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## **INTERNATIONAL LABOR MIGRATION: PROS AND CONS**

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**Abstract:** *The research considers theoretical aspects of migration process. Types and reasons of this process were studied. Also positive and negative sides of labor migration were analyzed. Pros and cons have been discussed as well. We have analyzed the current state of international migration processes of Ukraine and nearest EU neighbors-countries. As a result, the main methods of improving current migration policy in Ukraine is proposed.*

**Keywords:** *migration, labor force, immigration, emigration, migration policy, migration process, destination country, arrival country, reasons of migration*

### **INTRODUCTION**

Last time, attention to the international labor migration has been increasing due to globalization conditions. The process of migration effects the social life and has a great importance in the socioeconomic relations that, in turn, influences the political development. According to official statistics of Ukraine, international migration is growing and continuing to impact on financial-economic and social situation of the country. These make the topic of our research relevant as the problem is requiring in-depth studying and urgent decision making by side of Ukrainian policymakers.

### **MATERIALS AND METHODS**

Migration flows are getting more actual, because a large number of authors study this problem in Ukraine. Domestic scientists consider this process persistently. Kovalyk (2011) determined the current situation in Ukraine and main causes and reasons of migration process. Khlivna (2013) analyzed international labor migration and its consequences. Stakhanov & Vudjakina (2011) considered theoretical aspects of the relationship of labor migration of Ukrainian citizens to the EU. The general information and official data of Ukrainian population migration flows can be found in the statistical compilations of the State Statistics Service of Ukraine.

*Object of our research* is migration. *Subject of investigation* is international labor migration. The *aim of our article* is to consider pros and cons of the labor migration process and study impact of this process on the economic and financial situation in Ukraine. *Tasks of the study:* (a) to consider theoretical aspects of international migration process and to study its external economic effects; (b) to analyze the current state of international migration processes of Ukraine; (c) to analyze implications of international migration processes and assess their impact on the socioeconomic situation of the

country; (d) to compare advantages and disadvantages of migration process; (e) to find out methods improving current migration policy in Ukraine.

The *practical significance of the results* is that the scientific provisions, conclusions and recommendations that can be used to improve the migration flows regulation in Ukraine. This can effect on the process of migration policy of the country in general. Thus, our results can become the scientific basis for the formation and substantiation of the state migration policy.

To achieve the aim and formulated tasks of the article, we used specific research methods and general scientific methods. Following general scientific and practical methods were used: (a) systemic analysis, (b) analysis and synthesis of economic information, (c) content analysis, (d) financial analysis, (e) methods of logics and structural analysis, (d) graphic methods to represent visually our recommendations.

*Expected economic effect:* If the aim and all tasks are achieved, the results of research will greatly influence the labor migration flows managing in Ukraine. Also we can get a list of measures aimed at maintaining process, such as "brain drain". Moreover, it is expected a maximizing effect from international migration processes, exchanges of international experience.

## **THEORETICAL BASICS OF MIGRATION PROCESSES**

Migration is becoming increasingly important for socioeconomic life of the country. Migration may be of money, people, information, resources. But we wonder people migration. In this case, migration is the movement of people from one place to another. We can clarify that human migration is the movement of people from one place to another with the intentions of settling, permanently or temporarily in a new location.

Migration processes have a wide range of reasons. It can be political, economic, social, cultural, environmental et al. These push and pull factors drive migration.

According to the reasons and current situation in the country, the main types of migration are as follows: temporary or permanent, voluntary or forced. In addition, migration can be internal and external (international). Permanent migration is, when someone moves from one place to another with intent to stay forever and has no plans to return to the origin country. Temporary migration is limited by time and could be for seasonal employment. Forced migration involves the migrant having no choice but to move. Voluntary migration is the opposite of this and it mean free choice. External or international migration is, when a person moves from one country to another country. Internal migration is when people migrate within the same country or region, from one city to another.

In general, the process of migration shares on immigration and emigration.

