

SECTION 2. DEMOGRAPHY, LABOR ECONOMY, SOCIAL ECONOMY AND POLITICS

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2.1 Borderland Chernihiv region: challenges and prospects for labor market recovery in wartime conditions

Abstract. The war has significantly impacted the labor market in Ukraine, especially in the border regions, including the Chernihiv region. The destruction of infrastructure, the outflow of the working-age population, the decline in business activity, and overall instability have caused significant changes in the employment structure and unemployment levels. This article examines the main challenges faced by the working population and employers in the region, including the reduction of jobs, forced migration, decreased economic activity, and difficulties in business recovery. It also explores measures that can help stabilize the labor market in the context of war and post-war recovery, such as the implementation of government support programs for businesses, the development of remote employment, attracting international aid, and employee retraining initiatives. The article emphasizes the importance of a comprehensive approach to solving labor market problems in border regions and the need for long-term strategies for economic recovery.

Introduction. Chernihiv region, located in the northern part of Ukraine, holds strategic importance from an economic perspective. Its economy has traditionally been based on agriculture, industry, and the development of transportation infrastructure, due to its proximity to the borders with belarus and russia. However, since the outbreak of war in 2022, the region's economy has suffered serious upheavals due to military actions, infrastructure destruction, and population displacement.

Agriculture has remained one of the main sectors of the Chernihiv region's economy. It is known for its fertile lands, which contribute to the production of cereals, oilseeds, and livestock products. After the war began, agriculture became one of the sectors that faced significant difficulties. A decrease in production levels, damage to

agricultural machinery, and logistics problems complicated the harvest and distribution processes.

The industrial sector of Chernihiv includes machine engineering, food production, building materials, and chemical industries. However, the war caused severe problems in the industry: many enterprises ceased production due to infrastructure damage or a decrease in demand for products. Enterprises also faced a labor shortage due to population displacement and labor migration.

Before the war, Chernihiv region had a developed tourist infrastructure, particularly due to its historical landmarks and natural resources. However, the war significantly reduced tourist flows due to the destruction of infrastructure, the closure of hotels, restaurants, and other tourist attractions. The population outflow and decrease in the number of tourists also had a significant impact on the development of this sector.

Chernihiv region is among the most affected areas in Ukraine due to the war. Intense combat activities, particularly during the first months of the full-scale invasion, caused significant damage to the region's industrial and transport infrastructure. In addition, the region remains under constant threat of missile and artillery strikes, complicating the process of restoring economic activity and normal functioning of the labor market.

The war has caused mass migration: some people have moved to safer regions or abroad, while those who stayed often face employment issues due to job reductions. A significant number of enterprises have ceased operations or are functioning in a limited capacity due to destruction, lack of funding, and unstable security situations. This leads to rising unemployment and increased economic instability in the region.

However, despite the significant challenges, attempts to adapt to new conditions continue in the region. The recovery of small and medium-sized businesses, the development of remote employment, and the implementation of government support programs play a crucial role in mitigating the effects of the crisis. It is important to analyze the labor market situation, identify key issues, and propose potential solutions to ensure economic stabilization both in the short and long term.

Main Challenges of the Labor Market

I. Destruction of Economic Infrastructure. The military actions in the Chernihiv region caused significant damage to the economic infrastructure, which greatly affected the regional labor market. The industrial sector, agriculture, and service sector were particularly impacted.

Industrial Sector. As a result of the hostilities, many industrial enterprises were damaged or completely destroyed. This led to a significant reduction in production capacity and the loss of jobs. In particular, production workshops, warehouses, and other infrastructure facilities were damaged, complicating or making it impossible to continue production activities.

Two years after the full-scale invasion, over 95% of industrial enterprises have partially or fully resumed operations. However, most of them have not restored production to the level they had before February 24, 2022. The main reasons include damage to critical infrastructure, staff shortages, lack or reduction of orders, logistics problems, and insufficient funds for restoration and development. In total, 250 private sector enterprises, institutions, and organizations, and 245 individual entrepreneurs (IP) were damaged due to the military actions.

Throughout 2023, economic indicators showed a trend of stable growth compared to 2022. According to the results of January-October 2023, the industrial production index was 124.5% compared to the same period in 2022. However, the level before the full-scale invasion has not yet been reached — it is estimated that industrial production is at 80% of the level compared to 2021.

