

INFLUENCE OF LABOUR MIGRATION ON THE COUNTRY'S ECONOMIC SITUATION ON THE EXAMPLE OF UKRAINE

Shymanska V. V.

DOI: <https://doi.org/10.37203/kibit.2020.43.10>

JEL J01

SHYMANSKA V. V.
0000-0003-0100-8496

Zhitomir branch of Kiev Institute of Business and
Technology Ukraine

ШИМАНСЬКА В. В.
0000-0003-0100-8496

Житомирська філія Київського інституту
бізнесу та технологій Україна

Abstract. The article deals with the main problems that cause labour migration processes. The influence of labour migration on the economy of the countries is investigated. It is proved that migration plays a significant role in the development of countries because it changes the economic and social situation of people. Based on the analysis, it has been established that labour resources from countries with relatively higher levels of gross domestic product per capita migrate to countries with high levels of development. Migrants from less developed countries take their place. It is analyzed that population migration has economic consequences for both migrants themselves and donor and recipient countries. These consequences can be positive and negative for participants in the migration process. It is generally accepted that the overall impact of migration on the exporting country has a positive effect. However, some effects on specific sectors of the economy, labour, or territory may be negative. The factors that encourage the population of Ukraine to migrate are distinguished. Ukraine is primarily a donor or provider of labour resources. Ukraine's population has been steadily declining as a result of demographic and emigration processes, and more recently due to the military conflict in the east. According to statistics, in 2018, 17.8% (3.2 million) of the able-bodied population of Ukraine worked abroad. On average, 7 to 9 million Ukrainians participate in the migration process annually. The main positive consequence of the labour migration of the Ukrainian population abroad is that the money received for the work done is returned to the country. Based on the results obtained, it was concluded that the state and scientists need to revise and rethink the strategy of Ukraine on labour migration issues. Much attention needs to be paid today to finding new ways, methods and mechanisms to influence emigration processes that will help slow down labour migration, as it can lead to higher inflation and slower economic growth.

Keywords: migration flows, labour resources, labour migration, emigration.

Cite as: Shymanska V. Influence of labour migration on the country's economic situation on the example of Ukraine. Herald of Kiev Institute of Business and Technology. 2020. № 1 (43). С. 65-69
DOI: <https://doi.org/10.37203/kibit.2020.43.10>

ВПЛИВ ТРУДОВИХ МІГРАЦІЙНИХ ПРОЦЕСІВ НА ЕКОНОМІЧНИЙ СТАН КРАЇНИ НА ПРИКЛАДІ УКРАЇНИ

Анотація. У статті розглянуті основні проблеми, що спричиняють трудові міграційні процеси. Досліджено вплив трудової міграції на економіку країн. Доведено, що міграція відіграє велику роль у розвитку країн, адже змінює економічний і соціальний стан людей. На основі здійсненого аналізу встановлено, що трудові ресурси з країн, що мають порівняно більш високий рівень валового внутрішнього продукту на душу населення, мігрують до країн з високим рівнем розвитку. В свою чергу їх місце займають мігранти з менш розвинених країн. Проаналізовано, що міграція населення несе економічні наслідки як для самих мігрантів, так і для країн донорів та реципієнтів. Дані наслідки можуть бути позитивними і негативними для учасників міграційного процесу. Прийнято вважати, що в цілому вплив міграції на країну-експортера має позитивний ефект. Однак, деякі наслідки впливу на певні сектори економіки, сегменти робочої сили або території можуть бути негативними. Виокремлені фактори, що спонукають населення України до міграції. Україна виконує в першу чергу роль донора або постачальника трудових ресурсів. Населення України постійно зменшується внаслідок демографічних та еміграційних процесів, а останнім часом і через військовий конфлікт на сході країни. За статистикою у 2018 році за кордоном працювало 17,8% (3,2 млн.) працездатного населення України. В цілому в міграційному процесі щорічно беруть участь в середньому від 7 до 9 млн. українців. Основним позитивним наслідком трудової міграції населення України за кордон є те, що кошти отримані за виконану роботу повертаються в країну. На основі отриманих результатів, зроблено висновок про необхідність перегляду та переосмислення з боку держави та науковців стратегії України, яка стосується питань трудової міграції. Значну увагу сьогодні необхідно приділити пошуку нових шляхів, методів і механізмів впливу на процеси зовнішньої міграції, що сприятимуть сповільненню зростання трудової міграції, адже це може призвести до збільшення інфляції та сповільнення економічного зростання.