Immigration is the international movement of people into a destination country of which they are not natives or where they do not possess citizenship in order to settle or reside there, especially as permanent residents or naturalized citizens, or to take-up employment as a migrant worker or temporarily as a foreign worker. Emigration is the act of leaving one's resident country with the intent to settle elsewhere. Conversely, immigration describes the movement of persons into one country from another. Both are acts of migration across national boundaries. We can note that an immigrant is

the person, who come to some country in order to get permit for a residence. As well, an emigrant can be a person, who depart from country of residence to a country of destination with a certain purpose of visit for a permanent stay. In most cases, the main aim of migrants is to get permit for permanent stay and to get a work. Migration can occur as a result of push and pull factors.

Push factors are those, which force a person to move. This can include drought, famine, lack of jobs, over-population and civil war. Pull factors are those which encourage a person to move. These include a chance of a better job, better education, a better standard of living.

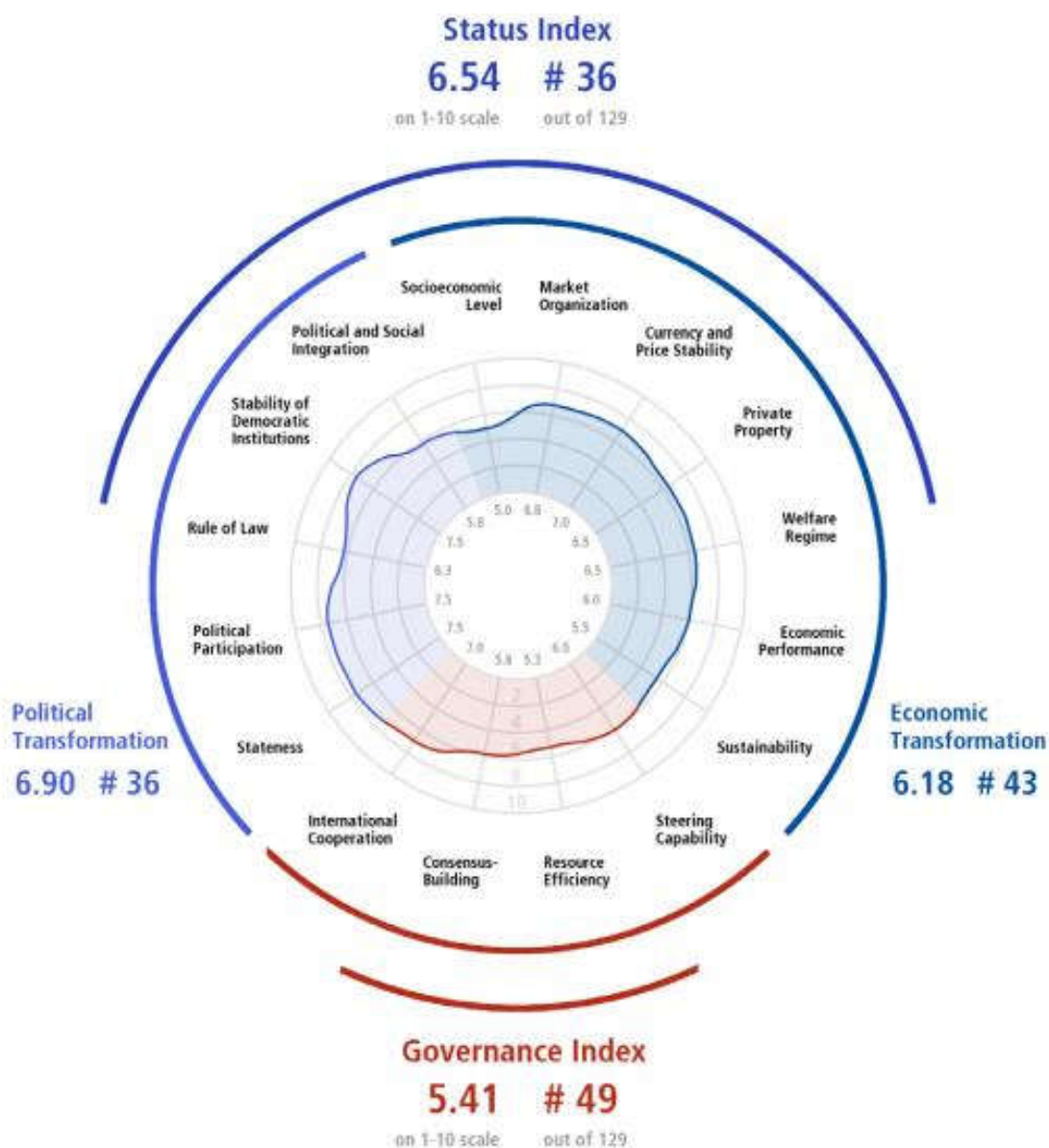
### **MIGRATION IN UKRAINE**

Globalized processes influence the life of Ukrainian people. After the collapse of the Soviet Union, the intensity and nature of migration of the Ukrainian population changed dramatically. The signing of the Association Agreement and the path towards a visa-free regime between Ukraine and the EU led to a series of important reforms in the field of migration policy. However, due to the military conflict in Donbas and the annexation of Crimea provoked massive displacement, caused an economic crisis and contributed to an intensification of labor migration.

