PRECARIZATION AS A PROPERTY OF THE MODERN LABOR MARKET IN UKRAINE UNDER THE CONDITIONS OF EMPLOYMENT SYSTEM DEFORMATION

Abstract. The purpose of the article is to study the peculiarities of precarization as the property of the modern labor market in Ukraine that is spreading under the conditions of imbalance of the country’s employment system; to examine the positive and negative aspects of the impact of precarious employment on the domestic labor market and its regulation in order to preserve the labor potential of the country. The study uses the methods of generalization, comparison, analysis and synthesis — to understand the essence of precarization and the peculiarities of the precariat formation as a special class; secondary analysis of statistical and sociological data — to identify the prerequisites for precarization, positive and negative consequences of precarization for Ukraine; graphical method — for clarity of data and a schematic presentation of the main provisions of the study. This paper considers the essence of the concept of «precarization» and defines the main attributes of precarious employment, among which the most significant are the absence or restriction of the rights of the employee in the workplace, access to social protection mechanisms, guarantees in obtaining a stable, permanent, legal workplace and income, ensuring decent work. It has been proven that in Ukraine the negative consequences of precarization prevail because Ukrainians are mostly forced to become precarians. Indicators of labor precarization in Ukraine have been determined and systematically analyzed. The scientific novelty is the systematization of precarious employment descriptors in the conditions of the labor market deformation in Ukraine. The results of the study can be used in the development of strategic plans for employment of the population, scientifically based monitoring of the implementation of the European Employment
Strategy in terms of precarization of the labor market, and also form the basis for further research in this area.

**Keywords**: precarization, precariat labor market precariat, migration policy.

**JEL Classification** J45, J61, J69

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**ПРЕКАРИЗАЦІЯ ЯК ВЛАСТІВИСТЬ СУЧАСНОГО РИНКУ ПРАЦІ УКРАЇНИ В УМОВАХ ДЕФОРМАЦІЇ СИСТЕМІ ЗАЙНЯТОСТІ**

**Анотація.** Meta статті — дослідження особливостей прекаризації як властивості сучасного ринку праці України, що поширюється в умовах дисбалансу системи зайнятості країни; вивчення позитивних і негативних аспектів впливу прекарної зайнятості на вітчизняний ринок праці та її регулювання з метою збереження трудового потенціалу країни. Використано методи узагальнення, порівняння, аналізу і синтезу — для розуміння сутності прекаризації та особливостей становлення прекаріату як особливого класу; вторинного аналізу статистичних і соціологічних даних — для виявлення передумов прекаризації, позитивних і негативних наслідків прекаризації для України; графічний метод — для уточнення даних і схематичного подання основних положень дослідження. Розглянуто сутність поняття «прекаризація» і визначено основні ознаки прекарної зайнятості, серед яких найбільш значущими є відсутність або обмеження прав працівника на робочому місці, його доступу до механізмів соціального захисту, гарантій в отриманні стабільного, постійного, легального робочого місця і доходу, забезпеченні гідної праці. Доведено, що в Україні переважають негативні наслідки прекаризації, адже українці прекариами стали переважно вимушено. Визначено і системно проаналізовано індикатори прекаризації праці в Україні. Наукову новизну становить систематизація дескрипторів прекарної зайнятості в умовах деформації ринку праці України. Результати дослідження можуть бути використані під час
Introduction. The modern economy and socio-labor relations are characterized by profound dynamic changes that require a new scientific understanding of the problems of the labor economy, including employment. The labor market is becoming more flexible, new types, forms of employment arise and spread. In recent years, the phenomenon of precarization has become a comprehensive and important aspect of the modern labor market; its characteristic features are the lack of stable employment; guarantees and security; professional identity; the low level and delay in payment of wages; unemployment; the lack of life prospects; the rigidity of social elevators, etc. Every year, the number of employees who are forced to agree to temporary work or part-time work without any social guarantees increases. This process has become especially tough during the impact of the COVID-19 pandemic on Ukraine’s labor and employment sector.

