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#### CHALLENGES AND OPPORTUNITIES OF YOUTH EMPLOYMENT IN RUSSIAN LABOR MARKET

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#### *Abstract*

The youth is one of the most important development resources of all countries and regions. The sustainability and quality of social and economic growth will depend on how much it will be involved in the processes of social development. The quality of modern young generation significantly predetermines the quality of future economically active population. The youth is presented as an important condition for further social and economic changes. This article discusses the situation of youth in the labor market under modern conditions. The authors of the article carried out a comparative analysis of the state of the youth labor market in the regions of the North Caucasus Federal District (NCFD) of the Russian Federation. The state of labor market of the subjects of the North Caucasus Federal District depicts the fact that there are processes that require effective mechanisms of state regulation, all available tools. In the course of the study the features of the development and functioning of the youth labor market were identified. Besides, we identified the main factors determining the position of Russian youth in the modern labor market. The competitive advantages of youth and the reasons that determine the low competitiveness of young people in the labor market were considered. According to the results of the study there were proposed some ways aimed at labor market regulation and an increase of youth employment the implementation of which will lead to the development of competitive work force, a decrease in the outflow of young citizens.

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**Keywords:** Labor market, youth, labor, employment, unemployment.



## **1. Introduction**

When talking about the young population of the Russian Federation, it is worth noting that it is young people who are the future of our country playing an important role in the economic, social and political life of society, therefore, at the current stage of social and economic development, monitoring its behavior in the labor market becomes especially important. The social and economic development of Russia, as well as its revival and stabilization largely depend on the youth factor. The quality of today's youth primarily determines the future human potential as it represents the active part of the population (Lukov & Lapshin, 2010). The young generation as future labor potential plays an essential role in the sustainability of society and its dynamic development. Labor potential includes the level of professional education, competence, moral maturity, professional experience, and entrepreneurial skill. The possibility of its implementation is one of the tasks of achieving optimal and effective youth employment.

The deep processes of transformation reform in almost all spheres of life of Russian society have had a serious impact on the life strategies of young people (Volkov, Gnatyuk, Kumykov, Dyuzhikov, & Pechkurov, 2017). In modern conditions young people are the most socially and economically vulnerable category of citizens regarding such issues as labor and employment. The vulnerability of the youth labor market is determined by the fact that a competitive level and quality of life, safety, ecology and housing conditions have not yet been created, not at the level of the advanced and developed countries. Otherwise, the best young specialists would go to more comfortable and safer place of living and working; where all necessary conditions for research and creative work are established (Romashova, 2015).

The study of the problems of the youth segment of the labor market is of particular relevance and importance in Russia. This is determined by the specific features of its economic development.

## **2. Problem Statement**

The demographic situation at the level of the region, district and the state as a whole have an ambiguous impact on the formation and use of labor resources, as well as functioning of the youth labor market, determining its specific nature in many respects (Kutaev & Kutaeva, 2016).

The research component of the study is the absence of proper mechanism aimed at labor market functioning in the North-West Federal district. Thus, there is a need to study the processes occurring in the labor market, its youth segment, in particular, as well as in determining the main targets, the achievement of which will contribute to improving the situation in this area.

## **3. Research Questions**

According to the Federal State Statistics Service of Russia people aged 16 to 29 belong to the youth category. One of the most topical issues of youth employment is the discrepancy between the number of trained specialists and the needs of the labor market, which is the reason for the growth of unemployment among young professionals who have graduated from vocational and higher educational institutions. Among the factors that determine the peculiarities of the position of Russian youth in the modern labor market are as follows:

- Disequilibrium of demand and supply of labor force due to the uncertainty regarding professional choice of young people;
- Inadequate understanding of the real labor market and employment situation by modern youth, preservation of social stereotypes;
- Discrepancy of the obtained professional competencies with labor market requirements;
- Difficulties in finding job in the field of study, leading-strings mentality and a decline in the prestige of labor (Gnatyuk, Horovinnikov, & Samygin, 2018);
- Decline in the credibility of trade jobs that were previously very prestigious among young people;
- Significant difference by the levels of employment and unemployment in regions;
- Weak interaction of vocational education institutions with the subjects of regional labor markets (Kyazimov, 2017);
- Increased risk of youth unemployment, etc.

Improving the efficiency of the youth labor market should be considered as the most important condition for the economic and social development of society where young people, by virtue of their age criterion, are the main renewing personnel element. The age criterion of youth as a competitive advantage should be related to the level of education and the quality of professional training.

