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The European Employment Strategy as a Tool Promoting Ukraine's Integration

Olena Rym and Pylyp Pylypenko ¹

Abstract

Purpose – The article aims to study and compare the experience of the European Union and Ukraine in relation to measures promoting employment.

Design/methodology/approach – Both a quantitative and qualitative approach has been employed.

Findings – After illustrating the core directions of its employment policies, the Ukrainian government failed to successfully implement them.

Research limitations/implications – The shortcomings affecting employment initiatives in Ukraine should be eliminated, while higher protection should be implemented for people at work.

Originality/value – The paper focuses on the problems of employment provision, which are common to Ukraine and the EU.

Paper type – Qualitative and analytical paper.

Keywords – *the European Union; the Europe 2020 strategy; employment; labour productivity; Ukraine's employment policy.*

1. Introduction

Social stability cannot be secured if the problem of employment is not adequately addressed. Therefore, ensuring the full employment of the economically active population constitutes one of the key goals for developed countries at the time of implementing social and economic policies. One might

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note that the recent social and political changes taking place in the labour market are unprecedented, posing new challenges as far as employment is concerned. Among others, reference can be made to labour shortages and the concurrent struggle to find work of those aged 45 and older. What is also worrying is that technology will destroy many jobs, as human workers will be replaced by automated processes.

The rapid diffusion of atypical employment in different fields is also a major cause for concern, as this state of affairs calls into question the provision of stable work. The above requires being pro-active and promoting efficient strategies of social and economic development. This is so because the pace of technological advancement and globalization is conditioning social life in a number of ways. With a view of governing global changes and devising opportunities for responding to the challenges in the field of employment and social protection, the European Union has developed a large-scale employment strategy aimed at maximizing employment growth while guaranteeing gender equality. Currently, promoting a 'smart, sustainable and inclusive economy', hence raising employment levels in the European Union is determined by the Europe 2020 strategy (European Commission, 2010).

The European development vector put forward by Ukraine requires a detailed analysis of the employment-related issues the European Union is now faced with, as well as an investigation of the ways to overcome them. There is a need for economic reform to adapt both European and national economies to current changes, thus coordination between Ukrainian and European Union employment policies is necessary. The determination and implementation of Ukrainian employment policies to be modelled upon EU priorities and positive experience are now imperative for future success. The way things stand now, Ukrainian labour legislation fails to keep up with changes in social life and cannot ensure proper regulation, especially when a deviation takes place from the standard employment model based on traditional open-ended contracts. In this sense, ensuring stable employment and regular working hours is becoming increasingly difficult. Labour flexibility and new working arrangements are some of the reasons behind the rise of new challenges for lawmakers and new risks for employees. In addition, the wide implementation of technological novelties increases tension regarding task fulfilment and work-related stress, accelerating the process of occupational burnout. Not to mention that these new ways of working make the distinction between private and professional life increasingly blurring. Under these conditions, governments are faced with the need to prevent a reduction in the protection and the income of those in employment. In this context, it is thus important to highlight the importance of cooperation between EU Member States and the EU when devising measures ensuring full employment. Taking this into account, Ukraine should

primarily follow the example of the European Union. Besides considering EU legal regulation, the analysis should also concern employment dynamics, in order to be ready to tackle different challenges as they arise.

Consequently, investigating the legal provisions favouring employment put forward by the EU and Ukraine from a comparative perspective seems only fitting. A significant body of national and international research (Amelicheva L.P. (2017), Vyshnovetska S.V. (2017), Matsko M.A. (2015), Pylypenko P.D. (2014); Buub N. (2001), Van Rie T. (2012), Velluti S. (2004), Watt A. (2004), Milner S. (2004), Regent S. (2003), Szyszczak E. (2001) has been carried out on this topic. However, the issue has come to the fore again due to the recent developments in labour markets. Ukraine's efforts to become a EU Member should be accompanied by a pro-active approach. The admission process should also involve an examination of the mechanisms of legal protection which are applied EU-wide. This analysis will start by outlining the EU employment strategy, from the beginning to its current orientation.

2. Discussion

2.1. The Development of the European Employment Strategy

In the early 1990s, the economic, monetary and social crisis affecting the European Union led the problem of employment to be dealt with at supranational level. Despite growing European integration, no answers were given to tackle rising joblessness, thus large-scale, long-term unemployment loomed large among EU citizens. Gaps in national employment policies were one of the reasons of this state of affairs. National labour laws were ill-prepared to deal with the new challenges brought about by globalisation and low-cost labour from developing countries. The worsening of the crisis made clear that employment-related issues could be overcome only by enhancing policy coordination at EU level.

