

FORMATION OF LABOR RELATIONS IN CRISIS SITUATIONS: LEGAL REGULATION OF THE EU AND UKRAINE

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Abstract. Amid the crisis, unemployment is on the rise, some of the most vulnerable workers need social protection, and employers need a reduction in taxation. The article aimed to compare the legal regulation of labor relations in crises as exemplified by the EU countries and Ukraine. The methodology is based on a comparative analysis of legal regulation and legislative initiatives in EU countries (using Austria, Germany, the Netherlands, and Ukraine as examples). LABREF and Eurostat databases have been used for the analysis. Results. In the context of the crisis, legislative changes are being introduced in EU countries, which have mainly been implemented after 2008 by different countries. However, some countries, like the Netherlands, are characterized by a high level of gradualism in labor market reforms and legislation, while others (Germany and Austria) adopted legislative changes after the 2008-2009 crisis. Ukraine lacked labor market reforms during the crisis, resulting in higher unemployment rates compared to EU countries. Furthermore, effective mechanisms to protect the most vulnerable (young people, older people, and families) were also lacking. In times of crisis, EU countries introduce active labor market regulation policies aiming to activate employment centers to tackle regional unemployment problems, cooperation between different stakeholders in labor relations and social dialogue, support for redundancies and employers in times of crisis, reduction of taxation and social contributions, promotion of youth employment, training and retraining of professionals. The 2008 crisis has resulted in increased political activity in most policy sectors in a large number of EU countries.

Keywords: legal regulation, labor affairs, labor market, labor regulation, EU labor markets.

1 Introduction

Large-scale changes in the organization of work have led to the emergence of new forms of work, which require constant improvement of legal regulation. Legal changes have been particularly accelerated by globalization, characterized by rapid economic integration between countries due to the liberalization of trade, investment, and capital flows, as well as digital transformation and other technological innovations (Bentolila et al., 2012). In particular, digitalization and globalization have led to greater mobility and flexibility in labor markets, resulting in a growing number of workers whose employment status is unclear and who as a result fall out of the labor market, losing the labor protection they are afforded (Möller, 2010). In the context of the crisis, such workers become unprotected due to the lack of legislation regulating digital labor markets and migrant labor rights. As a result, EU member states have started to develop legislation to ensure the rights of different categories of workers and to stimulate employment.

The 2008-2009 crisis necessitated improvements in the EU's particularly traceable legal regulation of labor relations (Castles, 2011). Member States have therefore begun to introduce legislative changes in the labor market, addressing

unemployment due to the crisis, especially for the most vulnerable.

The EU labor market was shaped by the process of EU formation and integration, characterized by a gradual introduction of legislative changes (D'Amuri & Peri, 2014). However, significant reforms of national labor markets started after the 2008 crisis due to accumulated macroeconomic imbalances since the early 2000s. In the post-crisis period, reforms aimed at improving the functioning of labor markets concerned changes in taxation systems, convenient wage-setting frameworks, the development of financial assistance programs, and employment protection mechanisms to promote job creation and overcoming segmentation, pay and activation systems, thus encouraging the unemployed to take up employment. Despite the formation of a common EU labor market due to integration, EU labor markets diverge due to the differentiation of institutions, the structure of the economy in various EU countries, different causes of unemployment, and solution to problems related to it. The aforementioned makes it relevant to study the problems of legal regulation of labor relations in crises using the example of the EU countries and Ukraine.

The article aims to provide a comparative analysis of the legal regulation of labor relations in crises as exemplified by the EU countries and Ukraine.

2 Literature review

An employment relationship is a familiar concept in most countries, regardless of the differences that may exist in the national legal frameworks of individual countries. An employment relationship involves a relationship between an employee (wage-earner) and an employer, for whom the former performs work for remuneration under prescribed conditions (ILO, 2020). An employment relationship entails mutual rights and obligations between employer and employee and provides access to employment-related rights and benefits (Lang, Schömann & Clauwaert, 2013). Employment is generally understood as a relationship resulting from a legally recognized relationship between the person doing the work and the person for whose benefit the work is done, with remuneration and under certain conditions provided for by national law and practice (Ashiagbor, 2013). In many jurisdictions, the key element is subordination. Three elements are commonly present: work is done for another; for remuneration; and as part of the subordination (Porte & Heins, 2016).

