

Czech University of Life Sciences Prague
Faculty of Economics and Management
Department of Economics



Bachelor Thesis

Unemployment in Russia, causes and consequences
(Leningrad region, Saint Petersburg)

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

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Economics and Management

Thesis title

Unemployment in Russia, causes and consequences (Leningrad region, Saint Petersburg)

Objectives of thesis

This Diploma Thesis will be focused on the analysis of the labor market and unemployment in Saint Petersburg and the Leningrad Region.

The main objectives of the diploma:

1. consideration and justification of the causes of unemployment in a market economy
2. analysis of the main problems of the labor market
3. finding the solution of problems of the labor market
4. to analyze unemployment in Russia (Leningrad region, Saint Petersburg).

Methodology

The methodology is based on the analysis of the unemployment rate and statistical data in Saint Petersburg and the Leningrad Region, as well as on the use of comparative methods and conducting a survey.

Data will be collected from reports of the local authorities of the region, yearbooks of the federal level, professional journals, the yearbooks of the UN ILO as well as from the Scopus and Web of Sciences sources.

As a result, the main factors affecting the unemployment rate will be identified.

The proposed extent of the thesis

40 – 60 pages

Keywords

Unemployment, labor market, market economy, employability, state policy, population

Recommended information sources

- Administration of St. Petersburg [web site]. Committee on Labor and Employment of the Population of St. Petersburg (https://www.gov.spb.ru/gov/otrasl/kom_zan/statistic/)
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- Uskov V., Filippova E., Tyupin A. (2019). Analysis of the dynamics of employment and unemployment in St. Petersburg and Russia, 205-207

Expected date of thesis defence

2022/23 WS – FEM

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I declare that I have worked on my bachelor thesis titled "Unemployment in Russia, causes and consequences (Leningrad region, Saint Petersburg)" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

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Acknowledgement

I would like to thank doc. Ing. Vladimír Krepl, CSc., my thesis supervisor, for his advice and support during my work on this thesis.

Unemployment in Russia, causes and consequences (Leningrad region, Saint Petersburg)

Abstract

This bachelor thesis will explore the problem of unemployment, as well as factors that affect the unemployment rate in Russia, in particular, in Saint Petersburg and the Leningrad region. In addition, the theoretical part will include concepts, classifications, causes and consequences of unemployment, as well as state policy to combat it.

The practical part is devoted to the analysis of the unemployment rate. It will be based on official statistics on unemployment in Russia, in Saint Petersburg and in the Leningrad Region during the 2000-2022 years, based on which an analysis of the unemployment rate will be carried out and the state of the labour market will be determined. In addition, ways to solve problems and improve the situation on the labour market will be proposed. Moreover, the thesis will contain data from a survey conducted among residents of this region, thanks to which the most important factor (according to the respondents) affecting the unemployment rate in Saint Petersburg and the Leningrad Region will be identified. Also, a SWOT analysis will be performed.

Keywords: Unemployment, labor market, market economy, employability, state policy, population

Nezaměstnanost v Rusku, příčiny a důsledky (Leningradská oblast, Petrohrad)

Abstrakt

Tato bakalářská práce se bude zabývat problémem nezaměstnanosti, jakož i faktory, které ovlivňují míru nezaměstnanosti v Rusku, zejména v Petrohradě a Leningradské oblasti. Teoretická část bude dále zahrnovat koncepty, klasifikace, příčiny a důsledky nezaměstnanosti, jakož i státní politiku boje proti ní.

Praktická část je věnována analýze míry nezaměstnanosti. Bude vycházet z oficiálních statistik nezaměstnanosti v Rusku, v Petrohradě a v Leningradské oblasti v letech 2000-2022, na základě kterých bude provedena analýza míry nezaměstnanosti a bude stanoven stav trhu práce. Kromě toho budou navrženy způsoby řešení problémů a zlepšení situace na trhu práce. Práce bude navíc obsahovat údaje z průzkumu provedeného mezi obyvateli tohoto regionu, díky kterému bude identifikován nejdůležitější faktor (podle respondentů) ovlivňující míru nezaměstnanosti v Petrohradě a Leningradské oblasti. Také bude provedena SWOT analýza.

Klíčová slova: Nezaměstnanost, trh práce, tržní ekonomika, zaměstnatelnost, státní politika, populace

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List of abbreviations

CBS - The Canadian Broadcasting Corporation

COVID-19 – Coronavirus infection

HH – HeadHunter

IT – Internet Technologies

OECD - The Organization for Economic Co-operation and Development

RBC – Russian Business Consulting

UN ILO – United Nations International Labour Organization

1 Introduction

Unemployment is one of the main socioeconomic issues in many countries all over the world, and Russia is no exception. High unemployment has far-reaching effects not only for individuals, but also for the economy and society. Therefore, understanding the causes and implications of unemployment is critical for policymakers, businesses, and citizens.

The goal of this bachelor thesis is to investigate the causes and effects of unemployment in Russia as a whole, and in Leningrad Region and Saint Petersburg, as well as prospective solutions to this problem. The research will also look into the social and economic consequences of unemployment in these areas, such as how it affects people, families, and communities. The thesis will involve an analysis of information from relevant sources, such as government reports and academic literature, as well as primary data collected during the survey.

By identifying the causes and consequences of unemployment, the study will provide insight into potential solutions that can be implemented by policy makers, employers and individuals themselves.

Russia is the largest country in the world, covering over 17 million square kilometers of land. With a population of approximately 146 million people, Russia is a diverse and multicultural nation that spans two continents, Europe and Asia. From an economic point of view, Russia is a significant player in the global market, with a diverse economy that is heavily dependent on its vast reserves of natural resources, such as oil, gas, and minerals.

Saint Petersburg is the second-largest city in Russia, with a population of approximately 5.6 million people. Saint Petersburg is one of Russia's most important economic centers, with a diversified economy that is driven by a range of industries, including manufacturing, transportation, finance, and tourism.

The Leningrad region is a federal subject of Russia that surrounds Saint Petersburg. With a population of over 2 million people, the Leningrad region is an important economic and industrial center of Russia, with a focus on manufacturing, transportation, and agriculture. The region has a well-developed infrastructure, including a number of major highways and railways, as well as several seaports along the Gulf of Finland, which provide access to global markets.



Figure 1 Map of Russia

Source: *worldometers.info*. Accessed on 10.03.2023

Despite its significant economic potential, Russia faces a number of challenges, including high levels of corruption, a lack of investment in infrastructure and education, and a dependence on natural resources that leaves the country vulnerable to fluctuations in global commodity markets. These challenges have a significant impact on the economy of Saint Petersburg and the Leningrad region, as well as Russia as a whole, and contribute to high levels of unemployment and social inequality in some regions.

2 Objectives and Methodology

2.1 Objectives

This Diploma Thesis will be focused on the analysis of the labor market and unemployment in Saint Petersburg and the Leningrad Region. The main objectives of the diploma:

1. consideration and justification of the causes of unemployment in a market economy
2. analysis of the main problems of the labor market
3. finding the solution of problems of the labor market
4. to analyze unemployment in Russia (Leningrad region, Saint Petersburg).

2.2 Methodology

The methodology is based on the analysis of the unemployment rate and statistical data in Saint Petersburg and the Leningrad Region, as well as on the use of comparative methods and conducting a survey. Data will be collected from reports of the local authorities of the region, yearbooks of the federal level, professional journals, the yearbooks of the UN ILO as well as from the Scopus and Web of Sciences sources. As a result, the main factors affecting the unemployment rate will be identified.

3 Literature Review

3.1 The definition and criteria of unemployment

3.1.1 Definition of unemployment

Unemployment is an inseparable part of the market economy. It is a socio-economic phenomenon in which a part of the working-age population is not involved in the production of goods and services. Unemployment has many distinct aspects and linkages with other actions of the life of society. First, unemployment is linked with major financial activities, especially with the operation of the labor market. Unemployment is a result of a labor market imbalance in which the supply of labor resources exceeds the demand for them. (Ehrenberg, 2012)

There is a close relationship between the labor market and unemployment. The labor market is the economic connection that exists between employer demand and employee supply. When the labor market is at equilibrium, the number of vacancies equals the number of employees seeking work. And unemployment occurs when the labor market is not in balance. (Cahuc, 2004)

The International Labor Organization (ILO) defines unemployment as a situation when a person is out of work and is actively looking for work but cannot find it. In other words, unemployment implies that a person is not engaged in any economic activity and does not receive any income from work. (ILO, 1982)

3.1.2 Criteria of unemployment and how it is measured.

To analyze the problems of unemployment, it is required, first of all, to clearly determine who should be considered unemployed. In general, the criteria for defining unemployment are simple but may vary slightly in different countries. Though, as a rule, there are some features that present in all definitions. This is:

- Working age – this means that the age of a person must be older than the minimum age established by law for the authorization of employment, but younger than the age at which an old-age pension is granted.
- A person has not been employed anywhere for some time – this means that the person is not engaged in any economic activity that generates income.

- A person aspires to find a job and is ready to work – this means that he takes steps for employment, for example, applies for a job, goes to interviews, and is also ready to start work if it is offered. (Likov, 2014)

Thus, only those people who fulfil the criteria, listed above, are regarded as unemployed and are considered when calculating the overall unemployment rate in the country. (Likov, 2014). This indicator is determined the following way:

Unemployment Rate Formula



$$U = \frac{\text{Unemployed People}}{\text{Labor Force}} \times 100$$



Figure 2 Unemployment rate formula
Source: wallstreetmojo.com. Accessed on 10.03.2023

It is typically measured and reported by government statistical agencies such as the Bureau of Labor Statistics or the International Labor Organization on a global level.

The method for measuring unemployment rate may vary slightly by country or statistical agency, but the basic approach involves collecting data on the number of employed and unemployed individuals through surveys or administrative records. At the same time, the unemployed are counted based on data received from the relevant authorities and institutions (for example, in many countries statistics of labor exchanges are used), and the labor force is defined as the sum of the number of employed and unemployed. (Mankiw, 2018)

To calculate the unemployment rate, the labor force is divided into two categories: employed and unemployed individuals:

- The category of employed is that part of the economically active population of the country that is employed, engaged in private business, is in public service or studying.
- The category of unemployed is able-bodied citizens who do not have job and earnings, are registered in the Government employment service to find a suitable job, are looking for a job and are ready to start it.

There is also another category of citizens who are not part of the labor force – this is students, housewives, disabled persons, pensioners, caring for a family member and so on. (ILO, 2016)

However, this indicator is not an accurate measure of unemployment, as there are the following factors:

- The category of workers who are able and want to work, but due to circumstances could not find a job and refused to search at all. Such workers are not considered in the official statistics of the unemployed, thereby artificially creating a reason for underestimating the true size of unemployment.
- The category of workers who claim that they are unemployed to receive unemployment benefits, but in fact simply do not want to work or work in the shadow economy (illegally), thereby artificially creating a reason for overestimating the true size of unemployment. (Mankiw, 2018)

3.2 Types of Unemployment

3.2.1 Frictional Unemployment

Let's imagine that a person decided to move to another city, in connection with which he was forced to quit his previous job and is currently looking for a job at a new place of residence. The person was not fired, did not get a reduction, his company did not close, he quit at will because of the move and to get a new job in a short time. This is an example of frictional unemployment.

Frictional unemployment is a type of unemployment that occurs when people are temporarily unemployed and at the same time are in search of new employment opportunities. This type of unemployment can occur for various reasons, for example:

- individuals may be in the process of finding a new job after leaving their previous position.
- graduates of educational institutions who enter the labor market and are usually looking for their first job and may be newcomers in the job search process.
- persons may be in the process of moving to a new city or region, and therefore are in search of a new job.

In addition, seasonal work or temporary part-time jobs can also contribute to frictional unemployment as workers move between different employment opportunities. (Kovalev, 2016)

Frictional unemployment, as a rule, is considered a natural part of the labor market since it allows to select workers and open vacancies more effectively. Although frictional unemployment is generally considered a normal and natural part of the labor market, it can still have significant consequences for workers, businesses and the economy. For example, workers who face frictional unemployment may experience financial insecurity because they may not have a steady income while they are in between jobs. In addition, businesses may face higher turnover rates and costs associated with hiring and training new employees, which may affect their profits. (Mankiw, 2018)

One of the ways to combat frictional unemployment is the implementation of job search assistance programs. These programs can provide job seekers with training and support to help them navigate the job search process more effectively, identify available employment opportunities, and match their skills and experience with vacancies. In addition, technology can also play a role in reducing frictional unemployment by improving the efficiency of the job search process, making it easier for employees to find available vacancies, and for employers to find qualified candidates. (Mankiw, 2018)

In general, frictional unemployment is a normal part of the labor market, and efforts to combat this type of unemployment should focus on supporting job seekers and employers through training, job search assistance and technology. By reducing the time employees spend between jobs, businesses can work more efficiently, and the economy can continue to grow. (ILO, 2016)

3.2.2 Structural unemployment

Let's assume a situation where a person worked on an assembly line at a factory for the manufacture of automotive parts but was fired due to the purchase of new equipment by the enterprise, which replaced manual labor in this area. This is a consequence of structural unemployment.