Discussions about the mechanisms for tackling unemployment, innovative strategies and more coherent approaches to the issue led to adding a specific chapter on employment policy to the 1997 Treaty of Amsterdam (European Union: Council of the European Union, 1997). Since then, ensuring high levels of employment has been considered one of the EU's main goals.

Moreover, EU Members' commitment to setting a range of common objectives and tasks in the context of employment policy constituted the basis for the European Employment Strategy, which was announced at the Luxembourg Summit in November 1997, some time before the entry into force of the Treaty of Amsterdam (1999). Creating new and better jobs in the EU was the main goal of this strategy. Furthermore, achieving the respective

objectives was to be promoted through the 'single stream' principle, according to which the effect of all other EU policies on employment had to be taken into account in their development. The 'open coordination method' was also devised for the implementation of the European Employment Strategy: rather than mandatory resolutions, voluntary cooperation and 'soft resolutions' were implemented. In other words, instead of harmonizing national institutions of labour markets, the European Employment Strategy presupposed the process of 'soft' coordination of employment policy between Member States (Van Rie and Marx, 2012, p. 335). And the goal of the EU's intervention into this domain was not the intention to exert pressure on Member States via introduction of regulatory boundaries, but the striving to increase the importance of the respective values via organization of Member States towards achievement of common policy goals (Regent, 2003).

Indeed, the open coordination method ensured the 'soft' convergence of EU and national mechanisms, increased the effectiveness of national employment policies and harmonised labour market regulation. Thanks to this method, best practices were disseminated, helping Member States to gradually develop their own. The absence of a legal duty on Member States to enforce EC recommendations also played a part. Yet disregarding the proposals made by EU institutions could have consequences in political terms. As Regent states, political sanctions constitute a highly important form of political or moral pressure, since they can possibly create considerable difficulties for the respective national governments (Regent, 2003). Absence of legal sanctions in this case is assessed positively by Velluti. She argues that it contributes to a certain level of regulation and cooperation between the entities involved. She goes on to say that political sanctions, unlike legal ones, are more than symbolic and effective (Velluti, 2004).

The European Economic and Social Renewal Agenda – commonly known as the Lisbon Strategy – was approved during the 2000 European Council. This document specified that ensuring full employment was one of key goals of the EU's economic and social policy. In particular, the aim was to turn the European Union into the most competitive economy in the world, through knowledge dissemination and sustainable economic growth, along with the creation of new and better jobs promoting social cohesion.

At the same time, the implementation of the Lisbon Strategy was impeded by the lack of the necessary liability for its enforcement both at the level of European institutions, and the EU Member States. Due to this, in 2005 the Strategy was updated. Economic growth and employment became the priorities within the new goals the strategy was now meant to achieve. It also presupposed the introduction of some monitoring mechanisms of the activities in the field of employment by the Member States, related to their

commitments under the Lisbon Strategy, and liability for non-fulfillment was made stricter. Rather than supplying out-of-work benefits, the aim of the Lisbon Strategy was to provide active support to the unemployed while looking for a job, imposing sanctions against those jobseekers who refused a position. Consequently, the priority of the European Employment Strategy was not just reducing (registered) unemployment, but also increasing the levels of employment in general (Watt, 2004). Regrettably, the Lisbon Strategy did not achieve the declared goals. Moreover, the European policy once again failed to protect the economy against external shocks and blocked it for some time in its low-growth trajectory (Watt, 2004). The financial crisis and the economic slump required new and more efficient ways to promote stable employment. This quest resulted in the development of the new economic strategy: *'Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth'*, adopted in March 2010. In the context of this strategy, three main pillars were devised to deal with the economic hardship resulting from global instability, namely:

1. Smart growth: development of the economy based on knowledge and innovations.
2. Sustainable growth: support of the model of the economy based on effective use of resources that is environmentally friendly and competitive.
3. Inclusive growth: support of the variant of economic development characterized by high rate of employment and ensured social and territorial unity (European Commission, 2010).