Let's review the key indicator of Ukraine. The *territory covers* approximately 603, 628 sq. km. The population was about 42.2 million on December, 01, 2018 (excluding the annexed territory of Crimea and Sevastopol city). Status of Ukraine we can see from the chart below (*Figure 1*). As we see from *BTI 2018 Country Report: Ukraine* (2018), Ukraine is developed since political crisis (2014) significantly, but still a lot of problems in the sphere of governmental management, viz. the lowest indicators, which are shown in Ukraine's profile are: (a) lowest level of socioeconomic indicators (5.0); (b) resource efficiency (5.3 points); (c) unsustainability in country in all main industrial, agro- and service spheres (5.5 points); (d) ineffective political consensus building (5.8 points) and low level of integration between political and economic spheres (5.8 points); (e) high level of steering that harm democratic principles and freedoms capability (6.0) and low economic performance (6.0 points); (f) law rules are still working unsatisfactory. The mentioned background hinders the social and economic development and reforms in Ukraine that forces citizen to look for a better social life abroad, i.e. cost growing urgently migration.

Still there is a high level of inflation in Ukraine. While in 2013, consumer prices increased by only half a percentage point, inflation galloped to 25% in 2014 and skyrocketed a further 43% in 2015. At the same time, the average real wage in 2014 was 94% of the 2013 level, and in 2015 it comprised 80% year-over-year. It grew from UAH 3,480 in 2014 to UAH 4,195 in 2015, but because of dramatic devaluation of the national currency, in hard currency equivalent it actually dropped from USD 292 in 2014 to USD 192 in 2015. And still no measures that make stronger national currency, which cost population poverty. As we have seen, each year the rate of annual average real wage is reduced since 2013 (*Table 1*).

It should be noted, that the main purpose of Ukrainian migrants is work. Following up on international organization for migration the main countries of destination of Ukrainians can be seen in *Figure 3*.

