sharp increase in the shadow labour market (about 40 %), 600 thousand people left the legal labour market within this year; by the beginning of 2016, the level of economic activity of the population decreased by 3.2 % in comparison with 2013. In Lviv, Zakarpattia, Ternopil and Chernivtsi oblasts, the formation of labour micromarkets [2] takes place, informal employment is the main or additional source of incomes for 40–54 % of households.

The most widespread sources of receiving informal incomes were: unregistered business of people (21.1 %) and envelope wages (28.9 %) [3]. The analysis of informal employment in terms of age groups shows that its highest level is typical for individuals at the age of 15–24 (33.2 %) and at the age of 60–70 (41.1 %).

It is beyond doubt that the acceleration of the implementation of reforms in the field of the social policy is also caused by European integration processes. Therefore, Ukraine will not receive additional motivation and technical support from the EU if there is no policy of reforming the national education system

that meets the needs of the modern labour market. According to the World Bank's research on the labour market in Ukraine, the structure of training and suitability of staff remains distorted: every fifth company considers insufficient knowledge and skills of existing workers in the labour market to be a more serious obstacle to their functioning and development than problems, connected with financing, corruption and permits necessary for doing business (this figure is one of the highest among the countries with transition economies of Eastern Europe and the former Soviet Union).

At the same time, for qualified workers engaged in physical labour, it takes much more time to fill a job vacancy in Ukraine than in most countries (five weeks instead of 2.5). 25 % of enterprises in Ukraine, which have increased the number of employees and 15 % of enterprises that have not expanded their personnel in the last three years, consider the lack of knowledge and absence of necessary professional skills to be the main problem.

It is also worth noting that jobs are created mainly in new companies, in the sphere of market services and in professions. Thus, more than 50 % of new jobs are created in large companies, about 75 % – for workers engaged in physical labour, half of them – for skilled workers and consequently, only 20 % of all new jobs are provided for managers, specialists of middle and higher skill level [4].

Despite the fact that the unemployment rate of young people in Ukraine at the beginning of 2016 is generally lower (11.6 %) than in the EU countries and twice lower than in the countries of Eastern Europe and Central Asia, only 51 % of young people have found a job before reaching the age of 25, the level of self-employment and entrepreneurship among young people remains rather low and amounts to only 8 percent.

We believe that the solution to the problem of selection of qualified personnel in the Ukrainian labour market, recognition of informally obtained qualification and a deeper understanding of the internal mobility of the Ukrainian workforce would help to improve employment opportunities for the Ukrainian workforce, including labour migrants and internally displaced people, as well as contribute to economic growth in Ukraine. The State Employment service and the Federation of Employers of Ukraine are actively cooperating in the development and revision of professional standards. This is evidenced by the fact that at the end of 2015, employers of Ukraine approved 18 professional standards [5].

We want to add that in 2014, the Institute of Professional Qualifications was created as a platform to

promote the development of professional standards and qualifications; however, these efforts need additional support from the International Labour Organization (ILO) and cooperation with the EU countries in terms of their practical implementation.

At the same time, in spite of a 1 % increase in the employment rate, the number of employed people aged between 15 and 70 decreased by 9.4 % or 1.7 million people, who had worked in the informal sector of the economy (in 2015, the share of such people amounted to 25.1 % of the employed population). Significant volumes of expansion of informal employment are characteristic, first of all, of the western regions, which is caused by the concentration of the agrarian sector of the economy on these territories.

Hence, one could notice a decrease in the institutional capacity of government structures concerning the implementation of reforms in the field of education according to the economic component of the Association Agreement, a reduction of the financing of educational institutions, the inadequate use of youth innovation potential, low rates of reforms and modernization of the higher education system, which lead to inconsistency between the level of training of the graduates of educational institutions and the needs of the labour market, the growth of poor-quality public services in the field of basic and higher education and a rise in youth unemployment.

The state policy reforms in the social sphere should be primarily aimed at solving the social problem of late payment of salaries and the problem of widespread shadow schemes of labour remuneration that not only have a negative impact on the efficiency of management and social protection of workers and but also increase the negative tendencies towards low social standards of the level and quality of life of the population in comparison with the EU countries, cause the spread of poverty among the working unqualified population and the absence of state's levers to influence the policy of labour remuneration.