Labor relations is a universally accepted legal concept, which is explicitly or implicitly addressed in several ILO standards, providing the basis for the labor market in many countries, yet its definition differs significantly depending on the country (Clauwaert & Schömann, 2012).

The concept of an employment relationship has evolved and become more diverse, encompassing situations other than traditional full-time employment, responding to the challenges posed by the needs of entrepreneurs and employees to work on flexible working arrangements. These types of work arrangements also fall within the scope of an employment relationship and differ from the civil or commercial contractual relationships under which the services of self-employed workers can be purchased (Dawson & De Witte, 2013).

3 Methodology

The countries chosen to analyze the legal regulation of employment relations in times of crisis are based on the following criteria:

- 1) employment rate (Eurostat, 2022c);
- 2) income inequality (Eurostat, 2022d);
- 3) the annual net income of a full-time employee (Eurostat, 2022a);
- 4) the share of emigrants in the total population (Eurostat, 2022b; 2022e).

These indicators did not differ significantly in the Netherlands, Germany, and Austria and at the same time allowed for a comparison of the effectiveness of legal regulation of employment relations within the EU. In addition, the countries chosen for the analysis are the most efficient and stable according to these indicators, so the legal regulation of employment relations is effective.

Tab. 1: Dynamics of the labor market and quality of life indicators in Austria, Germany, the Netherlands, EU 2012-2021

Country	2012	2018	2019	2020	2021	Average, 2012-2021
Employment and activity, %						
Netherlands	77,5	80	81	80,8	81,7	78,8
Germany	75,8	78,9	79,6	78,2	79,6	77,78
Austria	74,4	76,2	76,8	74,8	75,6	75,11
European Union - 27 countries (from 2020)	66,9	71,9	72,7	71,7	73,1	69,96
Income quintile share ratio S80/S20 for disposable income						
Netherlands	3,61	4,05	3,94	4,15	3,88	3,878
Austria	4,2	4,04	4,17	4,11	4,08	4,127
Germany	4,3	5,07	4,89	4,87	4,88	4,764
European Union - 27 countries (from 2020)	4,98	5,05	4,99	4,89	4,97	5,056
Annual net earnings of a full-time single worker without children earning an average wage, euro						
Netherlands	28387,02	30790,04	31431,5	32381,7	33485,57	30214,62
Germany	24761,84	27819,97	28606,67	29147,08	29766,73	27097,71
Austria	24541,18	27914,77	28211,57	28748,99	29363,54	26831,65
European Union - 27 countries (from 2020)	-	22025,99	22552,21	23000,18	23597,02	22149,10
Emigration share, % from the total population						
Country	2012	2018	2019	2020	2021	Average, 2012-2021
Germany	0,30%	0,65%	0,69%	0,59%	-	0,52%
Netherlands	0,66%	0,64%	0,62%	0,59%	-	0,65%
Austria	0,62%	0,76%	0,77%	0,70%	-	0,70%

Source: Eurostat (2022a-e).

4 Results

4.1 Legal regulation of labor relations in the EU

The implementation of labor market policies and reforms, reforms of social security systems according to LABREF of the European Commission in cooperation with the Employment Committee for the period 2000-2019 confirms the gradualness of the EU labor markets and legislation development. Between 2000 and 2019, 5,056 legal acts were adopted by different EU countries in the field of labor market development: while in 2000-2007 an average of 180 legal acts were adopted by different countries, and in 2008-2018 329 legal acts were adopted.

For instance, in Austria, 82 normative acts were adopted in the period 2000-2007 and 100 in the period 2008-2019 (Table 2). Belgium adopted 111 and 207 acts during the same periods, Bulgaria 61 and 131 respectively, Croatia 0 and 81, Cyprus 30 and 88, the Czech Republic 73 and 84, Denmark 45 and 75, Estonia 40 and 102, Finland 82 and 103, France 94 and 164, in Germany 92 and 88 respectively, in Greece 62 and 177, in Hungary 69 and 130, in Ireland 59 and 111, in Italy 99 and 179, in Latvia 60 and 142, in Lithuania 60 and 165 and Luxembourg 42 and 65, Malta 50 and 87, the Netherlands 72 and 83, Poland 77 and 99, Portugal 67 and 224, Romania 47 and 123, Slovakia 48 and 128, Slovenia 26 and 89, Spain 128 and 186 and Sweden 82 and 88.

