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Research paper

Problems of State Regulation of the Russian Labor Market

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Abstract

In the given article the problem of regulation of the Russian labor market by the state is considered. It is the state that can and should create conditions for the country's effective social and economic development. The main tool for the implementation of this function is the labor market. To clarify this provision, in this paper, an analysis of the report on the implementation of measures to prevent labor market tension in 34 regions and 91 mono-profile settlements of the Russian Federation for 2016, compiled during the implementation of the state program of the Russian Federation "Promotion of employment of the population". The growth of unemployment causes quite a strong strain on the labor market. This is a very difficult and important problem for the country's socio-economic development. Another factor of tension in the labor market is the deficit of many specialties, in particular in health care, in science intensive industries, and skilled workers and middle-level specialists. In this regard, the work analyzes statistical data on the number and structure of graduates of various educational institutions in the areas and specialties. In general, the structure of training bachelors, specialists and masters should be more balanced.

Keywords: *Labor market, demand for labor, labor supply, qualification, investment in human capital, labor market tension.*

1. Introduction

The labor market is a very complex and specific sector of the economy.

Its specificity is determined by the fact that it is not a market in the usual sense of this category, since here there are the correlation of supply and demand of specific "goods and services", most likely "non-goods" and "non-services." It is about the supply and demand, first of all, of knowledge, talents, qualifications, experience, and the like - all living people are the bearers of this. Nevertheless, the basic market attributes are inherent in the labor market, too. All three main agents of market relations function here: the state, business, households. A special position on the labor market is occupied by the state acting on behalf of and in the public interest. The most important goal of the state is to create all the necessary conditions for an effective socio-economic development of the country. The main instrument for the implementation of this function is the labor market, as a multifactorial and multifunctional institution of the social state. This sector is least regulated by the "invisible" arm of the market.

Exactly the state, first of all, is responsible in the formation and regulation of both demand and supply in the labor market [1]. In this difficult activity it is necessary to take into account, reconcile and balance a huge number of factors and conditions affecting the labor market. The demand for labor is objectively determined by the sectoral structure of the economy, the level of development of science and technology, the effectiveness of using their achievements in the economy, and the speed of changes and shifts in the sphere of application of physical and mental labor. Moreover, the share of mental labor is rapidly increasing with the progress of scientific and technological progress, since the course is taken to develop the innovative economy [2].

The supply on the labor market depends mainly on the demographic situation and the very limited possibilities for its regulation. To a large extent, the supply of labor is determined by the level of development of the entire system of personnel training that is appropriate and even ahead of the achieved level of technical and technological equipment of enterprises, the level and prospects for the development of knowledge-intensive industries. Also, the level of income and quality of life of households (citizens) as suppliers of "labor" to the labor market significantly affects the labor supply. Their ability to invest in the upbringing and education of the younger generation depends on the level of their income and, accordingly, solvency. When some types of education, for example, additional education, become paid, the opportunities of medium- and low-income families in developing talents and abilities of young people are very limited. An important factor in the proposal of a "quality" (healthy) workforce is the development and availability of medical services, as well as the development of the sanatorium and resort sector of the economy. The investments of the state, business and households in maintaining the health of potential and functioning workers are an important and very voluminous article of investments in human capital. Such categories as "labor market", "demand", "supply" and "investment in human capital" in socially-oriented society acquire, along with socio-economic, also purely socio-political content. Therefore, the principle of "invisible hand" (self-regulation) is almost not applicable to the labor market. Perhaps in this sector, the category of competition inherent in market relations, that is, competitive selection in the formation of the structure of skilled labor, will be used more or less effectively. From the very beginning of the transition to market relations, almost all sectors of the economy were given to market self-regulation. In a number of industries, this princi-

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ple more or less successfully began to function. However, the situation in the labor market is uncertain. One can even say that there are discrepancies between the sphere of education and the demands of the labor market [3]. Moreover, by the end of the 1990s, very significant imbalances and problems in the labor market had been identified.

