

# The Impact of Covid-19 on youth employment in Russia

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## Abstract

Young people have enormous potential for labour market development of every country. The purpose of this research is to examine the ways in which the Covid-pandemic affected youth employment in Russia by assessing the relevant indicators of the past decade and describing the relationship between the crucial characteristics of three subcategories of youth and the changes in employment patterns in response to the pandemic shock. It also identifies the specific factors that determined the transformation of the Russian labour market during the pandemic. The results can provide policy-makers with guidance on how to cope with youth employment risks and help the young people assess their prospects for employment and manage their career paths.

## Keywords

Effect of Covid-19 pandemic on labor force, employment, unemployment, youth labor market.

JEL: J21, J44, J48.

## Youth as a socio-demographic category in Russia

Over the past decades, the sociodemographic group “Youth” included persons between 15 and 29 years old, both in Russia and internationally. Today, according to the latest version of the Federal Law “Youth Policy in the Russian Federation” dated December 30, 2020, this category has been expanded and now it covers persons up to 35 years old

(Youth Policy in the Russian Federation, 2020). The Government statistics, however, adhere to the tradition and continue to regard the youth population as people between 15 and 29 years old. The data by the Federal State Statistics Service on the distribution of the population by age groups shows that the total number of young people in 2021 was 22.2 million, or 15.5 % of the country's total population and about a quarter of the working-age population (Rosstat, 2021). Most people in this group are only beginning their working life, hence their crucial role in the future of the economy, which will largely depend on the characteristics of their human capital and possibilities to realize their potential in work and professional development. As one of the most significant segments of the Russian labor market, the youth population requires a detailed analysis.

There are three subgroups in the sociodemographic category "Youth" that are specified in terms of participation in the labor force:

- *Young people aged 15-19*: most of them are schoolchildren and college/university students of the first or second year; few of them participate in the labor force, because on leaving school most young people decide to get a vocational secondary or higher education;
- *Young people aged 20-24*: more than half of these study and work at the same time; they are therefore interested in flexible employment; they are the first representatives of the new generation, generation Z, on the labor market;
- *Young people aged 25-29*: the most actively working category of youth in the Russian labor market; most of them work in the mode of standard full-time employment.

The main sources of information about youth on the global scale are databases, manuals, reports and analytical papers of International Labour Organization (ILO), United Nations Education, Science, Culture Organization (UNESCO), United Nations International Children's Emergency Fund (UNICEF), and some others.

The main sources of information about youth in Russia are:

- the Law "Youth Policy in the Russian Federation";
- statistical monitoring of employment and demography by the Federal Service for Labor and Employment of the Russian Federation "Rosstat"; in particular, Selective observation of the employment of graduates of the vocational education system made once in five years; observation waves have been 2016 and 2021;
- data from the largest Russian job search portal HeadHunter (hh.ru);
- analytical findings by Russian researchers, educational institutions and consulting agencies;
- the Long-term Program for the Promotion of Youth Employment in the Russian Federation up to the year 2030 (2021).

## Youth labor market trends

According to ILO report "World Employment and Social Outlook Trends 2022" (ILO, 2022), even before the pandemic, labour markets in most regions of the world were

becoming unfavorable for the young people. On the demand side, there was a mismatch between high economic growth and employment creation in many countries. The lack of formal, decent work opportunities was a key driver of labour migration from Central Asian countries (ILO, 2021(a), 2020). On the supply side, a gap persisted between output of education and training systems and labour market demand (ILO, 2021(b)). These structural challenges resulted in difficult school-to-work transitions, high youth unemployment, high rates of “youth not in employment, education or training” (NEET), and large gender disparities.

The pandemic has compounded these difficulties, increasing the serious risk of scarring many young people in different countries. It was estimated that between 2019 and 2020, globally, young people between the ages of 15 and 24 experienced an employment loss of 8.7%, compared with 3.7% for adults (ILO, 2021(c)).

Most young people entering the Russian labor market are 20-24 years old. On the one hand, representatives of this group are mainly involved in education, on the other, they seek to gain practical experience through getting internships or entry-level positions. The labor force participation rate of youth aged 20-24 is about 57-58%. (see Table 1).

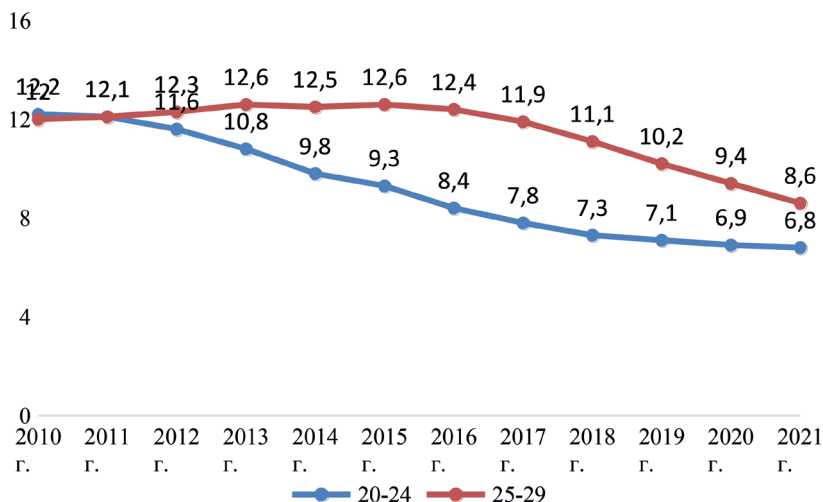
**Table 1.** Youth labor force participation in 2019-2021

	All population	15-19 years old	20-24 years old	25-29 years old
2019				
Labor force participation rate	62.3	6.8	57.7	88.5
Employment rate	59.4	5.1	49.4	83.6
Unemployment rate	4.6	24.7	14.4	5.6
2020				
Labor force participation rate	62.0	6.6	57.3	88.1
Employment rate	58.4	4.8	48	81.5
Unemployment rate	5.8	27.2	16.2	7.4
2021				
Labor force participation rate	62.4	6.4	57.9	88.9
Employment rate	59.4	4.6	49.2	83.7
Unemployment rate	4.8	28.6	15.1	5.9