In Austria 13 legal regulations were adopted during the 2008-2009 crisis defining an active labor market policy. In particular, regulations governing direct job creation mechanisms were approved during the crisis period, regional employment regulation programs, special employment programs and

mechanisms for persons with disabilities (integration of persons with disabilities) and youth, and legal regulation of training was approved. In Austria, a special vocational training program was legislated in 2008 in line with specific regional requirements; a mechanism for training and accompaniment of unemployed persons dismissed as a result of enterprise restructuring was approved; legal regulations were adopted to regulate training to support employers and employees in reduced working hours; a special program for women FIT (Frauen in Handwerk und Technik) has been approved; a new Lifelong Learning Strategy has been developed. The regional employment promotion programs in Austria in 2008 included projects initiated by companies and aimed at creating new jobs with financial support from the government through direct subsidies.

The legal regulation of youth labor relations in Austria in 2008 involved the provision of state training guarantees and the reform of student subsidies. Young people in Austria were particularly confronted with employment problems, especially in times of crisis when unemployment increased. The Government, therefore, offered state guarantees for vocational training: all willing graduates were guaranteed employment. The number of participants in the state program rose from 10,300 to 12,000 people in 2008, in this case up to 15,000 are needed. The legislation provided for the reimbursement to the employer of the student's wages for 3 months of the first year of employment after graduation, 2 months in the second year, and 1 month in the third year of employment after graduation.

In response to the crisis in 2008 and 2009, Austria created a special vocational training program tailored to specific regional needs, targeting 6,422 unemployed persons, of whom 4,131 (64 percent) were women. In response to the crisis, the following measures were taken in Austria:

- 1) a program has been developed to support the unemployed who have been laid off since 1 November 2008 as a result of enterprise restructuring, enterprise closures, job cuts, and the closure of some production sectors. Provision is made for training 30,000 unemployed people, of whom 24,000 will return to work;
- 2) support for employers and employees in reduced employment: 150,000 people were planned to be trained and retrained, of whom at least 64,000 were employed and more than 10,000 started their businesses;
- 3) special qualification measures for women, which focus on non-traditional professions for women, have been regulated;
- 4) the new lifelong learning strategy was approved to improve the quality of the workforce by encouraging employers and employees to invest in new knowledge that meets new demands throughout their working life.

Tab. 2: Number of regulations adopted by Austria, Germany, and Netherlands in 2000-2019 in the field of labor market regulation

Country policy domain	Austria	Germany	Netherlands
Active labor market policies	55	51	33
Early Withdrawal	7	4	1
Immigration	14	15	9
Job Protection (EPL)	14	9	31
Labour Taxation	24	28	21
Mobility	4	1	-
Other welfare-related benefits	23	24	29
Unemployment benefits	11	9	12
Wage Setting	11	14	10
Working Time	32	25	15
Total	195	180	161

Source: built by the author based on LABREF (2022).

The legal regulation of labor relations in the Austrian crisis assumed

1) early retirement: a scheme ("Hacklerregelung") has been approved to allow physical workers to retire earlier than office workers;

2) The procedural requirements for the protection of labor (EPL) have been approved:

2.1) Austrian law provides that people dismissed from their jobs after filing a gender discrimination complaint have the right to seek reinstatement only through the courts. The 2008 amendment introduced an alternative approach whereby illegally dismissed citizens for gender discrimination in the workplace could choose financial compensation for both loss of income and psychological harassment instead of returning to work in the same workplace;

2.2) the amendment of the Employment Protection Legislation (EPL) involved improving employment through a temporary work agency: the legislation improved employment opportunities for different groups of people by creating more flexible forms of work opportunities;

3) legislation on labor taxation (social security contributions of employees, income tax) has been improved:

3.1) a reduction in labor costs for low-income earners was secured: employee unemployment insurance contributions were abolished altogether or set at between one and two-thirds. Approximately 1 million workers were affected and the reduction averaged between €300 and €462 per year; unemployment insurance contributions for workers earning less than €1,100 per month were abolished (3% of their gross wages). Workers earning between €1,211 and €1,350 per month had to pay 2% (instead of 3% as before);

3.2) the monthly child tax credit was legislatively increased from €0.9 to €8.4 and the personal income tax credit for lower-income parents was increased to €2,300 to encourage them to take up employment;

3.3) personal income and payroll taxes were reduced (reduction of the tax rate from 38.3% to 36.5%; reduction of the average tax rate from 43.6% to 43.2%, raising tax thresholds for the lowest and highest income segments);

3.4) the non-taxable annual income threshold is increased from €0,000 to €1,000.

