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**MANAGEMENT OF EMPLOYMENT PROMOTION  
INSTITUTION IN RUSSIA**

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***Abstract***

The article discusses the need to solve a wide range of problems related to the functioning of the Russian labor market, which carries the foundation of the institution of employment assistance. Economic institutions appear on the Russian labor market, and it acquires an institutional structure. The need to form an institution for the promotion of employment (Institutions Employment Promotion, IEP) is associated with the specifics of the labor market and the goal of determining the parameters of optimal coordination of the interests of employers, employees and the government. The IEP management is relevant because of the objective need to institutionalize employment promotion measures. The study revealed the main elements of IEP focused on minimizing stressful situations for the unemployed and finding the optimal place of work. Russian IEPs implement their functions through state employment services (State Employment Service, SES) and private employment agencies (Private Employment Agency, PEA) through state employment assistance policies. The proposed IEP management model links the number and qualifications of the workforce, the organizational forms of interaction between people and teams, identifying mediation opportunities in employment; labor market information system; adaptation programs and unemployment benefit system.

The findings, conclusions and suggestions, obtained in the course of the study, develop and supplement the sections of economic theory. They will also serve as a theoretical and methodological basis for improving the state policy in the field of employment promotion.

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## 1. Introduction

In the conditions of the Russian economy' unsustainable growth, the need for a comprehensive analysis and in-depth study of the scientific positions of the labor market in order to achieve the fullest use of the labor resources of the society is growing. It is important to study a wide range of issues related to the functioning of the Russian labor market and its transformation in modern conditions (Gurvich & Vakulenko, 2017; Fakhrutdinova, Fakhrutdinova, Yagudin, & Vishnjakov, 2015). The labor market is the foundation of the employment promotion institution - people who act as workers and are have specific features: psycho-physiological, social, cultural, religious and political. These features have a significant impact on the motivation and degree of labor activity of people and affect the state of the labor market. Economic institutions appear on the labor market - the cost of labor, which is determined by the conditions of its employment, including the size of wages, working conditions, the possibility of obtaining education, professional growth and job security. The labor market acquires an institutional structure that incorporates the main trends in employment dynamics, social division of labor, labor mobility, changes in the scale and dynamics of unemployment (Gehrke & Weber, 2018; Murin & Robin, 2018).

The need to form an institution for the employment promotion (Institutions Employment Promotion, IEP) is associated with the need to optimize contacts between buyers and sellers of labor. This field of activity includes not only specially organized institutions - labor exchanges and state employment services, but also individual labor contracts that affect the labor market (Agénor & Lim, 2018; Pilc, 2017). Feeling the need for constant reproduction, each time on a new, higher level, the labor force is looking for an employer to whom he could offer it on favorable terms. Under such conditions, a social and economic modification of society takes place, based on the activity of workers offering their labor power, on the one hand, and employers - on the other. The need for IEP in Russia is determined both by the specifics of the labor market, and the goal of determining the parameters for optimally coordinating the interests of employers, employees and the government, as well as the practical implementation of the partner regulation principles of social and labor relations (Guthrie, 2002). The IEP solves the problem of labor carriers' lack, including the lack of understanding of the content and significance of the labor market, the difficulty of reaching a compromise in the process of reconciling the interests of employers, employees and the government.

## 2. Problem Statement

The transition of the Russian economy from a centralized business system to a market economy has led to the emergence of deformation in the sphere of social and labor relations and the aggravation of employment problems. The modification of social and labor relations contributed to the growth of social expectations of Russian society regarding the centralized state regulation of labor relations. The most important element of the Russian economy was the management of employment, which in organic combination with the mechanism of self-regulation and government regulation created the conditions for the development of labor resources and increased entrepreneurial activity. At the same time, there was a need for the interaction of federal authorities with regional and municipal structures in charge of the development and implementation of an adequate system for regulating employment. The real position of the Russian labor market is characterized by relatively small losses in employment and moderate

unemployment, flexible working time and extremely flexible wages, intensive turnover of labor and the widespread distribution of non-standard forms of labor relations and low strike activity. The Russian labor market is well adapted to the depreciation of numerous negative shocks that accompanied the systemic transformation process. Adaptation to them was carried out by changing the price of labor and its duration, and only to a very limited extent - by changes in employment.

