

Trends in the development of the labour market in the context of economic modernization

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Abstract. The labour market is the main factor of production in a market economy. Its participants are the economically active part of the population, public and private economic entities. The main mechanisms of the functioning of the labour market are the creation of labour force and jobs, through which the demand, supply and distribution of labour force, employment levels of the population are regulated. It is obvious that the efficiency of the economy, as a rule, largely depends on the labour resources of the state. The factors determining the growth of the national economy are labour productivity, labour potential and the level of expertise of the workforce. The paper examines the main trends in the labour market in the conditions of economic modernization, for example, the forced transition from the production to the demand sector, the increase in the vertical and horizontal gap between supply and demand. The labour market of the last decade has been characterized by a worldwide increase in the level of qualification of employees due to an increase in the number of specialists with higher education. This trend can be traced according to the requirements of employers about the availability of the necessary skills of applicants depending on the area of responsibility. The paper analyzes the dynamics of the main indicators of the labour market in modern economic conditions. The problems of functioning of the Russian labour market are revealed.

Keywords: labour market, labour force, unemployment, employment, personnel

1 Introduction

The labour market as part of the economic system of the state is a reflection of the ongoing political and socioeconomic processes. The current state of the Russian labour market, which is an indicator of the state of the economy, results from the financial instability of the economy, inefficient reform of the economic mechanism, and a prolonged decline in production.

A number of foreign and Russian scientists in their works consider various aspects of the functioning and development of the national labour market. For example, in the work of

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Gallie (2017), there are limited opportunities for career growth, low wage growth, increased inequality, etc., which significantly affect the labour market in the UK [1-3]. Similar trends are typical for the labour market of the Russian Federation [4-7]. It should be noted that in the past two years, most of the work has been devoted to the study of forecasts for the development of remote forms of employment of the population. Issues related to the dynamics of the number and composition of the labour force, employment by type of economic activity, the level of employment and unemployment are almost not considered.

Despite the existence of real prerequisites for the effective functioning of the labour market in Russia, many problems need to be solved. They include an excess supply of labour resources over demand, illegal labour migration, non-compliance of the professional level of workers with new requirements, expansion of shadow forms of supply, low competitiveness in the world labour market, etc. [7-9].

The process of transition to a market economy had an impact on a number of social and economic aspects of labour relations, have led to a significant imbalance in the labour market and to the problem of irrational employment of the population. The quality of functioning of the national labour market has an impact on the state of employment of the population of a particular region [10, 11].

The scientific novelty lies in the authors' determination of the directions of employment regulation at the regional level. The purpose of this study is to develop practical proposals for the process of regulating employment in the country and the region as well. The paper analyzes the Russian labour market in general and the labour market in the Republic of North Ossetia-Alania in particular. The problems existing in the labour market in the conditions of modernization of the economy are revealed.

2 Materials and methods

The purpose of the study predetermined the solution of the following tasks: consideration of the functioning of the national labour market; analysis of the current state of the labour market of the Russian Federation and the Republic of North Ossetia-Alania; identification of the main problems of the national labour market and the development of measures for solving them. The implementation of the tasks was achieved by analyzing the information of the Federal State Statistics Service characterizing the state of the labour market in Russia and the Republic of North Ossetia-Alania. The authors used methods of economic, statistical, graphical analysis and evaluation as research methods.

3 Results

3.1 The main aspects of the development of the labour market in Russia

It is obvious that the efficiency of the economy, as a rule, largely depends on the labour resources of the state. The factors determining the state of the labour market are the composition and size of the labour force, the dynamics of employment by economic sectors.

The changing trends of the labour market have been a catalyst for higher mobility of its participants over the past few years. Prolonged stagnation is a real threat to the labour market, the short-term consequences of which are part-time employment, an increase in the number of self-employed, the development of non-traditional forms of employment, etc. If the period of stagnation in the world labour markets continues, the number of unemployed

people will grow [12]. In the medium term, the labour markets of developing countries are threatened due to a decrease in investment and consumer demand [12].

The analysis of the data provided by the Federal State Statistics Service indicates the following trends [13].

The number of the labour force in 2017 amounted to 76,285 thousand people, then in 2018, this indicator decreased slightly by 190 thousand people or 0.2 per cent. In 2019, the negative dynamics continued and the workforce amounted to 75,398 thousand people, which was 98.9% at the level of the previous year. The number of employed people in 2017 amounted to 72316 thousand people, the growth compared to 2018 in absolute terms amounted to 216 thousand people or 0.2%. The analysis of these annual indicators for 2019 shows a decrease in comparison with 2018 by 599 thousand people or 0.9 percentage points.

