

FACTORS OF MIGRATION PROCESSES INFLUENCE HUMAN POTENTIAL DEVELOPMENT IN UKRAINE

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ABSTRACT

The purpose of this study is to reveal the reasons, trends, and features of labor migration processes in Ukraine in the context of human potential development.

This paper aims to investigate the reasons, trends, and features of migration processes in Ukraine.

The primary focus of the paper is the factors of migration influence on human potential development in the different regions of Ukraine. That was implemented via such methods as comparative analysis, interpretation of statistical indexes of labor migration and documentary research method.

Analysis of regional features of Ukrainian labor migration was used in order to define political and ecological factors of this phenomenon.

The tendency of increasing labor migration flows from Ukraine to the European Union and the US continues to grow. Remittances to Ukraine as a result of labor migration support Ukrainian economy, however, the growth of labor migration is able to threaten Ukrainian national security.

Analysis of the main tendencies of labor migration in Ukraine confirms their influence on the development of human capital.

Keywords: Human Potential, Migration, Migration Processes, Migration in Ukraine, Human Capital, Labor Migration in Ukraine

INTRODUCTION

The purpose of this study is to reveal the reasons, trends, and features of migration processes in Ukraine. Observation and comparative analysis of migration policy trends in the context of Ukrainian inclination to European integration, considering the experience of other countries, allowed the authors to conclude that Ukrainian human potential development is inhibited by intensive internal and external migration processes. Geographical and age analysis

of Ukrainian migration allows us to systematize important factors of this process, whereas analysis of migration directions reveals the regional features of Ukrainian labor migration.

Significant reduction of labor resources, including the most professional and high-skilled employees, leads to the economic crisis in Ukraine. At the same time, macroeconomic stabilization, job creation, and extension of foreign investments are able to cope with negative implications of the migration processes. On the other hand, ensuring of the legal mechanisms of labor migration from Ukraine to other countries, possibilities of free return, and protection of labor rights of Ukrainians abroad are necessary in order to balance migration processes and human potential development in Ukraine.

In the context of expansion of the world economic relations, international labor migration becomes a global trend. However, notwithstanding its scale, there is still no definite concept of migration in the modern science.

A possible reason for that is a fact that migration simultaneously reflects social aspects of economics, demography, sociology, politics, and law. On the other hand, analysis of international labor migration's scale and trends is complicated because of the problems with its informational and statistical basis, the lack of unified global indexes, which are predominately fragmentary and context-dependent. In addition, visa-free regime for Ukrainians, implemented in 2017, obviously reinforces and simplifies migration of Ukrainians to the European Union.

The paper has been organized as follows. The next section provides a literature overview on labor migration processes in Ukraine, in particular the influence of economic instability on their intensity. Then word experience and peculiarities of Ukrainian background of labor migration processes and human potential development are considered. In particular, geographical and age, features of Ukrainian migration are analyzed.

THEORETICAL BACKGROUND

Migration Background in Ukraine

The phenomenon of international migration influenced on the history of humanity significantly. Populations of some countries (the US, Canada, Australia and others) are predominantly the descendants of former emigrants. International labor migration has both positive and negative social and economic implications. Firstly, the process is the most beneficial for migrants themselves, because they move to other countries in order to improve their standard of living. Entrepreneurs benefit from migration as well, because migrants' claims for the wage level are rather lower in comparison with local employees. In addition, trade unions' protection of migrants is mostly absent. International labor migration allows host countries to save costs on training of specialists, to decrease in production costs *via* usage of cheap labor force, predominantly young one.

International migration processes regulation is implemented as a part of national migration policy of any country. The majority of developed countries have clear system of immigration protection of their borders, that functions guided by the principle of utility. A state determines whether external migration flows are useful, and if necessary allows foreign specialists and workers with required skills to get into a country.

Economic instability reinforces migration of Ukrainians to other countries, where they will be able to get employed. Ukrainian employable population is in permanent search of more stable income sources abroad, where Ukrainians can earn money for future education of their children.