In its Europe 2020 Strategy, the European Union reasserted the need to comply with the legal principles of the European Social Model for the sake of creating better jobs. The European Social Model is considered to be unique, for it aims at fulfilling both economic and social objectives. These objectives should be achieved in the following way: a) 75% of people aged 20-64 should be employed b) the percentage of children who do not finish their studies shall not exceed 10% c) at least 40% of those aged 30-34 should complete their third-level studies c) the number of persons threatened by poverty or social detachment shall be reduced by 20 million people.

The European employment and social innovation program aiming to achieve high levels of quality and stability of employment as a guarantee of adequate and decent social protection, overcoming social rejection and poverty and improving working conditions, constitutes a major component of the Europe 2020 strategy. This program is a real tool for achieving the objectives referred to above and carrying out the tasks in the field of employment (The European Parliament and The Council, 2013).

The European Union has made clear that the need to raise employment rates is based on the recognition of employment as a European value ensuring not only material welfare but also social accord. Nevertheless, doubts have been cast recently as to whether the EU will manage to ensure the earlier declared course towards inclusive employment growth against the background of a long-term, financial and economic crisis. Increased unemployment levels, the spread of unconventional work arrangements, lower social costs, wage freezing or reduction in the public sector, simplified dismissal procedures, shrinking unemployment benefits exacerbate social tension, affecting job motivation. However, the activities of the EU bodies and the employment-related documents they implement confirm that the EU does not intend to deviate from its ambitious goals, either as to employment, or its social model in general, though taking due account of budget restrictions. In particular, the focus is on the need for ensuring progress in labour market convergence and monitoring the welfare situation to prevent the lagging behind of the most vulnerable members of society (Ukraine-EU Civil Society Platform, 2016).

2.2. Employment Policies in the European Union: Current Directions

The European Union is facing new challenges: the rise and diffusion of new ways of working (e.g. zero-hours labour contracts and platform work), population ageing, and new migration patterns. This state of affairs urges national social security systems to increase worker protection. The poor effectiveness of job-creation measures via market deregulation, which were based on the provision of social welfare for employees, along with the increased mobility of people from new EU Member States, prompts the European Union to introduce measures aimed at tackling so-called 'social tourism'. In turn, this calls for a review of the way employment relationships are regulated, taking into account the fast-paced changes of European labour markets. As things stand now, the employment policies devised and implemented considering a traditional conception of labour market prove unsuccessful. The approval of the Lisbon Treaty and the subsequent changes made to employment regulation might be a starting point to positively impact on EU labour markets. An example of this is the development and introduction of the European Pillar of Social Rights, which reasserts the growing importance of ensuring and exercising labour rights at the EU level. The document was approved on November 17, 2017 at the Social Summit for Fair Jobs and Growth, held in Gothenburg (Sweden) for the sake of improving the daily life of all Europeans. The European Pillar of Social Rights includes 20 principles and rights regarded by EU leaders as necessary for the fair and effective functioning of labour markets and social provision systems in 21st-

century Europe. Since the approval of the 2000 Charter of Fundamental Rights of the European Union, this is the first document laying down social and labour rights at supranational level. It is divided into three parts: equal opportunities and access to the labour market; fair conditions of labour; social protection and inclusiveness. The Charter contains 20 key principles ensuring new and more effective rights, among others: life-long learning; gender equality and equal opportunities in the labour market; active employment support; safe and adjusted employment; guaranteed salary, information on employment terms and protection in case of dismissal; effective social dialogue and employee engagement; achievement of the optimal balance between work time and private life; healthy, safe and well-adjusted working atmosphere (European Commission, 2017). Although most initiatives concerning the European Pillar of Social Rights are to be implemented by EU Member States, the social partners and civil society, EU institutions – especially the European Commission – have devised some legislative initiatives aimed at improving employment and life in Europe.

By way of example, the European Commission developed and presented proposals for the improvement of the conditions of work of parents and guardians combining parenthood, family life and professional career (European Commission. Press release, 2017). The next step on the way towards the implementation of the European Pillar of Social Rights, suggested by the European Commission, is the establishment of the European Labour Authority (European Commission. Press release, 2018). This body will promote the growing capacity of the internal market, raising the mobility of the labour force as the result of the removal of existing barriers. Also, within the framework of performance of the European Pillar of Social Rights, the European Commission has drafted a new Directive on Transparent and Predictable Labour Conditions (European Commission. Press release, Dec. 2017). This draft directive supplements and modernizes the current procedures for informing employees of their working conditions. Besides that, measures have been put forward for the enshrinement of new minimum standards in order to guarantee all employees, including those engaged through unconventional work arrangements, the opportunity to enjoy clearer and fairer working conditions. New approaches to old problems attest to the struggle of the European Union to overcome poverty by increasing employment quality. The EU is striving to encourage Member States to introduce the necessary measures aimed at boosting employment in order to invest in people and reduce the burden of social provision resulting from large numbers of unemployed people. In addition, supranational bodies are trying to strike a balance between labour demand and supply through national employment policies. In the context of this process, the goal is not only to reduce

