

# The Impact of Labor Migration on the EU Labor Market During the Pandemic

Nataliya Andriyiv <sup>†</sup>, Lesia Stetsiv <sup>††</sup>, Myroslav Yaremyk <sup>†††</sup>, Iryna Malyarchuk <sup>††††</sup>, Roman Chmelyk <sup>†††††</sup>

<sup>†</sup> Uzhhorod National University, Uzhgorod, Ukraine

<sup>††</sup> Ukrainian Academy of Printing, Lviv, Ukraine

<sup>†††</sup> Ukrainian Academy of Printing, Lviv, Ukraine

<sup>††††</sup> Ukrainian Academy of Printing, Lviv, Ukraine

<sup>†††††</sup> Lviv Historical Museum, Lviv, Ukraine

## Abstract

The main purpose is to analyze the main features of the impact of labor migration on the labor market in a pandemic. The problems associated with labor migration were also relevant to the radical changes in the economies of all countries that the latest pandemic caused by COVID-19 entailed. The deepening gap in socio-economic development between countries provoked an increase in the intensity of labor migration. People's needs for higher wages for work performed in better conditions become the main motivators for a temporary change of residence. Despite the relatively short period of imbalance in labor markets, the recovery process is slower and uneven in relation to individual sectors of the economy. Along with this, the role played by labor migrants during quarantine restrictions and the current need to increase their number in the EU becomes the basis for revising attitudes towards labor migration in general and changing state policies in the EU and Ukraine.

### Keywords:

*labor migration, labor market, unemployment, employed population, COVID-19 pandemic.*

## 1. Introduction

The latest pandemic caused by COVID-19 has forced the governments of most countries in the world to take quick and drastic measures to save the lives of citizens. These measures are quite often involved in the restriction of basic rights, which significantly affected certain less protected groups of the population, which include labor migrants. In view of the fact that labor migration within the new millennium has become global in nature, the emergence of the problem associated with the latest pandemic should be considered broadly, i.e. based on the changes that have taken place in relation to the labor migrants themselves, the labor market of their country of origin (hereinafter we will define it as an exporting country) and the country where such

workers are involved in performing certain work with the receipt of appropriate remuneration (we will consider it as a country labor importer).

The latest pandemic caused by COVID-19 has affected the intensity of labor migration, and, accordingly, the labor market of both exporting and importing countries, but this impact cannot be considered long-term, but rather one to which all participants have adapted due to progress in medical sphere and the dominance of economic interests.

The temporary suspension of labor migration provoked not only significant changes in the labor market, but became the basis for a general reassessment of the role of labor migrants, which cannot be ignored by scientists in order to develop the necessary information basis for improving state regulation in the event of similar situations in the future and forming forecasts for changes in labor market in the short term.

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## 2. Methodology

The task set in this study, which is to determine the impact of labor migration on the labor market before and during COVID-19, required the generalization of a fairly significant array of analytical data and the study of expert opinions on the labor markets of the EU and Ukraine and the behavior, motives and interests of the workers themselves. migrants. Accordingly, we formed the

results of the study based on the intersection points of these three interconnected planes.

The complexity of the study lies primarily in the fact that the problems generated by the latest pandemic are obvious today, but their solution cannot be instantaneous. The emergence of new strains of the virus requires a change in the introduction of quarantine restrictions based on the need to save the lives of citizens and restore economic processes.

To determine the impact of labor migration on the labor market of the EU and Ukraine before and during COVID-19, the following methods were used: induction and deduction, comparison and systematization - when characterizing the impact of labor migration on the market of the exporting country and the labor importing country; synthesis and analysis - to assess the intensity of labor migration before and during the pandemic; morphological analysis - to clarify the impact of the pandemic on the labor market of individual segments of the economy and changes in the behavior of labor migrants; graphic - for visual presentation of theoretical and methodological material; abstract-logical - for theoretical generalizations and conclusions of the study.

### 3. Research Results

To reflect the pre-pandemic situation, we have characterized the positive and negative aspects of labor migration in relation to exporting and importing countries, using analytical data from the EU and Ukraine and relying on expert opinions.

