

Between Vague Return Prospects and Limited Employment Opportunities: The Challenges of Ukrainian Refugees' Labour Market Integration

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Introduction

Russia's full-scale war against Ukraine resulted in Europe's largest and fastest forced displacement since World War II, with millions of Ukrainians fleeing abroad. The EU swiftly reacted to the mass influx, activating the Temporary Protection Directive, which granted Ukrainians a special temporary protection status, including the right to work, until March 2023, later extended to March 2024. Following the domestic legislation implementing the Directive, the EU Member States provided Ukrainians with financial assistance, housing, medical help, access to their labour markets, and education for children.

Opinion polls show the determination of an absolute majority of Ukrainian refugees to come back home once safety is ensured or upon some other conditions.¹ Yet, for the time being, the continuation of active hostilities and, in particular, Russia's shelling of Ukrainian cities and towns means that most refugees have to postpone their thoughts about returning and start adapting to the realities of sustaining their lives in host countries in the short and, increasingly, mid-term perspective. The EU Member States, too, had to adapt to the protraction of the war, changing their refugee support from a sprint to a marathon-like approach - reducing some of the earlier welfare benefits and placing more emphasis on widening the employment promotion efforts.

Although currently, it is hard to predict the duration and the outcome of the war, it is clear that, under any developments, a part of Ukrainian refugees will remain in the host countries and the longer the war,

the bigger the share of those who will settle in the EU for good. This poses the problem of effective refugee integration, in which employment is one of the crucial elements, as it ensures economic self-sustainability and encourages participation in the host countries' social and cultural life.

The successful integration of Ukrainian refugees, many of whom are young qualified professionals, is in the long-term interest of most EU Member States with their unfavourable demographic trends and related labour shortages. However, it is not without cost in the short run. The policy brief considers the current situation with the employment of Ukrainian refugees and overviews host countries' efforts to facilitate refugees' access to the labour markets. It draws attention to the areas where further action is feasible to ensure effective socio-economic integration of Ukrainians that would also benefit the host economies and societies.

The profile of Ukrainian refugees and its labour market implications

As of the beginning of 2023, 4.9 million Ukrainians fleeing the war have received EU temporary protection status or a national equivalent thereof. The most significant populations of Ukrainian refugees in Europe are in Poland (1.55 million), Germany (slightly above 1 million), and the Czech Republic (475 thousand).²

1 E.g., according to the opinion poll of Ukrainian refugees conducted by the Razumkov Centre in July-August 2022, only 7% of respondents declared their plans not to return to Ukraine, while said they would come back when it is safe (36%), when the war is over (35%), one or several years after the war is over (13%), in the nearest future (11%) or when their employer restores operation or they are able find another employment home (7%). See Ukrainian Refugees' Moods and Assessments (July-August 2022) (in Ukrainian) <https://razumkov.org.ua/napiamky/sotsiologichni-doslidzhennia/nastroi-ta-otsinky-ukrainskykh-bizhen-tziv-lypen-serpen-2022p>

2 UNHCR data as of 3 January 2022. <https://data.unhcr.org/en/situations/ukraine>

Unlike the earlier waves of forced migration to Europe from military conflicts when refugees were predominantly young males with relatively low education levels, a typical Ukrainian refugee is a female in her thirties with higher education and one or two children. The UNHCR Protection Profiling and Monitoring of Ukrainian refugees from May to November 2022 showed that women constituted 85% of all respondents, and 47% were between the ages of 35 and 59, while 25% were between 18 and 34.³ 47% of respondents had graduated from university, while a further 29% had received vocational education. 73% declared that they were employed or self-employed when the war broke out. Of those, 15% worked in wholesale and retail, 14% were in the educational sphere, and 9% were in healthcare.⁴

Other refugee surveys show an even higher educational level of Ukrainians. According to a UNHCR intentions poll, around 73% of respondents have tertiary education.⁵ Likewise, 71% of participants in the EUAA and OECD Survey of Arriving Migrants from Ukraine reported having completed tertiary education, including 41% holding a Master's degree or higher.⁶ The downside is that only 50% of respondents attested to their knowledge of English, with 8% of surveyed refugees speaking Polish, 5% speaking German, and 3% speaking French.

