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Labour Markets of the European Union and Belarus – Selected Similarities and Differences¹

Rynki pracy Unii Europejskiej oraz Białorusi – wybrane podobieństwa i różnice

Summary: Article includes the results of comparative analysis of labour markets of the EU member states and Belarus. It is based on wide, not commonly known in Poland, statistical data that was put in 9 tables. The paper consists of three parts. In the first one the tendencies of changes in labour markets of the European Union are characterized. The second one is devoted to specific conditions of Belorussian labour market. In the third one there are included the conclusions on coordination of factors and measures of the labour markets development in the analyzed countries.

Streszczenie: Artykuł zawiera wyniki analizy porównawczej funkcjonowania i rozwoju rynków pracy państw członkowskich Unii Europejskiej i Białorusi. Analiza ta opiera się na obszernych, mało w Polsce znanych danych statystycznych, zebranych w 9 tabelach. Praca składa się z trzech części. W pierwszej scharakteryzowana tendencje zmian zachodzących na rynkach pracy w Unii Europejskiej. Część drugą poświęcono omówieniu specyficznych uwarunkowań białoruskiego rynku pracy. Część trzecia zawiera konkluzje dotyczące koordynacji czynników i mierników rozwoju rynków pracy w analizowanych państwach.

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Changes of quality of world dynamics and new issues which appear under the influence of globalisation, the European integration and world financial and economic recession, objectively stipulate for the definition of distinctions as well as common features of national labour markets of the countries of the EU and those of CIS for development of priorities of social and economic development for the forthcoming period.

1. Tendencies of labour markets in the EU countries

National labour markets of the EU countries undergo significant changes (tab. 1). Decrease in the general employment level from 65,4 % in 2007 to 64,6 % in 2009 has occurred mainly due to the decrease in the employment level of male population. The general level of unemployment has grown to 8,9 %, youth unemployment having considerably increased.

The volume and structure of labour force supply on national labour markets is being changed. The labour services supply from various demographic layers that were economically inactive earlier (disabled, pensioners, youth, women) is growing. They are focused on flexible forms of employment, half-day job, self-employment which gain recently the increasing prevalence (tab. 2). In general labour markets become more

Table 1
Employment and unemployment level in EU-27 countries

	2007	2008	2009
Employment level, %, including	65,4	65,9	64,6
men	72,5	72,8	70,7
women	58,3	59,1	58,6
Rate of unemployment, %		7,0	8,9
Unemployment among Youth, %	6,8	6,9	8,7
Long-term unemployment, (over 1 year), %, including	42,8	37,0	33,2
men	43,1	36,8	31,8
women	42,5	37,2	34,8

Source: European Union Labour Force Survey- annual results (2007, 2008, 2009)// epp.eurostat.ec.europa.eu

Table 2
Social-demographic characteristics of labour markets of the EU-27 countries

	2007	2008	2009
Amount of manpower, millions of people	393,7	393,8	396,9
Employment level, %, millions of people including	218,5	217,8	221,8
-women, %	44,5	45,3	44,8
-youth, %	10,3	9,6	10,2
- at the age of 55-64 years, %	11,8	12,6	12,1
Full-time employed, millions of people, among them:	178,1	179,6	176,8
-self-employed	27,8	36,6	36,0
-temporary workers	19,4	19,1	17,6
Part-time employed, millions of people	39,6	40,4	40,9
The number of unemployed, millions of people	16,7	21,3	16,6
Economically inactive population, millions of people	175,2	176,0	175,1

Source: European Union Labour Force Survey- annual results (2007, 2008, 2009)// epp.eurostat.ec.europa.eu

flexible, which is proved by the decrease of relative density of the long-term unemployed in total amount of unemployment from 42,8 % in 2007 to 33,2 % in 2009.

Occurring changes in the structure of labour demand are caused by constant re-structuring of economy, change of the national economy structure, development of new sectors and kinds of economic activities, fields of services, ecology-focused production, e-employment (tab. 3). It means that jobs are reduced in traditional branches and sectors of economy, and simultaneously they appear in new ones which demand mobility of labour force (functionally, professionally and geographically), new knowledge and competency.

The number of jobs which demand high qualification is increasing, while the number of the employed with a low qualification level is decreasing. The higher the educational level of employees, the higher their employment level: the employment level of employees who have tertiary education in the EU-27 countries accounted for 83,9% (2008), and employees with a primary educational level accounted for 48,1%.