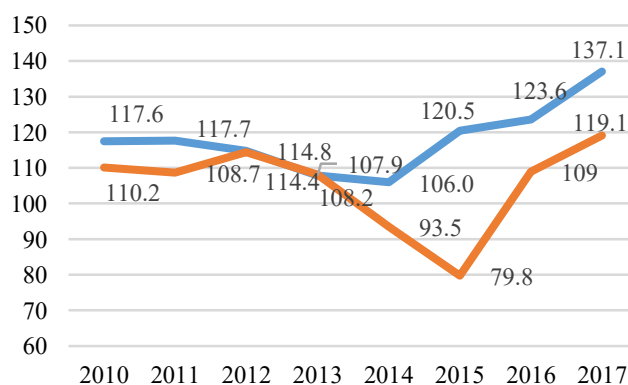


**Figure 1: Ukraine's Profile (2018)**

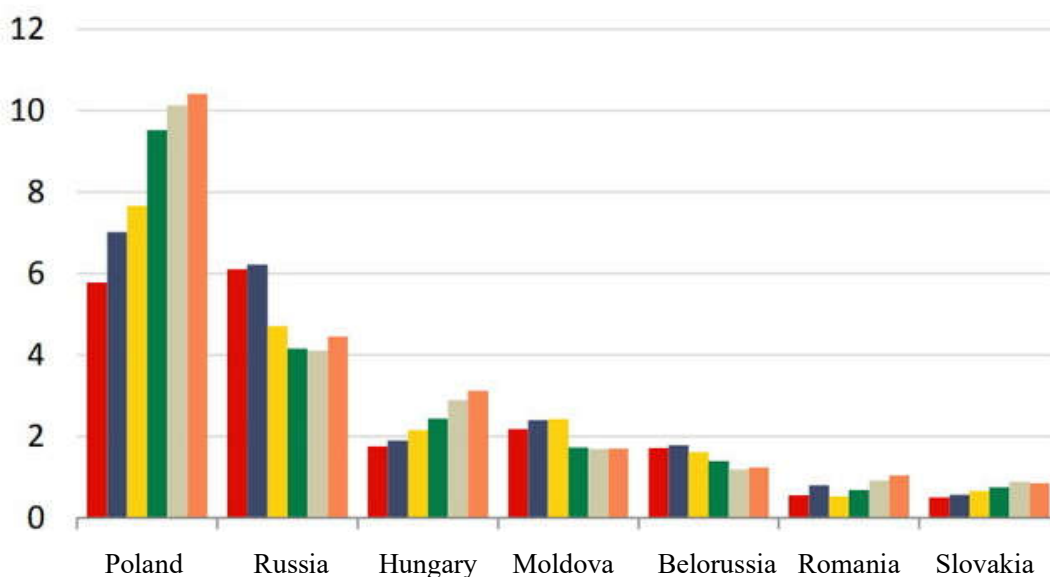
Source: according to BTI 2018 Country Report: Ukraine (2018)

**Table 1**

Years	Nominal wages	Real wages
	To previous year	To previous year
2010	117.6	110.2
2011	117.7	108.7
2012	114.8	114.4
2013	107.9	108.2
2014	106.0	93.5
2015	120.5	79.8
2016	123.6	109.0
2017	137.1	119.1



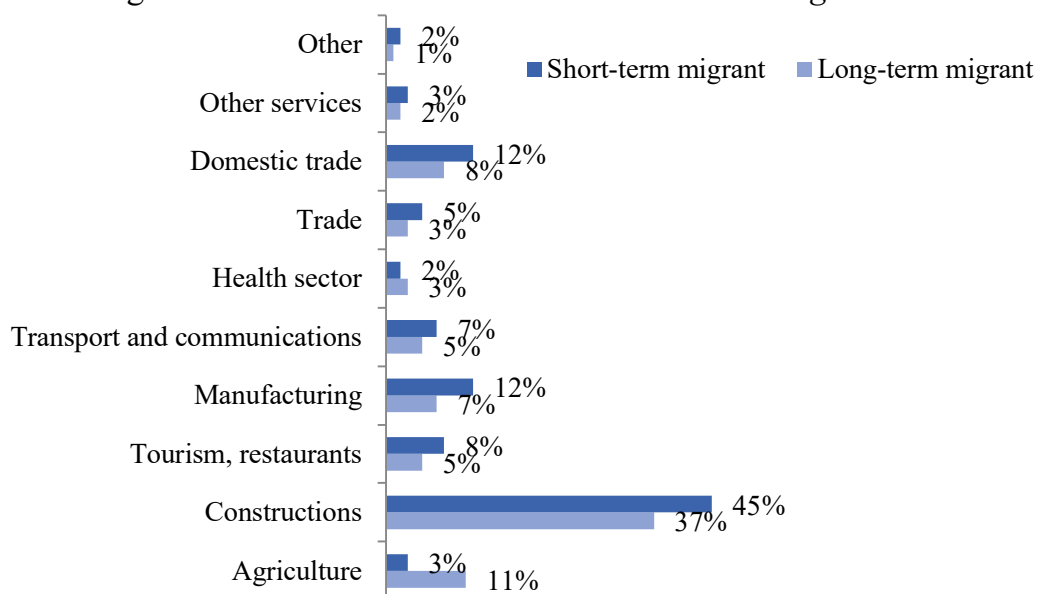
Source: according to State Statistic Service of Ukraine (2018)