Source: developed by the authors based on data from the handbook “Workforce, Employment and Unemployment in Russia”, Rosstat, 2022<sup>1</sup>

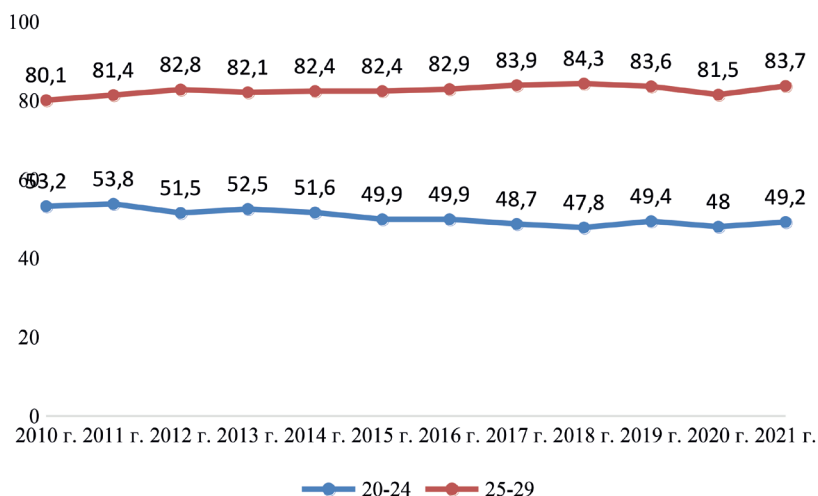
Since 2013, the number of young professionals in Russia has been falling rapidly, mostly owing to the general decline in the young population numbers: over the decade, the number of young people aged 20-24 dropped from 12.1 million to 6.8 million and of those aged 25-29 dropped from 12 million to 8.6 million (Rosstat, 2021(a)). The dynamics of indicators is shown in Fig. 1.

<sup>1</sup> Rosstat (2022) Labor force, employment and unemployment in Russia. <https://rosstat.gov.ru/folder/210/document/13211>



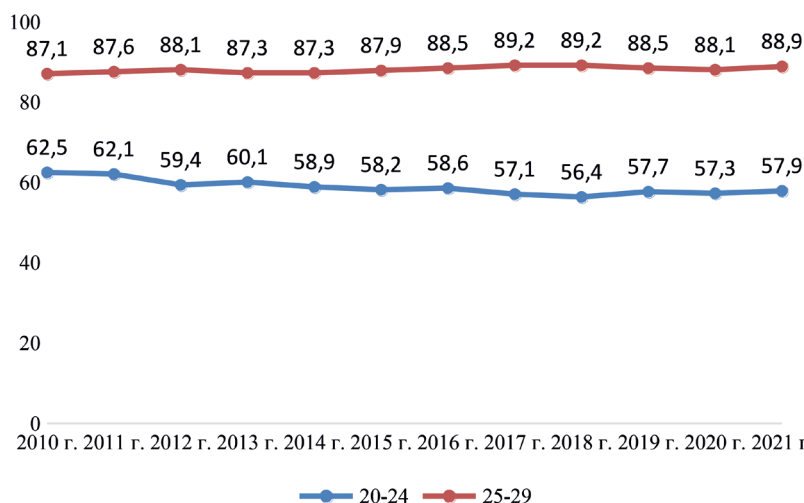
**Figure 1.** The numbers of youth aged 20-24 and 25-29 in Russia (mln. people). *Source:* developed by the authors based on the statistical data “Distribution of the population by age groups”, Rosstat, 2021

In the last 5 years, the labor force participation rate and the employment rate of young professionals, especially those aged 20-24, mostly tended to decrease (see Fig.2, Fig.3). However, at the end of the pandemic, the youth employment rate returned to 49.2% in the 20-24 age group and 83.7% in the 25-29 age group.



**Figure 2.** Employment rate of youth by age group (as a percentage of the population of the corresponding age group) *Source:* developed on the basis of the statistical data “Distribution of the population by age groups”, Rosstat, 2021; Labor force, employment and unemployment in Russia, Rosstat, 2022.

To estimate the numbers of young people who will be entering the Russian labour market in 2030-s, it is necessary to take into account the demographic trends, which, however, may start changing dramatically during the current decade. Predicting such changes may be a daunting task as they are determined by non-economic factors.



**Figure 3.** Youth labor force participation rate by age group (as a percentage of the population of the corresponding age group). *Source:* developed by the authors on the basis of the statistical data “Distribution of the population by age groups”, Rosstat, 2021; Labor force, employment and unemployment in Russia, Rosstat, 2022.

Until 2020, the youth unemployment rate had been slowly decreasing (see Fig. 4) and on the whole remained above the national indicator, 14.4% in the age range of 20-24 years and 5.4% in the range of 25-29 years against 4.6 % in Russia in 2019 (Rosstat, 2022). As for the dynamics of the youth unemployment rate by age groups for 2010-2019, we can conclude that unemployment for the majority of young people aged 20-24 is a temporary phenomenon due to the fact that most young people prefer to continue their education and cannot find enough part-time jobs (Razumova, Zolotina, 2019). On receiving a diploma, a graduate becomes a more “standard” candidate for the labor market, so for the people aged 25-29 the unemployment rate drops significantly.

## Pandemic shock and recovery on youth labor market

As it is clear now (ILO, 2022), COVID-19 posed a significant public health challenge that resulted in substantial losses of working hours. On the basis of the latest economic growth forecasts, the ILO expects the total hours worked globally in 2022 to remain almost 2 per cent below their pre-pandemic level when adjusted for population growth, corresponding to a deficit of 52 million full-time equivalent jobs (assuming a 48-hour

working week). Global unemployment is likely to stand at 207 million in 2022, surpassing its 2019 level by some 21 million (ILO, 2022). In Europe and Central Asia, the statistics of net job losses of 2.7 million in 2020 understate the crisis impact, owing to the heavy reliance on intensive margins of adjustment. Governments succeeded in mitigating employment losses and unemployment hikes through heavy use of employment retention schemes (furlough schemes or temporary lay-offs) and reductions in working hours (ILO, 2021 (a); OECD, 2021 (a)). The wide use of such measures is reflected in the highest intensive margins' share of working hour reductions among all subregions. In some cases, the social dialogue was involved. The reduction in working hours in the subregion amounted to the equivalent of 12.8 million Full Time Employment jobs in 2020 relative to 2019.

