

SOCIAL PROTECTION IN CASE OF UNEMPLOYMENT: MODERN WORLD PRACTICES

**Tatiana PEREHUDOVA, PhD in Economics, Senior Researcher,
Associate Professor, Department of Socioeconomics of Labour,
Institute for Economics and Forecasting,
National Academy of Sciences of Ukraine**

<https://orcid.org/0000-0002-3093-6104>, ptv_tat@ukr.net

DOI: <https://doi.org/10.36004/nier.cecg.IV.2023.17.16>

***Abstract.** The publication is dedicated to considering the features of social policy and mechanisms of social protection in the event of unemployment in the developed countries of the world, which have undergone changes as a result of the slowdown in economic growth and the strengthening of the influence of institutional factors. The consequences of the liberalization of reforms in the labour market are studied, with the identification of priorities for the institutionalization of national social policy, especially in the case of unemployment. In connection with the extractive nature of the national labour market in Ukraine, inclusive development with an emphasis on the formation of an inclusive employment policy and social protection of the population is of particular importance. This approach corresponds to modern world concepts of economic development and is relevant in connection with the further search for ways to restore the economy and the social sphere after military operations. The author's approach to overcoming the problems of unemployment and informal employment consists in expanding the coverage of the population by social protection with the development of stimulating the exit from the state of the beneficiary, which consists in reducing the barriers of social and labour inclusion of women, single parents, young people, persons with disabilities, transition from informal employment to formal, increased dependence between employment and access to social benefits.*

***Keywords:** social policy, social protection, unemployment, institutional factors, reforms, labour market, employment policy, inclusive development*

***JEL:** E24, J20, J23, J64, J65, J68*

***UDC:** 364.34*

Introduction. The issue of ensuring full and productive employment is an important point of the UN Sustainable Development Concept and the ILO Decent Work Concept. This issue is also constantly discussed by experts of such international organizations as the International Monetary Fund, the World Bank, and the ILO.

Among the urgent issues that need to be resolved, the problem of unemployment remains. According to the ILO report, the number of unemployed people in the world in 2022 is 207 million, which is 21 million more than in 2019. For the most part, this was a consequence of the Covid-19 pandemic. According to experts, women have fewer chances to find a job than men. The negative aspects of the labour market are also the underutilization of working time, which in the

equivalent of full-time jobs will equal 52 million. In 2022, the share of the employed in the population is 55.9%, which is 1.4% less than in 2019 p. (ILO, trends 2022).

Regarding the analysis of the labour market of Ukraine, it is worth noting that there remains a problem of decreasing the level of participation of the population in the labour force, the level of which in 2021 was 54.6%. For comparison, let us recall that the level of population participation in the workforce in developed EU countries is at the level of 70-80%. As a result of the war in Ukraine, the unemployment rate rose to 35% in 2022. For comparison, in 2021 it was 9.8% (Ukrstat; National Bank of Ukraine, July 2023).

Promoting steady, inclusive and sustainable economic growth, full and productive employment and decent work for all is Goal 8 of the Sustainable Development Concept. This involves ensuring the promotion of full and productive employment and decent work, equal pay for work of equal value, overcoming youth unemployment, minimizing the informal economy and its reorientation to the formal, stimulating micro, medium and macro entrepreneurship, protecting the rights of workers and creating safe workplaces, solving problems of labour migration (Parisotto, 8 goal of sustainable development).

This raises the interest of the study of employment policy and social protection in case of unemployment in countries that have achieved success in overcoming this problem. It is important to create a basis for further institutionalization of the social protection system in case of unemployment in Ukraine.

Literature review. The study of employment problems was and remains relevant for Ukrainian society. This is confirmed by the publication activity among domestic scientists. Domestic scientists of the Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine, the Institute of Demography and Social Research of the National Academy of Sciences of Ukraine, the National Institute of Strategic Studies, the Razumkov Center, the Research Institute of Social Policy of the Ministry of Social Policy made a significant scientific contribution to solving issues related to the improvement of population employment policy in Ukraine and NAS of Ukraine, etc.

