

MODERN TRENDS IN LABOR MARKET TRANSFORMATION IN POST-SOVIET COUNTRIES – CAUSES AND CHALLENGES

*Lali Sreseli, Doctor of Economics, Gori State University (Georgia),
lalisreseli@yahoo.com, orcid.org/0009-0005-8663-2416*

Methods. The labor market is an objectively necessary element of a market economy. Without a full-fledged labor market, the full functioning of market relations as a system is impossible. The elimination of unemployment and the fight against its negative consequences are impossible without systematic research and analysis of the current situation in the labor market, the causes of unemployment, and the demand and supply of labor. The labor organization of the population is the basis of social progress, one of the main conditions for the realization of the interests and basic needs of citizens.

Results. The transformation of the country's economy significantly depends on minimizing unemployment, optimal use of labor resources, and the formation of a modern civilized labor market. The article discusses the current trends in employment of the population in the post-Soviet countries during the transition period from a planned economy to a market economy, the objective and subjective causes of structural unemployment, and the impact of regional characteristics of the labor market on the quality of employment.

Novelty. The states of the post-Soviet space are gradually transforming and forming an understanding of the labor market as a mechanism for the exploitation of workers and the impossibility of its existence under socialism, since it did not fit into the ideology of building the most just society in the world. Thus, if we talk about the post-Soviet space as something homogeneous, taking into account the common historical path of these states and the common results obtained at the end of «this path», then the following trends have been identified in the labor market of post-Soviet countries: – Decline in the growth rate of the labor force after the collapse of the USSR – Significant labor migration – Low wages and high cost of living. – Underdevelopment of the labor market due to the immaturity of market relations.

Practical value. The difficulties that have arisen in the post-Soviet countries during the transition from a planned economy to market relations require an in-depth study of this problem in order to correctly select socio-economic priorities and form an effectively functioning economy.

Keywords: labor market, employment, unemployment, migration.

Statement of problem. The transformation of post-socialist countries following the collapse of the Soviet Union has followed different trajectories. From similar starting conditions, these countries have reached different levels of development under the influence of various external and internal factors. At the initial stage, the modernization of post-socialist countries, that is, the transition from the old to the new system, was equated with the construction of a Western-style state. This in itself implied the establishment of a democratic system and the transition to a market economy. In addition

to the main political and economic components, the transformation process also had social, cultural, mental, and value dimensions, the combination of which over time shaped different courses of modernization in different countries.

The events of the 1990s, the collapse of the Soviet Union, the emergence of independent states in its place, and the transformation of the economy have made the real demand and supply of labor in the labor market unbalanced. States have not been able to fully implement this principle, and many people have found

themselves facing such a problem as unemployment for the first time.

The problem of unemployment, which was practically non-existent in post-Soviet countries under planned economies, became quite acute during the transition to a market economy. The problem of employment of labor resources has been significantly exacerbated by the ongoing structural transformations in the economy, new labor relations arising from the existence of various forms of ownership, and the long and never-ending process of development of market structures. It is precisely in the current employment situation that the economic problems and social contradictions in these countries have manifested themselves most acutely. Almost all post-Soviet countries have faced the problem of growing unemployment.

Among the specific reasons that led to the increase in unemployment in post-Soviet countries, the following should be noted:

- A characteristic feature of the Soviet economy was the excessive number of personnel in enterprises and organizations. According to Soviet ideology, socialism and unemployment were considered incompatible. Nevertheless, there was massive hidden unemployment. Along with the transformation of the form of ownership, the issue of optimizing employment was put on the agenda, and, accordingly, a large part of the employed became unemployed.

- During this period, the activities of many enterprises could no longer meet market demands, a number of products and services could not withstand the competitive environment, could not find a market and ceased operations. The dismissal of unnecessary personnel was another factor in the increase in unemployment.

- Many state-owned enterprises used price liberalization as a means of uncontrolled price increases in order to cover both costs and significantly increase income. The uncontrolled price increase led to a multiple increase in the price of raw materials and energy materials and ultimately a crisis, with massive non-payment in all technological sectors. This situation played a significant role in increasing unemployment.

- In the process of market reforms, resources are concentrated only for the development of those sectors that have real prospects

for success. Sectors whose products were not in demand will be cut. In countries where there was a massive expansion of the workforce, such transformations have led to massive structural unemployment.

- The above circumstances were compounded by the breakdown of economic ties between the countries of the former Soviet Union. The breakdown of these ties sharply worsened the situation of enterprises, both in terms of material and technical equipment, and in terms of sales of products, which became another contributing factor to the growth of unemployment.