There are several implications of such characteristics of Ukrainian refugees for their employment:

- the fact that Ukrainian refugees have higher educational levels and skills compared to other refugee groups makes them a valuable addition to the EU skilled labour force, including in the areas where many EU member states experience acute shortages, such as healthcare;

- being determined to eventually come back home (although uncertain when), Ukrainian refugees might seek temporary jobs, which are low-paid and for which they are overqualified, rather than invest their efforts in overcoming higher barriers to quality employment;
- Ukrainians also often work below their qualification because they lack local language skills, or English as a possible alternative in some cases, and cannot afford to postpone employment until they become fluent;
- the prevalence of women with children among refugees means that their employment is conditional on the availability of children's daycare facilities and that part-time jobs may be preferred by many;
- for many refugees, an active job search is complicated by the struggle to find accommodation, in particular, because there are more employment opportunities in big cities, yet affordable housing is scarce;
- many Ukrainians abroad are psychologically traumatised and experience anxiety or depression, therefore requiring psychological support and counselling to become proactive in the labour market.

The state of employment of Ukrainian refugees

According to an earlier OECD forecast, Ukrainian refugees were expected to contribute 0.5% of the European workforce by the end of 2022, with a much higher percentage in neighbouring countries.⁷

3 UNHCR Regional Bureau for Europe. Regional Protection Profiling & Monitoring Factsheet: Profiles, Needs & Intentions of Refugees from Ukraine. 21 December 2022. <https://data.unhcr.org/en/documents/download/97720>

4 Ibid

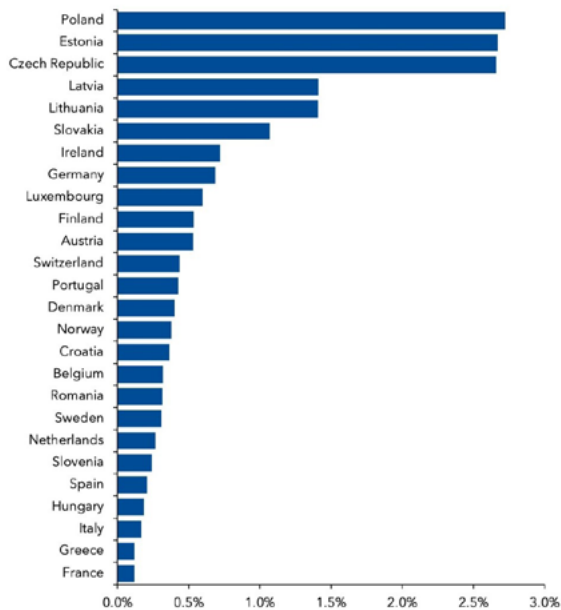
5 UNHCR (2022), Lives on hold: Intentions and perspectives of refugees from Ukraine #2, https://data.unhcr.org/en/documents/details/95767#_ga=2.201651225.945945676.1664114023-984147863.1644414250

6 EUAA, IOM, OECD. Forced displacement from and within Ukraine. October 2022 https://euaa.europa.eu/sites/default/files/publications/2022-11/2022_11_09_Forced_Displacement_Ukraine_Joint_Report_EUAA_IOM_OECD_0.pdf

7 OECD. The potential Contribution of Ukrainian Refugees to the Labour Force in European Host Countries/ OECD Policy Responses on the Impacts of the War in Ukraine, OECD Publishing, Paris, 2002. <https://doi.org/10.1787/e88a6a55-en>.

Refugee dividend

Ukrainian refugees could raise the size of the labor force by 2.7 percent in the countries with the largest numbers of arrivals. (change in labor force size, 2022)



Source: OECD; Eurostat; UNHCR; IMF staff calculations.
Notes: Baseline estimates assume the participation rate of working-age refugees is two thirds that of non-EU native working-age women with a tertiary degree in the respective country.