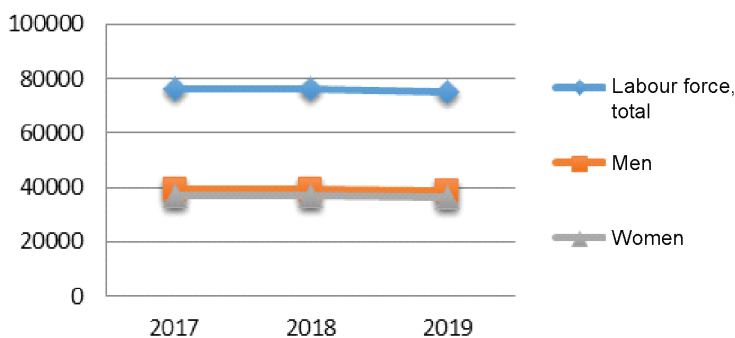


Fig. 1. The number and composition of the labour force in 2017-2019, thousand people [13].

The unemployment rate of the population in 2018 decreased by 7.9% compared to the previous year and amounted to 3,658 thousand people. The number of unemployed citizens in 2019 continued to decline; the pace of decline slowed and amounted to 193 thousand people or 5.3% in absolute terms.

We shall now examine employment by economic sectors. The economic indicator for the number of people employed in agriculture, in the period from 2017 to 2019, shows a decrease. In 2017, this indicator amounted to 5075 thousand people; in 2018, it decreased by 2.8 percentage points. In 2019, the rate of decline increased and amounted to 156 thousand people or 3.2 percentage points in real terms. Automation and robotization processes taking place in this area have led to a decrease in employment, while the agriculture complex needs highly qualified experts.

The number of people involved in the provision of services for the extraction of minerals for the period under study shows a slight increase.

The number of people involved in the industry of production, distribution of electricity, gas and water in the period from 2017 to 2019 shows a negative trend. In 2017, this indicator amounted to 1,632 thousand people; in 2018, the decrease was 10 thousand people or 0.7 percentage points in absolute terms. In 2019, the rate of decline increased slightly and amounted to 15 thousand people or 0.7% in real terms (in 2018, the number of people involved in this area was 1622 thousand people).

Over the period analysed, the number of employees involved in the construction industry shows a positive trend. Thus, according to Rosstat, the number of people involved in this industry reached 6416 thousand people by the end of 2019. As a rule, in the conditions of economic crisis, this branch of the economy shows growth as it causes a

multiplicative effect in related industries. Due to this, budget revenues at all levels are growing. In the future, the focus will be on attracting highly qualified workers.

The ongoing crisis, which has negatively affected all sectors of the economy, including financial and insurance activities, has led to a reduction in employment in this industry.

As soon as a sustainable economic recovery begins this will have a positive impact on the dynamics of the number of employees in all sectors of the economy without exception.

3.2 The Republic of North Ossetia-Alania labour market analysis

The Republic of North Ossetia-Alania is one of the subjects of the Russian Federation, which is part of the North Caucasus Federal District. The market transformation in the region is directly related to the transformations in the sphere of employment of the population. Attracting qualified personnel to the real sector of the economy takes place in accordance with market requirements. Analyzing the indicators of the republican labour market, the following patterns can be identified [14].

The regional labor market reflects the general trends that have developed at the national level.

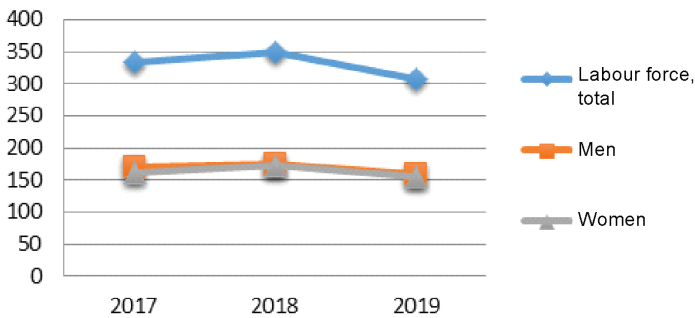


Fig. 2. The number and composition of the labour force of the Republic of North Ossetia-Alania in 2017-2019, thousand people [14].