Structural unemployment is a type of unemployment that occurs due to a mismatch between the skills and qualifications of employees and available employment opportunities. This is often seen as a more serious and persistent form of unemployment than frictional unemployment since its elimination can take longer and have a greater impact on workers and the economy as a whole. (Kovalev, 2016)

There are a number of factors that can contribute to structural unemployment. For example, changes in technology, shifts in consumer demand, globalization - all this can

lead to changes in the types of jobs available in the economy. As a result, workers who lack the necessary skills or education to meet the demands of these new employment opportunities may find themselves unemployed or underemployed. (Kovalev, 2016)

In addition to changes in the economy, government policies can also contribute to structural unemployment. For example, minimum wage laws or regulations that make it difficult to hire and fire employees may create barriers to entry for new workers or make it difficult for employers to adapt to changes in the market. Similarly, policies that provide long-term unemployment benefits may discourage workers from seeking retraining or other forms of job search assistance, which may exacerbate skill mismatches that contribute to structural unemployment. (Kovalev, 2016)

The consequences of structural unemployment can be significant. Workers who cannot find a job that matches their skills may experience long periods of unemployment, which can lead to financial difficulties, loss of skills and self-confidence, and other negative consequences. For enterprises, structural unemployment can lead to difficulties in finding qualified workers, reduced productivity and less efficient allocation of resources. (Kovalev, 2016)

Solving the problem of structural unemployment requires a multifaceted approach. Education and training programs that provide workers with skills and qualifications that are in demand in the labor market can help reduce the skill mismatch that contributes to structural unemployment. In addition, policies that encourage businesses to invest in new technologies and create new jobs can also help reduce structural unemployment. Finally, policies that remove barriers to entry for new workers, such as easing regulations or providing tax breaks when hiring, can help expand employment opportunities and reduce the effects of structural unemployment. (Kovalev, 2016)

In conclusion, structural unemployment is a serious form of unemployment that can have significant negative consequences for workers, enterprises and the economy as a whole. Solving the problem of structural unemployment requires a comprehensive approach that includes a combination of education and training programs, policies that encourage business investment and job creation, as well as efforts to reduce barriers to entry for new workers. (ILO, 2016)

3.2.3 Cyclical unemployment

A striking example of cyclical unemployment is the loss of construction jobs during the 2008 financial crisis. When the housing crisis unfolded, housing builders stopped building new homes. As many as 2 million construction workers lost their jobs. (CBS News, 2011)

Cyclical unemployment is a type of unemployment that occurs due to an economic crisis as a result of a decline in production. When the economy experiences a recession or a slowdown in growth, firms can reduce their production, which leads to a decrease in demand for labor. As a result, workers may be laid off or it may be difficult for them to find new jobs, which leads to an increase in cyclical unemployment. (Pavlenkov, 2004)

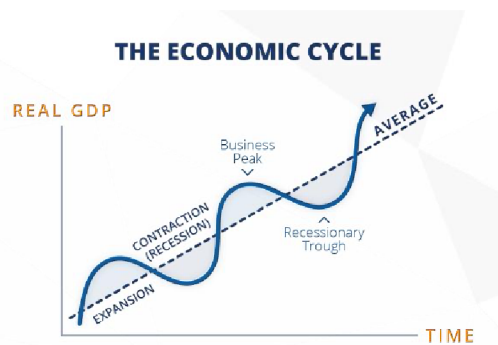


Figure 3 *The economic cycle*

Source: fe.training. Accessed on 10.03.2023

Cyclical unemployment is often seen as a more temporary form of unemployment than structural unemployment, which is caused by long-term shifts in the economy. As the economy begins to recover from a recession or a slowdown in growth, firms can begin to increase their production, which will lead to an increase in demand for labor and a decrease in cyclical unemployment. (Mankiw, 2018)

The consequences of cyclical unemployment can be significant. Employees who are laid off or have difficulty finding a new job may face financial difficulties, loss of skills and self-confidence, and other negative consequences. In addition, cyclical unemployment can lead to less efficient allocation of resources, as workers may be unable to find work in those sectors where they have the most skills and experience. (Pavlenkov, 2004)

Solving the problem of cyclical unemployment requires a multifaceted approach. Monetary and fiscal policies that stimulate economic growth can help reduce cyclical unemployment by increasing demand for labor. For example, the government may increase spending on infrastructure projects or provide tax incentives to businesses to encourage

investment and hiring. Similarly, the central bank may lower interest rates to encourage borrowing and investment. (Pavlenkov, 2004)

In addition, education and training programs can help reduce the impact of cyclical unemployment by providing workers with skills and qualifications that are in demand in the labor market. This can help ensure that workers are better prepared to find new employment opportunities as the economy begins to recover. (Pavlenkov, 2004)

Finally, policies aimed at supporting workers who have been laid off or are struggling to find new jobs can also help reduce the effects of cyclical unemployment. For example, unemployment insurance programs may provide temporary financial assistance to workers who have been laid off, while job search assistance programs may provide support and training to help workers find new employment opportunities. (Pavlenkov, 2004)

In conclusion, cyclical unemployment is a type of unemployment that occurs as a result of fluctuations in the business cycle. Although this is often a more temporary form of unemployment than a structural one, it can still have significant negative consequences for workers, enterprises and the economy. Solving the problem of cyclical unemployment requires a multifaceted approach that includes a combination of monetary and fiscal policies, education and training programs, as well as support for workers who have been laid off or are struggling to find new employment opportunities. (ILO, 2016)

3.3 Causes of unemployment in Russia

Unemployment is a serious economic problem faced by most countries around the world, including Russia, the largest country in the world by area. Despite the fact that Russia is one of the world's leading oil and gas producers, there are also unemployment problems that cause economic problems for the country.

One of the main causes of unemployment in Russia is the country's transition from a planned economy to a market economy. In Soviet times, the government played an important role in controlling the economy, having a large public sector that employed millions of workers. However, after the collapse of the Soviet Union in 1991, the Russian government was forced to carry out a large-scale restructuring of its economy, which included the privatization of state-owned enterprises and the reduction of the public sector.

This process led to large-scale layoffs, as many of these enterprises could no longer exist in a market economy. The enterprises went bankrupt, which led to the loss of jobs. Moreover, the privatization process led to the closure of many State-owned enterprises, which led to a significant increase in unemployment. The resulting unemployment has contributed to a significant increase in poverty and social unrest, especially in rural areas. (OECD, 2011)

In addition, the Russian education system has been criticized for insufficient preparation of young people for the labor market. The education system is highly centralized, with an emphasis on theoretical knowledge rather than practical skills. This has led to a shortage of skilled workers in certain industries, as well as a mismatch between the skills that graduates possess and the skills that employers require. (OECD, 2014)

The third factor contributing to unemployment in Russia is the high level of corruption in the country. Corruption is widespread in many sectors of the economy, which makes it difficult for enterprises to operate efficiently and profitably. As a result, many enterprises are forced to lay off workers or completely close down, which contributes to an increase in the unemployment rate. (Kurnosova, 2015)

Another significant cause of unemployment in Russia is the weak labor market. Despite the relatively large workforce, the Russian labor market is characterized by a lack of flexibility, strict labor legislation and inadequate vocational training programs. This means that job seekers may not have the skills and experience that employers require. In addition, many people may not be willing to work in low-paid or physically demanding jobs, which leads to a mismatch between labor demand and supply. (Kurnosova, 2015)

Moreover, the COVID-19 pandemic has further aggravated the unemployment crisis in Russia. The pandemic has affected many businesses, leading to the closure of several firms and the loss of many jobs. The travel and hospitality sector, which are major employers in the country, has been hardest hit by the pandemic. As a result, the unemployment rate in Russia has increased significantly. (Maglinova, 2021)

As we can see, unemployment in Russia is caused by various factors. The Russian government needs to take concrete steps to solve these problems by improving the labor market, promoting job creation, attracting foreign investment and implementing a business support policy. Solving these problems requires a comprehensive approach that includes both economic and social reforms, as well as focusing on investments in infrastructure and human capital development. (Kurnosova, 2015)

3.4 Consequences of unemployment

3.4.1 Economic consequences

Unemployment has significant economic consequences both for individuals and for society as a whole.

First, unemployment leads to a loss of potential output for the economy. When people are unemployed, they do not contribute to the production of goods and services. This means that the economy does not produce as much as it could, which leads to a decrease in the total volume of production in the economy. This loss of potential output is especially significant in the case of long-term unemployment, which can lead to a permanent decline in the ability of the economy to produce goods and services. (Dudina, 2019)

Secondly, unemployment leads to a reduction in consumer spending. When people are unemployed, they have less money to spend on goods and services. This means that there is a decrease in demand for goods and services, which can lead to a decrease in sales and profits for the business. In turn, enterprises may be forced to reduce production, which will lead to a further reduction in the volume of production in the economy (Dudina, 2019)

Thirdly, unemployment can lead to an increase in government spending. When people are unemployed, they may be eligible for unemployment benefits or other forms of government assistance. This can put a strain on public finances, especially if the number of unemployed is large. The government may also be forced to spend more on social services such as healthcare and housing, as the unemployed may need additional support from the state. (Dudina, 2019)

Fourth, unemployment can lead to lower tax revenues for the government. When people are unemployed, they do not receive income and therefore do not pay income tax. This means that the government's tax revenues may decrease, which may create an additional burden on public finances. (Dudina, 2019)

In conclusion, it should be noted that the economic consequences of unemployment are significant and widespread. Unemployment has a number of negative effects on the economy - from the loss of potential output to a decrease in consumer spending, an increase in government spending and a decrease in tax revenues. It is important for

Governments to implement policies that can help reduce unemployment and mitigate its economic and social consequences. (Dudina, 2019)

3.4.2 Social consequences

Unemployment has not only economic consequences, but also has a significant impact on individuals and society.

First, unemployment can lead to social isolation and alienation. When people remain unemployed for a long period of time, they can become demoralized and lose their skills and motivation. This may make it harder for them to find work in the future, leading to a cycle of long-term unemployment and poverty. (Dudina, 2019)

Secondly, unemployment can lead to a loss of self-esteem and self-confidence. When people are unemployed, they may feel that they have failed or that society does not appreciate them. This can lead to a loss of self-esteem and self-confidence, which can make it difficult for them to find a job in the future. (Dudina, 2019)

Third, unemployment can lead to an increase in social problems, such as crime and substance abuse. When people are unemployed, they may resort to criminal activity or drugs and alcohol to cope with their situation. This can lead to an increase in crime and substance abuse, which can have a negative impact on communities and society as a whole. Fourth, unemployment can lead to family breakdown and relationship problems. When people are unemployed, they may experience financial difficulties that can negatively affect their relationships with partners and family members. This can lead to family breakup, divorce, and other relationship problems that can have long-term social consequences. (Dudina, 2019)

Finally, unemployment can lead to feelings of hopelessness and despair. When people remain unemployed for a long period of time, they may feel that there is no way out of their situation. This can lead to feelings of hopelessness and despair, which can have a negative impact on mental health and well-being. (Dudina, 2019)

In conclusion, it should be noted that the social consequences of unemployment are significant and widespread. Unemployment has a number of negative consequences for individuals and society as a whole - from social isolation and loss of self-esteem to aggravation of social problems and family breakdown. It is important for Governments to implement policies that can help reduce unemployment and mitigate its social consequences, including providing support and vocational training to the unemployed and

investing in social programs that can strengthen communities and support vulnerable individuals. (Dudina, 2019)

3.5 State policy to solve the problem of unemployment.

3.5.1 Active

An active employment policy refers to a set of strategies and initiatives aimed at increasing employment, helping job seekers find jobs, and promoting economic growth. This policy often assumes that the Government actively encourages and promotes employment growth and workforce development. (Tsakhaeva, 2020)

- The provision of educational programs.

These programs are designed to enhance the abilities of job seekers and their employability, as well as to provide employees with the skills that employers require. Vocational training, apprenticeships and other types of professional development - all this can be included in educational programs.

- The provision of job-search support and employment services.

Job fairs, employment agencies, and internet job boards are all possibilities. These services can assist job searchers in finding employment more quickly and effectively, as well as workers in finding the best position for their abilities and expertise.

- Wage subsidies and other types of financial assistance to firms.

These subsidies can assist firms cover the expense of recruiting new employees and may encourage them to hire additional workers or retain existing employees. Salary subsidies can be especially helpful in providing jobs for disadvantaged employees, such as young people, the long-term jobless, and individuals with disabilities.

- Encouragement of entrepreneurship and self-employment.

This may involve helping new enterprises with capital and other types of assistance, as well as building a favorable regulatory environment and tax policy. Encouragement of entrepreneurship can aid in the creation of new employment and the stimulation of economic growth.

