

СЕКЦІЯ 5. ПІДВИЩЕННЯ ДОБРОБУТУ, РОЗВИТОК ІНКЛЮЗИВНОГО РИНКУ ПРАЦІ, МІГРАЦІЙНІ ПРОЦЕСИ

UDK 331.5-029:3

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THE IMPACT OF WAR ON THE LABOR MARKET IN UKRAINE

The war that broke out in Ukraine has resulted in irreparable damage and has had a severe impact on the country's economy. Millions of people have lost their jobs, and the labor market has undergone significant changes. Russia's invasion of Ukraine has caused the deepest crisis in the labor market, reducing the number of jobs and leading to an extraordinary increase in unemployment.

Prior to the war, the Ukrainian labor market already had its problems, including a high unemployment rate of 9.9% in 2021, and a low level of economic activity, particularly among women (56% compared to 68% among men in the age group of 15-70 years) [1].

According to the State Employment Service, prior to the Russian invasion, the official unemployment rate in Ukraine was nearly 10 % (compared to 7 % unemployed on average at that time in European Union countries), and the number of employed population was 15.6 million people [2].

The largest share of the working population was concentrated in the sectors of trade, agriculture, industry, education, transportation, and healthcare. This trend in the labor market was driven by population aging and low birth rates, leading to a rapid decline in the workforce.

However, due to the war, these existing labor market problems have significantly exacerbated. The losses to the Ukrainian economy and the destabilization of society have deepened the negative trends, further reducing the number of jobs and increasing the unemployment rate [3; 4].

The onset of full-scale war has had a significant impact on Ukraine's labor market. Starting from February 2022 until the present day, there has been a significant outflow of skilled professionals abroad, particularly finance specialists, accountants with knowledge of English, and brand managers. These categories of workers are often composed of women who have children.

According to the International Labour Organization (ILO), after several months of war in Ukraine, nearly 5 million jobs were lost, accounting for one-third of the previous labor market [2]. The losses and damage to productive assets and infrastructure, disruptions in supply chains of trade networks, have affected the potential of the labor market, resulting in the disintegration and loss of employment opportunities for many Ukrainians.

According to a new report from the International Labour Organization, approximately 4.8 million jobs were lost in Ukraine as a result of Russian aggression. However, by the end of the year, estimates from international experts slightly improved. The ILO projected the unemployment rate in Ukraine to be around 15.5% or 2.4 million jobs in 2022. This can be attributed to the fact that a significant portion of the territory was occupied or faced active combat. However, the partial recovery of the labor market remains limited and very fragile.

The main reason for this fragility can be explained by the Ukrainian economy itself, which contracted by nearly 30% during the year of the war. If the conflict intensifies, according to ILO estimates, job losses could increase to 7 million. However, in the event of a cessation of the conflict,

there is the possibility of a rapid recovery with the restoration of 3.4 million jobs [5].

Despite the numerous challenges and the ongoing war, there are some positive trends observed in the labor market. At the beginning of 2022, there was a gradual economic recovery and job placement in certain regions. For example, after the liberation of certain territories from occupation, the number of job vacancies in the Kherson region quadrupled, providing more employment opportunities. Similar positive changes are observed in other regions, such as Lviv region, where the labor market has recovered by 90%, and in the Ivano-Frankivsk region, where there are now more job offers than before the war started in December 2021 [1].

There is a noticeable shift in demand for labor in different sectors. Specifically, there is an increasing demand for professionals in sales and consulting, sales managers, drivers, chefs, and accountants. These professions remain highly sought-after as companies seek specialists who can help them restore their operations and ensure stable employment.

Despite the positive trends, unemployment remains a pressing issue. According to the State Employment Service, as of April 1, 2023, over 137,000 people were registered as unemployed, with nearly three-quarters of them being women. Additionally, approximately 43% of the unemployed have higher education, highlighting the problem of increased competition in the labor market [6].

Statistics show that among the registered unemployed, 20% were previously engaged in trade, 16% worked in manufacturing industries, 15% were associated with agriculture, and 13% had experience in public administration and defense. This indicates that various sectors of the economy are affected by the labor market crisis and require systematic measures to support and stimulate employment [7].

The Ukrainian labor market has undergone significant changes as a result of the armed conflict. On one hand, several million Ukrainians have emigrated abroad and are not seeking employment in Ukraine. On the other hand, due to internal displacement, several million Ukrainians are forced to seek new employment opportunities. It is worth noting that half of those

who had jobs before the start of the war have been unable to find new employment since February 24.

This dual dynamic has had a profound impact on the Ukrainian labor market. The significant outflow of skilled workers abroad has created an imbalance in the labor market. At the same time, internally displaced persons, many of whom have work experience, face difficulties in finding new job opportunities.

In response to the extraordinary situation in the labor market, the government has implemented a series of legislative changes. For example, on April 21, the Verkhovna Rada adopted a law simplifying the procedure for obtaining the status of an unemployed person and receiving unemployment benefits during the armed conflict. This will facilitate faster assistance to those who have lost their jobs due to the war events.

Additionally, the government has provided additional economic incentives to employers for the employment of internally displaced persons (IDPs). They can now receive assistance of 6,500 hryvnias to cover the wages of these individuals. This encourages enterprises to hire internally displaced workers and contributes to their socio-economic recovery.

One of the important initiatives has been the creation of a business relocation program, which involves moving enterprises from the conflict zones to safer territories, particularly in western regions of Ukraine. As of the end of May, 601 participating companies have successfully completed the relocation process from the shelling areas. Among them, 390 have already resumed their operations in new locations in western regions, and 87 companies are at various stages of transportation [7].

Furthermore, at the end of May, the State Employment Service, together with the Ministry of Economy, entered into a cooperation and information exchange agreement with leading job placement websites. This collaboration will result in the creation of a unified job vacancy database, significantly facilitating job searching for job seekers.

Despite these steps, the situation in the national labor market remains challenging. The number of available vacancies has significantly decreased, posing a challenge for many unemployed individuals.

Ukraine faces significant challenges related to the war and country reconstruction. The processes of returning to peaceful conditions and post-war recovery require concerted efforts from the government, businesses, and the public. Ensuring stable employment and developing the labor market are essential elements of successful country recovery and building the future.

Increasing the level of employment is one of the key tasks in the process of recovery and reintegration after the armed conflict. To achieve this goal, an integrated program is needed that addresses the current and long-term needs of the labor market. A crucial component of such a program should be ensuring a minimum standard of living, a minimum wage, and social security support [9; 10]. Implementing these measures will help reduce unemployment levels and stabilize the situation in the labor market.

While the challenges in the labor market are extremely complex, Ukraine has the potential for recovery and development. It is important to focus not only on job restoration but also on creating conditions for sustainable economic growth, which will contribute to reducing unemployment and improving the quality of life for the Ukrainian population.

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