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## War and the labor market in Ukraine

**Abstract**

The *purpose* of the paper is to study the transformation process of the labor market of Ukraine during the war period; the impact of external and internal migration on the labor market; to provide recommendations for the stabilization of the labor market in the post-war period. *Methodology*. Research methods such as classification and analysis were used in the work on various aspects of the labor market during the war. The article provides a comparative analysis of the state of the labor market in the war and post-war periods, a noticeable vacancy in the labor market. The relocation of a significant part of the business to the western regions was also taken into account, which in turn resulted in a significant social and employment burden in these regions. It was concluded that despite the difficult conditions, the labor market has shown its ability to adapt to the new conditions. *Practical implications*. The impact of the war on various sectors of the economy has had devastating consequences, but as time has shown, the labor market has the ability to recover and adapt to new conditions. Thus, the example of the labor market in the Carpathian region shows that the risks and positive shifts in the social burden due to a large flow of internally displaced persons are taken into account. *Value/originality*. The article offers practical recommendations for the restoration of the labor market after the end of the war. Stabilization of the labor market should become one of the most important tasks of state policy, where it will be necessary to take into account the emergence of various population groups (people with disabilities) who suffered from military aggression, since Ukraine is experiencing significant human losses, which are reflected in the labor market.

**Keywords**

war, unemployment, forced migrants, labour market

**JEL:** J4, J61, J64



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**1 Introduction**

After February 24, the world woke up in a different dimension, faced with the social upheaval caused by Russia's full-scale invasion of Ukraine and its attempt to impose its terrorist regime. As a result, the Ukrainian economy, as well as the economies of many countries around the world, were put to a severe test. There was a "paralysis" in many spheres of the country's activity. The most affected sectors were production, supply and logistics.

The labor market is the most sensitive indicator of changes in the socio-economic system of the country. Part of the population of Ukraine was left without work and means of livelihood, forced to become internal refugees or to migrate abroad, on the other hand, the other part of the population continues to work despite constant shelling from Russia and blackouts due to damage to Ukraine's critical infrastructure.

Against the background of all these difficulties, the labor market has been forced to adapt to the new rules of the game, to become more plastic, given the fact that the duration of the war cannot be predicted. The current situation in the labor market can be characterized as a crisis, which has resulted in high unemployment, the need for rapid retraining of workers, and the marginalization of socially vulnerable groups of the population. That is why the issue of creating favorable conditions for the development of the labor market, preventing mass unemployment and migration, strengthening cooperation with business and the educational sector to ensure employment of young people and training of highly qualified personnel is of special importance.

Such negative tendencies as decrease in the level of employment, increase in the number of unemployed, imbalance of professional qualifications, heterogeneity of the situation on the labor market,

"brain drain", increasing number of unemployed and difficulties in their employment are inherent in the wartime period of the labor market of Ukraine. Problems of development of the labor market of Ukraine, in particular, employment of the population, unemployment have been repeatedly studied and analyzed by leading domestic scientists, such as V. Blyzniuk, T. Horodetska, O. Kvasha, A. Koropetska, O. Levytska, O. Novikova, O. Pankova, N. Azmuk, O. Kasperovych. However, today in Ukraine there is a lack of a sufficient number of scientific studies related to the labor market during the war. This is due to the lack of reliable statistical data, the decrease in funding for scientific research, and the difficulty of conducting sociological surveys due to the unstable situation in the country.

## 2 The war's devastating impact on the labor market

The full-scale invasion of Russia on the territory of Ukraine affected many spheres of public life of Ukrainians. The war in Ukraine caused a humanitarian catastrophe, which was accompanied by the destruction of the country's critical infrastructure and the slowing down of its socio-economic development. The war provoked the deterioration of working conditions, the growth of unemployment and the spread of informal employment. The National Bank of Ukraine predicted a 33.4% decline in the economy in 2022. The cost of destroyed and damaged buildings is estimated at \$198 billion, which is equal to the total GDP of Ukraine in 2021. The manufacturing sector suffered losses in the amount of \$9.7 billion, the agricultural sector – \$4.3 billion (Monthly Macroeconomic and Monetary Review).

According to the International Labor Organization (ILO), 4.8 million Ukrainians were unemployed as of the end of February (ILO Monitor on the world of work). The number of vacancies has decreased significantly in almost all sectors. The labor market again faced new threats and challenges, taking into account the previous crisis period caused by the COVID-19 pandemic.

The military situation caused a decrease in the number of qualified workers, not only due to emigration abroad, but also due to their death.

The number of victims will continue to rise even after the end of the Russian military aggression due to the large number of explosive devices left

behind by the occupiers. Today, Ukraine has become the most "mined" country in the world (Landmines Still Pose a Threat to Two Million Ukrainians).