- The creation of customized policies and initiatives for certain groups of employees who confront unique employment challenges.

These may include policies and strategies to support the employment women, youth, persons with disabilities, and other disadvantaged populations.

3.5.2 Passive

Passive employment policy refers to policies and measures that help unemployed people without actively striving to enhance employment prospects or assist them in finding work. In contrast to active employment policies, which aim to create jobs and expand the workforce, passive employment policies focus on giving financial assistance to unemployed persons and lessening the negative social and economic repercussions of unemployment. (Tsakhaeva, 2020)

- Provision of unemployment benefits.

Unemployment benefits assist jobless people in meeting their necessities and maintaining their level of living while seeking for work. In many countries, unemployment benefits are only awarded for a limited time and are frequently linked to the need that the jobless look for work or attend training programs.

- Provision of disability benefits and other types of social support to those who are unable to work because of a disability or illness.

These benefits can help provide financial support and access to health care for those who are unable to work, preventing them from falling into poverty or social isolation.

- Provision of early retirement benefits to older workers who are unable to find work.

In many countries, employees who reach a certain age and are no longer able to work are eligible for early retirement payments. While these benefits might give financial assistance to older employees, they can also provide incentives for individuals to retire early, which can have a negative impact on the labor market as a whole and the economy.

Other forms of social support, such as housing help, food stamps, and other forms of social security, may be provided as part of passive employment programs. This strategy can help to alleviate poverty and social isolation while also providing a social support system for those who are unable to obtain job. (Tsakhaeva, 2020)

Although this strategy can help minimize the negative social and economic effects of unemployment, it doesn't stamp out the root causes of unemployment and doesn't try to enhance job seekers' employment possibilities. As a result, they are frequently used alongside active employment strategies to create a more comprehensive and successful strategy to lowering unemployment and supporting economic growth. (Tsakhaeva, 2020)

4 Practical Part

4.1 Analysis of unemployment in Russia

4.1.1 Unemployment rate in Russia



Chart 1 Unemployment rate in Russia

Source: own work based on Federal State Statistics Service

As shown in Chart 1, unemployment in Russia, in general, tends to decrease, except for crisis years. Russia reached the highest unemployment rate in the 90s, because of the collapse of the Soviet Union in 1991, which had a profound impact on and labor market and caused enormous damage to the economy and other industries. In the early 1990s, unemployment in Russia soared, and the peak occurred in 1998, when the unemployment rate was 13.3%.

In the early 2000s, the Russian economy began to recover, fueled by rising oil prices and economic reforms aimed at attracting foreign investment. This led to a decline in unemployment, which reached a low of around 6% in 2007. In 2009, the unemployment rate rose to 8.4% compared to 6.3% in 2008 due to the global financial crisis of 2008, which entailed serious economic consequences not only for Russia, but also for the whole

world, leading to an increase in unemployment and a decrease in economic growth. At the same time, according to Federal State Statistics Service, the number of economically active population aged 15-72 years in February 2009 amounted to 74.8 million people (67.7 million people are employed, and 7.1 million people are unemployed), or 53% of the total population of the country (142 million people).

After the crisis in 2009, the unemployment rate gradually decreased and reached 5.2% in 2014. From 2014 to 2017, it increased slightly to 5.6%, but by 2019 it reached a minimum value of 4.7%. However, in 2020, the unemployment rate rose sharply – from 4.7% to 5.9% due to the Covid-19 pandemic, but the following year it returned to its previous indicators (4.8%) and in 2022, the unemployment rate was 3.9%, which is a historic low to date.

4.1.2 Unemployment by gender, age and territory

Category	Total	Male	Female	Urban (total)	Rural (total)
Total in %	5,8	5,8	5,7	5,2	7,9
15-19 years old	27,2	23,2	33,2	28	26
20-24 years old	16,2	15,6	17	15,7	17,6
25-34 years old	6,7	6	7,5	6,05	9,3
35-59 years old	4,56	4,82	4,16	3,94	6,36
60-65 years old	2,8	3,2	2,4	2,8	3,2
66 and more	2,65	2,55	2,75	2,6	2,85

*Table 1 Unemployment by gender, age and territory
(As a percentage of the workforce of the corresponding age and gender group).
Source: own work based on Federal State Statistics Service*

According to table 1, the largest percentage of unemployment in year 2020 is seen among people aged 15-19 years (27.2%) and 20-24 years (16.2%). At the same time, the number of unemployed women aged 15-19 years is the highest among all groups – 33.2%, while the lowest unemployment rate is observed among women aged 60-65 years (2.4%). The lowest unemployment rate, independent of gender or territory, may be seen among those aged 35 and over. It is also clear that rural unemployment is substantially greater than urban unemployment, particularly among persons aged 25-34 (6.05% in the urban area vs. 9.3% in the countryside).

4.1.3 Unemployment by gender and education

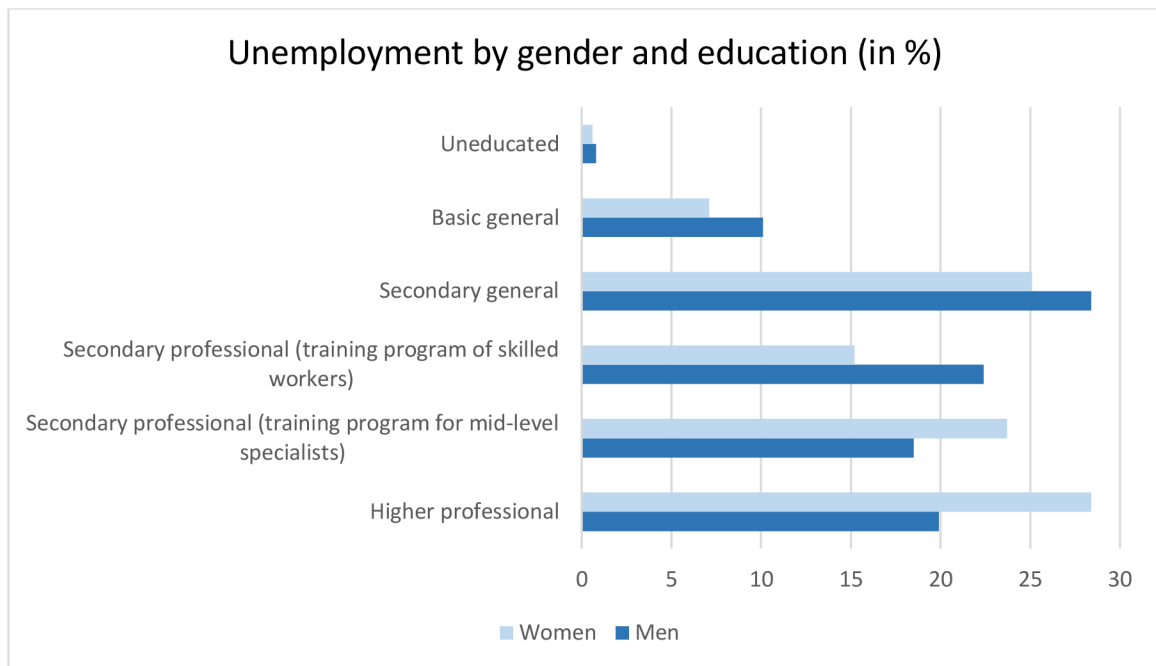


Chart 2 Unemployment by gender and education

Source: own work based on Federal State Statistics Service

Chart 2 demonstrates that among the total number of unemployed, women with higher education and men with secondary general education predominate – 28.5% and 28.4% respectively. The graph also reveals that men with basic general education (10.1%) and women with basic general education (7.1%) are significantly lower than people with secondary professional education. At the same time, the number of unemployed women and men who have no education is less than 1%.

4.1.4 Duration of job searching

Duration of job searching (in month)	1 or less	1-3	3-6	6-12	12 and more
Total (in %)	9,9	26,3	23,8	21,2	18,8
Unemployed with work experience	9,2	26,4	24,4	21,5	18,6
Full-time students	32,3	36	16,3	10,7	4,7
Old-age pensioners	7,3	21,8	21,6	23,5	25,8
Disability pensioners	4,8	20,2	21,8	20	33,2
Unemployed without any experience	13,9	20,8	20,4	21,6	23,2

Table 2 Duration of job searching

Source: own work based on Federal State Statistics Service

Based on the table 2, full-time students find job faster than other social groups. Table 2 also demonstrates that disabled persons take the longest to find work - just 4.8% get a job in less than 1 month, while 33.2% people of this category wait 12 months or more, since there are often no suitable vacancies in the labor market, and some companies do not want to take responsibility. High rates are also reported among retirees and unemployed without experience. Most of unemployed people with work experience find work within 1-3 months (26.4%).

4.1.5 Reasons of unemployment

Reasons of unemployment	15-19	20-24	25-29	30-34	35-39	40-49	50-54	55-59	60-64	65-69	Over 70
Total (in %)	2,9	15,3	15,5	15,9	12,7	19,4	8,3	7	2,3	0,6	0,2
Release, reduction of staff, liquidation of an enterprise	0,2	5,3	12,5	16,1	14,6	27,2	12,7	8,6	2	0,6	0,1
Voluntary redundancy	0,6	9	17,6	20,3	15,3	21,5	8,2	5,7	1,4	0,3	0,1
Expiration of a fixed-term employment contract	1,4	11,4	14,5	17,3	13,7	22,9	9,5	7,2	1,8	0,3	-
Retirement	-	-	0,1	0,1	2,1	10,7	10,1	39,5	25,3	8,6	3,5
Change of residence	0,4	8,7	15,5	20,9	15,9	23	8,8	5,7	1	0,1	-
Health status	0,1	2,6	6,5	9,2	10,7	28,6	18,4	17,8	4,9	1,1	0,2
Personal family reasons	0,4	3,6	15,8	22,9	19,1	23,9	8,1	4,5	1,3	0,3	-
Dismissal from the Armed Forces	4,3	40,2	10,3	6,1	14,6	13,1	6,2	3,5	1,7	-	-
Other reasons	1,6	13,1	16,6	16,8	13,5	21,1	9,1	6,4	1,5	0,3	-
Previously had no job	11,1	44,1	19,3	10	6,1	6,2	1,8	1,1	0,2	0,1	-

Table 3 Number of unemployed by age group and reasons of unemployment

Source: own work based on Federal State Statistics Service

According to the Table 3, in 2020 the highest rate is observed among young people aged 20-24 due to a lack of work experience (44.1%), as well as due to Dismissal from the Armed Forces (40.2%), as young people often face difficulties adapting after compulsory military service, which are due to a lack of skills self-employment and orientation in the labor market, inability to use information about public services in the field of employment promotion, lack of practical experience in the specialty, and since most men join the army

right after school or university, this suggests that they do not have the necessary skills to meet the needs of real jobs.

A sharp jump in the unemployment rate is observed due to oldness among people over 55 years old (39.5%) compared with the category of people 50-54 years old (10.1%). At the age of 40-49, the most unemployed are due to reduction (27.2%), health status (28.6%) and personal family reasons (23.9%).

4.1.6 Job search methods

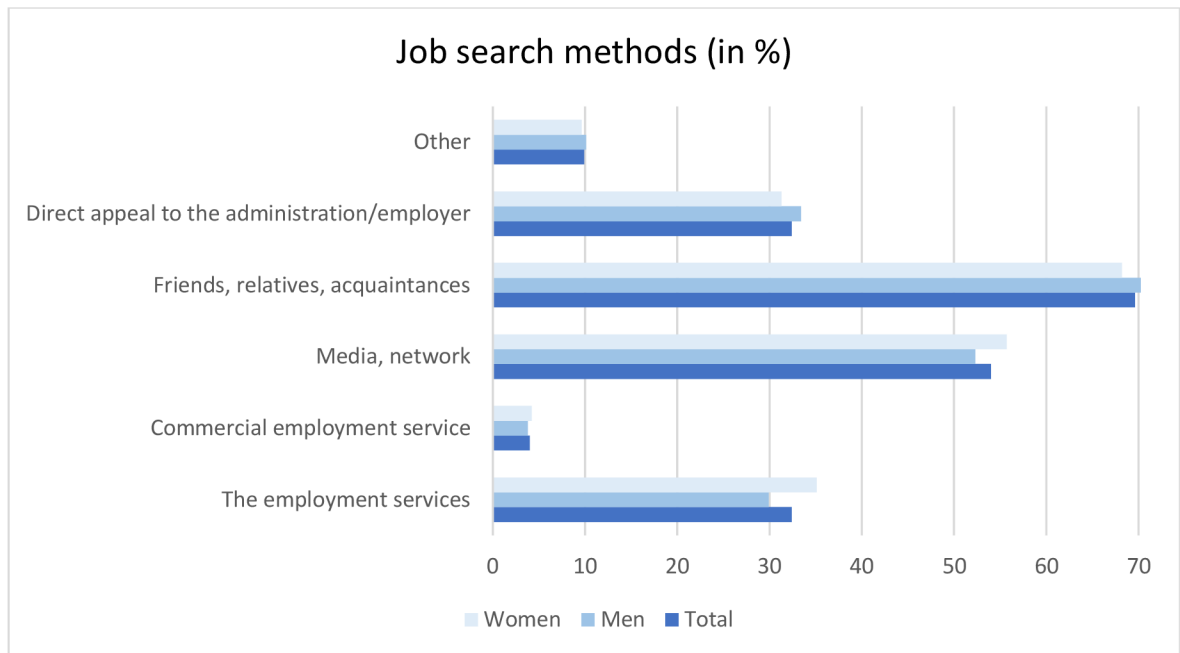


Chart 3 Job search methods

Source: own work based on Federal State Statistics Service

Most often, people use several ways to find a job, so the sum of the indicators is more than 100%.

