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## External labor migration from Ukraine: causes, scale, consequences

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**Purpose** – to study the causes and consequences of migration processes.

**The results of the study.** This article presents the results of an analysis of the dynamics and current state of labor migration processes in Ukraine.

The authors evaluated the impact of international labor migration on the country's economy. The causes of labor migration, its positive and negative consequences are characterized. This study examines and summarizes the global experience in regulating external migration flows to foreign countries. The authors suggested directions for improving the system of regulation of external labor migration, as well as measures to promote on its of use as an important element of economic development based on the analysis.

**Practical implications.** The results of this paper can become the basis for the formation of migration policy of Ukraine according with European standards.

**Originality/Value.** This paper is expanded of the concept of the main directions and the principles of state migration policy, which the government of Ukraine must adhere to when forming it, has been.

**Research limitations/Future research.** It is advisable to direct further research towards a quantitative analysis of the composition, structure and national characteristics of labor migrants.

**Paper type** – empirical.

**Keywords:** foreign workers; labour imports; labour exporters; discrimination.

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## Зовнішня трудова міграція з України: причини, масштаби, наслідки

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**Мета роботи** – вивити причин і наслідки міграційних процесів в Україні.

**Результати дослідження.** Проведено аналіз міграційних процесів в Україні. Представлено результати аналізу динаміки і сучасного стану трудових міграційних процесів. Оцінено вплив міжнародної трудової міграції на економіку країни. Охарактеризовано причини трудової міграції, її позитивні і негативні наслідки. Розглянуто і узагальнено світовий досвід регулювання зовнішніх міграційних потоків в зарубіжні країни. На основі представленого аналізу запропоновано напрями удосконалення системи регулювання зовнішньої трудової міграції, а також заходи, що сприяють використанню міжнародної трудової міграції в якості важливого елемента економічного розвитку.

**Практичне значення дослідження.** Результати цього дослідження можуть стати основою для формування міграційної політики України за європейськими стандартами.

**Оригінальність/Цінність/Наукова новизна дослідження.** Розширено уявлення про основні напрямки та принципи державної міграційної політики, яких має дотримуватися уряд України під час її формування.

**Обмеження дослідження/Перспективи подальших досліджень.** Подальші дослідження доцільно скерувати у бік кількісного аналізу складу, структури та національних особливостей трудових мігрантів.

**Тип статті** – емпіричний.

**Ключові слова:** іноземні робітники; імпорт робочої сили; експортери робочої сили; дискримінація.

## Внешняя трудовая миграция из Украины: причины, масштабы, последствия

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**Цель работы** – изучить причины и последствия миграционных процессов в Украине.

**Результаты исследования.** Проведен анализ миграционных процессов в Украине. Представлены результаты анализа динамики и современного состояния трудовых миграционных процессов. Оценено влияние международной трудовой миграции на экономику страны. Охарактеризованы причины трудовой миграции, ее положительные и отрицательные последствия. Рассмотрен и обобщен мировой опыт регулирования внешних миграционных потоков в зарубежные страны. На основе представленного анализа предложены направления совершенствования системы регулирования внешней трудовой миграции, а также меры, способствующие использованию международной трудовой миграции в качестве важного элемента экономического развития.

**Практическое значение исследования.** Результаты этого исследования могут стать основой для формирования миграционной политики Украины по европейским стандартам.

**Оригинальность/Ценность/Научная новизна исследования.** Расширено представление об основных направлениях и принципах государственной миграционной политики, которых должна придерживаться правительство Украины при ее формировании.

**Ограничение исследования/Перспективы дальнейших исследований.** Дальнейшие исследования целесообразно направить в сторону количественного анализа состава, структуры и национальных особенностей трудовых мигрантов.

**Тип статьи** – эмпирический.

**Ключевые слова:** иностранные работники; импорт рабочей силы; экспортеры рабочей силы; дискриминация.

## 1. Introduction

Recently, with increasing level of work force traffic the topic of labor migration has become relevant again in Ukraine. However, most of publications related to migration trends have negative trace. Reading the headlines about more than 1.5 million Ukrainians in Poland and forecasts that reflect the tendencies of recent years for the future, it could be get the impression that Ukraine will soon have no working-age population and will collapse.

