Tools of Labor Market Regulation

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Abstract - Labor market occupies its place as one of the main factors of production in the system of market relations. This market faces the interests of employers and employees who represent the interests of the majority of the population.

The labor market in Russia is still characterized by a devaluation of the skilled labor force, a decline in employment among the graduates, professional, demographic, qualification and regional imbalances and the existence of significant imbalances in the structure of wages, employment and deformation of the motivational mechanism of labor activity. In fact, highly skilled labor is not stimulated in practice in Russia, which negatively affects labor productivity.

Efficiency of functioning and balance of the labor market is extremely important both for economic subjects, and for the population. Employment services and recruitment companies ensure the functioning of the labor market and are effective tools of its regulation.

The analysis of the activities of the employment center and recruitment agencies in the city of Krasnoyarsk is made. A number of problems that significantly complicate the impact of the employment center on the improvement of the labor market in Krasnoyarsk are considered. Among them is high level of bureaucracy, low level of unemployment benefits and low image of the institution among the population. Some directions of employment center activities are given; their realization will allow providing greater balance of demand and supply in the labor market in Krasnoyarsk, as well as reducing the shortage of personnel in the city.

Keywords - labor market, employment center, recruitment agencies, supply and demand, shortage of personnel

I. INTRODUCTION

Labor market is a complex socio-economic system linked to the important aspects of society. In modern conditions of development the labor market needs constant rethinking of the established approaches to its nature, formation, analysis of optimal methods of influence and regulation; that is why study of labor market problems becomes particularly relevant.

Formation and development of the labor market is impossible in the conditions of self-regulation based on the market mechanism due to the fact that there are constantly complex transformation processes in the political, economic, social spheres, which influence negatively on the national economy state in general and the labor market in particular. Therefore, there is a need for state regulation of the labor market with the help of various tools to minimize the negative impact of the crisis, as well as to provide social protection of the population from unemployment, increasing its competitiveness [7].

In March 2017, the international Labor Forum was held in St. Petersburg. The key agenda of the meeting was the compliance of the current trends in the development of the labor market and the existing tools and mechanisms regulating labor relations. It was noted that there is a need to move to new work formats of the employment service, and as a result of its transition to a new level of labor market regulator. It is important to assess correctly the full range of existing problems in the work of the service and in the field of labor and employment, to be sensitive to the needs of employers, to expand the sources of funding for active programs. On the basis of research, it is necessary to identify and implement the tools of labor market regulation in the work of the employment service that ensure the growth of the regional economy, and, consequently, development of the country as a whole [10].

The aim of the study is to analyze the impact of the activities of employment center and recruitment agencies on the labor market and draft proposals for improving the situation on the labor market of Krasnoyarsk.

II. STATE REGULATION OF THE LABOR MARKET

The labor market is a system of social relations designed to harmonize the interests of the hired labor force and employers. A. I. Rofe gave a definition of the labor market as “an integral part of the structure of the market economy, functioning in it along with other markets: consumer goods, materials, raw materials, housing services, securities, etc.” [8, p.15].

In general, the labor market is a system of economic relations that are associated with the supply of labor and employment, i.e. with its purchase and sale. It is also a geographical and economic space - the sphere of employment, where sellers and buyers of a rather specific product - labor - interact; finally, the labor market is a mechanism that ensures coordination of labor conditions and prices among employees and employers.

The elements (components) of the labor market include:
1. Subjects of the labor market, namely, employers, employees and the state (represented by its competent authorities of different levels).
2. The situation on the labor market, which represents the ratio of the market of labor supply and demand that
determines the level of employment and wages for the certain types of work.

3. Regulatory legal acts, which regulate relations of constituent entities of the labor market.

4. State and municipal authorities working in the field of employment.

5. Labor market infrastructure, which is a set of organizations and support services that provide functioning of the main bodies of the employment service. These include retraining and training services and staff, as well as their career guidance.

