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Essential problems of the development of labour and educational services markets in modern conditions

Abstract: The objective of the article is to study essential problems of the development of labour and educational services markets. The analysis of present-day situation of labour and educational services markets of the region have been carried out using the materials of Kirovohrad region. The trends in improvement of the interaction between the labour market and the market of educational services were suggested.

Keywords: labour market, the market of educational services, interaction.

Modern trends in the development of the Ukrainian labour market are displayed in active labour migration, unification of qualification systems and growing demands on the professional qualification of workers. In this situation the labour market raises absolutely new demands to the market of educational services which reflect the changes that take place in the Ukrainian economy. But in reality there is certain gap in the discordance of the proposition of the trained specialists at educational establishments and employers. The misbalance in the demand (from the side of enterprises) of workers of certain professions and the proposition (from the side of educational establishments) leads to considerable disproportions: increase of the number of applicants per a job place in one kind of qualification and the lack of specialists in other qualifications.

But at the same time the world experience shows that the successful development of education should be based on mutual integration and close cooperation with the labour market. This cooperation will guarantee reciprocal competitiveness as it allows creating educational standards and professional demands to the specialists according to the demands of the employers.

Thus, the research of the peculiarities of interaction between the labour market and the market of educational services and the search of the ways for their integration in modern conditions of the Ukrainian economy is essential.

Theoretical and practical aspects of the research of employment and labour market of the population were studied by the Ukrainian scholars and economists: O. Volkova [1], I. Hnybidenko [2], I. Petrova [3; 4], Y. Marshavin [5], V. Petyukh [6], L. Lisohor [7] and others. The studies of the market of educational services were carried out by O. Grishnova [8], O. Haraschuk & V. Kutsenko [9] and others. But the problem of organizational and economic integration of labour and educational services markets in Ukraine and its regions is still not solved. So, the objective of the research is to disclose essential problems of the development of labour and educational services markets in modern conditions and to find the ways of improvement of the interaction of these institutions.

The present-day acute political, social and economic situation in Ukraine intensifies a range of problems that slow down the process of stable employment and qualitative renewal of labour potential. Macroeconomic uncertainty, destabilization of monetary market and financial system will definitely lead to the worsening of the employment indicators on the Ukrainian labour market. According to the information of the State Statistics Service the Ukrainian labour market in the first half of 2014 is characterized by the following indicators: the employment level of the working-age population (from 15 till 70 years old) decreased to 57,9% (60,1% in the first half of 2013). The level of economic activity of people at the age of 15–70 decreased from 65,0% in the first half of 2013p. to 63,3% in the first half of 2014. The decrease of the indicator was mostly noticeable among rural population. Nationally, the highest employment level in the first half of 2014 p. Was in Kyiv (62,2%) and the lowest level was in Ivano-Frankivsk and Ternopil regions (54,0% each). The number of vacancies decreased in the first half of 2014 by 30,1% compared with the first half of 2013. And every fourth vacancy had minimum wage. The demand for highly-qualified work force was ten times higher than the demand for non-qualified workers.

On the whole, the current Ukrainian labour market is characterized by excess of work force supply compared to the demand, low price on workforce, decrease of employment in the sphere of social production, increase of unemployment, a small share of the officially registered unemployed people, increase of youth unemployment, regional disproportions between the availability and demand of the

workforce, low professional and territorial mobility of labour resources, migration of highly-qualified workforce etc.

One of the main economic levers of the mechanism of functioning of labour market is salary. Although the level of salary in Ukraine is lower than in most developed countries, the salary differentiation according to the level of education exists. Particularly, the average salary of people with higher education is twice higher than the salary of people that do not have full secondary education. That is why the market of educational services in the sphere of higher education in Ukraine is quite attractive which is conditioned by the possibility to get profit. At the same time the market of educational services is not an autonomous unit. In order to develop it should interact with labour market. The main function of the educational services market is to be a connecting link between the producers and consumers of educational services. But this function is not always carried out properly. Modern labour market is rather flexible and is ready for short-term fluctuations but the market of educational services is not enough flexible for the growing demands of employers. It is not ready to react quickly on the demands of labour market which leads to misbalance of the two institutions.

The analysis shows that by January 1, 2014 the average number of people who had full higher education was 35,6% of the registered number of full-time employees. The share of people with higher education in the number of full-time employees of companies and organizations is characterized by certain regional variation. It varies in different regions of Ukraine from 28,6% in Zhytomyr region to 40,9% in Kharkiv region and equals 49,8% in Kyiv [10, 57].

One of the main functions of the labour market is the stimulation of work and establishing the equilibrium wage rate. Analyzing the interrelation of the education level and the wage level in Ukraine in 2013 we can see that in the regional section there is a gap between the levels of education and wage.