Positive aspects in relation to the labor exporting country, in our case we are talking about Ukraine, can be considered:

- labor migrants transfer quite significant amounts of funds from abroad to support their families. In view of the fact that only a part of these funds goes through official channels, it is difficult to estimate the magnitude of such a flow today. Accordingly, we used several sources of information. For example, the World Bank report contains information that in 2019, 11.9 billion dollars were transferred to Ukraine by labor migrants. United States, which in absolute terms is an order of magnitude greater than the total foreign investment and loans from the International Monetary Fund. No less important is the dynamics of the estimated amount of remittances from labor migrants (billion US dollars): 2015 - 7.0; 2016 - 7.5;

- 2017 - 9.3; 2018 - 11.1; 2019 - 11.9, which has purely positive changes, and, accordingly, the impact on the socio-economic processes in the country. That is, it can be argued that labor migrants financially support the stability of the national economy, and their achievements are of greater importance compared to economic reforms;

- labor migrants perform important social functions. Yes, it can be argued that they partially remove the burden on the state for the maintenance and social security of low-income citizens. Analytical data indicate that in the income structure of families of labor migrants, their remittances average 42.6%;

- labor migration reduces the level of real unemployment. It is not only about the fact that when they leave for the EU they earn money to meet their own needs, as well as financially supporting their families remaining in Ukraine, but also that the exporting country reduces the cost of unemployment benefits. This fact indicates a decrease in the burden on state and local budgets for social benefits for labor migrants;

- returning home, labor migrants bring with them not only a certain amount of money earned, but also the experience gained, which can become the basis for starting their own business or getting a better paid job in places of permanent residence [1-3].

Along with the positive aspects, we have compiled a list of negative ones that cannot be ignored, because they significantly inject into the labor market of the exporting country:

- irrational use of funds for the training of specialists who later work in another economy. This aspect should be considered an order of magnitude deeper, since we are talking about the fact that the exporting country is creating a personnel training system for the needs of its own economy. This training system includes all educational levels, that is, from preschool education to higher education with retraining and advanced training centers. The cost of operating such a system is 5% of Ukraine's GDP. With such significant costs, we can talk about the actual losses of the exporting country due to the migration of a trained specialist to another country, where he creates added value for the importing country. In addition, it is also necessary to take into account that training is carried out in accordance with internal needs, and with the significant scale of labor migration that takes place today in Ukraine, the actual imbalance of

the labor market becomes due to the distortion of its professional and qualification structure;

- lack of guarantees of personal safety. Due to the fact that a significant part of labor migrants is outside the country illegally (in some sources it is indicated that in 2015-2017 no more than 35% of guest workers were issued an employment contract and only in 2019 the situation improved, in particular in Poland this figure increased to 70 %), they are actually deprived of decent medical care and social protection in the importing country. At the same time, difficult work is associated with stress and a high probability of accidents at work and occupational diseases;

- there is a shortage of staff. We are talking about unsatisfied domestic demand for teachers, builders, welders, drivers, and oil production specialists. Another aspect of this problem is that the best specialists migrate for labor activity, while applicants with an increasingly lower level of qualification remain in the local labor markets, which significantly complicates their involvement in the production process;

- deepening demographic crisis. As a result of the fact that mostly young people go abroad, while pensioners, sick people, people with disabilities, etc. remain in the exporting country, the birth rate decreases and the death rate increases, which generally provokes a demographic crisis;

- loss of contact with family members. The deterioration of family relations due to the long absence of family members remains an objective reality: family values are deformed; there is a lack of parental attention; a frivolous attitude to life is

formed, when a systematic flow of funds should occur without the need for personal labor activity. Due to the high intensity of labor migration, one can speak of a “generation without parental love”, whose representatives have deformed human values and a peculiar culture of behavior that is not focused on an active social position, but on satisfying interests with minimal effort;

- labor migrants are mostly involved in low-skilled jobs. Before the pandemic, only a quarter of the migrants did work, which corresponded to the level of their qualifications, which they received in Ukraine. Since among the migrants there is a significant part of those who were engaged in mental work at home, their further activity abroad in less skilled jobs entails a less efficient use of personal potential;

- readaptation of labor migrants. A long stay in a different social environment leaves a significant imprint in the minds of every person. Returning to their homeland is for the most part quite difficult due to differences in working and living conditions. Today it can already be said that the majority of labor migrants cannot readapt, so their work outside the country becomes either systematic or entails moving with their families to the importing country for permanent residence. If the first option can be considered as a partial loss of labor resources, then the second one is the loss of human capital with the deterioration of the demographic situation.

To illustrate the above arguments, we graphically demonstrated the gender and age structure of labor migrants (Fig. 1).