Among the issues that need to be resolved in Ukraine is overcoming the extractive nature of the national labour market, which determines the institutionalization of employment and social protection policies with a focus on inclusiveness, which corresponds to modern concepts of socio-economic development. In the conditions of waiting for peace and the need to restore the economy, the issue of finding conceptual provisions for the development of the national labour market and reforming the policy of employment and social protection, including in case of unemployment.

The goal is to determine the peculiarities of overcoming the problem of unemployment in the developed countries of the world at the current stage of socio-economic development in order to form the basis for the institutionalization of social protection in case of unemployment in Ukraine.

Research methodology. To achieve the goal, the following methods were used: the method of theoretical generalization, methods of scientific knowledge in the process of finding an approach to providing social assistance in case of

unemployment; methods of historical and logical analysis – in the study of social protection systems in case of unemployment in the countries of the world; comparative analysis and generalization - when studying the practices of social protection in case of unemployment; the method of structural and functional analysis - to determine the directions of institutionalization of social protection in case of unemployment in Ukraine.

Main results. In the world, the problem of unemployment has worsened due to the Covid-19 pandemic and in connection with the slowdown in economic growth. The economy is not creating the required number of jobs.

The decrease in growth rates (*Table 1*), the aging of the population and the need to overcome the challenges of unemployment associated with the influx of migrants led to the liberalization of reforms in the social sphere in European countries (IMF, April 2023).

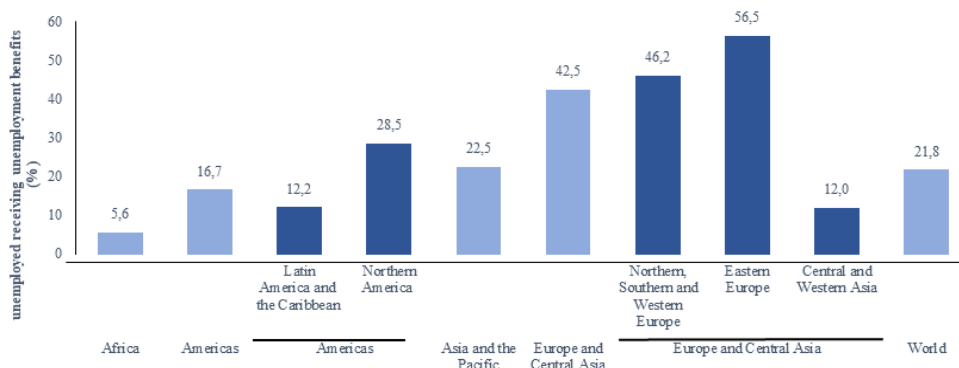
Table 1. Growth forecasts of the world economies of the International Monetary Fund

(Real GDP, annual percentage change)	2022	2023	2024
World production	3,4	2,8	3,0
Advanced countries	2,7	1,3	1,4
USA	2,1	1,6	1,1
Euro zone	3,5	0,8	1,4
Germany	1,8	-0,1	1,1
France	2,6	0,7	1,3
Italy	3,7	0,7	0,8
Spain	5,5	1,5	2,0
Japan	1,1	1,3	1,0
United Kingdom	4,0	-0,3	1,0
Canada	3,4	1,5	1,5
Other advanced economies	2,6	1,8	2,2
Emerging and developing countries	4,0	3,9	4,2
Emerging and Developing Asia	4,4	5,3	5,1
China	3,0	5,2	4,5
India	6,8	5,9	6,3
Countries in which the market is emerging and developing countries in Europe	0,8	1,2	2,5
Russia	-2,1	0,7	1,3
Latin America and the Caribbean	4,0	1,6	2,2
Brazil	2,9	0,9	1,5
Mexico	3,1	1,8	1,6
Middle East and Central Asia	5,3	2,9	3,5
Saudi Arabia	8,7	3,1	3,1
Sub-Saharan Africa	3,9	3,6	4,2
Nigeria	3,3	3,2	3,0
South Africa	2,0	0,1	1,8
<i>For reference:</i>			
Emerging and middle-income countries	3,9	3,9	4,0
Low income developing countries	5,0	4,7	5,4

Source: International Monetary Fund (April 2023). World Economic Outlook. <https://www.imf.org/ru/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

Countries with high rates of development are India – 6.3% (2024), China – 4.5% (2024). The countries of the Euro zone and the USA are characterized by low rates.