6. Alternative temporary forms of employment: seasonal work, home work, community work, etc.

7. The system of social guarantees and payments for the unemployed, citizens transferred to a new job, as well as released from production.

8. System of financing of employment policy and employment services.

The first two elements of the labor market are natural and necessary conditions for the existence of labor market relations. These elements are present in any labor market and practically do not depend on its organization. All subsequent elements of the labor market have a decisive influence on the efficiency of relations. Actually a realization of this or that organization of the labor market comes through them, and depending on it this or that its efficiency is formed [1, pp.10-19].

In modern conditions of social and economic development, the need for state regulation of the labor market is in no doubt. Measures taken by the state in the process of influencing the labor market should be in the interests of both employers and employees. The methods used by the state to regulate the labor market are divided into different characteristics: direction of impact, objects of impact, nature of impact on the labor market, form of impact, content of regulatory measures, duration of impact, level of management impact, sources of funding.

In order to promote full, freely chosen and productive employment of the population, the state is carrying out the following:

1. Development of programs and plans of social and economic development, measures of tax, investment, financial and credit policy aimed at rational allocation of productive forces, increasing mobility of labor resources, development of self-employment and temporary employment, promotion of flexible labor regimes and other measures that contribute to the development and preservation of the job system.

2. Legal regulation in the field of employment on the basis of respect for the interests and legitimate rights of citizens, relevant state guarantees, further improvement of legislation in the field of employment.

3. Creation and development of public employment service.

4. Introduction of effective mechanisms of active employment policies, including organization and conducting special events for profiling unemployed citizens.

The main objectives of the state regulation of the labor market are the following: to ensure full employment; to ensure flexibility of the labor market, which will allow it to quickly adapt to changes in both external and internal conditions, while maintaining stability and manageability [9, pp.31-32].

The purpose of the employment service is to provide state guarantees in the field of employment promotion. To achieve this, daily interaction with employers is carried out in terms of assistance in the implementation of effective personnel policy and work with the population - to assist citizens in professional implementation.

Each application has individual circumstances and requires targeted support: messages of relevant information about the labor market and personnel needs of enterprises, selection of vacancies, identification of alternative employment options in the form of employment for temporary jobs or organization of business, training in popular professions.

The implementation of these measures is also important for employers: enterprises and organizations are able to choose staff among the job-seekers, to perform additional work by temporary workers, to organize training of necessary personnel oriented to training by the employment service [4].

In addition to the activities of the state employment service, recruitment companies are currently operating in the market. They provide paid services related to the selection of personnel, which are carried out by the order of the employer by an independent structure. The main task of the recruiter is to find, select and submit the required number of candidates to the customer for the vacant position, so that the customer can make a final decision about the hiring. The client of a recruiting agency is basically an employer company, which, as a rule, pays for the services upon hiring an employee.

A feature of the domestic market of recruiting services is the fact that the bulk of the market is occupied by recruiting companies that are engaged in the selection of specialists of the highest and middle level, and “low-level” positions are almost left [3].
not only to maintain its position, but to develop further its investment attractiveness [5].

Let us analyze state of the labor market in Krasnoyarsk, namely, the level of employment and unemployment in 2016-2018 according to the data of Employment center of the population in Krasnoyarsk [4].

Level of unemployment

In 2016, the share of unemployed citizens in the total number of those who applied for assistance in finding a suitable job was 79.8% (20 thousand people) versus 81% (24.5 thousand people) in 2015;
- the number of citizens who are registered in order to find a suitable job was 30.4 thousand people, which is 9.8% less than in the same period in 2015;
- status of an unemployed citizen received 10.8 thousand residents of the regional center, which is 2% less than in January-December 2015 (11.0 thousand people);
- number of the registered unemployed citizens was 3 793 persons;
- registered unemployment rate, calculated as the ratio of officially registered unemployed to the number of able-bodied population of working age, was 0.57 %.