Being not less important, there remains a problem of overcoming consequences of world financial and economic recession and its influ-

Table 3
Structure of employment in EU-27

	2007	2009
Distribution of the employed at the age of over 15 years old according to the kinds of economic activity, %	100	100
agriculture	5,6	5,1
industry	27,7	26,0
market services	37,3	39,0
non-market services	29,4	29,8
Distribution of the employed at the age of over 15 years old according to the educational level, %	100	100
skilled non manual	38,3	39,9
low skilled non manual	24,4	24,7
skilled manual	27,4	25,8
elementary occup.	9,9	9,6

Source: European Union Labour Force Survey- annual results (2007, 2009)// epp.eurostat.ec.europa.eu

ence on labour market. As the World Bank experts admit “despite the hope of restoration of economy following the growth of world production, crisis consequences will still be present in the labour market for a long time”². These consequences are many-sided: employment level decrease; growth of the number of the unemployed (by 30% in 2008-2009) in EU-27 countries deterioration of employment possibilities (such population categories as youth, elderly persons, labourers, women and migrants being especially vulnerable); growth of the number of persons receiving the unemployment benefits, increase in load at government employment service, reduction of the number of free jobs and vacancies³.

Considering, that growing unemployment has overall structural character, crisis has worsened the problem of structural inconsistency between the market of educational services and the labour market, ne-

2 A. Kuddo, *Labor Market monitoring in Eastern Europe and Central Asia Countries. Recent Trends (Round three)*, HDNSP. The World Bank, Washington, DC//www.worldbank.org. – data of access: 09.06.2010, p.1.

3 Kuddo A., *op. cit.*, p. 4.

cessity of development of mechanisms of detection of perspective demand for personnel taking into account targets of innovative development of economy, development of professional training system in conformity with demands of employers, organisation of effective social dialogue and partnership between the educational system, employers, employees and bodies of government employment service. Recognizing importance and necessity of conformity between skills and competencies of employees and job requirements, the EU Initiative⁴ „New knowledge for new jobs” highlights the basic directions of the given activity: forecasting, information provision, advancing training⁵. In the EU countries the increasing significance is given to the factor of concordance of the market of educational services with the labour market⁶. This tendency is considered especially important in connection with influence of world financial and economic crisis on national labour markets and necessity of structural changes for economy of all countries, which, according to the ILO experts, requires the active policy in the labour market and qualitative educational programs⁷.

Many researchers see the reasons of the accumulated problems on labour markets of the EU countries in inelasticity of the labour market⁸ which is expressed in rigid legislation on protection of employment, a strong role of trade unions, significant programs of the social help and a high level of the taxation of wages. Therefore much is being done for increase of labour markets flexibility which is accompanied by a number of new problems. „In spite of the fact that use of flexible working hours promotes reduction in labour expenses and allows to better harmonize production requirements with individual phases of human life, „41% of employees and 34% of executive officers have confirmed, that the use of part-time working week negatively affects professional career”⁹. „Stability does not mean security, and stable jobs are

4 *New Skills for New Jobs. Anticipating and matching labor market and skills needs*, European Commission, 2009.

5 *New Skills for New...* p. 22.

6 *Профессиональная рабочая сила – основа интенсивного, устойчивого и сбалансированного роста. Положения по образовательной стратегии для руководства стран «большой двадцатки»*, Женева, Международное Бюро труда, 2010.

7 *Global Employment trends*, January 2010, Geneva, ILO, 2010, p. 43.

8 *Европейское региональное совещание. Обеспечение достойного труда в Европе и Центральной Азии*, Доклад Генерального Директора. Том 1. Часть 2., МБТ, 2009, p. 49.

9 R. Walkowiak, K. Krukowski (ed.), *Spoleczna odpowiedzialnosc organizacji: od odpowiedzialnosc do elastycznych form pracy*, Olsztyn 2009, p. 70.

not necessarily good jobs”¹⁰. Therefore the great value has the institution of social partnership in the labour market, for flexibility of the labour market has different significance for its participants. Comprehension of threats, which a flexible labour market conceal, has led to the development of „flexicurity” which means the balance of firms between competitiveness and social security, as a combination of flexibility of the labour market with strengthening of positions of social partners, expansion of social programs, an active policy in the labour market. This is an attempt to combine high competitiveness of economy with a policy of social inclusion, complete use economic and social factors of productivity. Recently, the concept flexicurity has been a crucial element of the Lisbon strategy of EU and the Global Employment Agenda of the ILO. These systems are employed in Austria, Belgium, and Scandinavian countries. The uniform model of flexicurity does not exist, it has distinctions in each country. Flexicurity is one of elements of the European social model which is based on the obligation of economic prosperity, the social consent and solidarity, accessible to everyone public health services and education, as well as on wide and reliable social well-being and social dialogue¹¹.

