

THE IMPACT OF LABOR MARKET DYNAMICS ON WORKFORCE MOBILITY

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The conditions of martial law and the post-war reconstruction phase place increased demands on the effectiveness of state policy in the field of preservation, development, and rational use of human capital. During this period, it is critically important to ensure the maximum efficiency of managerial decisions aimed at engaging labor resources in economic activity and minimizing workforce losses.

A key factor in stimulating employment both during wartime and in the process of economic recovery remains the enhancement of labor mobility. Mobility determines the ability of workers to adapt to changes in territorial, sectoral, and organizational conditions and creates prerequisites for a more complete satisfaction of enterprises' staffing needs. In this context, the development of mechanisms to support labor mobility acquires strategic importance for the recovery and long-term stabilization of the labor market.

The military aggression of the Russian Federation against Ukraine has become one of the most powerful destabilizing factors for the national economy and the functioning of the labor market. The scale of the damage caused remains subject to continuous clarification, as the war has a complex and long-term impact. According to estimates conducted within the analytical project "Russia Will Pay", as of March 24, Ukraine's total economic losses ranged from USD 543 to 600 billion. All these processes have directly affected job losses, rising unemployment, and the deterioration of the qualitative characteristics of labor potential [3; 2].

At the same time, the war has acted as a catalyst for structural and sectoral transformations in the economy as a mechanism of adaptation to new conditions. Some enterprises have reoriented their activities, logistics routes, or sales markets: about 16% of businesses have undergone full or partial transformation, another 21% were in an active phase of change, and 16% had only recently joined such processes.

The most resilient under wartime conditions proved to be enterprises engaged in retail trade of food and non-food goods, which accounted for approximately 24% of the survey participants [3].

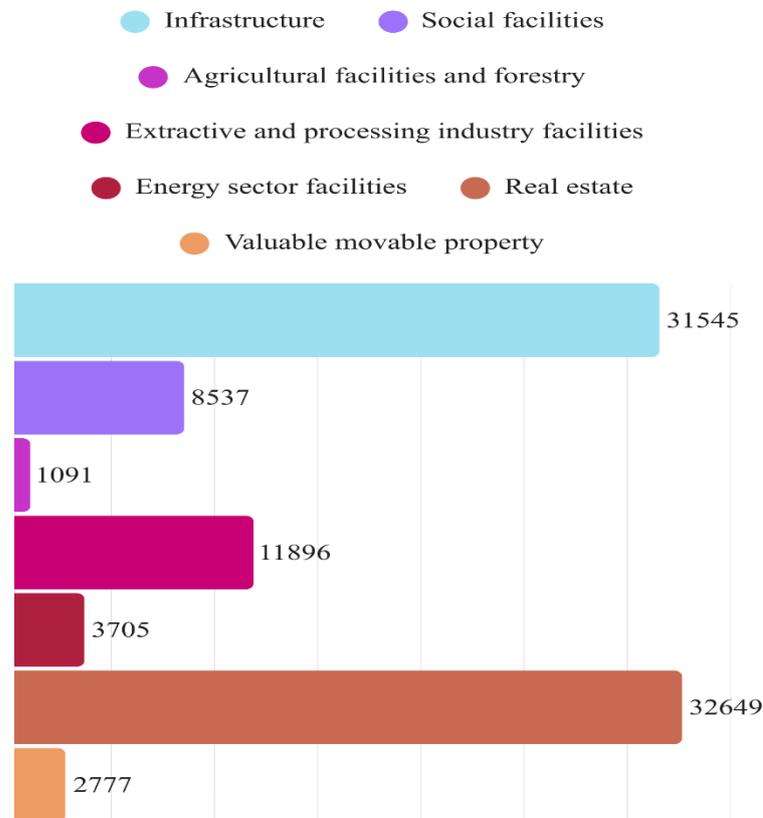


Figure 1. Material losses of Ukraine's economy as a result of military aggression, mln USD [1].