Thus, in Ternopil region the share of full-time employees with full higher education is 38,0% which is 2,4 percentage points higher than on average in Ukraine and at the same time the level of the average wage is the lowest in Ukraine and is 72,0% of the average indicator in Ukraine. And on the contrary, in Dnipropetrovsk region the share of full-time employees is 32,8% which is 2,8 percentage points lower than on average in Ukraine and the level of wage at the same time is 2,0% higher than the average indicator in Ukraine.

As for the spheres of economic activity in Ukraine the statistics shows that the biggest gap is in the sphere of education, state management, defence, obligatory social insurance and in the spheres of professional, scientific and technical activity (Figure 1). In 2013 the share of full-time employees with full higher education was 54% (on average 35,6% in Ukraine) and the average wage in the sphere of education was 2700 UAHR (on average in Ukraine 3265 UAHR).

This situation leads to undesirability of youth to get higher education and strengthens migration feelings among qualified specialists and discredits the value of intellectual work.

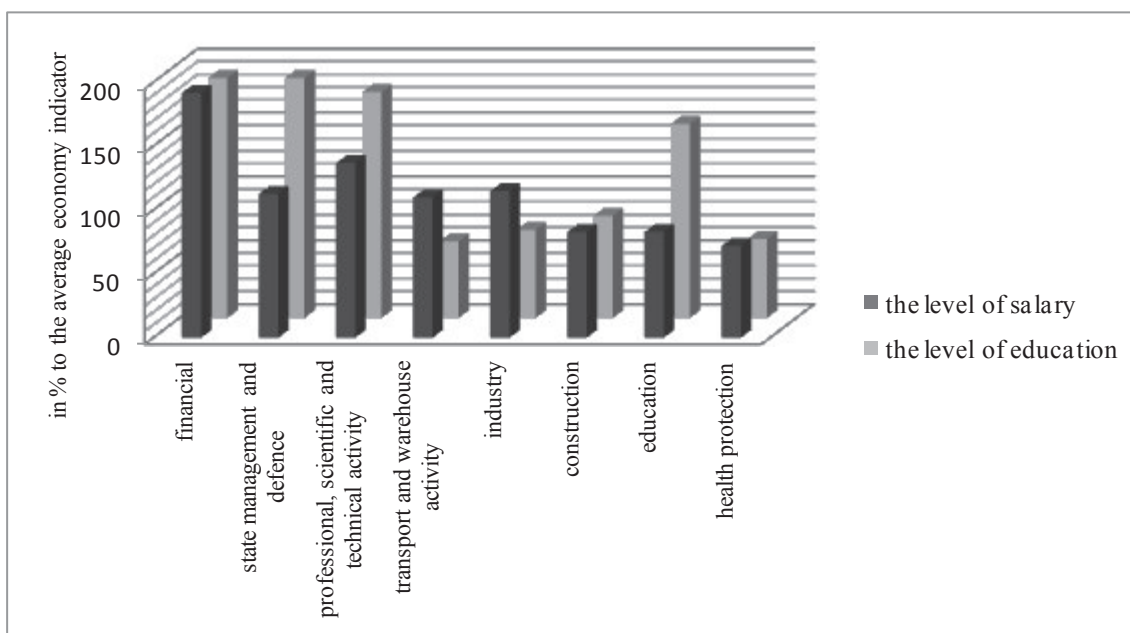


Figure 1. Interrelation of the education level and the level of salary in Ukraine in 2013

The statistics shows regional disproportions on the labour market. So at the end of 2013 the database of the State Employment Service counted 47,5 thousand vacancies (at the end of 2011 – 59,3 thousand). Nearly third of the available vacancies was located in the city of Kyiv, Dnipropetrovsk and Kharkiv regions.

According to the kinds of economic activity the highest number of vacancies was in processing industry (21,7%), in state management (15,7%), in trade and repair services (10,7%). The reduction of the vacancy number was noticeable in processing industry (by 2,4 thousand people), trade and repair services (by 1,9 thousand people), in the spheres of realty and services for entrepreneurs (by 1,3 thousand people). At the end of 2013 according to the range of classification of

professions most vacancies were suggested for qualified workers with tools (19,9%) and professionals (16,7%). During 2012 the State Employment Service registered 1826,1 thousand people. The highest number of unemployed people is concentrated in Dnipropetrovsk, Donetsk, Kharkiv and Lviv regions. Most popular professions demanded by the employers in 2013 were the professions of highly qualified workers such as locksmiths, turners, electric and gas welders, drivers, repairers of electric equipment and other representatives of trades. There is still a high demand on high-level specialists such as top-managers, economists, highly professional engineers and IT specialists.