Literature review and problem statement. Our review of studies addressing the labor market has shown that the problems of precarization and the formation of precariat are quite acute for many countries, including Ukraine. Over the past 5 years, the number of works in which this phenomenon is investigated has significantly increased. Many papers report analyses of the causes of the emergence and studies into the characteristics of the precariat as a separate social class. G. Standing explores these specific issues [1]. He notes that awareness of the problems of the «new dangerous class» and finding possible ways to tackle them is one of the main tasks of our time [1]. The Zh. Toshchenko monograph explains the causes of precariat, considers its structure, and gives its main characteristics. In addition, the specificity, place, and role of the precariat in the modern distribution of labor are revealed, as well as the position in the labor market, the consequences of the existence and functioning of this new social phenomenon [2]. R. Anisimov also explores the features of precariat as a new social class; he considers it in the context of Marxist theory and emphasizes that the precariat as a new social class is formed from the middle class, which loses stability, as well as from the ranks of the traditional proletariat, which acts as the core of the precariat [3].

An important issue that is also raised in recent studies and publications is the issue of the connection of precarization with other socio-economic phenomena, their mutual influence. The E. Kolesnik paper explores the link between precarization and inefficient employment. The author concluded that although inefficient employment contributes to maintaining a high level of employment of the population, provides a minimum level of income, it, at the same time, forms a significant number of «working poor», becomes the basis for the formation of the class of precarians, indicates significant problems not only in the field of employment and the labor market but also in the economy as a whole [4]. The process of superseding standard forms of employment by non-standard as an integral attribute of post-industrial technical and technological structure, and the precarization of the population due to this process, is the subject of research by O. Kolesnikova, E. Maslova and O. Zenkova [5].

The problem of belonging of certain social groups to the precariat is also quite relevant. V. Koksharov, G. Agarkov and A. Sushchenko studied the participation of young people in the processes of precarization, who are susceptible to social innovations and have high competencies in information technology [6].

The review of recent studies and publications that address the formation and development of employment relations in a dynamic socio-economic context, the investigation of precarization as the property of the modern labor market in Ukraine confirms the high relevance, as well as the applied demand to continue research into this socio-economic phenomenon.

The purpose of the study. The purpose of this paper is to study the peculiarities of precarization as the property of the modern labor market in Ukraine that is spreading under the
conditions of imbalance of the country’s employment system; to examine the positive and negative aspects of the impact of precarious employment on the domestic labor market and its regulation in order to preserve the labor potential of the country.

**Methodology and research methods.** The methods of generalization, comparison, analysis and synthesis have been used in the paper to understand the essence of precarization and the peculiarities of the formation of precariat as a special class; secondary analysis of statistical and sociological data — to identify the prerequisites for precarization, the positive and negative consequences of precarization for Ukraine; a graphical method — for data visualization and schematic representation of the main provisions of the study. The tasks set were solved using the Microsoft Excel application packages.

**Research results.** In the scientific literature [5—9] precarization is defined as a tendency to develop social and labor relations of modern society, which involves the transition from classic employment agreements (contracts) to such forms of hiring under which an increasing number of people are forced to build their own labor strategy under conditions of instability and that increases their economic and social vulnerability, contributes to the loss of professional identity and ascending to the lower strata of society. Precarious employment is characterized by the absence or restriction of the rights of the employee in the workplace, access to social protection mechanisms, guarantees, obtaining a stable, permanent, legal workplace and income, in maintaining qualifications, professional status, ensuring decent work, etc.

