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ECONOMIC CONSEQUENCES OF MASS EMIGRATION OF BUSINESSES AND WORKERS

The full-scale Russian invasion has triggered the largest migration crisis in Europe in recent decades. This situation poses a serious challenge to Ukraine's economic security and long-term development. According to the International Organization for Migration (IOM), over 6 million people left Ukraine during the first weeks of the war alone. Even more concerning is the fact that forced migrants are predominantly women, children, and working-age individuals, which could create significant demographic challenges in the future. Research indicates that 63% of internally displaced persons were women, and 32% had higher education, signaling a critical loss of skilled human capital [1].

The economic consequences of migration are already significant. Ukraine has lost millions of skilled workers, causing severe disruptions across entire sectors of the economy. The shortage of personnel is especially acute in strategically important sectors such as IT, agriculture, and industrial production. Intensified competition for the remaining employees has sharply increased labor costs, reducing the international competitiveness of Ukrainian businesses. At the same time, the mass outflow of millions of consumers has drastically contracted domestic demand, posing a particular threat to small and medium-sized enterprises focused on the local market. Studies confirm that these trends are not only persistent but deepening, as migration from Ukraine continues to be predominantly long-term. Estimates show that 41% of internally displaced persons and 18% of returnees experienced difficulties finding employment, reflecting structural problems in the labor market [1,2].

The most serious impact lies in the long-term consequences of migration, which will affect Ukraine's economy for decades. The country is losing educational, intellectual, and innovative potential at a time when knowledge and technology are key drivers of economic development. Mass migration today implies an inevitable shortage of workers, consumers, and taxpayers in 10–20 years, creating challenges for the pension system and social infrastructure. Ukraine is also losing the investments made in migrants' education and healthcare, limiting opportunities for innovative growth and the transition to a high-tech economy. As a result, foreign investors are increasingly cautious about investing in an economy with a rapidly declining population and an unstable labor market. Analysts note that "Ukraine has lost millions of workers," complicating both current operations and future economic recovery. According to IOM, only 19% of Ukrainian businesses were operating at pre-war levels by the end of 2023, while 28% had ceased operations, directly linked to migration processes [1,3].

Some studies also emphasize that "Ukraine, as a state, is losing significant educational, intellectual, and innovative potential," which is particularly dangerous in the context of the Fourth Industrial Revolution, where national competitiveness is largely determined by the quality of human capital [3]. Consequently, Ukraine risks losing entire future-oriented sectors, including high-tech manufacturing, artificial intelligence, and biotechnology, where skilled specialists are critical for development [3].

A particularly serious threat to Ukraine's future development is the loss of its most skilled human capital. Among migrants, a significant proportion are highly educated individuals, highly qualified specialists, experienced entrepreneurs, and innovators. Their

absence creates an “intellectual void” that is nearly impossible to fill in the short term, inevitably affecting Ukraine’s economic competitiveness and capacity for innovation in a global context. IOM research shows that 76% of Ukrainian businesses have already felt a significant negative impact of migration on their operations, with 34% facing a critical shortage of skilled employees [1].

In addition to direct economic losses, mass migration creates serious structural imbalances in regional development. Studies indicate that “the most significant migration impacts are felt in the industrially developed eastern and central regions of Ukraine, which are losing not only labor but also the tax base necessary for rebuilding destroyed infrastructure.” This exacerbates regional disparities, with western regions—less affected by hostilities—experiencing pressure from internally displaced persons, while eastern and southern regions lose their remaining reconstruction potential. Experts stress that “rebuilding these territories post-war will be impossible without the return of skilled personnel capable not only of restoring infrastructure but also of launching new production capacities.” The migration crisis therefore threatens not only economic cohesion but may also contribute to long-term territorial disintegration, especially in regions that lose a critical population mass necessary for functioning social and economic infrastructure [3].

Addressing the consequences of the “brain drain” and workforce shortages requires a comprehensive and effective economic development model. State policy should prioritize creating favorable conditions for the return of highly skilled specialists through targeted support programs, active business adaptation via large-scale automation and productivity improvements, and systematic investment in human capital, focusing on education and retraining of those remaining in Ukraine. Global experience shows that effective migration policy should focus on “maximizing the positive impact of migration on development.” In particular, IOM research recommends policies aimed at “engaging the diaspora in national reconstruction, developing digital skills, and supporting entrepreneurship.” Only a comprehensive and balanced approach, combining short-term measures with strategic planning, can transform this threat into an opportunity to build a new, resilient, and competitive post-war economy.

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