## 2. Theoretical background

The problem of external labor migration attracted attention from time to time in different countries. For example, *D. Bearce and A. Hart (2017)* used a new measure of immigration policy and examining thirty-six advanced industrial countries between 1996 and 2012 and tried to explain systematically the variation in external labor openness among the more advanced democracies as primary destination countries, using a model where the government feels political pressure through both a voter/electoral channel and a special-interests channel.

There is also very interesting work of *R. Smit (2001)* that is based on qualitative research focusing on the impact of the migrant labor system on the family life of Black South Africans, in terms of both the marital and parental relationships. Rather than focusing only on the negative impact of labor migration on the relationships in African families, such as the experience of marital and familial dissolution and breakdown, the research also sheds light on the way in which these families utilize cultural values and survival strategies to ensure that the oscillating nature of the immigrant labor system does not completely uproot them from their traditional way of life.

The problem of external labor migration is complex and covers different layers. According to famous researcher of this issue *O. Stark (1995)*, the implementation of the theory of labor migration under asymmetric information shows that return migration arises from the reinstatement of informational symmetry which induces low-skill workers, who are no longer pooled with high-skill workers, to return. The author made a conclusion that when workers in an occupation constitute more than two skill levels the following patterns emerge: "Migration is sequential, that is, it proceeds in waves. Each wave breaks into workers who return and workers who stay; within waves the returning migrants are the low-skill workers. The average skill level of migrants is rising in the order of their wave".

French authors *C. Détang-Dessendre, M. Partridge and V. Piguat (2016)* conducted extended research using a host of novel identification approaches and French employment zone data dating back to the early 1980s. They investigated whether these changes corresponded to economic migration that would increase labor market flexibility. Their results detect surprising amounts of economic migration in that most new jobs are eventually taken by new migrants or outside commuters. The authors then reconcile these somewhat surprising findings with the still relatively low contemporary French interregional gross migration rates, concluding that other structural impediments besides relative local labor market inflexibility are behind relatively poor labor market performance. In general, they make a conclusion that local labor markets are most flexible and aggregate natural unemployment is reduced when there is sufficient interregional economic migration to ensure that workers are reallocated from declining to expanding regions. Local European labor markets have generally been viewed as not as flexible as those in North America, leading to greater fluctuations in local wages, labor force participation and unemployment rates, and smaller changes in local employment as economic shocks are primarily experienced by the local area's original residents.

Thus there were many authors who researched issue of external labor migration, but because of country differences related to politic, economic, social and historical specifics of development, this problem is still very relevant and needs deeper observations.

## 3. Problem statement

The purpose of the article is to study the causes and consequences of external labor migration from Ukraine.

## 4. Methods and Data

The article applies different methods for research including mathematical modelling, technical and economic analysis as well as expert assessments. Authors used number of international and Ukrainian official resources for statistic data panels including World Bank, United Nations and State Statistics Service of Ukraine.

## 4. Results

In different resources it is possible to meet several definitions of term "migration policy". For instance, it is defined as "a government's statements of what it intends to do or not do (including laws, regulations, decisions or orders) in regards to the selection, admission, settlement and deportation of foreign citizens residing in the country" (*Bjerre, Helbling, Römer, & Zobel, 2015*). In general, an object of migration policy is territorial movement of the population, so it is a purposeful activity of the state on regulation and control of migratory processes and set of means for its realization and achievement. The subjects of external migration processes include citizens crossing the state border.

International labor migration is based on the opportunities, conditions and aspirations of the able-bodied economically active population to work in any region, countries of the world community in order to meet their living needs.

One of the main motives for emigration is still the higher level of wages in the countries of arrival. One of the main motivations for migration is the high level of wages in the countries of arrival. The goal of interstate movement of labor potential-the desire to improve the material condition-remains unchanged in the long historical perspective (*Onyshchuk & Zubar, 2018*).

World experience shows that labor migration provides undoubted obstacles to both the countries receiving labor and the countries that supply it. At the same time, international labor migration generates acute social and economic problems.