In today’s world, the scale and significance of precarization are steadily growing, which is of increasing interest to sociologists and economists. This increase in interest is due to the fact that representatives of the middle class began to become increasingly involved in the processes of precarization, who are quite prosperous in terms of employment stability. Under the conditions of unstable environment, the demand for non-standard types of employment by employers is increasing and, as a result, labor supply is transforming. A. Kolot note that precarization is manifested in such non-standard types of employment, which are becoming increasingly popular, such as remote employment or remote work (telework, e-work); work at home; borrowed work (borrowed employee); employment on the basis of civil law contracts (pseudo-self-employment), or subordinated individual employment (dependent self-employment); unregistered employment in the formal sector; fixed-term employment; part-time work [10].

For the most part, by analyzing precarious employment, the researchers focus on its negative aspects, the forced nature. The O. Maslova study clarified that «precariat is not just non-standard employment but its forced, unprotected, and unreliable varieties, in which the condition of its carriers deteriorates and becomes unstable, non-warranted in all aspects: economic, legal, social, psychological. It is methodologically incorrect to include employees who voluntarily chose a non-standard form of employment» [11]. In our opinion, such clarification is not entirely true because the social composition of persons engaged in precarious employment is quite diverse. Indeed, the most vulnerable in this regard are the categories of the population involved in low-skilled labor, seasonal workers and illegal labor migrants. However, highly paid professionals or self-employed who deliberately change the field and type of activity, as well as vulnerable workers, who are forced to choose unstable employment can remain «on the sidelines of life» in the case of adverse circumstances, which was confirmed during the COVID-19 pandemic, when a large number of self-employed were forced to cease their activities and lived only at the expense of savings. At the same time, a paradoxical situation occurs in a pandemic: the vulnerable class of precariat is more «protected» than employees who have experience only in formal employment [6]. Insecurity, flexibility of labor relations also applies to young specialists who are also referred to as precariat. At the start of their careers, they are forced to form professional trajectories in the absence of experience in the profession and compensate for this by reducing the requirements for future work: temporary employment, low wages, modest, or no social benefits.

That is, the choice of precarious forms of employment can be carried out not only under the influence of forced external factors but also by the deliberate choice of lifestyle and social activity, by protesting the generally accepted «proper life», management of life by work, etc. The
generalization of scientific sources, as well as complementing them, makes it possible to present the positive and negative impacts of precarious forms of employment on the employee, employer, and society (Table 1).

Table 1

<table>
<thead>
<tr>
<th>Positive consequence</th>
<th>Negative consequence</th>
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<tbody>
<tr>
<td><strong>For employee</strong></td>
<td></td>
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<tr>
<td>adaptation of employees to changes under the conditions of economic and social life; ensuring flexibility of labor relations, stimulating activity in decision-making and creative self-realization; the opportunity to master new skills and abilities; increase in income in view of the specificity and intensity of work; increasing the chances of employment and reducing the risk of unemployment; the ability to choose work, projects, customers at own discretion; increasing labor mobility, including international mobility; the ability to manage time through the use of flexible or free work schedule</td>
<td>no workplace guarantees; the limitation or absence of guarantees and compensations provided for by law; involvement in work that does not require qualifications, which leads to suspension of professional skills development, deprofessionalization; impedance to career growth; decrease in income due to a decrease in the amount of work performed and its instability; non-guaranteed, most often low wages and lack of social benefits; partial or complete loss of social and professional connections and contacts; risks of excessive increase in intensity of labor and working time, increased fatigue; increased risk to health and safety in the workplace; lack of confidence in the future</td>
</tr>
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</table>

| **For employer**     |                      |
| adaptation of organizations to changes in the conditions of economic and social life; reduction of expenses (labor, technical resources, taxes) of businesses to retain employees; facilitating the recruitment process; the ability to retain staff during crises | increased risk of deterioration in labor quality; additional economic risks; reduction of personnel security at an enterprise; reduction of social security at an enterprise |

| **For society**      |                      |
| reduction of unemployment; formation of characteristics necessary for the formation of an innovative type of personality and the development of an innovative sphere of production | increase in social costs; increase in social tensions in society; loss of the country’s labor potential |

Source: summarized and supplemented by authors according to E. Maslova [11], O. Balakireva [12] and L. Ovchynnikova [13].

