Employment as a Factor of Stable Social and Economic Development of a Region

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Abstract – The article examines the problem of employment in Russia during the transition period from the economy of socialism to the economy of capitalism. The author reveals the specifics of the socio-economic development of the region of the Republic of North Ossetia, Alania, which is reflected in the following patterns of transformation in the field of employment: a change in the number, structure and forms of employment; growth of the problem of youth unemployment; development of shadow employment; impairment of the rights of vulnerable groups. The study reveals the transformation processes in the country state with transition economy that imply implementation of the institutional transformations creating the economic model that forces all subjects of economy to act profitably in the interests of society. How the radical changes in economy affected the emergence of fundamentally new spheres and activities and the formation of a new structure of income sources. The article deals with the transformation process, the most radical part of which was legal and real registration of the institution of private property that had the consequence of the formation and development of new sectors of economy, and, accordingly, the need to create new jobs that give the opportunity to receive wages for employees. The article presents the specific features of the employment process in the region and the provision of jobs for young people, the activities of the state employment service, the main digital data showing the positive dynamics of the labor market in the region. The efficiency of activity of the regional employment centre is shown. In order to increase the availability of public services provided by the employment service, visits to remote settlements of the Republic are carried out. During the visits, consulting and assistance services, in the selection of suitable work, registration and re-registration of the unemployed population were provided.

Keywords – employment, transformation, institutional transformation, unemployment, youth.

I. INTRODUCTION

The development of the market model of the economy in North Ossetia-Alania, the transformation of social and labor relations, necessitated the implementation of the concept of effective employment, concerning the regional characteristics of the transition period. At the present stage of development, the ability of the employment system to self-regulation is still insignificant and the problem of employment regulation, based on the laws of transformation, is of particular relevance.

The specifics of socio-economic development of the region is reflected in the following patterns of transformation in the field of employment: – a change in the number, structure and forms of employment; growth of the problem of youth unemployment; development of shadow employment; impairment of the rights of vulnerable groups. If the regulation of employment is a system of measures for the rational distribution of labor resources through the labor market by spheres and branches of production, then regulating employment means working on improving the characteristics of employment itself and, first of all, the professionally qualified sectoral structure of social production [3]. Effective regulation of employment in theoretical and practical aspects is, firstly, associated with the assessment of the current state of employment in the country, and secondly, with the definition of the desired state of its taking into account world experience; thirdly, with the development and implementation of the mechanism of movement from the real state to the desired one. There are two types of influence on employment in social practice: passive and active [2]. And if the passive measures are aimed mainly at solving the problems of labor “excesses”, the active measures assume a positive impact on the existing level of employment by creating the necessary conditions for increasing the number of jobs through advanced training of the workforce, and the payment of benefits for unemployment is carried out by the passive measures [4]. Great importance is attached to the local employment initiatives, the promotion of innovation and entrepreneurship, and especially self-employment.

II. MATERIALS AND METHODS

In this regard, the development of institutional foundations of the labor market and the employment system in the region is of a big scientific and practical interest. But in order to
achieve a higher theoretical level of conclusions and provisions on the issue under consideration, the study considers some regularities of institutional transformations of the labor market and employment. The advantages of the new economy model in large extent are due to the degree of development of its institutions and their social orientation [1]. The transformation processes in the country state with the transition economy imply the implementation of institutional reforms that create an economic model, which forces all of the economic actors to act profitably and in the interests of society.

The institutional foundations of the economy market model make the economy relationship institutional. Un terms of content, the institutional transformation, being part of the systemic transformation, are a relatively independent direction of it – the institutional transformation, in the framework of which the key actors of the market economy are created and developed.

One of the most important institutions of the economy market model is the labor market, the state of which at the moment is very controversial. On the one hand, fairly strong foundations of market mechanisms for its functioning have already been formed, on the other – it retains the features and negative socio-economic manifestations of the transition period.

Drastic changes in economy have affected, first of all, the emergence of fundamentally new areas and activities and, second of all, the formation of new structure of the income sources [5]. Among all of the transformation processes the most drastic were the legal and real formation of the institution of private property, which has resulted in the development of new sectors of economy, and, accordingly, the necessity of creating new jobs, giving the possibility of obtaining wages for employees. As a result, there has been liberalization of labor supply and demand, as well as liberalization of wages. In social terms, the importance of creating a plurality of work forms, especially individual labor activity, which contributed to the growth of self-employment of the population, is undeniable. In the labor market all that was stated above has led to increased labour mobility [15].