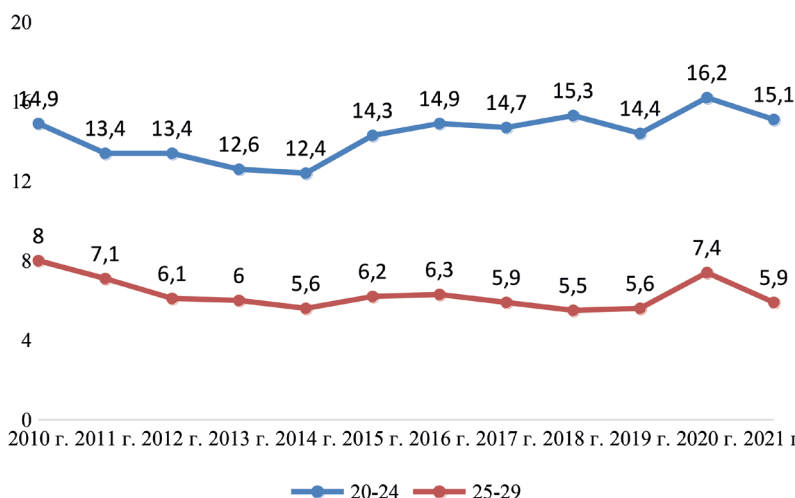
The crisis hit industries differently: the main losses occurred in such spheres as tourism, transport, hotels, restaurants, culture and sports events, while pharmaceutical and medical aid industries enjoyed increased demand. The recovery, too, has been uneven across industries. Some of them have been hit hard by shortages of components resulting from supply chain disruptions and also by labour shortages caused by the health emergency (UNCTAD, 2021). In Eastern Europe, where informality is relatively high, labour reallocation from wage and salaried work to own-account and contributing family work helped mitigate the decline in employment and labour force participation. Still, in 2020 close to 2.7 million workers shifted out of employment in the subregion: 1.1 million became unemployed and 1.6 million exited the labour force altogether.

The coronavirus pandemic reached Russia in early 2020, and had a tremendous impact on the Russian labor market in general and on the youth labor market in particular. As a result of the changes associated with COVID -19, the unemployment rate for the young people aged 20-24 rose sharply to 16.2%, and for those aged 25-29 - up to 7.4% (see Fig. 4).

The youngest age group that includes the 15-19-year-olds was more sensitive to the pandemic. The unemployment rate in this subcategory was the highest before the pandemic, and after two years of COVID-19 it remains elevated compared to the pre-pandemic value. At the same time, its labor force participation rate was slightly declining at the end of 2021 and now it does not exceed 6.5%. This is the reason why promoting employment for the youngest subgroup is to be of targeted nature. The main directions of support for this category are, first, providing the young people with social support measures and, second, encouraging them to continue education.

Young people aged 15-19 are not very active as job seekers in Russia: their labor force participation rate does not exceed 7%. Their employment-related difficulties are mainly of social rather than economic nature. Young people aged 25-29 are the age group with the highest labor force participation rate of all ages (over 88%) and the highest employment rate (over 83%). They are the most competitive category of young people as they have completed vocational education and can work full time.

Therefore, in this study *we pay special attention to the impact of the pandemic on the category of young people aged 20-24, most of whom enter the labor market for the first time and combine education and work.*



**Figure 4.** Youth unemployment rate by age group (as a percentage of the population of the corresponding age group). *Source:* Labor force, employment and unemployment in Russia, Rosstat, 2022

The young people felt a decrease in demand for labor much earlier than those employed at older ages: by July 2020 the unemployment rate exceeded 21%. It could have been explained by the fact that it was summer, the period when graduates enter the labor market. However, in the autumn of 2020 the rise in unemployment persisted, and by the end of 2020 it was 16%, by 6 pp. above the level at the beginning of the year.

The “adult” labor market reacted more slowly; as a result, the general increase in unemployment for 2020 amounted to 25 pp.

**Table 2.** Unemployment dynamics of youth aged 20-24 in 2020

Period	Jan.2020	Apr.2020	July.2020	Sep.2020	Dec.2020	Dynamics for 2020
Unemployment rate (15-24)	15.9%	19.7%	21.3%	17.4%	16.9%	+1.062
Unemployment rate (15-72)	4.7%			6.4%	5.9%	+1.255

*Source:* developed by the authors based on the data of the Monitoring of the economic situation in Russia “Trends and challenges of socioeconomic development” of the Gaidar Institute for Economic Policy and RANEPA, 2020-2021

The employment shock caused by the pandemic has shown that the young people are more vulnerable but at the same time much more adaptable than the adult employed population. We can thus conclude that youth as a sociodemographic group is highly competitive in the labor market. At the end of 2020, the rate of unemployment among the 15-24-year-olds changed significantly less than the overall unemployment rate.

In the midst of the pandemic, in the summer months of 2021, the negative trend in demand for workers under 30 years old intensified as thousands of young professionals employed in services, transport, tourism and other industries most affected by quarantine restrictions lost their jobs.