Tab. 3: Number of legal documents adopted by Austria 2000-2019 in the field of labor market regulation

Country policy domain	2000-2007	2008-2009	2010-2019	Total
Active labor market policies	21	13	21	55
Early Withdrawal	3	2	2	7
Immigration	7	0	7	14
Job Protection (EPL)	5	2	7	14
Labour Taxation	5	4	15	24
Mobility	1	1	2	4
Other welfare-related benefits	6	4	13	23
Unemployment benefits	8	0	3	11
Wage Setting	3	0	8	11
Working Time	7	2	23	32
Total	66	28	101	195

Source: built by the author based on LABREF (2022).

Other innovations in the legal regulation of labor relations included internal labor market mobility, improved organization of working hours for employees, special programs for young people, regulation of retirement and social benefits, the introduction of reduced work schemes, regulation of social assistance, and part-time work.

During the 2013-2014 economic downturn, Austria legislated additional support for the employment of workers in socio-economic enterprises and public benefit projects; introduced a craftsman bonus, state reimbursement of individual work costs; provided additional subsidies for hiring older workers; equal treatment of parental allowance periods and periods of military and civilian service was regulated; documentation requirements to combat wage dumping were increased; obligations to document working time were relaxed.

In Germany, legislative changes were also introduced during the crisis to improve the regulation of employment relations aimed at shaping active policies, taxation of labor, benefits, wage requirements, and working time regulation (Table 4). In 2008, Germany eliminated inefficient labor market policy instruments, eliminated bureaucracy associated with employment and training support services, and enabled the Federal Employment Agency and employment agencies to test innovative solutions in the field of basic security. In Germany, the transparency of support instruments for vulnerable young people increased during this period.

The active policy of the German government during the crisis suggested:

1. Creation of 5,000 additional positions in employment agencies and joint agencies (consisting of members of the municipality and local employment agencies) focused on employment and the provision of support and benefits.
2. Introduction of a career support program: the ability to individually support weaker students over a longer period in the transition from school to vocational training or the transition system if a position for training in the company is not available. The program aimed to strengthen the direct transition of eligible young people to vocational training in the company through a career support program.
3. A "Special programme to support skills development for low skilled and senior workers" (Sonderprogramm für ältere und gering qualifizierte Arbeitnehmer-WeGeBau) was developed. This expanded the groups of employers eligible by law to include: employees who have completed their vocational training or last attended a state-funded training course four years ago or more; contract workers rehired by employers (temporary employment agencies).
4. A federal program (co-funded by ESF) was introduced to support additional qualification and skills development activities for workers who lost their jobs due to redundancy during the crisis. In this way, specific and general training for companies was supported. The co-financing rate was 25-80% of the training costs.
5. Promoting vocational skills and knowledge through training-related activities aimed at addressing gaps in language skills and education.

Tab. 4: Number of legal and regulatory instruments adopted in Germany in 2000-2019 in the field of labor market regulation

Country policy domain	2000-2007	2008-2009	2010-2019	Total
Active labor market policies	29	8	14	51
Early Withdrawal	2	0	2	4
Immigration	4	2	9	15
Job Protection (EPL)	5	0	4	9
Labour Taxation	3	9	16	28
Mobility	0	1	0	1
Other welfare-related benefits	4	8	12	24
Unemployment benefits	7	0	2	9
Wage Setting	1	1	12	14
Working Time	14	4	7	25
Total	69	33	78	180

Source: built by the author based on LABREF (2022).