In March-April 2022 the labor market of Ukraine will adapt to the unstable socio-political and military situation in the country. The war became a kind of impetus for the plasticity of the labor market, the change in the supply of labor in times of war:

- decrease in the supply of skilled workers due to emigration abroad and the death of people of working age;
- an increase in the number of workers with disabilities, and their level of work capacity is different from before the war;
- increasing the supply of women in the labor market by postponing marriage and childbearing;
- increase in child labor due to the spread of poverty and loss of opportunities for education, especially higher education.

## 3 Priority of vacancies in the labor market during wartime

According to the portal Work.ua, in the pre-war period there were an average of 90,000 active vacancies on the site every day, in the first days of the war this number dropped to 6,000, but now this number is growing by 10% every week. As the survey showed, the most stable situation in the search for personnel is in agriculture, especially in those enterprises whose main facilities are located in the west and center of Ukraine (Yakovleva, 2022; How is adaptation to work in war conditions). Researches of the portal Rabota.ua show that the number of vacancies increases by 3-6% every week. Summarizing the results of the above studies, it can be said that the labor market is gradually recovering (How does the war affect the labor market and what awaits job seekers?; Budni: a media platform about work and life from robota.ua).

The prioritization of job postings has changed significantly. At present, most of the job offers are in trade and sales. During peacetime, salespeople and cashiers were also in high demand, but now that a large number of convenience and grocery stores are opening, job offers have increased significantly and account for 42% of all vacancies on the market. The largest number of vacancies is presented in such fields as: agriculture, medicine, pharmaceuticals, mining, finance. It is worth noting that the offer for management positions and top managers has

TABLE 1 Companies with employees who are physically as a result of war

17%	The companies indicated that they have employees who died as a result of full-scale war on the territory of Ukraine.
11%	The companies stated that they have employees who went missing during the full-scale war on the territory of Ukraine.
17%	The companies indicated that they have employees who were physically injured during the hostilities on the territory of Ukraine since February 24, 2022.

Source: (The labor market during the war)

practically disappeared, instead the positions of working professions are gaining in popularity. There is a need for re-profiling from an office worker to a specialist in working professions. This process is complicated by the small number or absence of retraining courses and by material problems.

The next change in the job market is the arrival of the "employer's era". For example, on the job-search site Rabota.ua there were 43 CVs for one vacancy, now there are 190 CVs for one vacancy. The same situation is observed on other job search sites. For example, on the site Work.ua there were 35 resumes for one vacancy, today the demand has increased to 172 resumes. Before the war, job seekers used to sort through vacancies, considering whether the salary, location, working conditions, and corporate culture were suitable for them. After the war, the main requirement was that the salary should ensure a sufficient standard of living for the worker and his family.

On June 1, 2022, an average of 12 unemployed people applied for a job, on June 1, 2021. – 5 people.

#### 4 The impact of migration on the labor market during the war

When considering the labor market, it is appropriate to consider the migratory attitudes of the population. When the full-scale invasion began, many people lost their homes and jobs, forcing them to seek homes in other cities further away from the hostilities. There are currently 4.9 million internally displaced persons in Ukraine, of whom more than 3.5 million have acquired this status since February 24, 2022 (There are 4.9 million internally displaced people in Ukraine). The western regions of the country suffered the most, as this

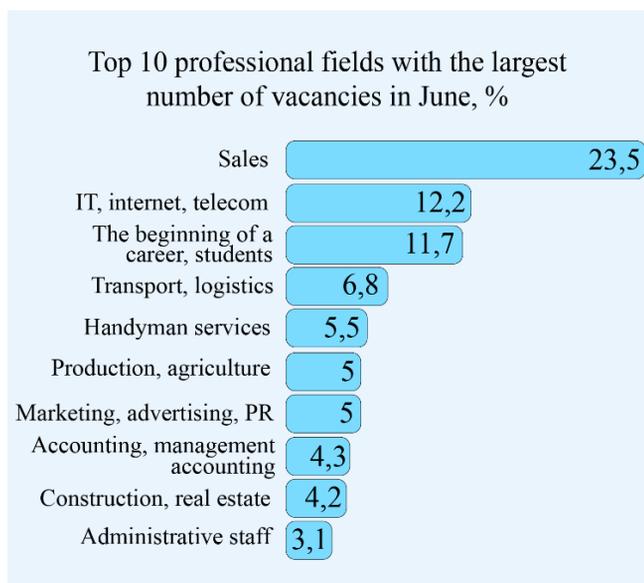


FIGURE 1 Top 10 occupations with the most job openings in June, %  
Source: (What happens to the labor market during wartime)

region is considered relatively safe in Ukraine. These regions were traditionally characterized by high dynamics in the field of labor and employment. Manifestations of tension in the regional markets are, first of all, an increase in unemployment among the population, an increase in the average duration of job search by the unemployed, a decrease in the employment rate, and an increase in the share of workers under forced underemployment. The example of the Transcarpathian region of Ukraine can be used to illustrate a number of threats during martial law:

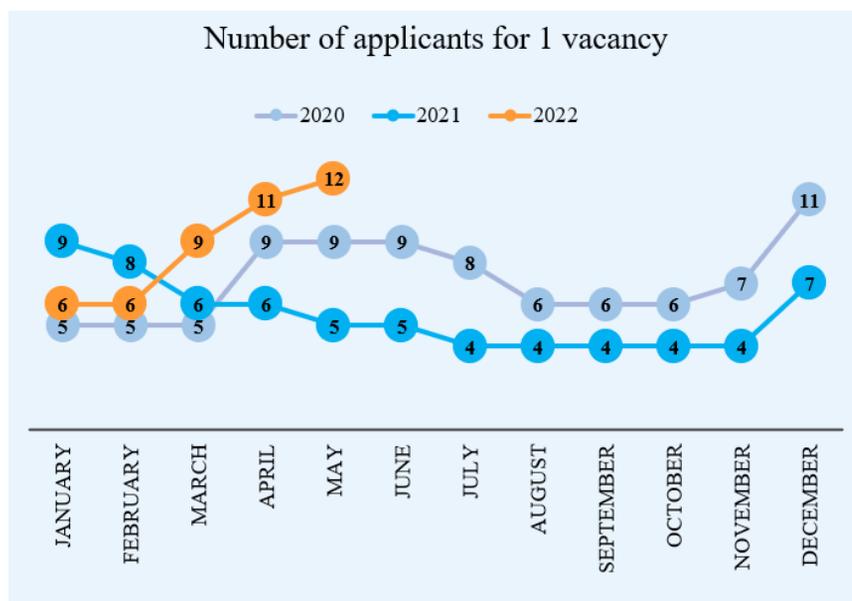


FIGURE 2 Number of applicants for 1 job  
Source: (The situation on the registered labor market and the activities of the State Employment Service)

- increased competition for jobs and strain on the domestic labor market in host regions;
- the risk of further migration of highly qualified personnel and businesses from the western regions of Ukraine abroad. This is evidenced by the simplified conditions for employment and business re-registration;
- shortage of workers in areas such as retail, pharmaceuticals and logistics;
- the decrease in the number of vacancies causes a decrease in the level of purchasing power, an increase in the level of unemployment, a narrowing of the domestic market, and a deterioration of the material condition. As a result, in such cities as Lviv, Ivano-Frankivsk, Uzhhorod there was an increase in the number of applicants for one vacant job.

The state policy of regulating the labor market should work on the formation of a program of actions to solve the above-mentioned threats that have arisen at the present time. In addition to negative consequences, there were also positive changes, namely:

- transformation of the cities of Uzhgorod, Lviv, Ivano-Frankivsk into powerful information technology centers due to the active migration of IT specialists to the western regions;
- providing employment for IDPs by activating the activities of labor market infrastructure institutions and governmental structures. In Lviv alone, about 1.5 thousand jobs have

been created directly for IDPs (parking lot attendants, utility engineers, bakers, public and consumer service workers);

- relocation of highly qualified specialists and scarce personnel to the western regions. The problem of employment of such workers remains, which in turn leads to an imbalance when specialists with higher qualifications are employed in jobs requiring lower qualifications (Vasyltsiv, Levitska, Rudkovsky, 2022).

Since the military invasion, the Ukrainian economy has undergone a complex transformation. At the beginning of the war, there was a sharp decline in labor market activity, people in the country began to lose their jobs en masse due to the closure of enterprises. Such a requirement as relocation of all or part of the team was possible only for individual companies, mostly from the IT sector.

### 5 Work activities in companies during the war

Most of the companies established contact with the employees who left their homes within a few days. Among the measures implemented by Ukrainian companies were such as psychological assistance, establishment of constant communication with employees, payment of salaries and observance of social guarantees.

During this difficult period, it was extremely important to keep the defense industrial complex,

TABLE 2 Activities of companies during the Russian-Ukrainian war in Ukraine

41% of member companies continue to work fully, 50% – partially
29% of member companies moved within Ukraine
19% moved outside of Ukraine
15% of companies had to close offices in certain regions, 2% – completely

Source: (The labor market during the war)

TABLE 3 Channels and methods of communication with company employees during the martial law in Ukraine

86% companies	Sending by corporate mail
67% companies	Regular online meetings with the line manager
62% companies	Communication through social networks
61% companies	Regular online meetings with the company's top management
17% companies	Communication through messengers (Telegram, Viber, etc.)
3% companies	Communication through the Slack platform
3% companies	Physical meetings at the company (if possible)
6% companies	Other channels: - SMS-distribution - An internal portal with regularly updated information - Corporate notification system - Survey of employees in the company application - Mailing through the company's internal bot

Source: (The labor market during the war)

critical infrastructure, and other strategic enterprises operating.