In 2017, 20.4 thousand people applied for assistance in finding a suitable job, which exceeded the 2016 figure by 6.4%. At the same time, 14.3 thousand people, or 70%, were employed for permanent work;
- number of citizens who were registered in order to find a suitable job, was 4.6 thousand people;
- status of an unemployed citizen was received by 7.7 thousand residents, which is 3.1 thousand citizens less than in January-December 2016 (10.8 thousand people);
- number of unemployed citizens registered in the employment center, was 2.7 thousand people. The decrease compared to the beginning of 2017 amounted to more than 1.1 thousand citizens;
- registered unemployment rate, calculated as the ratio of officially registered unemployed to the number of able-bodied population of working age, was 0.4%.

In the first quarter of 2018:
- 7.3 thousand people, including 6.3 thousand citizens, who were not employed, applied for assistance in finding a suitable job;
- 2.4 thousand people were recognized as unemployed;
- number of citizens who were registered in order to find a suitable job was 3.7 thousand people, including 3.5 thousand people who were not engaged in employment;
- number of unemployed citizens registered in the employment center was 2.5 thousand people;
- registered unemployment rate, calculated from the number of the working – age population, was 0.37% [4].

Summary data on the unemployment rate are shown in Tab.1.

According to Tab.1, there was a significant increase in unemployment in Krasnoyarsk in 2016, its level was 0.57% of the number of employed citizens. In 2017, the number of applications for assistance in finding a suitable job, as well as the number of citizens registered in order to find a suitable job, decreased several times, which indicated some stabilization of the labor market.

Vacancy level

In January-December 2016, 4.6 thousand employers applied to the employment center for assistance in the selection of necessary employees, stating the need for 79.2 thousand employees. In comparison with the same period of 2015, there was an increase in the number of economic entities that applied: more than 1.3 thousand units, or 40%. The number of declared vacancies also showed growth: the increase was 13.8 thousand jobs, or 21%.

At the end of the year, 12.2 thousand positions remained unnoticed in the city bank of vacancies. The offers of work options for the skilled workers amounted to 63.1% of the total bank of vacancies on January 1, 2017, for employees – 32.5%, unskilled workers – 4.4%. There was a significant imbalance in labor supply and demand.

From January to December 2017, 4.8 thousand employers applied for assistance in the selection of the necessary employees, stating the need for 85.5 thousand employees. In comparison with the same period of 2016, there was an increase in the number of economic entities applying for 200 units. The number of declared vacancies also showed growth: the increase was 6.3 thousand jobs, or 8%.

<table>
<thead>
<tr>
<th>Items</th>
<th>2016 (thousand people)</th>
<th>2017 (thousand people)</th>
<th>1st quarter of 2018 (thousand people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>applications for assistance in finding suitable job</td>
<td>79.8</td>
<td>20.4</td>
<td>7.3</td>
</tr>
<tr>
<td>number of citizens recognized as unemployed</td>
<td>10.8</td>
<td>7.7</td>
<td>2.4</td>
</tr>
<tr>
<td>number of citizens registered in order to find a suitable job</td>
<td>30.4</td>
<td>4.6</td>
<td>3.7</td>
</tr>
<tr>
<td>number of unemployed citizens registered in the employment center</td>
<td>3.8</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>level of registered unemployment</td>
<td>0.57 %</td>
<td>0.4 %</td>
<td>0.37 %</td>
</tr>
</tbody>
</table>

The enterprises that didn’t belong to the state and municipal forms of ownership were looking for the main part of the staff, – 79% of all the vacant positions in 2017. Most of the available jobs were in the construction industry (36%). Building organizations required facing workers, roofers, plumbers, plasterers, concrete workers. Demand for construction workers was increased due to the construction for the winter Universiade 2019. A significant share was occupied by vacancies in manufacturing (12%) and trade (16%).

At the end of the year, the 24.7 thousand units of jobs remained unfilled in the city bank of vacancies, which is two times more than in 2016 [4].

