The role of Ukrainians in the economic growth of Poland

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ABSTRACT

Ukrainians are represented in Poland by several large groups - groups of labor migrants, students, professionals and businessmen, refugees without the official status, and repatriates. The article presents results of the contribution of Ukrainians to development and economic growth of Poland. In this paper the results of the survey among Ukrainians in Poland is presented. According to our research, during 2007-2015 the number of Ukrainian immigrants who asked about an official job in Poland has increased by a factor of thirty. The majority of Ukrainians work in Poland in Agriculture, Construction, Domestic service, Trade, Industry, Transport, Food service, Hotel industry, Manufacturing, Construction, Education, Health care and their remittances are very valuable for Ukraine because this money forms a part of Ukraine’s GDP every year. This research also analyzed scientific papers, official acts and statistical data about Ukrainians in Poland and elsewhere in the world. According to the latest data, every year Ukrainians earn two billion Euros in Poland, the majority of which is spent in Poland, thereby supporting the Polish economy, and a part of the money is sent to Ukraine as remittances.

Keywords: Poland; Human Capital depreciation; Ukrainian migrants; students; professionals and businessmen; refugees without the official status; repatriates; development; economic growth; Ukraine’s GDP; remittances; labor productivity
1. INTRODUCTION

According to previous expert research [9], since 1872-1891 Ukraine has had four waves of emigration and there are currently twenty million Ukrainians and their descendants living abroad. Due to this many generations of Ukrainians abroad contribute to development in their host countries worldwide.

Around the end of the 20th and the start of the 21st century emigration from Ukraine started, mainly labor migration. Our research explores the contribution of Ukrainian migrants to development and economic growth in their host countries using the example of Poland.

2. PREVIOUS RESEARCHES IN THIS AREA

Researchers of many countries have studied the contribution of immigrants to development and economic growth in their host countries, including scientists and scholars Boubtane, E., Dumont, J.C. [5]; Gagnon, J. [8]; Hunt, J. [10]. According to a study by OECD, migrants arrive with skills and contribute to human capital development of receiving countries and migrants also contribute to technological progress [21].

So, previous research confirmed the positive impact of immigrants to development, economic growth and human capital development of host countries. However how can immigrants use their human capital effectively in the receiving countries? According to our previous researches [12-13], skilled migrants cannot use their human capital in host countries very effectively and therefore the Human Capital of migrants depreciates in receiving countries because the majority of them are forced to work in unskilled professions.

2.1. Groups of Ukrainian migrants in Poland

The number of Ukrainians in Poland is around a million, legal and illegal immigrants combined. Ukrainians are represented in the host country by several large groups - groups of labor migrants, students, professionals and businessmen, refugees without the official status, and repatriates.

According to official statistic data from the Ministry of Family, Labour and Social Policy of Poland [18], the number of applications for official jobs from Ukrainian labor migrants in 2014 was 372946, but during the period January - October 2015 this number had already reached 650590 or 97.7% of all applications from foreigners in this country in 2015.

The big advantage for Ukrainians, who work officially in Poland, is the Agreement between the Republic of Poland and Ukraine on social security [3] which enables these workers to add this time of employment in Poland to their pension entitlement in Ukraine, but unfortunately not all the migrants are in the host country officially.

For illegal workers a temporary law for changing their illegal status to legal comes into force occasionally and the last time this Act on the legalization of the stay of some foreigners on Polish territory was enacted was 28 July 2011 [1-2]. Around 5 thousand foreigners, the majority of them Ukrainians, used this opportunity to change their status.

Some of them are working in Poland on a temporary basis and intend to go back to their country of origin, but others would like to stay in Poland permanently. The majority of these Ukrainians work in the following areas: Food service, Hotel industry, Manufacturing, Construction, Agriculture, Domestic service, Trade, Industry, Transport [18].
However this group of Ukrainians have some problems, such as difficulties with preparation of official documents for permanent or temporary residence in Poland, irregular working hours and low wages compared to the Polish workers, needing to obtain visas using almost dishonest means to be in the host country at a time when Polish employers need these workers in order to maintain the country's level of economic growth.