Regarding the analysis of the level of unemployment, according to ILO research, the actual coverage of unemployment assistance within the scope of the indicator "Sustainable Development Goal 1.3.1" in the countries of the world is 21.8% of the unemployed. In the countries of Europe and Central Asia, about 42.5% are covered, in the countries of the Asia-Pacific region - slightly more than 22%, in South and North America - only 16.7%, in Africa - 5.6% (ILO, 2017). Information on the share of the unemployed receiving unemployment benefits is shown in *Fig. 1*.



Notes: Numbers of unemployed receiving unemployment benefits were collected from national social security unemployment schemes. Regional and global estimates weighted by the number of unemployed.

Figure 1. SDG indicator 1.3.1 on effective coverage for unemployed persons: Percentage of unemployed persons receiving unemployment cash benefits, latest available year

Source: ILO, World Social Protection Database; ISSA/SSA, Social Security Programs Throughout the World; OECD SOCR; ILOSTAT; national sources. <http://www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=54641>

From *Fig. 1* shows that a high level of coverage is characteristic of the countries of Europe, a low level - for the countries of Africa, Central and Western Asia, and the countries of Latin America and the Caribbean.

Representatives of the World Bank and the United Nations emphasize the problem of unemployment in the countries of Europe and Central Asia. About half of all unemployed people have been looking for work for more than a year. Every fifth young person is unemployed (not working, not looking for work, not studying) (UN).

In Fig. 2 shows trends in the level of unemployment in the EU (Eurostat).

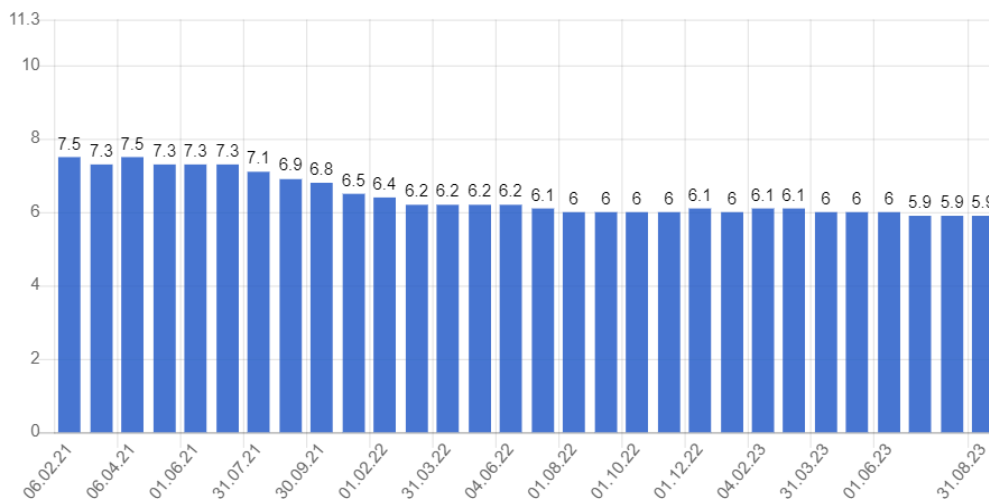


Figure 2. Unemployment rate in the EU, %

Source: Eurostat. Unemployment.

https://ec.europa.eu/eurostat/databrowser/view/UNE_RT_M_custom_3761903/bookmark/table?lang=en&bookmarkId=e8fdfad7-74a2-4074-99f1-d92cb0583cf5

The unemployment rate in European countries is shown in the Table 2.

Table 2. Unemployment rate in European countries

Countries	2019-07	2020-07	2021-07	2022-07	2023-07
United Kingdom	3,80	4,40			
Czechia	2,10	3,00	2,60	2,40	2,70
Poland	3,20	3,40	3,30	2,90	2,80
Malta	3,50	4,70	3,40	2,90	2,50
Germany	2,90	3,80	3,50	3,10	2,90
Iceland	4,00	5,90	5,30	3,70	3,20
Netherlands	4,40	5,50	4,10	3,60	3,60
Slovenia	4,80	5,10	4,40	4,10	3,50
Norway	3,90	5,90	5,00	2,80	3,50
Hungary	3,20	4,40	4,00	3,60	4,00
Switzerland	4,40	5,10	5,10	4,20	
Ireland	5,10	6,80	5,90	4,20	4,10
Bulgaria	5,00	6,20	5,10	4,20	4,60
Austria	4,90	6,70	6,00	4,60	5,60
Denmark	4,60	6,40	4,10	4,60	5,60
Luxemburg	5,70	7,10	5,20	4,50	5,20
Romania	4,90	6,50	5,30	5,50	5,50
Belgium	5,20	6,00	6,30	5,50	5,50
Estonia	4,10	7,50	6,20	5,80	7,20