The competitive advantages of young people are the successful correlation and interdependence of age, education, quality of vocational training and active innovative potential (Kozhurova, 2017). Young people adapt more quickly to new conditions, they are more mobile when changing jobs, they are able to learn and stay flexible to innovations in the field of technology and research, as well as modernization of production. There are also a number of reasons determining the low competitiveness among young people in the labor market, i.e. lack of work experience and motivation to find work, lack of professional skills, unreasonably high requirements for wages and working conditions. These reasons relate to substantive reasons to reject applications for employment. This is the paradox of the situation in the youth labor market (Pukhova, Belyaev, Tolkunova, & Kurbatova, 2018).

Youth employment in the national economy was influenced by multiple changes that took place in the country. The sectoral content of the economy, the set and characteristics of professions demanded by the labor market, and the requirements for employees have changed significantly. All this could not but affect the youth, their position in the field of labor, their choice under the influence of objective circumstances and possible consideration of subjective inclinations, i.e. options of both educational and labor paths (Konstantinovskiy, 2017).

The unfavorable demographic trend of population aging and a decrease in the birth rate in the Russian Federation led to a decrease in the proportion of young people aged 15-29. Thus, the natural population growth rate, overcoming the negative value in 2012, demonstrated the excess mortality rate over the birth rate in 2016. In 2017, the natural population loss rate per 1,000 people amounted to 0.9.

The deterioration of demographic situation has an impact on the size of labor force (Table 1). The proportion of young people aged 15-19 in the structure of the working-age population in the Russian Federation decreased from 2.1% in 2008 to 0.7% in 2017; at the age of 20-24 years old from 10.6% to 6.3%, which was a result of the low birth rates of the 1990s.

**Table 01.** Labor force at the age of 15-72 years old by age group in 2017

	Total, thousand people	Age					
		15-19	20-29	30-39	40-49	50-59	60-72
Russian Federation	76108.5	536.0	15888.6	21251.7	18107.4	16335.4	3989.4
North Caucasus Federal District	4559.3	103.3	1159.6	1239.8	1038.5	831.4	186.8
Republic of Dagestan	1359.8	40.5	371.5	363.7	315.8	222.9	45.4
Republic of Ingushetia	250.5	5.2	77.1	64.5	51.2	42.3	10.2
Kabardino-Balkarian Republic	433.2	7.5	104.0	110.0	96.2	89.0	26.4
Karachay-Cherkess Republic	209.7	1.8	47.8	56.8	50.3	41.4	11.6
Republic of North Ossetia-Alania	333.1	1.0	67.1	86.5	83.6	73.5	21.4
Chechen Republic	621.2	40.1	198.6	168.8	117.7	78.7	17.2
Stavropol Territory	1351.8	7.1	293.5	389.5	323.7	283.4	54.5

The level of participation in the labor force of young people aged 15-19 (in percentage points of population of the corresponding age group) decreased from 14.9% in 2008 to 8.0% in 2017; and at the age of 20-24 from 64.5% to 57.1%, respectively (Table 2). Thus, the unfavorable demographic indicators in the young group are aggravated by a decrease in the economic activity of youth groups, which may be due to the transition difficulties from school to work.

Similarly, the indicator of the level of participation of young people in the labor force of the North Caucasus Federal District has changed. It has declined in the younger age groups (15–19 years old), but grew up in older group. In the younger age group, an indicator of the level of participation of young people in the labor force in 2017 in the North Caucasus Federal District was 8.0%, which was higher than the national level. In a 20–29-year-old cohort it was 70.1%. The indicator for this group of young people became close to what is recorded in the older group (economically active groups of population). In general, in 2017 the share of young people in the structure of the labor force decreased and amounted to about 1/3 of total labor force of the district.

**Table 02.** Participation rate in the labor force of the population aged 15-72 by age group in 2017 (in percentage points)

	Total	Age					
		15-19	20-29	30-39	40-49	50-59	60-72
Russian Federation	69.1	8.0	76.2	91.2	93.3	76.2	21.7
North Caucasus Federal District	65.5	16.0	70.1	84.9	86.6	69.7	23.0
Republic of Dagestan	63.1	17.4	66.3	80.7	82.6	65.0	24.5
Republic of Ingushetia	77.1	13.7	90.3	92.9	92.0	84.8	38.4
Kabardino-Balkarian Republic	68.3	14.7	72.5	84.5	88.5	73.1	33.6
Karachay-Cherkess Republic	61.1	6.9	67.0	79.4	83.0	61.4	25.1
Republic of North Ossetia-Alania	65.7	2.4	62.6	86.1	91.8	78.9	29.3
Chechen Republic	68.4	33.9	81.7	84.1	81.7	59.8	24.6
Stavropol Territory	64.6	5.1	66.3	89.2	90.8	73.3	16.5

The largest share in the group aged 15–19 in the structure of the working population in 2017 was recorded in the Chechen Republic (33.9%) and the Republic of Dagestan (17.4%), while the minimum values of this indicator were registered for the Republic of North Ossetia-Alania (2.4%) and the Stavropol Territory (5.1%).