**Figure 3: The main countries of destination for migrant workers from Ukraine, 2017-2018**

*Source: IOM survey of households and migrant workers*

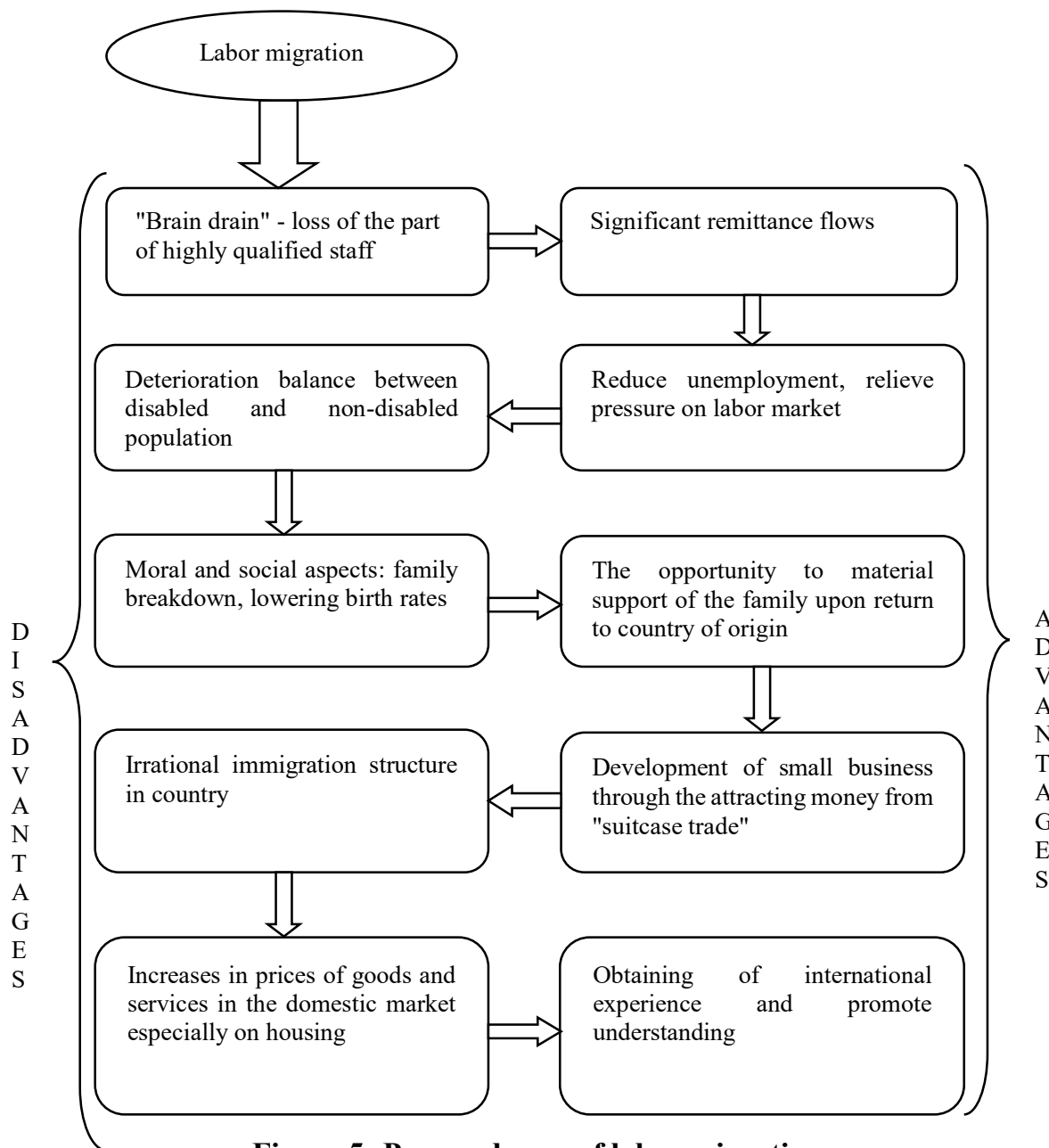
Back in 2005-2008, the most popular countries included Russia, Italy and the Czech Republic, whereas in 2014-2018 the top two destinations were Russia and Poland. Both countries applied relatively liberal migration policy towards Ukrainians, which fostered frequent travels by migrants. The main sectors of employment of the Ukrainian migrant workers abroad can be established from *Figure 4*.