Ключові слова: міграційні потоки, трудові ресурси, трудова міграція, зовнішня міграція.

Для цитування: Шиманська В. В. Вплив трудових міграційних процесів на економічний стан країни на прикладі України. Вісник Київського інституту бізнесу та технологій. 2020. № 1 (43). С. 65-69 DOI: <https://doi.org/10.37203/kibit.2020.43.10>

Отримано / Received 26.12.2019
Отримано виправлений варіант / Received in revised form 20.02.2020
Прийнято до друку / Accepted 05.03.2020

Introduction

The modern world cannot be imagined without migration flows, among which are the determinants of economic causes. Migration has important economic implications for both host and migrant countries of origin. One of the main reasons for labour migration is the unevenness of world economic development, the inequality of income and opportunity in different countries, in particular, between economically developed and developing countries. Therefore, labour resources from countries with relatively higher levels of gross domestic product per capita migrate to countries with high levels of development. Migrants from less developed countries take their place. In both migration systems, Ukraine primarily acts as a donor or provider of labour resources.

Methods

To determine the essence of the process of labour migration, its impact on the economic state of the country, summarize existing approaches to determining the factors that cause labour migration processes, we analyzed the work of both domestic and foreign scientists.

Problems of labour migration have been repeatedly discussed in the scientific literature. Among the researchers should note A. Gaidutsky, T. Dragunov, T. Malynovska, O. Homra. Significant contributions to the study of the theory and practice of international labour migration were made by E. Libanova, T. Aleksieieva, V. Geyets, A. Lyubovych, V. Nykyforak, T. Petrushyna, N. Roshchyna, L. Iankovska and others. The influence of labour migration on the economic potential of the regions

at the present stage was violated in their scientific works by Arakelova I., Bortnik N., Drakohrust T., Grinkevich O., Metelov S., Shelomentseva V., Shymanska K., Chimishenko S. and others.

In particular, Academician of the National Academy of Sciences of Ukraine E. Libanova [13] emphasizes that «migration is not just a problem that needs to be solved, but a reality that must be reckoned with and must be realized. Migration is objective and directly linked to the globalization process, so it can hardly be stopped, at least in a democratic way. It follows that the main task of the state migration policy today is to ensure that the positive potential of migration is fully utilized while minimizing its negative effects.» O. Malynovska [14] notes that labour migration carries the risk of losing part of the labour and intellectual potential required for the development of the country, exacerbates negative demographic trends. L. Iankovska [15] emphasizes that the possibility of preserving the educational and professional potential of the state depends on a valid policy of regulation of labour migration, which can pose a significant threat to national security, competitiveness and sustainable development.

Results

The International Labour Organization estimates the losses of developing countries in the range of 10 to 30% of skilled migrants in advanced economies [6]. The population of Ukraine has steadily weakened due to demographic shifts and emigration, and more recently, due to the military conflict in the east of the country. According to statistics, in 2018, 17.8% of the able-bodied