In the industrial sphere, the most significant problems of institutional transformation are reduced to regulating relations between an employee and an employer in the private sector; maintaining a rational system of remuneration for work by means of state policy, which should be based on the complexity of the work performed; restraining the segmentation of the labor force on unjustified grounds, including different social status of employees of one enterprise [6].

One of the most important features that distinguishes the Russian transformational experience from the socio-economic situation in the CIS countries is the significant regionalization of economy and regional differentiation of labor markets. From the very beginning of the reforms, a group of territories was formed, in which the unemployment rate is quite higher than the national level of unemployment [10].

Another specificity of the Russian labor market is the predominance of latent processes over all others. Two hidden forms of unemployment have been developed: forced, unpaid (or partially paid) leave, initiated by the administration of enterprises, and the application of part-time employment regimes. But the most significant hidden process can be called the formation of shadow employment.

In parallel with the development of latent forms of unemployment, the phenomenon of hidden employment exists and develops in Russia both among the workers employed in economy and among people who are formally recognized as unemployed. Shadow employment prevents mass unemployment and can have a significant compensating effect on the social sphere. The main risk of latent processes in the labor market lies in the orientation of significant economic sectors on non-traditional forms of labor relations, state control, and labor law [7].

Development of the labor market refers to transformational processes, which involves the allocation of such distinctive features of transformation as inevitability, duration and depth of social apathy, due to advanced decomposition of old social institutions in comparison with the creation of new ones. At the same time, the new institutions should be understood as the infrastructure of a full and effective labor market, the institute of social support for potential labor, institutes of vocational training and retraining. The study of the transformation processes requires taking into account such important characteristics as weak controllability and predictability, a large proportion of natural factors of development. Although the transition process has been going on for more than a quarter of a century, there is still no complete certainty that in the near future there will be a labor market that is inherent in a highly organized socially oriented market economy. The peculiarity of the functioning of the labor market is such that every able-bodied individual must make a multistage choice of his position in the labor market, starting with the choice between employment and unemployment and ending with the choice of a particular job and form of employment. Moreover, the choice is based not only on the individual characteristics of an applicant, but also on purely social factors and external circumstances. For example, it is easier for the city residents with sufficient experience of living to find themselves in the labor market.

III. RESULTS

The socio-economic development of Russia, starting in 1992, went along a very complex and uneven path. Along with the ongoing market transformation, there is a significant change in the structure of the Russian population. Although the number of unemployed and inactive citizens is increasing, the market transformation continues, finding further development in the formation of a multi-sector economy, the renewal of the sectoral structure of production, the formation of a system of markets and relevant infrastructures. Regulation and self-regulation of the labor market is based on new system-forming principles of economic activity of the population, corresponding to changes in the forms of ownership. This is primarily self-employment, entrepreneurship, wage labor and unemployment. At the same
time, there are processes of restructuring of employment, the formation of new areas of employment, the private sector of the economy is developing. Another feature of the transformation processes in employment system is the institutional complexity of the labor market regulation system, due to the fact that it has become much more multidimensional and segmented. The impact of the subjective factor of employment transformation also leads to a fundamental transformation of the preferences of population, directly or indirectly related to participation in the labor market; some circumstances encouraged exiting from the labor force, others – stimulated entering into it. The decrease in participation of the population in economy was also a consequence of the influence of such general factors as deindustrialization of employment, recession and structural reduction in demand for labor, rejection of distribution of social goods and services through enterprises, increase in the share of income from property, social and interfamily transfers in family income, increase in the share of families with access to land. The lack of targeting in social support restrained the outflow from the labor force. Specific factors include growth of wage claims, expansion of secondary employment opportunities, increase in economic returns to professional education, desire to continue education, decline in the birth rate since 2015, reduction in demand for older people and their displacement to old-age pension. Supporting the position of a professor, a specialist in the field of agrarian sociology – Z.I. Kalugina and an associate professor T. N. Vershchina [9], it can be argued that the following features correspond to the labor market of the transition period: removal of previous administrative restrictions and emergence of new types of employment; labor surplus situation (the number of vacancies exceeds the number of labor force) and, as a consequence, the emergence of long-term unemployment; unity of employers, especially private entrepreneurs; recognition of official unemployment; limited, below world standards, social assistance to the unemployed; increase in hidden employment and unemployment, a large number of people employed in the informal economy; discrepancy between the real labor potential of population and the structure of vacancies, which are mainly in the sphere of circulation and in the shadow sector of the economy; a sharp restriction of opportunities for free professional education and retraining; destruction of connection between labor costs and earnings, unjustified differentiation in wages; emergence of unpaid employment due to non-payment of wages; fear of losing a job, development of the infrastructure of labor markets; obvious discrimination on gender and age in hiring and firing; systematic and non-punishable violations of labor legislation and the Constitution of the Russian Federation in employment, use and dismissal of employees; social confrontation between employers and employees in enterprises of all forms of ownership.

