Improvement of the Public Services Provision System in the Labor Market of the Russian Federation

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Abstract

The article presents the results of a comprehensive survey made in 2014, where the object of study was a public institution subordinated to the Moscow Department of Labor and Employment A comprehensive assessment of the Moscow Employment Service is of special significance primarily because it includes 11 employment centers and 52 regional departments which serve approximately 7.5 million inhabitants within its region. In the course of the study it has been revealed that the current evaluation system which covers the Employment Service performance also causes a number of counter-productive problems regarding the promotion of employment management. The issue of the day is to improve the efficiency and effectiveness of the Moscow Employment Service, and furthermore to implement both a simple and complex or comprehensive public services model. Given that the employment centers are providing a wide range of different public services, the targets can be divided into ‘simple’ and ‘ultimate’ (complex) categories relative to their significance. Simple public services, being tools in respect of the ultimate goals of customer interactions, include finding vacant positions or applicants, which in turn are complex or ultimate services. Adding such classification to public services allows improvements to be made in the model for rendering public services based on the principle of their continued provision while creating additional value for the consumer. The proposed advanced model requires a unified system for collecting and analyzing information about the level of provision of public services and for monitoring the impact of implemented measures to improve the overall quality of public services.

Keywords: employment of population, efficiency, public service, public services, smart management technologies, process management.

1. Introduction

Population employment management can be described as a special kind of social control, which is inextricably linked to the economic, political and spiritual situation of a given society. The main purpose of employment management is the creation of conditions and engagements relative to the employment needs of each individual in the sphere of public life, which most closely meets their work needs (Moscow City Law dated October 1, 2008 No. 46 “On Employment in the City of Moscow” (as amended by the Laws of Moscow of 07.04.2010 No. 9 on 28.09.2011 No. 43)

The specific features of rendering public services to citizens are compounded by the demand and supply imbalance of labor, the jobs deficit and, exaggerated, and sometimes illegal, discriminatory factors, for example, age, the unjustifiable job requirements of an employer, as well as absence of specialized facilities and specially equipped workplaces for people with disabilities or other needs.

Despite the fact that the federal level effectiveness of Employment Services within the Russian Federation is regularly assessed, the main effectiveness criterion is simply the extent of control completion of target indicators in certain areas of public service delivery. [Order of the Department of Labor and Employment of the City of Moscow No. 680 dated 24.12.2013 “On the Approval of the List of Departmental Public Services (Works) Rendered (Performed) as the Main Activities of Moscow State Institutions under the Jurisdiction of the Moscow Department of Labor and Employment”].

This assessment does not fully take into account a number of key important aspects related to employment agencies, which reflect the financial condition, personnel state, and the current quality of employment of citizens who enquire with the employment agencies for employment seeking purposes, quality of vacancies found by the employment centers and offered to citizens seeking work (Yesieva, 2015).

It is common knowledge that citizens who exhibit low competitiveness have significantly reduced employment prospects, which is manifested in the absence of experience, work skills, lack of qualifications, work restrictions for health
reasons or a lack of motivation to work (Bushmin, 2011).

In considering the national characteristics of the population in terms of employment in Russia, one should remember about "informal employment". In contrast to foreign countries the share of citizens engaged in informal employment is high (Sobolev, 2007).

This not only implies the existence of a shadow economy in Russia, but it was estimated, in 2013, to total 16.5% of GDP. It should be noted that although there is a trend of decline, the rates continue to remain high (Ozina et al., 2015).

In most developed countries the informal market is minimal, which has no significant impact on the socio-economic situation. Italy is, however, an exception to this trend, where the figure reaches 10% of Gross Domestic Product (Mahmudov, 2015).

Statistical evaluation of the Russian labor market phenomenon emerged relatively recently; characterizing the factors that influence the emergence and development of informal employment within the country.

According to the statistics [Labor and Employment of Moscow in 2013, 2014], in Russia from the early 2000-s onwards, about 70% of informal employment is extra work and additional earnings, which have no corresponding agreements and contracts. The rest accounts for people whose primary and often only income comes from informal employment sources.

One issue of primary concern is that these problems often require individual solutions, originating from a multilateral assessment of the applicant's needs.