The Agency for Employment “Manpower Group” [17] conducted a survey among companies/employers and according to conclusions of this survey, 41% of these companies have been unable to find competitive workers for employment in 2015, thus demonstrating that the Polish economy really needs Ukrainian labour migrants. It is for this reason that the Union of Entrepreneurs and Employers of Poland proposes give the right of permanent residence to all Ukrainians, Belarusians and Vietnamese in this host country.

According to forecasts of the newspaper “Dziennik. Gazeta Prawna” [7], this year Polish entrepreneurs will seek to employ up to a million foreigners, primarily from Ukraine.

The second large group of Ukrainians in Poland is students. Every year the number of Ukrainian students increases. According to the newspaper “Rzeczpospolita” [23] and the “Radio Free Europe/Radio Liberty” [22], over the past 10 years the number of Ukrainian students in Poland increased by a factor of eleven and in the last academic year the number of Ukrainian students was 24 thousand. The majority of them pay for their education in Poland, thereby supporting Polish education and the economy and do not want to return to their country of origin because they see no prospects for themselves in Ukraine. They will also need to confirm their Polish diplomas there because no law exists between Ukraine and Poland about mutual recognition of diplomas, which is a big problem that hinders educated Ukrainians returning to their homeland to work for the economic growth of Ukraine.

The third group of Ukrainians in Poland is professionals and businessmen, intellectual immigrants, but they also have problems, mainly with the confirmation of diplomas in the host country and unfortunately they sometimes suffer Human Capital depreciation and Brain Waste. For example, during our semi-structured interviews we met a 40 year old Ukrainian woman from Luhansk in Krakow who has been unable to confirm her diploma in dentistry for over a year due to several reasons. Firstly it is a long bureaucratic procedure with to confirm each discipline in which she has gained qualification in a Ukrainian university. Secondly this procedure is very expensive for Ukrainians, 4000-4500 PLN (which is more than 1 thousand Euros), and therefore this woman is forced to work as a cleaner in a hostel, when her knowledge and skills could be more usefully employed by working as a doctor in dentistry for the host country. This is against the background of young Polish doctors leaving the country en masse. Incidentally a confirmation of Ukrainian Diplomas Ph.D. in Polish universities costs 6000 PLN [20], which is 1.5 thousand Euros, at a time when the same procedure in Portugal costs 35-50 Euros for holders of Ph.D. Diplomas.

The last group of Ukrainians in Poland is refugees without official status and repatriates. Only a few Ukrainians have been able to obtain the status of refugee, although during our research we met a woman from Donbass with two children who had received this status in Poland. We also met numerous Ukrainians from Donetsk, Luhansk and Crimea who were not given this status and they work in Poland as labour migrants.

Two groups of repatriates, 178 and 188 emigrants respectively, ethnic Poles and their families from Donbass who came to Poland in 2015, have been very lucky because unlike other refugees from Donbass they had no problems with confirmation of their diplomas and
documents for permanent residence in Poland because the state program for repatriates helped them.

2. Legal and illegal ways of Ukrainian migrants in Poland

The group of official and unofficial labor migrants is the largest of all the groups of Ukrainians and consists of 650 thousand legal workers and around 300-350 thousand of illegal Ukrainian workers in Poland. Ukrainians work in Poland by legal or illegal ways, even some of them who do not have any the right to work such as students of universities or high schools. According to data of the Ministry of Family, Labour and Social Policy [18] during 2007-2015 the number of Ukrainian immigrants who asked about an official job in Poland has increased twenty fold, from 20260 Ukrainians in 2007 to 402674 in 2015 (Table 1). As we have already mentioned, during the period January - October 2015 this number had already reached 650590 Ukrainians [18]. During the period 2007-2015 the number of statements from women increased by a factor of seventeen from 7968 women in 2007 to 138957 women in 2015 (35% from all statements in 2015).