The IEP managing in modern conditions is relevant due to the objective need to institutionalize employment promotion measures (Rehwald, Rosholm, & Svarer, 2017). To adequately reflect the scientific provisions of the IEP management, the following tasks have been set: consider the main elements of the IEP; show the location of SES and PEA in the IEP management system; suggest an IEP management model; identify sufficient functions and, correspondingly, a set of IEP management tasks; disclose the performance indicators of SES and PEA; highlight performance indicators for implementing IEP employment assistance programs; determine the weaknesses in SES and PEA that IEP management is focused on.

### **3. Research Questions**

The main elements of an IEP are: quality management; information and communication technologies; facility planning and management; internal communications; training and staff development. Quality management is a strategically oriented, integrated set of organizational management principles and practices designed to meet customer needs. The goal of quality management is to ensure that the customer is satisfied and to create a service enterprise (Gunasekaran, Subramanian, & Ngai, 2018; Fundin, Bergquist, Eriksson, & Gremyr, 2018; Rusu, 2016). Quality management includes the assessment and analysis of customer needs, analysis and restructuring of the interaction between the organization and customers, as well as the development of service standards that ensure a high level and monitoring their compliance. To ensure quality management following tools are to be used:

- customer oriented planning;
- methods of workflow management (Total Quality Management (TQM); International Organization for Standardization (ISO 9001), European Foundation Quality Model (EFQM));
- standards 'development or setting goals based on customer needs.

Developed countries have been using information technology for IEP for many years (Xu, Li, Zhao, & 2018). Developed complex and effective tools with many opportunities:

- e-mail, which is used for internal and external communication;
- administrative information system - to extract information from databases of other organizations;
- case study system combining customer registration data from multiple administrative accounting systems, job seekers and employers;
- data collecting by customer surveys;
- advanced computer processing and data analysis have significantly improved the information products on the labor market;
- electronic money transfer facilitating direct transfer to receiver' bank accounts.

Forming an IEP offers many benefits, but it is accompanied by stressful situations that arise during major changes. To minimize them and guarantee success, it is necessary to make deep analysis, careful planning and employ highly qualified staff.

The relevance of an IEP is determined not by a legal mandate, but by customer-oriented planning; the process of promoting employment increasingly operates in a competitive market, which requires improving quality and reliability, especially when providing services to employers; external factors, such as the general improvement of management quality, have an impact on employment promotion activities; the availability of information and communication technologies provides effective levers for transforming workflows and providing customers with access to information.

#### **4. Purpose of the Study**

Since the inception of the IEP, it was obvious how important is close relationship between employers and employees. Russian IEPs function through the State Employment Service (SES).

In Soviet times, SES was regarded as a self-sufficient organization that holds a monopoly position on the labor market. SES is an autonomous organization operating under the control of a commission or supervisory body that includes social partners. The success of such cooperation ultimately depends on the agreement between the social partners and the government. SES relations with government agencies are crucial in this interdepartmental area of activity. The construction of these relationships depends on the specific functions of the SES, as well as on its organizational links with other government agencies.

Relationships between government institutions in the provision of services can take various forms. On the one hand, they can be contractual, on the other - there can be partnerships.

In the 90s of the twentieth century, the monopoly of SES was perceived skeptically. This was caused by several factors. Firstly, in the atmosphere of economic liberalism, there were doubts about the ability of the state monopolist to serve a rapidly changing and flexible labor market; secondly, the SES touched on cuts in government spending and it had to limit the scope of its activities, it became more difficult to defend the monopoly; thirdly, the monopoly position of SES does not prevent employers from using other channels for hiring employees, such as the publication of vacancy announcements, the use of a network of professional and informal contacts.

In modern Russia, SES rarely holds a monopoly. Instead, it has to act in the labor market as just one of many players, and its success largely depends on how it builds its relations with other organizations. There has been a noticeable change in SES's relationship with private employment agencies (PEA) (Rehwald, Rosholm, & Svarer, 2017; Launov & Walde, 2016).

In the 21st century, the nature of the relationship with PEA has become a pressing issue for SES. The European Commission identified three possible types of relationships within pan-European structures. Firstly, cooperation in the field of information, the provision of basic services for the selection of workers for available vacancies, in the field of active mediation and adaptation to the labor market. Secondly, complementarity in certain segments of the labor market or in the provision of certain types of services. Thirdly, competition in the provision of services to employers with the possibility of charging for SES services (Muehleemann & Leiser, 2018).