An improvement in Germany's labor migration policy should be noted. In 2008, the Federal Government's Action Plan "Using labor migration to secure Germany's pool of skilled labor" was approved: the approved set of measures was intended to regulate labor migration to meet the growing need for highly skilled labor and experts due to demographic change. The action plan provided for the development of a labor market for university graduates from the new member states, which was opened on 1 January 2009. University graduates from non-EU countries were allowed to immigrate to Germany in the absence of emigration by nationals. In 2008, immigration rules for professionals from non-EU countries were changed: applicants need a minimum income of 64,800 euros per year for an unlimited residence permit. The previous income level was €6,400. Foreign graduates from German universities have gained easier access to the German labor market. Former students of German schools abroad have gained easier access to the German labor market.

The legal regulation of taxation of the employment relationship provided for:

1. As of 1 January 2009, the unemployment insurance contribution rate was reduced by 0.5% to 2.8%, which remained so until the end of 2010 as part of the "Pact for Employment and Stability in Germany". From 1 January 2011, the rate increased again from 2.8% to 3%.
2. Social security contributions paid by employers for remuneration under short-term contracts were reimbursed at the rate of 50% for the first six months of employment. However, those employers who provided employees with the opportunity to participate in qualifying activities during the periods of reduced work could reimburse the full amount of the social security contribution due to them. As of 01.07.2009, employers were reimbursed 100% of social security contributions from the seventh month of reduced working hours. This arrangement applied to all of the employer's workplaces, provided that at least one workplace used reduced employment for 6 months from 1 January 2009. The duration of the arrangement was limited until the end of 2010. Such a measure was introduced to avoid redundancies, training, and retraining support.
3. Increase in health insurance contributions to 15.5%. Starting on 1 January 2009, the unemployment insurance contribution rate was reduced by 0.5% to 2.8% by the end of 2010 as part of the "Pact for Employment and Stability in Germany". From 1 January 2011, the rate increased again from 2.8% to 3%.
4. Expansion of taxation of expenditure on employment services. Since 1 January 2009, household-related employment/services expenses (including long-term care services) have been tax deductible up to a maximum of €4,000 per year.

To ensure the welfare of the population during the crisis in Germany, child benefit payments were increased, a school starter package was developed, the duration of reduced work was lengthened, short-term job support was temporarily extended and housing benefits were increased to take account of heating costs. Legislation on working time regulation included the following improvements: extended care for children under the age of three, multi-year timekeeping in the chemical industry, increased working time for municipal employees in western Germany, and the recording of working time in monetary terms. In 2014, Germany introduced new workplace rules, including distance working rules and the implementation of Directive 90/270/EEC on minimum safety and health requirements for working with display screen equipment.

The Netherlands introduced the fewest innovations in labor regulation during the 2008-2009 crisis (Table 5). In particular, active labor market regulation policy included changes in the regulation of Public Employment Services (employment assistance, employment counseling, etc.), regulation of warning and termination payment, regulation of employees' social security contributions and income tax, regulation of reduced working arrangements and social assistance (housing, income-related allowance).

An active labor market policy in 2008 envisaged the creation of 30 new mobility centers in regions facing large numbers of mass redundancies, in cooperation between social partners, training institutions, and job centers. The Mobility Centers are temporary public-private partnerships to intensify early and timely assistance to jobseekers and enterprises in the Netherlands to prevent involuntary redundancies as much as possible. Workers who were threatened with unemployment were helped to find new jobs or temporarily assigned to other employers, if necessary through additional training.

Tab. 5: Number of legal instruments adopted by the Netherlands between 2000 and 2019 in the field of labor market regulation

Country policy domain	2000-2007	2008-2009	2010-2019	Total
Active labor market policies	15	4	14	33
Early Withdrawal	1	0	0	1
Immigration	7	0	2	9
Job Protection (EPL)	1	1	29	31
Labour Taxation	10	2	9	21
Other welfare-related benefits	13	4	12	29
Unemployment benefits	9	0	3	12
Wage Setting	1	0	9	10
Working Time	9	0	6	15
Total	66	11	84	161

Source: built by the author based on LABREF (2022).

The job protection regulation included the following changes: employees whose gross annual income exceeded €75,000 per year were compensated on dismissal at the maximum annual salary limit. This made it cheaper for employers to dismiss workers whose gross annual income exceeded €75,000.0.

In 2008, in the area of tax regulation, the Netherlands abolished unemployment benefits for employees and introduced an earnings-related tax credit (with a pre-existing general tax credit), which encouraged the combination of work and children.