Table 1. Number of statements for job from Ukrainian labor migrants during 2007-2015 in Poland.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of all statements</td>
<td>20260</td>
<td>142960</td>
<td>180133</td>
<td>169490</td>
<td>153779</td>
<td>223671</td>
<td>80243</td>
<td>372946</td>
<td>402674</td>
</tr>
<tr>
<td>Statements from women</td>
<td>7968</td>
<td>69310</td>
<td>88895</td>
<td>77889</td>
<td>69089</td>
<td>86073</td>
<td>35114</td>
<td>143956</td>
<td>138957</td>
</tr>
<tr>
<td>Ukrainians under 26 years</td>
<td>3186</td>
<td>24404</td>
<td>36345</td>
<td>36644</td>
<td>33684</td>
<td>53350</td>
<td>18921</td>
<td>98263</td>
<td>103639</td>
</tr>
<tr>
<td>26-40</td>
<td>9758</td>
<td>66054</td>
<td>82732</td>
<td>76364</td>
<td>69511</td>
<td>97670</td>
<td>34457</td>
<td>161381</td>
<td>184068</td>
</tr>
<tr>
<td>41-65</td>
<td>6991</td>
<td>51903</td>
<td>62220</td>
<td>56037</td>
<td>50275</td>
<td>72122</td>
<td>26629</td>
<td>112612</td>
<td>114302</td>
</tr>
<tr>
<td>over 65</td>
<td>74</td>
<td>709</td>
<td>562</td>
<td>393</td>
<td>309</td>
<td>529</td>
<td>236</td>
<td>690</td>
<td>665</td>
</tr>
</tbody>
</table>

We would also like to note that in 2015 from 402674 Ukrainian seekers of official jobs in Poland, 99% of them are workers of employable age (103639 Ukrainians were under 26 years; 184068 Ukrainians were 26-40 years old; and 114302 persons were 41-65 years old), and, therefore, they use their knowledge, labor productivity and skills to aid the development and economic growth of the host country.

During 2007-2010 Ukrainians worked in Poland in Agriculture (permanent or seasonal work), Construction, Domestic service, Trade, Industry, Transport, Food service, Hotel industry, and Others (Table 2).
Table 2. Sectors of the Polish economy where Ukrainians worked during 2007-2010 in Poland.

<table>
<thead>
<tr>
<th>Years</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>6336</td>
<td>74079</td>
<td>119665</td>
<td>107742</td>
</tr>
<tr>
<td>Construction</td>
<td>4974</td>
<td>20460</td>
<td>17565</td>
<td>17575</td>
</tr>
<tr>
<td>Home services</td>
<td>1218</td>
<td>7614</td>
<td>8399</td>
<td>6245</td>
</tr>
<tr>
<td>Trade</td>
<td>671</td>
<td>3343</td>
<td>3018</td>
<td>2111</td>
</tr>
<tr>
<td>Industry</td>
<td>2705</td>
<td>8926</td>
<td>5993</td>
<td>5430</td>
</tr>
<tr>
<td>Transport</td>
<td>594</td>
<td>3395</td>
<td>2413</td>
<td>2599</td>
</tr>
<tr>
<td>Food service</td>
<td>420</td>
<td>2014</td>
<td>1720</td>
<td>2065</td>
</tr>
<tr>
<td>Hotel industry</td>
<td>186</td>
<td>1203</td>
<td>1379</td>
<td>1272</td>
</tr>
<tr>
<td>Employment agency</td>
<td>972</td>
<td>9860</td>
<td>10872</td>
<td>9912</td>
</tr>
<tr>
<td>Others</td>
<td>2016</td>
<td>11878</td>
<td>10638</td>
<td>14200</td>
</tr>
</tbody>
</table>

During 2011-2013 Ukrainians also worked in Manufacturing, Construction, professional, scientific and technical activities, Education, Health care and social assistance, etc. (Table 3).

Of course, not all of the Ukrainians work in their professions, but the jobs they take in the other sectors of the Polish economy give them the chance to work officially abroad. An official job for Ukrainian migrants is very important for their future pension entitlement in Ukraine because labor migrants can add their official time of employment in Poland to their pension entitlement in Ukraine according to the Act of 10 October 2012 on the ratification of Agreement between the Republic of Poland and Ukraine on social security, signed in Kiev on 18 May 2012 [3].

Table 3. Sectors of the Polish economy where Ukrainians worked during 2011-2013.

<table>
<thead>
<tr>
<th>Years</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, hunting</td>
<td>95989</td>
<td>111616</td>
<td>32138</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6399</td>
<td>13439</td>
<td>8004</td>
</tr>
<tr>
<td>Construction</td>
<td>25772</td>
<td>48125</td>
<td>11408</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>2017</td>
<td>5735</td>
<td>5119</td>
</tr>
</tbody>
</table>
In our opinion, the Polish Government is also interested in official employment for Ukrainian immigrants in Poland because they have already invoked the temporary Law (Abolicija dla cudzoziemców) [1] about amnesty of illegal workers [2] several times.