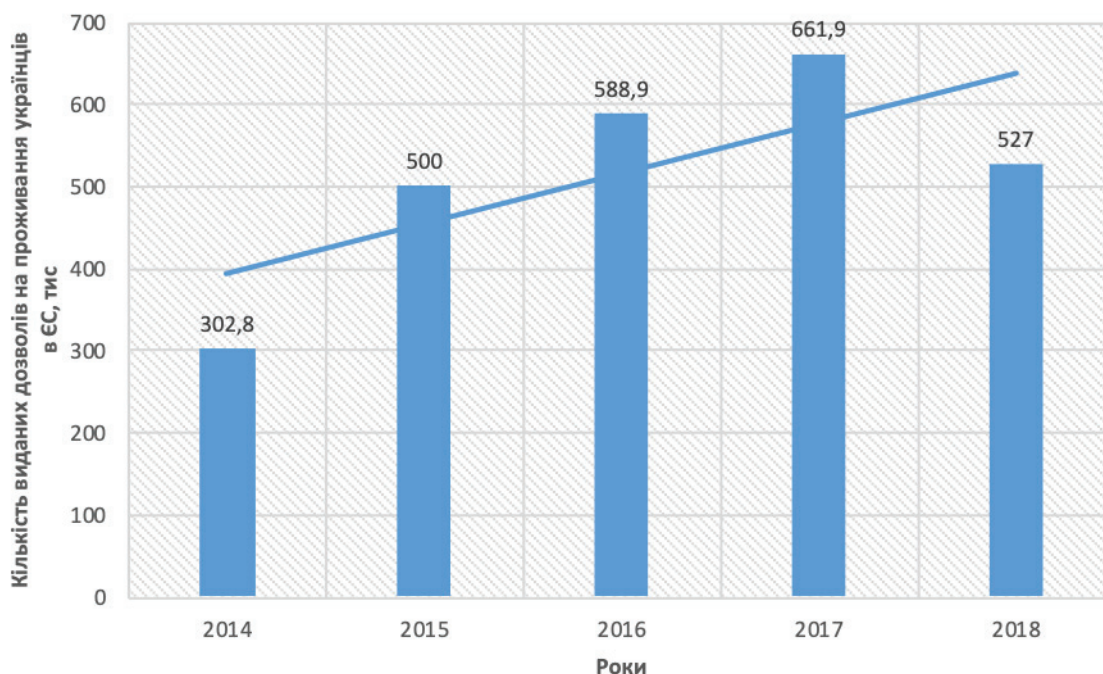


Fig. 1. Dynamics of granting residence permits for Ukrainians in the EU, thousand

population of Ukraine worked abroad. It is 3.2 million labour migrants from Ukraine. In general, an average of 7 to 9 million Ukrainians participate in the migration process annually [11].

The Ministry of Social Policy forecasts that labour migration in Ukraine will intensify in the coming years due to a high demand for skilled labour [12].

The dynamics of issuing residence permits for Ukrainians in the EU in 2014-2018 (Fig. 1) shows, the vast majority of them concerned work. Furthermore, every year, this figure has increased. If 303 thousand Ukrainians received a residence permit in 2014, by 2017, this figure has increased to 662 thousand people. Moreover, the peak of the issuance of the permits was in 2015, when the number of official residence permits for work in EU countries for Ukrainians was 65% more than in the previous year. In 2018, the number of Ukrainians who obtained their residence permit for the first time in the EU countries significantly decreased compared to 2017 – by 134.9 thousand.

Migration is changing the economic and social situation of people. Often this is accompanied by an increase in educational and vocational training, an expansion of the needs and interests of migrants, which enables the more profitable use of professions, knowledge and experience.

Migrants are contributing to economic growth in host countries by taking on jobs that require

plenty of human resources and energy but are undervalued in this society. In this way, migrants replenish local labour resources rather than compete with them, giving the main population the right to engage in intellectual work, which presupposes specific qualifications and professionalism rather than brute force.

In the modern world, migration processes play a leading role in the overall globalization process, characterized by the expansion and deepening of the interconnection of all aspects of social life. According to the definition of the International Organization for Migration, migration refers to the movement of people within one country or the crossing of people of international borders. Labour migration should be understood as the displacement of space by individuals to improve the standard of living based on better use of their workforce without changing their place of residence. According to the Law of Ukraine «On External Labour Migration», labour migration is a movement of citizens of Ukraine related to crossing the state border for paid activity in the country of residence. For the Ukrainian migrant workers, the main factors of attraction are high quality of life abroad, high wages, the possibility of professional self-realization, stable political system and high-quality education [1].

In doing so, people's decision to migrate can also be motivated by several factors:

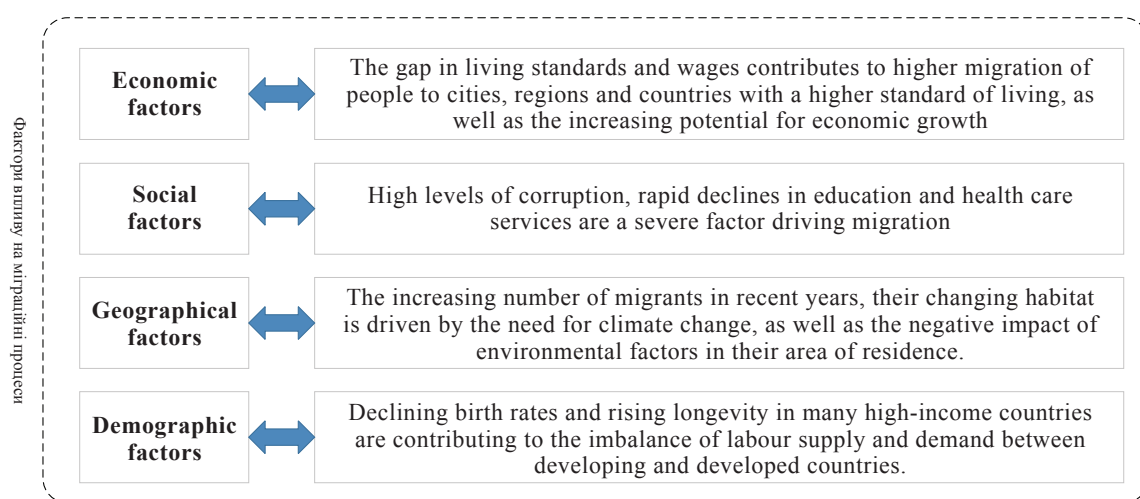


Fig. 2. Factors of influence on labour migration processes [4, 6-8]

The processes of international labour migration are multi-level and multi-vector; their external economic effects are complex and multifaceted and have an ambiguous impact on the economies of donor and recipient countries. According to scientists, neglect of migration processes leads to «leaching» of the best part of the able-bodied population, the introduction of the country into the

system of illegal labour migration, reducing the scientific and intellectual potential of the nation [10].

Population migration has economic implications for both migrants themselves and donor and recipient countries. These consequences can be positive and negative for participants in the migration process. It is generally accepted that the overall impact of migration on the exporting country has a positive

effect. However, some effects on specific sectors of the economy, labour, or territory may be harmful.

The positive factors should be attributed, first of all, to a) an increase in the income received by migrants; b) raising the level of education of migrant workers if their migration is directed to developing countries; c) expanding social and economic opportunities for migrants; d) there is

an influx of cheap and skilled labour; e) increasing the level of competitiveness of individual sectors of the economy and countries as a whole; e) in some cases, the scientific and technical potential of the host country increases; g) The exporting country receives some benefits, such as: receiving large money transfers; import of advanced technologies and increase of final investments in all spheres.

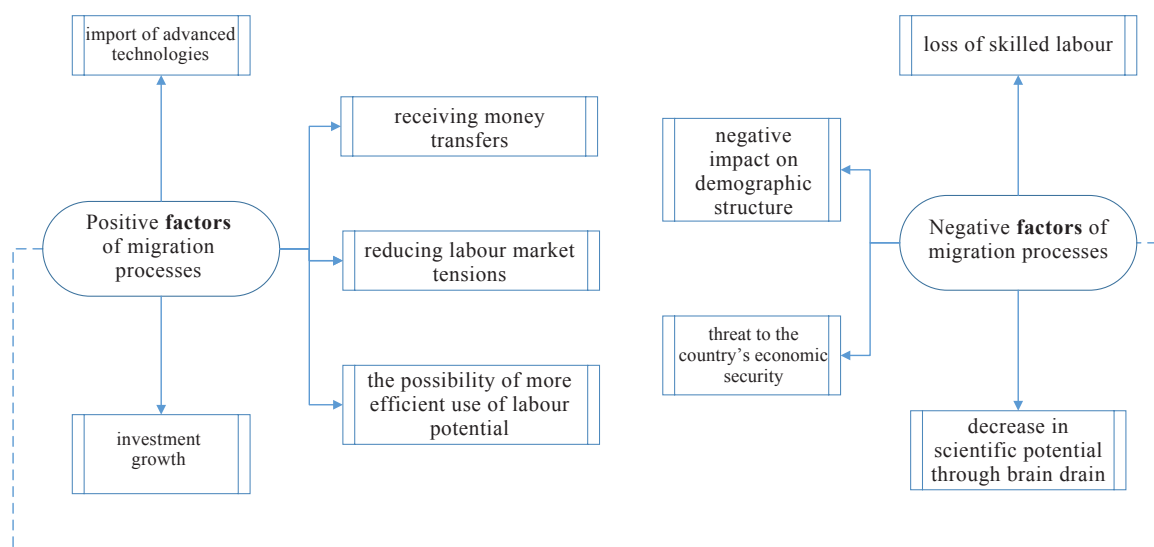


Fig. 3. Visualization of the effects of migration processes on the economic state of the country

Negative factors include the migration of the active, skilled workforce. This negative impact is exacerbated by the process of naturally demographic decline in the population of the country for the last several decades.