Unfortunately, in Ukraine, the negative consequences of precarious forms of employment prevail significantly because the majority of Ukrainians are forced to become precarians, due to the deterioration of the socio-economic situation in the country.

Consider the factors that lead to the precarization of labor. Most researchers see the main cause of the emergence and spread of precarization in globalization.

According to O. Poplavskia, deepening the precarization of society is a response of the labor market to globalization processes and the spread of market flexibility [14]. G. Afchenko and S. Lubenets provide a meaningful list of new forms of the «flexibility» of labor relations, which lead to the precarization of labor: first, the content of the concept of «remuneration» changes: the division of remuneration for it, compensation and guarantees reduce the base of payroll; the composition of the social package changes; vague regulations and guarantees of remuneration are introduced; second, the status of the employee changes: more and more employees receive the status of «temporary» employees and conclude contracts for a short period; there is an intensification of labor by time and volume of work performed; third, the practice of borrowed labor is spreading: the transition of individual technological operations to outsourcing, contract work, or freelancing; hiring additional personnel (out staffing, staff leasing); ease of termination of employment contracts and the transition of even some managers to the category of «unstable» [15].

According to E. Maslova, precarization was the result of the deformation of social, primarily socio-labor, relations that arose on a new technological basis and was strengthened by objectively
subjective processes of globalization of the capitalist system, and then by the interests and policies of states and subjects of the labor market [11].

A. Kolot cites the following factors of potential and real acquisition of the status of a «precarian» by an economically active person: the lack of stable work and uncertainty in the future; the low level of labor income due to forced non-standard employment; reducing the level of social security; shadowing of social and labor relations; corrosion of labor rights; complete or partial dismantling of the standard employment contract [10].

In Ukraine, the problem of precarization is very acute. The socio-economic instability, lower incomes, living standards of the population, the high unemployment, the presence of territorial disparities between supply and demand in the labor market, aggravation of the situation in local labor markets, etc. encourage Ukrainians to irrational economic behavior, to be ready to give in their rights in order to ensure at least a minimum level of satisfaction of their own needs.

Thus, we shall consider, as indicators of labor precarization, employment indicators, especially the dynamics of the unemployment rate; the share of employees who have worked part-time or part-time; the share of employees who are idle and employees who are on vacation without wages; the dynamics of real available cash incomes of the population and real wages, total wage arrears.

One of the most important indicators that characterize the state of the labor market and significantly affect the spread of precarization is the level of employment and unemployment of the population. According to the State Statistics Service of Ukraine [16], the number of economically active population in Ukraine decreases every year, which is primarily due to a decrease in the population (Fig. 1).

![Graph: The dynamics of employment and unemployment in Ukraine](image)

**Fig. 1. The dynamics of employment and unemployment in Ukraine**

*Source: compiled by authors using data from the State Statistics Service of Ukraine [16].*

In 2020, the number of employed people aged 15—70 amounted to 15915.3 thousand, 4 % less than in 2019, and 17 % less than in 2010. At the same time, 20.3 % of the employed worked non-officially (Table 2).

Informal labor relations prevail in the sector of independent employment where the share of the population of the specified age who worked in informal workplaces amounted to 69.3 % of all independently-employed at the age of 15—70, while among those employed there were 10.7 %.

At the same time, the proportion of self-employed was higher among women than among men (72.3 % vs. 67.3 %), and in rural areas compared to urban (90 % vs. 41.3 %).
Table 2

Informally employed population aged 15 years and older by gender, place of residence, and employment status in 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Informally employed population aged 15—70</th>
<th>Employed</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>thousand people</td>
<td>% of the total number of employed people aged 15—70</td>
<td>thousand people</td>
</tr>
<tr>
<td>Total</td>
<td>3237.8</td>
<td>20.3</td>
<td>1423.9</td>
</tr>
<tr>
<td>Men</td>
<td>1954.6</td>
<td>23.5</td>
<td>904.4</td>
</tr>
<tr>
<td>Women</td>
<td>1283.2</td>
<td>16.9</td>
<td>519.5</td>
</tr>
<tr>
<td>Urban residence</td>
<td>1454.8</td>
<td>13.2</td>
<td>996.3</td>
</tr>
<tr>
<td>Country residence</td>
<td>1783.0</td>
<td>36.2</td>
<td>427.6</td>
</tr>
</tbody>
</table>

Source: compiled by authors using data from the State Statistics Service of Ukraine [16].

