Features of Youth Employment in the Labor Market

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Abstract: - The article considers the difficulties young people face in finding employment: high level of competition among specialists without experience, lack of necessary work in regions and forced migration of young job seekers to major cities, mismatch between education and labor market expressed in lack of necessary competences of graduates or unwillingness to work in their profession. The article also considers the main factors influencing the process of employment of young professionals and their choice of profession. It analyzes the difference between the initial salary levels in different professional fields and regions and their subsequent differentiation during the career. The opinion of young job seekers regarding their own position in the labor market is assessed: their evaluation of the difficulty and criticality of employment at the moment, readiness to reduce salary requirements, to seek part-time work and fear of quitting their current job. The article draws conclusions about the main problems hindering the employment of young job seekers in the labor market and the factors contributing to the growing shortage of young professionals in certain sectors of the economy.

Key-Words: - labor market, employment, vouth, employment, labor economics.

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1. Introduction

Young people in many countries often have many difficulties in their initial employment. Some of these difficulties are objective barriers that young professionals face to varying degrees, and they require primarily quantitative metrics to understand the extent to which state and employer influences can mitigate the labor market position of young job seekers and help them to launch their careers. Some of the problems are specific to national labor markets: they require additional analysis, not just quantitative, but also qualitative, in order to isolate their causes in each country of the world [1]. Removing these barriers to youth employment can help to modernize national economies and develop

key sectors that are in particular need of young talent, such as information technology (IT) and banking. According to experts in the field of labor economics, improvement of conditions comfortable employment of young generation should stimulate intensive development of all sectors of the economy. Otherwise, if there are significant difficulties in the process employment, young people can cause social tension in society and the emergence of economic crisis. The digital transformation of society as a whole has led to the emergence of completely new economic and social factors that directly change the requirements for modern human capital [2, 3]. The massive digitalization of all industries can lead to an increase in unemployment among certain

professions. The widespread introduction of advanced digital technologies will cause the need for mass training of professional staff in new information and computer skills [4-6]. Based on the forecast of the current dynamics of employment change, as well as a study of the potential of labor automation conducted by McKinsey, a leading consulting company, the demand for the least skilled labor will decrease. Additional research on youth labor economics is needed to stabilize the socioeconomic situation.

2. Literature Review

In 2020-2021, the Russian labor market had a major decline in the number of young workers. According to Russian auditing company FinExpertiza, the number of people employed in Russia will decline by 1.65 million in 2020, 1 million of which were workers under the age of 30. Thus, in one year, the Russian economy lost 7.7% of young workers. The decline in the number of employed youths in 2021 was the highest since 2009. In just one year, from September 2020 to September 2021, the number of working Russians of 20-29 years old has decreased by 460.5 thousand people. At the same time, the total number of workers in all age groups increased by 1.84 million over the same period [7].

The general trend of decline in the number of young workers in Russia has been observed since the early 2010s. According to FinExpertiza, between August 2010 and September 2021, the number of employed youths decreased by 32% (by almost 6 million people). The reasons for the decrease in the number of employees are in the field of demography, the small generation born in the 1990s is entering the market, while representatives of the generation of 1980s are already dropping out of 20-29 years old group. In the near future the situation will only worsen, thus, according to experts from the The Centre for Labour Market Studies at the Higher School of Economics, the number of workers from 20 to 40 by 2030 compared to 2017 will decrease by a quarter (about 8 million people) [8]. However, the share of age group of 15-29 years in the overall population will grow at the expense of young people born in the 2000s. It was 14.3% or 22.6 million people in 2020, and it is projected to rise to 17.1% or 25.4 million people in 2030.

One of the objectives of the Ministry of Labor and Social Protection of the Russian Federation is to "promote the involvement of young people in the workforce": the program to promote youth employment until 2030, approved in December 2021, is aimed at its solution. One of the Key

Performance Indicators (KPI) of this program sets as the main goal to reduce the unemployment rate among young people of 15-29 years to 5% by 2030, compared to 10.7% in 2020. The current unemployment rate for the age group of 15-29 years is 27.6%, while the age group of 20-24 years is 15.4%. In the group of 25-29, it decreases to 5%, but remains higher than the overall labor market rate (4.3% in September-November 2021) [9].

