






PROBLEMS OF EMPLOYMENT IN THE SERVICE SECTOR: BASED ON THE MATERIALS OF THE REGIONS OF RUSSIA

PROBLEMAS DE EMPLEO EN EL SECTOR DE SERVICIOS: BASADOS EN LOS MATERIALES DE LAS REGIONES DE RUSIA

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ABSTRACT

This current study attempts to provide an investigation of service industry growth in the most troublesome areas of Russia. The idea that the growth of industry service in several areas would assist in stabilizing socially dire segments of the economy, the labor market, is scrutinized. Today, the socio-economic issues influencing the job world are the outcome of inadequate management regulation in this arena. The demolition of production bonds, the large production plants' privatization, and their poor management resulted in a sharp fall in the need for labor and also a rise in unemployment. The local authorities are still not able to resolve the issue of unemployment in some areas of Russia. What's more, several social groups' condition is getting more complex on a yearly basis. That may entail detrimental outcomes, particularly in the Russian areas. Considering boosting the overall condition of the labor market, it appears that there is a necessity to alleviate the employers' demands for job-seeker people.

Keywords: Unemployment; labor market; service industry; region; economy.

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RESUMEN

Este estudio actual intenta proporcionar una investigación del crecimiento de la industria de servicios en las áreas más problemáticas de Rusia. Se analiza la idea de que el crecimiento de la industria de servicios en varias áreas ayudaría a estabilizar segmentos socialmente nefastos de la economía, el mercado laboral. Hoy en día, los problemas socioeconómicos que influyen en el mundo del trabajo son el resultado de una inadecuada regulación de la gestión en este ámbito. La demolición de los bonos de producción, la privatización de las grandes plantas productivas y su mala gestión provocaron una fuerte caída de la necesidad de mano de obra y también un aumento del desempleo. Las autoridades locales aún no pueden resolver el problema del desempleo en algunas áreas de Rusia. Además, la condición de varios grupos sociales se vuelve más compleja cada año. Eso puede implicar resultados perjudiciales, particularmente en las áreas rusas. Teniendo en cuenta la mejora de la condición general del mercado laboral, parece que existe la necesidad de aliviar las demandas de los empleadores de personas que buscan trabajo.

Palabras clave: Desempleo; mercado laboral; industria de servicios; región; economía.

INTRODUCTION

Service industry in Russia, contrary to that of several foreign nations, doesn't generate the favorable economic impact that can be anticipated. Nonetheless, it is getting an independent sector of the nationwide economy (Abramova & Grishchenko, 2020). There exist multiple issues that have not been solved in the past 2 decades or so, and are still hindering the industry from growing. Especially, an ill-prepared management policy has resulted in socio-economic issues facing today's job world (Larchenko & Kolesnikov, 2018).

The technological advances and automation of several industries led to a labor resources' release from the production segment. Having said that, their moving to the service segment is confined. Hence, the causes of the fall of the employment in the service sector must be recognized and addressed.

Overall, this study intends to analyze the employment issues in the service sector, considering the materials of the Russian regions.

METHODS

To meet the study's aim, the current article utilizes universal scientific research approaches, including induction, synthesis, analysis, as well as the scientific abstraction method.

RESULTS AND DISCUSSION

The previous links' severance throughout the transfer to a market economy in the Russian Federation, the unjust privatization and undeniable inadequate management of big production plants across the nation, and also several other detrimental elements resulted in a sharp fall in need for labor and a rise in unemployment rate in its several ways. In the prevailing era, the circumstances in several segments of domestic economy may barely be named stable. Furthermore, we believe that, the Russian federation is gradually regressing from developing to underdeveloped nations classification (Tarasov & Nagoev,

2009). That circumstance can be resolved. Nonetheless, it seems vital to grasp how related the growth of individual segments of the economy is, and what general impact may be in the not-to-distant future.

The service industry is getting becoming a individual, independent arena of Russian economy, a significant contributing element toward its efficient growth; simultaneously, in the past few years, it has steadily been falling behind compared to pioneer global economies (Bondarenko & Tatarova, 2019).