Even a superficial analysis of the emerging market reveals its economic and social inefficiencies. Its characteristic features are: the exhausting many hours of working day of the business elite; work for wear and tear at several low-paying jobs of some workers; the need to work on residential and garden yards in order to survive in these crisis conditions. Deformation of the distribution relations has led to a drop in the overall efficiency of labor. Motivation to work as a value itself is weakened, fatigue from the instability of price growth is strongly pronounced, as well as inflation and the lack of a clear social policy and social guarantees, understanding of the meaning of reforms is lost. The difficult situation on the labor market was significantly aggravated by the crisis in the South-East of Ukraine in 2014, the entry of Crimea into Russia and the subsequent economic sanctions of the West against Russia contributed to: – displacement of previously prosperous segments of the population engaged in tourism, shuttle business, increasing the insolvency of employers and unpredictability of their situation.

Simultaneously in some spheres of the real sector, the need for workers increased, and new vacancies, as a rule, were not provided with a sufficient level of wages. In addition, not all jobs are attractive to the unemployed, especially to young people, due to low wages: people have lost motivation for industrial work. Moreover, a significant part of workers and professionals prefer to work in the “shadow”, many training centers, where most of the unemployed are sent by the employment services, do not provide job security after retraining. The most important feature of the modern labor market is the significant and increasing role of institutional factors. After all, the labor force is the population of the country, and therefore in democratic states a great attention is paid to the formation and constant revision of labor legislation that regulates and controls the social component of labor relations.

One of the stable characteristics of the region’s economy affecting the labor market is the low level of social protection of the population. Those who have lost their jobs often cannot afford to remain unemployed for long, and a family member is forced to engage in any type of activity that brings money, even if this activity does not correspond to the qualifications and education available. The above stated circumstances not only contribute to the growth of social tension in society, but also do not allow to properly realize the labor potential of the population, which negatively affects the efficiency of production, leads to a decrease in aggregate demand and inhibits economic growth. It leads to the conclusion that the emerging Russian labor market has undergone numerous distortions due to general economic problems and the amorphous nature of the current social structure. Even one of the few achievements of the reforms – the freedom of hired labor to choose the place of employment, conditions and remuneration – is actually limited by the threat of unemployment, forced by the need to work outside the profession, to seek additional earnings. These negative trends in employment lead to spontaneous, not always economically justified movement of labor in industries, labor is often used in jobs below their qualification level, the labor potential of avant-garde industries is dispersed, dissolving in the mass of non-core types of activity, professional training of new contingents of workers is not provided.

Besides that, the incompleteness of the economic and institutional reform of labor relations is a big issue. A researcher C.A. Kuzmin explores the problems of employment, he marks the instability of the relationship in the triangle: "owner – manager – employee"; the problems of
labor motivation, social and professional movement of the workforce intensified; for the worse, there have been changes in the social and production characteristics of the workforce, the formation of new labor and socio-psychological stereotypes of the able-bodied population has slowed [11]. Unemployment of the economically active population has exceeded the permissible limit and in many regions has reached the crisis levels. This means the tasks of institutional reforms in the modern model of economy and the formation of a dynamic and civilized labor market should be actualized.

In conclusion, it can be stated that the transformation of employment was reflected in the scale and pace of redistribution of employment, in a decrease in the level of employment in conjunction with an increase in the inactivity of the population, which became an indicator of structural changes in the economy and the course of reforms in general. Such employment trends can be interpreted as patterns of transformation.

IV. DISCUSSION

In the economy of modern Russia employment has a feature characterized by the legalization of the labor market and its weak institutional structure. This feature, together with the transition to the information society, has generated a number of patterns of employment transformation: changes in the number, structure and forms of employment; growth of the problem of unemployment; formation and development of shadow employment; discrimination of vulnerable groups of the population [17].