**Figure 4: Sectors of employment of the Ukrainian migrants, 2017-2018**

*Source: IOM survey of households and migrant workers*

As we can see, the most popular sectors for Ukrainian citizens are constructions, manufacturing and domestic trade for short-term intention, and constructions, agriculture and domestic trade for prolonged detention.



**Figure 5: Pros and cons of labor migration**

*Source: created by authors*

As we can see, the most popular sectors for Ukrainian citizens are constructions, manufacturing and domestic trade for short-term intention, and constructions, agriculture and domestic trade for prolonged detention.

According to the State Border Guard Service, 3.7 million people left and returned to Ukraine during 2008-2017.

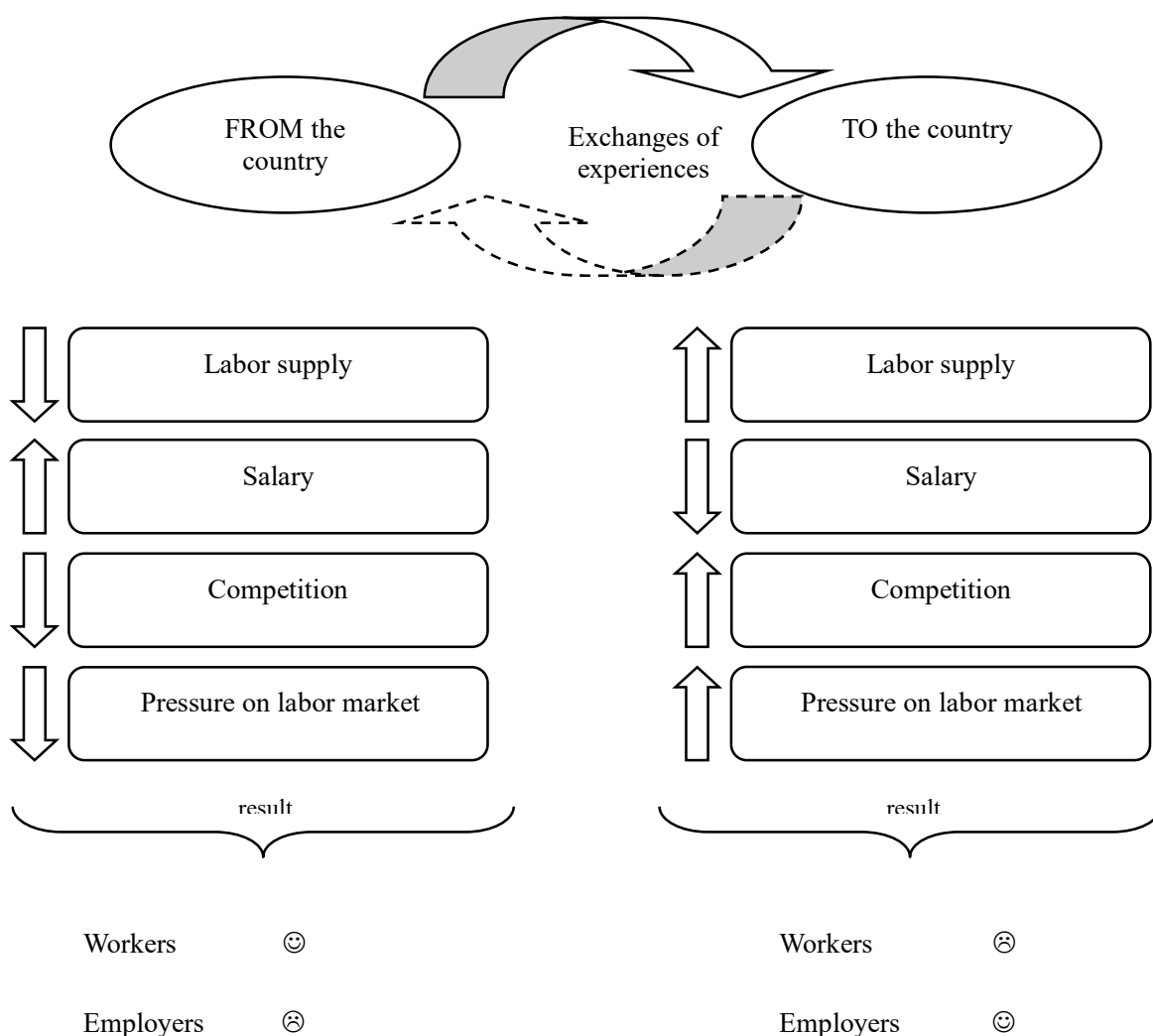
At the same time, as Minister of Social Policy Andrei Reva (2018) stated, 5-7 million Ukrainians are currently attracted to the process of seasonal labor migration. To stop the outflow, the average wage in Ukraine should be 15 thousand UAH (500 EUR). Due to active labor migration in Ukraine there is a shortage of labor force, especially qualified, which holds back the increase in production volumes at home.