Other measures to regulate labor relations included:

1. The introduction of a temporary measure that allowed companies facing a sudden loss of demand (a 30% drop in turnover in the last quarter and the likelihood of this trend being temporary) to reduce the length of time their employees worked. The employer continued to pay wages, but workers received unemployment benefits for the time not worked (which amounted to 75% of their last wage in the first two months and 70% thereafter). "The Unemployment Agreement" in force in the Netherlands provided for companies to apply in emergencies, including economic crises. Under this arrangement, a reduction in working time could be granted for a period of six weeks and could be extended a maximum of three times up to 24 weeks. Companies could choose the number of employees included in the application and the length of hours for compensation. Employees received unemployment benefits for the reduced number of hours, which was ultimately deducted from their unemployment contributions in the event of redundancy.
2. Increasing the purchasing power of people with chronic illnesses and minimum wage earners by a total of 460 million euros.

In 2009, the Netherlands approved an Action Plan that included:

- 1) a proposal for a Youth Investment Act (WIJ) obliging municipalities to provide young unemployed people under 27 with job/study offers; 2) combating early school leaving (School Ex program with 16 million euro in funding); 3) providing workplaces for students, besides providing unemployment benefits, reimbursement for training costs. The maximum period for which reimbursement is made was 3 months; 4) the Leerwerkloketten program to improve the transition from education to the labor market. In 2009, 30 regional employment centers linked to mobility centers set up training and work services, which also received structured funding; 5) a retraining grant for workers facing redundancy to encourage employers to accept workers from other industries, as well as retraining grants for workers. A "new" employer was entitled to a grant of 50% of

the retraining costs, up to a maximum of €2,500. A prerequisite for the grant was its use for training resulting in a diploma or qualification; 6) the provision of additional resources for the Accreditation Programme for Prior Learning (APL). In case a former employer allows an unqualified worker to participate in an APL program, the government will reimburse 50% of the costs.

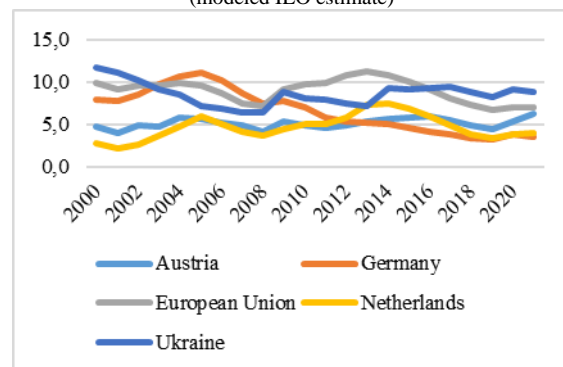
4.2 Legal regulation of labor relations in Ukraine

Labor relations in Ukraine are regulated by labor legislation. The Labor Code of Ukraine (hereinafter the Code), adopted in 1971, is Soviet in both content and spirit and demonstrates the strong dominance of the regulatory function of the paternalistic state in the sphere of labor relations, inherent in a planned socialist economy, in which the de facto employer in all economic relations was the state.

The current Code was shaped by an orientation toward an industrial economy and the existence of systemic large enterprises, which were the flagships of the economy. In the current context, where the number of workers in the manufacturing sector has declined more than threefold since 2000, there is an urgent need to adapt labor law to the needs of new relationships and new areas of the economy that absorb a liberated labor resource and profess a different philosophy of labor relations.

Although the Code has been amended on several occasions, the basic principles on which labor law is built have remained unchanged. Over the last 20 years attempts to adopt a new Labor Code have contained the same problems and in part because of this they have not been sufficiently effective. As a consequence, Ukraine has a higher unemployment rate than Austria, Germany, and the Netherlands, not only in crisis periods but also after economic recovery (Figure 1).

Figure 1: Unemployment, total (% of the total labor force) (modeled ILO estimate)



Source: World Bank (2022).

According to the State Statistics Service of Ukraine, the number of the informally employed population over the age of 15 as of 2020 was 3,316,400. The largest share of the informally employed population is in agriculture (45.2%), construction (16.8%), wholesale and retail trade, and repair of motor vehicles and motorbikes (15.7%). At the same time, according to estimates of the State Institution "Institute for Economics and Forecasting" of the National Academy of Sciences of Ukraine, the share of the economically active population receiving shadow income reaches 26.5% (4709.53 thousand people), and the monetary mass of unofficial income, which is received by the working population of Ukraine at 25.2% of payroll (264.3 billion UAH). At the same time, the vast majority of working people (59.8%) would agree to work officially and are willing to receive part of their income in an envelope. 48% of respondents have a negative attitude towards informal employment, 25% are indifferent and only 14% are positive.

