

Modern labor market in Russia and its regulation

E.S. Alpatova, A.N. Makarov, E.V. Maksutina, E.F. Nazmееv

Kazan (Volga region) Federal University, Kremlyovskaya St. 18, Kazan, 420008, Republic of Tatarstan, Russian Federation

Abstract. The current state of a labor market in the Russian Federation including the Republic of Tatarstan is shown in article, the intra firm labor market is characterized on the example of JSC KAMAZ. The problems peculiar to split-level social and labor relations are opened. The most important of problem transformations – existence of structural disproportions of employment, and also decrease in level of social security in the work sphere are allocated. It is concluded that there is an inefficiency of a state policy of employment, and also an inefficiency of functioning of system of social partnership represented by all its parties. Paramount measures without implementation of which revision of approaches to employment regulation in Russia is impossible are designated.

[Alpatova E.S., Makarov A.N., Maksutina E.V., Nazmееv E.F. **Modern labor market in Russia and its regulation.** *Life Sci J* 2014;11(6s):350-353] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 71

Keywords: labor market, employment, unemployment, regional differentiation, branch differentiation, labor, system of social partnership.

Introduction

Problems of employment and unemployment are one of the most actual problems in the world as the labor market directly concerns a human factor for the sake of which reproduction process is carried out. Any state especially applying for the status of social, sets a task of achievement of full and effective employment.

The present stage of development of the Russian labor market is characterized by a number of serious problems to which it is possible to refer inefficient employment, the large proportion of structural unemployment, a low labor productivity level, etc. For solution of the specified problems it is necessary to reveal effective directions of optimum development of labor market which would allow to provide stability or flexibility of system of jobs and the social and labor relations depending on a phase of a business cycle at present moment.

Method

The labor market is one of large components of national economy, the subsystem included in system by means of a set of interrelations with other subsystems at various levels of hierarchy. In turn, it functions as open system, and in this quality is influenced by factors of macroeconomic character. So, economic crisis of 2008-2009 made direct impact on the social and labor relations in labor markets of enterprises and regions of their placement, having negatively reflected in population employment in the form of decrease in the real wage, growth of debt on compensation, increases in unemployment and a part-time employment.

At the same time it is possible to mark out some qualities of a labor market having the inertial

nature: 1) regional differentiation; 2) branch differentiation [1, 2].

Numerous factors have impact on specifics of regional labor markets very various on territories of the huge country, namely: demographic and sociocultural features, climatic conditions, security with raw material resources, social and economic development, etc. A variety of these parameters of regional development, in turn, leads to deep differentiation on intensity indicators on a labor market, unemployment, to level of the income and a salary.

Other major type of differentiation of the Russian labor market, being shown not less deeply, - branch differentiation, concerns branch structure of employment, level of income and salary of workers, level of their qualification, working conditions, and work-bench setup in various branches of economy.

Thus, for the purpose of identification of cause and effect interrelations in split-level social and labor relations simultaneous research of regional, branch and intra firm markets is necessary. From these positions we will characterize a condition of labor markets of Russia, the Republic of Tatarstan and JSC Kamsky Automobile Plant (KAMAZ) in Naberezhnye Chelny.

As data of tables 1 and 2 testify, statistical data on the Russian Federation and the Republic of Tatarstan since 2000 have similar dynamics: the tendency of increase in number of economically active population dominates; number of employed also increases, except for crisis of 2009; respectively, the tendency to reduction of number of the unemployed was designated, except for rather sharp splash in their number in 2009.

Table 1. Unemployment in Russia by years (averaged statistical data [3])

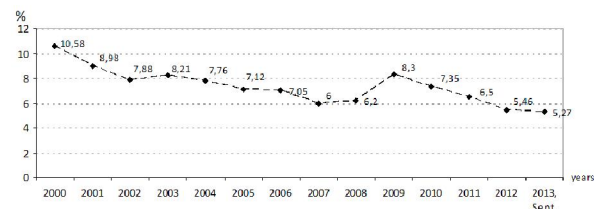
Year	Economically active	Employed	Unemployed	Unemployment level, %
2013, сентябрь	75 752 000	72 399 000	3 991 000	5,27
2012	75 676 000	71 545 000	4 131 000	5,46
2011	75 779 000	70 857 000	4 922 000	6,50
2010	75 478 000	69 934 000	5 544 000	7,35
2009	75 694 000	69 410 000	6 284 000	8,30
2008	75 700 000	71 003 000	4 697 000	6,20
2007	75 289 000	70 770 000	4 519 000	6,00
2006	74 419 000	69 169 000	5 250 000	7,05
2005	73 581 000	68 339 000	5 242 000	7,12
2004	72 985 000	67 319 000	5 666 000	7,76
2003	72 273 000	66 339 000	5 934 000	8,21
2002	72 357 000	66 659 000	5 698 000	7,88
2001	71 547 000	65 123 000	6 424 000	8,98
2000	72 770 000	65 070 000	7 700 000	10,58