2.3. Human Capital depreciation of Ukrainian migrants in Poland

This subject is very topical and numerous scientists in the world have studied Human Capital depreciation in the 21st century include Beinea, M., Defoortb, C., Docquier F. [4]; Contreras S. [6]; Lowell B. [15]; McFadden D. [16]; Salmonsson, L., Mella O. [24]; Weber S. [25]. Skilled workers move abroad for specific reasons and if these workers cannot work abroad in their own professions, their Human Capital depreciates very quickly. What specific reasons can force skilled workers from Ukraine to work in host countries and to work there as unskilled workers? As shown in our previous studies [12-13], the main reasons for Ukrainian labor migration are unemployment in the country of origin (41.02%); low wages (16.61%); the need to acquire real estate (11.53%); poverty (10.51%); the cost of education of children in universities (5.42%); debts (5.08%); all reasons together (9.15%); and desire for a better standard of living (0.68%).

According to this research, the top three unskilled professions of Ukrainian labor migrants in host countries are builders (31.61%); cleaners (26.77%); and nurses for the elderly and sick people - (19.68%); but they are also sellers; health workers in hospitals; in different areas including agriculture, waiters, cooks. The research showed that 2.37% of these migrants have a Ph.D. Degree; 35.97% have a Graduate Degree; and 58.5% have a College Degree, etc.

These labor migrants work in the professions long enough to confirm a hypothesis about the Human Capital depreciation because they stay and work abroad for many years: 23.11% for 10 years and more; for 9-10 years - 9.43%; 6-8 years - 22.64%; 3-5 years - 20.28%; 1-3 years - 24.53%. In these cases we have every reason to confirm the Human Capital depreciation of these labor migrants.
According to our previous researches [14], skilled workers, who are current labor migrants abroad, may lose around 1.2% of their existing amount of Human Capital per year.

2. 4. Labor productivity and intellectual abilities of Ukrainians in Poland

Polish employees hire Ukrainians because they work 10-12 hour working days in worse working conditions and for lower wages than Polish workers. The productivity and quality of work of Ukrainians is higher because they need keep working in the host country. The majority of Ukrainians do not work in their normal professions in Poland. With the aim of exploring this we conducted a survey among Ukrainians in Poland. Representatives of this research were several thousand Ukrainians of whom only 20-30% has participated in the survey. Therefore, the actual sample of the survey consisted of 107 Ukrainians, 47 men and 60 women. Opportunities for Ukrainian migrants to work in their professions in Poland: only 13 women (21.7% of all the women) and 10 men (21.3%) have had the opportunity to work in their professions in Poland (total 21.5%) (Figure 1); only 18 women (30% of all the women) and 25 men (53.2% of all the men) are satisfied with their work and salary in Poland (total 40.2%) [13-14].

![Figure 1. Opportunities for Ukrainian migrants to work in their professions in Poland (person).](image)

At the same time intellectual abilities of the Ukrainian migrants in Poland are very high: 3 women (5%) and 1 man (2.1%) have a Ph.D. Degree (total 3.7%); 37 women (61.7%) and 36 men (76.6%) have a Graduate Degree (total 68.2%); 20 women (33.3%) and 10 men (21.3%) have a College Degree (total 28.1%).

In our opinion, intellectual abilities of Ukrainian migrants in Poland are not used well because 37 women (61.7%) and 36 men (76.6%) have a Graduate Degree (total 68.2%) out of
107 Ukrainian migrants, and 3.7% migrants have a Ph.D. Degree, but only 21.5% of them are working in their professions.

2. 5. Remittances from Ukrainian migrants transferred into Ukraine

Remittances from Ukrainian migrants are very valuable for Ukraine because this money forms a part of Ukraine’s GDP every year. According to data from the National Bank of Ukraine and IOM Mission in Ukraine, in 2012 the level of remittances, transferred to Ukraine was USD 7.5 billion, which accounts for 4% of Ukraine’s GDP. According to the Institute of Demography and Social Studies of Ukraine, USD 4.5 billion of this amount was sent home by Ukrainian labor migrants, and without these remittances Ukraine’s economy might have lost 7% of its potential. According to data from the World Bank [26], the level of remittances, transferred to Ukraine during the period 1990-2014 was approximately USD 7-10 billions including Poland [11].