Apart from economic, social, and cultural factors of migration, political and ecological reasons for migration intentions of Ukrainians are also significant. Among political migration reasons, there are insufficient democracy level and instability of Ukrainian political system, as well as a high level of corruption and white-collar crimes.

Political instability influences on migration processes significantly, because it causes people's disappointment in political system and elected officials, and creates economic instability as well. Among ecological migration reasons, there are serious issues of clean drinking water and high-quality food access in Ukraine.

Corruption is another important reason for migration in Ukraine. Corruption level of Ukrainian economy is nearly 72 percent, whereas Ukrainian Index of economic Freedom in 2018 is 150 of 159 countries (Heritage Foundation, 2018). Apart from corruption, index of economic freedom includes freedoms of trade and business, fiscal, monetary, investment, financial freedoms, and others. So, the absence of these indicators is also a significant factor of Ukrainian citizens' migration abroad. According to Zerkina (2010), centrifugal factors rather than centripetal ones cause extremely high level of migration out of Ukraine (Zerkina, 2010).

Migration is also a demographic factor that limits the development of Ukrainian labor resources. According to the State Statistics Service of Ukraine, circa 6.5 million of Ukrainians left Ukraine during 2010-2015 (State Statistics Service of Ukraine, 2016).

However, that index is insufficient, because Ukrainian labor migrants frequently depart from the country to earn money abroad illegally, without proper registration. Only 5% of future labor migrants register in corresponding state agencies (Haidutskyi, 2007).

Increase in migration capital, that comes to Ukraine from illegal labor migrants, proves this trend. Illiashenko & Adamets point out that cash flow in Ukraine from illegal labor immigrants is nearly \$20-35.3 billion a year. So, the number of illegal Ukrainian labor immigrants is circa 4.5-7 million (Illiashenko & Adamets, 2017). In 2014 official remittances to Ukraine was \$6.5 billion (World Bank, 2016). That is 4.9% of Ukrainian GDP.

The main donor countries are Russia, Poland, Czech Republic, Spain, Portugal, Slovakia, the USA, Germany, the United Kingdom, Greece, Cyprus, and Italy. However, Russia is losing its share in comparison with 2013: remittances from Russia were shortened significantly because of the hostilities.

The most serious issue is the fact that almost 30 percent among them are high-skilled specialists. They are required in the EU and other countries. Thus, such specialists are invited to work *via* long-term contracts or the possibility of permanent residence. That is why, high-skilled workers leave Ukraine with a great probability not to return. In addition, professional experience, education, and knowledge, which were acquired in Ukraine, it will begin to reinforce the social intellect of the host countries. That influence negatively not only on quantitative but also on qualitative potential of Ukrainian labor resources.

Apart from that, predominantly illegal character of labor migration from Ukraine causes additional problems within Ukrainian social security system. Migrants do not pay pension contributions to the Pension Fund of Ukraine, so that the budget deficit becomes more significant. Along with such migration trends, progressive age deformation of Ukrainian population in direction of elderly age groups, increase in mortality rate, as well as too insignificant increase in birth rate, cause reduction of labor force supply, and reinforce competition among employers for young and middle-aged employees.

Economic crisis and hostilities reinforce a new migration wave out of Ukraine based on refugees from Ukrainian East. Every third Ukrainian is ready to leave the country now (Illiashenko & Adamets, 2017). The EU is the main goal of Ukrainian migrants. For instance, in 2014 Poland increased the number of work permits for Ukrainians in 15%, whereas Germany – in 24%, and Slovakia – in 17%.

According to International Organization for Migration (2016), nearly 3 million of Ukrainians were going to find work abroad, whereas 34% of Ukrainians also consider the possibility of migration out of Ukraine. The share of illegal immigrants rapidly increases up to 41% of all Ukrainian migrants in 2015 (IOM Ukraine, 2016). This trend obviously will continue in future. According to the study, 21% of Ukrainian labor migrants are ready to accept dubious job offers and work illegally. In 2011, this index was just 14% of respondents. Low standard of living is the main reason for such inappropriate attitude to labor legislation. At the same time,

Russia made the labor legislation for Ukrainians more complicated, depriving them of all their previous preferences.

