

# Impact of Military Actions on the EU Labor Market

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## Abstract

The main purpose of the study is to analyze the main aspects of the impact of military actions on the EU labor market. The research methodology includes modern theoretical methods and methods for analyzing the state of the EU labor market. The war in Ukraine changed not only the economy of one country, but the whole continent. The European Union has very sensitively felt the changes brought about by the military actions on the territory of Ukraine. Military actions on the territory of Ukraine are a destructive factor in the labor market. Today, the main task of economic recovery is to minimize the consequences of humanitarian problems and preserve human potential, which is an important source of business activity. Based on the results of the study, we have identified key aspects of the impact of military actions on the EU labor market.

### Keywords:

*impact of military action, military actions, Labor market, The European Union, security.*

## 1. Introduction

War is a process aimed at resolving public-political, economic, ideological, as well as state, religious, territorial and other contradictions between states, peoples, nations, classes and social groups by means of armed violence. The war leads to a qualitative change in all spheres of public life: political, economic, social, spiritual, because they are being radically reorganized into a military system. This happened to Ukraine as a result of the full-scale invasion by the Russian Federation.

The main weapon of war is the armed forces capable of waging large-scale armed struggle. War, as a rule, leads to large human casualties, the loss of material, spiritual values, and has a destructive effect on society. What is happening now on the territory of Ukraine. The peculiarity of modern wars is that they are waged not only by one army, but by the whole country as a whole. During the war, the material and

spiritual forces of the people are mobilized. The economy is being rebuilt on a war footing. The direction of the development of science is changing. Even natural science is used to improve tools. The scientific and technological revolution has eliminated geographical and natural restrictions on the use of weapons and military equipment. Not only the earth, but also space, sky, water and underwater space became available for active military activity. Fundamentally new types of weapons have appeared and the development of means of destruction on a qualitatively new basis is being intensively carried out: vacuum, laser, biospheric, meteorological and other types of weapons; combat space systems; focal depletion of the ozone layer. In such conditions, the labor market suffers significantly.

Opportunities to restore the economy and the social and labor sphere should be looked for even during hostilities - in territories not involved in the conflict. Every opportunity should be used to revive institutions, markets and businesses; infrastructure reconstruction; restoring trust and expectations. At the end of hostilities, peace dividends should be used to improve the lives and well-being of the population. The most important thing for a rapid economic recovery is the provision of jobs and decent employment opportunities. That is why, today more than ever, the question of analyzing the impact of military actions in Ukraine on the EU labor market is relevant.

## 2. Methodology

The theoretical and methodological basis of our research is the scientific works of scientists in economic theory, labor economics, management,

personnel management and experts in the field of analyzing the impact of war on the state of the economy. To solve the tasks set, the following methods of studying economic phenomena and processes were used: theoretical generalization, comparison, analysis and synthesis, induction and deduction - to determine the essence and content of the functioning of the EU labor market; structural-logical analysis - to build the logic and structure of the study; system analysis - to improve the directions of regulation of the EU labor market.

### 3. Research Results and Discussions

The labor market is an integral market of the modern economic system. The changes taking place today as a result of the war have a direct impact on the formation of demand and supply of labor and, in turn, affect the formation of the final economic indicators of the economy. As an analysis of recent studies has shown, the problem in the labor market is quite threatening. In addition, the general trend that has developed in the economy due to the war in Ukraine does not allow for cardinal decisions to be made and to solve the identified problems in a short time. And this, in turn, leads to an increase in unemployment, a reduction in the number of children born, an outflow of skilled labor in the most active age abroad.

One of the most important and no less difficult tasks of any state is the regulation of the labor market. At the present stage in the countries of the European Union, the most urgent are the problems of the labor market due to the war in Ukraine. Currently, the most painful issue in the European Union is unemployment and how to help find jobs for refugees from Ukraine. Its reasons are the negative migration and demographic direction, the decline in economic growth and the slow development of structural changes in the economy as a result of the war. Thus, in the EU, the urgent issue is to overcome unemployment and increase the level of employment, assistance to refugees from Ukraine.