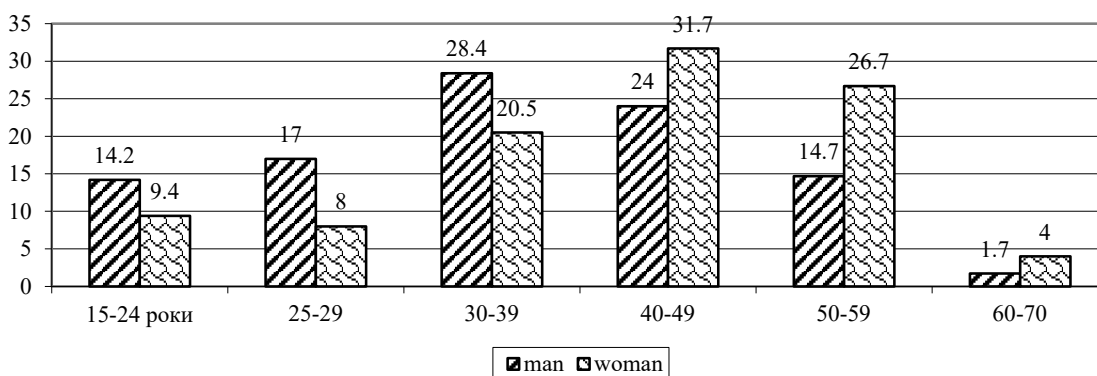


Fig. 1 Gender and age structure of Ukrainian labor migrants,%

The analytical data presented in graphical form should be interpreted as follows:

- men start to travel abroad earlier and stop their labor activity outside of Ukraine earlier (for example, in the age group of 50-59 years, their share is 12 points less than the corresponding part of women);
- The level of qualifications of men traveling abroad is relatively insignificant, as is work experience. Women leave the Ukrainian labor market mainly in middle age with a higher level of qualification and experience;
- low qualifications and younger age of men form the basis for appropriate employment in those sectors of the economy in which manual labor prevails without the need for special knowledge, in particular, we are talking about mining (51%), construction or industry;
- Women with slightly higher qualifications and experience are recruited to work in trade (25%), agriculture (19%) and personal care (16%);
- the motives of men who go to work in other countries are dominated by the need to realize their own strengths for payment, the level of which will allow them to support a young family, which cannot be done within Ukraine;
- women use labor migration to support their children, in particular, for them to receive higher education and create a material basis for young families.

Most EU countries today are characterized by an aging population and a shortage of workers in certain sectors of the labor market. Labor migration makes it possible to attract young, skilled and highly motivated workers, which positively affects the growth of labor productivity. In addition, as already noted, the costs of training such workers are minimal, and their most productive age provides the highest level of efficient use of labor resources [4-9]. An increase in the number of applicants for jobs, including at the expense of labor migrants, ensures increased competition and, consequently, the use of labor at lower wages. Separately, it is worth noting that during the pandemic, another parameter of the use of labor migrants by employers became clear. Yes, due to the fact that migrants are mostly young and physically healthy people, they were more resistant to illness, or able to quickly return to their jobs.

Before the pandemic, labor migrants were perceived as foreign, willing to do unskilled work for

significantly lower wages. COVID-19 has contributed to a change in this perception, as it turned out that migrants perform important work associated with a risk to their health and, at the same time, their level of motivation is an order of magnitude higher. In general, this provokes a review of the contribution of labor migrants to the socio-economic development of both individual countries and the EU as a whole, with a subsequent change in state policy regarding this component of the labor market.

Simultaneously with sharp fluctuations in the EU labor market, changes of a different nature occurred in the labor markets of labor exporting countries, in particular, Ukraine. Relevant events led to the temporary return of labor migrants to their homeland. Thus, analytical data on crossing the state border indicate that 300 thousand returned to Ukraine in March 2020, 100 thousand in April and 53 thousand in May, which actually corresponds to the time limits of the first wave of the pandemic. However, comparing the number of labor migrants and data on border crossings, it can be argued that long-term migrants, many of whom have a permanent residence permit and sometimes citizenship of the importing country, mostly remained abroad. These analytical data should be understood taking into account the fact that for a part of Ukrainian labor migrants, in most cases, March is the beginning of the working season, in particular in agriculture, and in previous years there was a significant increase in the number of cases of crossing the border to leave. Consequently, the data presented indicate not only the return of some of the workers, but also indicate that an even larger part did not leave due to the established quarantine restrictions. The correctness of such considerations is also indicated by the data of the registers of Poland, where in June 2020 there were 60,000 fewer Ukrainians registered in the social insurance fund compared to the same period last year. The largest reduction in the insured occurred in the provision of administrative services (30%), food (15%) and processing industry (13%).