The Chart 3 shows that when looking for job, most of the unemployed turn to friends, relatives and acquaintances – 69.6%. The second most frequently used method is the media and the Network – 54%. It can also be noted that direct appeals to the administration/employer and to the employment services are equal and amounts to 32.4%, based on which it can be concluded that almost two times fewer unemployed people apply to employment centers than to friends, which indicates that this structure is not perfect, and people do not trust it. The least popular method is the commercial employment service (4%), since it is necessary to pay for the services of these employment agencies, while the agency does not guarantee that the option that will suit the person will be selected. Also,

these agencies rarely cooperate with reputable companies, and moreover, there is a risk of fraud. Most often, such agencies are contacted by specialists of lower, maximum average qualifications.

4.1.7 Youth unemployment in Russia

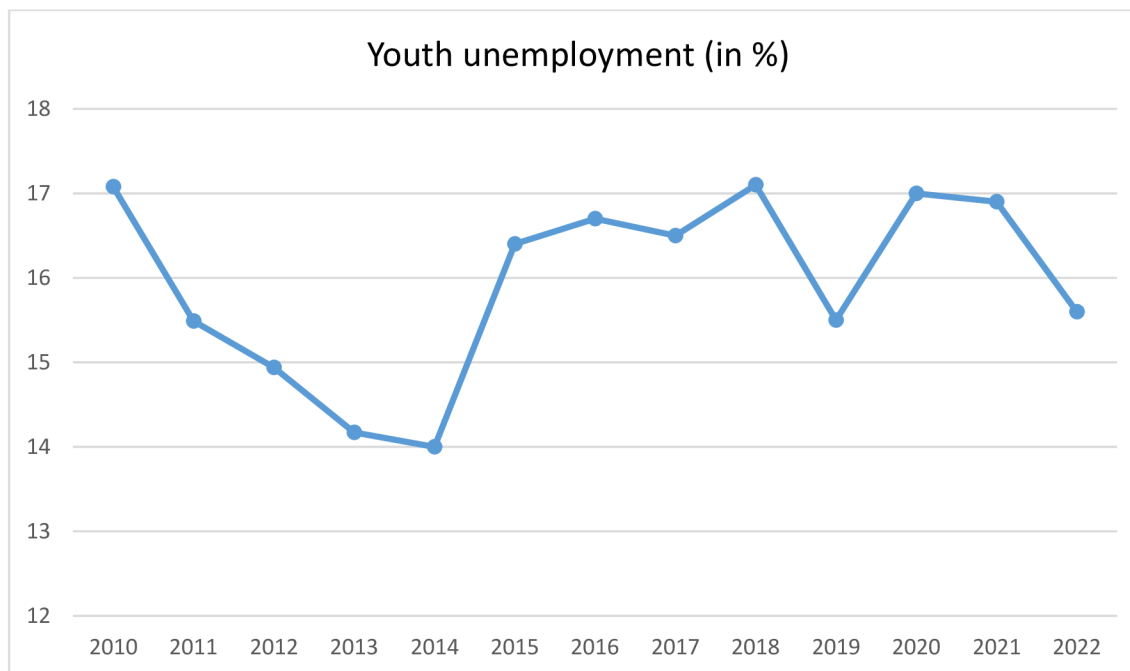


Chart 4 Youth unemployment rate

Source: own work based on International Labour Organization

High rates of young unemployment are widespread in the labor market of most of the world's countries. The young unemployment rate in Russia is three times greater than the general unemployment rate. This is due to young people's lack of work experience, which certainly complicates and lengthens the job hunt. A distinctive feature of young people here is the transition from a state of economic inactivity, that is, entering the labor market after graduation. Furthermore, the gap between the abilities that young people possess and the skills that businesses demand has a significant effect in the prevalence of youth unemployment. Many Russian companies are reluctant to accept inexperienced employees, making it difficult for young individuals to enter the job market. This disparity is frequently explained by the Russian education system, which does not always equip young people for the current job market requirements.

The young unemployment rate fell dramatically from 17.08% to 14% between 2010 and 2014, however it increased again to 16.4% in 2015. (Chart 4)

Also, the epidemiological problem led to exacerbate young unemployment in 2020. In the early months of the pandemic, this expansion was coupled with layoffs in the crisis industries (catering, tourism, non-food trade, leisure, and sports), where the proportion of young people among workers is generally high. Companies in most industries banned the employment of new employees, further complicating the predicament of individuals without a work record. According to the International Labour Organization, the young unemployment rate in 2020 was 17%, much higher than the general unemployment rate of 5.9%.

4.2 Influence of COVID-19 pandemic

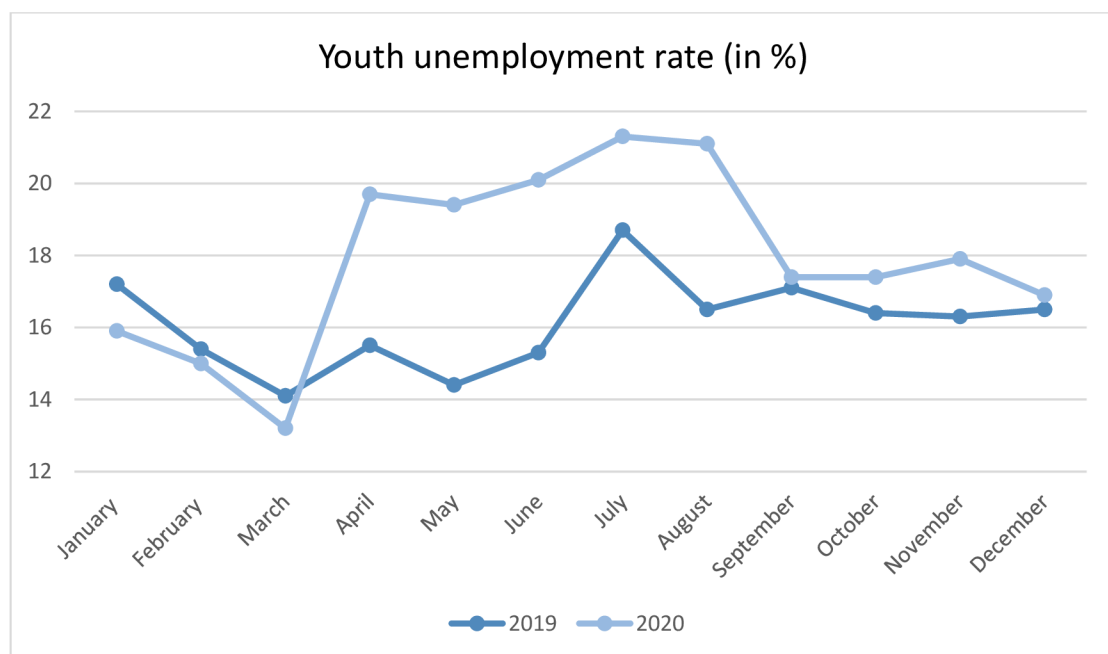


Chart 5 Influence of COVID-19 pandemic on youth unemployment rate

Source: Federal State Statistics Service, data from a sample survey of the labor force (2019-2020)

Covid-19 has had a particularly strong impact especially on youth unemployment. The chart 5 shows that in April 2019, the youth unemployment rate was 15.5%, but in April 2020 it was already 19.7%. The peak occurred in July 2020 (21.3%), this is also since most of the students graduated from universities and started looking for work. By December 2020, the indicator had almost returned to the previous level, as in 2019.

Number of open and hidden unemployed (in %)	January	February	March	April	May	June
Open unemployment	3,5	3,4	3,5	4,3	4,5	4,6
Hidden unemployment	4,2	4,2	4,5	5	4,5	5,1
Real unemployment	7,7	7,6	8	9,3	9	9,7

Table 4 Number of open and hidden unemployed in 2020

Source: Federal State Statistics Service

With the emergence of the new COVID-19 virus in Russia, in addition to 4.5 million officially unemployed, there were 4.9 million (6%) hidden unemployed, whom statistics do not consider in the labor force. As a result, the true number of jobless in Russia in April-June 2020 averaged more than 9.3 million (12% of the economically active population). The real unemployment rate has exceeded 40% in certain areas.

The epidemic reached its height in the second quarter of 2020. At the time, 4.87 million Russians were unemployed and were not listed in statistics as unemployed, even though they wished to work. 2.93 million wanted to work but were not seeking for employment and were not ready to start, 1.84 million were ready to start but were not looking, and 91 thousand were looking for work but were not ready to start soon.

The Federal State Statistical Service reported an unemployment rate of 4.47 million persons (on average per month), or 6% of the workforce, in April-June 2020, which is lower than hidden unemployment. Hence, at the height of the epidemic, real unemployment, including the hidden component, topped 9.3 million individuals, or 12.1% - more than twice official jobless rate.

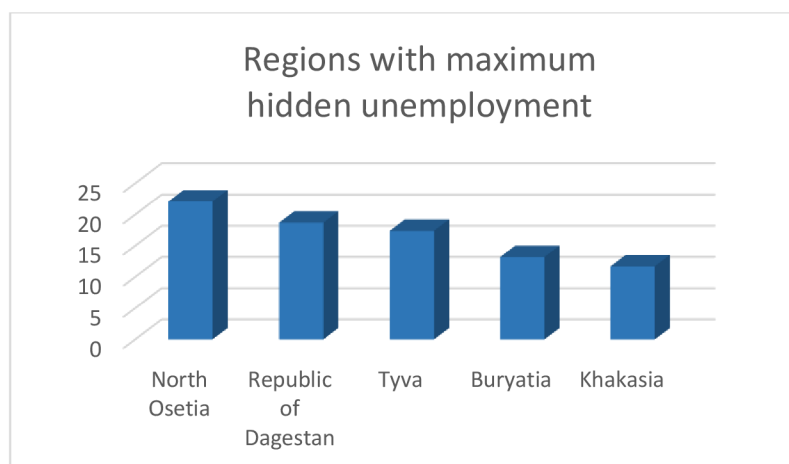


Chart 6 Regions with maximum hidden unemployment

Source: Federal State Statistics Service



Chart 7 Regions with minimum hidden unemployment

Source: Federal State Statistics Service

At the regional level, a high level of hidden unemployment is combined with a high level of open unemployment. The leader in this indicator is North Ossetia (22.2%) (Chart 6). Crimea (0.8%) and Saint Petersburg (1%), on the other hand, have the lowest percentages of hidden unemployment. (Chart 7)

If combine the hidden and evident unemployed, the true unemployment rate in certain locations exceeds a record 40% of the labor force. North Ossetia has the highest rate of actual unemployment. The lowest rate is recorded in Saint Petersburg.

4.3 Minimum-Wage

As we can see from the table 5 below, the minimum wage in Russia has been steadily increasing over the past decade. In rubles, the minimum wage increased from 4,330 (\$138) in 2010 to 16,424 (\$217) in 2023, which represents an increase of over 370%. However, it is important to note that the minimum wage in Russia still remains relatively low compared to many other developed countries. For example, the minimum wage in the United States is currently \$7.25 per hour, which is equivalent to about 542.5 rubles per hour based on current exchange rates. This is significantly higher than the minimum wage in Russia, even when adjusted for differences in purchasing power. Additionally, the minimum wage in Russia varies by region, with some regions having higher minimum wages than others, which can contribute to income inequality within the country.