Table 2. Unemployment in the Republic of Tatarstan by years (averaged statistical data [3])

Year	Economically active	Employed	Unemployed	Unemployment level, %
2012	2 051 000	1 966 000	85 000	4,12
2011	2 035 000	1 940 000	95 000	4,66
2010	2 026 000	1 899 000	126 000	6,23
2009	1 991 000	1 823 000	168 000	8,44
2008	1 967 000	1 871 000	96 000	4,88
2007	1 921 000	1 813 000	108 000	5,63
2006	1 894 000	1 788 000	105 000	5,57
2005	1 880 000	1 754 000	125 000	6,67
2004	1 873 000	1 735 000	138 000	7,39
2003	1 879 000	1 754 000	125 000	6,64
2002	1 891 000	1 791 000	100 000	5,27
2001	1 842 000	1 725 000	116 000	6,31
2000	1 879 000	1 721 000	159 000	8,45

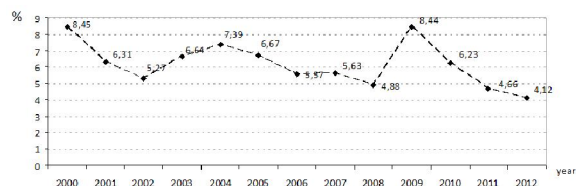
Unemployment rate graphics in the Russian Federation and in the Republic of Tatarstan are shown in figures 1 and 2 correspondingly.

Relative indicators duplicate a dominating tendency of reduction of number of the unemployed both at the level of federation, and at the level of region in absolute expression with serious dropout from this tendency in 2009. Moreover, unemployment rate in all years in Tatarstan is slightly lower than a similar indicator across Russia, except for 2009. In crisis year in RT unemployment rate was higher (8,44% against 8,3% across Russia), and the unemployment rate gain in comparison with previous year significantly surpassed the all-Russian indicator (3,56% against 2,1%). In general, comparison of two diagrams shows that in Tatarstan fluctuations of unemployment rate are expressed more strongly, than in Russia as a whole though in 2000 unemployment rate in Tatarstan was lower, than the all-Russian indicator.

**Fig. 1. Unemployment rate in the Russian Federation, %**

According to data for 2012, the Republic of Tatarstan was on the 10th place on unemployment rate

(4,12%) while the average level about the country made 5,46%. The lowest unemployment for the last decade was observed in Moscow (for the end of 2012 – less than 1%). High unemployment remains in North Caucasus federal district – in Chechnya (27-32%) and in Ingushetia (45-50%) [4].

**Fig. 2. Unemployment rate in the Republic of Tatarstan, %**

In the Volga federal district for 2012 two regions had the lowest unemployment rate – the Samara region (2,9%) and the Nizhny Novgorod Region (3,1%), and the Udmurt Republic (6,7%), the Kirov region (6,5%), Perm Krai (6,0%) [4] were in the lead on unemployment.

According to data of the Ministry of Labour and Social Protection of Tatarstan at the end of August, 2013 unemployment made: in Kazan – 4716 people, Naberezhnye Chelny – 2723, Nizhnekamsk – 1260, Chistopol – 1033, Yelabuga – 660. In December, 2013 level of the registered unemployment made 0,88% in Naberezhnye Chelny (across Tatarstan this indicator equaled 0,76%, in Russia of 1%) [5].

However, it should be noted that statistical data even on the general unemployment underestimate its actual sizes, not to mention that in Tatarstan officials prefer to operate with figures of registered, instead of the general unemployment. This circumstance is caused by existence of the latent unemployment which is expressed in introduction of a part-time employment mode (as, for example, transfer of workers to incomplete working week paid at a rate of 2/3 from an average salary) practiced by KAMAZ management, providing holidays without salary preservation.

Despite the tendency to unemployment rate reduction expressed in the post-crisis period, painful points created within market decades are inherent in the Russian labor market. First of all to such problem transformations in the sphere of work and the social and labor relations in the work sphere belong structural disproportions of employment, and also decrease in level of social security.