Thus, it can be said that the composition of the currently applied indicators to measure Employment Services is severely restricted in aspect and remains unbalanced. When used to evaluate effectiveness, the indicators do not reflect key aspects of employment agency activities intimately and equally enough. At the same time, as a rule, the so-called 'overdue' indicators are applied, i.e. indicators characterizing the past state of the activity processes in question, such as the average duration of unemployment at the end of the reporting period. Alongside that, the application of services is not found by 'anticipatory' indicators, according to changes in the values by which one can assess the existing potential of the Employment Services on reasonable grounds (Maslennikov and Skamay, 2011).

Disadvantages of the existing comparative evaluation system of Employment Agency effectiveness have resulted in a number of problems regarding the promotion of employment management, among which we should highlight the deficiency of a relationship between the indicators of Employment Agency resource provision and the situation currently existing in the relevant regional labor markets (Maslennikov, 2011)

The success of employment strategies is determined by the degree of their optimization and by their ability to reflect changes in the environment and adequately upgrade their own structure.

In order to adequately solve the above problems faced by the Moscow Municipal Employment Agency in July 2014 a comprehensive study was carried out, from which proposals and recommendations related to improving their performance have been developed according to its results.

2. Literature Review

If we talk about the state of the Moscow labor market in 2014, it can be characterized as relatively stable.

The positive dynamics of the main indicators of economic development of Moscow has allowed retaining positive trends in social and labor issues in the region.

In the weekly ongoing monitoring of employment terminations and underemployment as of April 30, 2014, 785 organizations provided employment agencies with information on alleged labor saving at the amount of 22.2 thousand employees in connection with staff reduction or organization liquidation (Labor and employment of Moscow population in 2013: Statistical Yearbook, 2014).

Based on the studied trends with regard to future changes in the economy it can be assumed that the total number of jobs in 2018 compared to 2012 will increase by 21.3% in the conservative scenario case, by 22.9% in the case of moderately optimistic option, and by 25.1% in the accelerated scenario case. It should be noted that the absolute and relative reduction in second job employment is conditioned by general increase in the payment rate, a stable economic situation, as well as corresponding increase in the employers' requirements (Kalinina, 2015).

Among other factors of the socio-economic development contributing to the growth of productive employment there is realization of the state program “Economic Activity Promotion” including subprogram “Labor Market Development and Moscow Population Employment Promotion.”

Overwhelming majority of the total workspaces in the economy are jobs replaced at primary employment – 6,567.7 thousand workspaces, or 91.0% of the total population according to 2012 data.

To understand the changes in this indicator in absolute terms, one can make an assumption about the growth of
the primary employment of the population until 2018 based on the fact that secondary employment will be reduced. The results confirm the above: by the end of the forecast period in 2018 this figure will have reached 8,055.2 thousand people in the moderately optimistic scenario case; 7,948.5 thousand people in the conservative scenario case and 8,192.7 thousand people in the accelerated scenario case, which is by 22.6%, 21.0% and 24.7% higher than in 2012, respectively.

Trends in the variation of jobs substituted at primary employment completely coincide with (and largely determine) the growth trend in the overall jobs number. In the case of a moderately optimistic scenario it is expected that in 2018 the given figure will grow up to 8,619.0 thousand jobs, i.e. growth against the actual value in 2012 will make 19.7% (in the conservative scenario case - by 21.0% and by 24.7% in the accelerated scenario case). Thus, secondary employment is increasing at a slower pace than the primary one (Boltenkova, 2010).

According to the developed forecast scenarios, in 2012-2018 secondary jobs will be reduced, but at different rate at different times: if we talk about the 2013-2014, the number of the secondary jobs will not change, after 2014 it will start to decline and in 2018 under different scenarios it will range from 390.0 thousand to 401.3 thousand, depending on the scenario nature: accelerated or conservative one.

This is partly related to the reduction in the number of freelance employees who are involved in performing work under civil contracts of commercial nature, and partly – to the general stabilization of the labor market and reducing appeal of secondary employment for both, employees and employers (Vinokurov, 2005).

Among the negative reviews on employment there is a common opinion that the majority of the registered unemployed people considers Employment Agencies to be useless and only ignorance of what to do next forces people to register with the Employment Agency in order to gain some sort of status, not to break employment records and get an unemployment benefit. The unemployed resort to the formal ways of employment with no hope of effective assistance on the part of Employment Agencies.