Low social standards of the level and quality of life of the population in comparison with the EU countries

Thus, at the beginning of 2016, with the positive dynamics of the slowdown in the rate of the inflation

index growth (up to 4.5 %) and an increase in nominal incomes of the population of Ukraine by 14.3 % in comparison with the same period last year, the rates of income growth were the lowest in the last 5 years and they were accompanied by negative trends, the main of which were: the lowest level of minimum wage in the last 10 years (36 euros) and lower wages compared to the EU countries (the minimum wage is 5 times lower compared to Bulgaria (184 euros) and Albania (157 euros), 54 times lower in comparison with Luxembourg (1923 euros)); the rise in the share of non-performing loans for households in the banking system (in 2015, the corresponding rate was 20 %); the fall in real incomes of the population in 2014, 2015 and 2016 by 11.5, 22.2 and 14.9 %, respectively in Ukraine on the whole and in most regions: in the first half of 2016, the incomes of the population remained at the level of 2009 and amounted to 3–5 % compared to 2015, and the gap between the average monthly real wage and the average index in Ukraine (4 895 hrn) amounted to 22.1–22.9 % in Volyn, Zhytomyr, Kirovohrad, Rivne, Sumy, Khmelnytskyi, Kharkiv, Cherkasy and Chernihiv oblasts; the increase of poverty among the working unqualified population (12–15 %) and a 15 % reduction in the share of the minimum wage in the average wage during 2010–2016 (in January, 2010, this index was 45 %, in January, 2013 – 38 %, and in January, 2016 – 30 %), while an ILO norm is at least 50–60 % (for example, in the UK this figure is 50 %, Slovenia – 47 %, Turkey – 46 %, Poland, Romania and Slovakia – 37 %).

The predominance of the average wage over the subsistence minimum for able-bodied people (1 450 hrn) in 2013–2015 was 2–3.3 times higher, but it did not solve systematic controversies in remuneration of labour and did not encourage the employers to reduce the amount of arrears in wages to employees of enterprises, institutions and organizations, which had increased by 28.7 % in 2016 compared to 2015, particularly, the debts increased by 1.5–3.5 times in Dnipropetrovsk, Luhansk, Volyn and Rivne oblasts, the highest rates of growth of this index were observed in Luhansk oblast (by 3.5 times), the lowest – in Vinnytsia oblast, where a 20.2 % decrease in arrears in wages took place. As a result, during 2013–2015, the average poverty rate increased by 2.4 times (from 23.3 % to 59.3 %, while among working people it increased by three times – from 19.6 to 52.9 %) [6].

Such things as the absence of an efficient social dialogue and lack of cooperation with partners to promote initiatives for providing decent working conditions, only partial implementation of new standards in the labour market concerning the collective and contractual regulation of socio-labour relations, etc. confirm that Ukraine

needs clear reforms and an action plan agreed among all branches of the government. The social dialogue is levelled out, because it is highly probable that the state authorities enter into an "alliance" with employers in order to reduce the demands of trade unions [7].

Partial implementation of new standards in the labour market concerning the collective and contractual regulation of socio-labour relations

The social significance of a collective contract and the level of coverage of employees by collective and contractual regulation lose their importance: the number of registered collective agreements in Ukraine at the beginning of 2016 decreased by 7.5 %; in the sectoral aspect, the lowest level of the collective and contractual regulation was observed in the wholesale and retail trade (34.2 %) and in the sphere of temporary accommodation and catering business – 39.6 %; in the regional aspect, a significant reduction of the level of coverage of employees by the collective and contractual regulation was reported in Vinnytsia, Volyn, Dnipropetrovsk and Rivne oblasts.

To assess the impact of a number of factors on the state policy towards the implementation of a social dialogue in the Ukrainian retail trade industry, the technique of DE-analysis is used, which allowed forming a model of regression equations (*formula 1*).