2. Methods

The methodology of the study is presented by methods of comparison, graphical analysis, synthesis, connection of normative and positive analysis, as well as an inductive method. To assess the situation on the Russian labor market, as well as state regulation, the data provided by the Center for Strategic Research "Human Capital", as well as statistical data from the Federal State Statistics Service, were used.

3. Results and Discussion

At present, there is an acute shortage of skilled workmen and an equally acute shortage of engineering specialists as a result of the spontaneous reorientation of many technical universities, as well as the mass opening of new (non-state) higher educational institutions and faculties, which began uncontrollably to prepare humanitarian specialists (lawyers, economists, accountants, managers, financiers, etc.) from the 1990s. Often this training was conducted without a sufficient level of provision of these educational institutions with the staff of teachers in these specialties, which led to a sharp decline in the quality of the graduates and their "overproduction": many of them do not find demand in the labor market.

At the highest level, it is said that it is necessary to create in Russia a "new labor market, a modern system of professional education" [4]. The Ministry of Labor and Social Protection of the Russian Federation called the most popular in 2017:

– skilled workers in industry, construction and transport;

– specialists of the highest level and qualifications in the field of health, science and technology, law, humanities and culture.

The Ministry of Labor and Social Protection of the Russian Federation calls the specialists of the business sphere, managers and document manager s unclaimed [5]. Another example of concern of the Government of the Russian Federation with the problems of the labor market can be the report of April 24, 2017 «On the progress of the state program of the Russian Federation" Promoting employment of the population" in 2016» [6].

According to some report data, an analytical evaluation is given in Tables 1-5. The report indicates that between the government of the Russian Federation and the administrations of 34 regions, as well as 25 regions where 91 monoprofile localities are located, agreements on the implementation of a number of measures to prevent tensions in the labor market on the basis of co-financing.

Table 1:. IMPLEMENTATION OF MEASURES TO PREVENT LABOR MARKET TENSION IN 34 RUSSIAN REGIONS FOR 2016 (IN TERMS OF COSTS)

Index	unit.	plan	fact	% performance	Fact. % of total
1. Project participants, total	thousand people	125,0	143,1	114,5	100,0
2. Allocated subsidies, total	Million. rub.	3247,6	2978,9	91,7	100,0
Including: - from the federal budget	Million. rub.	2271,8	2085,5	91,8	70,0
- from regional budgets	Million. rub.	975,8	893,4	91,6	30,0
3. Cost per person on average	Thousand. rub. / person	25,98	20,82	80,1	–

Calculated according to the data of the Ministry of Labor and Social Protection of the Russian Federation [5].

From the data in Table 1 it can be seen that in these events more than 15% of employees took part, who were threatened with dismissal than expected. Out of the allocated subsidies, more than 3 billion rubles. (70% of the federal budget), only 91.7% of this amount was used: on average, more than 5 thousand rubles were "saved" per participant in this project. Even more paradoxical is the distribution of participants in different activities (Table 2).

Table 2:. IMPLEMENTATION OF MEASURES TO PREVENT LABOR MARKET TENSION IN 34 REGIONS OF THE RUSSIAN FEDERATION FOR 2016 (ACCORDING TO THE PROGRAMS)

Index	thousand people	specific gravity, %
Project participants, total	143,1	100,0
Advanced professional education (internship)	31,1	21,7
Temporary employment	102,2	71,4
Development programs	8,3	5,8
Employment of disabled people with the involvement of mentors	1,5	1,1

Calculated according to the data of the Ministry of Labor and Social Protection of the Russian Federation [5].

More than 70% of employees were temporarily employed so that they did not become unemployed. This is the simplest and, obviously, the most "cheap" kind of event. But this, in our opinion, is not the most effective way. The most effective ways to reduce tensions in the labor market are advanced vocational education and participation in development programs. But in these events only 31,1 thousand people were employed (22%) and 8.3 thousand people (about 6%), respectively. These directions are mainly long-term, strategic in nature and require appropriate investments and modernization of production, as well as training of the necessary highly skilled personnel, especially with regard to development programs. The project being analyzed is of a one-time nature. Therefore, the allocated subsidies are underutilized, although it was covered by 18 thousand people, more than planned. And the result is very ambiguous, by and large, mostly temporary employment. Similar data for single-city cities are presented in Table 3.