The largest number of the population informally employed accounts for agriculture, forestry, and fisheries — 44.1%; construction — 17.2%; wholesale and retail trade, and repair of motor vehicles and motorcycles — 16.1% [16].

One of the biggest problems of the modern labor market in Ukraine was and has remained unemployment. Thus, the analysis of the dynamics of the unemployment rate of the population, shown in Fig. 1, reveals that in general, the trend of changes in unemployment can be described as crisis. The problem of unemployment has been particularly exacerbated during the COVID-19 pandemic outbreak. The report of the Razumkov Centre states that the coronavirus crisis has exacerbated the employment problem [17]. The unemployment rate increased from 8.5% in 2019 to 9.9% in 2020. The unemployed population was 1.6 million. In particular, 17% of the labor force at the peak of the quarantine was in a state of hidden unemployment — the employment of these people was reduced, or they were on unpaid leave. Also, the weekend quarantine, which was in force in Ukraine in November, provoked the second peak of unemployment growth — 361 thousand people were registered as unemployed, and, as of the beginning of December 2020, 420 thousand [17]. The situation has not improved in 2021, reaching 10.9% in the first quarter.

The main reasons for non-employment in Ukraine are traditionally dismissal at will, under the agreement of the parties (in 2020 — 34.1%); firing for economic reasons (22.9%), and seasonality of work (10.2%). At the same time, the share of persons dismissed at will under the agreement of the parties decreased by 5.5% compared to 2019, which may indicate that Ukrainian employees have concerns after dismissal not to find a new job, therefore, they jump at any work. These concerns have a strong basis because, over the year, the number of those released for economic reasons increased by 1.4%, the number of dismissed due to the expiration of the contract or hiring contract increased by 0.8%, and by 0.6% — those whose work was seasonal [16].

The presence of various types of structural disparities in the labor market also negatively affects employment. Today in Ukraine, along with the surplus supply of labor, there is also a dissatisfied demand for vacant jobs, one of the reasons for which is the inconsistency of the proposed requirements with the professions actually available to employees and the level of qualification. According to the State Employment Centre, as of January 1, 2021, on average in Ukraine, 11 unemployed people applied for one free workplace (as of January 1, 2020 — 6 people). The greatest discrepancy between the demand for labor and its supply in the professional and qualification context was observed among skilled agricultural workers (41 persons applied for 1 vacancy), employees and managers (25 persons), trade and services workers (15 persons), technical employees (15 persons). The greatest difficulties with employment are experienced by
representatives of the following professions: economist, manager, lawyer, computer typing operator, accountant. For example: there are 109 vacancies for 2,809 unemployed economists today, 52 vacancies for 1,329 unemployed lawyers, 175 vacancies for 4,287 sales managers, and 43 vacancies for 1,707 unemployed computer typing operators. The lack of personnel was observed among the representatives of the following professions: workers in cleaning and maintenance of houses with adjacent territories, machine workers at boiler plants, janitors, loaders, seamstresses, locksmiths-plumbers, trolleybus drivers, locksmiths for rolling stock repair [18].

Regarding the standard of living of the population today, we can talk about the following trends.

1. Decrease in real incomes of the population.

According to the State Statistics Service of Ukraine [19], household incomes are growing annually (Fig. 2).