Thus, the basic changes in labour markets of the EU-27 countries are determined by the global shift of a paradigm of employment, increase of flexibility of the labour market (including flexibility of labour force, jobs, working hours, forms, kinds and conditions of employment, institutions), the increased necessity of the concordance of the labour market with the market of educational services. The situation is supplemented by increasing regional differentiation which stipulates growth of mobility of labour force¹².

10 P. Auer, S. Cazes (gen. ed.), *Employments stability in an age of flexibility*, Geneva, ILO, 2002, p. 7.

11 S. Cazes, A. Nesporova (ed.), *Flexicurity: A relevant approach for Central and Eastern Europe*, Geneva, ILO, 2007, p. 3-4.

12 *Growing regions, growing Europe. Fourth Report on economic and social cohesion*, Luxembourg, European Commission, Office for official publications of the European Communities, 2007, p. 19-24.

2. Characteristics of Belarus Labour Market

Quite high level of employment of the population has been steadily growing since 2006 (tab. 4).

The number of employed in economy of Belarus sharply decreased in 1991-1995, then it was stabilised at the level of 4500-4600 thousand people. The employment level in Belarus was high enough 76,7% in 2010. The number of free jobs and vacancies submitted to government employment service has been steadily growing, since 1995, however over 70% of vacancies are intended for workers in traditional spheres of economic activities.

The structure of the Belarus economy is being stabilized, hence the cumulative index of branch structural shifts is continually decreasing. Development of such industries as construction, trade and public catering, budgetary branches is taken place at a fast pace. Relative density of the industry and agriculture is decreasing. Comparison to dynamics of

Table 4
Social-demographic characteristics of the labour market of the Republic of Belarus

Years	Manpower, thousands of people	Economically active population, thousands of people	The number of employed, thousands of people	Employment level, %	The number of unemployed, thousands of people	Rate of unemployment, %	The number of economically inactive population, thousands of people
1991	6025	5318	5019,7	83,3	2,3	0,05	707
1995	5848,7	4524,2	4409,6	75,4	131,0	2,9	1324,7
2000	5997,0	4539,0	4443,6	74,1	96,0	2,1	1458
2005	6106,1	4490,6	4414,1	72,3	76,5	1,7	1615,5
2006	6107,7	4534,4	4470,2	73,1	64,2	1,4	1573,3
2007	6109,9	4566,9	4518,3	73,9	48,6	1,1	1543
2008	6108,0	4654,2	4610,5	75,5	43,7	0,9	1453,8
2009	6081,4	4686,1	4643,9	76,3	42,2	0,9	1395,3
2010	6078,5	4701,5	4665,9	76,7	39,2	0,8	1377

Source: calculated on *Труд и занятость в Республике Беларусь. Стат. Сборник*, Минск: Национальный статистический комитет Республики Беларусь, 2011, p. 27, 31, 32.

Table 5
Structure of the employed population of the Republic of Belarus according to the kinds of economic activity, 2010

Distribution of the employed at the age of over 15 years old according to the kinds of economic activity, %	2007	2008	2010
agriculture	11,1	10,6	10,6
industry	26,6	26,7	25,4
market services	37,6	38,4	39,8
non-market services	24,7	24,3	24,8

Source: calculated on working data of labour balances of the Republic of Belarus and data of *Труд и занятость в Республике...*, p. 67.

a cumulative turn-over of labour force (tab. 6) shows that the high cumulative turn-over of labour force continues (in 2010 the turn-over factor on entering a job made 21,8%, on leaving a job made 21,4%, i.e. every fifth worker in the course of the year changes the job).

The generalized characteristics of demand for labour in Belarus are the following: shaping of demand by means of state enterprises, mainly in manufacturing and agriculture where more than 70 % of vacancies are intended for labourers, and characterized by poor quality of free jobs and vacancies. In spite of the fact that working specialities still dominate in the structure of demand, demand for experts grows. For recent years proportions of higher education have considerably increased in the Belarus economy, while volumes of vocational have been reduced.

Special feature of the labour market of Belarus is lower level of wages in comparison with countries of Central, and Eastern Europe and Baltic states which carried out transformations, as well as state regulation of its dynamics.

Collective bargaining agreements still influence greatly on wage formation. The content of annual General and industrial collective agreements resembles a model of „effective bargaining” for they regulate not only salary level but also employment level (preservation of jobs)

The official unemployment level was 0,8% in 2010. But there is a gap between the number of the unemployed registered by the end of the year, and their real volume which government employment service works with during the year. The latter figure is approximately five times larger.