However, apart from economic migration reasons, in 2014 political ones appear. Eastern hostilities and Crimea annexation caused rapid growth of refugee's flows out of Ukraine. If in 2011-2013 Ukraine was not in the list of thirty requests for asylum in the EU, in 2014 it was on 13th rank of the list, in 2015 – on 9th rank. Ukrainians mostly request for asylum in Germany, Poland, Italy, France, and Sweden. Polish agencies also admit that amount of Ukrainian citizens, who requests for official refugee status, increased tenfold. In 2013 there were only 46 individuals, whereas in 2015 this index rose up to 1941 individuals (Azam et al., 2016). What is more, official status of refugee was received not only by refugees from the Ukrainian East, but also by labor migrants and deserters from the army. That makes the process even more complicated. In 2014, only 4% of applicants from Ukraine got official refugee status in the EU, whereas the status was given easily to refugees from Syria. Ukrainians were disqualified because they had an opportunity to live in Ukraine, not in the war zone. So, their requests were considered as obviously fictitious.

Along with the increase in flows of internal migrants in Ukraine, there is a flow of refugees from the war zone to Russia. According to the United Nations, there are 245.5 thousands of official Ukrainian refugees in Russia. Russia itself reports about 330 thousands of Ukrainian refugees. However, this index should be much more significant, because many Ukrainians live and work in this country illegally. Federal Migration Service of Russia reports about 2.4 million of Ukrainians living in Russia, including refugees, labor migrants, and students (Walker, 2016). In addition, Ukrainians refugees in Russia are forbidden to live in Moscow, Saint Petersburg, and other large cities. They are recommended to move to Siberia and Far East.

The main issue of Ukrainian human capital is not only the outflow of ordinary migrant workers, but also emigration of middle-class educated and creative entrepreneurs, IT-specialists, and scholars. They became successful abroad and never return again in Ukraine. Such loss of human capital has negative influence on Ukrainian economy and its investment attractiveness. Devaluation of national currency, as well as unstable business legislation are the main reasons for such a trend.

Geographical and Age Analysis

According to Stepaniuk (2017), almost the half of all Ukrainian worker migrants are in Russia (48.4%), 13.4% - in Italy, 12.8% - in Czech Republic, 7.4% - in Poland, 3.9% - in Spain, and 3% – in Portugal (Stepaniuk, 2017). However, contemporary Ukrainian registration agencies do not provide adequate migration statistics. The lack of complete information in this area decrease in efficiency of the management of migration processes. Choosing a host country, potential Ukrainian labor migrants take into consideration such factors as:

- Expected level of wages;
- Labor market conditions (employment and unemployment levels);
- Standard living in the host country;
- Language and cultural factors;
- Ethnic tolerance.

Thus, according to such expectations, Western and Eastern directions of Ukrainian labor migration were formed. The Western direction is considered as more favorable for high-skilled young specialists (Western Europe, Canada, the USA). So, Ukraine predominantly losses this part of human capital. At the same time, severe migration control, high level of professional requirements, and competition with labor migrants from other countries are the limiting factors for Ukrainian migration processes. Along with them, active legal ensuring of labor migration in Western countries allows to consider such direction of Ukrainian migration as relatively

controllable one. On the contrary, the Eastern direction of migration attracts low-skilled Ukrainian labor migrants, who cannot adapt in Western Europe and the US because of language and cultural incompetence. The level of Western direction of Ukrainian labor migration is analyzed in Table 1.