Year	Minimum wage in rubles	Minimum wage in US dollars (approx.)	Exchange rate
2010	4330	138,83	31,19
2011	4330	137,55	31,48
2012	4611	140,11	32,91
2013	5205	163,58	31,82
2014	5554	146,27	37,97
2015	5965	90,65	65,8
2016	7500	105,19	71,3
2017	7800	128,40	60,75
2018	11163	175,80	63,5
2019	11280	182,82	61,7
2020	12130	163,70	74,1
2021	12791	174,50	73,3
2022	15279	205,09	74,5
2023	16424	217,82	75,4

Table 5 Minimum-wage in Russia

Source: own work based on Federal Law No. 82-FL of June 19, 2000

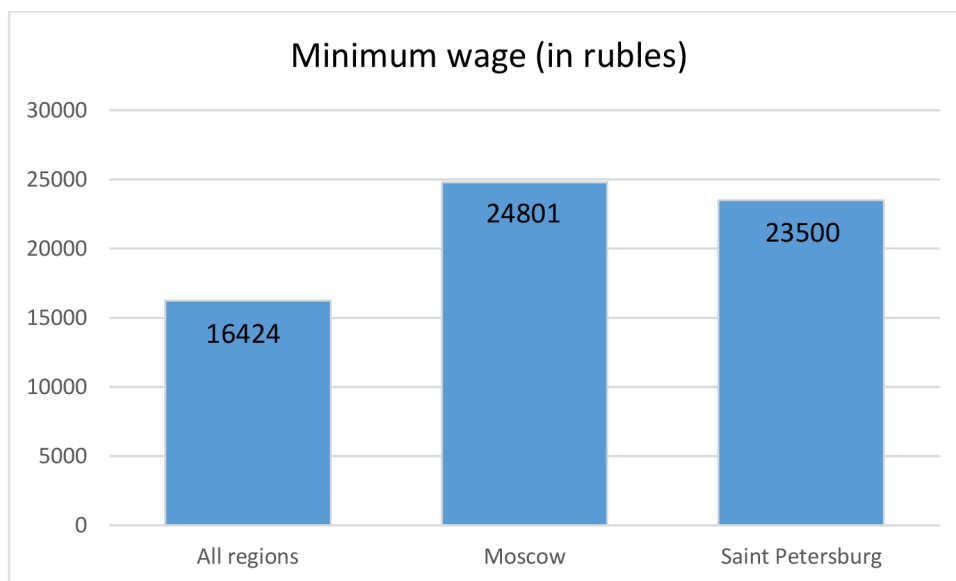


Chart 8 Minimum wage

Source: own work based on Federal Law No. 82-FL of June 19, 2000 (ed. by Federal Law No. 522-FL of December 19, 2022)

In 2023, the minimum wage of 16,424 rubles (\$217.8) was approved for all regions except Moscow – 24,801 rubles (\$328.9) and Saint Petersburg - 23,500 rubles (\$311.6). (Chart 8)

4.4 Comparing unemployment rate in Saint-Petersburg and Leningrad Region

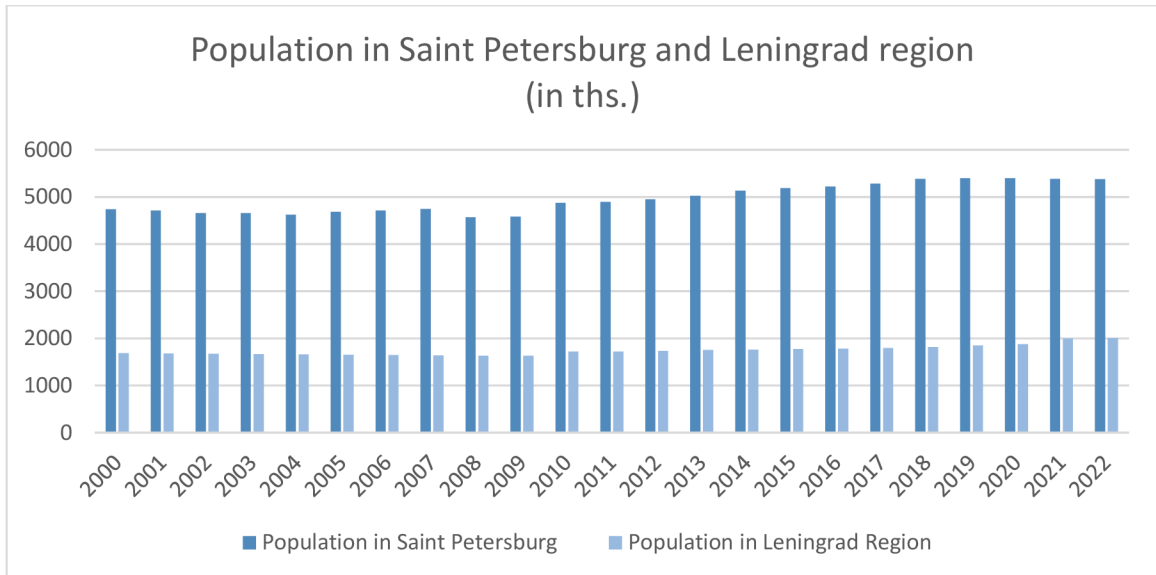


Chart 9 Population in Saint Petersburg and Leningrad region

Source: own work based on Federal State Statistics Service

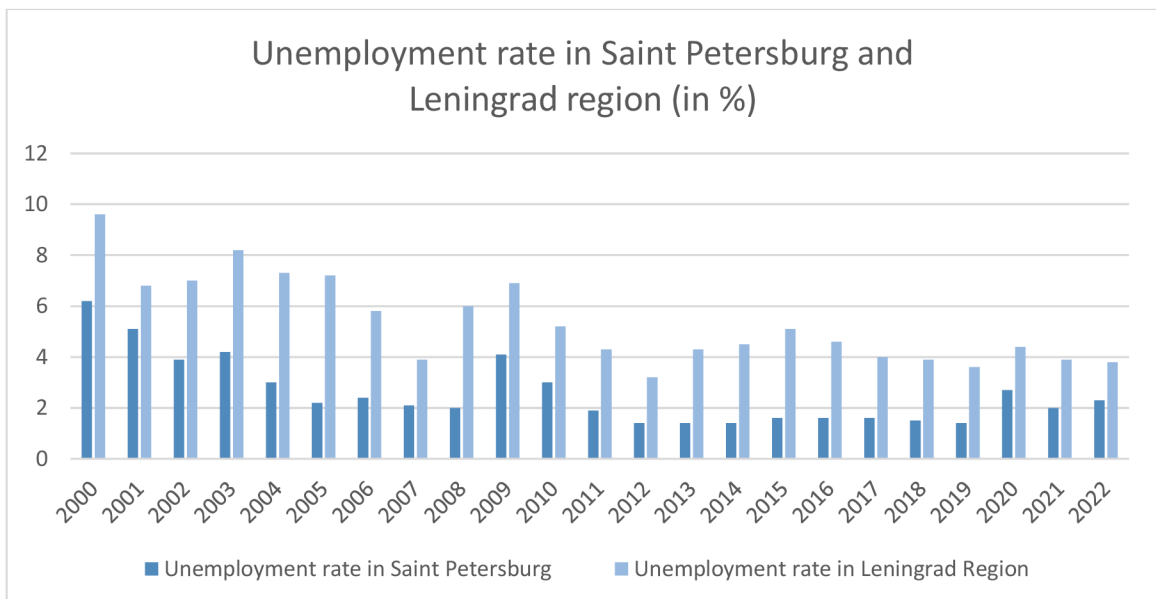


Chart 10 Unemployment rate in Saint Petersburg and Leningrad region

Source: own work based on Federal State Statistics Service

Saint Petersburg and the Leningrad Region are two neighboring regions in the north-west of Russia, and both play an important role in the economic and social development of the country. However, there are some differences in the unemployment rate between the two regions.

According to official statistics, the unemployment rate in Saint Petersburg in 2022 was 2.3% (Chart 10), which is relatively low compared to the general rate of 3.9%. This is partly because Saint Petersburg is one of the largest cities in Russia with a population of more than 5 million people, and its economy is diverse with many industries such as tourism, manufacturing and technology.

On the other hand, the unemployment rate in the Leningrad Region in 2022 was 3.8%, which is slightly higher than in Saint Petersburg (Chart 10). The Leningrad Region is a more rural and less densely populated region compared to Saint Petersburg, and its economy is mainly based on agriculture, forestry and manufacturing. Although the region has seen some economic growth and development in recent years, it still faces some challenges in terms of job creation and attracting investment.

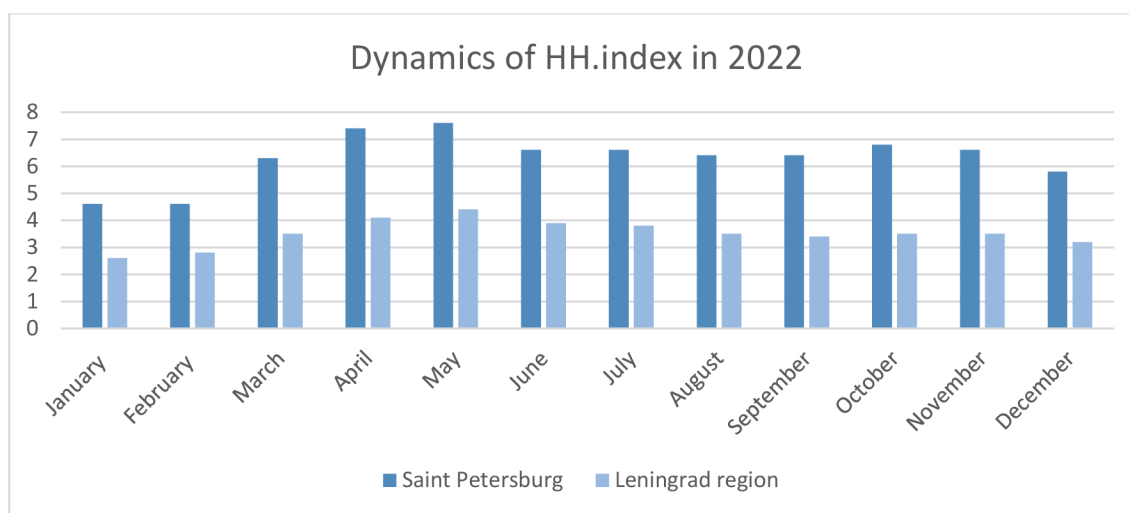


Chart 11 Dynamics of HH.index
Source: hh.ru

Chart 11 illustrates the shortage of specialists through the ratio of the number of active resumes to vacancies. A resume is deemed active if it is available to employers and the candidate has reacted to openings, updated the resume, or changed it at least once in the recent two months. The lower the index, the less rivalry there is among candidates in this field.

Thus, in May 2022, there were 7.6 candidates per vacancy in St. Petersburg, and 4.4 specialists per vacancy in the Leningrad Region. The minimum level is observed in January 2022 - 4.6 specialists per vacancy in St. Petersburg and 2.6 specialists in the Leningrad region.

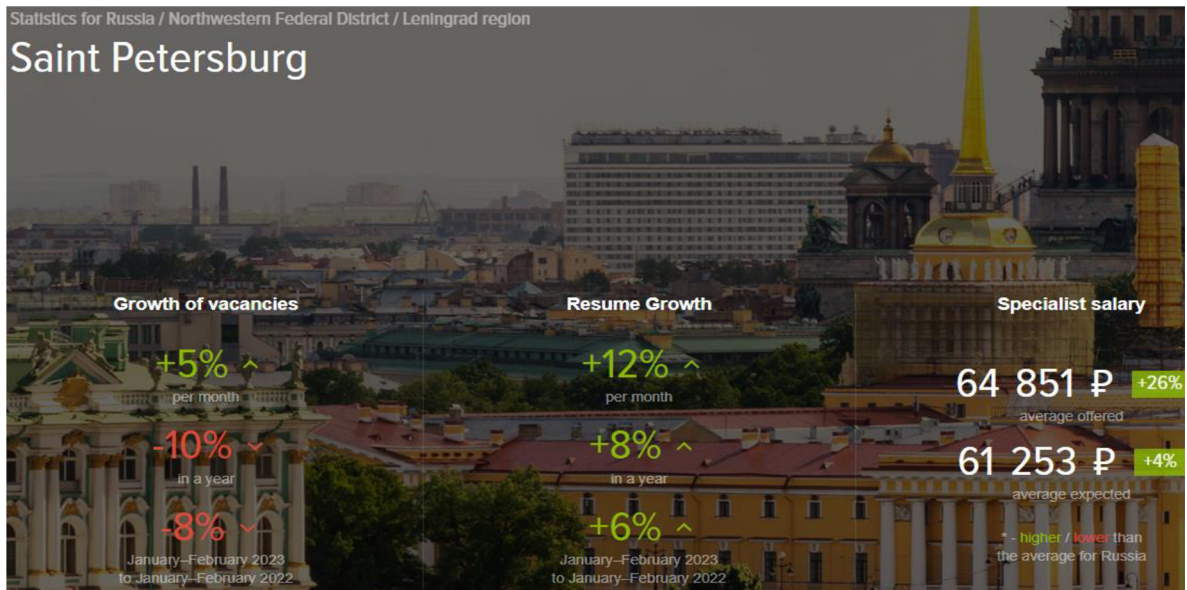


Figure 4 HH.ru statistics in Saint Petersburg

Source: hh.ru

Figure 4 shows the general statistics of vacancies in January-February 2023 on one of the popular job search sites Headhunter. We can notice that compared to February 2022, the number of vacancies decreased by 8%, while the number of resumes increased by 6%. The average salary offered increased by 26% to 64851 rubles (approximately \$880).