About 20% of the registered unemployed people do not give credence to get employed under the Employment Agency facilitation. Among the reasons for this opinion a formal approach to job selection is primarily listed.

It is also noted that certain categories of the unemployed people, including the persons in their forties, seeking employment for the first time, women with small children, previously convicted and people with disabilities, are regarded by both Employment Agency specialists and employers as uncompetitive and therefore problematic, having inadequate performance capabilities, health restraints and low trainability (Pavlenkov, 2006).

Some researchers have expressed the view that the Employment Service basically performs the functions of social security providing with job seeker’s allowance and a number of benefits. Moreover one can often hear complaints about delayed payment of unemployment allowances (Kutischeva, 2005).

Alongside this, consumers are not satisfied with the Employment Agency services due to the fact that they are offered mainly trade careers. Increase in the jobs number does not mean the increase in the number of the employed because of the inconsistency between the supply and demand in terms of qualification structure in the labor market. Only workers or engineers and technicians who are ready to lower their social status can benefit from these vacancies; however there is a considerable proportion of people with higher education among the unemployed. It is also noted that these are jobs with low wage and poor working conditions, and they are provided by businesses that are ‘notorious for being debtors’.

Employment technology inefficiency and informational imperfection of the labor market, according to the observations of experts, lead to employment search extension and a high level of employment rejections offered by the Employment Service (Abalkin, 2008)

Among the reasons for dissatisfaction there is also recorded absence of proper attitude to the applicants on the part of Employment Agency workers. Training or retraining possibilities provided are also insufficient.

In publications positively assessing the Employment Service activities, it is widely believed that increase in the number of the registered unemployed occurs owing to the dependents that are not interested in the work as such, but rather aim at preserving job seniority, including subsidies. In this status, the Employment Agency is considered as a source of income and the purpose of an unemployed is to maintain the registered status as long as possible (Mikulskiy, 2006).

As a result, performance motivation and qualifications are lost, and, hence, the potential employment possibility without sacrificing the previously available, ‘earned’ status. Highly qualified specialists with large unemployment benefit are rather typical customers of Employment Agencies. They get the maximum benefit and are registered until the expiration of the due period for the benefit payment (Mazur, 2012).

It is very difficult to find vacancies for them, as the previous salary level exceeds the current proposals in the list of vacancies. Many of them have realized that they can provide for themselves even without being employed at the expense
of the Employment Service.

Among other services of the Employment Agencies the unemployed appreciate most of all the opportunity to retrain. This is explained by the fact that those who got unemployed lose confidence that their profession can still be claimed.

It is in this context that the investment efficiency increase problem is arising.

A negative portrait of an Employment Agency adviser is rather often described. Most frequently he is presented as a former social security employee with no interest in the client's problems and a critical look at his own activities. However, it is possible to speak of some definite experts available in the Employment Service whose image goes behind such a framework (Maslennikov, 2011). As for evaluations of the service employment effectiveness, the experts themselves estimate it rather positive.

The analysis of the foreign employment agencies' activities shows that they are challenged almost by the same goals and objectives related to public services provision, for which the same functions are fulfilled. However, despite this, there are noticeable differences in their activity arrangement in different countries. The specificity is influenced by legislation on the public services provision in the field of population employment, economic processes, regional characteristics, endurance duration under the current market conditions, and focus on finding the most effective ways of population employment.

The differences can be, for example, traced in the public service activity rate concerning the labor market regulation. In Sweden, Canada, Germany, Japan and a number of other countries this service plays the role of the main development and implementation tool for employment policies (Hsieh and Klenow, 2009).

At the same time in Great Britain, Australia, and the United States the role of public employment agencies is less active. Here, along with public services, active network of private employment agencies takes an important position (Haltiwanger et al., 2010).

A large number of conflicting opinions about the work of the Employment Service does not provide a complete and clear idea of it. In addition to studying the characteristics and controversial issues in the literature, an individual study is required that would answer the question of the real effectiveness of employment agencies.

3. Materials and Methods

The first stage for integrated study was to provide a comprehensive description of the Employment Service represented by 11 employment centers and 52 regional departments which serve about 7.5 million citizens of Moscow.