The most powerful tool in the fight against unemployment in the EU member countries has become a compromise between the government, entrepreneurs and employees: the government legislates the reduction of the working week; entrepreneurs step up the creation of new jobs; hired personnel agree to some reduction in the level of the

minimum wage and simplifies the system of work for refugees from Ukraine.

The modern development of the economy requires a significant increase in the efficiency of using the economically active population in the labor market. The labor market of Ukraine at the present stage of development is characterized by significant tension due to the war that changed everything. An effective mechanism for regulating the labor market in times of war must include subsystems that are diverse and differentiated in terms of strength, and not be limited only to the sphere of labor relations. In this aspect, it is important to ensure the formation and development of social entrepreneurship as one of the tools for solving social problems in the labor market.

The most important factors that in modern conditions affect both the global and national labor markets and employment accumulate in the strengthening of globalization processes, the progress of technology and the increase in labor mobility. Therefore, the further transformation of the Ukrainian labor market, on the one hand, should take into account the challenges of the time and adapt the nationwide policy in the field of employment in wartime conditions to them, and on the other hand, focus on the most efficient use of the labor potential existing in the country actualizes the need for assistance from foreign countries with the purpose of substantiating the directions for building a domestic model of the labor market, which would be adequate to the current level of development of market relations in Ukraine during the war.

European countries are distinguished by a variety of approaches to regulating the employment and labor market in conditions when Ukraine is at war and needs help. For example, in France, Germany and the Scandinavian countries, there is a fairly strict labor legislation that strictly regulates the relationship between employers and employees on issues of hiring, firing and working conditions, but it was weakened as a result of the war in Ukraine. Trade unions play an active role in the labor market, taking various measures to defend their position - from the adoption of sectoral collective agreements - to strikes, the conduct of which is regulated by law. In particular, in Germany trade unions are directly involved in the management of enterprises through the introduction of the number of representatives of the trade union organization necessary to make or

reject certain decisions on the board of directors of the company. A developed system of social insurance ensures the implementation of state guarantees for citizens who have lost their jobs, pensioners, the disabled, and mothers. These countries have developed systems of vocational training and retraining of the unemployed and working people. The Nordic countries (Sweden, Finland, Norway) are characterized by the creation of an extensive system of social support for all citizens, which is financed from the general state revenues, and not from individual contributions. The aim of this system is to reduce inequality and injustice on the basis of equal access to basic social benefits. The active policy of the state in the field of employment in countries such as Sweden and Norway is focused on the application of measures to prevent unemployment, combined with support for the unemployed and refugees from Ukraine.

Today, there are several areas that are decisive in solving problems in the labor market in the EU countries and are the main components of modern employment policy in the context of the war in Ukraine: increasing the number of economically active population by attracting Ukrainians to the employment sector; an increase in the duration of an active working life by stimulating the early entry of young people into the labor market, as well as the maintenance of older people in the field of employment due to a reduction in the retirement age, the rejection of early retirement, flexible forms of employment; encouraging the unemployed to enter the labor market through changes in the social insurance system, including unemployment insurance; increasing labor mobility within the EU by changing the migration policy and its focus on ensuring freedom of movement within the EU for all Ukrainians.

We recruited for the survey a group of refugees from Ukraine who, as a result of the war, left their homes and jobs and began to look for new opportunities in the EU countries. We asked them several questions in order to understand, using the example of that social group, what expectations people have.

The results of a survey on expectations from a new job in the EU countries are presented in Figure 1.