**Table 3.** Impact of Coronavirus pandemic on the main Youth labor force indicators

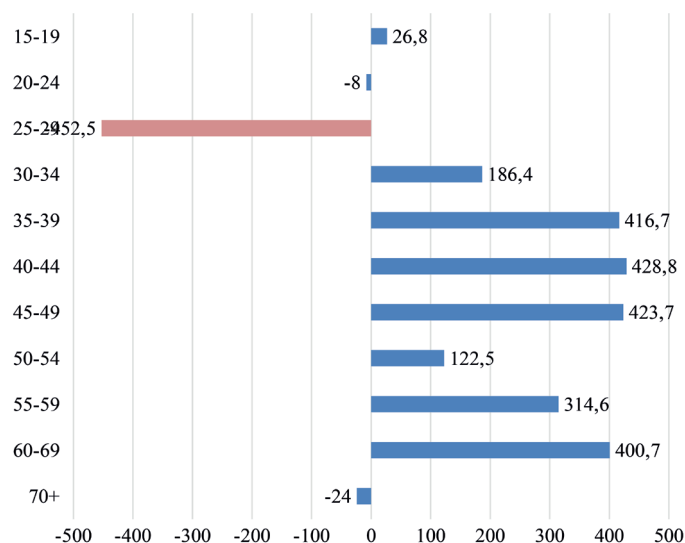
	2019 (%)	2020 (%)	Dynamics 2020/2019(%)	2021	Dynamics 2021/2020(%)
<b>Employment rate</b>					
Russia, total	59,4	58,4	-1,7	59,4	+1,7
including					
20-24	49,4	48	-2,8	49,2	+2,5
25-29	83,6	81,5	-2,5	83,7	+2,7
<b>Unemployment rate</b>					
Russia, total	4,6	5,8	+26%	4,8	-17,2%
including					
20-24	14,4	16,2	+12,5%	15,1	-6,8%
25-29	5,6	7,4	+32,1%	5,9	-20,3%

Source: developed by the authors based on the data of "Labor force, employment and unemployment in Russia", Rosstat, 2022

In September 2021, the total number of employees rose compared to September 2020 by 1.84 million people and reached 72.3 million, the two-year high for the Russian labour market. Yet, despite the overall growth in employment, the number of young employees began to decline again.

The main reduction occurred in the age group of young specialists between 25 and 29 years old: their number decreased by 452.5 thousand. The number of those employed at the age of 20-24 decreased by 8 thousand (see Fig. 5).

Change in the number of employees, 2021/ 2020 (thousand people)



**Figure 5.** Change in employee numbers by age groups in September 2021, thousand people, compared to September 2020. Source: Analytical service of the international audit and consulting network FinExpertiza. Over the year, Russia has lost half a million young workers (finexpertiza.ru), 01/13/2022



At the same time, according to the national recruitment portal hh.ru (HeadHunter, 2022), in 2021 the Russian economy not only saw a recovery in demand for young professionals (candidates without significant work experience), but also a rise in demand for young candidates relative to other age categories. In all Federal Districts, the increase in vacancies for entry-level positions was two or more times higher than the total increase in vacancies in 2020.

The demand for the young workforce in 2021 rose by 127% compared to the previous year, when the aggregate labor market grew by only 60%. The total number of inexperienced candidates' resumes, however, increased by only 16%. The competition for entry positions in 2021 decreased by 4% points compared to the previous year and amounted to 5.1 persons per vacancy. For all age groups, the competition index is 3.8 resumes per 1 vacancy (HeadHunter, 2022).

**Table 4.** Changes in the number of vacancies by federal districts in 2021 compared to 2020 (%), including Entry-level positions.

Federal District	Growth/fall in number of vacancies, %	
	Positions for students and graduates	Positions for all categories of personnel
North Caucasian	165%	47%
Northwestern ( <i>without Saint Petersburg and Leningrad reg.</i> )	147%	49%
Far-Eastern	143%	56%
Southern	140%	59%
Siberian	133%	62%
Central ( <i>without Moscow and Moscow region</i> )	130%	42%
Moscow and Moscow region	129%	69%
Saint Petersburg and Leningradsky reg.	128%	67%
Ural	128%	64%
Volga	108%	56%
Russia	127%	60%

Source: based on the data of HeadHunter (2022)

We assume that the reduction in the number of employed people aged 20–24 and 25–29 is primarily due to the low number of those born in the 1990-s.

During the period of coronavirus pandemic we could see its both negative and then positive impacts on youth employment. At first, the pandemic had negatively affected youth employment, but soon after that it led to an explosive rise in flexible forms of employment, above all remote work. At present, according to Economics of education Monitoring (2020), more than 50% of young people receiving secondary or higher professional education combine work and study. The research made at the Faculty of Economics of Lomonosov Moscow State University has shown that in recent years about 25% of bachelor students and about 50% of master students have worked before graduation. These results were obtained using the "Graduation monitoring survey",

which is annually offered to the final-year students and involves about 700 students, 85% or more of the fourth year bachelor undergraduates and 75% or more of the second year master students. Focusing specifically on the rate of employment among the final-year students, we see that in 2017 it was about 15% for bachelors and 40% for master students and until 2019 it was growing for all levels of education. (see Table 5).

**Table 5.** Employment of students of Lomonosov MSU Faculty of Economics before graduation

Level of education	Employment level by year of graduation					
	2017	2018	2019	2020	2021	2022
Bachelor degree	15%	21%	33%	28%	26%	27%
Master degree	41%	44%	50%	40%	52%	56%
All students, year before graduation	26%	31%	40%	32%	37%	39%

*Source:* developed by the authors based on administrative statistics

Employment of master students was immediately affected by the pandemic employment crisis. It had fallen in 2020, recovered in 2021 and reached the maximum level of 56% in 2022. Employment of bachelor undergraduates continued to decline throughout 2020 and 2021 and started to grow again in 2022.

In 2022, over 80% of employed bachelor students and about 70% of working master's programs' participants worked in a hybrid or fully remote format<sup>2</sup>. This demonstrates a dramatically fast increase in flexibility of youth employment in Russia.

## The quality of youth employment in Russia

To assess the quality of Russia's youth unemployment, one can study the following indicators:

- **employment (in)security:** the share of young people working in the informal sector of the economy; the percentage of those working on the terms of a fixed-term employment contract; the share of those who work in the secondary – more vulnerable – segment of youth labour market;
- **the share of graduates of vocational education institutions working in accordance with their specialization by diploma;**
- **graduates' satisfaction with their jobs;**
- **wage levels of youth subcategories compared to other age categories of employees.**

These indicators are evaluated by Rosstat in its annual monitoring of "Labor force, employment and unemployment in Russia"(2021) and "Selective observation of the

<sup>2</sup> Research for students and graduates (msu.ru) - analytical materials of the Department for Promotion of Employment and Relations with Alumni of the Faculty of Economics of Moscow State University named after M.V. Lomonosov, 2022

employment of graduates", made once in every five years (Rosstat, 2021 (b)), and also by FinExpertiza research analytics (FinExpertiza, 2022).