However, let us consider at first the positive consequences of this phenomenon. The receiving countries (recipient countries) obtain the following benefits:

- due to the reduction of production costs, the competitiveness of domestic goods increases, which is associated with a lower price of foreign labor, which, in turn, affects the cost of production;
- foreign workers, presenting additional demand for goods and services, stimulate the growth of production and additional employment in the host country;
- import of skilled workforce saves the cost for education and training of local people;
- foreign workers are often seen as a certain shock absorber in the event of crisis and unemployment, as the first to fall under the exemption;
- foreign workers are not provided with pensions and are not taken into account in the implementation of various social programs (*Berbenets, 2012*).

But the import of labor has also a "downside" which include additional competition in the local labor market that leads to

an increase in unemployment level. In addition, mass immigration is always accompanied by an increase in social tension in society, conflicts on racial, national and regional grounds, an increase in crime and other negative phenomena.

It should also be noted that foreign workers tend to experience various forms of discrimination in the importing country, ranging from conditions of employment, wages and ending with the terms of health care and insurance.

Labor-exporting countries (donor countries) have also positive and negative sides. The advantages include the following factors:

- labor exports are an important source of flow of freely convertible currency (FCC) into the country;
- export of labor reduces the pressure of workforce surplus in the local labor market and, accordingly, social tension in the country;
- labor exporting country obtains free training of the labor force in new professional skills and familiarity with the advanced labor organization.

At the same time, labor exporting countries face certain negative consequences. The main one is the "brain drain", that is the

emigration of highly qualified, initiative personnel, so necessary for the national economy.

Also the illegal status of Ukrainians abroad reduces the price of their labor, creates conditions for numerous abuses, forms in the minds of employers of the importing countries the idea that Ukraine is poor and undeveloped state.

Moreover, illegal labor migration does not bring income to the state or replenish social funds as well as complicates mutual settlements with other states on this issue.

Different sources of information point out the following trends of external migration of Ukraine.

The State Statics Service of Ukraine published the last report showing external migration at the level of 30 million (Table 1).

But, the real scale of labor migration is greater than the state statistics service estimated. It did not take into account long-term migrants who left as a family and did not return to Ukraine at the time of the analysis, as well as "pendulum" migrants who have labor relations or lead a household in Ukraine and periodically work abroad.

Table 1

Dynamics of internal and external migration of Ukraine for 2000-2018, thousand people\*

Year	External migration (thousand)			External migration (growth)		
	arrived	departed	balance	arrived	departed	balance
2000	53,7	100,3	-46,6			
2002	42,5	76,3	-33,8	-20,9%	-23,9%	-27,5%
2004	38,6	46,2	-7,6	-9,2%	-39,4%	-77,5%
2006	44,2	30	14,2	14,5%	-35,1%	-286,8%
2008	37,3	22,4	14,9	-15,6%	-25,3%	4,9%
2010	30,8	14,7	16,1	-17,4%	-34,4%	8,1%
2011	31,7	14,6	17,1	2,9%	-0,7%	6,2%
2012	76,4	14,5	61,9	141,0%	-0,7%	262,0%
2013	54,1	22,2	31,9	-29,2%	53,1%	-48,5%
2014	12,6	12,1	0,5	-76,7%	-45,5%	-98,4%
2015	30,7	21,4	9,3	143,7%	76,9%	1760,0%
2016	14,3	6,5	7,8	-53,4%	-69,6%	-16,1%
2017	31,4	22,2	9,2	119,6%	241,5%	17,9%
2018	37,3	29,6	7,7	18,8%	33,3%	-16,3%

\*Source: compiled by Authors based on (State Statstics Service of Ukraine, 2019).

UN data show that the number of Ukrainians abroad is constantly increasing, and the number of foreigners who live in Ukraine remains at the same level (Fig.1). However, since the majority of citizens do not always go abroad to work officially, the discrepancy between statistic and last Estimates strongly indicates the need to strengthen the state's attention to this problem (The great migration: no one in Ukraine knows how many of our compatriots

have moved abroad, 2018). Unfortunately, there is no official information about the actual number of Ukrainian citizens who are temporarily abroad, about the purpose and grounds for their departure today; there is also no sufficient legislative framework for the protection of our fellow citizens abroad; there are no administrative bodies that would provide such protection.