European Union - 27 countries (from 2020)	6,80	7,70	7,00	6,10	5,90
Latvia	6,30	8,70	7,60	6,90	6,60
Slovakia	5,70	7,00	6,80	6,10	5,80
Cyprus	7,10	7,70	7,20	7,00	6,70
Croatia	6,60	8,20	7,40	7,00	6,80
Finland	6,50	8,10	7,60	7,00	7,30
Portugal	6,60	8,10	6,60	6,00	6,30
France	8,40	8,60	7,90	7,30	7,40
Sweden	7,30	9,60	8,60	7,20	7,00
Lithuania	6,20	9,40	6,80	5,80	6,40
Italy	9,60	10,10	9,10	8,00	7,60
Greece	17,50	17,50	14,40	12,50	10,80
Spain	14,20	16,30	15,20	12,70	11,60

Source: Eurostat. Unemployment.

https://ec.europa.eu/eurostat/databrowser/view/UNE_RT_M_custom_3761903/bookmark/table?lang=en&bookmarkId=e8fdfad7-74a2-4074-99f1-d92cb0583cf5

From the *Table 2* it is noticeable that there are countries that managed to reduce the unemployment rate, and those in which it remains stably high.

The slowdown in economic growth, new challenges of national labour markets led to the revision of social reforms. The labour markets of many developed countries of the world are characterized by the liberalization of labour legislation and increased flexibility. Stable employment is no longer a characteristic feature of employment, and the share of temporarily employed is growing over the years. However, it is worth noting that the data given in the *Table 2* indicate that the reforms carried out in the EU and European countries contributed to the reduction of the unemployment rate. The analysis of social policy reforms in Europe showed the following: strengthening of measures to speed up the exit of persons from the status of a beneficiary, the need to agree to any offered work. Social protection systems for unemployment are being reviewed with increased stimulation of the population towards early employment. Directions for improving social protection in the event of unemployment can be systematized according to two groups: those aimed at increasing the coverage of social protection in the event of unemployment, and those aimed at reducing the coverage of social protection in the event of unemployment. In the *Table 3* presents the experience of countries in improving social protection in case of unemployment in modern conditions by such groups.

Table 3. Directions for improving social protection in case of unemployment: the experience of the developed countries of the world

Measures aimed at increasing the coverage of social protection in case of unemployment	Measures aimed at reducing the coverage of social protection in case of unemployment
<p>relaxation of the conditions for the duration of the insurance period (Austria); shortening the waiting period for unemployment benefits (Canada); increase in the categories of workers who receive assistance at the expense of non-regular workers, self-employed, young workers (Germany, Japan, Greece, Italy, France); the extension of social protection to those who have already used this right, or an increase in the amount of assistance in case of episodic or temporary employment (Denmark, Spain, Portugal); introduction of incentives to support employment and return to work (France); replacement of basic unemployment benefits with basic income guarantees (Finland); providing the unemployed and partially employed with guarantees of receiving a temporary anticipated income (Hungary, Greece); strengthening support for young people in job search, professional training and retraining for the transition from education to working life (Great Britain, Denmark, Ireland, Sweden); softening of conditions for youth unemployment benefits (Spain, Italy, Slovenia, Czech Republic); state employment promotion programs and temporary wage subsidies (Latvia, France, Estonia).</p>	<p>strengthening conditions for unemployment benefits (Belgium, Hungary, Greece, Denmark, Czech Republic, Estonia); increasing the length of service to receive benefits (France); establishing a higher salary threshold for the possibility of receiving unemployment benefits (Finland); reduction of the maximum period of benefit payment (Netherlands, Finland); reduction of aid (Greece, Latvia, Spain, Finland); strengthening requirements for job search and monitoring of unemployment benefit recipients (Belgium, Latvia, Finland); strengthening the conditions for accepting job offers (Netherlands), professional mobility (Belgium, Latvia), geographic mobility (Canada, Latvia, New Zealand, Finland), participation in public works and professional training (Great Britain, Italy, Slovakia); introduction of sanctions for refusal of job offers and participation in active employment programs (Great Britain).</p>

