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## EMPLOYMENT POTENTIAL OF THE VOLYN REGION: ITS CONTENT AND IMPORTANCE IN THE CONDITIONS OF MARKET ECONOMY

The concept of "employment potential" appeared in economics and media in 70's and included in the scientific revolution in the 80's of 20 century. The emergence of this concept was caused by the development of production, by formation of the economy and the use of human labor, which is an integral part of economic potential of the region.

The employment potential is characterized by quantitative and qualitative sides. One component of the quantitative side is population which is one of the less numerous in Ukraine. However, over the last decade its population increased slightly, in contrast to most other regions of Ukraine. Qualitatively employment potential is sufficient but the increasing number of schools of higher education III-IV accreditation levels due to commercialization leads to excess levels of educational professionals.

Volyn region belongs to the first type from the five regional labor markets that are selected in Ukraine. Its features are well-defined labor depression in both the industrial and the agricultural sectors and forming an extreme conditions of reproduction of labor.

Volyn region has low activities of labor potential usage. Due to irrational socio-economic policy of the government, it has been largely destroyed. The significant deskilling of the working population is an example. Essential disqualification of the working population, unemployment, mass emigration and destruction of vocational education occur as a result.

The number of registered unemployed amounted to 11.4 thousand people by end of September 2015. Six out of ten are women, 43.0 % of people live in rural areas and 79.9 % received unemployment benefits.

Overall, the analysis of labor potential in the Volyn region showed that there are both positive and negative changes. The first one include the expansion of training and retraining in accordance with labor market needs; increasing employment in the modern sectors; reduced unemployment; improving the demographic situation; negative trends like demographic and socio-economic nature reduce; number of specialists with higher education is growing.

**Keywords:** employment potential, population, factors of labor potential, age structure, quantitative and qualitative characteristics, labor market, employment and unemployment.

### *Алла Потапова, Анастасія Лемехова. ТРУДОВИЙ ПОТЕНЦІАЛ ВОЛИНСЬКОЇ ОБЛАСТІ: ЙОГО ЗМІСТ І ЗНАЧЕННЯ В УМОВАХ РИНКОВОЇ ЕКОНОМІКИ*

У статті розглянуто питання актуальності трудового потенціалу Волинської області в розвитку регіону та держави, адже він є одним з елементів продуктивних сил суспільства. Проаналізована його структура, динаміка та регіональні відмінності. Виділено основні риси та особливості ринку праці області як складової національного ринку. Проаналізовано зайнятість населення в різних сферах економічної діяльності. Серед основних проблем виділено безробіття, яке має свою специфіку відповідно до району, спеціальності та статі. Запропоновано можливі шляхи його вирішення.

**Ключові слова:** трудовий потенціал, населення, фактори формування трудового потенціалу, вікова структура, кількісні та якісні характеристики, ринок праці, зайнятість населення та безробіття.

### *Алла Потапова, Анастасія Лемехова. ТРУДОВОЙ ПОТЕНЦИАЛ ВОЛЫНСКОЙ ОБЛАСТИ: ЕГО СОДЕРЖАНИЕ И ЗНАЧЕНИЕ В УСЛОВИЯХ РЫНОЧНОЙ ЭКОНОМИКИ*

В статье рассмотрены вопросы актуальности трудового потенциала Волынской области в развитии региона и государства, ведь он является одним из элементов производительных сил общества. Проанализирована структура, динамика и региональные различия. Выделены основные черты и особенности рынка труда области как составляющей национального рынка. Проанализирована занятость населения в различных сферах экономической деятельности. Среди основных проблем выделено безработица, которая имеет свою специфику в соответствии до района, специальности и стати. Предложены возможные пути ее решения.

**Ключевые слова:** трудовой потенциал, население, факторы формирования трудового потенциала, возрастная структура, количественные и качественные характеристики, рынок труда, занятость населения и безработица.

**Research relevance.** Labor potential is one of the main objects of management at different levels. The labor potential is the basis for the development of the economy in the conditions of labour market econom. It reflects the extent, intensity and direction of development of regional socio-economic systems in building organizational and management structures of enterprises. This determines the feasibility of generalizing the definition of the essence of labor potential in the conditions of market economy; detection of the features of its formation at the level of the region and its assessment.

**Latest research and publications analysis.** The methodological base of research of labor potential was founded in the works of representatives of classical economics: Adam Smith and David Ricardo. The interest to the problems has increased significantly in the context of the current global economic transformations. A considerable contribution to the development of theoretical and methodological aspects of this problem belongs to domestic scientists such as O. Amosha (2011), S. Bandur, D. Bogynia and V. Vroblewskyi (2013). V. Onikiyenko (2012), V. Vroblewski and I. Lukinov (2012) have explored the essence of labor potential, its component structure, mechanisms of formation,

distribution, redistribution and use. In scientific works of A. Mikhailyuk (2013) the qualitative indicators of labor potential was examined. Some aspects of the evaluation of labor potential were analyzed by I. Bazhan (2004), V. Scherbak (2009), N. Slavinska (2012), T. Perehrest (2012) and others. Regional scientists such as L. Cherchik (2012), V. Poruchynskiy (2014), S. Pugach (2013), G. Golub (2014) and others also conduct researches that involve employment potential.