As of the end of 2017, the labor market in Krasnoyarsk was experiencing a shortage of labor force; there was a
significant imbalance between demand and supply on it (Fig.1).

As can be seen from Fig.1, the share of demand for the skilled workers was 58.6% of the available vacancies, while in the labor supply this category of workers was only 18.0%.

A lack of balance between demand and supply of labor force was also observed among the workers of services and trade. At the same time, the share of unskilled workers, as well as managers and specialists of the highest level of management in the supply structure was two times higher than their share in the demand structure.

Analysis of the provision of Krasnoyarsk enterprises with qualified personnel showed that a significant part (25%) of Krasnoyarsk enterprises experienced a shortage of qualified personnel, and 15% experienced this deficit from time to time. Only 60% of enterprises didn’t experience a deficit. Therefore, the situation in the labor market in Krasnoyarsk is complex and it is experiencing a shortage of labor resources.

In the first quarter of 2018, 2.0 thousand employers applied for assistance in the selection of the necessary employees, stating information about the presence of 28.8 thousand vacancies. Among them, 65.4% were workers. A significant number of vacancies were presented by employers of the construction industry - 22.1%. Vacancies from the enterprises of the sectors “Wholesale and retail trade; repair of motor vehicles, motorcycles, household goods and personal items” and “Manufacturing” were 12.1% and 11.5% respectively. Vacancies in the sector “Professional, scientific and technical activities” – 10.0%. Health care institutions of the regional center presented 1.9 thousand vacancies, which was about 6.7%.

In the bank of vacancies 26.5 thousand units of jobs (vacancies) remained free. Among them the share of vacancies by occupation of the skilled workers had 62.0 %, positions of the employees - 31.9 %, occupations of the unskilled workers - 6.1% [4].

A summary of vacancy rates in Krasnoyarsk in 2016-2018 is given in Tab.2.

**TABLE II. VACANCY LEVEL IN 2016-2018**

<table>
<thead>
<tr>
<th>Items</th>
<th>2016 (thousand people)</th>
<th>2017 (thousand people)</th>
<th>1st quarter of 2018 (thousand people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of the applied employers</td>
<td>4.6</td>
<td>4.8</td>
<td>2</td>
</tr>
<tr>
<td>Amount of vacancies</td>
<td>79.2</td>
<td>85.5</td>
<td>28.8</td>
</tr>
</tbody>
</table>

Against the background of a clear shortage of labor, the average duration of job search in 2016 by unemployed women was 7.3 months, by men – 6.9 months [6]. The main reason for this situation is the lack of balance of supply and demand in the labor market. However, at the present time the activities of the employment center are not directed for a radical change of the situation. Of course, training and retraining of the unemployed is organized, but this fact only smoothes the existing situation, but does not change the structure of the market. The consequence of the insufficient relationship between the educational sphere and the employment center is the structure of trained specialists, which does not meet the existing needs. As a result, a large number of specialists graduate from educational institutions and they are not in demand in the labor market.

It is also worth noting that the activity of the employment center is extremely bureaucratic, and the level of unemployment benefits is quite low. In addition, the image of the employment center is currently quite low. This leads to insufficient use of the services of the employment center of Krasnoyarsk by unemployed citizens. In particular, according to the labor force survey conducted in the Krasnoyarsk region in 2016, the majority of the unemployed (60.8%) appealed to friends, relatives and friends as the main way to find a job, 48.4% placed ads in the media and the Internet and only
36.9% of the unemployed applied to public institutions of the employment service.

According to the labor force survey in 2017, 69.7% of unemployed people aged 15 years and older appealed to friends, relatives and friends as a way of job search, 53.5% used or placed ads in the media and the Internet, 32.8% applied to state institutions of the employment service.

The low level of visits of the unemployed to the employment center of Krasnoyarsk limits greatly its ability to influence the labor market in the city.

Fig. 2 illustrates the main ways of searching employees by the employers in Krasnoyarsk in 2017 [6].