Out of the total number of employed persons, 14, 871 million people are working in Russia's informal sector. The share of young people is 18.5%. At the same time, informal employment is very common among the younger group of young people, i.e. among workers aged 15-19, where the proportion of those working without registration has ranged from 45,8% to 48% over the past five years. Moreover, by 2021 the level of informal employment had dropped to a minimum since 2012. As they get older, the working youth are less and less covered by informal employment. In the 20-24 group, the level of informal employment is about 25%, and it only slightly increased during the pandemic. In the 25-29 group, the indicator is approaching the All-Russia's level (the average level of informal employment in Russia is 20.3% in 2021), and during the period of the coronavirus pandemic, it continued to decrease slowly.

Informal employment is rather common for all age and education groups.

**Table 6.** Youth employment in the informal sector of the economy

Year	Share of employed in the informal sector of the economy (in % of the total number of employed in the age group)		
	15-19	20-24	25-29
2019	48.0	26.4	21.4
2020	46.6	25.3	21.2
2021	45.8	25.7	21.1

Source: developed by the authors based on data from the Sample Observation of Graduate Employment (Rosstat, 2021b)

Official statistics allow us to analyze the *annual structure of employment by type of contract* only in general, for all age groups. Research into the types of young people's working contracts is currently possible, first, in general terms, second, for people who have completed vocational (secondary education) courses and, third, for higher education graduates. In this paper it is based on the data of Selective observation of the employment of graduates of the vocational education system, conducted once in every five years. Observation waves were in 2016 and 2021.

The evidence shows, that 92% of employees of all age groups were registered as working on permanent employment contracts, 2.8% on fixed-term contracts, 1.2% on civil law contracts (at the main place of work), and 4% of employees without any legal registration (Rosstat, 2022). The coronavirus pandemic stimulated the legislative adoption in 2021 of a special category of employment contract: an agreement on the performance of remote work.

*Among the 2010-2015 graduates of the Russian higher and secondary vocational education, the distribution by type of employment contract with their main employer in 2016 was as follows: 93.2% worked on permanent contracts, 3.8% - on fixed period contracts, 0.8% on civil law contracts, 2.2% - without official contracts (Rosstat, 2016).*

*Among the graduates of 2016-2020, the distribution by type of employment contract at their main job in 2021 was this: 93.5% permanent contracts, 2.8% fixed period, 1.5% worked on a civil law contracts, 2.2 without any official contract, on distant work contracts - 0.1%. The largest percentage of employees without registration, 6.3% of all employed in their qualification group, was among the workers with secondary vocational education received in training programs for skilled workers and employees<sup>3</sup> (Rosstat, 2021 (b)).*

As for the graduates of the Faculty of Economics of Lomonosov Moscow State University 2022, 72% of working bachelor's graduates and 83% of master's graduates had permanent contracts; 9% of bachelor and 6% of master's graduates said they were self-employed; 6% of bachelors and 6% of masters of 2022 graduation worked without official registration of the contract<sup>4</sup>.

It appears that the issue of legal registration of employment in the Russian labor market has been resolved. The pandemic had not affected the volume of permanent-contract work relations, but led to a certain increase in the proportion of civil law contracts and decrease in that of fixed-term contracts. The share of the employed graduates' permanent contracts is greater than the corresponding share of permanent contracts in Russia's entire employed population.

Within the framework of the existing approach to labor market segmentation, the youth labor market is singled out as a separate, rather specific segment. Its specific character and relative stability are determined by the essential features of the people who make it up: they have no significant work experience, face additional barriers when seeking employment (and thus have higher unemployment rate compared to the general unemployment rate in the country); at the same time, their labor potential is very high and so is the level of labor force participation. The balance between supply and demand in the youth segment of the labor market depends on the quality of interaction between the labor market and market for professional education; it is also determined by the promptness and adequacy of professional interests and expectations, the level of competitiveness and quality of education.

The youth labor market is divided into primary and secondary segments. The primary labor market includes the employer firms that accept young professionals for vacancies that involve permanent work with legal registration and competitive wages and require special qualifications. Employment here is long-term, firms are focused on employee development and intra-company growth. The secondary labor market is characterized by high staff turnover, low wages, the jobs that do not require high qualifications and workers' security. It is possible to provide expert estimations regarding the share of the secondary segment of the youth labor market based on the

<sup>3</sup> The data concerning the type of contract by the type of education level are available only for the second Wave of survey, provided in 2021

<sup>4</sup> The results of the survey at the graduation of students of the Faculty of Economics of Lomonosov Moscow State University, 2015-2022 – [Electronic resource] - URL: <https://www.econ.msu.ru/alumni/>

statistics of the Sample Observation of Employment of Graduates (...) (Rosstat, 2021 (b)). It shows that among young people with a vocational education diploma, 53.7% of graduates have changed or left their first job on graduating from their educational organization; the length of experience in their first job varied from 1 month to 1 year. Since the young people who combine work and study are even more willing to accept jobs from the secondary segment, we estimate *the share of secondary youth labor market* as likely to exceed 60%.

*The share of graduates with a vocational diploma working in their profession* grows as the level of education increases (see Table 7). The correspondence of the work to the received specialization is determined on the basis of subjective opinions of respondents during the survey (Rosstat, 2016, 2021 (b)). The largest share of people whose work is in line with their education, 74.4%, is among 2016-2021 graduates with higher education. Second in the ranking come 62.5% of graduates of secondary vocational education programs for mid-level specialists and third 56.4% of graduates of secondary vocational education programs for skilled workers. To compare, among the working youth of 2011-2015 years of graduation, the numbers of people having jobs in accordance with specialization are as follows: 68,7% with higher education, 61,6% with mid-level secondary vocational education programs and 59,5% with secondary vocational education programs for skilled workers. This means that in 2021, during the period of pandemic, young people with higher and mid-level secondary vocational education were more likely to work in accordance with the received specialization than their predecessors 5 years earlier. And graduates with the level of education “skilled workers” began to work according to their specialization slightly less often.