Figure 5 HH.ru statistics in Leningrad region

Source: hh.ru

In the Leningrad region, there is also a decrease in vacancies compared to February 2022 by 7%, and the number of resumes increased by 5%. The level of the offered salary decreased by 5% to 49101 rubles (\$670), and the level of the expected salary also decreased by 9% - 53413 rubles (\$730). (Figure 5)

In general, while Saint Petersburg and the Leningrad Region have relatively low unemployment rates compared to the national average, Saint Petersburg tends to have a slightly lower rate due to its larger population and more diverse economy. However, it is important to note that these indicators may fluctuate over time and may depend on various factors, such as global economic conditions, government policies and regional development strategies.

4.5 Index analysis

Year	Unemployment rate in Saint Petersburg (in %)	Basic index	Chain index	Unemployment rate in Leningrad Region (in %)	Basic index	Chain index
2000	6,2	1		9,6	1,00	
2001	5,1	0,82	0,82	6,8	0,71	0,71
2002	3,9	0,63	0,76	7	0,73	1,03
2003	4,2	0,68	1,08	8,2	0,85	1,17
2004	3	0,48	0,71	7,3	0,76	0,89
2005	2,2	0,35	0,73	7,2	0,75	0,99
2006	2,4	0,39	1,09	5,8	0,60	0,81
2007	2,1	0,34	0,88	3,9	0,41	0,67
2008	2	0,32	0,95	6	0,63	1,54
2009	4,1	0,66	2,05	6,9	0,72	1,15
2010	3	0,48	0,73	5,2	0,54	0,75
2011	1,9	0,31	0,63	4,3	0,45	0,83
2012	1,4	0,23	0,74	3,2	0,33	0,74
2013	1,4	0,23	1,00	4,3	0,45	1,34
2014	1,4	0,23	1,00	4,5	0,47	1,05
2015	1,6	0,26	1,14	5,1	0,53	1,13
2016	1,6	0,26	1,00	4,6	0,48	0,90
2017	1,6	0,26	1,00	4	0,42	0,87
2018	1,5	0,24	0,94	3,9	0,41	0,98
2019	1,4	0,23	0,93	3,6	0,38	0,92
2020	2,7	0,44	1,93	4,4	0,46	1,22
2021	2	0,32	0,74	3,9	0,41	0,89
2022	2,3	0,37	1,15	3,8	0,40	0,97

Table 6 Index analysis

Source: own work based on Federal State Statistics Service

The table 6 represents the unemployment rates in Saint Petersburg and the Leningrad Region from year 2000 to 2022, as well as the basic and chain indexes for both regions. The basic index measures the change in unemployment rates compared to a fixed year as

the base year. The chain index, on the other hand, represents the relative change in unemployment rates from the previous year.

Unemployment rates in Saint Petersburg and Leningrad Region have generally been decreasing over the years, except for some minor fluctuations.

The basic and chain indices for both regions show similar trends, with some minor differences. In general, the chain indices tend to be more volatile than the basic indices, reflecting the year-to-year fluctuations in the unemployment rates.

The biggest decrease in unemployment rate in Saint Petersburg was in 2019, where the basic index was 0,23, that means that the unemployment rate in Saint Petersburg has decreased by 77% in comparing with 2000. According to basic index for unemployment rate in Leningrad region, the biggest decrease was in 2012 – 0,33, which means unemployment rate has decreased by 67% in comparing with 2000.

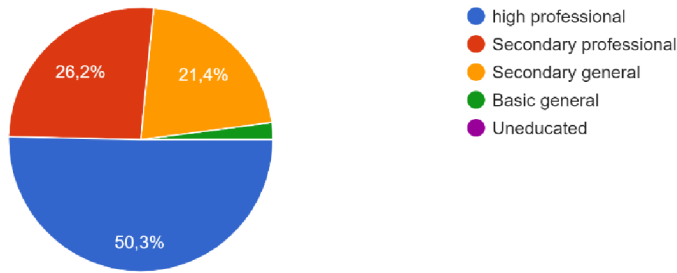
As chain index shows, the biggest increase in unemployment rate in Saint Petersburg was 2,05 in 2009, indicating that unemployment was higher than in 2008 (0,95). Also, in 2020 chain index was 1,93, compared to 2019 (0,93). The largest fall is observed in 2011, when the chain index was 0,63, which means the unemployment has decreased by 37% from 2010. As regards Leningrad region, the biggest increase was in 2008, where the chain index was 1,54, while the largest fall was in 2007 (0,67).

4.6 Survey

In this part of the thesis, an analysis of the survey that was conducted among residents of Saint Petersburg and the Leningrad region will be carried out. 145 persons participated in the survey - men and women aged 15 years and older. The purpose of this survey is to find out the opinion of residents of these regions about the causes of unemployment and ways to solve this problem.

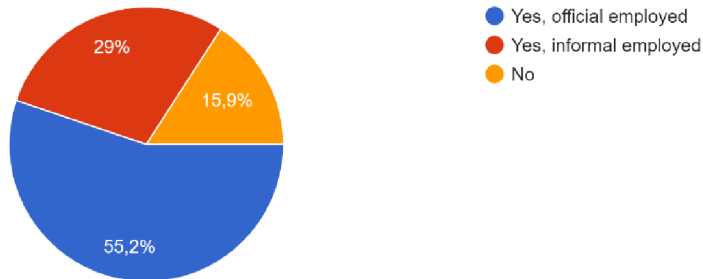
A total of 96 women (66.2%) and 49 men (33.8%) participated in the survey. The age of respondents – 15-24 years (12.4%), 25-35 years (24.8%), 36-45 years (22.1%), 46-55 years (31%), 56-65 years (6.2%), over 65 years (3.4%). Of these, 50.3% (73 respondents) have higher professional education. 26.2% (38 respondents) with secondary professional education, 21.4% (31 respondents) with secondary general and only 2.1% (3 respondents) with basic general education (Graph 1).

Education
145 ответов



Graph 1 Education
Source: own work

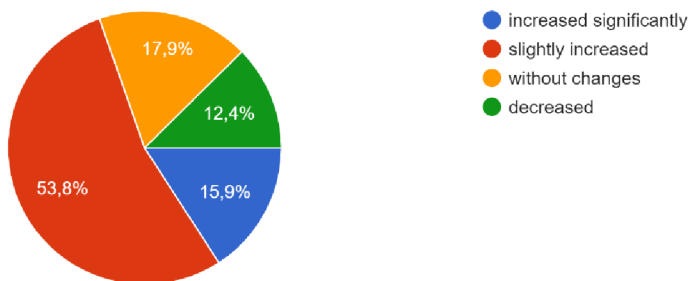
Are you working now?
145 ответов



Graph 2 Working status
Source: own work

Graph 2 shows that 55.2% (80) of respondents are officially employed, 29% (42) are informally employed and 15.9% (23) do not work.

In your opinion, how has the unemployment rate changed in recent years in St. Petersburg and the Leningrad Region?
145 ответов



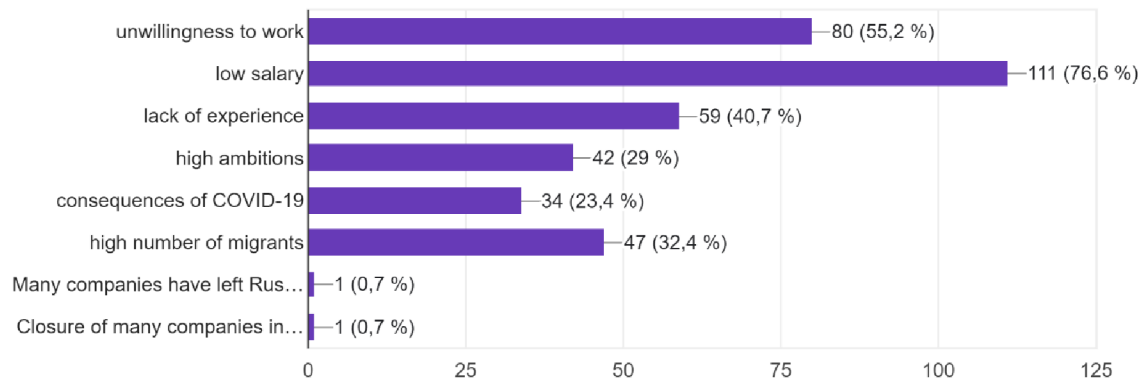
Graph 3 Change in the unemployment rate
Source: own work

Graph 3 illustrates the respondents' opinion on the change in the unemployment rate in recent years. Thus, 78 respondents (53.8%) believe that the unemployment rate has

increased slightly, 26 respondents (17.9%) – has not changed, 23 respondents (15.9%) – has increased significantly and only 18 respondents (12.4%) think that the unemployment rate has decreased.

How do you think, what are the main causes of unemployment?

145 ответов



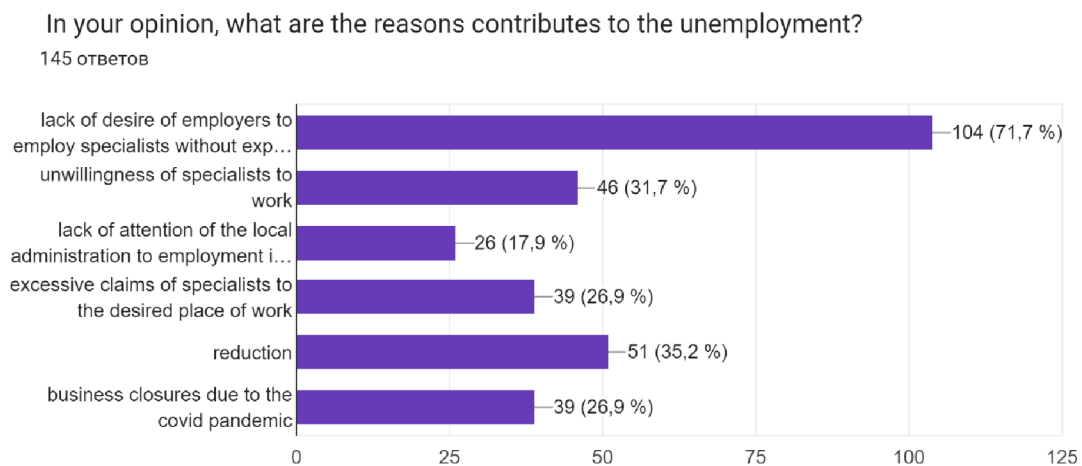
Graph 4 The main causes of unemployment

Source: own work

Graph 4 demonstrates the main causes of unemployment according to respondents. (Respondents chose one or more options, so the total number of responses is greater than the number of respondents).

The most common reason is low wages - 111 out of 145 respondents chose this reason. This suggests that people do not want to work for a small salary, so they choose not to work at all or to earn extra money informally, which automatically increases the unemployment rate. This leads to the following serious reason - the unwillingness of people to work, according to 80 respondents. The least number of respondents (34) think that the cause of unemployment is the consequences of COVID-19. This can be explained by the fact that the labor market has almost recovered after the pandemic and quarantine, and at the moment is not a serious problem.

Also, 2 respondents indicated that the closure of foreign companies in Russia affected the unemployment rate. According to «RosBusinessConsulting» (RBC), 34% of the largest foreign companies operating in Russia restricted their activities in the country, 15% decided to leave it through the sale to the new owner of the Russian division and 7% announced their complete withdrawal from the Russian market. Among the companies that left Russia there are large ones, such as DHL, Volkswagen Group, McDonalds, IKEA and many others (clothing and shoe stores, jewelry and cosmetics stores, machine factories, etc.). Employees of these companies were dismissed or were reduced.

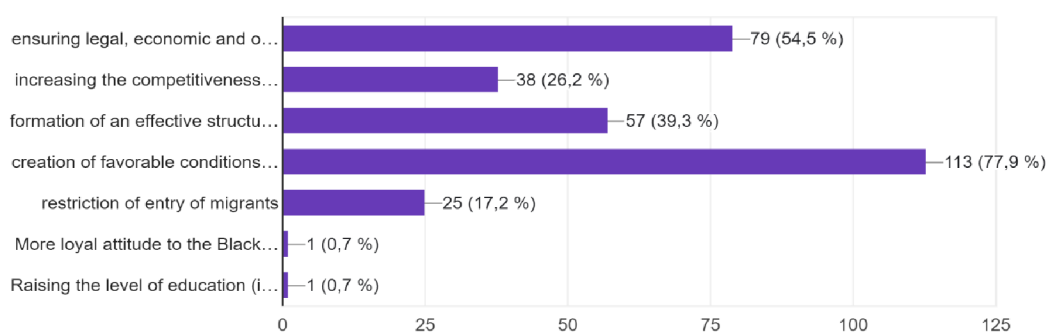


Graph 5 Reasons contributing unemployment

Source: own work

Graph 5 shows the respondents' opinion about the causes that contribute to and exacerbate the problem of unemployment. In the first place by a huge margin (104 respondents) is the lack of desire of employers to hire specialists without experience. Not all employers want to take responsibility and risks with regard to training, retraining of employees for a new vacancy for them, as well as students who are 90% looking for a job without having any work experience yet. In addition, the reduction in companies is another serious reason that affects the unemployment rate. Most companies pay salaries to reduced employees in the amount of 3-12 months, which allow people to not work for a while.