As can be seen from Fig. 2, the vast majority of employers (94.5%) apply to the employment center. At the same time, they assess the activity of the employment center as quite effective (the average score is the highest). For comparison, if the average estimate of the employment center is 4.3, then private recruitment agencies have only 2.3. The media, to which a little more than half of employers apply, play a rather important role in the recruitment of personnel.

The main problems encountered by employers in the selection of employees through the public employment service are identified in Fig.3 [6].

As can be seen in Fig.3, many employers (over 42%) note that candidates come for an interview not to find a job, but performing the procedure provided by the employment center to receive unemployment benefits. As a result, there is a situation in which the employer's staff is distracted by such applicants and the overall image of the employment center as an effective state institution is significantly reducing.

The second problem is the insufficient flow of candidates. Employers prefer to choose their own staff, but if the influx of candidates is insufficient, the opportunities for this choice are reduced. As a result, the employer is often forced to delay the decision to examine more candidates. This in turn creates problems, consisting in the fact that the employer's representative loses the candidates' data and the recruitment cycle increases.

Recruitment agencies play a significant role in the labor market of Krasnoyarsk and the market volume of these services is 250-270 mln. rubles per year. In total, there are about 50 agencies in the market, with more than 50% of the market of recruiting services accounted for 5-7 leading agencies, and the other half is divided between small companies. The market of recruitment services in Krasnoyarsk is clearly structured - both in terms of specialization of recruitment agencies and in terms of clients.

Local, federal and international recruiters are among the leading players in the recruitment market of Krasnoyarsk. Each of them works in its own direction: some specialize in the selection of top management, others - on the selection of middle and lower level personnel.

In general, it should be noted that all recruitment agencies in Krasnoyarsk are focused on the selection of personnel by the order of employers. They provide communication between employers and job seekers, but their impact on the labor market is generally quite limited.

Current labor market problems, resulting in a shortage of human resources and a lack of balance between labor supply and demand, are beneficial for recruitment agencies.

First, the complexity of hiring staff for employers is increasing and this forces them to apply to recruitment agencies. Moreover, the more problems in the market, the more professionalism is required from the HR-manager to ensure hiring of a suitable employee. Second, the difficulty in working in the recruitment market is caused by the withdrawal of weak companies from the market (which is a potential opportunity for the growth of other agencies) and increase of the entry barriers to the market for new recruitment companies. Therefore, the activities of recruitment companies, as one of the tools of labor market regulation, won't be aimed at its improvement and their impact on it is quite limited [3].
Currently, there is a problem of structural compliance of the educational sector with the demands of the labor market. The essence of the problem is lack of flexibility of the system of vocational training, lack of integrated information infrastructure of the labor markets and educational services, low mobility of migration flows and changing requirements for the structure of workers’ specialties.

The reason for the problem lies in the discrepancy between the content of the educational process of the university and the expectations of consumers of educational services – enterprises of the market environment (Fig. 4) [2].

This leads to a counter-educational process: companies create their own corporate schools, courses, universities.

The analysis shows that the majority of new corporate institutions rely on the potential of the existing teaching environment, existing methods of educational services and the requirements of standard educational programs. It turns out a vicious circle - new forms of employees’ training are fed by the “old” educational and methodological support. The reason for this situation is not in the qualification of lecturers, but in the degree of structural compliance of the educational and methodological base to the arising labor market requirements.

It is known that market conditions of business change periodically. There are new specialties and, accordingly, new requirements for specialists from employers. It is logical to assume that the educational institutions should monitor these changes and reorient themselves flexibly. However, this is impossible for one reason – the procedures of standardization of state education do not allow educational organizations to change educational content of their educational services quickly.

The main link that forms integration between the market of educational services and the labor market can be a structure that provides consulting services in the labor market and which is in outsourcing relations with the educational institution to provide information and analytical services and systematization of labor market requirements for the specialists’ competence. Such information consulting center (ICC) can transform the expectations of employers into requirements for the specialist’s competence, and, consequently, form the tasks for educational institutions to prepare academic and methodological complexes (Fig. 5) [2].