Nowadays, the mentioned sector comprises above 63% of the working-age people. It may be thought that the portion of individuals hired in the service segment would go up, and hence the number of people absorbed in non-public sector would undergo an increase. It is worth mentioning that there stands a trend towards a change in the employment's structure. The regional economy's structure per se holds a fundamental role to play in the employment scheme: as of 2004, the statistics service divides employment rate by activity areas and not by the economy sectors as it used to (Tatuev et al., 2015a). That condition doesn't permit demonstrating a factual image of employment regarding structural alterations. Nonetheless, the examination of employment statistics in the past 5 years provides us with the chance to make a n informed conclusion.

From 2013 to 2018, Russian service industry demonstrated a substantial rise in employment against the rate of decreasing employment in fisheries, agriculture, and processing industries. Having said that, the employment tendency in multiple areas of Russia didn't constantly coincide with the all-Russian ones (Ushachev et al., 2021).

First, in all of the areas, minus the Jewish Autonomous Region, there has been a fall in employment rate in forestry, agriculture, fishing, and hunting. The most remarkable fall was mentioned in Kirov, Irkutsk regions, Kursk, Ryazan, and the Republic of Mari El. Second, in the majority of areas, minus Amur, Kalmykia, Belgorod, and Kaliningrad areas, the Ingushetia Republic, Chukotka and Buryatia Autonomous District the employment rate in industrial segment witnessed a sharp decrease. Third, in the majority of the areas (62 out of 83 areas) the rate of employment in production and distribution of electricity, construction, gas and water rose. Finally, recruitment in the retail trade and wholesale underwent a growth in almost all areas (Terentyeva et al., 2016).

A great way to address dire economic issues is an efficient principle in the area of labor relationships. The labor market is a symbol of social and economic situation. Indeed, it demonstrates the development level of the State or its areas. An efficient communication of all elements in that system may bring about desirable outcomes not only in the mentioned arena, but in other connected areas.

We think, the issues of employment are systematic and heightened rate of unemployment is the most crucial one among them (Tatuev et al., 2015b). Having said that, as mentioned by several scholars, the rate of unemployment is record-low in the Russian Federation, contrary to the developed nations of Asia and Europe. Nonetheless, in several Russian areas unemployment carries on or even goes up, given official statistics. In the meantime, Russian people hold a prolonged job seeking and barely turn to the employment service. As mentioned earlier, in the ranking regarding the rate of unemployment, Russia is ranked at 22nd position, and developed Asian and European nations, and also the united states own higher rate of unemployment in comparison to Russia. Given Rosstat (Federal State Statistics Service), the unemployed working-age people is nearly 4.7% for the first half of this year. Thailand, first in this ranking, holds just 1% of unemployed population. The nearest neighboring nation of

Russia, for instance, Bangladesh and Israel own 4.2% of working people not officially employed. Indonesia, whose economic expansion is quicker than that of Russia holds a higher unemployment rate next to 5.1% (Electronic resource, 2018).

Nonetheless, the existing rate of unemployment of 4.8% is quite low for the Russia. A fall in the rate of unemployment has been seen as of 2000. In that time, it was at nearly 10%, given official statistics. After that, in 2008 and 2010, the rate of unemployment rose, which was as a result of financial shocks, especially the so-called economic crisis, and over the last year, it dropped by roughly 0.5 points.

In spite of the fall in the rate of unemployment across the nation, in some areas the condition is highly undesirable. Hence, in the Southern Federal District, the rate of unemployment rose from 5.5% (in December 2017) to roughly 5.6%. In the Far Eastern Federal District (FEFD), it kept unchanged - 5.1%. Simultaneously, the lowest rate of unemployment is in the Central Federal District - 2.9%, the highest in the North Caucasus Federal District (10.4%) (Electronic resource, 2018).

It is worth mentioning that the raft of unemployment in Russia is rather sluggish. 45% of Russians are seeking a job for one year or so, and in the last year their portion has risen by approximately 7%. The mean period of seeking a job in the Russian federation is nearly 7.5 months. Furthermore, over the upcoming years, the rate of unemployment in the Russian federation would increase.

Considering the outcomes of Federal Statistics Service survey, over the course of 2018 nearly two-thirds of unemployed individuals initially turned to relatives and friends while attempting to obtain a job, and merely one-fourth turned to the employment agencies at the residence place. Consequently, it can be observed that a fall in individuals' interest in that kind of agencies, particularly, employment agencies, job fairs and others, which is justified mainly by the reality that they tend to suggest underpaid jobs.

