

Features of the Labor Market Development in Modern Conditions

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Abstract: The analysis of organizational and economic foundations of the labor market development makes it possible to justify the strategic trends of the labor market competitiveness enforcement. The recommendations proposed by the researchers may be applied by legislative and executive authorities to predict and develop the socio-economic projects and programs aimed at the formation and realization of the labor potential taking into account the level of society productive forces and sustainable regional development.

Key words: Labor market, region, state, sustainable development, trends

INTRODUCTION

Economic theory within the classical and neoclassical school considers labor and capital as the main dominants determining the positive dynamics of economic system development (Ansari *et al.*, 2012). The regions with a sufficient number of labor resources demonstrate very quickly a negative picture of industrial relations degradation without investment support. The labor market should be considered as a basic dominant of the sustainable development for the national economy in terms of high-quality production potential development within the territory, providing the dynamic development through the formation of entrepreneurial initiative variable system via a comprehensive rational use of the resource potential not only improving the quality of population life but also transforming the system of requirements (Bundy *et al.*, 2013). This change in the population system of needs is crucial in terms of high-quality human resources provision in all spheres of the territory economic activity, providing its sustainable development.

METHODS

Economic and statistical, monographic, calculation and constructive, structural and comparative analysis, socio-economic planning and prediction.

MAIN PART

The global economic crisis had a negative impact on the development of all spheres of economic activity but

above all it caused the labor market crisis as a state of acute manifestations concerning labor potential demand and the loss of a sense-forming function of labor. Steadily growing labor market defines the basic values of labor which are devalued in crisis conditions, turning the labor from the basics of lifestyle means into the means of survival (Bennett, 2014; Bijl, 2011). This adversely affects the economical activity of population (Table 1). Analyzing the economic activity of population in Russian Federation we may state that about 70% of the population is economically active on the average. At the same time the unemployment rate varies by CFD from 2.9% in the Moscow Region to 6.3% in the Smolensk Region whereas it makes 3.3% on the average within the region.

The results of author research enabled us to identify a number of systemic problems that characterize the critical state of the labor market: an inefficient, low-paid employment in certain sectors of economy; a weak entrepreneurial activity and the uncertainty of the population in the future; the focus on low-income, socially vulnerable activities; the underdevelopment of many types of businesses that would compensate for the lack of labor-intensive industries; weak territorial and professional mobility in some regions; the inconsistency of vocational qualification structure to the labor market needs.

It is obvious that the crisis phenomena in the Russian Federation labor market are caused mainly by demographic problems with strong processes of depopulation. At that the depopulation in Russia differs from the original phenomenon in the developed European countries not so much by a low birth rate but by mortality

Table 1: Economic activity of the population and immigration rates (according to the sample survey of population on employment issues in December 2014 to February 2015)

Countries	Economically active population in thousand of men including		The level of population economic activity (%)	Employment rate (%)	Unemployment rate (%)	The coefficients of total, natural and migration growth		
	Employed	Unemployed				Total growth	Natural growth	Migration growth
Russian Federation	70859.0	4119.6	68.7	64.9	5.5	2.2	0.2	2.1
Central Federal district	20294.5	696.8	70.2	67.9	3.3	3.6	-2.3	6.0
Belgorod Region	769.9	32.8	68.1	65.3	4.1	2.0	-2.2	4.3
Bryansk Region	587.3	29.3	65.4	62.3	4.8	-8.9	-4.8	-4.0
Vladimir Region	715.2	33.1	69.4	664.0	4.4	-5.9	-5.6	-0.4
Voronezh Region	1095.4	55.1	64.6	61.5	4.8	-06.0	-4.8	4.2
Ivanovo Region	522.4	26.5	69.0	65.7	4.8	-5.6	-5.1	-0.5
Kaluga Region	509.0	24.5	69.3	66.1	4.6	-1.0	-3.4	2.4
Kostroma Region	315.6	15.6	67.1	64.0	4.7	-3.8	-3.4	-0.5
Kursk Region	546.7	23.4	67.3	64.5	4.1	-0.3	-4.5	4.2
Lipetsk Region	555.9	27.4	66.2	63.1	4.7	-2.0	-3.9	1.8
Moscow Region	3786.5	112.2	70.9	68.9	2.9	12.1	-1.9	14.0
Orel Region	360.9	20.7	65.0	61.5	5.4	-7.6	-5.2	-2.4
Ryazan Region	513.9	28.6	62.4	59.1	5.3	-3.3	-5.0	1.6
Smolensk Region	489.0	32.8	69.4	65.0	6.3	-7.5	-5.7	-1.8
Smolensk Region	496.7	23.1	63.4	60.6	4.5	-6.4	-6.5	0.2
Tambov Region								
Tver Region	666.3	38.3	70.2	66.4	5.4	-6.6	-6.7	0.1
Tula Region	761.2	33.9	68.0	65.1	4.3	-7.2	-7.5	0.4
Yaroslavl Region	656.1	29.9	71.2	68.1	4.4	0.1	-3.7	3.8
Moscow	6946.4	109.3	74.6	73.5	1.5	10.7	1.7	9.0

Table 2: GDP, labor productivity and wage dynamics in Russia (%)