According to the latest data of the newspaper “Newsweek” [19], every year Ukrainians earn two billion Euros in Poland, the majority of which is spent in Poland, thereby supporting the Polish economy, and a part of the money is sent to Ukraine as remittances.

3. CONCLUSIONS

According to the latest data, the number of Ukrainians in this country is around a million, legal and illegal immigrants combined. Ukrainians are represented in Poland by several large groups - groups of labor migrants, students, professionals and businessmen, refugees without the official status, and repatriates.

Ukrainians play a significant role in the contemporary economy and education of Poland. Ukrainian labor migrants and the Polish economy need each other, but Ukrainians need help from the Polish state in the form of facilitation in obtaining work permits and permanent residence in Poland. Thousands of students from Ukraine study in Poland, pay for learning in Polish universities and remain to work in Poland, thus improving the educational, demographic and socio-economic level of the country. For holders of Ukrainian Diplomas help is needed from the state and the Ministry of Science and Higher Education Poland in the form of simplification and cheapening of the procedure of confirmation of diplomas for university degrees and Ph.D. in Polish universities, particularly in terms of regulating the cost and timing of this procedure.

According to official statistic data from the Ministry of Family, Labour and Social Policy of Poland, the number of applications for official jobs from Ukrainian labor migrants in 2014 was 372946, but during the period January - October 2015 this number had already reached 650590 or 97.7% of all applications from foreigners in this country in 2015.

Therefore, during 2007-2015 the number of Ukrainian immigrants who asked about an official job in Poland has increased by a factor of thirty, from 20260 Ukrainians in 2007 to 650590 in January - October 2015.

The big advantage for Ukrainians, who work officially in Poland, is the Agreement between the Republic of Poland and Ukraine on social security which enables these workers to add this time of employment in Poland to their pension entitlement in Ukraine, but unfortunately not all the migrants are in the host country officially.
For illegal workers a temporary law for changing their illegal status to legal comes into force occasionally and the last time this Act on the legalization of the stay of some foreigners on Polish territory was enacted was 28 July 2011. Around 5 thousand foreigners, the majority of them Ukrainians, used this opportunity to change their status.

The majority of Ukrainians work in Poland in Agriculture, Construction, Domestic service, Trade, Industry, Transport, Food service, Hotel industry, Manufacturing, Construction, professional, scientific and technical activities, Education, Health care and social assistance, etc. Unfortunately, the majority of them do not work in their professions, because, according to our research, 61.7% women and 76.6% men have a Graduate Degree (total 68.2%), and 3.7% migrants have a Ph.D. Degree, but only 21.5% of them are working in their professions. This causes the phenomenon of Human Capital depreciation and Brain Waste among Ukrainian labor workers in the host country.

In our opinion, the most important aspects for them are their wages in Poland (which are much better than in Ukraine) and official jobs because with official employment in Poland, a Ukrainian will increase their pension entitlement in Ukraine. The Polish Government is also interested in official employment of Ukrainian immigrants in Poland because they have several times invoked the temporary Law (Abolicja dla cudzoziemców) about amnesty of illegal workers.

The research also found that the level of remittances from Ukrainian migrants transferred into Ukraine during the period 1990-2014 was approximately USD 7-10 billion and these remittances are very valuable to Ukraine as they form a part of Ukraine’s GDP every year. Every year Ukrainians earn two billion Euros in Poland, the majority of which is spent in Poland, thereby supporting the Polish economy, and a part of the money is sent to Ukraine as remittances.

Ukrainians have some problems, such as difficulties with preparation of official documents for permanent or temporary residence in Poland, irregular working hours and low wages compared to the Polish workers, needing to obtain visas using almost dishonest means to be in the host country at a time when Polish employers need these workers in order to maintain the country’s level of economic growth. For holders of Ukrainian Diplomas help is needed from the state and the Ministry of Science and Higher Education Poland in the form of simplification and cheapening of the procedure of confirmation of diplomas for university degrees and Ph.D. in Polish universities, particularly in terms of regulating the cost and timing of this procedure.

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