The patterns of the employment transformation characterize the specifics of the development of Russian economic system as a whole, since employment relations cannot be considered in isolation from the economic system. The specifics of Russian economic system are determined by the objective and subjective factors of transformation, which can be formulated as follows: employment includes the above stated number of patterns. The process of transformation of the labor market and employment of the population continues, but most of the institutional problems are already of a post-reform nature.

At the current stage of development, it is important to focus on the fuller use of human capital, on improving the efficiency of labor. It depends on how vigorously the system of regulation of labor relations and employment will be improved. Along with this, it is necessary to overcome the deformation in the workplace, work more actively with the labor movement and combat structural unemployment, which will require large investments in supporting the development of human capital [12].

If in the West countries the inevitable changes in employment conditions are largely amortized by the social protection system, in Russia they are projected on the specific contradictions and difficulties of the stage of formation of the economy market model and on the system of social norms, which is quite unusual for the population.

When analyzing the features of the labor market and the employment system in the region, it is important to note that the condition of this sphere of life is largely determined by the factors of a socio-economic nature. It should be noted that for a particular period (2015–2018) positive trends have been maintained in the socio-economic situation of the Republic of Armenia. So, in 2018, the volume of agricultural production amounted to 25814,0 to 22291,2 million rubles million rubles in 2017. The retail trade turnover – from 109722,5 million RUB in 2017 increased to 114696,7 million rubles, in 2018 [16]. The main indicator of the level of economic development of the region is the industrial production index in January – December 2018 was 102,9 % compared to the corresponding period in 2017 (91,1 %) [16].

Positive changes are also observed in the social sphere. The reduction of wage arrears continues, there is an increase in wages, an increase in pension payments. The average monthly wage in the region in 2018 amounted to 26806,3 rubles, compared to 24714,7 rubles in 2017, and the average amount of pensions (including compensation) amounted 12515,2 rubles in 2018 and 11868,4 rubles in 2017. There is a positive dynamics of incomes, the average income of the population per month in 2018 amounted to 23005,4 rubles and to 22772,9 rubles in 2017 [16]. In addition, it should be noted that the steadily increasing indicators characterizing the development of the Republican economy do not coincide with the quality of life of the population, which is growing at an extremely slow pace, moreover, basic demographic indicators are not very favorable. It is known that these demographic indicators in all their manifestations constitute one of the most important foundations for the formation of the labor market and the employment system that affects the supply of labor. The progressive development of the Republic economy objectively requires an increase in labor resources: if not at the expense of natural growth, then by attracting migrants from neighboring countries. From the point of view of the factor of formation of the labor market and the employment system, the demographic situation in the Republic of North Ossetia-Alania is characterized by the following indicators. After the peak value of the absolute population of 705,270 thousand people in 2014, its number by the beginning of 2019 decreased to 699,253 thousand people. Including urban areas – 449,873 thousand people; rural areas – 249,380 thousand people. The able-bodied population amounted to 391,087 thousand people, including young people at the age of 15–29 at amounted to 140,354 thousand (35.8 percent) [16]. The decline in the population was due to both a decrease in the birth rate and an increase in mortality, as well as the intensification of migration processes.

Another negative factor in the deterioration of the demographic situation of the Republic is the growing proportion of elderly people in the age structure of the population.

However, in 2018 there were positive trends in the demographic situation of the Republic. Natural population growth amounted to 2000 people. The number of migrants who arrived in the region in 2018 amounted to 1315 people, the retired – 788 people. Some clarity to the issue of employment structure brings the distribution of the employed population of the Republic on the forms of ownership, which is as follows: enterprises of the country state and municipal
form of ownership have approximately 35 % of total employment, in voluntary associations – 0.4 %, organizations with mixed and foreign capital – 0.6 %, in the private sector – 64 % [16]. As we can see, the main part of the employed population is concentrated in private enterprises. The newly developed concept of employment should take into account the further growth of private ownership in order to use their socio-economic potential in providing jobs for the population in acceptable forms.

Today, at the end of 2018, the total number of unemployed according to the Employment Committee is 7.3 thousand people, 4.7 thousand of which are women. The level of total unemployment in the age group 15–72 is 36 thousand people, 19 thousand of which are women [16]. In the past year, the employment situation was characterized by the next stage of optimization of public sector employees – in health care and in higher education. The optimization process also covered the main spheres of the production sector: agriculture, construction, transport and communications, manufacturing. At the same time, the number of organizations operating in real estate, the production and distribution of electricity, gas and water; financial activities and the provision of social services increased. The decrease in the number of employees in large and medium-sized enterprises, the low level of wages, its sectoral differentiation, morally and physically obsolete jobs, professional and qualified imbalance of supply and demand led to an increase in registered unemployment.

