

# Youth Unemployment in Russia: State of Art and Challenges



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*FROM WORDS TO ACTION*

*Combating youth unemployment and marginalization*



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# Outline

- Main characteristics of employment and labor market in Russia
- Youth unemployment
- Challenges

# Main parameters of employment and labor market in Russia:

## Labor supply

- Declining population of working age: *by 3.1 million people 2006-2012 and by 5-6 million to 2020;*
- Regionally uneven demographic changes across the country: *decline in the North, North-West, Centre of Russia;*
- Changes of social- demographic characteristics: *the aging of the population, poor health( children and youth), reduced ability to prolonged and intensive labor;*
- A high concentration of labor supply in a number of territories and areas of economic activity;
- Insufficient quality of education and training.

# Main parameters of employment and labor market in Russia:

## Labor demand

- Current demand is represented by unattractive vacancies;
- Stable demand for unskilled manual labor, and labor in hazardous industries;
- Low quality of jobs in small business.
- Shadow employment.

# Labor market in Russia:

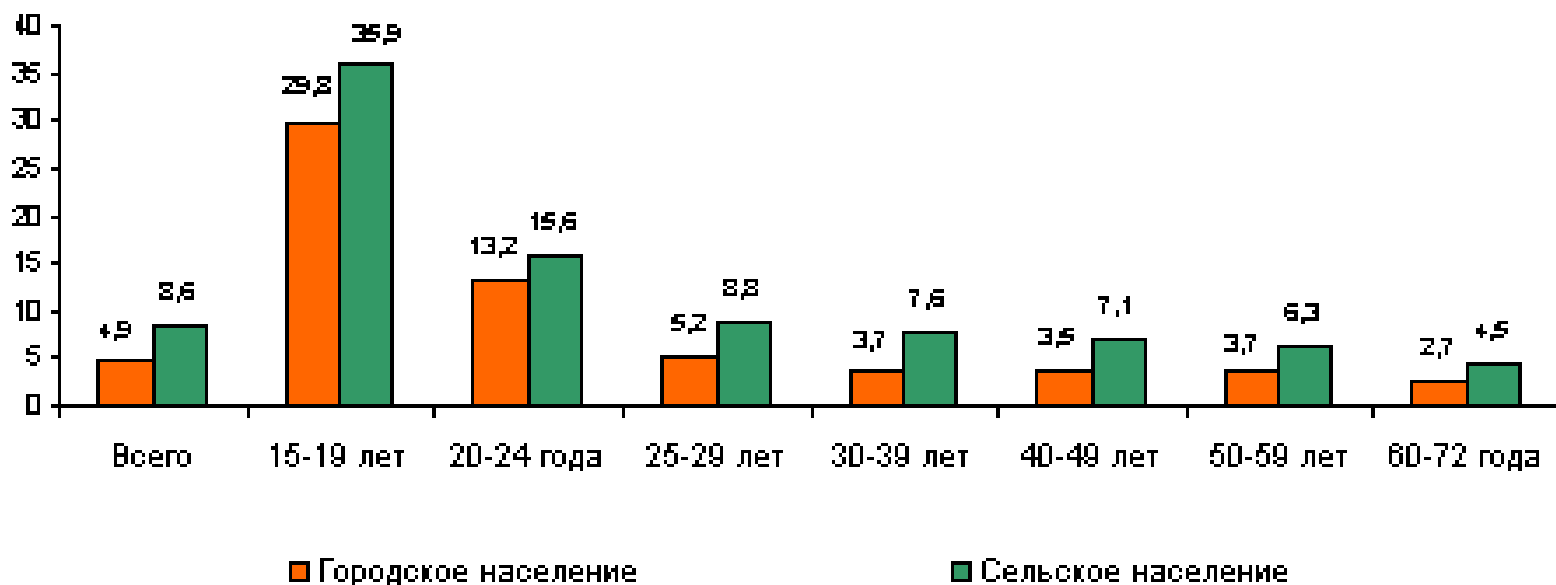
- Relatively low level of unemployment,
  - Non-fixed working time,
  - Super-flexible salaries,
  - High labor force turnover,
  - Widespread non-standard forms of labor relations,
  - Low level of strike activity .
- 
- ❖ Thus labor market is well adjusted to negative shocks during transition period through changes of labor price and labor time without significant changes in employment.
  - ❖ Structural imbalance: structure of labor supply is not relevant to current demand                      labor shortage.
  - ❖ From an institutional point of view of the peculiarity of the Russian labor market is a weak discipline and enforcement mechanisms.

# Unemployment

- ✓ Official level of unemployment is 5,7%, 2012.
- ✓ Average age is 35.6 years old.
- ✓ Share of youth among unemployed is 25%.