unemployment but also to improve employment quality. Against this backdrop, cooperation between national governments when implementing tools for ensuring effective and full employment is pivotal. That is why the European employment strategy constitutes a bright example of a compromise between different national standpoints as to the best way of fighting unemployment (Milner, 2004). While the above is illustrative of the fact that a common view is useful to resolve common problems, one cannot fail to note that most measures put forward by the European Union and its Member States frequently go unimplemented. As pointed out by Velluti, the absence of a mandatory legal toolkit constitutes a weakness of the European employment strategy and actually prevents achieving the expected results. Further, the fact that strategy implementation is dependent upon on Member States' economic and political situation, combined with its 'soft law' nature, does not ensure its further development in conditions of economic decay or political instability (Velluti, 2004). The lack of specific procedural rules and detailed instructions, the absence of clear competence delineation (Szyszczak, 2001) and the system of legal sanctions for non-compliance of the respective guidelines related to employment policy by certain Member States damage the legitimacy and efficiency of the European employment strategy as a form of advisory supranational law (Hodson and Maher, 2001). The European employment strategy is mainly a proposal strategy for the Union's macroeconomic policy, contributing to economic growth and demand for labour force (Biffl, 2007). However, the European employment strategy is not just about recommendations and suggestions. It has also introduced a specific process aimed at sharing policy implementation in the respective domain (so-called 'policy learning'). A change of policy via learning can lead to amendments that will be adjusted to the national employment policy context (de la Porte and Pochet, 2004). Thus, this instrument can be interpreted as a form of dynamic toolkit of the EU's 'soft law'. Due to the measures introduced under this strategy, soft foundations for further introduction of strict legislation in the field of employment can be secured (Velluti, 2004). The strategy in itself, as a management tool aimed at raising the efficiency of the social and economic system, cannot secure high levels of employment and independently promote economic growth (Biffl, 2007). It should be supplemented with other tools, e.g. the EU's labour law. The efficiency of strategy implementation directly depends on the high-quality, legal regulation of labour relations constituting a considerable component of social relations connected to employment. Moreover, ever since the approval of the Amsterdam Treaty, labour law has been considered an integral part of the European employment strategy and a tool for its implementation. As stated by Buun, employment policy, social engagement and sustainable social development promotion constitute

important goals of the EU labour law. The European employment strategy has come to be an approved format for coordinating the national labour law of the EU Member States (Buun, 2001).

2.3 The Employment Situation in Ukraine

The Association Agreement between the European Union, its Member States and Ukraine has laid down a number of tasks for the latter that need to be carried out within the next five to seven years to bring national legislation into line with the EC's requirements, among which is that governing employment relationships. It should be pointed out that the European Union is already going into the direction of a wide interpretation of the employment problem (Pylypenko, 2014). For the global community, social stability rhymes with employment. How the right to work is ensured is not important. This is so as long as the majority of the working-age population is employed and is given the opportunity to make an income ensuring adequate living standards to participants of social organisations (Pylypenko, 2014). That is why the choice of the European development vector on the part of Ukraine requires urgent changes to its internal policy. A good starting point would be the development of a clear and effective national employment policy that would take into account all the key trends in the global labour market.

As referred to in Ukrainian Employment Legislation, national policy should be based on the principles laid down in the EU documents discussing employment-related issues, among which is the Europe 2020 Strategy. The first principle concerns ensuring full and productive employment at the time of implementing active social and economic policies on the national level.

The first of these principles is ensuring full, productive and freely chosen employment in the course of implementation of active social and economic policy of the state. And the state should be more responsible for the development and implementation of this policy. It aims to create equal opportunities for residents when exercising their constitutional right to work by all persons capable of work, to promote effective use of labour capacity and to ensure proper conditions for social protection of the unemployed.