Discussion

In the face of a negative demographic situation in Ukraine, any migration outflow of the population, whether to change permanent residence or temporary employment abroad, is a severe challenge to the conditions and prospects of economic development of the country. However, the outflow of highly qualified personnel, scientists, teachers, students and graduate students is of particular importance. It should be noted that intellectual migration becomes a «drain of minds» only when it becomes irreversible and means a loss of part of the intellectual potential of the country. The departure of young and skilled workers abroad leads to a decrease in labour productivity in emigration countries (leaving mainly active workers with working skills) and a worsening demographic situation (due to the departure of a predominantly young population, the average non-emigrating population is higher). Relevant fiscal implications are associated with rising social spending (as a share of GDP).

Currently, labour is the most crucial component of the government's economic system at all levels.

The availability of the required amount of labour resources and its qualitative composition determine the efficiency of a market economy. The rational use of labour can increase the well-being of the population and ensure the growth of regional products.

The problem of labour shortages in the industries is exacerbated when one considers the professional and qualification composition of employees. At present, in the economy in the presence of skilled labour, there are not enough experienced workers of certain professions. A clear example is the shortage of skilled workforce, which has been increasingly felt by businesses in the real sector in recent times. The conjuncture of the job markets is ill. The structure of the vacancies offered does not correspond to the professional qualification of unemployed citizens.

The age-related aspect of the deficit is primarily reflected in the ageing of the working-age population, which leads to a decline in the employment potential of economic sectors.

Two researchers usually call positive aspects of contemporary emigration of human and labour resources of Ukraine. The first is attributed to the low unemployment rate in the country at present and shortly. However, given the above, the problem for the economy of the country and its economic entities may not be unemployment, but, conversely,

lack of workforce. The second factor is the inflow of currency into the country from migrant workers working abroad. Part of this currency is imported into the country in cash and cannot be measured accurately.

Conclusions

The migration of Ukraine's population abroad is due to the following economic reasons: rising unemployment; mismatch of workforce structure to workplace structure; a limited number of high-wage jobs. At present, a long-term trend of labour migration has emerged, signalling the urgent need to rethink Ukraine's labour migration strategy, finding new ways, methods and mechanisms for influencing emigration processes.