At the age of 20-29 years old the indicator of the level of participation of young people in the labor force was maximum in the Republic of Ingushetia (90.3%) and the Chechen Republic (81.7%). The lowest rates of youth participation in the labor force (below the national level) were characteristic of the Republic of North Ossetia-Alania (62.6%), the Republic of Dagestan (90.3%) and the Stavropol Territory (90.3%).

The most important aspect of the employment studies is the problem of its provision for young people (Kozyreva & Smirmov, 2017; Pukhova et al., 2018; Hawley, Hall, & Weber, 2012; Godfrey, 2003; Gianni & Rossignotti, 2005). These statistics allow us to trace the changes that have occurred in the young people's employment over the decade from 2008–2017 (Table 3).

**Table 03.** Dynamics of change in youth employment, % of total employment

	Year	Age		Total	Average age, years
		15-19	20-29		
Russian Federation	2008	1.8	23.3	25.1	39.6
	2017	0.5	20.1	20.6	40.8
North Caucasus Federal District	2008	2.0	23.5	25.5	39.1
	2017	1.9	23.4	25.3	39.4
Republic of Dagestan	2008	5.4	27.7	33.1	37.1
	2017	2.3	25.1	27.4	38.7
Republic of Ingushetia	2008	1.6	13.0	14.6	41.0
	2017	1.4	22.1	23.5	40.3
Kabardino-Balkarian Republic	2008	1.5	25.8	27.3	38.8
	2017	1.7	22.3	24.0	40.7
Karachay-Cherkess Republic	2008	1.6	22.7	24.3	39.1
	2017	0.6	21.5	22.1	40.6
Republic of North Ossetia-Alania	2008	1.0	22.4	23.4	40.3
	2017	0.3	18.8	19.1	41.6
Chechen Republic	2008	0.9	28.2	19.1	37.7
	2017	6.3	29.9	36.2	35.8
Stavropol Territory	2008	1.8	24.8	26.6	39.4
	2017	0.4	21.0	21.4	40.3

The share of young people employed in the labor market of the Russian Federation had significantly decreased in the period under review, i.e. from 25.1% to 20.6%. The decline in youth employment over the decade is also typical for all regions of the North Caucasus Federal District except the Republic of Ingushetia and the Chechen Republic, where the figure in 2017 was 23.5 and 36.2%, respectively. The fact that young people have their degrees means that they enter the labor market later, as professional education takes time. This is statistically shown by the fact that the share of middle-aged (from 9.3 to 5.7%) and younger age groups (from 1.9 to 0.5%) have decreased. The youth is busy their studies and less often they show up at the labor market. The time spent on education has significantly increased.

The labor market enriched with the educated citizens take winning position and becomes competitive in the long run. In general, in 2017, the number of young people aged 15–29 employed in the national economy sector became equal to 14,909 (in 2015 this number was 15,957).

An important problem is youth unemployment. In Russia, as in other countries, the unemployment rate among young people is higher than in other age groups. Difficulties affect the first entry into the labor market, the complexity of self-determination, as well as the lack of coherence in the training system and education and the labor market.

The conditions for entering the labor market have become much worse. It led to the fact that among other groups the group of young people became one of the largest among officially unemployed. In 2017, in Russia the average age of the unemployed amounted to 36.3 years old (Table 4). According to the statistics bodies, young people under the age of 30 made up 38.2% of unemployed in 2017 (in 2008 - 43.0%), including the age of 15-19 years old - 3.8%, and 20-29 years old - 34.4%. High unemployment rate was observed in the group aged 15–19 (28.4%) and 20–29 (20.8%). Compared to 2008, the unemployment rate at the age of 15–19 and at the age of 20–24 has increased by 2.5 percentage points (Asaliyev, Mirzabalaeva, & Alieva, 2018).

**Table 04.** Distribution of the unemployed by the age groups (average for the year, in percentage points)

	Year	Age		Total	Average age, years
		15-19	20-29		
Russian Federation	2008	9.3	33.7	43.0	34.7
	2017	3.8	34.4	38.2	36.3
North Caucasus Federal District	2008	6.7	38.4	45.1	33.6
	2017	5.2	41.8	47.0	33.4
Republic of Dagestan	2008	11.3	43.9	55.2	31.2
	2017	8.1	43.5	51.6	31.8
Republic of Ingushetia	2008	7.4	41.6	49.0	31.7
	2017	3.9	54.3	58.2	30.4
Kabardino-Balkarian Republic	2008	6.6	35.7	42.3	33.9
	2017	1.8	39.0	40.8	34.1
Karachay-Cherkess Republic	2008	6.8	29.4	36.2	36.2
	2017	2.3	30.9	33.2	37.1
Republic of North Ossetia-Alania	2008	0.5	50.6	51.1	33.4
	2017	0.6	30.4	31.0	39.6
Chechen Republic	2008	6.1	37.2	43.3	33.2
	2017	7.5	44.6	52.1	32.9
Stavropol Territory	2008	7.9	30.5	38.4	35.4
	2017	3.2	34.7	37.9	35.2