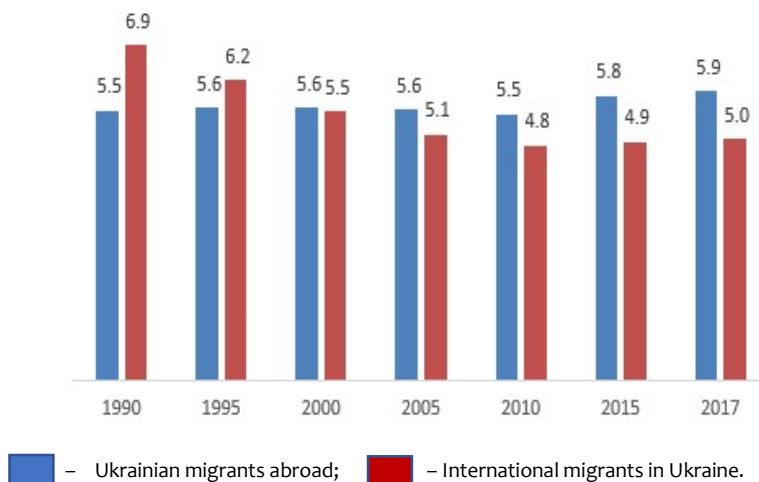


Fig. 1. Number of migrants according to the UN, million people\*

\*Source: compiled by Authors based on statistical data (The great migration: no one in Ukraine knows how many of our compatriots have moved abroad, 2018).

In modern conditions, when national competitiveness is determined not only by the accumulation of tangible assets, but also by the development of "human capital", a great threat to the economic security of the country is "brain drain". This also refers to the internal outflow of intelligence from education, science and culture to less intellectual spheres of activity abroad.

Thus, the mobility of scientific personnel, inherent in the modern world, in our country is manifested as a one-sided process of the destruction of national science (Berbenets, 2012). It is clear that the events in Ukraine since 2014 contributed to the revival of migration processes. The economic and political crisis, the annexation of Crimea and the deployment of military operations in the Donbass stirred up a wave of migration both inside Ukraine and abroad.

However, the phenomenon of external labor migration is not new. Ukraine and before the revolution of dignity was among the most migration-active countries since the 1990s.

Countries showing better economic performance than Ukraine attract our human resources. In the figure below we can see the strong correlation between level of GDP per capita and index of net migration ( $\text{cor}=0,86$ ).

This is a natural process that cannot be stopped in a globalized world, but it is possible to work to eliminate the causes that drive people to migrate. It is likely that with the improvement of the economic situation in Ukraine, the flow of labor migrants abroad will decrease.

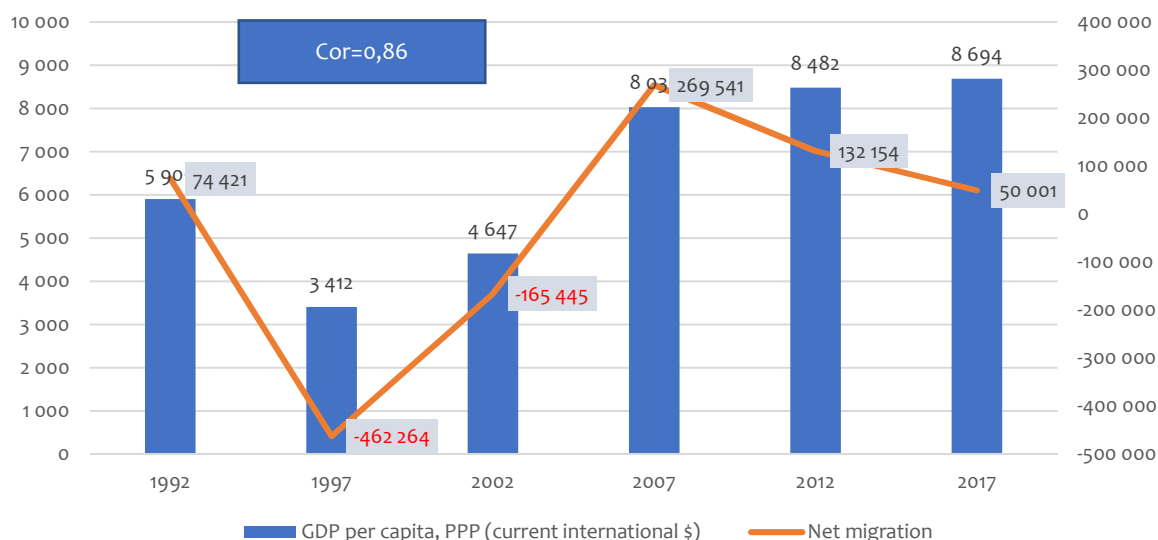


Fig. 2. Dynamics of Net migration and GDP per capita in Ukraine\*

\*Source: compiled by Authors based on statistical data (World Bank Data, 2019).

