

## HR-management tools as the elements of labour market adaptation mechanism.

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### **Abstract**

This paper shows that national specifics of labour market determines management tools of labour market adaptation mechanism. The aim of the research is to identify management tools of labour market adaptation, using data of Russian Federation. Methodology research includes publication research, an in-depth analysis of semi-structures interviews with top managers, and observation of aspects that cover practices used in human resource management. A study of management practices in 110 organizations of the Sverdlovsk oblast showed that managers used tools of Dual Education Model, National Qualification Framework and employers labour mobility programs in education and hr-practice. Founding of Employers Educational Centers and employment of foreign workers are less popular hr-management practice.

**Key words:** *management tools, hr-management, labour market, Russian Federation*

### **1 Introduction**

One of the most significant negative effects of the «economy development without growth» in Russian Federation is the decline of the labour market, leading to reduced demand for labour which results both in the downsizing in the domestic labour market and fewer vacancies in the external labour market. This fact seems to be in contradiction to professor T. Jackson results <sup>1</sup>. All this leads to a drop in the level of employment, reduced incomes, which in its turn means the spread of the economic crisis to all sectors of the economy because of falling consumer demand and household saving. Also, a significant reconsideration is given to investments in human capital on the part of firms and employees, which on the one hand, has a significant impact on the education sector, and on the other hand, leads to long-term changes in the structure of labour supply. Thus, the state policy in the field of employment is one of the most important parts of a package of measures aimed at overcoming the consequences of the economic crisis.

It seems obvious that choosing the main instruments of the labour market crisis regulation depends on the national model of the labour market operation, as it determines the supply and demand in the labour market, as well as the adaptation mechanism. In the case of the Russian labour market, this problem is more complicated as market relations in Russia have a twenty five years history of and for this time the model of economic development has undergone a number of significant changes. Therefore, in spite of the fact that a market economy here has developed as a whole, the current model of the labour market has some characteristics inherited from the transition period and even some characteristics inherited from the Soviet model of the labour market.

Sverdlovsk oblast is traditionally industrial region with diversified economy and developed labour market. Structure and dynamics of Sverdlovsk oblast labour market are such as structure and dynamics of Russian labour market. So, the aim of the paper was to identify management tools of labour market adaptation, using data of Sverdlovsk oblast.

## **2 Experimental**

### ***2.1. Russian model of the labour market.***

Russian labour market is characterized by the following main features. First, there is a negative trend for decreasing economically active population (Fig. 1). On the one hand this can be explained by falling birth rates as a result of negative economic situation in the early nineties. Another reason for reducing economically active population is low life expectancy and high incidence of disease, also resulting from the negative effects of transitional reforms.

The second important characteristic of the Russian labour supply is its geographical distribution, so, despite the fact that the vast majority of the working-age population live in large cities, a significant part of it remains in economically unviable areas where there is no demand for labour or the demand for labour is significantly limited <sup>2</sup>.

Finally, one of the key features of labour supply is the professional qualification character. The formal level of qualification of the Russian labour force remains very high. Russia is one of the world leaders in the number of people having higher education. However, in reality the situation is somewhat different; the level of employee qualification is quite low. But besides the quality of education there is an issue of professional discrepancy between the supply and demand in the labour market. All this indicates the inflexibility of the education system and its inability to respond to the changing needs of the labour market.

The demand for labour in the Russian labour market also has its specifics. In our view, the first and the main feature of the Russian labour market and Russian market in general, is its

exceptionally high degree of monopolization. The state supervisory authorities actually limit themselves only to controlling observance of labour legislation. It should be recognized that this control often proves to be quite effective.

High degree of monopolization in the labour market is reflected in the second key

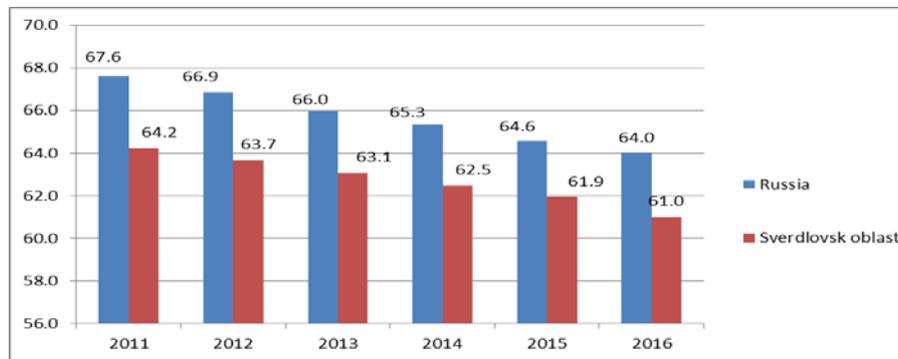


Fig. 1 – Rate of able-bodied population in total population, %

feature of the labour market – low demand for skills. This peculiarity goes back to the early 90-s, when the human capital which had been accumulated during the Soviet period was largely ignored. It led to little interest the employers took in the applicant's qualification level as the shift was towards personal qualities. However, with the transitional reforms, this trend became stable. In these conditions the employer doesn't consider the obtained qualification as an asset necessary for effective professional activity. It is only considered to be a signal of the applicant's higher level abilities. At present this trend is decreasing mostly due to the policies of foreign companies and most successful Russian companies. On the other hand, the possible growth of competition in the markets and the subsequent fall of business profits, on the contrary, can make employers more carefully approach the staff selection<sup>3</sup>.