The focus of Ukrainian legislation on employment is still on creating the conditions for economic development and job creation. This aspect is related to the promotion of entrepreneurship, encouraging companies to hire more. Helping people to start small businesses and engage in self-employment is also important. Unfortunately, Ukraine lacks the financial and economic means to support business creation in an efficient way. Many have called for a reform of the tax system, particularly in relation to labour costs and the difference between those concerning qualified and unqualified workers. Therefore, and

unlike the EU, unemployment benefits in Ukraine are provided through the system of social contributions, preventing self-employment from developing properly.

Legal and productive employment is another aspect touched upon by the government's labour policies, as currently those engaged in the informal economy account for almost 25% of workers performing activities contributing the social system (Tsymbol, O., Nezhyvenko O., 2018). Both parties have no interest in formalising the employment relationship, because it is a win-win solution. Yet, society as a whole is affected, with workers who might be left without social protection in the future. Notwithstanding this state of affairs, the Ukrainian government struggles to find efficient mechanisms for individual protection tackling undeclared work. Emphasis should be on encouraging the economically active population to promote legal employment by increasing state safeguards, irrespective of the working arrangements they are hired through. The spread of atypical labour contracts that fall outside the traditional labour relations calls for the need to regulate them (Vyshnovetska, 2017, p. 80). In spite of the calls of scholars to legally securing atypical employment, in Ukraine the transition from the industrial to the post-industrial phase of economic development is accompanied by the establishment of the post-Ford employment model, which is characterized by precariousness.

Reviewing the national remuneration system would certainly promote legal forms of employment. Most employers argue that the current remuneration system, which considers the complexity of the tasks performed and employee qualifications, works well in the public sector, but not in the private one.

Those holding public offices – e.g. judges, prosecutors – are well paid and their labour costs contribute to the social system. Conversely, employers in the private sector only pay the minimum wage to employees, with the latter who are also granted envelope wages which prevent social unrest.

An attempt to make salaries more uniform was made at the end of 2016. However, instead of the classic mechanism for determining the official rate of pay based on the statutory minimum wage, it was established to determine it on the basis of the subsistence minimum (minimum subsistence wage) for able-bodied persons, which was envisaged for in 2016 legislation. According to the current system used to determine the pay rate, only employees with the highest qualifications rank (above grade 12) could expect a rise. The rest of employees having qualifications failing in rank 1 to 11 is paid remuneration equal to the statutory minimum wage. In such circumstances, workers are neither encouraged to work nor to further their qualifications. In this uncertain context, mention should be made of Ukrainian employment legislation. The relevant provisions set forth that a reimbursement should be provided to employers who in the course of 12 months put forward job-creation initiatives,

thus take on new workers and promised to pay them not lower than three minimum salaries. Reimbursement should be granted if employers ensure the mentioned salary to new hirers over a 12-month period. However, the amount of actual remuneration paid to employees far exceeds the amount that the employer can obtain on his/her own initiative. Such a mechanism thus frustrate any initiative.

This rule passed on 1 January 2017, a time when remuneration was based on the provision on the minimum wage. After changes were made to the remuneration system, the exceptions envisaged by statute did not seem to be founded on a sound basis. In other words, wages amounting to at least three minimum wages correspond to level 17 or 18 in the employee grading system. If these figures are considered, employers are far from creating new job and income opportunities for workers. Consequently, while acknowledging the efforts made by Ukraine in employment, one cannot fail to note that major shortcomings exist in relation to policy implementation.

This state of affairs is also determined by the fact that, in order to implement new labour policies, many aspects should come into play, involving the fiscal and the credit system, investments, state budget and so forth. Against this background, the activities promoting the re-employment of dismissed people should be envisaged, which should also consider Russian presence at the country's eastern borders. The law makes provisions for covering the costs of moving registered unemployed people to other inhabited settlements, meeting medical costs if employment centres deemed them to be necessary. Employers taking on job-seekers through fixed-term employment contracts lasting no more than six months will be granted the reimbursement of labour costs, as long that they are not higher than the average salary in the reference region. The government will also bear the costs of training and re-training if workers are offered contracts lasting at least one year. As for small-sized businesses hiring unemployed people to perform main economic activities for no less than two years upon the recommendation of employment centres, they will be refunded the costs borne for the hiring on a one-off basis, which also includes the cost of mandatory social insurance.