What, in your opinion, can help solve the problem of unemployment in St. Petersburg and the Leningrad Region?
145 ответов

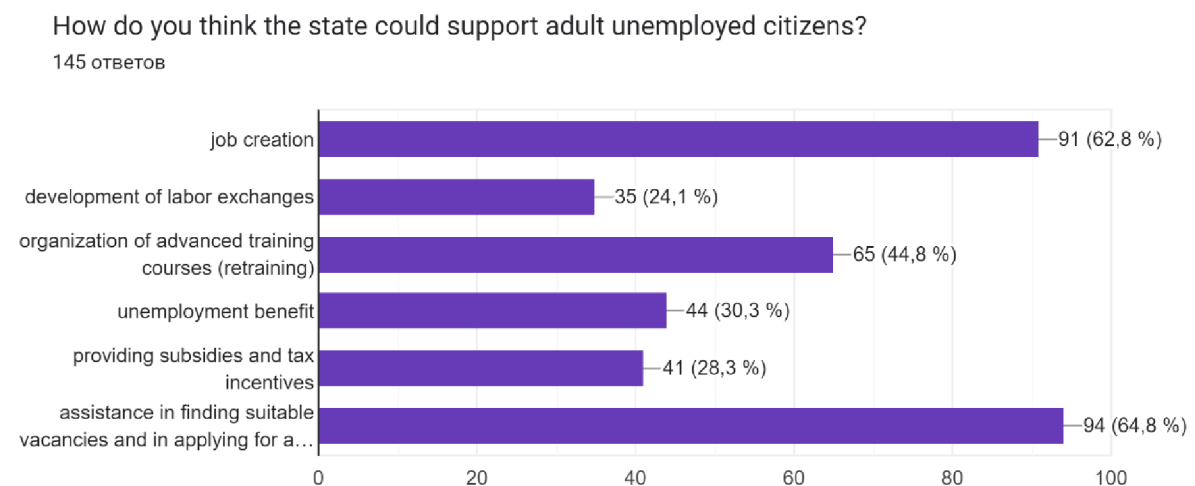


Graph 6 Solving the problem of unemployment

Source: own work

Graph 6 the answers to the question «How can the problem of unemployment in Saint Petersburg and the Leningrad region be solved?». The majority of respondents (113) believe that creating favorable conditions for improving living standards by stimulating the

labor activity of the population is the best way to solve the problem of unemployment. 79 respondents consider that providing legal, economic and organizational conditions for the creation and preservation of jobs can help reduce the unemployment rate. Also, 1 respondent added his answer: «A more loyal attitude to the lack of experience. Everyone needs young professionals, but no one wants to hire without experience» and another 1 respondent suggested: «Raising the level of education (including economics). To employ teenagers, teach children how to handle money from early age».

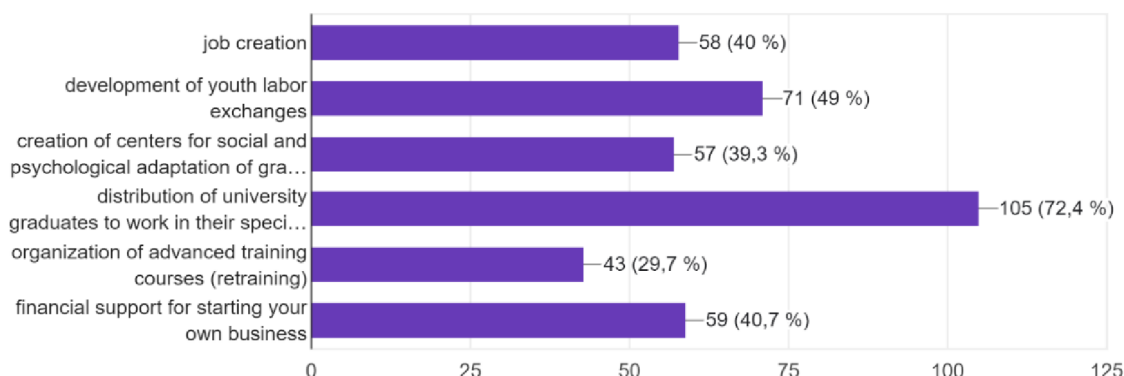


Graph 7 Support of adult unemployed citizens
Source: own work

Graph 7 presents ways how the state can support adult unemployed citizens. The most frequently chosen options are assistance in finding suitable vacancies and in applying for a job (job fairs, newspapers and websites) (62.8%) and job creation (64.8%). In addition, an important way, according to the respondent, is also the organization of advanced training courses (retraining). Since most people choose a specialty and get an education at the age of 16-24, not everyone fully understands that this will be the profession that they will like and that will be in demand on the labor market for many more years. In this regard, a few years after getting an education, people may face the fact that they want to change their place of work, but not everyone is ready to go back to study a new specialty at the university. It is necessary for that to organize retraining courses where people can learn a new profession in a relatively short time, without spending years searching for a new job. A couple of years ago, IT education was not as popular as, for example, economics or law, but nowadays the IT field is one of the most prominent, since there are so few of these professionals in the labor market, and there are a lot of courses that help people get the knowledge needed to work in this industry.

How do you think the state could support young unemployed citizens?

145 ответов



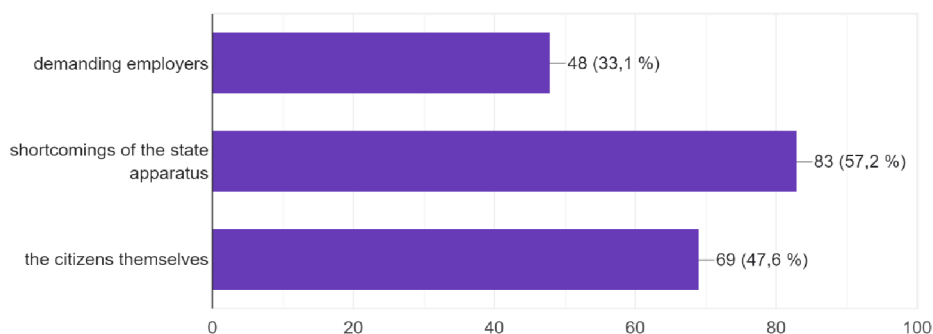
Graph 8 Support of young unemployed citizens

Source: own work

As for the support of young unemployed citizens, based on Graph 8, 105 respondents are sure that the state should distribute university graduates to work in their specialty, and 71 respondents chose the option of developing youth labor exchanges. Many young unemployed people face such problems as distrust of employers due to lack of experience, inconsistency of acquired knowledge with current requirements, over-ambition. About 40% of respondents also believe that support can be in the form of job creation (40%), the creation of a center for socio-psychological adaptation of graduates (39,3%) and financial support for starting their own business (40,7%).

Who do you think is responsible for the fact that people are currently without a job?

145 ответов



Graph 9 Responsibility for the fact that people are currently without a job

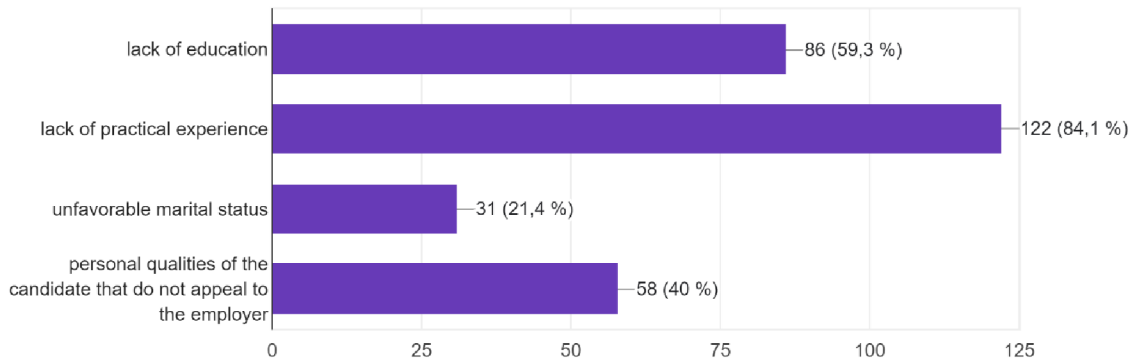
Source: own work

On Graph 9, it can be noted that despite the lack of experience, lack of education, unwillingness of employees to work, as mentioned above, more than half of respondents (57,2%) consider that responsible for the fact that people are currently without a job is on shortcomings of the state apparatus. At the same time, 47.6% (69 respondents) think that

the citizens themselves are responsible for this, and only 33.1% (48 respondents) believe that this is a responsibility of a demanding employees.

What reasons, in your opinion, can affect the refusal of employment?

145 ответов



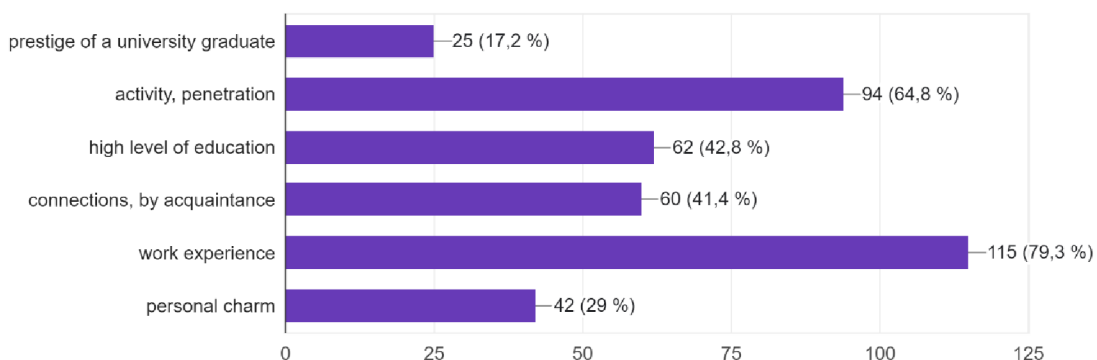
Graph 10 What can affect the refusal of employment

Source: own work

Graph 10 indicates possible reasons that may affect the refusal of employment. According to 84.1% (122) of respondents, this is a lack of practical experience, which only confirms the data from the tables above. Also, lack of education is an important reason for refusing to work - 59.3% (89) of respondents believe so. 40% (58) of respondents think that the reason may also be personal qualities of the candidate that do not appeal to the employer, and 21.4% (31) of respondents think that unfavorable marital status.

Which of the following conditions, in your opinion, guarantees a job?

145 ответов

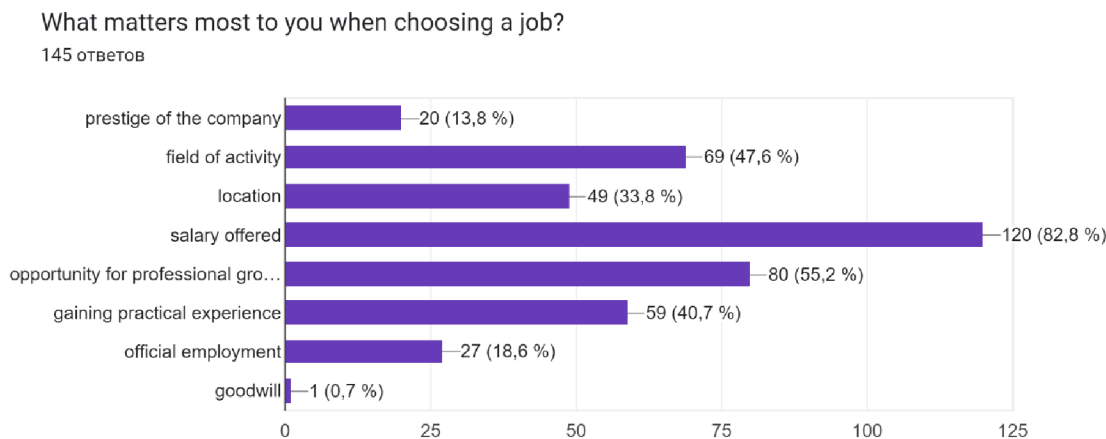


Graph 11 What can guarantee a job

Source: own work

Graph 11 shows what conditions, according to respondents, can guarantee employment. In the first place, of course, work experience - almost 80% (115) of respondents think so. The next most popular condition (64.8%, 94 respondents) is activity and penetration abilities. After all, even if the employee has work experience, the necessary level of education, it is also important for the employer to see that the person

really wants and is ready to work. Also 41.4% (60 respondents) believe that connections and acquaintances can help employees when applying for a job. Indeed, in large cities of Russia there is such a trend, especially when it comes to high positions.