**Table 7.** Employed graduates of 2016-2020 years of graduation, correspondence between their current work and the profession by diploma (by the level of education)

The level of education	Total, thousand people	Work in accordance with the profession by Diploma, %	Job does not correspond to the specialty
Total, pers., including	5259.3		
Higher education	3100.7	74.4	25.6
Secondary vocational training programs for mid-level specialists	1567.3	62.5	37.5
Secondary vocational training programs for skilled workers, employees	591.3	56.4	43.6

Source: developed by the authors based on data from the Sample Observation of Graduate Employment (Rosstat, 2021b)

*Job satisfaction of graduates*, similar to previous indicator, grows as the level of education increases (see Table 8).

**Table 8.** Job Satisfaction of graduates in connection with level of education

	Satisfied, 2016 (%)	Satisfied, 2021 (%)	Satisfied, who want to change jobs, 2021 (%)	Dissatisfied, 2021 (%)	Dissatisfied, who want to change jobs, 2021 (%)
<b>Employed graduates, average</b>	85.9%	89.0%	6.7%	11.0%	75%
by level of education:					
Postgraduates	88.7%	93.9%	8.7%	6.1%	100%
Higher, Specialist Degree (5-year education )	87.9%	92.0%	5.6%	8.0%	76%
Higher, Master Degree		91.9%	4.9%	8.1%	74%
Higher, Bachelor Degree	87.4%	89.7%	6.5%	10.3%	73%
Secondary vocational training programs for mid-level specialists	83.3%	85.9%	7.9%	14.1%	76%
Secondary vocational training programs for skilled workers, employees	81.1%	85.6%	8.2%	14.4%	73%

Source: developed by the authors based on data from the Sample Observation of Graduate Employment (Rosstat, 2016; Rosstat, 2021b)

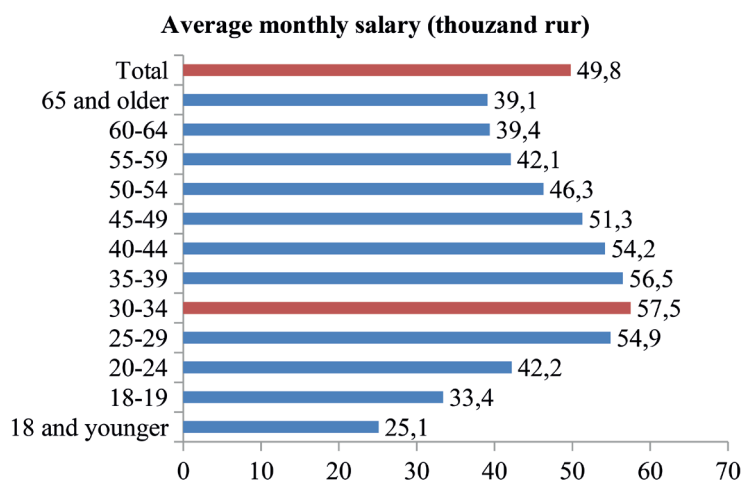
The level of job satisfaction among all recent graduates is at least 85%, and for specialists with the Master, Specialist, Postgraduate Graduate degree more than 90%. There are persons who want to change a job they are satisfied with; their share, on average, is about 7%. In most cases these are not specialists with higher education, but specialists with secondary vocational education. This may be due to the lower involvement of such specialists in the work or to the availability of attractive alternative offers on the market.

Dissatisfied with the current place of work, on average, are about 11%. Those wishing to change jobs - 73-76% of them. And there is no clear relationship between the share of those wishing to change their non-ideal jobs and the levels of their education.

It is possible to conclude that, in comparison with the previous wave of Observation (Rosstat, 2016), during the second wave, between 2016 and 2021, the level of satisfaction increased for working graduates with all levels of education.

The data on *Salary of employees by age groups in 2022* show, that in today's Russian labour market, the 30-35-year-old youth are the highest-paid group of workers. (FinExpertiza, 2022). So, according to official statistics, the highest earnings are received by people of the age of 30-34 years old (see Fig. 6), the average salary level for this age category in all subjects of the Russian Federation is 57.5 thousand rubles after tax. The level of wages is in correspondence with age subgroups of youth: the subgroup of 15-19 years earn less than 35 thousand rubles per month; age subgroup 20-24 – about 42 thousand rubles per month; 25-29 – about 55 thousand rubles per month. The average Russian wage rate for all employees is 49.8 thousand rubles after tax. The high salaries of young employees are also largely due to the relatively small number of people in the younger generation: with a decrease in labor supply, the equilibrium wage in the youth

segment of labour market is set at a higher level. In all probability, employers also value greatly the new digital competencies of young people, their adaptability and rapid growth of professionalism, and also invest in building up human resources for future development.



**Figure 6.** Wages of employees by age groups, after tax. Source: “Analysts named the maximum salary age for the Russians”, FinExpertiza—calculated based on Rosstat data; <https://finexpertiza.ru/press-service/researches/2022/vozz-zarpl-maksimum/>

According to researchers (Razumova, Zolotina, 2018), in previous years, the highest paid groups of workers of all skill levels were young workers. Thus, the peak of earnings in the category “Managers” in 2017-2019 was achieved in the age group of 35-39 years and amounted to 95,700 rubles in 2019. For specialists of high qualification level (according to the latest available data, in 2019 the maximum salary is 52,990 rubles), specialists of middle qualification level (maximum salary of 51,400 rubles), employees (30,500 rubles), workers in the trade and service sector (30,821 rubles), skilled production workers (47,280 rubles), and all other categories by type of occupation, the peak of earnings is reached at the age of 30-34 years (Razumova, Zolotina, 2018; Rosstat, 2021 (c)).

We can conclude that despite the deterioration in the quantitative parameters of the Russian youth employment as a result of the coronavirus pandemic, the level of qualitative parameters of employment is quite high. In 2021 most of them were higher than 5 years previously.