Thus, the Russian economy can expect a serious labor shortage among young people in the coming years. According to the Russian Labor Ministry, young workers are most likely to be employed in communications (29% of those employed of all ages), hotel and restaurant business (28%) and insurance and finance (27%): these are the industries that could be most affected by a labor shortage in the first place [10]. A shortage of working youth could lead to several key labor market consequences:

- increasing competition for young professionals, reducing requirements for employment (salary race): companies will offer better terms to young candidates;
- reorientation of hiring to older employees, reducing the level of age discrimination in hiring;
- intensification of closer contacts between the educational system and business in order to hunt young professionals already at the stage of their training.

3. Methodology

The basis of the conducted scientific research is the known method of theoretical and practical analysis and generalization, synthesis and abstraction. Based on the comparison of the findings of various sociological surveys and data from statistical studies conducted by state statistical agencies, employment services, recruiting and staffing agencies, the authors analyzed the specifics faced by young job seekers with and without work experience in employment in the Russian labor market. The main systems of methods used by foreign and Russian experts in the field of labor economics and staff management were used. Information sources used in the research work include documentary and statistical materials, special literature on the topic of research and mass media materials [11].

4. Results

4.1 Objective Difficulties in the Employment of Young Professionals

The main causes of youth unemployment, according to experts of the Ministry of Labor of Russia, are the lack of education and experience of young job seekers, unbalanced demand from employers, lack of jobs with the ability to combine work and study. Data from a 2017 study by job portal HeadHunter show that about half of young job seekers start looking for their first job while still a student, indicating that young people are motivated and want to get a job as early as possible [12]. In the vast majority of cases, youth unemployment is temporary, but the employment process for young professionals is complicated by several objective difficulties: lack of work experience, lack of job search activity, illiterate resume writing and poor communication with employers.

Another difficulty complicating the search for the first job in the Russian labor market is the high level of competition among young job seekers. According to data from HeadHunter, the largest international online recruiting company, the index that reflects the level of competition among young job seekers and expresses the ratio of the number of active resumes to the number of published vacancies in the career field "Career Start" (containing vacancies for professionals without experience) is consistently higher than the same index for the labor market as a whole. At the same time, the amplitude of the annual fluctuations of the indicator (typical for the labor market as a whole and for the category "Career Start") in the case of the segment of young job seekers turns out to be higher. As a result, in the first and second quarters of the year, which usually account for the peak values of the index, it is especially difficult for young specialists to look for a job, because at this time the difference in the level of competition can be about one and a half times (Figure 1).

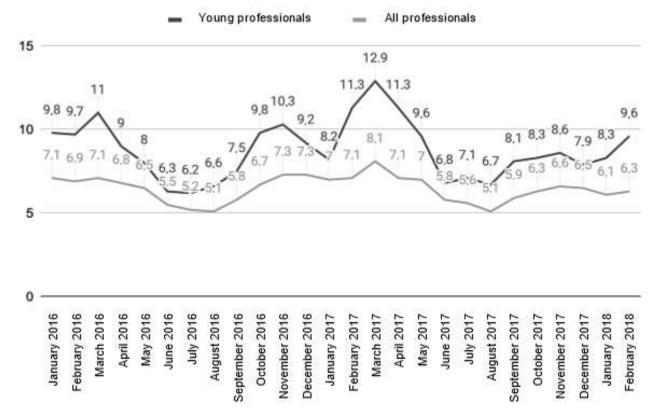


Fig. 1 – Level of competition in the Russian labor market, expressed as a ratio of the number of active resumes to the number of published vacancies (HeadHunter, 2017)

In 2017, HeadHunter identified 10 industries with the highest relative share of vacancies for young professionals: "Public activities and nonprofit organizations" (20%), "Telecommunications and

communications" (20%), "Financial sector" (19%), "IT" (18%), "Hotels, restaurants and catering" (17%), "Educational institutions" (14%), "Public services" (12%), "Arts and culture" (10%), "Media,

marketing, advertising, design and production" (10%) and "Retail" (9%). Representatives of these professions from these areas face less difficulty in finding a job, even without professional experience. However, in absolute numbers, three industries supply the largest number of vacancies for young professionals in the Russian labor market: IT (22% of the total number of vacancies for professionals without experience), Financial Sector (21%) and Retail Trade (17%).