The return of the intensity of labor migration, and, accordingly, the recovery of the EU labor market, had the most positive impact on two factors: vaccination and the economic need for labor. Considering that those vaccines that are recognized in the EU were used in Ukraine, pandemic

restrictions did not apply to Ukrainian labor migrants. Moreover, employers provided material support and treatment for such a group of workers at the level of citizens. Based on the difficult situation with the labor force during the pandemic, most EU countries have taken a number of consistent steps in order to leave on their territory those migrants who were previously involved in socially important sectors of the economy, in particular in medicine, food production, agriculture, digital, and non-digital infrastructure, transport and logistics. For example, the UK extended the visas of about 2,800 migrant medical workers, among whom were doctors, nurses, paramedics, which was a necessary step, because in 2015/2016 in this country 33% of doctors and 22% of nurses were foreigners. Italy granted temporary legal status to those migrants who worked illegally in agriculture and services, Austria and Germany did not apply international travel bans to migrants who worked on farms and in nursing homes. Similar measures, albeit on a smaller scale, were implemented in other EU countries, in particular in Estonia, where the labor market was simultaneously affected by an increase in demand for Estonian construction workers in Finland, and local farmers suffered from a lack of seasonal workers from Ukraine. In general, such steps were forced, but their active application emphasizes the contemporary importance of labor migrants in shaping the EU labor market as a whole and the possibility of its stabilization in extreme situations [10-12].

The imminent recovery of labor migration after the first wave of the pandemic is evidenced by data on a greater number of crossings of the border of Ukraine for exit over entry in June-September 2020 by an average of 320 thousand people, which is explained by the already established cycle in the labor activity of a significant part of the population. about receiving income in the importing country with subsequent economic support for the family in the exporting country.

#### 4. Discussions

Discussing the results of the study, it should be noted that the EU's interest in labor migrants from Ukraine can be illustrated not only by higher wages, a social package and improved working conditions, but also by a whole range of measures. A good example is the successful application in Poland of the practice of

family reunification, that is, when the employing company facilitates the relocation of family members of those employees in whom it is very interested. In addition to facilitating the rental of housing, it is also about the employment of other family members and the creation of conditions for obtaining a quality education for children. Also, the legislative initiatives of the Polish government, introduced at the end of 2021, are aimed at creating conditions for a longer stay of labor migrants in the country by removing a number of restrictions on updating work permits [13-15].

After the first waves of the pandemic in 2020, the state of the EU labor market is gradually normalizing, and the growth in demand for labor contributes to increased labor migration. For example, if in 2020 Poland issued only 500 thousand work visas for Ukrainian workers, then only within the first half of 2021 this number reached the level of 400 thousand, and by the end it exceeded 900 thousand. For Ukraine, such an increase is due to the data The National Bank ensured an increase in remittances by labor migrants to a record 13-14 billion dollars. USA, which was 8% more compared to 2020 and amounted to 5-6% of the country's GDP, which ensured the stabilization of the national economy. If such financial receipts are beneficial for the exporting country, importing countries are interested in further growth of labor migration. Thus, in Poland at the end of June 2021, the number of vacancies increased to 143 thousand, which was 75% more compared to the same period in 2020. These data point to the earliest resumption of the labor market not after, but in fact during the pandemic, as well as increased competition among employers for labor.

#### 5. Conclusions

Labor migration, being one of the manifestations of the modern strengthening of globalization, reflects the process of temporary resettlement of the active part of the population in order to receive a higher level of pay for their work as a result of the existence of a significantly different level of quality of life in the country-exporter and country-importer of labor. The impact of COVID-19 on the labor market was and remains atypical, as there was both a short-term reduction in the need for labor force due to the introduction of a number of restrictions (Q1-2 2020), and further growth at no less high rates (Q3 2020).

Sectors of the EU economy have been affected by varying degrees by COVID-19, therefore, their recovery will occur with different intensity, which accordingly intoxicates the need for labor, and then accelerates or slows down labor migration. Yes, hotels, restaurants and tourism have been hardest hit. The situation is relatively better in industry and construction. Agriculture should be considered the least affected sector. Accordingly, the EU labor market needs the most seasonal workers for agriculture, and it is here that those migrants who have remained in the importing countries, as well as those planning to enter in the near future, will be reoriented. Despite the high speed of events during the pandemic, one can positively assess the actions of the EU countries to support labor migrants as one of the least protected groups of the population, with the subsequent formation of conditions for the rational use of the personal potential of everyone in the process of economic recovery and growth of importing countries. Already today it can be stated that the attitude towards labor migrants is changing, first of all, as a valuable resource and reserve for stabilizing the EU labor market.

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