Table 6

Distribution of the employed according to the educational level in Belarus. Aggregate turn-over of the labour force

	2000	2005	2006	2007	2008	2010
Distribution of the employed according to the educational level, % of having						
Higher education	18,8	22,8	23,5	24,2	23,8	25,4
Secondary special education	22,4	22,8	22,8	22,8	22,7	22,6
Vocational training	...	18,9	19,4	19,8	20,3	20,6
General secondary education	50,6	31,2	30,4	29,7	29,8	28,5
Turn-over ratio on entry job, %	23,2	25,3	25,5	25,3	26,9	21,8
Turn-over ratio on leaving job, %	24,2	25,1	24,5	24,8	25,8	21,4

Source: calculated on *Труд и занятость в Республике...*, p. 77, 124, 192.

Table 7

Dynamics of average monthly wages in the Republic of Belarus

	2000	2005	2006	2007	2008	2009	2010
Average monthly gross payroll, thousand BRB.	58,9	463,7	582,2	765	868,2	981,6	1217,3
Wages, USD per month	73,6	215,2	271,2	323,0	403,9	350,2	406,6

Source: *Труд и занятость в Республике...*, p. 288, 345.

Table 8

Social-demographic characteristics of the unemployment in the Republic of Belarus

Years	Women share in the number of the unemployed, %	Share of the youth at the age of under 25 years in the number of the unemployed, %	Share of the long-term unemployed, (over 1 year) in the number of the unemployed, %	Average duration of unemployment, month
2000	60,7	40,9	12,6	6,4
2005	68,9	36,8	11,7	5,8
2006	66,0	29,0	10,5	5,1
2007	65,6	26,9	10,3	4,9
2008	60,7	26,3	8,2	4,4
2009	57,0	27,3	6,2	4,0
2010	52,6	24,1	6,4	3,9

Source: *Труд и занятость в Республике...*, p. 245,253, 333, 337-341.

The prevalence of relative density of women (52,6% in 2010) still remains in the structure of official unemployment in Belarus, however the share of women steadily decreases, for the unemployment among male population becomes aggravated. Women also remain vulnerable in the labour market, hence women dominate in the structure of the long-term unemployed. In 2010 the youth at the age of 16-25 years made up 24,1% of all the registered unemployed in the total structure of the unemployed. Due to dedicated activity of the government employment service of Belarus the acuteness of youth and long-term unemployment has been considerably reduced for last years. Average duration of unemployment made up 3,9 month in 2010.

The labour force poll is a standard tool of definition of an actual rate of unemployment according to which unemployed persons satisfy the ILO criteria. Such a survey on the permanent basis is being only initiated in Belarus. Within the frame of implementation of the Government Program of Employment of Belarus in 2006 the National Research Institute of Labour held the investigation in households in separate areas of Belarus (Chashniksky, Berezovsky and Gantsevichsky) which revealed, that the rate of unemployment in Berezovsky area made 13,1% while the official rate was estimated at 2,4%, Chashniksky made 11,4 % and 2,2 % accordingly. It also confirms significant regional differentiation of a labour market in Belarus.

A special feature of Belarus is the availability of flexible forms of the employment which haven't been represented by full-scale as yet (tab. 9).

Main differences between the labour market of Belarus and labour markets of the EU countries are the following:

- 1) availability of specific adaptable mechanisms of supply and demand formation in an aggregate labour market (high employment level, low level of the official unemployment, the overestimated demand for work, the rigid legislation on employment protection)¹³. It, on the one hand, essentially increases its social efficiency, but, on the other hand it provides non-standard behaviour of its basic elements according to neoclassics and indicates that it will be difficult for the Belarusian labour market, having such characteristics, to enter the global labour market.
- 2) special features of behaviour of enterprises in the sphere of human resources use which consist in significant excess of the ac-

13 Ванкевич Е.В., Морова А.П., Новикова И.В, *Рынок труда Республики Беларусь: особенности формирования и развития*, под ред. Ванкевич Е.В.– Витебск, ВГТУ, 2008.