Analysing the statistics we found out that certain part of university graduates of the I-II and III-IV levels of accreditation could not find jobs after graduation. That shows the presence of disproportion between the education and labour markets. The situation was conditioned by several factors. One of them is insufficient number of job places. While analysing the situation on the labour market we found out that the number of unemployed people in all regions of Ukraine is much higher than the number of vacancies; the number of vacancies is higher than the number of unemployed only in Kyiv. Among other factors a certain meaning have branch, social and demographic disproportions. One of the reasons of the disproportions is the aging of population and insufficient social support of the pensioners which in its turn makes them to work after retirement. In this case university graduates have not enough vacancies. A key factor of disproportion between the education and labour markets is the discordance of the qualification of university graduates to the demands of employers. Employers are interested in getting highly qualified specialists and reluctantly employ young specialists who have just graduated universities.

The statistics shows that the number of higher educational establishments in Ukraine is much higher than in the countries of Western Europe but the quality in most of them do not correspond to their quantity. The reasons of poor training of specialists are the aged educational and material base, insufficient financing to renew it and to purchase materials, tools and machines which are conditioned by the lack of budget financing. The practice proves that today higher educational establishments of Ukraine have to keep up the material and technical base using the so-called "special fund" that is the money received from selling educational services. This money is also used to finance different kinds of repair of buildings, to pay about 70% for communal services and to pay salary to a part of teachers. Under the

conditions it is impossible to purchase new laboratory equipment, tools, textbooks and scientific literature, to fund business trips of teachers especially abroad, to build accommodation for teaching staff.

All the above-mentioned facts show that the Ukrainian education is getting formal character in other words people get it but not for getting knowledge. They get education in order to have competitive advantages on the labour market. Thus, most university students in Ukraine want to get a diploma but not professional skills and knowledge. That is why there is a practice in Ukraine to download term papers from the Internet, to order diploma thesis and to bribe at all levels which cannot be seen in Europe and America. As a result the graduates are not well-trained for their profession and the employers give advantage to the applicants with the experience.

Another problem which makes the balance between the education and labour markets not easy is the discordance of labour conditions suggested to the graduates and their demands. A considerable number of vacancies has these unsatisfactory quality parameters such as low level of salary and its ill-timed payment, low transport availability of job places, discordance of labour conditions and legal norms (excessive durability of working hours, non-payment of sick-lists, absence of weekends or holidays).

The peculiarities of interaction between the labour and educational services market of the region were studied from the materials of Kirovohrad region. In the national distribution of labour Kirovohrad region is characterized by agricultural and industrial specialization. The distribution of the employed people according to the economic activity in Kirovohrad region has the following view: people employed in agriculture – 27,5%; people employed in trade, automobile and household goods repair – 18,5%; people employed in industry – 13,5% and in construction – 3,7% [12].

The regional labour market has a high degree of misbalance due to the limits of the sphere of labour application as a result of mostly agricultural type of production. The characteristic feature of the sphere regional employment is low territory mobility of the population, insufficient qualification level of the population and low investment activity.

Kirovohrad region has one of the highest indicators of demographic load on the population of working at the expense of the people older than working age. The reflection of the situation is a rapid growth of the level of economic activity of the population older than the working age. Thus, a further support of this situation in the

nearest future will increase the qualitative and quantitative misbalance on the regional labour market.

At the beginning of financial and economic crisis in Kirovohrad region the number of employed people decreased by 29,7 thousand people. The number of half-time working people during 2007-2013 increased in nearly four times and at the beginning of 2014 counted 40,3 thousand people. The number of people that were on forced leaves during 2007-2013 increased by 30,0% and counted 5,6 thousand people [12].

According to the information of the regional employment office it registered 14,2 thousand of unemployed people by the end of September 2014. The unemployed status was received by 2,6 thousand people during September. At the end of September 2014 the level of registered unemployed people in the region was 2,4% of the working age population. The number of vacancies registered at the regional employment office was 1,1 thousand people at the end of September 2014. The proportion of the registered unemployed people per one job place was 13 applicants. With the assistance of the employment office 1,2 thousand people got the job in September 2014. The average number of unemployed people that received redundancy pay during the September 2014 was 11,6 thousand people. The average amount of the pay was 1023 Hr.

We should admit that in the process of market transformation of economy the labour market of Kirovohrad region has more unemployed specialists of high qualification with every coming year. The structure of unemployed people has a bigger share of engineers and technical workers (the worsening of the situation on labour market is conditioned by the fact that Kirovohrad region has one the highest levels of the indicator). Thus, the demand for engineers and technical specialists from the side of enterprises was 10 times lower than the proposition at the beginning of 2014.

One of the characteristic features of the region is a big share of young people among unemployed: every third young person at the age under 35 is unemployed. In 2013 the share of registered unemployed university graduates was 7,5% of the number of all graduates. One of the reasons for unemployment is low motivation of young people, the absence of professional skills and low competitiveness on the labour market. Moreover, let us pay attention to a considerable misbalance between

the demand on working force and professions obtained by young people at technical colleges and universities.