Source: *World Social Protection Report 2017–19. Universal social protection to achieve the Sustainable Development Goals. Geneva: ILO, 2017. P. 53-56. <https://www.social-protection.org/gimi/gess/RessourcePDF.action?id=55203>*

Regarding the analysis of modern methods of combating unemployment, it is worth considering the Hartz-Schroeder reforms in Germany, which attracted the attention of both European and world society. They caused a lot of discussion. In accordance with these reforms, the following conditions were established:
conditions for the dismissal of female employees have been eased;
the terms of payment of unemployment benefits have been shortened (before the reforms: 1.5-2 years, after the reforms: 12 months);
the amount of social assistance for unemployment is set at the level of 2/3 of the last salary with the establishment of a maximum limit;

the unemployed must accept any job offer that matches his professional profile;
after 6 months of being unemployed, the salary level is lower than the previous one
is not considered a reason for refusing the offer;
for single job seekers, refusal is not an argument - the workplace is far away, they
may be forced to move to another city;
unjustified refusal of the offer of the working city leads to a reduction in the
amount of assistance, and after the third refusal - the termination of payments;
if the absent partner is working, then when the "Help 2" program starts, the other
partner may not receive help, and he must accept any job, even if it does not
correspond to his education and professional experience;
assistance is paid to those persons who have paid contributions for at least 12
months in the last 30 months; there are certain exceptions for persons who took
care of children under the age of three, voluntarily served in the army, were ill
for a long time;
the dependence of the duration of the unemployment benefit payment on age has
been established (if the unemployed person is younger than 50 years old, then he
will receive the benefit for a year, provided that he has paid social contributions
for at least 24 months over the past 5 years; if the contributions were less than
the specified period, but more than 12 months, then the benefit will be provided
for half a year; if the unemployed person is over 50 years old, the duration of
receiving benefits will gradually increase to 24 months; the maximum two-year
period of payments belongs to those who are over 58 years old, provided that
they have paid contributions for at least 48 months);
the amount of the benefit is affected by the presence of children with the applicant
or a family partner (a childless unemployed person is entitled to 60% of the
previous salary, and an unemployed person with at least one child - 67%);
after a year or two of receiving benefits, an unemployed person who has not been
able to find a job transfers to the Hartz IV system, within which the amount of
the benefit is much smaller than the previous one (this system is even more
complex; the real needs of the recipient of the benefit are taken into account, but
with a full report on his financial situation; he can reduce his assistance and be
offered to spend his savings) (Alabuzhin, 2018; Gurkov, 2020).

The reforms of Hartz-Schroeder led to the following positive moments: a
decrease in the unemployment rate, a reduction in the budget deficit.

However, it was also accompanied by social resistance and such negative
aspects as: the level of inequality increased; the number of people living below the
poverty line increased, because job offers contributed to the spread of low-paid
jobs (mini-jobs); employment could be of a short-term nature; some employers take
advantage of the fact that the unemployed are required to accept any job and reduce
the wage level; complicated bureaucratization of the process.

Having familiarized ourselves with modern experience, it can be argued that
the methods of combating unemployment are being reoriented to institutional ones.
There is a decrease in the coverage of the population by social protection in case of
unemployment, stimulation of the unemployed to find a job faster.

Perhaps for Germany, which has long positioned itself as a country with

generous amounts of aid and a long period of payments, this is an effective direction for the institutionalization of the social protection system. However, a different situation is typical for Ukraine, where the level of coverage of social protection in case of unemployment is low due to informal labour relations, and the amount of unemployment benefits cannot be called generous. In addition, Ukraine faced the challenges of the war, which led to new social risks and worsening of the situation in the national labour market. Trends in the level of unemployment in recent years are shown in *Fig. 3*.