The largest number of damages was recorded in trade — 229 objects, and agriculture — 65. Enterprises located on the outskirts and around Chernihiv were also damaged and destroyed.

Among the relatively large enterprises, production has not yet been restored at **LLC "Plast-Box Ukraine"** and **JSC "Chernihiv Brick Plant No. 3"**, which sustained critical damage and require significant funds for restoration.

In 2022, the number of registered individual entrepreneurs decreased by 33.5% compared to 2021. However, in 2023, there was an increase of 17.6% compared to 2021, and a 76.7% increase compared to 2022.

According to the tax service, in 2022, 49% fewer legal entities were registered compared to 2021 (440), and in 2023, the decrease was 40% (515) [15].

Agriculture. The agricultural sector of the Chernihiv region has suffered significant losses. According to the Department of Agrarian Policy and Food of the Chernihiv Regional State Administration, during the occupation and constant shelling, the following was destroyed or damaged: 116 tractors, 38 combine harvesters, 44 units of tillage and planting equipment, 39 passenger cars, 47 trucks, and 40 other pieces of equipment (sprayers, loaders, bulldozers, balers).

In addition, fields, storage facilities, hangars, potato storage facilities, mills, grain dryers, water towers, and administrative buildings were damaged. In nine agricultural enterprises, livestock perished, including cattle and pigs. The total amount of direct losses in the agricultural sector is estimated at 688 million UAH [16].

Currently, agriculture in the region is gradually recovering. The volume of production in 2023 compared to 2022 increased by 12.1%, but compared to 2021, the decrease is 11.0%.

Service Sector. The service sector also suffered significant losses due to the destruction of infrastructure and the outflow of the population. Many retail, catering, and household service establishments ceased operations due to damaged premises or a lack of customers. This led to job cuts and an increase in unemployment among workers in this sector.

Chernihiv region has suffered significant losses in the tourism sector due to infrastructure destruction and population outflow. After the start of the war in 2022, many tourist establishments in the region ceased their operations. This included hotels, restaurants, hotel complexes, and tourist bases, which were damaged by hostilities, infrastructure destruction, and a lack of clients. For example, in 2022, numerous establishments were closed, including hotels in Chernihiv that could not resume their operations due to the damage.

Chernihiv region experienced difficult times: the decline in tourism led to a significant reduction in jobs within the sector. According to local media and authorities, many businesses operating in the tourism sector either ceased operations or reduced their staff due to the hostilities and the lack of tourists, contributing to the rise in unemployment among workers in this field.

The population outflow also became a problem for the recovery of tourism. With the onset of the war, a large portion of the population in Chernihiv region was forced to leave their homes, which in turn led to a significant decrease in the number of potential tourists. This also complicated the restoration of infrastructure and contributed to the further decline of economic activity in the tourism sector.

Despite these challenges, local authorities are actively working on restoring infrastructure and supporting businesses, particularly through various aid programs and grants for entrepreneurs, which will contribute to the gradual recovery of the tourism sector in Chernihiv region.

Overall, the destruction of economic infrastructure in the Chernihiv region has negatively affected employment and economic activity, creating serious challenges for the recovery and development of the labor market.

II. Decrease in the Number of Jobs. During active combat in February-March 2022, the economy of the Chernihiv region experienced a significant decline, with only 15% of business entities continuing to operate.

By the end of 2022, industry production had decreased by nearly a quarter, agriculture by 20%, exports fell by almost 40%, and construction, except for recovery-related projects, had practically stopped.

This led to a significant reduction in jobs and a rise in unemployment.

After the de-occupation of the northern territories, the situation began to improve, and by the end of 2024, about 95% of enterprises resumed operations, although not at full capacity. According to a survey, 67% of entrepreneurs reported a significant decrease in income [17].

The full-scale invasion negatively impacted the labor market. Due to the shutdown of many enterprises, the demand for labor significantly decreased. Before

the full-scale invasion, in January 2022, the employment service had 1,600 vacancies from employers in the region, but by January 2023, the number had nearly halved.

In January 2024, the employment service database had 1,500 vacancies, which is 74% more than last year.