To solve the first stage problem we selected the methods for analytical analysis of regulatory guidance, the statutory and legal documents relating to the activities of institutions, and also conducted expert interviews and sample photo taking of working hours of the basic staff in the Moscow Employment Centers to assess labor supply in order to support business objectives.

The second stage of the study was to examine satisfaction degree of public services recipients – the unemployed and the employers.

When applying to the employment center, an unemployed citizen has the right to freely obtain the following public services:

1. assistance to population in self-employment
2. provision of information on the labor market situation
3. organization of paid public works
4. arrangement of career guidance for citizens aimed at job selection
5. organization of temporary employment for the underaged
6. provision of social benefits to the unemployed citizens
7. professional training
8. provision of information on the labor situation
9. assistance to the citizens in job hunting

Virtually in all countries the list of public services performed by the employment agencies does not include the provision of unemployment benefit payment. Bodies performing this task are derived from the Employment Service. Perhaps, only Japan is an exception in this regard (Boltenkova, 2010).

When contacting the employment agency, employer has the right to obtain the following public services:

1. provision of information on the labor market situation
2. organization of paid public works
3. organization of temporary employment
4. Results

The unemployment rate is a key indicator characterizing the labor market situation and the population employment. As of 30.04.2014, 25.0 thousand unemployed citizens were registered with the Moscow Employment Service; the registered unemployment rate was 0.36% of the economically active population.

The municipal labor market intensity coefficient amounted to 0.18 persons per vacancy at the end of April 2014.

There are 58.4% of women among the unemployed citizens. Most of the unemployed (32.9%) are aged between 30 and 44. 47.6% of the total number have higher vocational education degrees.

The Employment Service applicants are assisted in job placement; however the problem of providing a productive interaction between the participants of the public Employment Service provision for the unemployed citizens is conditioned by a complex of interrelated problems at different levels.

These problems include:
- a significant part of employers lack the interest in the process of the unemployed persons’ employment because of their low professional qualifications and lack of motivation;
- insufficient use of modern employment technologies that are on trend at the private employment agencies;
- low dynamics for renovation of jobs with good prospects by employers in connection with the low professional training level of candidates allocated for employment at the employers’ invitation;

The results for a comprehensive study of the Moscow Employment Service operation suggest that the existing technology for rendering public services in the unemployed persons’ employment does not allow ‘detecting’ those who use the Employment Service resources to temporary obtain social security benefits and receive gratis simple mass services, such as education, social and psychological support.

This state of affairs suggests the idea of the necessity to create other public service technology for the unemployed persons’ employment (Dadashov, 2005).

Its main feature shall be in changing the behavior patterns of the unemployed citizen and the employer.

The basis for the suggested model shall be a unified information process control system for rendering public services in the unemployed persons’ employment in the city of Moscow, which allows monitoring the interaction between the participants of the public employment service provision process, developing and taking corrective measures.

It is suggested to consider management of the Employment Centers’ work with the consumers as a sequence of stage completion by each of them, dividing all public services into two types according to their targets.

High-level goals, having a more general character and the temporal span for achievement, match to the complex or ultimate public services. Goals of lower level acting as a means to achieve the high level goals correspond to the ‘simple’ public services.

A new model for rendering public services is built on the principle of continuity of the ultimate service provision, which includes the following ‘complex’ services (see Figure 1):
1) Self-employment,
2) Unemployed citizens’ employment,
3) Assistance to employers in finding candidates
4) Public works.
Other public Services relating to the unemployed citizens’ employment, being the most massive, socially important services, make a constituent part of the ‘complex’ services and are called ‘simple’ public services.

In order to increase competitiveness of the regional employment departments, efficiency and effectiveness of their activities, as well as to attract new skilled workers and improve employers’ vacancy quality, the management structure should be given clear coordination.

The global experience shows that one of the ways to simplify the procedures for obtaining public services is the establishment of centers providing services on the one stop-shop principle, which has been successfully implemented in Moscow in the housing and utilities sector.

In other words, the improved model for public services relating to the assistance in population employment is a sort of ‘supermarket’.

This means creating a single place for reception, registration and issuance of the necessary documents to citizens and legal persons in rendering all public services for the unemployed persons’ employment, providing citizens and legal persons with the possibility to receive multiple interrelated public services.