The presence of structural disproportion between the demand on working force and its proposition by professions is a factor which limits possibilities of employment of the unemployed and satisfaction of the demands of employers. The biggest demand of enterprises in 2013 was on professionals (33,7% of the total number of vacancies), qualified workers with tools (12,9%) and workers in the sphere of trade and services (11,2%) [12].

Today Kirovohrad region labour market has the demand on drivers, electric and gas welders, salesmen and fitters. Another crucial problem of the region is the deficit of medical workers which is mostly conditioned by low salary rate and absence of social security. There is also a problem of unemployment in rural areas of Kirovohrad region. According to the data of municipal and district employment offices of Kirovohrad region the number of registered unemployed is higher than the number of vacancies.

Because of the worsening of material base of collective farms and insufficient financial state support of the producers of agricultural products many agricultural enterprises of the region were liquidated together with thousands of productive vacancies.

Unfortunately, the analysis of the distribution of specialists according industrial activity in Kirovohrad region shows that it does not correspond to innovative standards: the dominant feature is the employment in production and distribution of electricity, gas and water (22,9%); production of food products, beverages and tobacco products (22,4%); mining industry (14,0%). In knowledge-intensive production of industrial products in Kirovohrad region the number of employed people decreased considerably during 2000-2013 and at the beginning of 2014 12,9% in production of machines and equipment for the production of electrical, electronic and optical equipment was 7,2% and in chemical production – 2,2%.

During 2005-2013 there is a decrease of the number of implemented innovations at the regional level. The decline in innovative activity led to irreversible destruction of a considerable part of the production apparatus and the loss of massive qualified working force. During 2000-2013 the number of employees involved in scientific and technical works in Kirovohrad region decreased by third [11].

A very important problem for the regional labour market is the discordance of the parameters of functioning of educational services market to the demands of labour market. This factor is the reason for unemployment among the university graduates. The analysis of statistic data shows that the number of unemployed university graduates increases in comparison with previous years. If we compare 2007 when the number of unemployed university graduates was the least and then increased by 4,7% and in 2013 it was 7,5%.

So, in order to improve the interaction of labour and educational services markets we need the integration. In other words there should be mutual approaching and penetration of the labour and educational services markets. This is the basis for the development of human capital which answers the needs of regional economy. The practice shows that on the level of regions many problems could be solved. They are the problems connected with the development of science and education, stimulation of innovative processes, quality renewal of the products according to the market demand. All this will lead to the mutual development of the labour and educational markets.

In order to develop the market of educational services in Kirovohrad region it is important to introduce quality renewal of job places, to improve the system of labour security, to make better the conditions of work for workers. This will facilitate the increase the prestige of these professions and raise the proposition of working force to the accordance with the demand on workers. It will also stimulate employers to take part in educational process, to create effective system of career guidance work, to inform the population about the situation of the labour market, deficit and excess professions. This will lead to the raise of the demands in training future university applicants and training specialists on the basis of annual state order according to the demands of enterprises of the region.

In order to integrate the educational services and labour markets it is necessary 1) to develop and introduce a common methodology of labour market monitoring and to form on this basis state order for training qualified workers at technical colleges and universities; 2) to liquidate disproportions and excessive doubling in training qualified specialists, to optimize the list of professions suggested by technical colleges, to improve the conditions of licensing of educational activity; 3) to carry out structural changes through restructuring of the state technical educational establishments taking into account regional demands on qualified

specialists by certain professions; 4) to create together with employers on the basis of state technical educational establishments specialized Centres of professional training of qualified specialists according to working professions using the dual system of education; 5) to develop the system of professional orientation to fill the necessary professions taking into account the perspective demands of the regional economy (for young people entering the labour market, parents of school graduates and middle-age people).

The improvement of the activity of organizational structures that are involved in the process of employment of graduates will raise the efficiency of the employment in the region. That is why higher educational establishments should make their work of marketing department more active as the priority task of the department is to study, analyse and forecast the labour market, the formation of educational services and vacancy bank. The marketing department has also to provide methodological and practical assistance to employers and organizations in selection of competitive workforce and to solve the problems in social and labour spheres. The diversity of the activity of the structural subdivisions will facilitate the strengthening of the relations between the educational services and labour markets of the region and increase the efficiency of employment of young people.

Thus, an important issue of modern stage of social and economic development of the regions and Ukraine on the whole is the integration of the educational services and labour markets. The mutual penetration of the institutions will give possibility to liquidate the existing disproportions between the education and labour markets; to increase the quality of professional training of specialists at higher educational establishments; to stop the conflict of interests among the state, business and the system of higher education due to the differences in strategies of further development. As a result the role of the productive labour in the social and economic development of the country will be higher.

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