Source: Nico Bird, Neree Nouman. *Europe Could Do Even More to Support Ukrainian Refugees*. IMF Blog, December 15, 2022. <https://www.imf.org/en/Blogs/Articles/2022/12/15/europe-could-do-even-more-to-support-ukrainian-refugees>

However, reliable data about the actual level of Ukrainian refugees' employment is hard to establish: the situation is fluid, not all EU countries require that refugees register with public employment services collecting employment data or that employers inform about Ukrainians hired, differentiation between earlier Ukrainian migrants and those who came after 24 February is complicated, and there is unaccountable informal and part-time employment, among other challenges. In November, the European Network of Public Employment Services reported the official employment of more than a million Ukrainians under temporary protection registered through their system⁸. However, the actual numbers are expected to be much higher.

In certain EU member states, more than half of Ukrainian refugees are estimated to be employed. High employment numbers are reported in Poland, hosting the most significant share of Ukrainian ref-

ugees. According to a Polish official, 60 to 70% of Ukrainian refugees in Poland have already found jobs, primarily low-qualified, such as warehouse workers, cleaners and hotel helpers. Although the jobs are low-paid, Ukrainian refugees nevertheless have paid around PLN 4 billion (EUR 850,000) in taxes and social insurance contributions (the figure is expected to rise to around PLN 6 billion (EUR 1.3 billion) in 2023).⁹

Some countries with much smaller Ukrainian refugee populations also reported high employment levels. For example, in the Netherlands, where employers are required to report the hiring of Ukrainian refugees, as of November, there were 46 thousand of such notifications (duplications not excluded), with a total number of Ukrainians under temporary protection of 85 thousand persons.¹⁰

In many other countries, however, refugee employment numbers are less spectacular. According to an Ifo Institute study, only one-fifth of Ukrainian refugees are employed in Germany, with 10% working in their earlier specialisation and 12% working below their qualifications.¹¹ One of the reasons behind this relatively low number is that the German language is a more serious barrier compared to Polish and its similarity to Ukrainian. The above study confirms this assumption: among Ukrainian refugees speaking very good German, 65% are employed in their profession, 12% work below qualification, and only 24% are unemployed.¹² Another explanation is that Germany focuses on quality employment by offering financial support for half a year while refugees learn the local language, which gives fewer incentives to refugees to start working early.

Regardless of the exact employment numbers in specific countries, a trend is clear: Ukrainian refugees have been integrating into their host countries' labour markets faster than refugees from other countries. First, this has to do with the temporary protection status, which allows starting working immediately, in contrast to lengthy asylum procedures. Second, in addition to being better educated and skilled, Ukrainians tend to be proactive and motivated to work, as different polls show.¹³ Third, the Ukrainian diaspora – migrants that had arrived in EU member states earlier – were helpful in “paving the way” for the em-

8 Public Employment Services Support to Persons Displaced from Ukraine: Latest Developments <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&fur-therNews=yes&newsId=10491>
 9 <https://www.polskieradio.pl/395/9766/artykul/3094054,most-ukrainian-women-who-fled-to-poland-have-jobs-official>
 10 <https://www.uvw.nl/nl/persberichten/ruim-46000-meldingen-ontvangen-van-werkenden-vluchtelingen-uit-oukraine>
 11 T. Panchenko and P. Poutvaara. Intentions to Stay and Employment Prospects of Refugees from Ukraine: EconPol Policy Brief. Ifo Institute, November 2022. P.6 https://www.econpol.eu/sites/default/files/2022-11/EconPol-PolicyBrief_46.pdf
 12 Ibid, p.7.
 13 See, for example, Narodowy Bank Polski. The living and economic situation of Ukrainian refugees in Poland: Report of the questionnaire survey conducted by NBP Regional Branches. Warsaw, 2022. <https://www.nbp.pl/publikacje/migracyjne/ukrainian-refugees-2022.pdf>

ployment of Ukrainians fleeing the war. Connections with Ukrainian expats allowed newcomers to find jobs and solve daily existence challenges, such as finding accommodation and childcare facilities, quicker. This has been particularly true in the case of Poland, where employers have been accustomed to hiring Ukrainians for a while and have established relevant procedures and mechanisms for absorbing employees with little local language skills.¹⁴

Measures to help Ukrainian refugees enter the labour market

EU Member States practice different sets of measures facilitating the labour market integration of Ukrainian refugees. Some countries, like Germany, have had a complex approach to refugees' labour integration support built into the social protection system before the arrival of Ukrainians, so the system was just extended to encompass the latter. Countries with relatively little experience of refugee integration had to develop such measures mostly ad hoc, and the action is oftentimes limited.