The aim of the study is to explore the possibilities of implementing IEP functions through SES and PEA, which is associated with specific measures in partnership of employers, trade unions, government agencies and voluntary / public associations. The partnership encompasses the largest possible number of participants and is aimed at improving the efficiency of labor market policies and social cohesion through greater involvement of the population and new democratic entities.

The main factors of the relationship between SES and PEA are: government employment policy; the potential of SES and PEA to implement this policy in those market segments where they operate most efficiently; consistency of policies aimed at creating a competitive environment; an assessment of the market share of the required SES for organizing assistance to groups that are particularly disadvantaged.

State and private organizations are gradually laying the foundation for bringing together and intensifying activities, focusing more on cooperation, partnership and mutual assistance than on competition.

## 5. Research Methods

The problem of optimizing the relationship between SES and PEA in the process of managing an IEP should be viewed as an opportunity to systematize a variety of relationships. To show this opportunity, we use some rules of the system approach. Firstly, we are talking about the system of goals and system interaction. Secondly, the complex IEP management system should be presented as a model.

The most significant in the IEP management model is the state parameter, which reflects changes in IEP. This parameter can be described based on the following laws: self-development, transformation, integration, relativity, priorities, harmonization and consistency. In accordance with the laws, to describe this parameter, one should reflect the set of elements of the system, the set of connections and properties of the elements.

IEP management model is considered as a set of interrelated elements, united to achieve the goal. The main components of the IEP management model are a set of elements that are interconnected in a certain way; feature set; general condition (depending on purpose).

The IEP management model links the main elements of the economic system:

- present work- organizational forms of interaction between people and groups;
- past work - technological processes and operations.

In researching the problem of managing IEP, “present work” is more interested in its quantity and quality (qualification), organizational forms of interaction between people and teams. The IEP management model consists of:

- the entrance - the employment policy of the population, the development of social infrastructure, the state of production assets, the level of awareness of enterprises on labor potential, the volume and quality of labor resources, the labor market;
- the transformation process - the adoption of the necessary legislative and regulatory acts stimulating employment of the population; support the development of new tools to stimulate employment;

- combining various sources of co-financing (public, private, banking, foreign); targeted support of priority sectors of the economy according to the principle of cluster development, thereby focusing attention on targeted vocational guidance; assistance in optimal placement of production forces in Russia for the efficient use of labor resources;
- exit - solving employment problems; population welfare; development of productive capacity; growth of investment in the economy; development of priority sectors of the economy; reduction of differences in the level of development of districts and cities.

To implement the IEP management model, it is necessary to define the functions and tasks of the SES and PEA correctly. The methodological support for assessing the optimality of the IEP management model is formed as tasks emerge that require solving.

## 6. Findings

To implement an IEP management model, it is necessary to form a consistent set of indicators based on its integral assessment of employment and the activity of business structures. It is necessary to trace the dynamics of economic, social and other processes based on a constant set of criteria. The obvious difficulty is the selection and justification of the effectiveness of the use of a specific set of evaluation criteria. Also presents a known difficulty in interpreting the results obtained because of the assessment. It is not always possible to see cause-effect relationships and trends behind the final integral value. To implement the IEP management model, you need to select rational matrices: BCG, MCC, SWOT, GE, Hofer / Schendel, Shell / DPM, ADL, etc.

Sufficient IEP management functions are job mediation, development of labor market information systems, management of adaptation programs to the labor market, management of the unemployment benefit system. Each function solves certain tasks:

- intermediation in employment - registration of job seekers, making jobs data, registration and classification of available vacancies;
- development of labor market information systems - collection, registration and provision of administrative information about job seekers, available vacancies and their professional structure; conducting short-term qualitative surveys; analysis of regular surveys of employers and households conducted by other institutions; submission of reports and publication of materials on various activities in the national economy, their impact on the demand and supply of labor, as well as forecasting their development trends; counseling citizens seeking employment on employment issues; prioritization of vocational training programs for unemployed and job-seekers; advising employers on changes in labor demand and labor supply, on trends in this area;
- management of programs of adaptation to the labor market - the provision of a wide range of services to all job seekers (through help points, information centers or the Internet); organization of group events (workplace clubs, preventive measures and the provision of special services to employees in case of mass releases); the provision of intensive individual assistance (assessment

of professional qualities, professional counseling / vocational guidance; preparation and discussion of plans for improving competitiveness in employment and follow-up actions); vocational training and apprenticeships in enterprises (registration of applications for apprenticeships and apprenticeship vacancies, establishing contacts, employment of pupils); special programs of vocational training and retraining (identification of needs and tasks in the field of vocational training, analysis and determination of the content of training courses, their duration and organization, selection of public or private educational institutions and the establishment of contacts with them, assignment of classes to organizations that offer the best conditions, monitoring and evaluating the results of vocational training for job seekers in terms of increasing their competitiveness; job creation programs (management of special program funds, participation in the development, monitoring and evaluating special programs, assistance in the preliminary selection of employees and the organization providing specialized training for employees willing to be employed, establishing contacts with firms, local authorities and other institutions);

- management of the system of unemployment benefits - the provision of information on the preparation of applications for unemployment benefits, on the conditions for receiving unemployment benefits; verification and official confirmation of the right to unemployment benefits; registration of the unemployed, the procedure of confirming the status of the unemployed and the fact of a process of finding a job; consideration of complaints and disputes on issues of the right to benefit (calculation of benefits, expiration of the right to receive it); unemployment benefits; management of other state social funds whose funds are intended for unemployed and disabled citizens (for health reasons, for housing or family reasons, for the care of children and for other reasons) ( Bermejo & Pozo-Rubio, 2018).

The implementation of the outlined functions (problem solving) of the IEP management will allow the SES and PEA activities to focus on providing new types of services, set new tasks for executives and staff, change their work style and constantly strive to improve the efficiency and quality of services. The final criterion for the success of SES and PEA should be the ratio of real results and the resources involved.

The performance indicators of SES and PEA are generally divided into the following four categories:

- 1) goals in the labor market - employment;
- 2) distribution of tasks to target groups - the share of services provided to a specific target group (for example, the long-term unemployed);
- 3) labor organization - time spent on filling vacancies; the number of persons who have completed the program in full;
- 4) customer evaluation - degree of satisfaction with the services provided.

The following indicators characterize the effectiveness of IEP employment assistance programs:

1. mediation in employment - the number of employed; employed in relation to the number of vacancies; employed on temporary work; labor market coverage;
2. adaptation to the needs of the labor market - the proportion of not sufficiently qualified, covered by retraining programs; the proportion of persons, previously qualified as “professionally unfit for disability”, now engaged in one or another work activity; obtaining recognized qualifications or documents confirming the receipt of proper training; the proportion of persons no longer in need of unemployment benefits through measures taken in the labor market;
3. unemployment benefits - the number of unemployment benefits processed in 21 days;
4. all programs - the number of persons employed in non-subsidized jobs; the number of workers retaining unsubsidized jobs for six months; earnings of workers at unsubsidized jobs; customer satisfaction;
5. cost effectiveness - the cost of employing one person; number of employees per employee.

IEP management is focused on eliminating the following disadvantages of SES and PEA:

- in a rapidly changing situation, SES and PEA may not be easy to clarify the requirements for necessary services, and the transfer of services to an external contractor will be ineffective without clearly defined tasks;
- the process of selecting a service provider on a competitive basis may require relatively high costs, and it is possible that new obstacles will arise in terms of information transfer;
- the accumulated experience of SES and PEA may be unused and the continuity of work may be broken;
- transfer to a competitive basis of services may adversely affect the morale of its staff and create difficulties for both managers and its employees.

## 7. Conclusion

In modern conditions, the management of the IEP must rationally and effectively restructure the nature of the SES and PEA services, adapt them to the changing external conditions, introducing innovations. Examples of a positive SES and PEA response to changing external conditions are the adaptation of services to the needs of a growing number of part-time, temporary or self-employed people, and the development of new tools and methods using information and communication technologies.

In order for IEP management to be effective, SES and PEA must be well coordinated and consistently focused on the individual. IEP is focused on using an integrated approach that links the activities of unemployment benefit agencies, usually only SES, and job search assistance agencies (SES and PEA). Full institutional integration of SES and PEA is the ideal solution.

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