## Risks and prospects of youth employment

As the ILO studies have shown, delayed labour market entry, or entry into jobs of the quality lower than would have otherwise been accepted and prolonged or repeated



spells of unemployment or inactivity can have long-term implications for young people's career paths and earning prospects (ILO, 2021 (a); OECD, 2021 (a)). During the pandemic, governments of many countries introduced and scaled up Active Labour Market Programs (ALMP) to protect jobs and support demand for labour. Some European countries, including France, Greece, Hungary, Ireland, Luxembourg, Portugal, Romania and the United Kingdom of Great Britain and Northern Ireland, made use of employment incentives specifically targeting young job seekers (OECD, 2021 (b)).

As large numbers of workers exited the labor force in 2020, a key challenge at the regional level will be to bring youth into the labor market – and into decent and productive work. The outreach of public employment services (PES) to youth varies significantly across countries and in most of them remains far lower than to adults, as proxied by the share of unemployed who had contacted PES to find employment between 2020 Q2 and 2020 Q4. In the recovery phase, labour market (re)activation will be key for the region, through extending ALMPs to groups marginally attached to the labour market, and particularly to Not in Employment- Education-Training (NEET) youth. The required policy mix will depend on the country's context; it should take into account the advantages and disadvantages of various policies, and these policies' interactions with passive labour market policies (see, for example, Brown, Koettl, 2015; Pignatti, Van Belle, 2021).

Once economic recovery has set in, ALMPs must shift from the focus on retaining and protecting jobs and incomes towards giving employers the incentives to create employment, such as targeted hiring subsidies, and towards promoting a return to active job seeking among those without work. ALMPs for the recovery and beyond must address both demand and supply sides and target disadvantaged groups, including NEET. Incentives to accumulate human capital (focusing on training – reskilling and upskilling) will be important throughout the crisis, recovery and beyond as they can facilitate youth transition into employment and across jobs in the post-pandemic world of work.

Despite pressures to scale back spending in the aftermath of the pandemic, key investments to strengthen PES and ALMP capacity should be prioritized in countries where these institutions are weaker, and efforts to reach NEET youth and other disadvantaged groups should be intensified. Although data on Eastern and Central Europe and on Central and Western Asia are scarce, the available evidence suggests that these sub-regions may be lagging behind the advanced European countries, where fiscal constraints are lower. Although two thirds of OECD (Organisation for Economic Co-operation and Development) countries had increased their PES budgets during the pandemic, the most effective response could be observed in the countries where the infrastructure required to scale up the delivery of the required services was already in place (OECD, 2021 (a)). Investment in such infrastructure, including that in digital technologies, and improvement of process efficiency will be critical for the region in the years to come.

Labour market statistics alone do not capture the full and diverse impact that the pandemic had on young people. COVID-19 mitigation measures, such



as physical distancing, lockdowns, telework, or remote learning, prevented people from meeting their peers, attending events and thus building up their social capital. (Muraille, 2022).

By hampering young people's projects and aspirations, the COVID-19 pandemic might have denied them traditional opportunities and starting points that the previous generations enjoyed. For many, the start of their working life has been delayed, which causes risks of having to postpone other phases of life such as parenthood, home ownership or pension adequacy. While young people are at the centre of the green and digital 'twin' transition, they will badly need the economic and social environment to maximize their chances of success (Muraille, 2022).

All over the globe the closure for lengthy periods of schools, colleges and skills training institutions has weakened learning outcomes to an extent that will have cascading long-term implications for employment. Almost all respondents in an ILO and World Bank survey of technical and vocational education and training (TVET) stakeholders in 126 countries reported complete closure of TVET centers in their countries. Similarly, 98% of respondents reported a disruption of work-based learning owing to the closure of enterprises, and 78% reported postponement, and in some cases cancellation, of exams and assessments. As the pandemic persisted, it became clear that the August 2020 estimates (UNICEF, 2020) of 69% of all children potentially being reached through online and broadcast media were overly optimistic. Children who could access online learning had an advantage over those who could not, which exacerbated inequalities between the haves and have-nots and created further obstacles to inclusive development. The loss of foundational abilities in literacy and numeracy, and in other subjects, will have a direct impact on all future learning of the students in question and thus on their preparedness for life and work.

One of the main ways of supporting young people in European Union is the proposed legal instrument with well-defined and tightly regulated quality standards for training which establishes clear boundaries with regard to regular employment relationships. Under this protective regulation, financial support and social security coverage should be encouraged to prevent the perpetuation of social inequalities and precarious work (Muraille, 2022).

Despite tremendous efforts applied by the governments to support youth employment, some of the studies have shown ineffectiveness of ALMP. The research by Laura Juznik Rotar (2022) used macroeconomic panel data for the EU-26 Member States to analyze the effectiveness of active labour market policies in reducing youth unemployment. The results pointed to the ineffectiveness of active labour market policy in reducing youth unemployment in the EU-26 Member States. Assessments of employment programs and interventions in many cases do not allow policy-makers to draw evidence-based conclusions regarding their effectiveness and efficiency. Accordingly, the European Commission encourages Member States to increase their efforts to obtain credible evidence on the impact of interventions, which is also the global trend. The research emphasizes the importance of focusing on the young

people in the labour market and using ALMPs as the main instrument of improving young people's employment prospects, especially in the light of the current Covid-19 pandemic situation and its aftermath. There is a dire need for a resilient ALMP system, capable of designing and implementing a labour market policy to prevent negative welfare effects.

The Russian labor market also faces new problems and increased risks in the field of youth employment due to the sanctions of foreign countries, closures of international companies and even termination of some of the international projects aiming to support youth employment while the threat of new strains of COVID and other dangerous diseases is still present. On the whole, we can state an increase in unemployment at the end of 2022 and an increase in the differentiation of the positions of various social groups. The young population, which is a vulnerable socioeconomic category, can feel the worsening of their positions more than others.

On the other hand, less favourable economic conditions may not be decisive for the young people since they are the most adaptive part of the workforce. This was confirmed by the faster recovery of the youth segment of the labor market compared to the market as a whole after the first wave of the Corona crisis in 2020. It is well-known that young generations are "digital natives" and this positive factor gives them advantages both in educational and labour spheres. It also opens new prospects for hybrid education and hybrid employment particularly for those who lack practical skills but can overcome this drawback combining their studies with work using digital technologies.