During the long period of formation of a market economy in Ukraine, the current Code has failed to keep up with the tendencies of labor market development, including the need to account for globalization processes and increased competition and, as a consequence, the need for business to optimize costs, including social infrastructure, increased foreign investment in the national economy, a significant change in the attitude of parties to labor relations to traditional forms of their organization. This fails to achieve one of the main objectives of state regulation, which is to ensure decent wages and prevent poverty among workers.

A characteristic feature of modern labor law is that it includes a significant number of by-laws. They contain many norms, which often contradict the norms of the acts of higher legal force. This "labor bureaucracy" significantly complicates the application of labor law both for the employer and for the protection of workers' rights.

Consequently, the Code is a mixture of legal norms adopted under different historical and economic conditions, most of which are outdated and cannot adequately regulate modern labor relations. This requires reform and implementation into national law of the provisions of international legal instruments binding on Ukraine and the acts of the European Union.

Labour law reform and liberalization should ensure equality of the parties to the employment contract, increase the competitiveness of businesses and enable them to enter new markets, increase investment inflows, and introduce modern forms of employment (distance working, seasonal work, flexible working hours, etc.). A liberal labor law should make it easier for employers to create new high-quality jobs, raise the best workers, and pay higher wages. It is advisable to create a level playing field and provide incentives for businesses that create formal jobs. Legal regulation should create an environment in which employers and employees find it more profitable to work legally than to hide "in the shadows". Simplification of employment law, in particular through the introduction of a wide range of employment contracts (short-term, seasonal, telecommuting, apprenticeship, domestic workers), will contribute to legalizing the recruitment of workers and expanding the scope of employment contracts.

Ukraine has developed a draft Labor Law (Ministry of Economy of Ukraine, 2022) in pursuance of subparagraph 4 of paragraph 3 of Section II of the Law of Ukraine "On De-Sovietisation of Ukrainian Legislation". The Draft complies with Ukraine's obligations in the field of European integration, including international legal obligations (European Social Charter (revised), and the law of the European Union (EU *acquis*). The Draft Act is designed to implement the obligations defined in Annex XL to Chapter 21 "Cooperation in the field of employment, social policy and equal opportunities" of Section V "Economic and sectoral cooperation" of the Association Agreement between Ukraine and the EU. In addition, the Cabinet of Ministers of Ukraine was instructed by subparagraph 4 of paragraph 3 of Section II of Act No. 2215-IX of 21 April 2022 "On the De-Sovietisation of the Law of Ukraine" to draft the Labor Code of Ukraine, and submit it to the Parliament within one year following the entry into force of the Act. The draft act aims to create equal rules on the labor market and balance the interests of employees and employers, provide incentives for socially responsible business development, invest in the national economy, simplify entry-exit from employment relations combined with effective protection mechanisms against sudden job loss, facilitate finding a new one and reduce unemployment. The draft Labor Act ensures the principle of gender equality in the provision of social leave, improving mechanisms for the implementation of the right to social leave by parents of a child, family support, and formation of responsible motherhood or parenthood by adapting national labor legislation to EU regulations and standards.

5 Discussion

In the academic literature, scholars argue that especially since the 2008 economic recession, the EU labor market has been in a constant and rapid state of change, requiring the development of a skilled workforce capable of responding flexibly to market needs (Dawson & De Witte, 2013; Lang, Schömann & Clauwaert, 2013). Before the 2008 crisis, employment regulation policies were rigid and needed policy guidance to ensure labor market flexibility. During the 2008-2009 crisis the legal regulations contributed to the development of active labor market policies as seen in Austria, Germany, and the Netherlands. Active labor market policies continue after the 2008-2009 crisis (Clauwaert & Schömann, 2012; Ashiagbor, 2013; Porte & Heins, 2016).

