

# Determinants of personnel security in Russia

*Kalyugina, S.<sup>1\*</sup>, Gridina, T.<sup>1</sup>, Chuprova, D.<sup>1</sup>*

<sup>1</sup> Institute of Economics and Management, North-Caucasus Federal University, Pushkin str. 1/21,  
355035 Stavropol, Russian Federation

**Abstract.** This research looks into the state personnel policy in Russian Federation and assesses the future of the country's labour market and labour potential. We investigate the changes in the Russian labour market from the early 1990s until today and show that as the Russian labour market is transforming towards the market economy, many important changes occur. In general, it appears that the implementation of the state personnel policy in the Russian Federation should begin with the study of measures developed at the federal level that would allow to improve the efficient development, ensure of labour resources, the activation of the employment policy, creating a system of state social support for unemployed citizens. Our results might be useful for the labour market stakeholders and policymakers at the regional and the federal levels and improve the personnel security in the Russian Federation.

## 1 Introduction

Provisions of the state personnel policy should begin with the study of measures developed at micro, meso and macro levels [1]. Such a complex approach would allow relevant stakeholders and policymakers to improve the efficient growth, ensure of labour resources, the activation of the employment policy, creating a system of state social support for unemployed citizens [5, 6, 11, 12].

In this research article we are looking at the state personnel policy in Russian Federation and assessing the future of its labour potential as well as its labour market and its future

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\* Corresponding author: [skaliugina@ncfu.ru](mailto:skaliugina@ncfu.ru)

developments. Our results might be interesting for the researchers working in the fields of labour economics, regional development and state and municipal management.

## **2 Demography and labour market**

The prognosis of the Russian demographic and labour market situation is quite grim, given that Russia's working-age population will fall from 60% to less than 50% in two waves from 2015 to 2020 [2]. The forecast also provides evidence that it is necessary to assess the country's long-term economic prospects.

The Russian economy is facing a decline in the labour force - age and growing share of the average workforce - and in the labour market of high-quality workers (in terms of education and skills) [3, 4, 7, 8]. At the current level, however, migration flows are not sufficient to offset the loss of population in labour markets. Given Russia's relatively low labour-force participation rate and high migration, the growth of foreign direct investment (FDI) could play an important role in offsetting this shrinking number of working-age workers. In summary, the problems of Russia's labour market will be exacerbated by depopulation and a shrinking and aging labour force. The number of workers retiring between 2015 and 2020 is expected to be significantly higher than the number of new young workers, due to the decline in labour force participation and high migration [9, 10].

## **3 Case studies in other countries**

Case studies from other countries show similar tendencies. For example, most occupations in India are likely to grow, reflecting India's potential for strong economic expansion. On the other hand, there is a marked decline in the number of jobs in fast-growing developing countries, reflected in lower wage rates. By 2030, however, India's labour force is expected to grow by 138 million people, to about 30 percent.

However, the estimates, based on data from the International Labour Organisation (ILO) and the World Bank, are approximate and only indicative. This means that different methods produce relatively stable results, which is reflected in a fall in the number of jobs and an increase in wages, as well as in employment rates. The Russian economy, which must be taken into account in the new environment in which it finds itself, is the result of structural, non-cyclical or temporary constraints, which are manifested in a lack of investment in infrastructure, a decline in productivity growth and a rise in unemployment [13, 14, 15]. This means that the effects of the economic crisis on the labour market in Russia and in other

countries have also been striking. Of all industrial sectors, only the gas sector has consistently exceeded the 1990 production level. As a recent report by the International Monetary Fund (IMF) and the World Bank shows, output in all other major industries has also declined in recent years. Russia's population fell by 4.8 million people and total employment fell from 72 million to 68.5 million. Over the past two decades, the decline in the employment rate of the Russian industrial sector has escalated, with falling trends. In 2015, the number of persons employed in all major industrial sectors (oil, gas, mining, oil and gas) fell to 143.4 million, compared with 156.7 million in 1990. In recent years, the population has improved slightly, but not enough to analyse the future of the Russian population. The demographic situation in Russia does not look particularly rosy, with the most realistic forecast being the middle variant. If we compare the three variations, we can say that the employment rate of Russia's industrial sector and the labour market in general has declined in recent years. These results are backed up by the theoretical provisions [18, 19, 20].

The trends around the world are as follows: United States and Germany are expected to be the highest, but could also face significant displacement of workers due to automation by 2030. Japan's net job change is about even, given that some jobs in new occupations are unimaginable today. The United States has a growing labour force and is about balance, as innovation leads to new types of occupations and work. Economic growth is crucial to job creation, but economies that stagnate or grow slowly create fewer net new jobs. Germany's labour force will shrink by three million by 2030, and even under the trend scenario, less than half of the work force will be employed. Countries with shrinking labour forces, such as Japan, can expect lower GDP growth in the future, which is only the result of productivity growth. Countries with fast-growing labour forces, such as the United States and Germany, could enjoy a demographic dividend that boosts GDP growth because young people are employed. Countries with high labour growth and productivity will therefore experience higher demand for new labour, but at a slower pace [16, 17, 21].

## **4 Conclusions**

Overall, our results show that Russian Federation lacks a concept of the state personnel policy that would ensure a comprehensive and solid basis for its promotion and development. It is quite remarkable that such a concept called "Russian Concept of State Personnel Policy" was already designed and prepared back in 2001 but was never adopted. Therefore, the new concept should be forged and implemented into practice.

In addition, we think that it is crucial to prepare a unified legal and conceptual framework for the effective implementation of the state personnel policy in the Russian Federation. Only this step would ensure the stable development of its personnel security and labour market.

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