As of February 1, 2024, more than four thousand official unemployed individuals were registered in the region. There were 844 job vacancies available for them. This means there is a queue of five people for every available job. This indicates a significant imbalance between supply and demand in the labor market.

Currently, there has been an increase in the registration of unemployed individuals with the employment service. In January 2024, 868 unemployed people sought help in job searching, which is 15% more than in January of the previous year (754).

Since October 2022, over 9,000 unemployed individuals have been involved in the "Army of Restoration" project in the Chernihiv region. In this regard, Chernihiv region is among the top five leading regions in Ukraine [15].

All of this data highlights the instability of the business environment in the region. Thus, the war has led to a significant reduction in jobs in the Chernihiv region due to the cessation of operations or staff cuts at many enterprises, which has greatly impacted the economic situation in the region.

III. Forced migration of the working-age population. The war in Ukraine has caused significant migration processes that have had a major impact on the labor market, especially in border regions such as Chernihiv. According to the International Organization for Migration (IOM), as of June 2022, about 4.5 million people had returned after internal displacement, while a large portion of the population left their homes due to hostilities [18].

Chernihiv Region has suffered significant destruction during the war. Due to its shared border with two hostile countries, the region experienced extensive damage, leading to the loss of many lives and forced migration. This resulted in a loss of the workforce and a labor market imbalance. It highlights the significant impact of

migration processes on the economy and labor market, particularly in the affected regions.

Thus, the forced migration of the working-age population from Chernihiv Region led to a loss of labor force and a labor market imbalance, requiring the implementation of comprehensive measures to stabilize the situation and restore economic activity in the region.

IV. Lack of investment and business financing. Due to the high risks of war, investors are reluctant to invest in the development of entrepreneurship in the region, which slows the creation of new jobs.

To restore business activity, the region is implementing state, international credit, and grant programs. Specifically, during 2023, over 200 people received positive decisions and directed grant funds:

1. For the development of processing enterprises – more than 100 million UAH.
2. For the creation of new jobs under the "Own Business" program – nearly 43 million UAH.
3. For the development of horticulture, berry farming, and greenhouse management – about 23 million UAH.
4. Under the "Grant for Veterans" program, five winners received over 2 million UAH.
5. More than 100 business representatives in the region received grant support from MOM, GIZ, PEARL, and ZOA within international programs [15].

Possible Ways to Stabilize the Labor Market

1. Government Programs to Support Business

One of the key directions for stabilizing the labor market in the Chernihiv region is supporting small and medium-sized businesses, which play an essential role in restoring the region's economic activity. In wartime conditions, the government's policy aims to create favorable conditions for entrepreneurs through comprehensive support programs, including:

— **Tax Benefits:** a range of tax concessions has been introduced for businesses operating in wartime, including the option to switch to a simplified tax

system with a reduced single tax rate (2% instead of the standard 5%). Additionally, entrepreneurs are granted tax holidays and deferrals for certain taxes to preserve jobs.

— **Grant Programs:** the government has launched initiatives to financially support entrepreneurs, including the "eWork" program, which provides grants for creating or expanding businesses. This encourages the opening of new enterprises and the hiring of labor. For example, in 2023, over 1 billion UAH was allocated under this program to support small businesses in Ukraine.

— **Accessible Loans:** the "5-7-9%" program has been introduced, allowing businesses to access low-interest loans for development. This helps entrepreneurs restore production, expand operations, and hire more people.

— **Business Relocation Programs:** given that the Chernihiv region has experienced significant destruction, some businesses have had the opportunity to relocate to safer regions in Ukraine. This helps preserve jobs and maintain economic activity in challenging conditions.

These government initiatives provide entrepreneurs with the resources needed to restore their operations, contributing to the creation of new jobs, reducing unemployment, and gradually stabilizing the region's economy.

2. Attracting International Aid. Collaboration with international organizations can provide additional financial resources for rebuilding businesses and infrastructure in the Chernihiv region, which has been affected by armed conflict and economic challenges. International aid will speed up the reconstruction of residential buildings, roads, bridges, and the restoration of key social infrastructure facilities such as schools, hospitals, and cultural institutions. Additionally, Chernihiv can receive investments to develop new sectors of the economy, including renewable energy and innovative technologies, creating new jobs and promoting economic diversification.