Ukraine's new employment policy has focused significantly on ensuring coordination and monitoring of the activities of the entities providing employment services (e.g. intermediation). This is true if one considers that employment agencies have become particularly popular among jobseekers after their legitimation, as they provide full and reliable information about job vacancies. Employment agencies cooperate actively with public employment and migration centres, with the former which are obliged to provide information about the number of people who are processed. In order to ensure jobseekers their labour rights, private employment agencies cannot advertise

job vacancies which might result in health-related risks or discrimination practices. This ban also applies in case of companies operating abroad. In other words, employment agencies should be awarded a license to operate overseas and should provide a statement of an employer or a recruitment agency located outside Ukraine in which it is made clear that job openings are available. The employment contract offered to workers should also be certified. After Ukraine was granted visa-free status for entering other EU countries, many Ukrainians rely upon these agencies to seek work abroad, as they assist people with legal and social contribution issues. Further, the task of developing and implementing state policy in the field of public employment lies with the central authority having executive powers, namely the Ministry of Social Policy of Ukraine. However, the Cabinet of Ministers, as well as other national and local bodies, have competence on these issues. Local employment programs envisage activities aimed at striking a balance between labour demand and supply, ensuring the employment of citizens having additional guarantees in employment promotion. Unfortunately, the Cabinet of Ministers of Ukraine, which is in charge of implementing employment policies at the national level, took seven years to approve the relevant programme, that is from September 2010 to 2017. Yet this project became the basis for devising local public employment initiatives. Taking the above into account, there is an urgent need for developing a new long-term employment program, also as the result of recent social and economic changes. In addition, the high levels of unemployment in Ukraine have led to the passing of new legislative acts. While reducing the number of people without a job, these new measures should also encourage national and local authorities to create new job opportunities, encouraging young people to engage in community work. Also, there arises the need to determine the legal status of individuals performing some work under civil law agreements and other non-standard labour forms, to care for their social protection, to take millions of people out of the shadow economy (Matsko, 2015, p. 397). Under these conditions, labour laws must also apply to individuals engaged in atypical work. To this end, modern approaches concerning the legal regulation of the employment relation should be adopted. This includes more flexible provisions, which would protect the interests of those concerned to the best extent possible and create sufficient opportunities for achieving full and productive employment (Pylypenko, 2014, p. 197). It is also important to improve organizational management in the field of employment. In this sense, the cooperation between employment centres and the authorities in charge of social protection could be taken as an example. Since there are more than a million individuals unemployed, a special department should be established to deal with their registration, accounting and social protection (Matsko, 2015, p. 397).

3. Conclusion

Comparing employment regulation in Ukraine and the European Union, it is clear that the former still lags behind EU standards. State bodies are not willing to apply efficient protection mechanisms to tackle illegal employment and the fragmented nature of employment reforms affects the efficacy of legal regulations. Furthermore, little has been done in Ukraine to strike a balance between work and family life. Taking the above into consideration, Ukraine must implement its employment policy as soon as possible, with due account of all the trends featuring EU labour market regulation, as well as developing its own improvement measures. The EU's experience proves the efficiency of the mechanisms used to improve its employment situation. In particular, the approximation of national legal systems and quality changes in the EU labour legislation have yielded positive results. Today at the level of the European Union, improvements in the situation with employment can be traced, and the level of employment has reached its record high. In 2018, unemployment got back to its level before the crisis, though it still remains high in a number of countries. The share of woman and senior people in the labour market keeps rising. Also, the situation with employment of young people is improving. The frequency of the use of atypical employment forms at the EU levels has stabilized, but high segmentation of the labour market can still be traced there (The Commission and the Council, 2019). The reform of EU labour legislation promotes achievement of a better balance between flexibility and security, aimed at avoiding labour market segmentation. Within the employment strategy measures, EU social and labour standards have not just been preserved, but even expanded via new legal norms enshrining efficient guarantees of the implementation of the rights of employees and workers. In fact, preservation of social and labour standards is perceived as an important demand management factor that contributes to increased productivity and economic growth (Biffl, 2007, p.4). Against this background, we may speak of a mutual influence between EU labour laws and the employment situation in EU countries. On the one hand, expectations in the labour market dictate changes in legal regulation. On the other hand, the quality of rules governing labour relations has a direct effect on the rate and fullness of employment. That is why Ukraine should approach the approval of the Labour Code of Ukraine with renewed vigour, ensuring the implementation of employment regulations and setting aside inefficient norms preventing the adequate functioning of those mechanism promoting high rates of employment.

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