As can be seen from the analysis of the diagram, there was an ambiguous dynamics in the republican labour market during the analyzed period. The total number of employees for the period 2017-2018 increased by 15.5 thousand people. Then in 2019-2020, their number decreased by 40.5 thousand people. In general, during the period, the decrease in the number of workers amounted to 25 thousand people. The number of men and women during the reporting period remained almost unchanged. The share of men in the total number of employees was about 51%. The number of unemployed men during the period increased by 16.39% overall, while the number of unemployed women decreased by 23.22 percentage points.

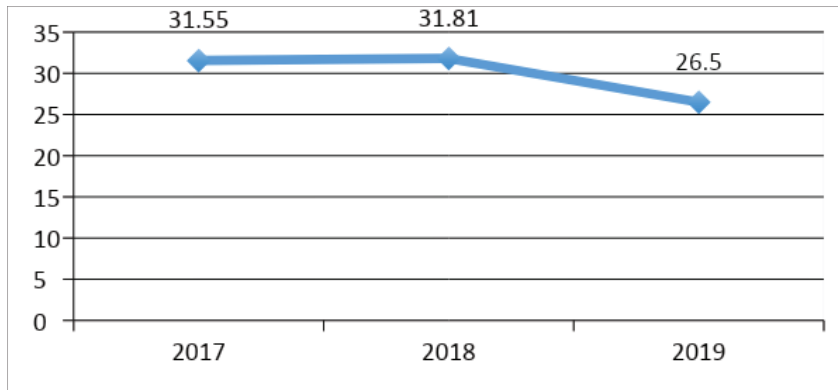


Fig. 3. Dynamics of the number of workers in agriculture, hunting and forestry, thousand people [14].

In this area, in 2017-2018, there was an increase in the number of employed by 2,600 people or by 0.8 percent. In 2019, the indicator amounted to 26.5 thousand people having decreased by 5.31 thousand people or by 16 percentage points compared to the previous year.

A significant decrease in this period also occurred in the manufacturing sector by 5.74 people or by 15 percent. There was also ambiguous dynamics in 2017-2018 in the field of wholesaling. An increase of 2.72 thousand people was noted; in 2019, it decreased by 7.29 thousand people compared to 2018. Steady growth of employed people in the construction sector was observed during the period under review; the growth amounted to 1.6 thousand people.

The analysis showed that the formation of the labour market of the republic takes place in the conditions of economic reform. The fight against unemployment has become the challenge of a number of Russian regions. The socioeconomic situation of the Republic of North Ossetia-Alania, as well as for a number of entities of the North Caucasus Federal District, is characterized by a low level of development of market, industrial and social infrastructures. The largest number of employees is observed in the following sectors of the economy: wholesale and retail trade, construction, agriculture and the provision of transport services. The economy of the region is poorly focused on the use of natural resources and satisfaction of needs.

4 Discussion

According to the analysis of employment in various sectors of the economy in Russia, employment in agriculture has decreased the most. Meanwhile, if we consider other countries the share of agriculture in total employment has decreased from 40.2% to 26.8% [2] over the past twenty years.

This sector of the economy is especially important in Africa and Asia, where the share of employment is about 49% and 30.5%, respectively. Women work in this sector and their share is about 41.9% [3].

The coronavirus pandemic has made serious adjustments to the world order and among other things, has had an impact on international labour markets. According to the International Labour Organization (ILO) the risks of falling demand for labour (employment) have been increased during this period.

Thus, according to the organization's report for 2020, the number of employees in the United States decreased by 12%, in Peru by 47%, and in Brazil by 11% [15]. In the EU

countries, the differentiation in the level of employment was significant due to substantial differences in development. In Russia, the number of registered unemployed persons soared to a record high of 4.9%. The previous highest level was in 1986.

The employment level has decreased in passenger transportation, certain industries, the provision of services, etc.

Employment in the field of communications has increased significantly because many types of activities moved to the virtual space.

The crisis has a negative impact on the economy of developing countries in which the agricultural sector is export-oriented and the state budget is directly linked to the revenue from sales in this area.

5 Conclusion

The transformation of international labour markets taking place during the modernization of the economy is the expansion of distance work, the development of more flexible labour relations and the acceleration of digitalization trends. The pandemic has provoked problems faced by both employers and employees. On the other hand, it served as a catalyst for positive trends.

The Russian labour market has transformed; firstly, employers' requirements for the professional qualifications of the workforce have increased significantly, and secondly, a considerable outflow of workers from the primary (agriculture and related industries) and secondary (construction, manufacturing) sectors to services can be observed.

In this regard, it seems appropriate to monitor and create new tools for transformation and their forecasting as well as make changes on the forms of distance work at the legislative level.

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