Table 3. IMPLEMENTATION OF MEASURES TO PREVENT LABOR MARKET TENSION IN 91 MONO-PROFILE SETTLEMENTS OF THE RUSSIAN FEDERATION FOR 2016 (IN TERMS OF COSTS)

Index	unit	fact	specific gravity, %
1. Project participants, total	thousand people	89,5	100,0
2. Allocated subsidies, total	Million. rub.	1333,8	100,0
Including: - from the federal budget	Million. rub.	874,5	65,6
- from regional budgets	Million. rub.	459,3	34,4
3. Cost per person on average	Thousand. rub. / person.	14,9	–

Calculated according to the data of the Ministry of Labor and Social Protection of the Russian Federation [5].

Analysis of the data in Tables 3 and 4 shows that the tension in the labor market in mono-profile settlements is very high. Sub-

sidies allocated very little - less than 15 thousand rubles. per person.

Table 4: THE IMPLEMENTATION OF MEASURES TO PREVENT LABOR MARKET TENSION IN 91 MONO-PROFILE SETTLEMENTS OF THE RUSSIAN FEDERATION FOR 2016 (ACCORDING TO THE PROGRAMS)

Index	thousand people	specific gravity, %
Project participants, total	89,5	100,0
Advanced professional education (internship)	11,5	12,9
Temporary employment	76,2	85,1
Development programs	1,6	1,8
Employment of disabled people with the involvement of mentors	0,2	0,2

Calculated according to the data of the Ministry of Labor and Social Protection of the Russian Federation [5].

From the data in Table 4 it can be seen that in monoprofile cities also went along an easier path - more than 85% of workers are temporarily employed. And in the most effective events, only slightly more than 13 thousand people participated. (about 15%).

The larger the city-forming enterprise, the more difficult it is to solve the problem under consideration – tension in the labor market (table 5). As an example, only four city-forming enterprises were taken, where the number of participants in the events was more than 1 thousand people.

Table 5.: IMPLEMENTATION OF MEASURES TO PREVENT LABOR MARKET TENSION IN LARGE CITY-FORMING ENTERPRISES

Company	Total		Including					
			Advance Learning		Temporary employment		employment	
	people	%	people	%	people	%	people	%
JSC «Ruzhimmash»	1508	100,0	671	44,5	820	54,4	17	1,1
JSC «Altayvagon»	1649	100,0	441	26,7	1196	72,5	12	0,8
PJSC «KAMAZ»	32090	100,0	5814	18,1	26191	81,6	85	0,3
PJSC «AvtoVAZ»	40967	100,0	313	0,8	40654	99,2	–	–

Calculated according to the data of the Ministry of Labor and Social Protection of the Russian Federation [5].

From the data in Table 5, it can be seen that a significantly smaller proportion of employed town-forming enterprises, the share of temporary workers is much lower: 54% for JSC «Ruzhimmash» in the Republic of Mordovia and 72% for JSC «Altayvagon» in the Altai Territory.

In these enterprises, 45% and 27% of the project participants pass the advancing learning, respectively. Another picture on auto giants PJSC «KAMAZ» and PJSC «AvtoVAZ»: almost 82% and more than 99% respectively are engaged in temporary jobs. At PJSC "KAMAZ", 5814 people (18%) pass advanced training, and at PJSC "AvtoVAZ" - only 313 people (0,8%).

The report does not analyze the causes of tension in the labor market, which is, although very important, but only one of the sectors of a unified social and economic system. The greatest tension in the labor market is due, on the one hand, to rising unemployment, on the other hand, with a shortage of many specialties, in particular in health care, science-intensive industries, and skilled workers and middle-level specialists.