REFERENCES

1. Zakon Ukrainy «Pro zovnishniu trudovu mihratsiiu» vid 05.11.2015 № 761-VIII <https://zakon.rada.gov.ua/laws/show/5067-17>;
2. Zakon Ukrainy «Pro zainiatist naseleennia» <https://zakon.rada.gov.ua/laws/show/761-19>
3. Aleksiieva T. I. (2019) Evoliutsiia mihratsiinykh protsesiv kriz pryzmu teorii mizhnarodnykh vidnosyn. Naukovyi visnyk Uzhhorodskoho natsionalnoho universytetu. seriia: Mizhnarodni ekonomichni vidnosyny ta svitove hospodarstvo. 24, V. 1. P. 10-13.
4. Libanova E. M. (2018) Zovnishnia trudova mihratsiia ukrainsiv: masshtaby, prychny, naslidky. Demohrafiia ta sotsialna ekonomika. 2 (33). P. 11-26.
5. Liubovych A. A. (2019) Doslidzhennia ryzyku trudovoi mihratsii naseleennia Ukrainy. Statystyka – instrument sotsialno-ekonomichnykh doslidzhen: zbirnyk naukovykh studentskykh prats. Vypusk 5. V. 1. P. 90-98.
6. Mizhnarodna orhanizatsiia pratsi. Faktory v trudovii mihratsii. http://www.ilo.org/wcmsp5/groups/public/dgreports/dcomm/documents/publication/wcms_067570.pdf
7. Naslidky mihratsiinykh protsesiv: novi vyklyky ta mozhlyvosti dlia rehioniv. NAN Ukrainy, DU «Instytut rehionalnykh doslidzhen imeni M.I. Dolishnoho»; nauk. red. U.Ia.Sadova. Lviv, 2015. 252 p.
8. Nykyforak V. A., Todoriuk S. I., Antokhova I. M. (2019) Trudova mihratsiia za kordon u suchasnykh umovakh transformatsii ekonomiky Ukrainy. Investysii: praktyka ta dosvid. 8. P. 52–58.
9. Petrushyna T., Sokolovskyi I. (2018) Sotsiolohichni pokaznyky stanu rynku pratsi Ukrainy: aktualni problemy ta vyklyky. Ukrainske suspilstvo: monitorynh sotsialnykh zmin. zb. nauk. prats. 6 (20). P. 139-147.
10. Roshchyna N. V., Bordanova L. S. (2017) Osoblyvosti mihratsiinykh protsesiv u suchasnykh ekonomichnykh umovakh. Ekonomika ta derzhava. 1. P. 32-36.
11. The Future of Jobs Report 2018. Insight Report. World Economic Forum. Retrieved from: http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf
12. Ofitsiyni sait Ministerstva sotsialnoi polityky Ukrainy. <https://www.msp.gov.ua/content/trudova-migraciya.html>
13. Libanova E. M. (2019) Pro osnovni polozhennia Natsionalnoi dopovidi «Ukrainske suspilstvo: mihratsiinyi vymir» (stenohrama naukovoi dopovidi na zasidanni Prezydii NAN Ukrainy 19 hrudnia 2018 r.). Visnyk Natsionalnoi akademii nauk Ukrainy. 2. P. 36-43. Retrieved from: http://nbuv.gov.ua/UJRN/vnanu_2019_2_5.
14. Malynovska O. A. (2018) Trudova mihratsiia hromadian Ukrainy za kordon: vyklyky ta shliakhy reahuvannia. Natsionalnyi instytut stratehichnykh doslidzhen. Kyiv. Retrieved from: <https://niss.gov.ua/sites/default/files/2018-09/Malynovska-d28e1.pdf>.
15. Iankovska, L. (2019). Kontseptualni zasady rehuliuвання трудової міграції у світлі збереження освітньо-факхового потенціалу держави. Scientific Notes of Lviv University of Business and Law, 21, 4-8. Retrieved from <https://nzlubp.org.ua/index.php/journal/article/view/127>.
16. Arakelova, I., (2017) the influence of internally displaced persons on the social and economic development of regions in Ukraine. Baltic Journal of Economic Studies. 3, 6–12. doi: <https://doi.org/10.30525/2256-0742/2017-3-5-6-12>
17. Bortnyk, N. & Didkivska, G. & Tylchuk, V. (2018). The impact of international labour migration on the development of states under globalization: economic and legal aspects. Baltic Journal of Economic Studies. 4. 47-52. <https://doi.org/10.30525/2256-0742/2018-4-2-47-52>.
18. Drakokhrust, T., Prodan, I., Tkach, U. (2019) Migration challenges: trends and implications for Ukraine and countries of eastern Europe. Baltic Journal of Economic Studies. 5, 30. doi: <https://doi.org/10.30525/2256-0742/2019-5-2-30-37>
19. Hrynkevych, O., (2017) Cross-border factor of educational migration of Ukrainian youth to Poland: Social-economic opportunities and threats. Economic Annals-XXI 163, 26–30. doi: <https://doi.org/10.21003/ea.V163-05>
20. Metelev, S., (2016) Migration as a threat to national security. Indian Journal of Science and Technology 9. doi: <https://doi.org/10.17485/ijst/2016/v9i14/91086>
21. Shelomentseva, V.P., Ifutina, Y.A., Frezorgner, L.A. (2017) Structural changes in economics and their impact on the labour market. Journal of Advanced Research in Law and Economics 8, 1315–1321. doi: [https://doi.org/10.14505/jarle.v8.4\(26\).30](https://doi.org/10.14505/jarle.v8.4(26).30)
22. Shymanska, K.V., Kurylo, M., Timchenko, G. (2017) Determinants of migration motives as a precondition for the migration flows formation. Problems and Perspectives in Management. doi: [https://doi.org/10.21511/ppm.15\(3-2\).2017.05](https://doi.org/10.21511/ppm.15(3-2).2017.05)
23. Chimishenko, S. M. (2019) “The problem of the outflow of human capital from Ukraine: educational aspect”, Herald of Kiev Institute of Business and Technology, 42(3), pp. 39-44. doi: <https://doi.org/10.37203/kibit.2019.42.06>