The three most popular positions for young job seekers on leading job search portal HeadHunter are customer service operator, waiter and sales manager. Each account for 1.7% of the total number of job openings for professionals with no experience. The most popular qualities of young professionals on the Russian labor market are responsibility (28%), stress resistance (10%), determination and friendliness (8%), accuracy (7%),

diligence and sociability (6%), ambition and active lifestyle (5%).

Among large Russian cities, job seekers in Kazan, Ufa, Omsk, Voronezh and Novosibirsk have the greatest difficulty in finding work. At the same time, the smallest difference between the rates of competition among young specialists is observed in Moscow and Saint Petersburg: given the overall large capacity of the labor market, it is in the two largest cities of Russia that job search for young specialists can be the least difficult. Together with the higher level of salaries, this may be one of the main reasons for the migration of young specialists from the periphery [14, 15]. On the other hand, the level of competition in Moscow and Saint Petersburg is still higher than the average level of competition in all other federal districts of Russia. This suggests that young people outside the major cities face little competition for jobs (Figure 2, Figure 3).

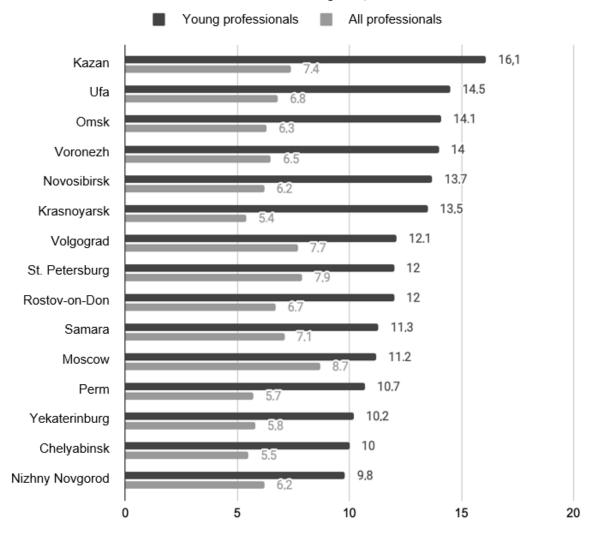


Fig. 2 – Level of competition, expressed as the ratio of the number of active resumes to the number of published vacancies in the largest cities of Russia

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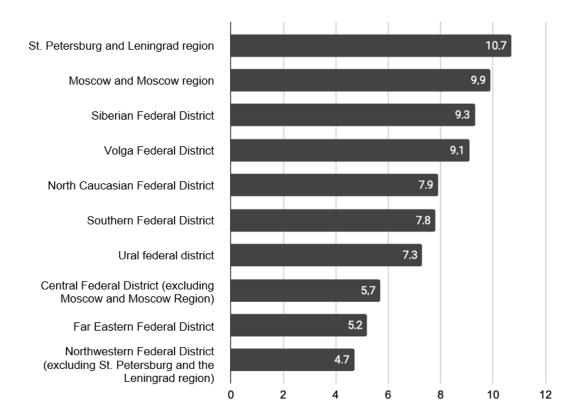


Fig. 3 – Level of competition expressed as a ratio of the number of active resumes to the number of published vacancies in different federal districts of Russia

4.2 Salaries of Young Professionals and Career Factors

The highest level of salaries among young specialists, as well as among specialists with experience, is registered in Moscow, but, according to HeadHunter, the level of initial salaries in Saint

Petersburg lags a little, by 18%. The difference with other major cities is significantly higher. As a rule, subsequent changes in salary level as the career progresses reinforce this difference, i.e., salaries in Moscow grow faster than in Saint Petersburg, and even faster than in the regions (Figure 4).