It is also worth noting that a large part of the population of these countries is of the Soviet generation, for whom, due to the prevailing economic system and ideology at that time, no one taught them how to get rich or run a business. This is one of the reasons for the widespread unemployment and economic poverty in these countries.

Developing countries are characterized by a situation where investment growth rates do not match the growth rates of the labor force. It can arise due to changes in demand, which are associated with a decrease in the volume of production in those sectors that previously provided jobs. All this contributes to the emergence of structural unemployment.

What are the current trends in labor market transformation in post-Soviet countries? What is the efficiency of human resource utilization in these countries? The states that emerged after the collapse of the USSR chose different strategies for economic transformation, and now unemployment levels vary significantly across the countries of the former Soviet Union.

In the context of the development of digital technologies and globalization, developing countries, which include the countries of the post-Soviet space, are in the process of technological changes that are changing the nature of work. In the existing unstable conditions, the quantitative and qualitative composition of the workforce plays a decisive role in the formation and regulation of the national economic model.

The challenges of the times place new demands on workers. As a result, the labor market is constantly changing. Formal labor market analysis often lags behind trends and

global processes that require change. As a result, many regions of the world are experiencing a surplus of labor and, as a result, unemployment is increasing.

Unemployment rates rise during periods of domestic and international shocks. As was the case during the crises of 1991, 1998, and 2008. Also, recently, unemployment rates have been rising due to the coronavirus infection (COVID-19), interstate military conflicts, and the development of digital technologies. Global losses from the pandemic amount to \$400 billion per month, 500 million jobs have been lost [1].

Analyses of recent papers. The transition to market relations in the post-Soviet countries was marked by decline and degradation in all socio-economic spheres. According to the World Bank, the dynamics of the labor force in the post-Soviet countries looks like this: If we compare 2022 with 1990, the total growth of the labor force during this period amounted to 1.02%. In countries such as Latvia.

Lithuania, Moldova, Armenia, Ukraine and Georgia, a decrease in the labor force of 0.67 – 0.9 times was recorded, which is explained by labor migration. In the first three cases, it is the European Union, and in the rest, it is Russia. The decline in the labor force in Georgia is also associated with the decline in the population, which decreased by 47% from 1990 to 2022. (from 5,424,000 to 3,688,647 people, Geostat).

Uzbekistan, Azerbaijan, Kyrgyzstan, Tajikistan, and Turkmenistan have achieved significant success in increasing their labor force, increasing the indicator by 1.44 – 2.18 times, which is due to population growth, but at the same time, we cannot say anything about the quality of this labor force. In Russia, Belarus, Kazakhstan, and Estonia, the size of the labor force in 2022 remained virtually the same as in 1990, which is explained by moderate labor policies in these countries and the absence of radical reforms.

After the collapse of the Soviet Union, the number of people employed in the economies of these republics has not increased, and its growth over the past 30 years does not look as impressive as during the Soviet period of development. The greatest successes are observed in the countries of Central Asia, which is

associated with population growth and, as a result, the entry of an increasing number of workers into the labor market. However, these countries have problems in the field of education, and as a result, young people in search of the desired education and high-paying jobs are forced to move to neighboring, more developed countries.

It is also worth noting that the Russian Federation accounts for approximately 54% of all participants in the labor market of the post-Soviet countries (this is the maximum share). However, the problem of the labor force in Russia is the changes in the age pyramid of the country, which has led to an aging population and, as a result, a reduction in the existing labor force since the late 2000s. However, the increase in the birth rate and migration flows is helping to mitigate the negative consequences of this phenomenon.

Due to inertia, the economic systems of Belarus, Uzbekistan, Kazakhstan, Azerbaijan, Turkmenistan, and Estonia maintained relative equilibrium in 1991, and the unemployment rate was insignificant (less than the world average of 6.1%). But already in 2000, as a result of market reforms, these countries caught up with the other 9 countries, and the average unemployment rate of these 6 countries together became 12.2%, which is 5.8 percentage points higher than the world average.

It is worth noting that by 2022, high unemployment rates remained in Armenia and Georgia, which is due to the shock impact of the 2008 and 2020 crises on their economies, as well as the tense domestic political situation. However, it should be noted that today there is a shortage of labor in the Armenian labor market and unemployment has reached its lowest level in history (11.6%). This indicator ranged from 17.7% to 19% from 1991 to 2019 [2].