Result

In changes happening in structure of labor on the Russian labor market, it is possible to state existence of the following tendencies:

- reduction of active working age population and change of social and demographic characteristics of labor;

- considerable difference of structure of employment from branch structure of economy;

- reduction of number of farm workers and increase of employed in services sector;

- gap in structure of supply and demand of work by types of economic activity: demand for workers of engineering work, experts in the field of high technologies grows, on the contrary, the need of enterprises for economists is reduced owing to labor market glut by experts of this qualification.

The Russian market is superfluous on volume and at the same time labor insufficient on the structure. To avoid social tension in the city, the region (and, obviously, according to requirements of the authorities), the enterprises accumulate excess labor on the productions, especially in mono-towns that results in deficiency of work.

Striking example in this regard – KAMAZ. It seems that unemployment at this enterprise (and in the city) could be significantly higher if there was a release of excessive labor which the enterprise doesn't actually need in such volume. Today about 50 thousand residents (in an initial stage of activity of KAMAZ 120 thousand citizens worked on it) work at plant but even if the small part of these people is on street, it will lead to intensity strengthening on labor market with all negative consequences for economic development and the social and psychological atmosphere of the mono-town that it implies.

Besides backwardness of technical and technological base of development of production, unattractive working conditions, a low wage, low status value of a working profession don't promote optimization of age structure of labor at the enterprise – there is an aging of personnel, and the youth prefers to work in other branches of economy or leaves the city.

Thus, serious structural distortions both from demand, and from the offer testify to existence of rather deep imbalance on labor market. Instead of aspiration to valid overcoming of this imbalance, efforts of the regulator in this sphere are directed, mainly, on preservation of jobs that promotes preservation of inefficient structure of employment. It seems that such situation suits all subjects of the social and labor relations, and, first of all, power structures as it forces them to strain mainly only during the periods of slack economy. When the economy is on the rise, growth of employment happens by itself, automatically [6, 7, 8].

The overwhelming part of the busy population of Russia (90%) is wage workers. In the Republic of Tatarstan their share accounts for 92,3%

of total number of the employed in the 2nd quarter 2011; 4,9% of employed were engaged in business activity without formation of legal entity, the others worked on farms in production of rural, forest, hunting economy, fishery and fish breeding for sale [9, 10].

The main source of monetary income of inhabitants of the Russian Federation and RT is the salary low level of which makes serious braking impact on development of quality of life of the population. On average salary (\$900) in 2013 we conceded to Greece (\$2400), Estonia (\$1150), Chile (\$1100), the Czech Republic (\$1300), Bulgaria (\$1000), not to mention the USA (\$4300), countries of Western Europe (in Norway - \$5500, Germany - \$4000), and also Japan (\$3900) and South Korea (\$2200). However, Russia was in the lead on level of an average salary among CIS countries, it is followed by Kazakhstan (\$640), Azerbaijan (\$510), Georgia (\$420), Ukraine (\$390), Belarus (\$320) [11, 12].

The favorite method to which the authorities resort to allocate possible reproaches about high level exploitation of wage labor by the capital, consists in pointing at advancing dynamics of salary in comparison with labor productivity. It is true that, Russia considerably lags behind the highly developed countries on labor productivity, though it is the leader among CIS countries on this indicator. Nevertheless, this circumstance doesn't cancel the fact of open underrating of level of salary, its considerable lag from the cost of of labor as "profit rate of domestic nouveau riches is 2-3 times higher, than of the western capitalists" [13, 14]. Besides, as many economists consider, there is no close correlation dependence between change of the real wage and change of labor productivity, their interference isn't so unambiguous [15, 16].

Businessmen aren't interested in adequate estimation of cost of labor, capable to provide not only simple, but also expanded reproduction of labor. The practice of "pricing" on goods "labor" which has developed in Russia testifies to inefficiency of regulation of salary both in state, and in private sector.

High-quality transformation of process of work from industrial to intellectual for the purpose of labor productivity increase, besides investments into creation of technological break assumes considerable costs of training of employees, increase of their qualification at the level of requirements of the international standards of development of labor. In the developed countries for preparation and retraining of personnel of the enterprise they spend more than 10%, and in firms "General Motors", "Sony" and in a row of other – 15-20% to compensation fund; at the enterprises of the Samara region – 0,05%. Therefore the share of workers of the top skills, or "blue collars",

the working aristocracy makes 43% in the USA, in Germany – 57%, in the Samara region – 6-8%.