# Unemployment by age and type of settlement (% of EAP)

**Уровень безработицы по возрастным группам и виду поселения  
в апреле 2012 года**  
(в % от экономически активного населения)



# Youth Employment and Unemployment

Alternative estimations:  
10% (TU), 16% (ILO)

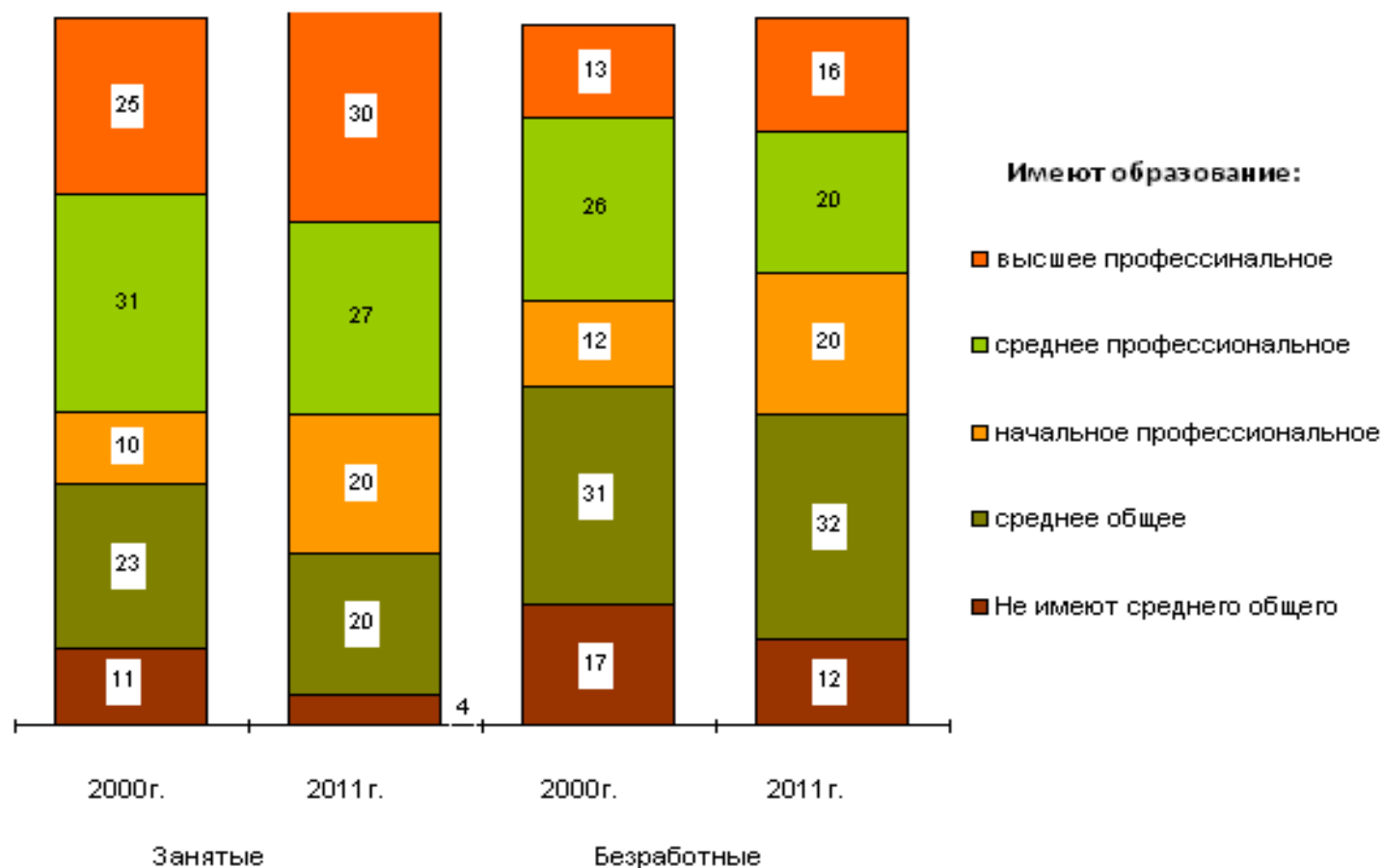
- Young people are much less likely to be registered at the employment service, than people of other age groups.
- Zero salary employment contracts (payment for working hours only), underemployment.
- Lots of young people have irrelevant skills .
- Only 2.3% of former students at the time of graduation, decide to go into business.
- Inadequate expectations of wages and working conditions.
- Trap of Zero-experience.

# Education and labor market

- The system of higher and secondary education is slow to respond to the changing external environment. The rank of universities is little dependent on the successful employment of their graduates.
- The number of students in Russia has grown continuously since the 90s, their numbers has increased 2.7 times.
- This growth cannot be explained either by demographic factors – the reduced number of young people in 2000s, nor by the desire to avoid military service.
- Coverage by higher education is increasing, and sooner or later 60 to 75% of young people will have higher education diplomas. That is, it is possible that by the middle of this century, Russia will have a workforce, two thirds of which are university diploma holders.
- Russian universities do not play a significant role in the national innovation system. In training schools focused on requests applicants and their parents, and not the employers.