According to Table 4 the highest unemployment is observed in the group aged 20-29. This age group includes university graduates, institutions of vocational education (technical schools, secondary school, etc.).

Currently the experience and the length of service are essential conditions for employers. Accordingly, graduates of educational institutions do not have opportunities for employment and their potential implementation. As a result, young people not only lack work experience, but also a chance to get it.

The dynamics of youth unemployment in the North Caucasus Federal District during the decade under consideration repeated the processes common to the entire population. In the total number of unemployed the proportion of older age groups of young people (20–29 years old) has become greater, of younger age groups (15–19 years old) has become noticeably smaller. In particular, demographic processes resulted in total population reduction.

The impact of the crisis of 2008 was not explicit regarding the unemployment statistics. This is due to the specific nature of Russian labor market. In a difficult situation, the employers of big enterprises, as a rule, do not take such measures as layoffs, but artificially preserve jobs for those who are already working by reducing the work week, wages, etc.

In the North Caucasus Federal District the number of unemployed in the age group of 15–19 over the period under study has decreased from 6.7 to 5.2%. In 2017, the proportion of unemployed under the age of 29 years old was 41.8% of the total number of unemployed against 34.4% in 2008. The largest number of unemployed in the age group of 15–19 years old in the decade under consideration was observed in the Republic of Dagestan and the Chechen Republic reaching 8.1 and 7.5% in 2017.

The share of unemployed in their total number at the age of 20–29 years old prevailed in 2017. In the Republic of Ingushetia - 54.3% and the Chechen Republic - 44.6% this is 63 thousand people less than in the same period of 2005. All this suggests that the situation with the employment of the majority of working-age youth remains difficult.

According to experts, currently the number of young people who do not work and do not study does not appear to be an acute social problem for the labor market and society as a whole (HSE Lab, 2017). We oppose to this point of view since youth unemployment negatively affects social and psychological development of young people, leads to reorientation or degradation of labor values and disappearance of right attitude to work as a means of personal self-implementation. It also limits the realization of labor and intellectual potential forming precarious employment. Long-term unemployment can have serious delayed consequences affecting health, employment motivation. It may also lead to seclusion, which may turn to addictive behavior (Odegov & Babynina, 2017).

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

The purpose of the study is to conduct a comparative analysis of the state of the youth labor market in the subjects of the North Caucasus Federal District and to identify the characteristics of its formation at the present stage.

#### **5. Research Methods**

In the course of this study the authors applied such methods as analysis, synthesis and comparison.

#### **6. Findings**

Based on the analysis of the situation related to young people in modern labor market, modern technologies applied for labor market regulation and level employment increase among the youth should ensure the following:

- regulation of youth employment as a priority task of the state social policy;
- promotion of youth employment through the creation of new job places in promising sectors of economy, including business sector;
- development of state programs aimed at promoting employment and reducing youth unemployment;
- training in accordance with modern requirements and employers' needs;
- professional orientation of future workforce, taking into account the abilities and desires;
- development of vocational guidance system for schoolchildren increasing their motivation to work and interest to professions;
- improvement of training quality of young specialists; their successful employment upon completion of training;
- informing the population and employers about available jobs and labor force;
- adjustment of young specialist to the process of working environment.

The modern development of labor market as well as employment of population explains the need for high-quality training of professionally mobile and competent workforce in the sought-after fields. University graduates have to be competitive and, after graduation, they have to gradually progress in their careers.

## 7. Conclusion

Thus, the need to build an effective labor market that meets the needs of various groups and population as a whole has become obvious. At the same time young people who have great difficulties in the labor market deserve special attention and whose activities are linked to innovative modernization and sustainable economic development. Ignoring the problems that determine the situation of young people on the labor market and providing employment ultimately leads to an increase in the contradictions in this area and aggravation of the situation associated with a low level of economic activity of population and a shortage of highly skilled labor (Kozyreva & Smirnov, 2017). The state needs to take the most active position in addressing issues of employment and youth employment in the labor market. To do so it is necessary to develop a set of measures to retain young workers, especially in the labor shortage sectors. The main instrument of such a policy is regional programs, as well as the establishment of job quotas for young people.

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