At the phase of the development of new economic and organizational relationships, multiple issues posed in the arena of labor market policy, which stemmed from misinterpreting and imitating Western-style techniques for labor market policy and management of employment. The mismanaging, and in several instances the misinterpreting of procedures taking place in the labor market, the absence of elementary understanding of the new governors resulted in detrimental outcomes that can be seen today and that the state still can't resolve. The issues of high and concealed rate of unemployment are greatly significant. The absence of understanding and job experience in that field isn't the just the result of bad-conceived regulations of the leadership, but of too drastic changes in that field.

The government wasn't prepared for the alterations, in perspective of the absence of experience in handling labor relationships and other economic fields in market circumstances. All those and other detrimental impacts have resulted in the fall in several activity areas and numerous national economy sectors (Terentyeva et al., 2016).

Regarding the circumstances in the Russian Federation, it should be mentioned that economic activities are excessively and unfairly distributed over the areas. Therefore, Russian people tend to head to Moscow, Moscow Region and St. Petersburg in search of job. The situation of employment is not that bad in Siberia, where there exists a remarkable need for labor in gas- and oil - rich regions.

In the southern parts of Russia, the rate of unemployment is the worst in Caucasian republics. The

primary causes are a little investments inflow, the absence of industrial organizations, particularly modern and new, where jobs are available. The other, seemingly the most substantial element, is the confined workforce quality in the area. Sadly, all the organizations performing business there encounter that issue. And the next cause is insignificant population mobility: employees aren't willing to head even to neighbor areas, in spite of the reality that the vacancy rate in all federal districts is rising, even though at a distinct pace (Electronic resource, 2018).

The issues are particularly severe in the areas where the transfer to market relationships had the break in old production bonds with the previous USSR republics, following the privatization of several big industrial city-forming services that was mishandled over the course of years. Because of those elements, several specialists took the labor market. The labor supply surpassed the employers' demand. The effect of that was a sharp rise in the rate of unemployment, such as the hidden one.

In the mentioned circumstance, the regions and republics of the Karachay-Cherkessia, North Caucasian Federal District, Kabardino-Balkarian, and Republics of Ingushetia, as the most labor-surplus areas in which unemployment issues are of the highest priority, are most intensely impacted. Also, that is because of the reality that several city-shaping and huge industrial organizations, which provided multiple jobs, were bankrupt or privatized (Kryukova et al., 2015).

Regarding Kabardino-Balkaria, an alcoholic beverage manufacturing plant that hired many of the local people was shut because of the tax legislation violations in 2013-2017. Consequently, the market has been taken by alcohol manufacturers from other Russian areas. Other industries' revival, started in 2005, has been held till better times (Astrakhantseva et al., 2022).

The main causes of the failure of production are countless. It was typical that in Kabardino-Balkaria, and Karachay-Cherkessia individuals without managing experience nor capabilities gained control of the state and, hence of the procedure of distributing the previous state properties in the transitional era of the 1990s (Electronic resource, 2018).

In the prevailing era, merely the high-voltage tool (NZVA) and Hydrometallurg plants keep functioning out of all organizations bucreatedilt in Kabardino-Balkaria throughout the beginning of the USSR. In Karachay-Cherkessia, rubber goods factory, refrigeration and cement equipment plants are still functioning. All of those organizations don't perform at full speed and capacity, and merely the name keeps from the refrigeration equipment plant. Nowadays, it manufactures barbecues and garden furniture (Salimova et al., 2019).

The sharp fall in Kabardino-Balkaria and Karachay-Cherkessia manufacturing industries resulted in the reality that numerous expert employees, professionals and engineers were out of job. Some either had to leave to find a job in the central areas of the nation, or even migrated to Europe. Their position in the labor market was somewhat occupied by migrants from almost all nations of Vietnam and Central Asia. Those who were not able to begin their own businesses, have to be hired performing seasonal or piece job and live on benefits (from 800 to 4,800 rubles a month (13–76 US dollars), paid within six months to a year) (Ushachev et al., 2021).

Considering the Labor Ministry of the Republic of Kabardino-Balkarian, the quantity of unemployed officially recorded in State employment agencies rose from 8,600 to 35,700 in the course of 2 years (2015–2017). The statistics of unemployment in Karachay-Cherkessia seems worse. In September

2017, its rate reached 11%, and till the end of 2017, every 9th resident of the republic was unemployed (with a whole people of 467.6 thousand, that figure is nearly 51 thousand (as of 2017) (Electronic resource, 2019).