The broad range of measures implemented by European countries to facilitate Ukrainian refugee's employment (on top of granting the right to work) includes the following:

- access to information about available job offers (online tools, job fairs and so on), employment counselling and placement;
- skill assessment, accelerated recognition of qualifications, and eased access to regulated professions, e.g. in education and healthcare;
- professional/vocational (re-)training, language and orientation courses, traineeship/apprenticeship placement and other action to help refugees to better satisfy labour-market demands;
- wage subsidies and other incentives for employers;
- market orientation, training and financial support for Ukrainian entrepreneurs willing to start their business in a host country, etc.

These measures are implemented not only by public institutions such as Public Employment Services but

also by non-governmental organisations, donor institutions or within private initiatives.

With surveyed Ukrainian refugees naming information about employment as the second most important information needed upon arriving in a host country¹⁵ and the high cost-effectiveness of such action, establishing **online information resources facilitating employment** is among the most popular support measures. Among prominent examples is the recently launched [EU Talent Pool](#) pilot initiative, which allows Ukrainian refugees to register and make their CVs available to 4 000 employers from several EU Member States. A similar instrument on the country level, the Polish platform [Praca w Polsce](#), boasts 250 thousand job offers available to registered Ukrainians. There are also numerous private initiatives bridging Ukrainian refugees and interested employers or posting job offers for Ukrainians on various media channels – from dedicated websites to Facebook groups or Telegram channels. However, often such communication platforms disseminate information about jobs that are low-paid and low-qualified and thus do not allow to fully benefit from refugees' skills and knowledge.

Investing in refugees' education is essential if a host country is interested in quality employment. Free **local language courses and vocational training** are provided to Ukrainian refugees across Europe, although in many countries, the supply of such courses is limited and cannot satisfy the demand. The language learning approach in Germany is the most thorough, with courses of various intensities and different starting levels available to all Ukrainian refugees free of charge until they reach the B2 level. Moreover, attending such courses is mandatory if one wants to receive social protection benefits such as covered accommodation and subsistence costs.

Vocational training is mostly conducted in the local language, meaning it is unavailable to Ukrainians until they are proficient enough to understand professional terminology. However, some employers provide vocational training together with language training, minimising the time needed for entry into a position.

Considering the large percentage of Ukrainian refugees with higher or vocational education, **skills assessment and qualification recognition** is another important area of work for host countries interested in promoting quality employment of newcomers. Here, one could mention cooperation with respective

¹⁴ According to the EWL Group Report "Ukrainian Refugees: Vocational Activation in Poland and Germany, 68% of polled Ukrainian refugees already employed in Poland were able to speak Ukrainian at work. https://ewl.com.pl/wp-content/uploads/2022/10/ewl-report-ukrainians-in-poland-and-germany_en.pdf

¹⁵ 40% of respondents have selected this option in UNHCR surveys. See UNHCR Regional Bureau for Europe. Regional Protection Profiling & Monitoring Fact-sheet: Profiles, Needs & Intentions of Refugees from Ukraine. 21 December 2022. <https://data.unhcr.org/en/documents/download/97720>

Ukrainian authorities to verify educational documents' authenticity or restore missing data/documentation. Simplifying procedures for diploma validation or making it automatic, waiving fees for such service or waiving the requirement to present diplomas or other qualification proofs are the options used by different European countries. Developing and applying skills assessment tools and procedures (or adapting the existing ones to the Ukrainian audience) also helps to match refugees with jobs that allow using most of the refugees' competencies. Here, one could mention the [EU Skills Profile Tool for Third Country Nationals](#), which has been translated into Ukrainian and can be used by public authorities or other interested entities for refugees' profiling and the subsequent development of an upskilling plan or job-matching.