Table 9
 Parametres of induced part-time employment in Belarus

	1991	1995	2000	2005	2006	2007	2008	2009	2010, (first half-year)
Part-time jobs initiated by the local administration, % of the average enlisted number	13,2	19,8	4,1	3,4	3,2	1,8	1,9	5,7	2,0
Those on holidays initiated by local administration, %, % of the average enlisted number	24,8	36,4	5,8	2,7	2,3	1,4	2,2	4,4	1,9

Source: made on the basis of data of the Ministry of Labour and Social Protection of Belarus

tual number of employment over economically reasonable number, use of out-of-date technologies of the personnel work which poorly motivate high-efficient labour. The situation is aggravated by a passive position of personnel departments of enterprises which is concentrated basically on fulfilment of office work. The data indicate that the number of the hours worked has increased by 7,15% from 1995 to 2009 with a insignificant decrease in 2009, but, in general, remains high. The high turn-over of labour force at enterprises (about 50% and even above during particular periods) indicates a high mobility of labour force the reasons of which are dissatisfaction with jobs (i.e. limited demand).

- 3) underdeveloped institutional structure of labour market at regional level, poverty of its infrastructure. In Belarus it is possible to consider the labour market flexible regarding wide practice of implementation of time labour contracts, use of part-time jobs, and mobile mechanism of pricing. In Belarus the labour market can be considered rigid according to the following aspects: rigidity in relation to the number of employment, procedures of liberation,

registration and receiving of the status of the unemployed, strong enforcement of labour relations at the state enterprises¹⁴.

But, despite of significant features, it is possible to determine many characteristics and problems in the Belarusian labour market, similar to those of the EU countries. They are the following: demographic problems and growth of economically inactive population; the problem of unemployment among women, and youth; growth of non-standard forms of employment; regional non-uniformity; a rising tendency of flexibility of the labour market; the increasing professional imbalance between demand for labour and its supply.

3. The coordinated measures of development of national labour markets

Considering similar tendencies and problems of the Belarusian labour market and those of national labour markets of the EU countries, and also taking into consideration increasing tendencies of globalization and the international integration which in the long-term perspective will lead to a uniform global labour market, the Republic of Belarus, while working out strategic directions of development of a national labour market, should be guided by the European Strategy of Development „Europe 2020”¹⁵ where the following purposes are defined:

- intensive growth assuming development of economy, based on knowledge and innovations,
- steady growth based on an effective utilization of all kinds of resources and ecologically-focused growth,
- balanced growth based on a high level of employment, at the expense of inclusion of all categories of the population in labour activity, and overcoming of regional disproportions

Achievement of these purposes assumes increase of occupation level in the EU countries up to 75% (now it is 69%), increase of level of educa-

14 E. В. Ванкевич, *Институциональное строение рынка труда в Республике Беларусь: направления оценки и развития*, Белорусский экономический журнал, 2009, № 4. р. 88-103.

15 *Europa 2020. A European strategy for smart, sustainable and inclusive growth*, Brussels, European Commission, 2010, p. 3-8.

tion (relative density of persons at the age of 30-34 years, having tertiary education, should increase from 31% to 40%), reduction of poverty and increase in well-being (a share of EU residents having incomes below national levels of poverty, should be reduced to 25%)¹⁶.

Modernization of national labour markets and their coordination with the markets of educational services is necessary in order to provide mobile labour force possessing a necessary set of skills and competence for a new quality of economic growth. Because of the influence of international competitiveness and globalization there is a necessity for new sources of competitive advantages to the organizations. Considering the limited chances in a price competition, the European countries count on innovations and knowledge. Necessity of constant technological changes affects the labour market controversially: on the one hand new technologies demand new knowledge, professional flexibility and mobility of labour force, on the other hand all the new technologies are labour-saving (that assumes liberation of personnel).

The European Strategy of Development 2020 is focused on increase of educational level of the employed, noticing, that “education is very important factor of productivity growth and can promote growth of employment, individual incomes and life satisfaction”¹⁷.

Achievement of the designated purposes in the labour market of Belarus will require implementation of the following:

- assistance to growth of employment on the basis of creation of economically effective jobs in innovative sector of economy;
- assistance to improvement of labour force quality and competitiveness, assistance to maintenance of conformity of labour force structure to the structure of jobs considering the perspective trends of economic development and restructuring;
- implementation of an active policy in the labour market, prevention from marginalization of different social groups in the labour market, assistance to expansion of labour activity for persons with the limited competitiveness in the labour market (disabled, youth, women, retirees who wish to work and so forth);
- increase of flexibility of the labour market, including flexibility of labour force, forms of employment and institutions in the labour market;

16 *Europa 2020...*, p. 8-9.

17 *Investing in Europe future. Fifth Report on economic, social and territorial cohesion*, European Union, 2010, p. 35.

- perfection of an infrastructure of the labour market, assistance to decrease of institutional barriers for development of employment and self-employment of citizens, strengthening of cooperation and consolidation of efforts of labour market participants (government employment service, local government bodies, association of employers, trade unions, non-profit organizations) in removal of imbalances in the labour market.