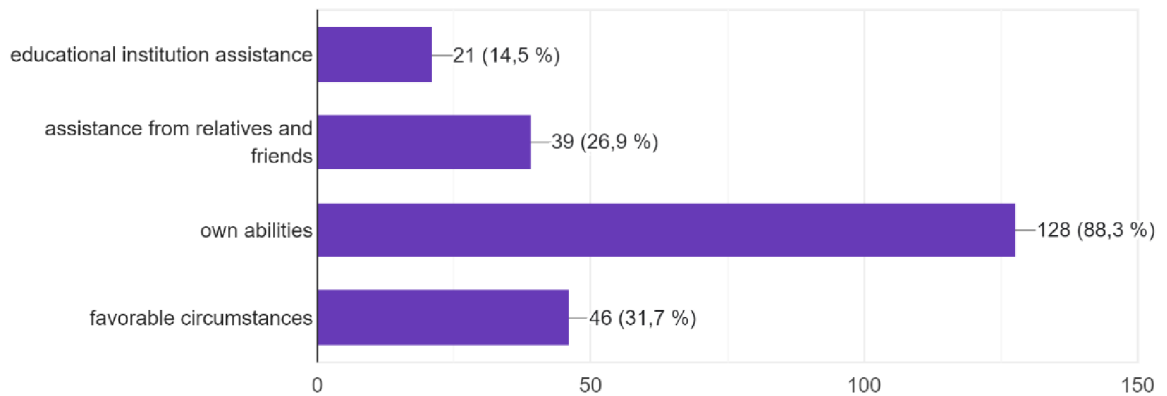
Graph 12 What matters when choosing a job

Source: own work

In Graph 12, respondents answer what is important for them when choosing a job. The most basic and obvious indicator, of course, is the level of the salary offered - 82.8% (120) of respondents decided so. For 55.2% (80) of respondents, the opportunity of professional growth is also important, 47.6% (69) of respondents chose the field of activity, 40.7% (59) of respondents - gaining practical experience. Also, considering that Saint Petersburg is a large city with an area of 1,439 square kilometers, location is important for 33.8% (49) of respondents. On average, the road from one end of the city to the other can take 1.5-2 hours, despite the developed public transport, and not everyone is ready to spend so much time on the road to work. For this reason, residents of the Leningrad region or the outskirts of Saint Petersburg often choose a job closer to their place of residence, even if it is less paid or less promising. As we can see, only 18.6% (27) of respondents are interested in official employment. This can be explained by the fact that many people do not want to pay taxes and pension contributions, as well as with informal employment there is a minimum responsibility to the employer.

When applying for a job, you expect:

145 ответов



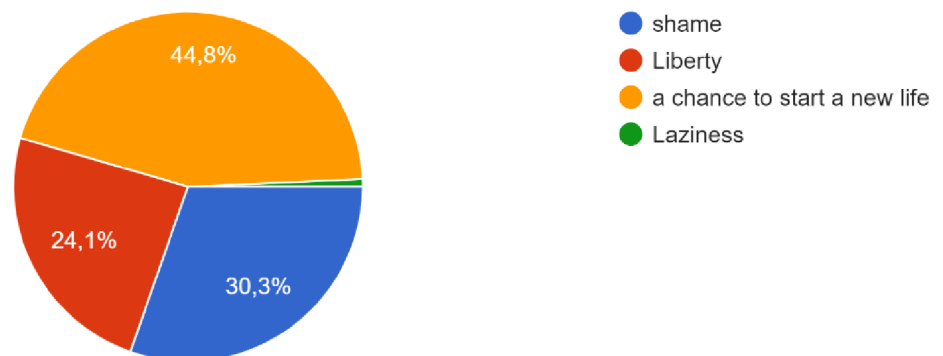
Graph 13 Expectations when applying for a job

Source: own work

Based on Graph 13, it can be concluded that most respondents (88.3%) rely on their own abilities when applying for a job, while 31.7% (46) of respondents hope for a successful circumstance. Only 26.9% expect help from friends and relatives, and only 14.5% believe that educational institution assistance can help them.

Which of the following do you most associate with unemployment?

145 ответов



Graph 14 Associations with unemployment

Source: own work

Finally, Graph 14 shows what associations respondents have with unemployment. For 44.8% of respondents, unemployment is a chance to start a new life. 30.3% of respondents believe that it is a shame, and only 24.1% of respondents associate unemployment with freedom. Also, 1 respondent indicated that for him unemployment is associated with laziness.

4.7 SWOT analysis

This paragraph includes a SWOT analysis that will summarize the thesis.

SWOT analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats. It involves identifying the internal and external factors and analysing them to create a comprehensive overview of the current situation.

Strengths and weaknesses are internal factors that are within the control, while opportunities and threats are external factors that are beyond control. Strengths are advantages while weaknesses are areas where they may be lacking or need improvement. Opportunities are factors that present new possibilities or potential for growth, while threats are factors that may pose risks or challenges.

SWOT analysis helps to identify areas where can be capitalized on their strengths, minimized their weaknesses, taken advantage of opportunities, mitigated potential threats.

4.7.1 Strengths

- A large and diverse economy that offers employment opportunities in a wide variety of industries.
- Having a social safety net, such as unemployment benefits, that can help reduce the impact of job loss on individuals and families.
- Saint Petersburg is one of the most developed cities in Russia with a diverse economy, including a significant presence in the field of technology, tourism and manufacturing, and its unemployment rate is lower than in Russia.

4.7.2 Weaknesses

- Lack of investment in certain regions and industries, which leads to a higher unemployment rate.
- Many of the jobs available in the region are low-paying and offer little job security, leading to a high rate of underemployment.
- Universities and other educational institutions do not prepare students for entering the labor market, which greatly affects the level of youth unemployment.
- Rural residents have much fewer employment opportunities than urban.

- The presence of informal employment, which may make it difficult to accurately measure the true unemployment rate.
- The economy is heavily dependent on oil and gas exports, which makes it vulnerable to fluctuations in global energy prices.
- Many industries are dominated by state-owned companies, which makes it difficult for private enterprises to compete and grow.

4.7.3 Opportunities

- The growing technology sector in Saint Petersburg and other Russian cities can create new opportunities for skilled workers.
- The region's proximity to Finland and Estonia could make it an attractive location for international businesses looking to establish a presence in Russia.
- Government initiatives to improve workforce training and education that can help equip workers with the skills they need to succeed in changing economy.
- The development of new infrastructure and transport networks that can help connect businesses and workers in different regions and improve access to employment opportunities.
- Development and state support of the tourism industry in Saint Petersburg and the Leningrad region, because these regions can attract tourists.

4.7.4 Threats

- Economic instability, including fluctuations in oil prices and global economic downturns, which can negatively affect job creation and employment levels.
- Political instability and tension in relations with other countries, which can hinder investment and create uncertainty for business.
- Technological advances and automation that can displace workers in certain industries and reduce the overall demand for certain types of work.
- Economic sanctions imposed against Russia.
- Pandemics, such as COVID-19, have a significant impact on the global economy, leading to job losses and economic uncertainty.

5 Results and Discussion

The analysis of the data collected for the study revealed several important results and allowed us to get an idea of the causes and consequences of unemployment in Russia, especially in the Leningrad Region and Saint Petersburg.

Firstly, it should be noted that the unemployment rate in Saint Petersburg is significantly lower than in the Leningrad Region and in Russia as a whole. The analysis showed that the highest unemployment rate was in 2000: 10.3% in Russia, 6.2% in Saint Petersburg, 9.6% in the Leningrad region, because in those years the country was recovering from the crisis of the 90s. In addition, sharp increases in the unemployment rate were observed during the global financial crisis in 2008 and the COVID-19 pandemic in 2020.

At the same time, unemployment is especially common among young people. The analysis of unemployment by gender, age and territory revealed that the highest level is observed among 15-19-year-old women (33.2%) and men (23.2%). The unemployment rate in rural areas (7.9%) is higher than in urban areas (5.2%). Unemployment by level of education shows, that the highest rate is among women with higher education (28,5%) and men with secondary general education (28.4%). This highlights the need for targeted policies and programmes to address the specific needs of these groups, such as vocational training and employment services. The minimum wage level on average in Russia since 2010 (4330 rubles, \$139) has risen to 16424 (\$217) in 2023.

According to the survey, several key factors of unemployment were also identified, such as lack of work experience, low wages, a mismatch between the skills that employees possess and the requirements of employers, the inability of educational institutions to properly train students. These factors, combined with the difficult macroeconomic environment, have contributed to the current level of unemployment and underemployment in the region.

It is also important to understand that the consequences of unemployment are far-reaching and have significant social and economic consequences. Unemployment can lead to a decrease in mental and physical well-being, increased social isolation and lack of opportunities for personal and professional development. In addition, high unemployment can have a negative impact on the local economy, as fewer people are able to participate in the labor market and contribute to economic growth.

In addition, the study suggests that policy makers should prioritize efforts to improve the social protection system and provide support to those who are most vulnerable to the negative effects of unemployment.

6 Conclusion

In conclusion, we note that the purpose of this bachelor's thesis was to study the causes and consequences of unemployment in Russia with a special focus on the Leningrad Region and St. Petersburg. The analysis shows that unemployment is a complex and multifaceted problem, which is influenced by a number of factors, including macroeconomic instability, lack of investment in the regions, inadequate education and training programs and other structural factors.

One of the conclusions of this thesis is that the COVID-19 pandemic has had a significant impact on unemployment in Russia, especially among young people. The pandemic has led to job losses and reduced employment opportunities, exacerbating an already difficult situation.

The effects of unemployment can have a negative impact on individuals and society. The loss of income and opportunities can lead to poverty, social exclusion, and a number of other negative consequences, including mental health problems, an increase in crime rates and a decrease in social mobility.

To solve the problem of unemployment in Russia, especially in the Leningrad Region and St. Petersburg, policy makers need to develop and implement targeted policies and programs. According to these conclusions, it is possible to propose measures aimed at eliminating the causes of unemployment in the region. These measures include:

- Increased investment in new industries and technologies.
- Investments in education and training.
- Support for small and medium-sized enterprises and measures to promote economic growth and stability.
- Improving access to education and vocational training programs.
- Creation of a mechanism under which contracts will be created between universities and enterprises for the training of specialists in specific specialties with a guarantee of further employment.
- Creation of information systems that will analyse vacancies and predict the situation on the labor market.
- Organization of open days at enterprises.
- Development of youth labor exchanges.

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8 Appendix

List of survey questions:

1. Gender

Male / Female

2. Age

15-24 / 25-35 / 36-45 / 46-55 / 56-65 / 65 and over

3. Education

High professional

Secondary professional

Secondary general

Basic general

Uneducated

4. Are you working now?

Yes, official employed

Yes, informal employed

No

5. In your opinion, how has the unemployment rate changed in recent years in St. Petersburg and the Leningrad Region?

Increased significantly

Slightly increased

Without changes

Decreased

6. How do you think, what are the main causes of unemployment?

Unwillingness to work

Low salary

Lack of experience

High ambitions

Consequences of COVID-19

High number of migrants

7. In your opinion, what are the reasons contributes to the unemployment?

Lack of desire of employers to employ specialists without experience

Unwillingness of specialists to work
Lack of attention of the local administration to employment issues
Excessive claims of specialists to the desired place of work
Reduction
Business closures due to the covid pandemic

8. What, in your opinion, can help solve the problem of unemployment in St. Petersburg and the Leningrad Region?

Ensuring legal, economic and organizational conditions for creating a jobs
Increasing the competitiveness of the domestic labor force
Formation of an effective structure of employment of the population
Creation of favorable conditions for raising the standard of living by stimulating the labor activity of the population
Restriction of entry of migrants

9. How do you think the state could support adult unemployed citizens?

Job creation
Development of labor exchanges
Organization of advanced training courses (retraining)
Unemployment benefit
Providing subsidies and tax incentives
Assistance in finding suitable vacancies and in applying for a job (job fairs, newspapers and websites)

10. How do you think the state could support young unemployed citizens?

Job creation
Development of youth labor exchanges
Creation of centres for social and psychological adaptation of graduates
Distribution of university graduates to work in their specialty
Organization of advanced training courses (retraining)
Financial support for starting your own business

11. Who do you think is responsible for the fact that people are currently without a job?

Demanding employers
Shortcomings of the state apparatus
The citizens themselves

12. What reasons, in your opinion, can affect the refusal of employment?

Lack of education

Lack of practical experience

Unfavourable marital status

Personal qualities of the candidate that do not appeal to the employer

13. Which of the following conditions, in your opinion, guarantees a job?

Prestige of a university graduate

Activity, penetration

High level of education

Connections, by acquaintance

Work experience

Personal charm

14. What matters most to you when choosing a job?

Prestige of the company

Field of activity

Location

Salary offered

Opportunity for professional growth

Gaining practical experience

Official employment

15. When applying for a job, you expect:

Educational institution assistance

Assistance from relatives and friends

Own abilities

Favourable circumstances

16. Which of the following do you most associate with unemployment?

Shame

Liberty

A chance to start a new life