The rates of 'brain drain' and 'hands' from Ukraine are clearly demonstrating the rapid growth of volumes of transfers from individuals in Ukraine in 2015-2018. The National Bank of Ukraine, using data from the State Statistics Service of Ukraine, the National Bank of Poland and the Central Bank of Russia, estimated the transfers in 2017 from Ukrainians working abroad at \$ 9.3 billion (or 8.3% of GDP).

### ADVANTAGES AND DISADVANTAGES OF MIGRATION

As known, every process in our life has positive and negative sides. Migration is no exception. Migration process is usually handling only from negative aspects. This is due to negative consequences especially to Ukraine. However, this process has a number of advantages that requires a more detailed study. We, therefore, suggest considering the main advantages and disadvantages of migration (*Figure 5*).

In addition, the labor migration impact can be accessed from both directions: from country of origin and country of destination. Imagine the consequences on the next scheme (*Figure 6*).



**Figure 6: Labor migration consequences**

*Source: developed by authors*

How labor migration effects on national labor markets we can say from both directions, by the host country and by the country of origin. It is important to understand, that the main indicators of national labor market are demand and supply of workforce, level of wages and level of competition. There are some direct relations between these indicators and number of migrants. Therefore, when considered country on which population is emigrating, labor supply, competition and pressures on labor market will be reduced and average wage will be increased. If we consider country, which takes immigrants, we can see another situation, labor supply and competition will be increased, which would reduce level of wages. There are pros and cons in both cases. In first case, e.g. workers from the country from which population had emigrated, win by salary increases. In this case, employers lose. In second case, conversely, employers have preferential, but workers lose. Thus, labor migration has a direct bearing on labor market of a particular country and divides market into winners and losers.

### CONCLUSIONS

Having analyzed theoretical aspects of migration, we can conclude that migration is a reaction on political, social, and economic changes.

The process of labor migration, of course, has a number of shortcomings, such as losses of highly skilled workers, decreasing of retire and other social benefits, increasing of prices of goods and services, loss of highly skilled workers (brain drain) and others. However, there are two sides of a same coin.

In view of all of the above, it is clear that migration process has a number of advantages. Its major benefits include professional development of workers, exchanges of experience, reducing unemployment through workplaces abroad, state savings for unemployment benefits, improving of knowledge of foreign languages.

Nevertheless, bearing in mind the current situation in Ukraine, if we want to get all advantages from labor migration, the government should improve ongoing migration policy. In this context, we offer a list of measures to enhance current migration policy in Ukraine:

1) Creating a favorable economic environment for return of migrants to their homeland. This process includes, for example, job creation.

2) Developing an effective employment program for candidates, which have international experience.

3) The State should promote and supports to the private sector and contributes the *development of small and medium-sized businesses*.

4) Contracting with international companies in order to exchange experiences and financing of this process.

5) Providing preferences in employment to migrants who have international experiences on high level.

6) Working towards the *installation of a single database* for accounting of migrants. It is necessary in order to further regulate the existing migration policy.

7) Developing a monitoring system of demand and supply of workforce.

8) Developing methods of public investment in new projects and ideas of returned migrants.



It is necessary to create favorable economic, social and political conditions to manage international experiences and for returning our citizens to Ukraine. It includes, for example, job creation, to get advantages to candidates who know foreign languages and other measures. Given the fact that there are many companies in Ukraine with foreign capital, realization of all above mentioned measures will have positive consequences on economy in general.

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