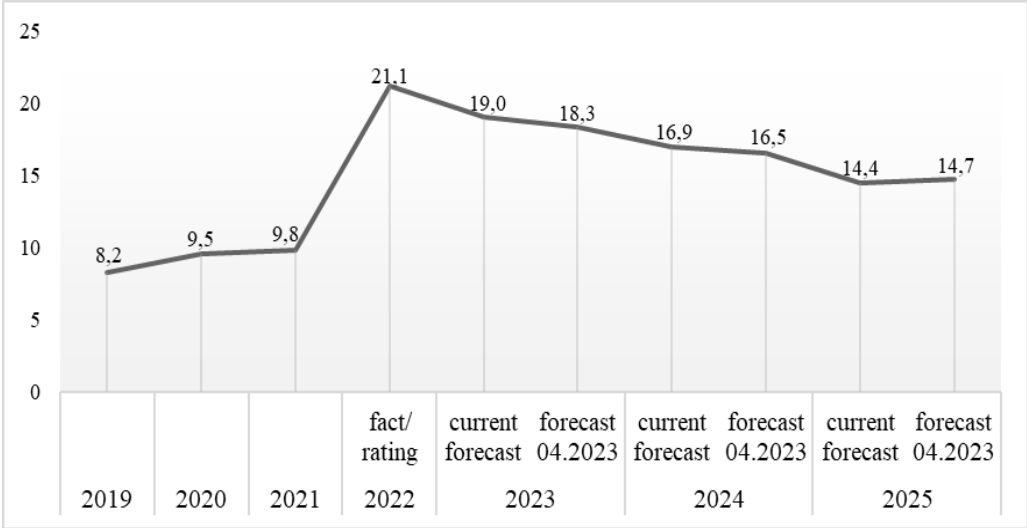


Figure 3. Unemployment rate in Ukraine, % (average for the period)

Source: Inflation report of the National Bank of Ukraine, July 2023, p. 45. https://bank.gov.ua/admin_uploads/article/IR_2023-Q3.pdf?v=4

From *Fig. 3* shows that in 2022 the unemployment rate reached a record value for Ukraine – 21.1%. This was a consequence of hostilities and the deterioration of the economic situation. In the future, the unemployment rate is planned to gradually decrease to 14.7% in 2025. This is still a rather high value, and the state of the labour market will still remain unsettled.

Undoubtedly, the war left its mark on trends in employment, which led to a reduction in jobs, an increase in the unemployment rate, and a decrease in the income level of the population.

In the conditions that Ukraine is currently experiencing, there have been changes in labour legislation. In the conditions of war, issues of labour law are regulated by the Law of Ukraine "On the Organization of Labour Relations in the Conditions of Martial Law". The purpose of the adoption of this Law was the need to settle certain issues of labour relations between the employee and the employer in wartime conditions, taking into account the need to ensure a balance between the reduction of employers' expenses for vacation pay, overtime hours, working hours on holidays and weekends, etc., and ensuring the minimum necessary rights and employee guarantees. The law establishes a special regulation of labour relations between employers and employees, in particular, regarding the conclusion and

termination of employment contracts, changes in essential working conditions, transfer to another job, granting of vacations, the maximum duration of work during the week and rest period, wages, etc. (The Law of Ukraine On the Organization of Labour Relations in the Conditions of Martial Law; Explanatory note to the draft Law of Ukraine "On the organization of labour relations under martial law").

In the conditions of martial law, the issue of social protection in the event of unemployment is regulated by the Law of Ukraine "On Amendments to Certain Legislative Acts Regarding Certain Issues of the Functioning of the Spheres of Employment and Mandatory State Social Insurance in the Event of Unemployment in the Period of Martial Law", Resolution of the Cabinet of Ministers of Ukraine of March 19 No. 334 of 2022 "Some issues of registration, re-registration of the unemployed and keeping records of persons looking for work, calculation and payment of unemployment benefits during the period of martial law" (The Law of Ukraine "On Amendments to Certain Legislative Acts Regarding Certain Issues of the Functioning of Employment Spheres and Mandatory State Social Insurance in Case of Unemployment During Martial Law"; Decree of the Cabinet of Ministers of Ukraine dated March 19, 2022 No. 334 "Some issues of registration, re-registration of the unemployed and keeping records of persons looking for work, calculation and payment of unemployment benefits for the period of martial law").