The functioning of the labor market changed with the beginning of hostilities on the territory of Ukraine, and the reduction of market opportunities led to a decrease in the level of wages and the loss of jobs. According to a survey conducted by the personnel portal grc.ua, only 22.7% of employees receive a salary at the pre-war level. Approximately 22.5% of people receive a reduced salary. Half of the respondents said that if they lost their income completely, their savings would last for another month. In addition, of those who are working, 52% are actively looking for a new job. According to a study by the "Rating" group, one third of Ukrainians faced financial problems as a result of Russia's military aggression, and 64% of Ukrainians experienced a decrease in income. Residents of the east and south experienced the greatest financial losses, among the age groups – persons aged 30-49 (Assessment of damage caused by Russian war crimes in Ukraine). According to a sociological survey, wages in the private sector fell by an average of 25% to 50% compared to the pre-war period. According to the NBU, mining and construction were the sectors most affected by the war, followed by energy, transport, trade and services. According to GRC.UA, in May 2022 there was a 10-60% decrease in salaries compared to pre-war salaries, while at the same time there was an increase in salaries of doctors and pharmacists, drivers, specialists in the processing industry and agriculture.

## 6 Loss of significant human capital due to war

Ukraine is experiencing significant human losses, which are reflected in the labor market. Even if hostilities cease tomorrow, the country needs to create programs and reforms to restore and create conditions for the return of the able-bodied population to post-war Ukraine. According to ILO projections, an immediate cessation of hostilities, assuming the return of 3.4 million able-bodied men, would reduce the loss of employment to 8.9%. In the event of a further escalation of the war, the loss of employment will reach 7 million, or 43.5%.

Regardless of the duration of the war, it is necessary to think about the future and formulate programs for restoring the successful economic development of the state. The main aspects of the reconstruction program should include:

- the development of programs is aimed at improving the qualifications and re-profiling of specialists, implementing the practice of dual education;
- improvement of the wage system, increase of the salaries of the working professions to the

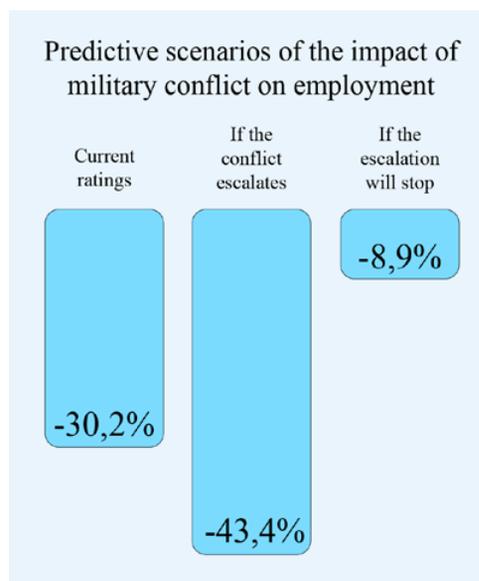


FIGURE 3 Predictive scenarios of the impact of the ILO military conflict on employment

Source: (ILO Brief ILO brief Key points, 2022)

level of the average European salaries, improvement of the working conditions, development of an advertising campaign to popularize and increase the prestige of the working professions;

- development of conditions for self-employment of the population, provision of loans for small and medium-sized businesses;
- creation of new jobs, development of an advertising campaign to popularize the work in rural areas and small towns;
- implementation of measures to legalize undeclared work;
- development of a program for the attraction and development of industrial parks, innovative companies, IT hubs, start-ups in Ukraine;
- promoting a favorable investment climate.

## 7 Conclusions

At the beginning of the war, the labor market froze, but after a few months it began to recover and return to normal. It was noted that professions in the field of trade and sales, labor professions began to be in demand. There is a significant burden on the western regions, and with the incompleteness of the military operations, it can be assumed that this burden will only increase. This will lead to even greater unemployment, emigration abroad, reduced solvency, and business closures. The stabilization of the labor market should become one of the most important tasks of the state policy, where it will be necessary to take into account the emergence of various population groups (people with disabilities) who suffered from military aggression. The central

issue of post-war recovery should be to increase the level of employment, which should include an integrated program to ensure a living wage, support social security and increase the minimum wage. In the period of post-war reconstruction, the task of deeper reform of the economic sphere from the point of view of economic development will arise. This process will require a redistribution of labor between sectors of the economy, namely the development of

short-term plans for the reorientation and relocation of some enterprises that have lost the ability to pay wages due to the payment of taxes. Measures have been proposed to restore the labor market after the victory. The most important of these are the development of a program to facilitate the return of forced migrants, the improvement of social security, the popularization of labor professions, the promotion of the development of small and medium enterprises, etc.

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