# Employed and unemployed by level of education (%)

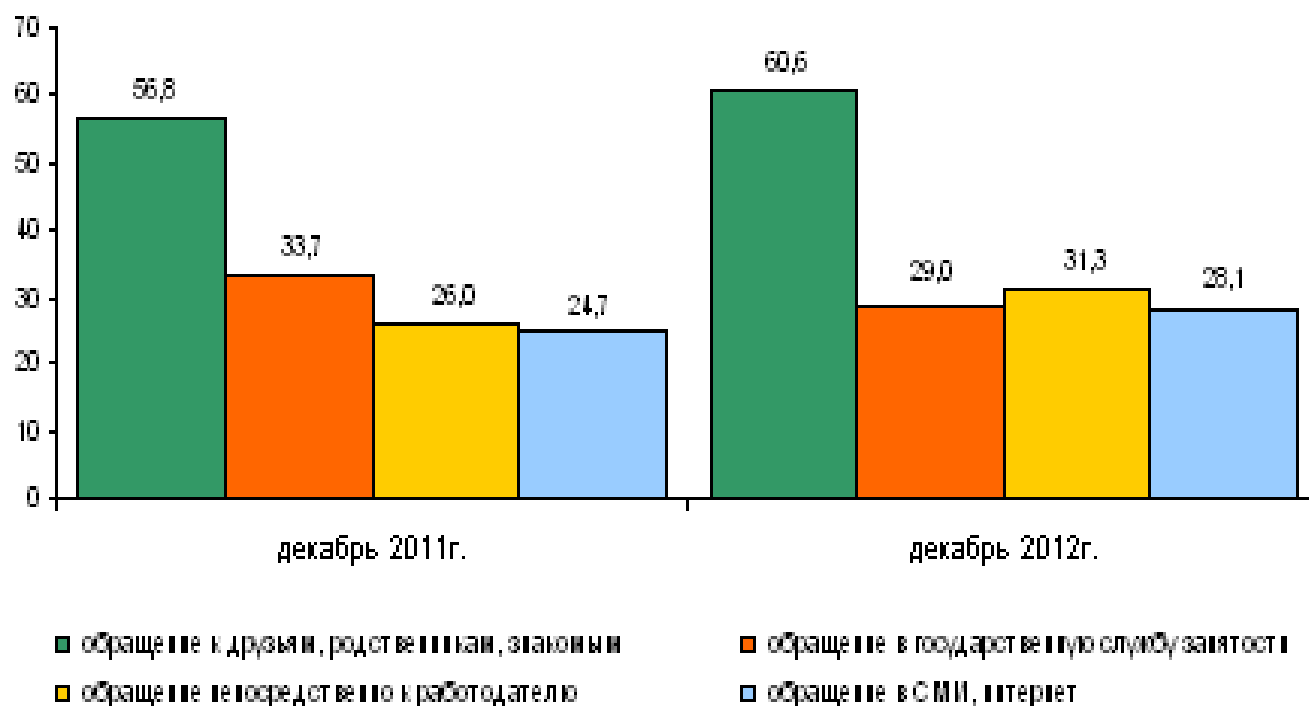
Структура занятого населения и безработных  
по уровню образования  
в процентах



# How people search jobs?

## Способы поиска работы безработными

(в % к общей численности безработных; без корректировки сезонных колебаний)



- According to HES study more than 50% of young people engaged in the state sector companies, have working part-time and secondary jobs, about 25% - moonlight without employment contract.



- Cash flow problems increase dependence on parents;
- Difficulties with the purchase and renting of housing.




# Negative factors

- Inconsistency of a) the education system, b) employers and c) the state policy.
- Youth gets irrelevant profession, can not find work in a crowded marketplace.

As a result - a lot of job vacancies and employment problems for the professionals.

- Gap between professional training and the practice.
- Weak measures to support youth employment.

# Actions

- Temporary staffing  **Luck of regulations.**
- The state programs to promote employment of college graduates in most regions **Luck of funding.** 
- Retraining programs  **irrelevant of demand.**
- Freelance activity(journalists, programmers, designers, translators, merchandisers).
  - 35% in IT sector.
  - 18% underpaid by unscrupulous employers.

# Challenges

- **REGULATION:** developing and enhancing new forms of employment.
- **MOBILITY:** creating incentives and stimulating state and business support programs.
- **EDUCATION:** reforming of professional training, providing new competences, increasing learning possibilities for employment and entrepreneurship.
- **REGIONAL INITIATIVES:** Youth Exchange, Vacancy fairs; job training while education
- **TRANSNATIONAL INITIATIVES:** using UBC networks and best practice experience for combating youth unemployment and marginalization.

**Thank you !**

**Welcome to St Petersburg!**