The process of transition from a planned economy to a market economy turned out to be quite difficult for Georgia. The main objective causes of unemployment were the civil war and ethnic conflicts. All these factors led to the mass nature of unemployment in the country. «The mass dismissal of workers and a large influx of unemployed, along with hidden unemployment, were caused by the privatization process and the destruction of leading industries». – (Pachkoria, 2020). The establishment

of market principles in our society has revealed new forms of human behavior, the state has not been able to cope with the challenges of the economic crisis, and the process of regulating employment has practically gone by itself. In accordance with economic changes in Georgian society, state management of employment of the population has given way to market labor relations, which are based on a self-regulating mechanism of employment of the population through the labor market.

Unemployment is in many ways related to labor migration, since despite different development paths, after the collapse of the USSR, the post-Soviet countries were unable to completely sever ties. This is reflected in significant labor migration.

Migration flows in the post-Soviet space can be conditionally divided into three parts: Migration from the 1990s to the 2000s. It was associated with migration on ethnic and partly religious grounds, as a result of which highly qualified specialists from the former Soviet republics arrived in Russia, as a result of which these countries experienced a labor shortage in some sectors of the economy (for example, healthcare, education, industry, construction, etc.).

The outflow of scientists to Western countries (EU, USA, Canada, etc.), which ultimately led to a certain decline in the field of science and innovation. The constant influx of low-skilled workers from Central Asian countries to Russia, which allows them to «fill» vacant low-paid positions, but at the same time increases the crime rate in the Russian Federation.

There has been a significant outflow of labor from Uzbekistan, Armenia, and Latvia over the past decade. This trend, driven by labor surpluses in these countries and proximity to large labor markets, particularly Russia and the European Union, is partly confirmed by the final figures for Russia, which received a total of 3.8 million migrants.

Representatives of the Central Asian countries enter the territory of Russia as the largest employer. On the one hand, the problem of «staff shortage» in this area in the Russian Federation is being solved, on the other hand, the problem of capital outflow from the country arises. If we look at the Baltic states, as well as

Belarus, Ukraine and Moldova, we will see the following trend: the workforce from these countries moves to the European Union, the level of education and qualifications of such workers is often very low compared to the workforce of the countries to which they migrate, and accordingly they occupy low-paid jobs.

In general, for more than a quarter of a century, the post-Soviet countries have managed to reduce the natural rate of unemployment, to form an internal labor market that can «absorb» most of the workforce, but low wages with a high cost of living become the cause of labor migration, which is clearly visible in the Central Asian and Baltic countries. Over the past decade, there has been a significant outflow of working-age citizens (especially those under 25) from countries with:

- oversupply of labor,
- weak economies,
- political instability.

This process is also influenced by the presence of a nearby labor market (in the EU countries and the Russian Federation). The position of the Russian Federation in relation to other post-Soviet countries according to the three considered indicators can be characterized as dominant: as one of the largest economies in the region, Russia has a large labor force, but at the same time it accepts labor migrants from Central Asian countries in its economic activities.

Some republics (in particular, Armenia and Georgia), which have been characterized by high unemployment and significant population outflow throughout the period under review and are experiencing the impact of the global crisis, have not yet developed an economic system capable of providing decently paid work for all citizens, and accordingly, the migration of the working population from these countries to the European Union countries and the Russian Federation is increasing.

Armenia is facing a difficult unemployment situation. Due to high unemployment, Armenia is highly dependent on remittances from abroad. Many residents of the Caucasus and Central Asia go to work in Russia and send money back to their families. The opening of the Russian market to labor migrants is helping to alleviate unemployment in the Fergana Val-

ley countries of Kyrgyzstan, Tajikistan, and Uzbekistan. Armenia and Tajikistan are world leaders in terms of their economies' dependence on remittances from abroad, which account for 21% and 49% of GDP, respectively [3].

Turkmenistan has the lowest unemployment rate among the post-Soviet countries – 4.4 percent of the population. In Armenia, this figure is 20.2 percent. It is followed by Georgia (12.1%) and Ukraine (9.5%). The unemployment rate in Latvia and Lithuania differs only slightly: in these two Baltic republics, 8.2 and 8.4 percent of the population are unemployed, respectively. In Estonia, 6.5 percent of the population is unemployed [4].