**Unsolved problems of general.** Have been done a detailed study of labor potential and its structure. Economic transformation complicates the problem of improving its use, ensuring a transition to more productive employment and reduce unemployment in the region.

**The aim** of the article is to analyze the current state of the labor potential of Volyn region and its importance in a market economy.

**Key research findings.** Labor potential is the quantity and quality of available workforce with possibility to increase the current level due to development of science and technology [5]. The concept of "employment potential" appeared in economics and media in 70's and included in the scientific revolution in the 80's of 20 century. The emergence of this concept was caused by the development of production, by formation of the economy and the use of human labor, which is an integral part of economic potential of the region. The concept of "employment potential" reflects the views of the place and role of human in the production. Scientists considered the employment potential as a market resource at different levels of management:

- state level (as an object of macroeconomic management);
- regional level (as an object of management and regional distribution of productive forces);
- the entrepreneurial level (as an object of management owners, top managers of the company) [10].

Scientists use socio-geographical approach for employment potential studies and identified two factors of its formation and use.

1) Economic and geographic factors in the territorial and sectoral distribution of the workforce in quantitative and qualitative aspect;

2) the formation of demand for labor and flows between centers of production. This group provides an educational and qualification level, employment and competitiveness.

Employment potential is characterized by quantitative and qualitative sides. Quantitative indicators are characterized by demographic factors (natural growth, health and migration movement); social production needs in the workforce and the availability of jobs for the workforce. The quality of labor potential workforce is characterized by professionalism and depends on demographic, biomedical, professional qualification, social, mental and physical, moral attributes and others.

Demographic characteristics of the population determined by the quantity and structure. They are considered as a potential economic productivity of

different groups (gender and age). The leading role in the formation of labor potential of region played by factors such as population of territory, its sex and age structure, the rate of natural and mechanical growth (reduction) [2]. Population of Volyn region is one of the scantiest in Ukraine. However, over the last decade its population increased slightly, in contrast to other Ukraine regions. It amounted to 1043.5 thousand people by the 1th of September, 2015. Due to the excess of migration accession over the natural decline, the number of residents increased on 590 persons during January-August 2015. The largest population occurs in Lutsk (279 thousand people), Kovel'skyi (110 thousand people), Ivanychivskiy (90 thousand people), Volodymyr-Volynskiy (64 thousand people) districts. The lowest population are concentrated in Shatskyi (17 thousand people), Turiyskyi (26 thousand people) and Starovyzhevskiy (31 thousand people) districts [3]. This distribution of the population was typical for the last five years (2010-2014). It was caused by a stronger labor and production capacity of more populated regions.

Qualitatively employment potential is characterized by physical condition and level of human and nation's health; socio-demographic composition of the population and its intellectual and cultural level, personal private property rights and average life expectancy. Education and qualification influence qualitatively employment potential. It was caused by the demand of the labor market for highly qualified specialists. However, the increasing number of schools of higher education III-IV accreditation levels due to commercialization leads to excess levels of educational professionals. It contributes to underemployment among graduates. The educational potential resource base in 2014 included:

- 468 pre-schools with 26.420 places where are educating 37232 children;
- 775 general educational institutions with 124.3 thousand students;
- 20 vocational schools with 10.200 students.

The higher educational network has 10 units of I and II levels of accreditation, where are enrolled 8.100 students and three educational institutions of III-IV accreditation with the number of students 20.500 people.

The labor market is one of the basic elements of a market economy. It represents a system of paid employment as based on the law of supply and demand. It consists of employers (the bearers of demand for labor), workforce (employees), mechanisms and institutions for agreeing all interests of employees and employers [8]. Labour market of Volyn region is an integral part of the national labor market. It has common features of national labor markets and own specificity. It is defined by natural geographical, economic, geographical situation of the territory and by historical and geographical peculiarities of farming. A large number of employment are in agriculture, industry, education and trade sectors (Table 1). This specific caused by economic and geographical (border-adjacent location) territory provisions that promotes trade and tradition of farming. The high proportion of individuals employed in industry is due to the presence of industrial facilities (food processing, mining and engineering) in major

cities of the region. However, the current state of social development characterized by a relative decrease in the number of branches of material production and its

corresponding growth in non-manufacturing industries due to the influence of scientific and technical progress.

Table 1

**Employment by economic activity in 2014, thousand people \***

Economic activity	Employees number
Agriculture, forestry and fisheries	95,9
Industry	52,5
Construction	11,6
Wholesale and retail trade	87,9
Transport	22,1
Information and telecommunications	3,2
Financial and insurance activities	4,8
Real estate	4,9
Professional, scientific and technical activities	6,3
Activities in Administrative and Support Services	4,9
Public administration and defense	24,7
Education	47,8
Health care and social assistance	28,7
Arts, sports, entertainment and recreation	4,6
Total employed	410,5

\* Compiled based on materials of the Main Department of Statistics in the Volyn region

Volyn region belongs to the first type from the five regional labor markets that are selected in Ukraine. Its features are well-defined labor depression in both the industrial and the agricultural sectors and forming an extreme conditions of reproduction of labor [6].