A workforce deficit in professions with specific entrance barriers, such as healthcare or education, made some countries reconsider the respective qualification recognition procedures and make exemptions, e.g. regarding the mandatory level of local language knowledge. This has been particularly helpful in meeting the demand for Ukrainian-speaking teachers needed to facilitate the integration of refugee children into educational institutions of host countries, as it was in Austria, Germany, Poland and some other EU Member States. Similarly, lifting some of the medical staff requirements allowed more Ukrainians access to health services in countries like Spain and Slovakia.

Among auxiliary measures facilitating the employment of Ukrainians is the support provided by employers to refugees in securing their basic needs, such as care facilities for children, accommodation, health insurance, and other benefits. Other refugee support measures practised by employers include apprenticeships, on-job skills and language training, mentoring, etc.

Conclusions and policy recommendations

- With their high qualifications and motivation, Ukrainian refugees are a valuable contribution to the European workforce. However, their potential is underused, as most are either unemployed or employed below their qualification.
- Although there are many good practices in facilitating the employment of Ukrainian refugees, the situation is unequal across Europe, and there are many gaps in the coverage of measures. In many countries, labour market integration measures are minimal and do not consider the needs and potential of specific refugees. Spending on labour market integration is considerably lower in Eastern Europe, despite the region hosting a more significant share of refugees compared to other parts of Europe.
- Free local language courses, fast qualification recognition, and job search assistance are required minimums to increase refugee employment numbers. However, effective labour market integration can be best ensured if a complex approach is developed. This would combine language learning, skills assessment, fast recognition of qualifications, upskilling and employment counselling, along with additional measures such as psychosocial support, legal advice, and provision of daycare facilities for children.
- Without investment in effective labour market integration, refugees are likely to stay unemployed or get low-qualified jobs, as the latter has the least entry barriers. Integration support measures are costly and timely. However, they allow host countries' economies to maximise benefits from the skills and knowledge that Ukrainians gained at home while ensuring better fulfilment and higher income for refugees. Considering the initial advanced qualifications of Ukrainian refugees, integration measures have a high cost-benefit ratio.
- The current declared lack of interest of Ukrainian refugees in permanent residence abroad may demotivate host countries to invest in their integration. However, given the prospects of a protracted war, most refugees will not return to Ukraine for at least a few years, and those who succeed in finding a satisfying job are more likely to eventually stay in the host country once the war is over. Also, some refugees who will establish an attachment to their host countries but will not want to lose contact with Ukraine will engage in circular migration. This implies they would live intermittingly between their home and host countries, meaning they would still contribute to the hosting countries' economies.

- Investing in education, cultural orientation, and the upskilling of those refugees who will eventually return to Ukraine is worthwhile. First, with some socio-economic and cultural integration in a host country, they will serve as its “ambassadors” back home, extending the country’s soft power and promoting bilateral economic and cultural cooperation. Second, since EU countries have already pledged to support Ukraine’s post-war recovery, an investment in refugees’ skills and knowledge can be considered in-kind support to Ukraine, which will need a qualified workforce to rebuild the country.
- Establishing effective systems of collecting data on Ukrainian refugees’ employment and providing comparable information across the EU would be helpful in tracking and comparing progress in refugees’ employment, analysing the effectiveness of labour support measures and proposing tailored actions to meet the needs of both Ukrainian refugees and employers.
- Host countries should make efforts to prevent precarious work, particularly widespread in countries with limited or non-existent social assistance to Ukrainian refugees. Desperate to earn money to support their families, Ukrainians also often agree to hard physical work in warehouses, factories or agriculture, with a 60-hours work week and low pay. Exploitation is also very likely in the domestic care sector, where employment is usually informal, with no social guarantees.
- Stronger cooperation between responsible EU and national employment agencies, as well as employer organisations, business associations, NGOs promoting refugee integration, trade unions, and relevant diaspora initiatives, is recommended to encourage peer-to-peer learning, exchange of good practices and planning of joint action.