And the last feature of the labour demand in the Russian model is high degree of monopolization in the domestic labour market. Monopolization is first of all found in old industrial enterprises, in the public sector and some other industries. Primarily this is due to the almost complete lack of corporate culture in Russian companies, as well as a high level of ownership concentration. All this leads to the situation when the vacancies for the key positions are filled from internal sources, and what is taken into account is very often not the professionalism of the applicant but their being part of family or informal connections established in the company. It is not uncommon that some businesses and industries have a secret order of succession for the next few years, a kind of "inheritance" order. It is obvious that under these conditions, the demand for highly qualified professionals declared by such industries is a political sham – all they can offer the external applicants is lower positions, and no career prospects. In the crisis conditions the staff policy of such companies will also be far

from oriented to economic efficiency and social justice, it will aim to preserve and maximize the rents collected by the elite ruling at the enterprise.

## ***2.2. Methodology of labour market adaptation research***

A study of administrative practices in the organizations of the Sverdlovsk oblast experiencing management tools of labour market adaptation was held in the first half of 2016. The researchers used the methodological approach proposed by Professor A. Kokovikhin in former papers <sup>4</sup>. The methods included the accumulation of data and information using multiple methods: analyzing scientific publications, conducting semi-structured interviews and observation. The data included both historical and present day information about the given social sphere. The reasons for using specified methods are connected with studying the social phenomena: national culture, values, behavior and HR management practices. Thus, the collection, selection and analysis done by using the methods of interpretation (reveal ideas (meanings) generated in human economic activity, show the sphere for their implementation) provide the basis for achieving visible results and developing recommendations. These methods are used in the in-depth analysis of data obtained from semi-structured interviews with top-managers to explore approaches and practices in the field of managerial instruments of labour market adaptation in the national cultural environment.

The object of the research on management practices in the Sverdlovsk oblast were 110 employers – members of Sverdlovsk Regional Union of Industrialists and Entrepreneurs involved in three basic types of activity that provide employment to more than 40% human resources: manufacturing – 40 organizations (number of employees over 1000 people); construction – 30 organizations (number of employees over 100 people); wholesale and retail trade- 36 organizations (number of employees over 200 people); other community, social and personal services– 4 organizations (number of employees over 200 people).

The respondents were 110 top-managers who filled in questionnaires or took part in semi-structured interviews on the questionnaire. The questionnaire aims to identify management tools of labour market adaptation.

## **3 Results: management tools of labour market adaptations**

The study showed that managers used tools of Dual Education Model. Employers labour mobility programs and using of National Qualification Framework in education and hr-practice are the next popular management tools (Table. 1).

*Table 1 – Management tools of labour market adaptations according results of the sociological research which involved questioning the top managers of Sverdlovsk Regional Union of Industrialists and Entrepreneurs*

Rate	Tools	Answers	Percent
1	Dual Education Model – shearing the education process between educational organization and employer	51	42,5
2-3	Using of National Qualification Framework in education and hr-practice	38	31,7
2-3	Programs of internal labour mobility	38	31,7
4	Tax preferences or government funding for employers educational projects	32	26,7
5	Employers projects of vocational guidance in schools	29	24,2
6	State program “Professional development and retraining of engineering staff”	21	17,5
7	Participation of employees in National Championship “WorldSkills Russia”	18	15,0
8	Founding of Employers Educational Centers	16	13,3
9	Development of certification of worker’s competence and qualification	13	10,8
10	Employment of foreign workers	9	7,5
	Total	265	220,8

Management tools are the elements of labour market adaptation mechanism (Table. 2).

*Table 2 – Labour market adaptation mechanism*

<b>Elements</b>	<b>Contents</b>
Management goal	Ensuring the availability of labour resources with the required qualification for the investor
Objectives (criteria)of management	1. Positive dynamics of the quantitative and qualitative characteristics of the labor resources of the territory (ensuring positive dynamics of the working age population; ensuring the quality of basic general education; developing vocational education). 2. Providing conditions for reducing the cost of attracting labor from external areas (developing the transport infrastructure; providing conditions for housing construction).
Management factors	1. Quantitative and qualitative characteristics of labor resources of the territory (the size and structure of the working population; the quality of secondary and additional education; the accessibility and quality of vocational education). 2. Labour mobility (the condition of the transport infrastructure; administrative barriers in housing construction).
Management methods	Strategic planning; program-targeted management; project management; social partnership; setting the municipal tasks and the municipal order.
Management resources	1. Material (municipal property and land fund; the property of the municipal budget and Autonomous institutions and enterprises). 2. Financial (funds for activities of the Federal target programs; the state programs of the Federation; the municipal programs; extrabudgetary revenues of the municipal budget institutions and autonomous institutions and enterprises). 3. Social (social partnership resources; activities of non-profit organizations) 4. Institutional (powers in the field of road activities; housing construction; primary general, basic general, secondary general education in municipal educational organizations; organizing the provision of additional education to children in municipal educational organizations; agreements made within the social partnership).

#### 4 Conclusions

National model of Russian labour market is characterized by such supply factors as negative trend for decreasing economically active population, geographical distribution, old structure and low quality of vocational education. The labour demand in the Russian model is high degree of monopolization in the domestic labour markets and low demand for skills. A study of management practices in organizations of the Sverdlovsk oblast showed that managers used tools of Dual Education Model, National Qualification Framework and employers labour mobility programs in education and hr-practice. Such hr-management practice as founding of Employers Educational Centers and employment of foreign workers are less popular.

Next step in analyzing the opportunities of crisis-management policy in employment is to identify the current trends in the key factors of the labour market and define their future dynamics.. Completing these tasks should be based on the data provided by national and regional macroeconomic statistics on the labour market.

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