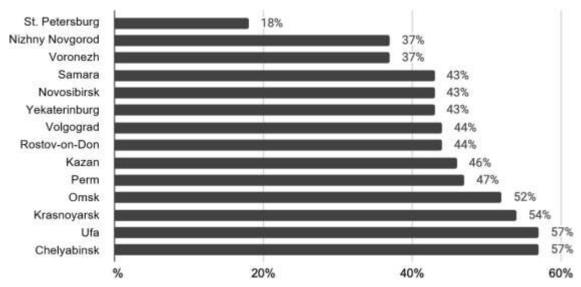


Fig. 4 – Indicator reflecting how much lower the average fixed salary of young professionals is than in Moscow

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So, young software development specialists in Moscow in 2017 could have the average salary of 56.5 thousand rubles, while a similar proposed salary in Saint Petersburg was 43.5 thousand rubles, and in the regions, it was 29.4 thousand rubles. After 1-3 years of work, the salary in a similar position in Moscow rose to 104.5 thousand rubles, in Saint Petersburg it rose to 80.7 thousand rubles, and in the regions, it rose to 56.2 thousand rubles.

In general, average salaries of novice specialists poorly reflect their real earnings during their career, for example, starting salaries of sales staff in Moscow are approximately twice less than those of software developers (one of the highest paid positions in the Russian labor market among novices and specialists with experience) [16]. Already after several years of work programmers start to earn three times more, and after 10 years they earn 4-5 times more than employees in the field of trade.

On the labor market of Moscow and Saint Petersburg there is another pattern: the higher starting salaries of young specialists, the faster they grow in the future. Thus, salaries of audit, software development and logistics specialists in Moscow are among the highest, both among young specialists and those with experience. A notable exception to this pattern is in the sales field. The most rapid growth of salaries in the first years of work is observed in the field of software development, security. information systems, design jurisprudence, where the salary in the first three years of work grows twice on average. In Russian regions the difference between salaries in different professional areas, both at the level of starting positions and at the level of positions with work experience, is not as significant as in Moscow or Saint Petersburg. The exceptions are the sales manager and IT professions, where salaries in positions with experience are noticeably higher than in other professional fields in the same regions.

5. Discussion

5.1 Mismatch Between Education and Work: Out-of-Specialty Work Among Young Professionals

One of the main problems in the employment of Russian youth is the mismatch between the educational system and the labor market [17]. The problem is two-pronged: first, many university graduates do not go to work in their specialty after receiving an education. Second, even those who get

a job in their specialty, often have to learn additional necessary skills already on the job. Thus, according to studies, in Russia there is no direct correlation between the level of education and the availability of skills for work, i.e. formal education does not guarantee the presence of the necessary competencies of a job seeker. This may be the reason for the popularity of additional education among young people, for example, according to studies in the Republic of Mordovia, more than half (58%) of the labor force ща 18-35 years old are involved in the practice of additional education and training [18].

Studies show that after graduation from university, approximately 60%-70% of graduates work in their specialty. Thus, a study by the Federal State Statistics Service (Russia), conducted in 2019, showed that 31% of students who graduated from universities in 2016-2018 did not work in their specialty. Among college graduates, almost a half (43%) did not work. Among vocational school graduates, it was 50% [19]. According to a 2020 HeadHunter study, 41% of college graduates are not working in their major, with dissatisfaction with salaries being the main factor in changing careers [20]. Another study showed similar results: 31.3% of university graduates' first job is not related to their specialty, 38.6% of secondary vocational education graduates found their first job not in their specialty, and 40.5% of graduates in skilled worker training programs [21]. Thus, as the level of education increases, the probability of finding a job in accordance with the specialty increases, but more than a third of university graduates still change their

The factor predetermining employment not in the specialty can also be the choice of the university. Studies show that among the reasons determining the choice of educational institution, the most common is the ease of enrollment in a particular specialty (58%) [22]. Another study shows that at the stage of selecting a vocational education institution young people are primarily guided by such factors as the opportunity to enter on a budget (49.17%), the list of final exams to be passed (47.5%) and the territorial location of the educational institution (43.67%). This demonstrates that the real interest in getting a particular specialty is not a priority for young people when choosing an educational institution. Most of the interviewed professionals would change the specialty they studied (44%), and some would change the educational institution and the specialty (37%) [23].

The non-core employment of university graduates can also be partially explained by the

skewing of the Russian education system toward the training of unclaimed specialists. According to HeadHunter, the most popular field of education on the Russian labor market is economics (28%), then it is technical specialties (26%), medicine (16%), law (10%), mathematics (8%) and sociology (3%). Other areas are of 8%. One of the most urgent problems for the Russian labor market is the lack of

IT specialists: the demand for them exceeds the volume of specialists that the Russian educational system can supply [24]. According to the research of the Foundation for Internet Initiatives, in the field of software development the shortage of staff in 2018 was 14% and it will not decrease if the current trends in education continue.