Conclusion

Thus, Russia reached the condition of almost full employment, however quality of this employment is very low. Existence of numerous structural distortions both in demand, and from in offer leads to conclusion about existence of rather deep imbalance on labor market. Despite domination of a tendency to unemployment rate reduction on the Russian labor market, the problem transformations, the most important of which are structural disproportions of employment, and also decrease in level of social security in the work sphere are inherent in it

The state policy of employment is directed, mainly, on preservation of jobs that allows drawing conclusion on inefficiency of activity of the state in the sphere of work and the social and labor relations. Meanwhile, efforts of regulator have to be concentrated on creation of real system of the social partnership based on realization of a principle of social justice, in a counterbalance to nowadays existing system functioning inefficiently in the person of all participants – the state, employers, working (labor unions). In a word, the state policy of regulation of labor market needs revision of approaches to employment regulation in Russia without which its forward social and economic development is impossible.

Corresponding Author:

Dr. Alpatova E.S.

Kazan (Volga region) Federal University
Kremlyovskaya St. 18, Kazan, 420008, Republic of Tatarstan, Russian Federation

References

- Gimpelson, V., R. Kapelyushnikov and A. Lukyanova, 2007. Stuck between Surplus and Shortage: Demand for Skills in Russian Industry. *Labour*, 24(3): 311-332.
- Fakhrutdinova, E., I. Kirshin, J. Kolesnikova and E. Salyakhov, 2013. The influence of cross-country technological transfer on economic profit formation. *Middle East Journal of Scientific Research*, 17(12): 1632-1634.
- Averianov, B.A., N.G. Bagautdinova and A.V. Sarkin, 2013. Estimation of manufacturing enterprise development risks in process of operational activity. *World Applied Sciences Journal*, 27(13): 202-206.
- Sarkin, A.V., N.G. Bagautdinova, B.A. Averianov, 2013. Development and implementation of adaptive science-intensive manufacture management system based on management processes automation. *World Applied Sciences Journal*, 27(13): 159-164.
- Gregory, P.R., J.E. Kohlhase, 1988. The Earnings of Soviet Workers: Evidence from the Sovviet Interview Project. *Review of Economics and Statistics*, 70(2): 23-35.
- Gainova, R.A., R.N. Shaidullin, L.N. Safiullin and E.M. Maratkanova, 2013. Infrastructural Component in Maintenance of Competitiveness of Region. *World Applied Sciences Journal*, 27(13): 97-101.
- Safiullin, M.R., L.A. Elshin, M.I. Prygunova and A.A. Galyavov, 2013. Complex Analysis of Prospects of the Volga Federal District Regions Development: Methodology and Practice. *World Applied Sciences Journal*, 27(4): 508-511.
- Gimpelson, V., R. Kapeliushnikov and A. Lukyanova, 2010. Employment Protection Legislation in Russia: Regional Enforcement and Labor Market Outcomes. *Comparative Economic Studies*, 52(4): 611-636.
- Hanushek, E., 1995. Interpreting Recent Research on Schooling in Developing Countries. *World Bank Research Observer*, 10(2): 227-246.
- Bagautdinova, N.G., G.T. Galeeva and R.M. Kundakchyan, 2013. Development of the corporate management system in the modern context. *World Applied Sciences Journal*, 27(13): 43-47.
- Gimpelson, V.E., R. Kapeliushnikov and A. Lukyanova, 2012. Stuck Between Surplus and Shortage: Demand for Skills in Russian Industry. In *The Grip of Transition: Economic and Social Consequences of Restructuring in Russia and Ukraine*, Palgrave Macmillan, pp: 47-76.
- Gimpelson, V., R. Kapelyushnikov and A. Lukyanova, 2007. Stuck between Surplus and Shortage: Demand for Skills in Russian Industry. *Labour*, 24(3): 311-332.
- Mincer, J., 1974. *Schooling, Experience and Earnings*. N.Y.: Columbia University Press.
- Isaeva, T.N., L.N. Safiullin, N.G. Bagautdinova and R.N. Shaidullin, 2013. Aspects of a multi-level study of competitive performance of objects and subjects of economic management. *World Applied Sciences Journal*, 27(13): 116-119.
- Panasyuk, M.V., L.N. Safiullin, I.A. Pryadko and T.Y. Anopchenko, 2013. Classification of large and socially important enterprises of the region by the levels of their economic solvency. *World Applied Sciences Journal*, 27(13): 140-144.
- Hadiullina, G.N., L.F. Nugumanova, N.G. Bagautdinova and B.A. Averianov, 2013. External effects and methods of their neutralization in the contemporary Russian economy. *World Applied Sciences Journal*, 27(13): 107-110.

4/20/2014