ICC, being an agent of the educational institution for additional education and training of enterprise specialists and
citizens, acts as an organizer of short educational cycles - up to 2 years. The time cycle of training at the institution (4-6 years) is supplemented by a cycle from 2 months to 2 years for a rapid retraining for the market demand. In this case, the educational institution together with the ICC becomes a fundamental educational platform for training and retraining of specialists, facing the needs of the market.

Let's present the developed model of the project-oriented educational cluster with the participation of the ICC as an integrating link between labor markets and educational services market in the economic environment of the city (Fig. 6) [2].

Such project-oriented educational cluster is one of the tools to ensure cooperation and social partnership of various subjects of personnel policy: legislative and executive authorities, local authorities, educational institutions, scientific organizations, trade unions, unions of producers and entrepreneurs, employment services, enterprises and organizations, recruitment agencies, the chamber of commerce and industry of the region.

The activity content of the project-oriented educational cluster is to coordinate and integrate information, educational and scientific resources in accordance with the current demands of the labor market and strategic plans of socio-economic development of Krasnoyarsk and Krasnoyarsk region to create conditions for free satisfaction of the citizens' needs in obtaining and implementing professional education, demanded by the labor market, state and municipal orders. This is important due to the fact that there is a lack of integration between the elements of educational and industrial structures.

The main activities of the ICC:
1) Development of information and personnel support of the labor market and educational services at the current international level in the direction of improving the quality and relevance of services.
2) Information and analytical activities in order to ensure the quality of continuous educational process in the strategy of social partnership of the government, employers and trade unions. Coordination of activities of the subjects of the information and educational services market, the labor market, employers and trade unions to improve the quality of the labor force and the quality of education.
3) Organization and coordination of the activities of centers for providing educational, career guidance and contingent-forecast services for new and current specialties, additional training and retraining for the purpose of implementing the system of continuous education, increasing the mobility of the labor force in the city and the region.

The objectives of the ICC:
organization of information and personnel support of educational services in the framework of strategies and projects of socio-economic development of the city and region at the current international level of quality and on the basis of modern educational technologies and training programs (taking into account the Bologna process);
formation of a single educational space system of the city and the region, and possibility of equal access for the areas remote from the center to the system of professional training;
formation of the organizational model and mechanisms of relations between the subjects of the personnel market to improve the quality of educational services in accordance with the requests of employers;
adaptation and development of innovative technologies of education to optimize the personnel structure of the labor market.

The goals are based on improving the quality of educational services to meet the needs of the market [2].

V. CONCLUSION

The regulation of the labor market is one of the priority tasks of the state and is a process aimed at reducing unemployment, achieving full and effective employment, growth of competitiveness in the labor market.

The solution of actual problems in the labor market in modern conditions is connected with the complex application of the main activities carried out through the interaction of regulatory instruments; the choice of these tools depends on changes in the structure of the labor market, the dynamics of its development, as well as on the national socio-economic situation [7, 11].

Analysis of the labor market of Krasnoyarsk showed that the activities of such regulatory instruments as the
employment center and recruitment agencies to an insufficient extent focused on the real impact on the labor market in the city. There is a significant imbalance in supply and demand. All implemented measures only smooth the situation, but do not contribute to its solution.

It is proposed to create an information consulting center - a structure that can transform the expectations of employers into the requirements for the competence of the specialist. It should be noted that participation in the training process is the key to successful development for any enterprise. The activities of the center will help to meet the needs of the population in obtaining and implementing professional education, demanded by the labor market, thereby ensuring a greater balance of supply and demand in the labor market, as well as reducing the shortage of personnel in the city and the region. These ICC are proposed to be introduced into the work of the employment centers as a tool for regulating the labor market, ensuring the growth of the regional economy.

References