For several years the problem of employment of women and young people has been urgent in the Republic. Among the officially registered unemployed people, 69.1 % are women mainly with higher and secondary professional education, 34.8 % are young people at the age of 15–29 [16].

The upward trend in the number of appeals to the employment service of citizens experiencing difficulties in finding work has continued. Among them, the graduates from educational institutions of various levels of professional education accounted for 7.4 % of all clients of the employment service.

Inconsistency in the structure of supply and demand complicates the employment of the unemployed citizens with higher and secondary professional education. 3258 people apply for 187 jobs that require having higher education, i.e. a tension of 17 people at one workplace. 2800 unemployed citizens apply for 165 jobs that require having secondary education, so the tension is of 17 people; 3326 people apply for 991 jobs that require having elementary professional education, so the tension is of 3.4 people at one workplace.

V. CONCLUSION

As a result of the imbalance of supply and demand in the labor market in the Republic there are processes of overproduction of lawyers, economists, doctors, managers with a shortage of specialists for industry, transport, housing and communal services, the social and labor sphere. Expansion of the labor market and a more effective system of employment is represented in the successful implementation of the program of socio-economic development of the Republic. However, programs that include measures to promote the employment of citizens at the risk of dismissal, as well as the citizens who are in special need of social protection and experience difficulties in finding work, have not been developed. These measures are implemented within the framework of the employment assistance program for the Republic of North Ossetia-Alania within the amounts provided by the Limits of Budget Organizations (LBO). At all times any country state for one or another objective and subjective reason resorted to hiring foreign labor. Especially this practice expands in the first quarter of the 21st century, at the stage of activation of globalization processes. This practice is also widely used in Russian regions. Although the region recorded a fairly high level of unemployment, employees from near and far abroad: the Armenians, the Azerbaijanis, the Tajiks, Vietnamese make up a significant layer in the production infrastructure of the Republic.

The main problems that have a negative impact on the process of employment of the citizens are: discrepancy of labor supply and demand for it, availability of low-paid jobs in the data bank. For example, the average duration of vacancies was 3.3 months, and the average salary was 7000 rubles. For effective interaction with employers and providing them with better services in selecting the necessary employees, the Republican Employment Committee created a bank of highly qualified specialists, which is called "The Professional". A new resume form containing more detailed data of interest to employers has been improved and introduced [8].

In order to attract people to the bank "The Professional", an advertising campaign was conducted during the year, with involving various media: TV channels "Alania" and "Ossetia-Iriston", newspapers "Severnaya Ossetiya" and "Vsya Reklama".

The bank of highly qualified specialists includes information not only about the unemployed, but also about employed citizens who want to change jobs. Applicants who submitted their resumes to the bank "The Professional" participated in all activities conducted by the employment service, in order to enhance the employment of "fairs" and interviews were conducted. The work on selection of candidates for the declared vacancies concerning the requirements of employers was carried out. For the purpose of active employment, both traditional and specialized job fairs are held [13]. Holding such events allows to bring the citizens looking for a job as close to the employer as possible. For additional guarantees for the unemployed and young people, experiencing difficulties in job search, employment services were assisted by the temporary employment of these categories of citizens [14]. The work was carried out in close cooperation with the heads of the local administration and employers. For implementing the standard of comfort of service provision: 3 employment centres were identified to create comfortable conditions for the recipients of public services, the State Institution of the Employment Centre in the Alagirskiy and Prigorodniy areas were repaired, a new administrative building of the State Institution of the Employment Centre in the Pravoberezhniy district was built. The centers are equipped with furniture, with archives, neon signs, installed electronic scoreboard "Running line". An unhindered access was ensured for wheelchair users.
For comfortable using of public services there is a demonstration system with samples of filling in applications-questionnaires for all approved regulations on the tables in the information rooms.

In order to increase the availability of public services provided by the employment service, visits to remote settlements of the Republic are carried out. During the visits, advisory services, assistance in finding suitable work, registration and re-registration as unemployed were provided.

All of the above mentioned will certainly contribute to reducing unemployment and creating new jobs in the region for the able-bodied population and young people, and will be a major factor in the socio-economic development of North Ossetia-Alania.

References