The main problem of the Georgian labor market is the shortage of qualifications. The high level of unemployment in Georgia as a result of the changes in the economic structure is mainly caused by the mismatch between the skills of the workforce and the jobs available in the market. There is a sharp imbalance in the

labor market between the demand for and supply of labor. Essentially, the problem is that either the country is not producing personnel in certain professions needed by employers, or the professional qualifications of the trained personnel are unsatisfactory for employers [5].

Economic development of EAEU Member States.

We will consider the economic indicators of the effectiveness of the development of the EAEU member states. When selecting the respective indicators for the model, we relied upon the system of indicators of Eurasian integration of the Eurasian Development Bank (EABR, 2019) which includes three blocks corresponding to the main aspects of regional interaction [6]: Analysis of regional integration as an integration of markets (convergence of countries is assessed from the standpoint of the scale of flows of goods, services and factors of production between them); ii) analysis of regional integration as a convergence of economic systems; analysis of institutional cooperation.

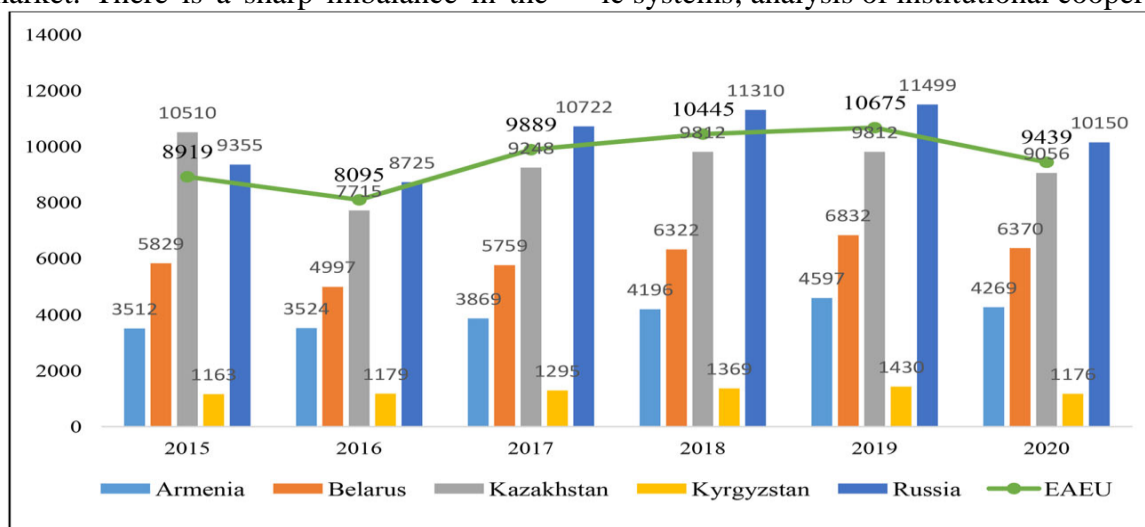


Figure 1. Dynamics of foreign trade turnover, exports and imports of the EAEU countries for the period 2015–2020, \$million. Source: Eurasian Economic Commission (2021)

Thus, according to a study by the World Bank, the average per capita GDP of Active RIO (\$17.8 thousand) is more than twice the average GDP of other types of RIO (\$7.8 thousand). The statistics on GDP per capita show a significant 'economic gap' between the EAEU member states. Figure 1 shows the dynamics of the gross domestic product per capita of the EAEU countries for 2015–2019 [7].

It should be noted that the foreign trade activity of the EAEU member states has a

pronounced raw material character. In 2020, in the share of exports of the EAEU member states outside the integration association, mineral products (oil, gas and their derivatives) accounted for about 65–70% of the total volume in 2019. Metal exports accounted for about 11% of exports [8]. Chemical products accounted for about 5% of exports. The volume of external and mutual imports of goods of the countries of the Eurasian Economic Union for 2015–2020 presented in Table 1.

External and mutual import of goods of the Eurasian Economic Union
for 2017–2022, \$million