According to the report, in 2016, unemployment in Russia was 5.5% of the economically active population (according to the ILO methodology), and the registered level is 1.2–1.4% [7]. This gap between the real level and the registered is the hidden unemployment. But it can actually be more, thanks to the temporary employment of workers who are on the verge of dismissal, as discussed above (tables 1-5). With a sufficiently high level of real and hidden unemployment since the 1990s, there has been a trend towards an increasing shortage of qualified specialists in the labor market [8]. This trend continues to increase, as can be seen in Figures 1 and 2. The diagrams in the figures are based on the data presented in the brief statistical compilation "Education in Figures: 2017" [9], as well as materials of the Center for Statistical Development "Human Capital" [10].

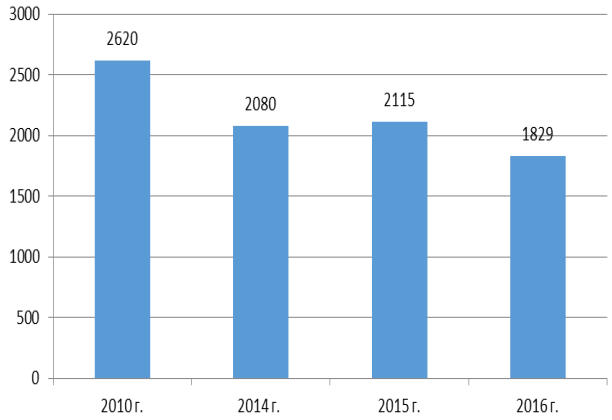

Figure 1:. TOTAL TRAINED PERSONNEL IN THE RUSSIAN FEDERATION FOR 2010-2016 YEARS, THOUSAND PEOPLE [9, 10]

From the data presented in the figures it can be seen that there is an overall decrease in the number of graduates (Figure 1) in all types of educational institutions (by 30% in 2016 compared with 2010). But at the same time, the share of bachelors, specialists and masters increases more and more (Figure 2) – from 56% in 2010 to 63% in 2016,

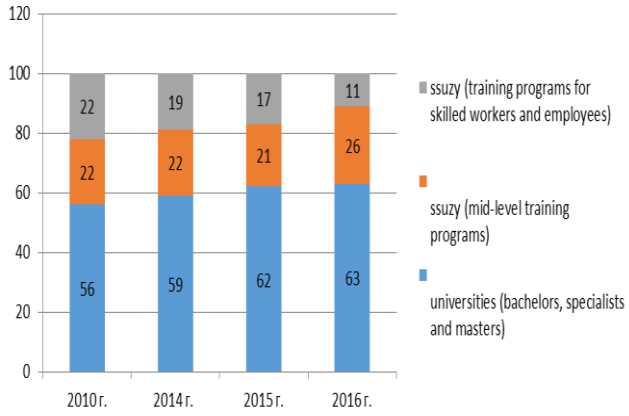

Figure 2.: STRUCTURE OF TRAINING OF PERSONNEL IN THE RUSSIAN FEDERATION FOR 2010-2016, IN % [9, 10]

And the share of training of skilled workers and employees is steadily declining from 22% in 2010 to 11% in 2016, which is exactly twice. The only positive trend is the growth by 2016 of the specific weight of training middle-level specialists, chronic deficiency of which was observed for a long time. The growing proportion of university graduates could be considered a positive trend if the structure of these specialists would be optimal.

The structure of bachelors, specialists and masters in the groups of specialties and training areas is presented in Table 6.