International organizations can also assist in restoring the agricultural sector, which is the backbone of the Chernihiv economy, by introducing advanced technologies and improving access to financing for farmers. Furthermore, support for the development of small and medium-sized businesses, along with educational and training programs for local entrepreneurs, will help sustain economic growth.

An important focus will also be on supporting social stability in the region by restoring damaged social programs, providing psychological rehabilitation to citizens, and delivering humanitarian aid to those affected by the war. Cooperation with international partners will also strengthen political and economic stability, forming the foundation for long-term development in the Chernihiv region.

3. Development of Remote Employment. Encouraging companies to implement remote work in the Chernihiv region will reduce the dependency on the physical presence of workers in dangerous areas, which is crucial for ensuring the safety of the population, especially in the context of an ongoing armed conflict. Creating conditions for remote employment will help preserve jobs and maintain economic activity even when many people cannot work in traditional offices or enterprises due to geographic or security restrictions.

Remote work opens new opportunities for the development of small and medium-sized businesses, especially in sectors like information technology, marketing, translation, and consulting services, which is important for a region with limited physical mobility opportunities. It also expands opportunities for local residents, including youth, women, and individuals with disabilities, who can work from home without relying on physical infrastructure or needing to travel to large cities.

In this context, it is crucial to develop relevant infrastructure and educational initiatives, including ensuring access to high-speed internet in rural and remote areas of Chernihiv. Additionally, programs to improve the qualifications of local residents should be implemented, enabling them to engage in remote work in modern fields such as IT, design, content management, etc. This will not only reduce unemployment but also stimulate economic development in the region. Furthermore, the development of remote employment will create a more flexible workforce, capable of adapting more quickly to changes in labor market demand and reducing the impact of external economic and political factors on the local economy of Chernihiv.

4. Educational Initiatives and Retraining. Organizing retraining and professional education programs for the population of the Chernihiv region will help

adapt to the new conditions of the labor market, particularly due to economic changes related to the war and the region's recovery. It is important to promote the development of skills that meet modern requirements, especially in fields such as information technology, renewable energy technologies, logistics, management, and online services.

The implementation of such programs will provide labor mobility and facilitate the transition to new professions for people who have lost their jobs or have limited employment opportunities in traditional sectors. This is especially important for youth who need support in acquiring new skills, as well as adults who wish to retrain due to changes in the economic environment.

In the framework of educational initiatives, platforms for online learning could be created, enabling even those living in remote or dangerous areas to participate in the educational process. In collaboration with international organizations and businesses, certified programs could be developed, allowing local residents to receive qualifications in in-demand fields such as programming, web design, graphic design, accounting, and entrepreneurship.

In retraining programs, it is also important to consider the needs of local businesses and enterprises, providing training tailored to specific industries in the Chernihiv region, such as agriculture, manufacturing, tourism, and environmentally friendly technologies, which may become important areas of development in the region.

Thanks to such education and retraining programs, local residents will be able not only to improve their prospects in the labor market but also contribute to the development of the Chernihiv economy by creating new businesses and startups, while supporting sustainable development in the region amidst economic transformation [15].

Conclusions. The war in Ukraine, particularly in the border regions such as the Chernihiv region, has had a significant impact on the labor market, causing substantial changes in the employment structure, a decline in economic activity, and an increase in unemployment. The region has suffered extensive infrastructure damage, a reduction

in job opportunities, and forced migration of the working-age population, which has complicated the economic recovery.

Despite these challenges, efforts have begun in the Chernihiv region to stabilize the labor market situation. The recovery of small and medium-sized businesses, the implementation of state grant and loan programs, and the development of remote employment have been important steps towards restoring economic activity in the region. Additionally, international aid has played a significant role by providing extra resources for the rebuilding of businesses and infrastructure.

In the future, to stabilize the labor market in the Chernihiv region, it is necessary to focus on long-term strategies, including a comprehensive approach to business recovery, supporting entrepreneurs through preferential loans and grants, as well as initiatives for worker retraining and attracting international aid. Only through joint efforts at the state, regional, and international levels can labor market stability be achieved and contribute to the economic recovery of the Chernihiv region.