Country	Official quantity, thousand	Expert data, thousand	Type of immigration
Russia	205	more than 1500	Seasonal, predominantly male, illegal, refugees
Italy	76	500	Progressive, female
Poland	150	more than 1300	Stable, mostly legal, transit
Israel	10	20	Family-oriented, progressive
Portugal	36	75	Transit
Czech Republic	103	150	Progressive, transit to other EU countries
Belarus	22	75	Mostly female, transit
Germany	150	200	Female, service sector
Spain	10	circa 70	Progressive
The USA	50	circa 100	Stable, mostly legal

Source: Personal contribution according to the State Statistics Service of Ukraine (2017).

Ukrainian male labor migrants are mostly employed in the building industry (Russia, Poland, Czech Republic, Belarus, Hungary and Portugal). For instance, in Czech Republic 88.2% of Ukrainian male labor migrant are employed in building industry, in Russia – 72.8%, in Poland – 64.6%. 11.1% of male Ukrainian migrants in Russia are also employed in transport industry. 26.1% of male Ukrainian migrants in Poland are employed in agriculture, combining this sort of work with employment in building industry as well (Migration Policy Centre, 2013).

The structure of employment of female Ukrainian labor migrants reflects labor market demand of host countries. For instance, female Ukrainian labor migrants in Russia are mostly employed in trade (30%) and building industry (25%), in Czech Republic – in food industry (45.9%) and light industry (31.5%), in Poland – in agriculture (66%) and housework assistance (20%). Housework assistance is also the main work direction for Ukrainian female labor migrants in Italy (Strielkowski & Šperkova, 2016).

The Western regions of Ukraine (Lviv, Ternopil, Chernivtsi, Ivano-Frankivsk, Rivne, Volyn regions) have the highest level of migration flows because of their crossborder location and historical ties with Central Europe. Zakarpattia oblast as a region is a leader of labor migration out of Ukraine (predominantly to Czech Republic). Chernivtsi region residents mostly work in the European Union, Ivano-Frankivsk, Lviv and Ternopil residents – in Poland, Russia and Italy, whereas Rivne and Volyn regions' residents work in neighboring Belarus and Poland. Russia is a main goal of Ukrainian labor migrants of Central, Northern, Southern and Eastern Ukrainian regions.

Negative demographic situation in Ukraine does not lead to reduction of emigration. On the contrary, reduction of the birth rate in Western countries leads to disproportion of the labor market. So, the need for foreign labor force fosters increase in migration flows out of Ukraine. Another reason is a difference in wage level. Minimal salary in Ukraine is 3723 UAH per month (nearly 124 Euro), whereas in the EU Ukrainians get at least three times higher salary. On the other hand, the world trend reveals that labor migrants are inclined to come back to their native countries in case of the beginning of economic growth and human rights ensuring. This factor is especially important for Ukraine. So, labor migration processes have not only negative, but also positive implications. They were summarized in Table 2.

Table 2	
POSITIVE AND NEGATIVE IMPLICATIONS OF MIGRATION PROCESS IN UKRAINE	
Positive implications	Negative implications
Remittances to Ukraine support Ukrainian economy	The lack of high-skilled labor force within Ukraine (youth, scientists, IT-specialists)
Reduction of unemployment in Ukraine	Skills and education of Ukrainian labor migrants, who perform unskilled labor, are not used appropriately
Opportunities to realize the full potential and abilities of migrants abroad	Ukraine funds education and training programs for specialists, whereas they implement obtained knowledge abroad
Improvement of migrant families' standard of living	Absence of payments to pension and social funds
	Naturalization as a final goal of labor migration deteriorates demographic situation in Ukraine
	Social orphan hood as a result of parents' employment abroad
	A risk to get in human trafficking process
Source: Personal contribution	

EMPIRICAL STUDY

Considering the experience of other countries, such methods as observation and comparative analysis of migration policy's tendencies in the context of Ukrainian politics of European integration were used in the study.

Geographical and age analysis of types and features of Ukrainian migration, as well as systematization of the significant factors of Ukrainian migration, allow to reveal the trends of human potential development in Ukraine in the context of mass labor migration abroad.