Volyn region is traditionally excessive labor area and labor market is particularly attractive because represented by:

- constant suggestion of manpower;
- favorable economic conditions;
- sources of replenishment of qualified personnel (a significant number of schools college and higher special education);
- human resources management (through local employment centers).

Among the employed population is distinguished a part, which is a real active factor of productive forces. It creates national product, important for living and reproducing, which is the basis of income in the economy for employed and unemployed. This category is called the economically active population. Obtaining a national income per capita determine the general level of use labor potential of society. The higher the national per capita income index, the better the society is using its manpower resources. Volyn region belongs to the areas that have low use of labor potential [2]. Due to irrational socio-economic policy of the government in the country, this potential has been largely destroyed. The significant deskilling of the working population is an example of it. En essential disqualification of the working population, unemployment, mass emigration and destruction of vocational education occur as a results of it.

The number of registered unemployed amounted to 11.4 thousand people by the end of September 2015. Six out of ten are women, 43.0 % of people live in rural areas and 79.9 % received unemployment benefits. The

greatest demand for workers among occupational group was in trade and services (almost a third of the total number of declared vacancies), and the lowest one - skilled workers in agriculture, forestry, fish farming and fishing (1.0 %). The highest number of registered unemployed are concentrated in Lutskiyi (2748 people), Kovel'skiy (1436 people), Ivanychivskiyi (904 people), Horokhivskiyi (703 people) and Kivertsivskiyi (571 people) districts. The smallest number are concentrated in Lubeshivskiyi (190 people) and Kamin-Kashirskiyi (276 people) districts (Fig. 1).

The State employment service have employed 8.9 thousand people since the beginning of the year (30.2 % of which were unemployed in this period, including 1.3 thousand people in September).

The main directions of improving the quality of labor potential of the region and reduce unemployment are:

- satisfying the needs of the region in specific professions and qualifications that suites to the structural changes in the economy and the technical level of production;
- training, retraining and improving qualification of the existing workforce in connection with its reallocation between industries and enterprises;
- preparation of workers for new promising professions;
- development of state educational standards, preserving the quality of vocational education that meets the requirements of economic development;
- providing equal opportunities to all citizens in choosing and getting jobs;
- promote labor participation rate, business development and various forms of self-employment;
- education of a new type of competitive labor market.

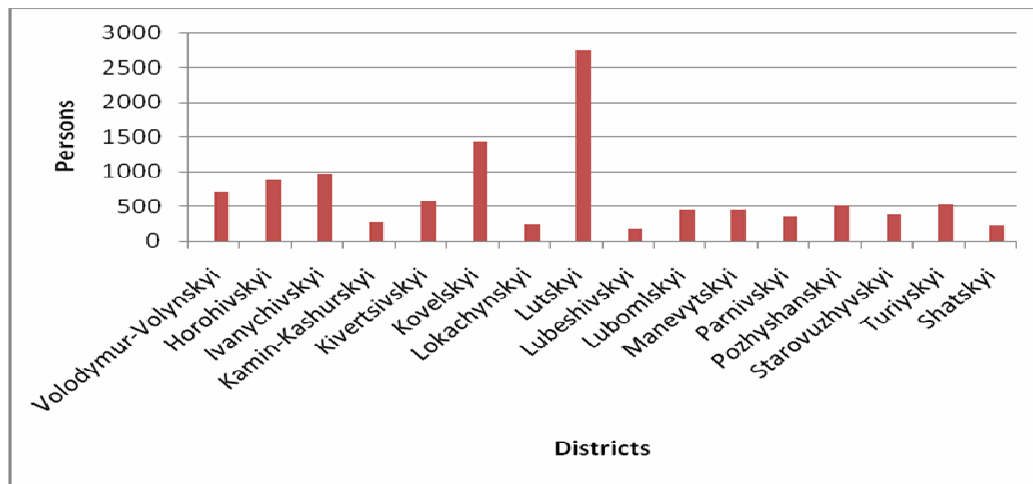


Fig. 1. The number of registered unemployed in the administrative district of Volyn region

**Conclusions.** The analysis of labor potential in the Volyn region showed that there are both positive and negative changes. The first one include the expansion of training and retraining in accordance with labor market needs; increasing employment in the modern sectors; reduced unemployment; improving the demographic situation; negative trends like demographic and socio-economic nature reduce; number of specialists with higher education is growing. Improving the quality of human resources potential of the region is due to demand in the labor market in more highly qualified specialists.

However, the present employment potential of the region is not adequately used and ineffective, especially in rural areas. Cyclic character of modern economic development, transformational changes in all spheres of social life determine the necessity of scientific elaboration of new methodological and methodical approaches to solution of topical problems related to the regulation of the processes of unemployment and labour migration. Prospects for future research on this subject lie in a more detailed study of the labor potential and identify new methods for its assessment.

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