In the updated version of the Employment Service Center everyone as before will be able to obtain all the necessary information about the procedure and conditions for the services provision, to submit documents for the service provision and obtain the result of it.

At the same time the service recipient will be excluded from the process of collecting documents and other information, confirming his right to be provided with a particular service, the owner of which is the Employment Center.

The list of services recommended to provision, includes all public services, enshrined by the current legislation to the Moscow Employment Agencies.

In addition, for the convenience of citizens the Employment Service centers should provide supporting services; the list of services shall be executed and expanded with the development of the activities of the centers, technologies and the population needs.

Such centers have proved to be a successful model of interaction between the state and citizens in rendering public (municipal) services in a number of foreign countries (Germany, Canada, Brazil, Portugal, India, Greece and others.).

- Interaction with the employers: collecting vacancies from the employers and creating the employer and vacancy database;
- Interaction with the citizen in the employment chain (‘supermarket’ technology);
- Cooperation with regional employment centers within a single database.

The proposed transformations will reduce the number of the sites providing public services, their number making...
56 in the city of Moscow currently, by means of:

1. Creating sites for providing primary public services to the unemployed citizens based on the existing employment centers. (Fig. 1)
2. Creating sites for rendering public Employment Service (Fig. 1)
3. Creating ‘Government Procurement Directorate’ that will improve the service provision.
4. Monitoring Centre for public services should be entrusted with a function to forecast the situation on the labor market and strategies of service recipients’ behavior, which can be done following the results of statistical data collection.

The Employment Service effectiveness according to the monitoring results is determined by the degree of achieving the following indicators:

- the proportion of applicants who are satisfied with the quality of the rendered public employment services against the total number of applicants interviewed.

The index is defined by formula on the basis of the applicants’ opinion polls

\[ P_a = \frac{N_a}{T_a} \times 100\% \]

- where \( P_a \) is the proportion of applicants who are satisfied with the quality of public services for the unemployed persons’ employment against the total number of applicant respondents;
- \( N_a \) – the number of applicants who responded positively to the question about satisfaction by the public employment services provided to the unemployed persons;
- \( T_a \) – total number of applicants participating in the survey.

The number of applicant’s recourses to the employment centers for the public service receipt is determined on the basis of the reported statements.

The proposed transformations will allow the Employment Service to take an active position in the Moscow labor market. Such a comparison of public service activity degree in the regulation processes in labor market corresponds to Sweden, Canada, Germany, Japan, where similar organizations play the role of the main tool for development and implementation of the employment policies.

5. Discussion

Thus, analyzing the data for a comprehensive study it can be stated:

1. Organization of a clear and effective interaction of all participants and result achievement with the present structure of Employment Service cannot be obtained. The Employment Service performance evaluations are not harmonized, as they lack profound and equivalent reflection of the key aspects of the employment agencies’ activities.
2. The existing technologies and experience of the employment centers allow making the transition to the provision of complex public services in the field of the Population Employment Service activities fairly painless. This is connected with the fact that a number of employment centers, in view of their territorial autonomy, are already organized on the principle of providing the ultimate public service.
3. Results of the research enable to state the necessity of introducing amendments in the activities of the Moscow Employment Service, such as implementation of process and functional approach. The employment center case will result in employment of citizens or self-employment or assistance to employers in employment through the service package in the process management scheme.
4. A unified information process control system for rendering public services in employment of the unemployed in the city of Moscow, which will allow monitoring the interaction between participants of the public employment service provision process, developing and taking corrective measures, shall be a basis for the model proposed. Monitoring is understood to mean a set of procedures and methods of continuous follow-up of the fixed parameters in the interaction processes of public employment service subjects aimed at providing managerial influence with information and analytical support and providing the public service subjects with informational support.
5. Reports on the monitoring results are the basis for the modern ‘smart business technologies’ development. Thus, practical implementation of the unified information process control system for rendering public services in employment of the unemployed citizens of Moscow, based on the principle of classification of public services in the ‘simple’ and ‘complex’ or ‘ultimate’, allows not only carrying out effective and operational control over the activities of responsible officials who provide public services, but also taking timely measures to improve service provision quality and procedure, introducing ‘smart business technologies’, as the efficiency growth driver.
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