RESULTS

The majority of developed countries compete for high-skilled human resources, and form their migration policy in order to encourage the return of their citizens to native countries. Unlike this, Ukrainian migration policy does not contain repatriation as a particular direction. Although the encouragement of repatriation was declared as a priority of migration policy, the law that defines the status of repatriates, offers them some allowance or aid still is not adopted. According to Hirman & Volkova (2016), Ukrainian migration policy should include interaction with Ukrainian immigrants *via* cooperation with Ukrainian diaspora, development of special events, implementation of special public agency, as well as prevention of emigration itself (Hirman & Volkova, 2016).

Therefore, apart from and the visa-free regime, the main factors of influence on Ukrainian labor migration out of the country in the current conditions of European integration policy are demographic situation, unemployment level, wage level, migration policy, as well as global and Ukrainian political situation.

Each of these factors influence on quantitative dynamics of Ukrainian labor migration. For instance, reduction and aging of population in the European Union, hidden unemployment in Ukraine, problems with getting first job after graduation from schools, more attractive wage level in the EU in comparison with Ukraine (3-5 times more), absence of repatriation policy, political instability in Ukraine foster increase in migration flows from Ukraine to the EU.

DISCUSSION

The literature on this topic remains limited with studies predominantly focusing on reasons for labor migration. Recent studies of Lapshyna (2012); Cohen (2017); Sabates-Wheeler, Illiashenko & Adamets (2017); Leontiyeva (2014); Azam, Haseeb & Samsudin (2016); Stepaniuk, (2017); Strielkowski & Šperková, (2016); Volkova, et al., (2017); Hirman & Volkova, (2016) and others develop different aspects of the topic. Particularly, Cohen reveals that the migration processes take place all over the world in different directions. The author defines the centres in the global labor market, where labor resources concentrate (Cohen, 2017).

Lapshyna (2012) points out that international exchange of human capital in migration areas is an important qualitative feature of the global space. The author reveals that in Ukraine international human capital exchange has asymmetric character that causes a set of substantial threats and problems for the country (Lapshyna, 2012). Illiashenko & Adamets, (2017) study the migration registration functioning in Ukraine.

The authors highlight that registration system as a part of Ukrainian national migration policy aims to protect domestic labor market, as well as to create a legal framework for protection of foreign workers. Volkova et al., (2017) studies the goals of Ukrainian migrants to work in different host countries. The authors reveal that the aim of Western direction of Ukrainian migrants is not only job opportunities themselves, but also naturalization in a host country. Strielkowski & Šperková, (2016) analyze gender and age features of Ukrainian migration.

CONCLUSIONS AND IMPLICATIONS

The main conclusion to be drawn from this discussion is that the trend of increasing labor migration flows from Ukraine to Western and Eastern countries continues to grow. Despite 'migration' remittances to Ukraine, the growth of labor migration is able to threaten Ukrainian national security because of rapid loss of labor resources, including the most professional and high-skilled employees.

That is why migration processes should be under the permanent control of public administration system with the aim to:

- Monitoring of the international labor directions in order to provide state protection for labor migrants in the host countries *via* consular support, and the development of corresponding bilateral legal framework of social and pension support in this area;
- Understanding of the reasons and implications of labor migration, determination and adjustment of economic indexes that influence on intensity of migration processes;
- Defining of utmost level of labor migration that can lead to irreversible processes in Ukrainian economy;
- Forecasting of needs in labor resources in order to adjust to the loss of them as a result of migration;
- Optimization of state professional labor trainings that are aimed to provide labor resources for domestic labor market;
- Forecasting of indexes for Ukrainian pension system.

Therefore, it is necessary to develop some action plan in order to cope with external and internal migration in Ukraine. Such internal mechanisms of macroeconomic stabilization as job creation, and increase in foreign investments are able to inhibit migration process. At the same time, external mechanisms should provide legal forms of labor migration abroad, possibilities of free return, remittances, and guarantees to protect labor rights of Ukrainians abroad.

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