The main areas of change were:

simplification of the procedure for obtaining the status of unemployed and corresponding assistance using various types of communication, including using the digital portal "Diya", without visiting the employment center, and without having a complete package of documents for internally displaced persons;

reduction of the maximum amount of unemployment benefits (the maximum amount of payments is 1.5 minimum wages as of January 1 of the calendar year (today it is 9,750 hryvnias);

the opportunity to receive partial unemployment benefits not only for employees, but also for individual entrepreneurs.

Employment is one of the indicators that characterizes the socio-economic development of the country. The inclusive development of the national labour market is an important task in the process of forming a new social policy in Ukraine. In such conditions, inclusive development acquires special importance in Ukraine. In the system of measures for the institutionalization of social protection in Ukraine, attention should be paid to ensuring economic growth, increasing the coverage of the population by social protection and increasing the level of participation of the population in the workforce, strengthening social dialogue. In order to improve the situation in the labour market, conditions for job creation should be created.

Discussion and conclusions. The publication is dedicated to considering the features of social policy and mechanisms of social protection in the event of unemployment in the developed countries of the world, which have undergone changes as a result of the slowdown in economic growth and the strengthening of the influence of institutional factors. The consequences of liberalization of labour

market reforms are studied.

In connection with the extractive nature of the national labour market in Ukraine, inclusive development with an emphasis on the formation of an inclusive employment policy and social protection of the population is of particular importance. This approach corresponds to modern world concepts of economic development and is relevant in connection with the further search for ways to restore the economy and the social sphere after military operations.

REFERENCES

- Alabuzhin, I. (2018, October 29 - November 4). Poor relative of the Brussels bureaucracy. *Exper*, 44, pp. 50-55.
- Decree of the Cabinet of Ministers of Ukraine dated: no 334, 19 March 2022.* (2022). "Some issues of registration, re-registration of the unemployed and keeping records of persons looking for work, calculation and payment of unemployment benefits for the period of martial law". Official website of the Verkhovna Rada of Ukraine. <https://zakon.rada.gov.ua/laws/show/334-2022-%D0%BF#Text>
- Explanatory note to the draft Law of Ukraine. *On the organization of labor relations under martial law.* Official website of the Verkhovna Rada of Ukraine. <https://itd.rada.gov.ua/billInfo/Bills/pubFile/1245389>
- Global employment and social protection prospects.* Trends 2022. Keynote. (2022). International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_834468.pdf
- Gurkov, A. (2020). Unemployment benefits in Germany: who gets how much. D.W. Made for minds. *Economics and business.* Germany.
- International Monetary Fund. (2023). *World Economic Outlook*, 04. <https://www.imf.org/ru/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>
- National Bank of Ukraine. *Inflation report July 2023.* (2023) https://bank.gov.ua/admin_uploads/article/IR_2023-Q3.pdf?v=4
- Parisotto, A. *Goal 8 - Review of Sustainable Development Goal 8 on "decent work for all"*. United Nations. <https://www.un.org/ru/chronicle/article/22196>
- Solving unemployment problems in Europe and Central Asia.* (n. d.). Department of Economic and Social Affairs. United Nations. <https://www.un.org/ru/desa/future-of-employment>
- State Statistics Service of Ukraine.* Official website. ukrstat.gov.ua
- Statistical Office of the European Union Eurostat. https://ec.europa.eu/eurostat/databrowser/view/UNE_RT_M_custom_3761903/bookmark/table?lang=en&bookmarkId=e8fdfad7-74a2-4074-99f1-d92cb0583cf5
- The Law of Ukraine On Amendments to Certain Legislative Acts Regarding Certain Issues of the Functioning of Employment Spheres and Mandatory State Social Insurance in Case of Unemployment During Martial Law.* (2022). Official website of the Verkhovna Rada of Ukraine. <https://zakon.rada.gov.ua/laws/show/2220-20#Text>
- The Law of Ukraine On the Organization of Labor Relations in the Conditions of Martial Law.* Official website of the Verkhovna Rada of Ukraine. <https://zakon.rada.gov.ua/laws/show/2136-20#Text>
- World Social Protection Report 2017-19. Universal social protection to achieve the*

Sustainable Development Goals. (2017). Geneva: ILO. <https://www.social-protection.org/gimi/gess/RessourcePDF.action?id=55203>