In Austria, Germany, and the Netherlands active labor market regulation policies were introduced during the crisis. Meanwhile, in Austria 13 regulations were adopted during the 2008-2009 crisis to regulate direct job creation mechanisms through subsidies, approval of regional employment regulation programs, special programs, and employment mechanisms for people with disabilities (integration of people with disabilities) and youth, approval of legal regulation for training and accompaniment of unemployed laid off during the crisis. During the economic downturn of 2013-2014, Austria legislated additional support for the employment of workers in socio-economic enterprises and public benefit projects; introduced a craftsman bonus, state reimbursement of individual work costs; provided additional subsidies for hiring older workers; equal treatment of parental allowance periods and periods of military and civilian service was regulated; documentation requirements to combat wage dumping were increased; obligations to document working time were relaxed.

In Germany, legislative changes were also introduced during the crisis to improve the regulation of employment relations aimed at creating active policies and eliminating inefficient labor market policy instruments, labor taxation, employee benefits, and social protection, setting wage requirements, regulating the working time, eliminating bureaucracy related to employment and training support services, increasing transparency of instruments to support disadvantaged youth. In times of crisis in Germany, the Federal Employment Agency and the employment agencies have been allowed to test innovative solutions in the field of basic security. Active German government policies during the crisis included: the creation of 5,000 additional positions in employment agencies and joint agencies; the introduction of a career support program; the development of a "Special Programme to Support Skills Development for Low-Skilled and Senior Employees"; the introduction of a Federal Programme to support additional qualification and skills development measures for workers who lost their jobs due to redundancy during the crisis; promoting skills and knowledge development through training-related activities aimed at bridging language and education gaps. Owing to such measures, as Möller (2010), Rinne & Zimmermann (2012) point out, the German labor market has responded gently to the 2008-2009 crisis. An important factor in this development is the strong economic position thanks to the recent labor market reforms. As Krause & Uhlig (2012) point out, "during the global crisis of 2008/2009, the German labor market featured mainly declining unemployment rates".

The Netherlands introduced the least amount of innovation in the regulation of employment relations during the 2008-2009 crisis because of the gradual policy of law reform between 2000 and 2007. In particular, an active policy of labor market regulation included changes in the regulation of Public Employment Services (employment assistance, employment counseling, etc.), regulation of warning and redundancy payments, regulation of employees' social insurance contributions and income tax, regulation of reduced working arrangements and social assistance (housing, income-related allowance).

Thus, an analysis of the legal regulation of employment relations in Austria, Germany, and the Netherlands shows similarities and differences. Hastings & Heyes (2018) argue that since 2008, labor policy in the EU has shown general trends, but support for measures to achieve flexibility in employment relations has weakened. Hastings & Heyes (2018) highlight the differences in the approaches of EU member states to the regulation of labor relations, usually seen as members of the same institutional family, as well as the similarities in countries' labor policies.

6 Conclusion

In the context of the crisis, legislative changes are being introduced in EU countries, which have mainly been implemented after 2008 by different countries. However, some countries, such as the Netherlands, are characterized by a high level of gradualism in labor market reforms and legislation, while others (Germany and Austria) adopted legislative changes after the 2008-2009 crisis. Labor market reforms were lacking in Ukraine, which resulted in higher unemployment compared to EU countries, and a lack of effective mechanisms to protect the most vulnerable population (young people, older people, and families). Labor market reforms introduced by the European Commission after 2010 aimed at reducing the scope of employment law (EPL) with the expectation that legislative initiatives would stimulate "job creation in sclerotic labor markets while addressing segmentation and adaptation issues". In times of crisis, EU countries introduce active labor market regulation policies aimed at activating job centers to tackle regional unemployment problems, cooperation between different stakeholders in labor relations and social dialogue, support for redundant workers and employers in times of crisis, reduction of taxation and social contributions, promotion of youth employment, training and retraining of professionals.

The 2008 crisis led to increased political activity in most policy sectors in a large number of EU countries, in particular in areas of macrostructural importance (employment law, unemployment benefits, wage setting). Between 2000 and 2011, labor market reforms within the EU were generally implemented in countries that were characterized by low labor market performance, high initial regulation, or a high fiscal burden. Tax and benefit reforms between 2000 and 2011 reduced unemployment and increased the activity rate of citizens. At the same time, the reform policy envisaged the implementation of a deregulatory reform program

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