	2017	2018	2019	2020	2021	2022
International trade	205 537,4	01 107,9	247 271,3	263 114,4	275 026,7	259 817,1
Armenia	2 218,9	2 163,4	2 782,9	3 534,8	3 830,6	2 861,4
Belarus	13 088,6	12 234,7	14 525,9	15 689,1	17 280,5	16 128,4
Kazakhstan	19 356,2	15 513,2	17 081,5	19 561,1	24 411,9	24 220,6
Kyrgyzstan	2 088,8	2 374,5	2 631,1	3 130,7	2 888,3	1 833,5
Russia	168 784,9	168 822,1	210 249,9	221 198,7	226 615,4	14 773,2
from EAEU countries	45 654,2	42 427,2	53 812,5	59 732,4	61 861,1	54 163,1
Armenia	988,8	1 062,6	1 314,2	1 440,7	1 707,0	1 721,9
Belarus	17 207,6	15 381,2	19 715,8	22 760,5	22 205,9	16 649,2
Kazakhstan	11 211,6	9 863,5	12 518,1	14 097,4	15 297,4	14 708,5
Kyrgyzstan	2 065,1	1 626,0	1 863,7	2 161,3	2 100,8	1 885,4
Russia	14 181,1	14 493,9	18 400,7	19 272,5	20 550,0	19 198,1

Source: Summarized by the author [9,10]

One of the strategic directions for the development of Eurasian integration of the last decade is the transition to digital transformation, which consists in a fundamental change in the structure of the world economy, its virtualization through the emergence of new forms of cross-border movement of virtual goods, capital, and labor [11]. The digital agenda of the EAEU of the member states of the economic union includes issues on digital transformations in the framework of the development of integration, strengthening the common economic space and deepening cooperation, removing barriers that prevent the formation of a single market for goods, services, capital and labor and should be formed taking into account national interests and existing information systems [12].

Conclusions. The problem of the post-Soviet countries, which prevents them from forming an optimal structure of the economic model that can effectively use the existing labor force, lies in the difficult process of gradually abandoning Soviet attitudes and dogmas. The states of the post-Soviet space are gradually transforming and forming their understanding of the labor market as a mechanism for the exploitation of workers and the impossibility of its existence under socialism, since it did not fit into the ideology of building the most just society in the world.

Thus, speaking of the post-Soviet space as something homogeneous, taking into account the common historical path of these states and

the common results obtained at the end of «this path», the following trends were identified in the labor market of the post-Soviet countries:

- Reduction in the growth rate of the labor force after the collapse of the USSR - Significant labor migration -Low wages and high cost of living.
- Underdevelopment of the labor market due to the immaturity of market relations.

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СУЧАСНІ ТЕНДЕНЦІЇ ТРАНСФОРМАЦІЇ РИНКУ ПРАЦІ В ПОСТРАДЯНСЬКИХ КРАЇНАХ – ПРИЧИНИ ТА ПРОБЛЕМИ

Лалі Среселі, Доктор економічних наук, Державний університет Гори (Грузія)

Методологія дослідження. Ринок праці є об'єктивно необхідним елементом ринкової економіки. Без повноцінного ринку праці неможливе повноцінне функціонування ринкових відносин як системи. Ліквідація безробіття та боротьба з його негативними наслідками неможливі без системного дослідження та аналізу поточної ситуації на ринку праці, причин безробіття, попиту та пропозиції робочої сили. Організація праці населення є основою суспільного прогресу, однією з головних умов реалізації інтересів і основних потреб громадян. Ефективна зайнятість населення, забезпечення його роботою є пріоритетним напрямом і метою соціально-економічної політики будь-якої держави.

Результати. Трансформація економіки країни значною мірою залежить від мінімізації безробіття, оптимального використання трудових ресурсів, формування сучасного цивілізованого ринку праці. У статті розглядаються сучасні тенденції зайнятості населення пострадянських країн у перехідний період від планової до ринкової економіки, об'єктивні та суб'єктивні причини структурного безробіття, вплив регіональних особливостей ринку праці на якість зайнятості.

Новизна. Держави пострадянського простору поступово трансформуються та формують розуміння ринку праці як механізму експлуатації трудящих та неможливості його існування за соціалізму, оскільки він не вписувався в ідеологію побудови найсправедливішого суспільства у світі. Таким чином, якщо говорити про пострадянський простір як про щось однорідне, враховуючи спільний історичний шлях цих держав і спільні результати, отримані наприкінці «цього шляху», то на ринку праці пострадянських країн виявлено такі тенденції: – Зниження темпів зростання робочої сили після розпаду СРСР – Значна трудова міграція – Низькі зарплати та висока вартість життя. – Нерозвиненість ринку праці через незрілість ринкових відносин.

Практична значущість. Труднощі, що виникли в пострадянських країнах під час переходу від планової економіки до ринкових відносин, вимагають поглибленого вивчення даної проблеми з метою правильного вибору соціально-економічних пріоритетів і формування ефективно функціонуючої економіки.

Ключові слова: ринок праці, зайнятість, безробіття, міграція.

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