Researchers usually identify four groups of conditions that determine the socioeconomic environment for the normal functioning of the regional labor market for young students (Bulatova, 2020):

1) legal: determine the socioeconomic competence and legal status of local governments in managing the employment of young students. They create the legal environment for the formation of social partnership in the region;

2) economic: include the totality of basic resources in the region and the ability to coordinate their use to increase employment of young students;

3) social: contribute to the creation of a sound social security system for the able-bodied population;

4) organizational: determine infrastructural opportunities for the development and growth of employment of young students

In their study of the influence of youth on the labor market, Klyachko T.L. and co-authors (Klyachko et al., 2020) developed a more concise classification of factors:

1) demographic situation (labor potential);

2) business and economic activity (demand for and supply of labor);

3) social dialogue (collective agreements, social insurance);

4) government regulation (legislation, public employment service).

According to these criteria, we structured the factors that can positively or negatively affect the employment prospects of youth in the near future

**Table 9.** Influence of groups of factors on youth employment prospects

Criteria	Tendencies	Direction of influence on employment prospects
<b>Decline in demand for labor</b>	Closures of some international enterprises, termination of projects, lack of financial support	(-)
<b>Labor potential</b>	Demographic risks: small size of the younger generation, the negative risks of migration and the likelihood of a decrease in the birth rate	(+)
<b>Demand for and supply of labor</b>	Decline in labour supply	(+)
	Demand availability for entry-level positions, where youth do not compete with older and more experienced candidates	(+)
	Wages offered to youth age subcategories (see Fig.6) are comparable or even higher than those offered to other age groups of employees.	
<b>Social dialogue</b>	Changes in demand parameters towards labor market flexibility after pandemic experience. As a result, greater willingness of employers to offer part-time working conditions, suitable for young people to combine study and work	(+)
<b>Government regulation</b>	Programs to promote youth employment, develop financial literacy, youth entrepreneurship and plan to renew competencies and promote life-long learning	(+)

Source: developed by the authors

It should be pointed out that the young people apply for entry-level low-paid positions that are less attractive for older workers with greater experience and higher qualifications. Therefore, they do not compete with older and more experienced candidates for entry-level positions.

As a result of significant fluctuations in the employment of people under the age of 30 during the coronavirus pandemic, in Russia in December 2021 a long-term program to promote youth employment for the period up to 2030 was developed and adopted<sup>5</sup>. It gives an additional impetus to addressing issues to promote the employment of this category of labor resources by policy makers, territorial labor and education authorities, educational organizations and professional communities of employers. As one of the

<sup>5</sup> Long-term program to promote youth employment in the Russian Federation for the period up to 2030. Approved Decree of the Government of the Russian Federation No. 3581-r dated December 14, 2021. - [Electronic resource] - URL: <http://publication.pravo.gov.ru/File/GetFile/0001202112170007?type=pdf>

priority areas of the Program, the promotion of the professional development of young people through the combination of education and work, including entrepreneurial activity, is indicated.

Thus, despite the risks of increased tension in youth employment, a counter trend can also be expected: as soon as firms adapt to the new conditions for doing business, employers will actively begin to attract young people, since the influx of young labor force with, on average, a high level of education, gives any business and any economy clear advantages, especially in the face of an aging population.

## **Final statements**

In Russia not only graduates, but also students are actively entering the labor market. The labor force participation rate of the youth group aged 20-24 exceeds 57%. This indicates a change in the model "Transition from study to work after receiving a diploma" to the model "Starting work during the period of education". This fact is important for the system of higher and vocational education, especially for further implementation of individual educational trajectories of students and reduction of conflict potentials between study and work. It is also important for the labor market, since it sets the task of further increasing the flexibility of forms and modes of employment. The wide expansion of distant jobs and distant learning during COVID provides new options for the young people to combine the study at University with internship in a company.

To overcome regional differentiation in the quality of university education in Russia the new project "Vernadskiy" was launched by Lomonosov Moscow State University in 2022: the idea of providing students living in different regions of Russia with access to lectures and classes, consulting and supervising by the best professors and teachers through various forms of on-line and off-line communication is now being realized in the first two regions – Chechnya and Adygeya.

The fact that the labor market, despite significant systemic shifts accelerated by the coronavirus pandemic, is not flexible enough for young students to participate in it is evidenced by the high unemployment rate in the 20-24 age group. High student unemployment is largely temporary and is caused by the unpreparedness of young people to work on the terms of a 40-hour work contract with no flexibility in working hours. After graduation, young people become "more convenient" candidates for employers and get jobs that involve standard and full-time employment, successfully integrating into working life.

More than half of those who combine study and work have a full-time job that corresponds to their specialization. This speaks in favor of the fact that young specialists after receiving a diploma are well aware of the requirements of the labor market and already have a certain level of achieved professional competencies.

For a successful combination of work and study, flexible employment is optimal: part-time and / or remote employment, including internships. Yet, while the working

hours and the types of tasks in this “flexible non-standard employment” are often *de facto* approaching the inflexible “traditional” standard, the conditions such as temporary contract, low or no pay, low probability of transfer to a full-time position, are far from it. We can thus conclude that there is a need for additional analysis of working conditions during internships, and, possibly, the regulation that establishes the size of remuneration and the volume of labor costs parity with the rates of full-time entry-level positions.

The employment shock caused by the pandemic showed that young people form a more vulnerable labor category compared to the employed adult population, but they are also the most adaptive, which means that young people are highly competitive in the labor market.

Despite the new challenges and increasing employment risks, there are factors that have positive impact on maintaining youth employment. These include the smaller size of the younger generation; youth adaptability reaffirmed during the coronavirus period; the presence of a specific segment of the labor market - internships and entry-level positions, in which young people do not compete with other age groups of candidates; support from the state and the development of a new Strategic Program for the Promotion of Youth Employment for the period up to 2030; compliance of the level of competencies with the requirements of the labor market.

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