![Fig. 2. Income and expenses of the population of Ukraine](image1)

So, in 2020, revenues amounted to UAH 3,972.4 billion, which is UAH 273.1 billion more than in 2019. However, it should be emphasized that the rapid growth of household incomes at this time was caused primarily by inflationary processes [19]. At the same time, real incomes of the population are declining (Fig. 3).

![Fig. 3. Changing in real disposable income (% to the previous year)](image2)

In the structure of incomes of the population in 2020, wages account for 45.9 %, social assistance and other current transfers — 33.6 %, income and mixed income — 17.9 %, property...
income — 2.6%. The social insecurity of the population is evidenced by the fact that almost all income is spent on goods and services, and there are almost no savings that could be an «airbag» in case of illness or job loss. In the structure of household expenditures in 2020, the lion’s share was the purchase of goods and services (89%). From 2015 to 2020, the annual savings of Ukrainian households did not exceed 2% of total nominal income, and, in 2020, they decreased by UAH 17.0 billion [19].

2. Low real wages and rising wage arrears. In precarization studies, an employee’s salary plays a different functional role. On the one hand, low wages are one of the attributes of precarization. On the other hand, low wages are considered as a consequence of employment instability (for example, in the A. Popov and T. Soloveva study [20].

The analysis of data from the State Statistics Service of Ukraine indicates an increase in nominal wages (Fig. 4).

![Fig. 4. Dynamics of average monthly wages in Ukraine](source)

Source: compiled by authors using data from the State Statistics Service of Ukraine [16].

But this growth is invisible to Ukrainians because it is accompanied by a significant increase in consumer prices. Thus, in 2020, real wages increased by 7.4% (compared to 2019), and the price index increased by 5% (Fig. 5).

![Fig. 5. Growth rate of real wages and consumer price index](source)

Source: compiled by authors using data from the State Statistics Service of Ukraine [16].
In addition, although wages in Ukraine are growing every year, they cannot compete with the salaries in countries such as Italy, Poland, the Czech Republic, Hungary (Fig. 6), to where Ukrainians go to work every year. Ever-increasing migration is another source of precarization growth.

![Fig. 6. The level of the average wage in the countries to which Ukrainians most often emigrate (2020, EUR)](source: compiled by authors using data from the State Statistics Service of Ukraine [16].)

Delays in wage payments are also a big problem for Ukrainian workers, as evidenced by the growth of wage arrears (Fig. 7). According to the State Statistics Service of Ukraine, as of January 1, 2021, the total amount of arrears of wages amounted to UAH 3136.7 million [21].

![Fig. 7. Dynamics of wage arrears in Ukraine](source: compiled by authors using data from the State Statistics Service of Ukraine [21].)

The analysis of indicators of employment, monetary incomes of the population, and real wages confirms the relevance of the issue of precarization in Ukraine. An increasing number of employees, especially young professionals, agree to work that does not correspond to the level of their education, qualifications, with limited rights in the workplace, without social protection, guarantees, in obtaining a stable, permanent, legal income, that lead to significant negative consequences for inclusive development of the national economy [22].

**Conclusions.** Our analysis of statistical data on the level of employment and unemployment, wages, and labor migration suggests that the dynamics of these indicators reveal significant problems not only in the field of employment and the labor market but also in the economy and society as a whole. The terms «precariato» and «precarization» reflect the essential properties of modern social and labor relations, covering versatile forms of atypical employment. The
phenomenon of precariat cannot be assessed unambiguously, it has both positive and negative consequences for the labor market and society in general, but negative factors are now clearly dominating. Adjusting informal labor relations should be based on the involvement of all necessary resources and means of regulation. First of all, we should talk about legal, economic and social mechanisms. Within the framework of legal regulation, the status of all participants in social and labor relations should gradually be equaled. With the help of economic means, decent working conditions should be provided for precarians, who should be included in social and labor relations on a par with other employees. Important in this regard is educational work aimed at positive attitude to precarrians by various social groups and social institutions.

Literature


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