The active phase of hostilities caused large-scale forced displacement of Ukraine's population both within the country and abroad. According to available estimates, about 22% of citizens were forced to change their permanent place of residence within the country. The highest level of internal mobility was observed among young people: in the age groups 18–24 and 25–34, the share of those who relocated amounted to 36% and 34%, respectively. In addition, approximately 6% of Ukraine's population left the country's territory to escape security threats [2; 4].

In 2024–2025, Ukraine's labor market continues to function under conditions of labor shortages caused by population migration, mobilization processes, and demographic losses. At the same time, the role of flexible forms of employment, remote work, employee retraining, and state employment support programs is increasing. Thus, the wartime period has not only exacerbated existing labor market problems but has also created new challenges and directions for its transformation in the context of post-war recovery. One of the important areas of state influence on the labor market is the formation and implementation of effective mechanisms for managing labor mobility. Labor mobility is an integral characteristic of the workforce

and reflects its capacity and readiness to adapt to changing employment conditions by moving to another job.

Another significant social and humanitarian challenge that directly affects the spatial distribution of available and potential labor resources has been the mass internal displacement of the population. According to estimates by the International Organization for Migration (IOM), during the first month of the full-scale war alone, the number of internally displaced persons in Ukraine reached 6.48 million, a considerable proportion of whom belonged to the most socially vulnerable categories of the population [5].

Given the prolonged and protracted nature of the hostilities, these figures are not final and tend to increase. Long-term residence in the status of internally displaced persons, especially under conditions of housing loss or destruction, increases the likelihood that a significant share of displaced individuals will be forced to permanently change their place of residence, integrating into new territorial communities and actively seeking stable employment. Such processes lead to a redistribution of labor supply and demand across the country's regions, creating new imbalances in local labor markets. In the post-war period, this becomes one of the key challenges for state employment policy, as it requires comprehensive solutions aimed at integrating internally displaced persons, creating jobs, and ensuring the socio-economic resilience of host regions.

Under such conditions, Ukraine's labor market regulation policy should follow a dual-vector approach, encompassing both the domestic segment and the external one related to citizens who are forcibly staying abroad. Regarding the domestic labor market, despite the significant imbalances and losses caused by the war, the primary objective is to create conditions for the development of internal labor mobility in all its forms. During the economic recovery period, demand for labor is expected to increase, particularly in activities related to eliminating the consequences of destruction, rebuilding territories, infrastructure, enterprises, and housing stock. This will objectively require the redistribution of labor resources across regions.

At the same time, post-war recovery should be carried out on a qualitatively new economic foundation, which will lead to increased demand for new competencies, workforce retraining, and the development of human capital. This implies the need for structural transformation of the economy, accompanied by corresponding changes in the labor market. It is important to emphasize that the search for opportunities to restore the economy and the social and labor sphere should begin already during hostilities — in territories not affected by active combat operations. It is advisable to use all available resources to restore institutions, market mechanisms, and enterprises, reconstruct infrastructure, and rebuild the confidence of businesses and the population in economic prospects. After the war ends, the “peace dividends” should be directed toward improving living standards and the overall well-being of the population.

A key prerequisite for rapid economic recovery remains the creation of jobs and the provision of decent employment. Even at the current stage, this requires the formation of an updated employment policy for the post-war economy, which should be based on three strategic directions. The first involves the urgent provision of

employment and income during the stabilization period of the security and socio-humanitarian situation for individuals directly affected by the war. The second direction is focused on the recovery and reintegration of local economies in territorial communities that host internally displaced persons. The third direction should aim at the creation and development of jobs based on the concept of decent work, as well as at strengthening the institutional capacity of the labor market and the system of social dialogue at the national level.

Thus, the successful restoration of the social and labor sphere serves as the foundation for building national leadership, reducing social tension and conflict in post-war society, which in turn decreases the need for excessive security expenditures and contributes to lowering the level of criminalization. Special attention should be paid to the implementation of targeted job creation programs for youth and for servicemen who will be discharged from the Armed Forces of Ukraine, both during the war and immediately after peace is established. This should become a key economic and political priority of state employment policy and international donor support.

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