Indices	2007	2008	2009	2010	2011	2012	2013	2014
GDP	108.5	105.2	92.2	104.5	104.3	103.4	06.4	107.8
Labor efficiency	107.5	104.8	95.9	103.2	103.8	103.1	101.9	101.1
Average wage per month, total in economics	127.8	127.2	107.8	112.4	111.5	113.9	111.8	109.1

Compiled according to Rosstat data

rates and low life expectancy which has no analogues in Europe (Garriga, 2014; Lopez and Rodrigues, 2011). The evaluation of common, natural and migration growth factors during the last year within CFD areas showed that in some regions (Bryansk, Vladimir, Ivanovo, Kostroma, Orel and Smolensk one) the negative value of total growth is not only due to the high mortality rate but also due to migration outflow (Table 1). There are regions in which the negative dynamics of population growth is compensated by a positive balance of migration flows. These are steadily developing territories with the competitive sectors of economy-Belgorod and Moscow Region.

The most devastating consequence of de-population processes in addition to the loss of control over the state territories is the reduction of economically active and working population and as a consequence, the lack of labor resources (Madden *et al.*, 2012).

In addition to the quantitative indicators the labor market crisis is characterized mainly by quality ones. In particular, although, the lack of labor resource shortage is

not critical currently in economics, the functioning of individual industries is not provided with human resources objectively which makes them unviable. The demand for labor resources is determined by GDP ratio growth and labor productivity. At that the GDP growth rate should not exceed the rate of productivity growth as it shows the extensive development of the economy (Table 2).

The analysis of labor demand indicators in Russian Federation from 2007 to 2014 showed that the GDP growth rates exceed the rates of productivity growth which demonstrates the increase in demand for labor. At that the extensive development of production determines the need for unskilled labor. However, the crisis of the labor market affects the ways of working population productive forces use. The shortage of qualified and experienced employees of certain occupations and qualifications is observed not only in the high-tech and high-brow areas-experts in mathematics, physics in the field of high technology but to a greater extent in short supply of highly skilled professionals of industrial specialties-turners, millers, masons, plumbers, etc.

Table 3: The dynamics of labor market and employment indices in Russian Federation

Indices	2007	2008	2009	2010	2011	2012	2013	2014
The share of employment among population (%)	63.1	63.2	62.0	62.7	63.9	64.9	64.8	65.3
Unemployment rate (%)	6.0	6.2	8.3	7.3	6.5	5.5	5.5	5.2
The share of informal sector in total employmen (%)	18.3	19.5	19.3	16.4	18.2	19.0	19.7	20.1
The share of employment working 48 hours per week (%)	6.5	6.8	5.7	4.7	4.4	4.3	4.4	4.7
The growth rate of labor productivity (%)	107.5	104.8	95.9	103.2	103.8	103.0	101.9	101.1
Employment by branches of economic activity								
The share of employmen in agriculture (%)	8.9	8.5	8.3	7.7	7.7	7.3	7.0	6.7
The share of employment in industry (%)	29.2	29.0	27.5	27.7	27.5	27.8	27.7	27.5
The share of employment in the service sector (%)	62.0	62.5	64.5	64.5	64.9	64.9	65.3	65.8
The share of wages in GDP (%)	46.7	47.4	52.6	49.7	49.6	50.3	51.7	52.0

Compiled according to Rosstat data

Different trends in the formation and development of the labor market are conditioned to a greater degree by the imbalance of human potential quality as well as by the mismatch of labor demand and supply in Russian Federation. It determines not only the completeness of the labor potential formation and realization in the regions but the rates of regional economic growth. If we evaluate the trends of the labor market and the field of employment in Russian Federation (Table 3), the first and most important factor determining the supply of labor is the demographic one: over the last 8 years (2007-2014) the population of working age decrease made 3.1 mln. people. The socio-demographic characteristics of the workforce are also degraded the reduction of the economically active population, the reduction of the capacity for a long-term productive work (during the last 4 years the number of employees with the length of a 48 h working week remained virtually unchanged 4.7%).

Despite the fact that the unemployment rate tends to decrease, the share of employment in the informal sector of the economy rose to 20.1% in 2014 which adversely affects the stability of the regional development because of the shortfall of tax and mandatory insurance payments to the budget and extra budgetary funds. The inefficiency of labor force use is explained by the significant difference in the number of employed population within the sub-sectors of services and in real economy sector at the negative dynamics of productivity growth in 2007 the average labor productivity fell by 6.4%. Analyzing the employment by the branches of economic activity, one may state that the number of employed decreases from 2007-2014 in agriculture (from 8.9-6.7%) and in industry (from 29.2-27.5%) this has a negative impact on food security of the country and reduces the density of the direct foreign investments in the industrial sectors of the economy.

CONCLUSION

The content of the main trends within the state extra-budgetary support concerning the development of a diversified labor market within global risk conditions in our opinion is as follows:

- The improvement of the legal and regulatory framework and the transition to project management, corresponding to market conditions
- The financial and credit support of small and medium-sized businesses development as the main platform for the realization of the labor potential concerning population of the territories
- The development of business community cooperation and integration
- The focus on high-tech, scientific production
- The development of market infrastructure

These measures will allow to promote actively the sustainable economic development of the territories through the formation of a diversified labor market.

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