Table 6. GRADUATION OF SPECIALISTS, BACHELORS AND MASTERS IN GROUPS OF SPECIALTIES AND TRAINING AREAS

Index	2010 y.		2015 y.		2016 y.	
	thousand people	specific gravity, %	thousand people	specific gravity, %	thousand people	specific gravity, %
Issued total, including:	1178,0	100,0	1300,5	100,0	1161,1	100,0
Physics and mathematics and natural sciences	33,2	2,8	42,7	3,3	35	3
Humanities and Social Sciences	210,7	17,9	280,1	21,5	259,1	22,3
Education, Health and Culture	178,5	15,2	163,8	12,6	157,2	13,5
Economics and Management	408,8	34,7	419,2	32,2	356,2	30,7
Engineering and technological directions of training	223,4	19,0	246,3	19	219,8	18,9
Architecture and Construction	43	3,7	50,2	3,9	45,9	4
Agriculture, forestry and fisheries	43,4	3,7	45,6	3,5	40,1	3,5
Safety of life and environmental protection	13,9	1,2	15,9	1,2	13,5	1,2
Other specialties and directions of training	23,1	2,0	36,6	2,8	34,3	3

Calculated from statistical data [9, 10].

From the data given in the table it is evident that the most Russian universities are preparing specialists, bachelors and masters in the field of economics and management. Despite the reduction in the output of these directions in 2016 compared to 2010, almost 53 thousand people, the share of graduates increased by 3% and amounted to 31%. Graduates in the humanities and social sciences occupy second place in terms of their share (more than 22%), the next group - graduates of engineering, technical and technological areas - occupy about 19% (although for some of them there is a deficit). Important directions, from the point of view of investment in human capital, are education, health care and culture. Here, the proportion of graduates in 2016 was 13.5% of the total output of the higher education system. In this group there is a shortage in the field of healthcare.

Considering the fact that 15-20 years ago there was a significant leakage of the most highly qualified specialists – considering the fact that 15-20 years ago there was a significant leakage of the most highly qualified specialists – we have to state that such specialists are not prepared enough in the country (only 3%).

The least is produced specialists in environmental protection and life safety (slightly more than 1%). n general, the structure of training bachelors, specialists and masters should be more balanced, as in the labor market there was an overabundance of some professions, for example in the field of economics, management, humanities and social sciences. In other areas, specialists are not prepared enough: physical and mathematical and natural sciences, engineers and technologists, as well as doctors and many others. The main thing, of course, is not in quantitative indicators, but in the quality of graduates.

4. Summary

Summarizing all the above, we can draw the following conclusions.

Insufficient regulation on the part of the state is observed in the labor market. This is not about direct regulation, but mainly about indirect methods. For example, it is desirable to stimulate the socio-economic partnership of educational institutions and enterprises to train highly qualified professionals, both with higher, secondary and primary vocational education.

In turn, the partnership of educational institutions and business will require the state to develop a system of material and social incentives for entrepreneurs to increase investment in modernization of production, including improvement of the organization, conditions and remuneration of highly qualified workers. Orders for training specialists should be competently matched in terms of time and other parameters with innovation programs in engineering, technology, labor organization and enterprise management.

For all this, banks and financial institutions should be interested in presenting to business, both large and small, long-term loans at low interest rates. It is very important to create, on the basis of the social partnership, a highly effective system of training and raising the level of skills of redundant and dismissed, as well as employed workers. Such a need can arise and further expand only on the basis of modernization of existing enterprises and the construction of new innovative facilities. To create a modern system of vocational education, one should be freed from unnecessary bureaucratic requirements that prevent the faculty of universities and other educational institutions from effectively performing their basic training functions.

All these processes will require changes in the economic and tax policy of the state. For example, it is necessary to introduce tax incentives for businesses engaged in systematic modernization and innovation. And this, of course, should lead to economic growth. In order to increase investment in human capital, that is, to improve the quality of labor supply in the labor market, it is necessary not only to increase the cost for education to 1% of GDP, but also to increase the per capita income in households. So that each family had normal conditions for the upbringing and all-round development of the younger generation.

5. Conclusions

Thus, to implement proposals on the need to create a new labor market and a modern system of training and retraining of personnel on a scientifically and economically developed basis, it will be necessary to formulate a new social and economic strategy. After all, the labor market cannot exist and develop autonomously. This is only one of the most important elements of the entire complex social, economic and political system of society.

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