$$\left. \begin{aligned}
 y_1 &= 0,30x_{1,1} + 0,66x_{1,2} + 0,63x_{1,3} - \\
 &\quad 0,18x_{1,5} + 0,38x_{1,13} - 0,34x_{1,14} \\
 y_2 &= 1,30x_{2,2} + 1,67x_{2,3} + 0,83x_{2,4} + \\
 &\quad 1,75x_{2,5} + 1,01x_{2,7} + 0,63x_{2,8} + \\
 &\quad 0,42x_{2,9} + 0,55x_{2,10} - 2,99x_{2,13} - \\
 &\quad 2,28x_{2,14} - 0,25x_{2,16} + 0,42x_{2,17} \\
 y_3 &= 0,44x_{3,2} + 0,70x_{3,4} + 0,43x_{3,5} - \\
 &\quad 2,10x_{3,7} + 0,40x_{3,10} + 1,50x_{3,15} + \\
 &\quad 0,37x_{3,17}
 \end{aligned} \right\} y = K_1y_1 + K_2y_2 + K_3y_3 \quad (1)$$

where:

y – is the integral coefficient of the social dialogue implementation in the industry;

k – coefficients of significance of parameters (indices) that show the social dialogue implementation in the industry.

DE-analysis can predict the impact on the basis of the formal representation of the social dialogue

implementation, on condition that input and output parameters of the structure of the integral efficiency index are selected in the form of the ratio of an additive set of output system characteristics weighted in a certain way (y_j) (such “output” indices: (1) the level of the population’s employment in the trade; (2) labour productivity in the retail trade; (3) the average monthly wage of an employee in the retail trade, were chosen) to the set of “input” parameters (x_k) – 14 indices of labour economy and the social dialogue implementation in the retail trade by regions of Ukraine and 17 indices – by retail trade enterprises. It is obvious that it will help to define directions, mechanisms and instruments of the state policy in the analysed sphere more rationally.

It should be noted that such a three-vector model reflects and confirms the assumption as to the appropriateness and prospects of choosing the main strategic priorities of the state in ensuring efficiency of the policy on the social dialogue implementation. We want to mention that such factors as the number of employees per unit of a trade area (the coefficient of regression was 0.66), the number of full-time employees per one trade enterprise (0.63), the level of providing the population with the network of retail trade per 1,000 people (0,38), and the level of the payroll fund in the retail goods turnover (0,30) have a positive and profound impact on the social dialogue implementation in the retail trade in the regions of Ukraine.

The following factors have a negative influence on efficiency of the state policy towards the social dialogue implementation in the retail trade: investment in fixed assets per one person in trade (minus 0.34) and the coefficient of employees’ turnover at trade enterprises (minus 0.18). We want to note that the obtained results allow claiming that there is low efficiency and volumes of investment and legal protection of employment in the sphere of the retail trade, since, otherwise, one can observe a direct connection between investment and an increase in both financial and economic and social efficiency of business.

Limited the availability and financial stability of the system of social protection of employees

Finally, we want to add that the economic crisis in 2013–2016, the annexation of Crimea and the war in the east of Ukraine, the absence of an effective social dialogue and a purposeful state policy on employment

have led to the aggravation of negative phenomena in the socio-economic sphere. In particular, they have limited the availability and financial stability of the system of social protection of employees, which manifested itself in poor employers' responsibility for defending employees' rights and a mass layoff of employees. Thus, during 2014–2015, in the budget sphere, the mass layoff of workers took place three times (the number of employees decreased by 20, 10 and 3 % respectively)[8]; while in comparison with the corresponding period of the last year, the number of people warned about the planned massive layoff increased to 117 thousand people (by 1.5 times). Particularly vulnerable to violations of their labour rights are those migrant workers, (18.3 %) who work as domestic workers and do not formalize their own labour relations in 16.5 % of cases [9].

It should be mentioned that the lack of financing for the social services system lessened significantly the impact of the social policy on avoidance and prevention of negative social and economic phenomena for the population (in 2016, the payment of cash aid was suspended due to the unemployment of 77.1 thousand able-bodied people or 4.3 % of the number of people, who were accounted for as internally displaced people).

Priority directions and measures to intensify the implementation of reforms and changes in the social sphere

Taking into account the outlined critical socio-economic factors that do not contribute to the implementation of the state policy reform, such priority directions and measures to intensify the implementation of reforms and changes in the social sphere must be introduced:

1. struggle against common challenges, combat discrimination, increase the number of quality jobs with decent working conditions, strengthen the market flexibility and safety of employees, improve the efficiency of employment services in accordance with the needs of the labour market, promote the development of corporate social responsibility and responsible business practice, especially the one, which is supported within the framework of the UN Global Compact since 2000, by the International Labour Organization and the ILO Tripartite declaration of principles concerning multinational enterprises and social policy;
2. it is crucial for the Ministry of Social Policy and the National Employment Agency, together with the Confederation of Free Trade Unions of Ukraine, consider possibilities of using a four-day working week for low-skilled occupations (a 20 % reduction in working time will save 20 % of staff) and distance work for representatives of marketing, advertising, PR, journalists, translators, creative and IT specialties, which will allow diminishing the cost of organizing the workplace and meeting the needs for flexible employment for 25 % of workers of the mentioned specialties. The implementation of these measures will help to maintain effective employment of the population and reduce the number of compulsory redundant workers;
3. it is necessary to pass a package of laws for financial and banking activities at the legislative level in order to increase the stability and attractiveness of the sector of formal employment and set up the Bank to cover risks (insurance bank) for refinancing, repatriating business returns for the use of currency with the aim to legalize “shadow” employment and support competitiveness of the economically active population in the labour market; district employment centres should introduce the practice of holding European forums and consultations in order to implement measures to maintain effective employment and diminish the number of compulsory redundant workers;
4. intensify cooperation and exchange of experience in the framework of cooperation between the EU countries in the field of youth policy and informal education for young people, provide assistance to young people with acquiring knowledge, skills and abilities outside the education system, including through volunteering and recognize the value of such experience;
5. accelerate the introduction of two mechanisms for stimulating employment for young people – “Youth Employment Initiatives” and “Youth Guarantee schemes” in the framework of the Concept of the State target social programme “Youth of Ukraine” for 2016–2020 (the EU has allocated 6 billion euros for the implementation of the “Youth Employment Initiative” within the first two years of existence of the new EU budget for 2014–2020); continue to provide specific EURES services (the European job mobility portal of the network concerning staffing), particularly, implement the programme “Your first EURES job”;

6. in order to effectively implement the Conception on social policy of Ukraine until 2023, regional and district state administrations should devise a draft road map for joint actions of social partners – the Parties of the Association Agreement on overcoming “zones of social injustice” in the field of labour, which will reduce the differentiation in levels of payment and diminish the risks of shadow wage schemes;

7. in accordance with the Sectoral Agreement between the Ministry of social policy of Ukraine and trade unions of social workers of Ukraine and employees of state institutions of Ukraine for 2016–2018, the Ministry of social policy of Ukraine should urge the heads of enterprises and organizations together with trade union committees to develop and implement precautionary measures to prevent the layoff of employees in volumes exceeding 10 percent of their total number within a year. In case of the inevitability of massive layoffs, they have to devise joint measures to ensure the employment of workers who have to be dismissed (in case of planned dismissal of workers due to economic, technological and structural reasons or due to liquidation, one need to provide trade unions with information regarding these measures, including information on the causes of dismissal, the number and categories of workers that are connected with it, no later than three months before the planned dismissals);

8. within the framework of coordinating the social security of Ukrainian labour migrants, it is necessary to accelerate the implementation of already existing bilateral agreements with countries, especially, the EU neighbouring countries by following the principles laid down in Association Agreements; intensify the negotiation process as to concluding agreements on social and pension provision; initiate, together with

the interested EU countries, the search for schemes and development of programmes for circular labour migration; deepen European cooperation aimed at integrating immigrants into Ukrainian society, particularly, implementing the Plan of measures concerning the integration of refugees until 2020;

9. continue work on bringing the legislative and normative base of Ukraine into the line with the EU standards: to amend the article 31 of the Law of Ukraine “On Employment of the Population” (regarding the regulation of public works); make changes to some legislative acts of Ukraine concerning employment of disabled people, introduction of a cumulative system of compulsory state pension insurance and common principles for the calculation of pensions; adopt the Laws of Ukraine “On Education” (repeated) taking into account changes regarding the recognition of informal education. Such steps are needed to ensure cooperation in the sphere of the social policy and equal opportunities for the population within the framework of the implementation of the economic component of the association agreement;

10. in order to implement the Strategy for overcoming poverty for the period up to 2020 and the Law of Ukraine “On Social Services”, one should take into consideration the extension of the power of local executive authorities and local self-government authorities in the sphere of providing social services at the place of residence of people receiving such services. Oblast state administrations should involve experts from the UNDP, UNICEF, and ILO for developing program measures to prevent the emergence of centres for chronic poverty and social exclusion among internally displaced people, regardless of their place of residence and minimize the risks of social exclusion of the rural population.

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