The State Statistics Service of Ukraine with the participation of international organizations conducted the large-scale studies of external labor migration of Ukrainians by the international methodology three times: in 2005-2008, in 2010-2012 and in 2015-2017 (*The great migration: no one in Ukraine knows how many of our compatriots have moved abroad, 2018*). The most popular destinations for external migration are Poland and Russia, and since 2014 there has been a reorientation of migrants from Russia to Poland. More than half or about 3 million of Ukrainian migrants live in Russia. The number of migrants who went to work in the Western direction, for 2014-2018 years has tripled, according to Eurostat data on the number of first issued to Ukrainians work permits in the EU. Although such dynamics may indicate partial legalization of illegal migrants.

More than 90% of the first issued residence and employment permits in the EU in 2014-2018 were issued in Poland. This dynamic looks more like a consequence of Poland's conscious policy to legalize Ukrainian workers and not to accept refugees from the Middle East at the level of other EU countries than such an explosive growth in the number of Ukrainian labor migrants in Poland.

The most significant positive factor of external labor migration is that a significant part of the earned funds Ukrainians brings or transfer to Ukraine. Remittances of migrant workers help to reduce poverty rates, allow relatives to finance current consumption, education of children, medical services and housing construction as well as to fund new businesses.

In 2018 the volume of private remittances amounted to \$ 11.11 billion or 8.4% of GDP, which is significantly larger than FDI

volumes. The value of cash flows from migrant workers is probably higher than the official statistics reflect, as migrants tend to use informal channels of transfer of funds to Ukraine. According to the state statistics survey, 70% of migrants brought money personally or passed it through friends or drivers.

Also, the positive aspects of increasing emigration of Ukrainians include an acquisition of new skills, their growing mobility in the labor market, technology exchange, increase in opportunities for entrepreneurship as well as growth of export opportunities for Ukrainian producers (because migrants abroad generate demand for Ukrainian goods in the host country).

Thus, in summary we can point out the following advantages of external labor migration for Ukraine:

- promotion of Ukraine's integration into the world labor market;
- decreasing level of unemployment in the national labor market and reduction of social tension in society;
- receipt of additional foreign currency in Ukraine in the form of remittances of labor emigrants and investment in the economy through the establishment of joint ventures with foreign founders;
- provision of the able-bodied population with the opportunity to realize their abilities abroad, improve their skills and financial situation;
- coverage of the shortage of specialists of rare professions and qualifications in Ukraine at the expense of foreign labor;
- stimulation of productive activity of Ukrainian workers through the creation of competition with foreign specialists (World Bank Data, 2019).

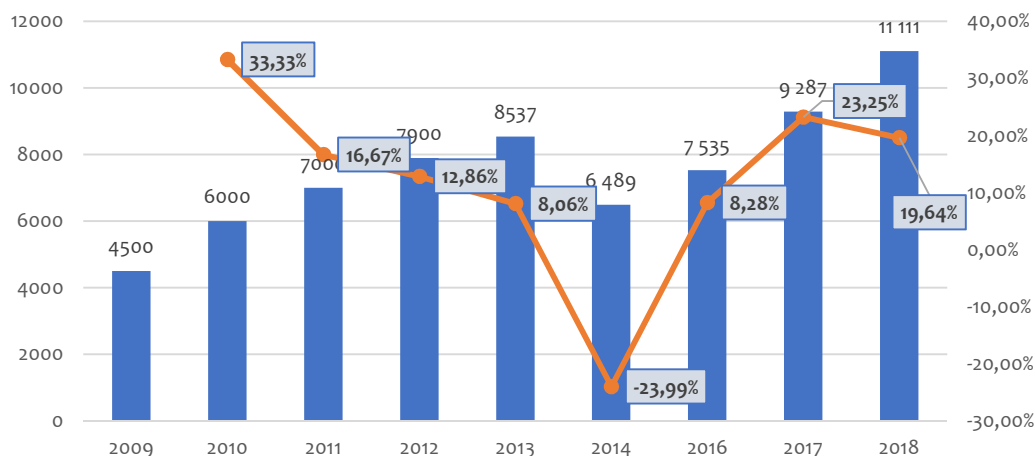


Fig. 3. Dynamics of volumes of remittances of labor migrants of Ukraine for 2009—2018, million USD\*

\*Source: compiled by Authors based on statistical data (State Statistics Service of Ukraine, 2019).