	Russia	Moscow	St. Petersburg	Other regions
Economic	28%	33%	33%	25%
Technical	26%	25%	28%	25%
Medical	16%	6%	13%	24%
Legal	10%	12%	9%	9%
Mathematical	8%	11%	6%	6%
Sociological	3%	3%	3%	4%
Other	8%	10%	8%	7%

Fig. 5 – Frequency of mentioning the type of education in employers' inquiries

5.2 Self-Perception of Young Job Seekers in the Labor Market

According to the results of the nationwide survey conducted in March-April 2017, the main value in employment for young job seekers is the amount of income received (15%). In second place is the value of stability in the workplace (11%), and only in third place is self-actualization (8%). The HeadHunter survey data on young job seekers' self-perception allows assessing to some extent how the Russian labor market allows them meeting their basic labor needs.

According to 2015-2017 data, young people, like all Russian job seekers in general, tend to be optimistic about their job chances in the near term: 67% of them are confident or rather confident that they will find a job soon (versus 64% for the labor market as a whole). Among young people, there are noticeably more of those who do not feel, or rather do not feel, and threatened with quitting their current job: 73% versus 65%.

Among young professionals there are noticeably few amounts of them who are not ready to lower their salary expectations when looking for work: 24% versus 38% in the labor market as a whole. Every second young job seeker is ready to concede to the employer when discussing the salary, while among job seekers with experience is 42%.

Among young specialists, as well as among all applicants in general, the absolute majority said that it is difficult or very difficult to find a job (69% and 71%, respectively). The criticality of job search

among young specialists and among all others is also at the same level (72% and 74%). Young professionals are willing to work part-time more often: 46% are considering or already have a part-time job versus 39% in the market as a whole [25].

Thus, compared to other job seekers, young professionals are less fearful of layoffs, more flexible in negotiating salary with the employer and more willing to work part-time. According to the survey, the overall level of their satisfaction is close to the average for the labor market, but it is more volatile over time: young job seekers are more reactive to changes in market conditions.

The hierarchy of young people's work values is currently undergoing active change: flexible and telecommuting are schedules becoming increasingly important, so the number of relevant job offers is growing from year to year. The spread of self-employment (precarization of work) is also growing [26, 27]. As studies show, this is influenced by certain external factors. Thus, for young people the motives of "desire to earn more", "to be economically independent", "getting professional experience and practical skills", "reluctance to work for hire" and "realization of own inclinations" are very important. Among the external factors influencing cessation there is the lack of suitable work in the region [28, 29].

6. Conclusions

The level of competition among career starters in the Russian labor market is higher than among all

job seekers on average, which creates additional employment difficulties. The situation in Moscow and Saint Petersburg is better than in most other large Russian cities, but competition outside the megacities is lower. Given the overall large capacity of the Moscow and Saint Petersburg market, this creates a situation favorable for the employment of young specialists and the growing shortage of young staff in the regions due to migration.

The leaders in the number of vacancies for young professionals are in IT, retail trade and financial sectors. The demand for young staff in technological industries is coupled with a shortage of IT specialists on the labor market. Russian education system does not yet cover the growing demand for such specialists, especially in the field of software development. All this creates a situation of "salary race": professional IT fields and financial sector offer some of the highest salaries on the labor market to new specialists. Moreover, the level of specialists' salaries in these fields grows rapidly with their experience, already in a few years the salary of software developers can exceed the average values of the labor market by 3-4 times. IT sphere can be called the most attractive for employment of young people at the moment.

Approximately half of Russian young specialists start looking for their first job when they are still studying, and young applicants are flexible, more often than others they are ready to work for a lower wage and look for part-time work, and they are less afraid of being fired from their current job. A separate trend is the precarization of young people, who are increasingly trying not only to work remotely, but also not to be tied to a specific place of work. Such new forms of employment, on the one hand, facilitate the acquisition of the necessary experience and skills, but on the other hand, by becoming entrenched in the social structure of society, reduce the social protection of young people and may have a negative impact on career growth.

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The authors have no conflicts of interest to declare that are relevant to the content of this article.

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