Based on the statistics, the information of the Labor Ministry on the quantity of the jobless people don't correspond to the fact. It seems obvious that it is improbable to record all the jobless people. As a principle, even in financially successful areas of Russia - Orel and Novgorod areas, in Kamchatka and in the Yamalo-Nenets Autonomous area - they are two or three times above those recorded in local employment organizations (Zubarevich, 2016).

Additionally, in several areas of the North Caucasian Federal District, there exists a practice of manipulating the rate of unemployment. The Kabardino-Balkarian employment organizations have confidentially been taught not to record new jobless under several pretexts. The unreal data, and also formally held by the republic's employment services yearly "Job Fairs" are aimed at demonstrating the government's success and the regional management in generating new jobs (Astrakhantseva et al., 2022).

In both republics, the population outflow rose. Just over the year 2016, the migration loss in Kabardino-Balkaria announced to be 2,492 individuals. 10,535 residents left the state, and 8,043 individuals came back, the majority of them being labor migrants. 3,427 individuals got to Karachay-Cherkessia, and 4,088 headed away based on the migration information for January-May 2017. Hence, the migration loss has been 661 individuals (Salimova et al., 2019).

The least wages by federal areas comprises the primary cause of that outflow. Employers generate underpaid professions just to get extra subsidies and other interests from the government. Besides, the employer tend to be keen on a staff "flow", due to the fact that staff don't own time to generate an efficient union and suggest some needs. Nowadays, the young don't desire to possess underpaid jobs and seek jobs out of their area. The absence of job prospects is regarded another cause of the outflow of the people from the republics of North-Caucasian, considering the fact that all the positions that are substantial and good from the career perspective are taken by individuals with insufficient competencies and qualifications (Vaisburd et al., 2016).

In the authors' perspective, the rate of unemployment may be decreased through generating desirable circumstances for the growth of medium-sized and small businesses. The more advanced and expanded the national economy is, the more diverse industries, the more competitive services and goods generated, the lower the rate of unemployment. As demonstrated by the developed nations' experience, the role of small and medium-sized businesses is highly significant, considering the fact that state-owned huge organizations are unable to generate sufficient professions and jobs and supply enough productivity.

CONCLUSIONS

As a result, in the prevailing phase of national economy growth, the effect of the service industry is overlooked. Consequently, the service industry infrastructure has been unable to succeed. All things consider, all the mentioned causes and elements permit to conclude that the economy of Russia won't attain the indicators featuring service economy concentrated not merely upon the development of quantitative indicators, but upon a qualitative growth in social and economic condition, for some

more years and decades. All of that may be entirely associated with the areas, each of them holding its own particular characteristics, defined mainly by the current socio-economic distinctions.

Several social and economic issues of the labor market are normally a result of ill-conceived managing; that was particularly correct throughout the transfer to market relationships and the formation of labor market (Tatuev et al., 2015a). The huge production plants privatization deemed merely as a resource of fast wealth, in the lack of any strategic growth plans, resulted in a fall in labor need, a rise in the rate of unemployment, and the transition of skilled people to other segments. Nowadays, the labor market still seems to be responding badly to the economic miscalculations of the reform period.

The unemployment issues are particularly dire in the areas of the North Caucasus Federal District, such as the Republic of Kabardino-Balkarian. Based on official employment information, which, are unrealistically high, the area under examination is second to last regarding employment, passing ahead just the Karachay-Cherkess Republic in that regard. There exist a detrimental balance of migration procedures. The young graduated and unable to land a good job tend to leave, and individuals with a inadequate professional skills from neighbor nations replace them. Furthermore, every year the economic and social circumstances of the people degrade. That tendency can hold the most harmful impacts for some more years and result in not merely social tension, but aggravate the criminal circumstances.

Inefficient way to address this issue is to generate circumstances for absorbing the young to have an internship at the local organizations, such as students in higher education organizations. There stands also a necessity for having better communication between universities and employers, regarding the specialists' number required in a special organization in several activity fields. In the prevailing era, all of the steps considered to decrease the rate of unemployment are mostly formal.

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