Attracting mainly young, well-educated people to migration processes is a kind of demographic and economic "investment" in the countries of immigration and, conversely, contributing to the aging of the population, the deterioration of labor potential in the countries of emigration. In addition, interstate labor migration is an important factor in the development of technologies, exchange of work experience, the factor of restructuring the professional and qualification structure of employment, rapid and effective adaptation to the conditions of the world market.

Among the negative consequences of labor migration are the following:

- Ukraine's loss of the most competitive part of its own labor force, which leads to a slowdown in scientific and technological progress;
- increasing pressure on the national labor market due to the creation of competition by foreign nationals to the local labor force;
- Ukraine's loss of foreign currency exported by immigrants in the form of their own savings;
- emergence of political and economic claims to Ukraine by the recipient countries in connection with the increase in illegal labor migration of Ukrainians;
- growth of criminal and social tension in society for ethnic conflicts.

Processes related to external labor migration are regulated by the state migration policy of Ukraine. An important task of the Government today is not only to create conditions through legal and economic mechanisms for the legal employment of Ukrainian citizens abroad, but also to develop, first of all, a policy of returning Ukrainian citizens - migrant workers to their homeland.

Among main problematic issues in the field of labor migration that need to be resolved as soon as possible are the following (Libanova, 2018; *International migrant stock: The 2017 revision*, N/a):

- changes in approaches to the statistic calculation of labor migrants working outside of Ukraine;
- supporting policy on the formation of the attractive domestic labor market;
- implementation of the policy aiming to strengthen the social protection of Ukrainian migrants working abroad;
- application of preventive measures towards illegal labor migration.

## 5. Discussion

Summarizing the analyzed information, we can draw the following conclusions:

1. The causes of external labor migration bear the economic nature. The external causes of labor migration of citizens of Ukraine abroad are capacious labor market of Western countries and attractive material assessment of labor activity. The internal causes include a low level of labor force price, socio-economic crisis, decline in production and aggravation of economic contradictions.
2. Motives that predetermine travel abroad: earnings to improve living conditions (buying an apartment or building a house), the purchase of a car or other expensive durable goods; earnings to meet the current needs of life-food, the purchase of necessary everyday goods (clothing, etc.); accumulation of funds to pay for the education of children in higher education institutions; accumulation of start-up capital for the creation of their own business or the development of their business; motives of an intangible nature (to see the world, get certain work skills, improve language skills, etc.).
3. The main areas where migrant workers are employed are: construction; agriculture (harvesting); household (cleaning the house, cooking, looking after children and the infirm elderly); trade and service.
4. Main regularities of external labor migration from Ukraine:
  - most of the labor migrants abroad live in the border areas;
  - more rural residents go abroad;
  - the majority of migrants are aged 30-50 years;
  - married people are more involved in labor migration than unmarried people;
  - men are more likely to be actual potential migrants.
5. The problem of external labor migration is relevant for Ukraine. This phenomenon has both positive (promoting Ukraine's integration into the world labor market, decreasing unemployment in the national labor market, reducing tensions in society, receipt of additional foreign currency in Ukraine in the form of remittances of labor emigrants and investment in the economy through the creation of joint ventures with foreign founders) and negative ("brain drain", discrimination and exploitation of our citizens by local employers,



the emergence of political and economic claims to Ukraine by the recipient countries in connection with the increase in illegal labor migration of Ukrainians, the growth of crime and social tension in society for ethnic conflicts) consequences.

## 6. Conclusions

We believe that the main directions of the state migration policy should be aimed at ensuring the freedom of movement of citizens following European standards. The regulation of migration flows should take into account the socio-economic conditions, the demographic structure of the country's regions and the national characteristics of migrants. The effectiveness of the state migration policy depends on the further development and direction of external labor migration of the country as well as the recognition and prestige of Ukraine in the world.

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