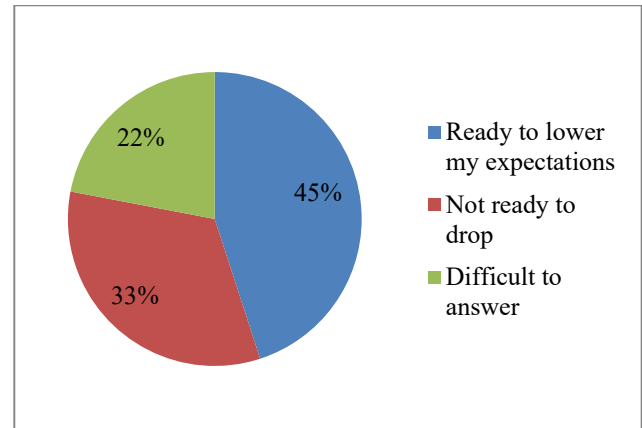


Fig. 1. The results of a survey on expectations from a new job in the EU countries.

Many Ukrainians lost their jobs during the war. Some physically have nowhere to work, the services of others are no longer relevant, and many simply fled from the shelling, leaving the workplace. In any case, the number of employees and entrepreneurs who have actually become unemployed is measured in the millions. Most of the actually unemployed without retraining will not be able to remain at the same level of social status and income level. The Ukrainian and global labor market will no longer be the same as before. If before that we were directly dependent on the external situation, today the war in Ukraine is changing the previous paradigms and principles by which both the economy and the labor market functioned.

The results of a survey on the willingness of Ukrainians to work for low wages in the EU countries are shown in Figure 2.

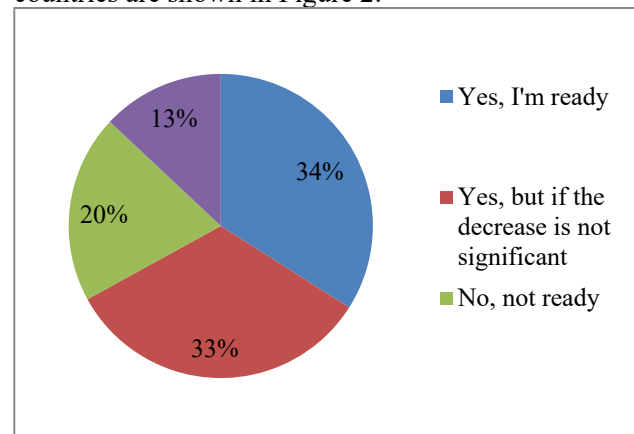


Fig. 2. The results of a survey on the willingness of Ukrainians to work for low wages in the EU countries.

Most developed European countries pursue an active employment policy, there are developed labor market institutions, as well as systems of vocational training for the population and social insurance, focused on the effective functioning of the labor market in conditions when Ukraine needs help in such difficult times. However, the scale and directions of state regulation of the employment sector differ significantly: from the regulation of all aspects of the labor market and how the broad participation of trade unions in the activities of enterprises (France, Germany) to the application of liberal laws that define only general rules and procedures for regulating labor relations, regulate the freedom of hiring and firing for employers and provide an opportunity for active assistance from the state during the training and adaptation of the unemployed and refugees in the labor market. However, the implementation of an active employment policy in the traditional sense most often does not lead to the desired results, causing resistance from both employers seeking to limit the use of hired labor, and refugees from Ukraine who experience difficulties in finding employment.

Provided that the stability of the economy is determined by its ability to perceive changes, adapt to them, and also provide for positive and negative trends that promote or hinder development, it becomes necessary to develop new approaches to regulating the employment and labor market. Given this, the labor market of Ukraine, first of all, should have the appropriate infrastructure support, in particular, a system of economic and institutional means, tools that ensure rational volumes and interaction of demand for labor and its supply, protection of domestic producers, development of human capital in war conditions. At the same time, it is necessary to provide a systematic approach to determining the mechanisms and tools for regulating the labor market, therefore, to consider them as a set of interrelated elements. The formation of an effective labor market regulation system is impossible without the deployment of a mechanism for its self-regulation, in particular, due to increased competition between labor carriers for decent jobs and proper working conditions and employers for attracting the necessary number of skilled labor, increasing territorial and professional mobility of the labor force, increasing wages.

The main negative factors affecting the EU labor market as a result of military actions on the territory of Ukraine are presented in Table 1.

Table 1: The main negative factors affecting the EU labor market as a result of military actions on the territory of Ukraine

№	The main negative factors
1	A large influx of bordering refugees from Ukraine to neighboring EU countries creates a significant social burden on certain regions
2	Low level of knowledge of the culture of another country and language barrier
3	Cheap labor from Ukraine is becoming a problem for locals who want more pay
4	Changes in labor legislation to improve employment conditions for Ukrainians may change the system of labor market regulation

It should also be noted that new production technologies, new business practices and management models that have emerged in connection with the introduction of digital technologies are transforming the structure of the global labor market and changing the requirements for the professional qualities and competencies of the workforce. The impact of the digital economy is fundamentally changing the nature of work and the meaning of a career, requiring constant updating of employee skills. The fourth industrial revolution is characterized by new technological breakthroughs in many industries, including robotics, artificial intelligence, nanotechnology, quantum computing, biotechnology, the Internet of Things, 3D printing, and autonomous vehicles. The rapid development of digital technologies has a direct impact on the quality of life of the population, the economic efficiency of business and the state, and also contributes to the spread of new forms of labor organization. And refugees from Ukraine who want a well-paid job in the EU countries need to adapt to them.

It can be argued that in the future, more than half of the workforce will be represented by new generations of people who are characterized by a high level of intelligence, skills in the field of

information and communication technologies, who prefer new forms of work, namely more flexible and autonomous. Such employees are especially valuable for corporations, since they are the ones who are able to generate new ideas, create innovations, and improve existing products.

The main consequence of the transformation of labor markets in developed countries is the transition to a service model of employment. Also, the results of the transformation of labor markets in developed countries have revealed the following: new forms of labor organization, such as freelancing, robotic pharmacists, artificial intelligence in management, electronic control, a sharp acceleration in technological change, automatic unmanned factories, driverless automatic cars connected to the Internet, electronic banking, Internet business, open online training courses.

The situation that has developed in the labor market in Ukraine as a result of the war is threatening. This trend is a consequence of the negative processes that occur in the country's economy due to the military aggression of the Russian Federation. In particular, the volume of gross domestic product is declining, commodity producers do not find markets for their own products and, as a result, enterprises go bankrupt and close, this leads to an increase in unemployment, mass migration processes occur, a significant number of the able-bodied population is forced to emigrate from Ukraine.

Thus, based on the analysis, we found that the modern labor market in Ukraine is characterized by critical indicators as a result of the war. For Ukraine, this situation indicates that in the absence of a well-thought-out economic policy, the most active young people will emigrate from the country due to the war, and this will lead to a general labor shortage in the future.

#### 4. Conclusions

Structural shifts in the EU labor market are due to military actions on the territory of Ukraine. Strengthening the migration of the population of Ukraine as a result of the war needs to update the system of labor market regulation in the EU. For Ukraine, internal factors of socio-economic instability associated with increased social tension in society against the backdrop of military actions are

also relevant. That is, the public demand for effective solutions in the field of employment regulation is high, since the population's expectations regarding the end of the war and the return to decent work are more relevant than ever.

Summing up, it should be noted that among the EU labor market regulation instruments, the most promising are those that take into account the impact of military actions and are aimed at enhancing innovative employment, entrepreneurial activity of the population, ensuring a balance between the educational services market and the labor market, forecasting the volume and structure of supply and demand in the labor market, increasing the competitiveness of specialists and expanding the range of decent jobs for Ukrainian people to flee to the EU.

The study has limitations and they are related to the fact that the war in Ukraine continues and in order to reveal the problems of labor migration as accurately as possible, further research should be carried out on how the labor market in the EU has changed after the victory of Ukraine.

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